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If you are in any doubt as to any aspect of this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Nine Dragons Paper (Holdings) Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and Independent Shareholders**



**建泉融資有限公司
VBG Capital Limited**

A letter from the Board is set out on pages 3 to 13 of this circular and letters from the Independent Board Committee to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 30 of this circular.

A notice convening the Special General Meeting to be held at Studio 1&2, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Tuesday, 21 July 2026 at 11:00 a.m. is set out on pages 37 to 38 of this circular. A form of proxy for the Special General Meeting for use by the Shareholders is enclosed with this circular.

Whether or not you are able to attend the Special General Meeting in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not later than 48 hours before the time designated for holding the Special General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Special General Meeting or at any adjourned meeting should you so wish.

* For identification purposes only

CONTENTS

	<i>Page</i>
Definitions	1
Letter From The Board	3
Letter From The Independent Board Committee	14
Letter From The Independent Financial Adviser	16
Appendix — General Information	31
Notice of Special General Meeting	37

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“ACN”	America Chung Nam, Inc., a corporation established with limited liability under the laws of the State of California in the United States, which is indirectly wholly-owned by Ms. Cheung Yan and Mr. Liu Ming Chung, both of whom are Directors and substantial shareholders of the Company;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Chemicals Purchase Agreement”	the agreement dated 18 May 2026 between the Company, Cheng Ming Group and Guangdong Chengming in relation to the purchase of chemicals products by the Group from Cheng Ming Group and Guangdong Chengming and their subsidiaries;
“Cheng Ming Group”	Cheng Ming Group (H.K.) Co., Ltd. (formerly known as Hong Kong International Paper Manufacturing Chemical Technology Limited), a company incorporated in Hong Kong and is beneficially owned by Mr. Zhang Cheng Ming and his family members;
“Cheung Family”	Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Lau Chun Shun, Mr. Zhang Lianpeng and Ms. Zhang Lianru;
“Company”	Nine Dragons Paper (Holdings) Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange;
“connected person”	has the same meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“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 which owned by Mr. Zhang Cheng Ming and his family members;
“Group”	the Company and its subsidiaries;
“Guangdong Chengming”	Guangdong Chengming Chemical Co., Ltd. (廣東誠銘化學品有限公司), a limited liability company established in the PRC and which is beneficially owned by Mr. Zhang Cheng Ming and his family members;
“Hainan ACN”	Hainan ACN Resources Co., Ltd. (海南中南再生資源有限公司), a company established in the PRC and which is indirectly owned as to 70% and 30% by the Cheung Family and the Company, respectively;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors;

DEFINITIONS

“Independent Financial Adviser”	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement;
“Independent Shareholders”	Shareholders who are not interested in the transactions contemplated under the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement;
“Latest Practicable Date”	22 June 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Recovered Paper, Pulp Products and Woodchips Agreement”	the agreement dated 18 May 2026 between the Company, ACN, Tianjin ACN and Hainan ACN in relation to the supply of recovered paper, pulp products and woodchips by ACN, Tianjin ACN and/or Hainan ACN and their subsidiaries and their respective designated agents to the Group;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	shareholders of the Company;
“Special General Meeting”	the special general meeting of the Company to be convened and held at Studio 1&2, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Tuesday, 21 July 2026 at 11:00 a.m. for the Independent Shareholders to approve the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianjin ACN”	ACN (Tianjin) Resources Co., Ltd. (中南(天津)再生資源有限公司), a company established in the PRC and which is indirectly owned as to 70% and 30% by the Cheung Family and the Company, respectively;
“U.S.”	the United States of America; and
“%”	per cent.



玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

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. Zhang Lianpeng (*Vice President*)

Independent Non-executive Directors:

Ms. Chan Man Ki, Maggie *MH, JP*

Dr. Li Huiqun

Dr. Cao Zhenlei

Mr. Sun Po Yuen *JP*

Registered office:

Clarendon House

2 Church Street

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Bermuda

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in Hong Kong:*

Unit 1, 22/F

One Harbour Square

181 Hoi Bun Road

Kwun Tong, Kowloon

Hong Kong

29 June 2026

To the Shareholders,

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to the announcements of the Company dated 18 May 2026 and 12 June 2026 in relation to the renewal of, among others, (1) the continuing connected transactions of the Company entered into on 25 May 2023 between the Company and Cheng Ming Group in relation to purchase of chemicals from Cheng Ming Group and its subsidiaries; and (2) the continuing connected transactions of the Company entered into on 25 May 2023 amongst the Company and ACN, Tianjin ACN and Hainan ACN in relation to the purchase of recovered paper, pulp products and woodchips by the Group.

The purpose of this circular is:

- (i) to provide the Shareholders with further details of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and their respective annual caps;
- (ii) to set out the opinion of the Independent Financial Adviser on the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and their respective annual caps;

* For identification purpose only

LETTER FROM THE BOARD

- (iii) to set out the recommendation of the Independent Board Committee on the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and their respective annual caps; and
- (iv) to give the Shareholders notice of the Special General Meeting to consider and, if thought fit, to approve the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and their respective annual caps.

CHEMICALS PURCHASE AGREEMENT

On 18 May 2026, the Company, Cheng Ming Group and Guangdong Chengming entered into the Chemicals Purchase Agreement in relation to the purchase of chemical products by the Group from Cheng Ming Group and Guangdong Chengming and their subsidiaries.

(a) Principal terms

The principal terms of the Chemicals Purchase Agreement are set out below:

Subject: The Group will purchase chemicals from Cheng Ming Group and Guangdong Chengming and their subsidiaries to meet the Group's production requirements.

Term: A term of three financial years from 1 July 2026 to 30 June 2029.

Price: The purchase prices of the chemical products to be purchased by the Group from Cheng Ming Group and Guangdong Chengming and their subsidiaries will be determined with reference to the prevailing market prices and in accordance with the pricing policies of continuing connected transactions of the Group as detailed in the paragraph headed "Pricing Principles for Continuing Connected Transactions" below, and will be no less favourable to the Group than those offered by independent suppliers of similar products.

The terms of the Chemicals Purchase Agreement were concluded after arm's length negotiations and were based on normal commercial terms in the parties' ordinary course of business.

Cap Amount:

The transaction amount under the Chemicals Purchase Agreement for each of three financial years ending 30 June 2029 will not exceed the following annual cap:

	Financial year ending 30 June 2027 RMB' million	Financial year ending 30 June 2028 RMB' million	Financial year ending 30 June 2029 RMB' million
Annual cap	2,000	2,500	3,000

The annual caps under the Chemicals Purchase Agreement were determined by reference to (1) historical transaction amounts for FY2024 to FY2026, and (2) the expected pulp production capacity of the Group for the three financial years from FY2027 to FY2029 and (3) the expected demand for pulp-making chemicals for the three financial years from FY2027 to FY2029.

LETTER FROM THE BOARD

The pulp production capacity of the Group in FY2027 is expected to increase by 2.0 million tonnes, representing a 36.8% growth compared with FY2026. This has driven higher demand for pulp-making chemicals and accordingly increased the transaction value. Besides, the major chemicals purchased by the Group from Cheng Ming Group and Guangdong Chengming and their subsidiaries include surface sizing agent and latex, both of which are petroleum derivatives, representing a substantial portion of the total transaction value between the two parties. Affected by the geopolitical situation and armed conflict in Iran, international oil prices and transportation costs have risen sharply, leading to a significant increase in the raw material prices of surface sizing agent and latex. As a result, the prices of papermaking chemicals increased substantially, leading to a significant rise in the transaction amount. The annual caps were determined based on historical transaction amounts, the expected demand for chemical products to meet the production requirements of the Group.

The historical transaction amounts of purchases by the Group from Cheng Ming Group and its subsidiaries for the two financial years ended 30 June 2025 and the six months ended 31 December 2025 are as follows:

	For the year ended 30 June 2024	For the year ended 30 June 2025	For the year ending 30 June 2026
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual cap	1,000	1,000	1,000
Actual purchases	838	999	448 (<i>Note</i>)

Note:

The actual purchase figure of RMB448 million was for the six months ended 31 December 2025 and was unaudited.

(b) Reasons for the Chemicals Purchase Agreement

The Group requires chemicals for the production of its packaging paper products. As the existing agreement for the purchase of chemicals by the Group from Cheng Ming Group and its subsidiaries is due to expire on 30 June 2026, the Company, Cheng Ming Group and Guangdong Chengming entered into the Chemicals Purchase Agreement to facilitate the continuous supply of chemical products by Cheng Ming Group and Guangdong Chengming and their subsidiaries to the Group to satisfy the Group's production requirements.

Due to the geopolitical conflict in Iran, relevant shipping lanes have been blocked and closed, causing a severe impact on the global chemical supply chain and logistics transportation. This has driven a substantial surge in the prices of chemical raw materials and transportation costs. Accordingly, the annual cap under the Chemicals Purchase Agreement has been increased, as compared to RMB1,000 million for each of the three financial years ending 30 June 2026.

As the Chemicals Purchase Agreement was entered into in the ordinary and usual course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, the Directors, except the Interested Directors who have abstained from voting for the resolution to approve the Chemicals Purchase Agreement and the independent non-executive Directors, consider that the terms of the Chemicals Purchase Agreement, including the annual caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

RECOVERED PAPER, PULP PRODUCTS AND WOODCHIPS AGREEMENT

On 18 May 2026, the Company, ACN, Tianjin ACN and Hainan ACN entered into the Recovered Paper, Pulp Products and Woodchips Agreement in relation to the purchase of recovered paper, pulp products and woodchips by the Group from ACN, Tianjin ACN and/or Hainan ACN and their respective designated agents from time to time.

(a) Principal terms

The principal terms of the Recovered Paper, Pulp Products and Woodchips Agreement are set out below:

- Subject: The Group will purchase recovered paper, pulp products, woodchips and related products from ACN, Tianjin ACN and/or Hainan ACN and their subsidiaries and respective designated agents from time to time.
- Term: A term of three financial years from 1 July 2026 to 30 June 2029.
- Price: The purchase prices of the products and services to be purchased by the Group from ACN, Tianjin ACN and/or Hainan ACN and their subsidiaries and their respective designated agents under the Recovered Paper, Pulp Products and Woodchips Agreement will be determined with reference to the prevailing market prices in the PRC and overseas markets and in accordance with the pricing policies of continuing connected transactions of the Group, subject to the additional principles of determining the pricing terms for individual orders of recovered paper, pulp products and woodchips by reference to:
- (a) the prevailing market price of similar recovered paper and pulp as publicly announced on the public website of <https://www.sci99.com> (the “**Reference Site**”). The Reference Site is widely used by paper manufacturers in the world and provides reliable price assessments in the paper and pulp products markets. www.sci99.com is the official website of Sublime China Information Co., Ltd. (SCI), a leading and trusted commodity market intelligence service provider in China, founded in 2004 and listed on the Shenzhen Stock Exchange. As a professional one-stop platform for bulk commodity market information, SCI99 focuses on delivering real-time, accurate price data, market dynamics, in-depth analysis and industry reports for a full range of commodities. It covers key sectors including recycled waste paper, pulp, paper products, chemicals, energy, non-ferrous metals, agricultural products and more, which highly matches the demand for waste paper and general commodity price inquiry. The platform has built a strict and mature SCI Price Assessment System (SPAS), with standardized processes for data collection, verification, analysis and release, ensuring the objectivity and reliability of market information. It serves millions of registered users, including many global Fortune 500 enterprises and industry-leading companies, and maintains long-term cooperative relations with national statistical and price monitoring authorities.

LETTER FROM THE BOARD

- (b) the prevailing market price of woodchips as published on the Forisk Wood Fiber Review (the “**Wood Fiber Review**”). The Wood Fiber Review is a quarterly market report on the forest industry. It includes pulplog, biomass, and wood chip prices, in addition to market information by region for Canada and the U.S. Timely knowledge of wood fiber costs and trends remains a cornerstone for strategic planning in the forest product industry. The Wood Fiber Review also offered subscribers the option to receive historic price data; or
- (c) the pricing terms of recovered paper and pulp products or woodchips (as the case may be) of comparable quality, specifications, quantities and required time of delivery offered by independent suppliers (the “**Independent Raw Materials Pricing Terms**”) to the Group based on the quotations obtained from at least three independent suppliers on the Group’s approved list of suppliers. The purchasing department of the Group will compare the prices quoted and ensure that the pricing terms of the recovered paper and pulp products or woodchips (as the case may be) are no less favourable to the Group than the prevailing market price or the Independent Raw Materials Pricing Terms available to the Group.

The terms of the Recovered Paper, Pulp Products and Woodchips Agreement were concluded after arm’s length negotiations and were based on normal commercial terms in the parties’ ordinary course of business.

Cap Amount:

The transaction amount under the Recovered Paper, Pulp Products and Woodchips Agreement for each of three financial years ending 30 June 2029 will not exceed the following annual cap:

	Financial year ending 30 June 2027 RMB’ million	Financial year ending 30 June 2028 RMB’ million	Financial year ending 30 June 2029 RMB’ million
Annual cap	15,000	20,000	30,000

The annual caps under the Recovered Paper, Pulp Products and Woodchips Agreement were determined by reference to (1) historical transaction amounts for FY2024 to FY2026, and (2) the expected demand for recovered paper and pulp products and woodchips by the Group for the three financial years from FY2027 to FY2029.

LETTER FROM THE BOARD

The historical transaction amounts of purchases from ACN, Tianjin ACN and Hainan ACN and their subsidiaries and their respective designated agents for the two financial years ended 30 June 2025 and the six months ended 31 December 2025 are as follows:

	For the year ended 30 June 2024	For the year ended 30 June 2025	For the year ending 30 June 2026
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual cap	40,000	50,000	60,000
Actual purchases	20,437	7,982	2,265 (Note)

Note:

The actual purchase figure of RMB 2,265 million was for the six months ended 31 December 2025 and was unaudited.

(b) Reasons for the Recovered Paper, Pulp Products and Woodchips Agreement

Recovered paper, pulp products and woodchips are the primary raw materials used by the Group in its production operations. ACN is a major supplier of recovered paper, pulp products and woodchips in the world, while Tianjin ACN and Hainan ACN and their respective agents are major suppliers of domestic recovered paper in the PRC. The Company has been trading with ACN since the listing of the Shares of the Company on the Stock Exchange in 2006, with Tianjin ACN since its establishment in 2013, and with Hainan ACN since 2021.

As the existing purchase agreement with ACN, Tianjin ACN and Hainan ACN is due to expire on 30 June 2026, the Company, ACN, Tianjin ACN and Hainan ACN entered into the Recovered Paper, Pulp Products and Woodchips Agreement to facilitate the continuous supply of recovered paper, pulp products and woodchips to the Group to meet the Group's production requirements.

As the Recovered Paper, Pulp Products and Woodchips Agreement was entered into in the ordinary and usual course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, the Directors, except the Interested Directors who have abstained from voting for the resolution to approve the Recovered Paper, Pulp Products and Woodchips Agreement but including the independent non-executive Directors after taking advice from the Independent Financial Adviser, consider that the terms of the Recovered Paper, Pulp Products and Woodchips Agreement, including the annual caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company considers that there is no undue reliance on ACN, Tianjin ACN and/or Hainan ACN by the Group as a result of its business relationships under the Recovered Paper, Pulp Products and Woodchips Agreement for the following reasons:

1. the Group has been sourcing recovered paper, pulp products and woodchips from ACN, Tianjin ACN and/or Hainan ACN due to their reliable supply, consistent quality and reasonable price, which are beneficial to the operations of the Group and provide the Group with a competitive edge. ACN, Tianjin ACN and/or Hainan ACN procure their supplies from major sources globally and have long-term supply agreements with major supply sources. The Group believes that reliability of supply of recovered paper, pulp products and woodchips is essential for its production planning, inventory control, pricing and delivery schedules. As the Group is ACN, Tianjin ACN and Hainan ACN's largest customer, ACN, Tianjin ACN and Hainan ACN also give priority to the Group's purchase orders over those from its other customers. In addition, ACN, Tianjin ACN and Hainan

LETTER FROM THE BOARD

ACN's strict control on the quality of recovered paper, pulp products and woodchips that it supplies helps ensure that the materials the Group purchases from ACN, Tianjin ACN and/or Hainan ACN's and hence its products are of consistent quality.

Given the Group has various independent suppliers of varying sizes in Europe, China, Japan and Malaysia which are capable of offering recovered paper, pulp products and/or woodchips of comparable quality to that offered by ACN, Tianjin ACN and/or Hainan ACN for similar and different product grades, and taking into account of the Group's position as the leading container board manufacturer in China with considerable bargaining power, and that the Group has sufficient manpower, resources and expertise to develop suppliers, the Group believes that it would be able to source from other existing and potential suppliers of recovered paper, pulp products and/or woodchips at competitive rates should the circumstances justify so doing;

2. the daily operation of the Group rests primarily with its Board and the senior management, which is separate and independent from the board of directors and management team of ACN, Tianjin ACN and/or Hainan ACN. For the purpose of the listing of the Shares on the Stock Exchange, Ms. Cheung Yan and Mr. Liu Ming Chung resigned from their office as directors of ACN in January 2006. The Company, in managing its business with ACN, Tianjin ACN and/or Hainan ACN, has delegated such management to certain members of the Group's senior management other than Ms. Cheung Yan and Mr. Liu Ming Chung. In addition, Ms. Cheung Yan and Mr. Liu Ming Chung will, together with their associates who are the Directors, abstain from voting at the board meetings of the Company in respect of the supply arrangement between ACN, Tianjin ACN and/or Hainan ACN and the Group. The Group has also maintained its own financial team and has capability for independently expanding, operating and sourcing raw materials from independent third parties. There is no management, financial or operational reliance on ACN, Tianjin ACN and/or Hainan ACN; and
3. the mutually beneficial relationship between the Group and ACN, Tianjin ACN and/or Hainan ACN has grown from the application of commercial considerations by the parties as independent business entities. The Group is a significant player in the containerboard manufacturing sector in its own right commanding considerable bargaining power vis-a-vis its customers and suppliers. Given that the purchases from ACN, Tianjin ACN and/or Hainan ACN are being carried out under normal commercial terms and on an arm's length basis and that the supplies from ACN, Tianjin ACN and/or Hainan ACN are of consistent and high quality, the Directors consider that purchasing a substantial majority of the Group's recovered paper, pulp products and/or woodchips requirements from ACN, Tianjin ACN and/or Hainan ACN is consistent with the Group's sourcing strategy and is fair and reasonable as far as the Company and its Shareholders are concerned. The Directors also do not see any material red flags indicating any material adverse changes to such established relationship which brings mutual benefits.

LISTING RULE IMPLICATIONS

Each of Cheng Ming Group and Guangdong Chengming is controlled by Mr. Zhang Cheng Ming and his family members. Mr. Zhang Cheng Ming is the brother of Ms. Cheung Yan and Mr. Zhang Cheng Fei, the uncle of Mr. Ken Liu and Mr. Zhang Lianpeng, all of whom are Directors and substantial shareholders of the Company. The transactions contemplated under the Chemicals Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

ACN is an associate of Ms. Cheung Yan and Mr. Liu Ming Chung, both of whom are Directors and substantial shareholders of the Company, while Tianjin ACN and Hainan ACN are companies indirectly owned by the Cheung Family as to 70%. The transactions contemplated under the Recovered Paper, Pulp Products and Woodchips Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the annual transaction amounts of each of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement is over 5%, each of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

The Company

The Group is engaged in the production and sale of a broad variety of quality packaging paper products, printing writing paper (uncoated woodfree paper and office paper), specialty paper and pulp. The packaging paper products mainly cover linerboard (kraftlinerboard, testlinerboard, white top linerboard and coated linerboard), bleached folding boxboard, high performance corrugating medium and coated duplex board.

Cheng Ming Group

Cheng Ming Group is a company incorporated in Hong Kong with limited liability and is an investment holding company. Its subsidiaries are engaged in the production of chemicals products.

Guangdong Chengming

Guangdong Chengming is a company incorporated in the PRC with limited liability. Guangdong Chengming and its subsidiaries are engaged in the production of chemical products.

ACN

ACN is a company established in California, the United States, and is the leading exporter of recovered paper, pulp products and woodchips in the United States, Europe and Asia. ACN has a strong and long term relationship and connection with OCC pulp major exporter worldwide.

Tianjin ACN

Tianjin ACN is a company incorporated in the PRC, principally engaged in the procurement of recovered paper and the provision of related recovered paper procurement services in China.

Hainan ACN

Hainan ACN is a company incorporated in the PRC, principally engaged in the procurement of recovered paper and the provision of related recovered paper procurement services in China.

LETTER FROM THE BOARD

PRICING PRINCIPLES FOR CONTINUING CONNECTED TRANSACTIONS

The basis of determining the prices of the products to be supplied or purchased by the Group under the respective agreement of the continuing connected transactions of the Group will be in accordance with the prevailing market prices of similar products and on the following principles:

- (i) by reference to the prevailing market price of the same or substantially similar products, taking into account of the price of the same or substantially similar products with comparable order quantities and quality offered by other suppliers;
- (ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms comparable to those offered to/received from independent third parties in respect of the same or substantially similar products with comparable quantities; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously supplied or purchased by a party, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

In this connection, the purchasing department of the relevant member of the Group would obtain the relevant historical prices as described above and based on which, it would determine the basis of the prices for the relevant products and report to the senior management team (comprising the director, general manager and senior manager of the purchasing department) for approval in accordance with the Group's internal pricing policies for continuing connected transactions.

When determining the prevailing market price described under paragraph (i) above:

- (a) in respect of procurement of recovered paper and pulp or woodchips (as the case may be) under the Recovered Paper, Pulp Products and Woodchips Agreement, the Company will strictly apply the pricing policy set out under the paragraph headed "Principal terms" under the section headed "Recovered Paper, Pulp Products and Woodchips Agreement"; and
- (b) in respect of procurement of products from a connected person or his/her associates, the Company will invite quotations from at least 3 independent suppliers to give a reference on the prevailing market prices for the relevant products to be procured. Such quotations will be reviewed and evaluated from both the technical and commercial perspectives by qualified personnel of the Company to ensure that the products to be procured from a connected person or his/her associates are comparable to the prices for such products being offered by independent third parties; and
- (c) in respect of provision of products to be sold to a connected person or his/her associates, evaluate and assess the scope of the relevant order and prepare a detailed cost calculation by reference to cost of materials, products and labors, quotes of the Group to other independent third party customers and the level of fees charged by competitors of the Group in the market (if available) to ensure that the prices of the products of the Group are competitive and comparable to those being offered to independent third party customers of the Group.

LETTER FROM THE BOARD

INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS

To ensure that the actual prices for the continuing connected transactions of the Group are on normal commercial terms and on terms no less favourable to the Group than those available from independent third party suppliers/customers, the relevant personnel from the finance department of the Group and the management of the Group will conduct regular checks on a monthly basis to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

In addition, a designated finance officer (the “**Officer**”) will submit a prescribed monthly report containing the following information to the company secretarial division of the Group within 15 business days after each month ends: (i) the total purchase quantity during the month; (ii) the price comparison of the relevant products during the month; (iii) the supply of products during the month; and (iv) the transaction amount of the continuing connected transactions during the month and the cumulative figures as at the end of the month. The Officer will also prepare a quarterly consolidated report on the continuing connected transactions which will be reviewed by the company secretarial division. The company secretarial division will consolidate all information received from the Officer and report to the Board so that the Board could keep abreast of the continuing connected transactions conducted by the Group (including the utilization rate of the annual caps).

The independent non-executive Directors will review the transactions under the relevant continuing connected transaction and the Company will engage the auditors of the Company to conduct an annual review of the continuing connected transactions of the Company to assess whether such transactions have been carried out in accordance with the relevant terms of the agreement and pricing policies of the Company.

SPECIAL GENERAL MEETING

A notice of the Special General Meeting is set out on pages 37 to 38 of this circular.

Pursuant to the Rule 13.39(4) of the Listing Rules, the vote of the shareholders at a general meeting would be taken by poll. Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu, and Mr. Zhang Lianpeng and their associates are considered to be interested in the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement. As at the Latest Practicable Date, Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu, Mr. Zhang Lianpeng and Mr. Lau Chun Shun, through Best Result Holdings Limited, held in aggregate 2,992,120,000 Shares, representing approximately 63.77% of the issued share capital of the Company. Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei and Mr. Ken Liu also personally hold 90,097,758 Shares, 31,594,184 Shares, 34,399,821 Shares and 1,382,000 Shares, representing 1.92%, 0.67%, 0.73% and 0.03% of the issued share capital of the Company, respectively. Accordingly, Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu and Mr. Zhang Lianpeng, Mr. Lau Chun Shun, Ms. Zhang Lianru and their associates will abstain from voting for the resolution proposed at the Special General Meeting to approve the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and their respective annual caps.

LETTER FROM THE BOARD

A form of proxy for the Special General Meeting is enclosed herewith. Whether or not you intend to attend and vote at the Special General Meeting in person, you are requested to complete the form of proxy and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event no later than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or at any adjournment thereof should you so wish.

GENERAL

Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu and Mr. Zhang Lianpeng (the "**Interested Directors**") are considered to be interested in the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement, and have abstained from voting for the approval of such agreements at the Board meeting convened for such purposes.

The Interested Directors and their respective Associates will abstain from voting on the resolution to be proposed at the Special General Meeting to approve the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and their respective annual caps.

An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and VBG Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 14 to 15 of this circular which contains its recommendations to the Independent Shareholders in respect of the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and their respective annual caps. Your attention is also drawn to the letter of advice from the Independent Financial Adviser which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders. The letter from the Independent Financial Adviser is set out on pages 16 to 30 of this circular.

Your attention is also drawn to the general information set out in the appendix of this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendations, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and the transactions contemplated thereunder.



玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

29 June 2026

To the Independent Shareholders,

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF SPECIAL GENERAL MEETING

We refer to the circular of the Company to the Shareholders dated 29 June 2026 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and their respective annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from VBG Capital Limited, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and its annual caps as set out on pages 16 to 30 of the Circular and the letter from the Board as set out on pages 3 to 13 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and their respective annual caps are on normal commercial terms, in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Chemicals Purchase Agreement and the Recovered Paper, Pulp

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Products and Woodchips Agreement and the transactions contemplated thereunder to be proposed at the Special General Meeting.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
Nine Dragons Paper (Holdings) Limited
Sun Po Yuen
Chan Man Ki, Maggie
Li Huiqun
Cao Zhenlei
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement for the purpose of inclusion in this circular.



建泉融資有限公司
VBG Capital Limited

Suites 707–709, 7/F.
12 Taikoo Wan Road
Hong Kong

29 June 2026

*To: The independent board committee and the independent shareholders
of Nine Dragons Paper (Holdings) Limited*

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement (altogether, the “**CCT Agreements**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 29 June 2026 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Capitalized terms used in this letter of advice shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 18 May 2026, the Company, Cheng Ming Group and Guangdong Chengming entered into the Chemicals Purchase Agreement, pursuant to which the Group agreed to purchase chemicals from Cheng Ming Group and Guangdong Chengming and their subsidiaries for a term of three financial years ending on 30 June 2029. The proposed annual caps for the transactions contemplated under the Chemicals Purchase Agreement are RMB2,000 million, RMB2,500 million and RMB3,000 million for each of the financial years ending 30 June 2027, 2028 and 2029, respectively.

On even date, the Company, ACN, Tianjin ACN and Hainan ACN entered into the Recovered Paper, Pulp Products and Woodchips Agreement, pursuant to which the Group agreed to purchase recovered paper, pulp products, woodchips and related products and purchasing services from ACN, Tianjin ACN and/or Hainan ACN and their subsidiaries and respective designated agents for a term of three financial years ending on 30 June 2029. The proposed annual caps for the transactions contemplated under the Recovered Paper, Pulp Products and Woodchips Agreement are RMB15,000 million, RMB20,000 million and RMB30,000 million for each of the financial years ending 30 June 2027, 2028 and 2029, respectively.

With reference to the Letter from the Board, the respective transactions contemplated under the CCT Agreements constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee comprising Ms. Chan Man Ki, Maggie, Dr. Li Huiqun, Dr. Cao Zhenlei and Mr. Sun Po Yuen (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the respective transactions

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

contemplated under the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement at the Special General Meeting. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the CCT Agreements in compliance with Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion with regard to the CCT Agreements, we have reviewed (1) the annual reports of the Company for each of the three financial years ended 30 June 2025, (2) the 2025/26 interim report of the Company, (3) information regarding the PRC's paper industry released by the China Paper Association, (4) around 15 individual agreements governing the historical transactions for the period from 2024 to 2026 between the Group (as purchaser) and Cheng Ming Group (as supplier), (5) around 15 agreements governing the historical transactions from 2024 to 2026 between the Group (as purchaser) and independent suppliers of chemical products, (6) around 20 individual agreements governing the historical transactions for the period from 2024 to 2026 between the Group (as purchaser) and ACN or Tianjin ACN or Hainan ACN (as supplier), (7) around 20 agreements governing the historical transactions from 2024 to 2026 between the Group (as purchaser) and independent suppliers of recovered paper, pulp products and woodchips, (8) the calculation worksheets for the proposed annual caps prepared by the Company, (9) the CCT Agreements and (10) the relevant information as contained in the Circular. We have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the Special General Meeting. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, Cheng Ming Group, Guangdong Chengming, ACN, Tianjin ACN, Hainan ACN or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the CCT Agreements. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we did not conduct any independent investigation into the accuracy and completeness of such information.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 30 June 2029, and they do not represent forecasts of revenues/costs or purchases/sales to be recorded from the CCT Agreements. Consequently, we express no opinion as to how closely the actual revenues, costs, purchases or sales to be recorded under the CCT Agreements will correspond with the proposed annual caps.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the CCT Agreements, we have taken into consideration the following principal factors and reasons:

(1) Background of and reasons for the CCT Agreements

Overview of the Group's business and operation

The Group is engaged in the production and sale of a broad variety of quality packaging paperboard products, printing writing paper (uncoated woodfree paper and office paper), specialty paper and pulp. The packaging paperboard products mainly cover linerboard (kraftlinerboard, testlinerboard, white top linerboard and coated linerboard), bleached folding boxboard, high performance corrugating medium and coated duplex board. For the financial year ended 30 June 2025, the Group achieved a revenue of approximately RMB63,240.5 million. The major contributor of the Group's revenue was its packaging paper business, which accounted for approximately 90.0% of the revenue, with the remaining revenue of approximately 10.0% generated from its printing writing paper, specialty paper and pulp. During the six months ended 31 December 2025, the Group achieved a revenue of approximately RMB37,220.8 million. The major contributor of the Group's revenue was still its packaging paper business, which accounted for approximately 89.0% of the revenue, with the remaining revenue of approximately 11.0% generated from its printing writing paper, specialty paper and pulp.

As of 31 December 2025, the Group's total design production capacity for fiber raw materials amounted to approximately 8.2 million tonnes per annum (tpa) (wood pulp of 5.4 million tonnes, pulp of 0.7 million tonnes and wood fibre of 2.1 million tonnes); the total design production capacity for paper amounted to

approximately 25.4 million tonnes; and the total design production capacity for downstream packaging plants amounted to approximately 2.9 billion square meters. Such vertical integration of raw material supply chain of wood pulp not only enables the Group to effectively control its costs and enhance its quality, but also fuels the performance upgrade and drives brand premiums of high-end paper classes, thereby consolidating the Group's sustainable core competitiveness in the long run and laying a long-term foundation for unlocking its profitability efficiently and continuously.

Information on Cheng Ming Group and Guangdong Chengming

As extracted from the Letter from the Board, Cheng Ming Group is a company incorporated in Hong Kong with limited liability and is an investment holding company. Its subsidiaries are engaged in the production of chemicals.

As also extracted from the Letter from the Board, Guangdong Chengming is a company incorporated in the PRC with limited liability. Guangdong Chengming and its subsidiaries are engaged in the production of chemical products.

Information on ACN, Tianjin ACN and Hainan ACN

As extracted from the Letter from the Board, ACN is a company established in California, the United States and a leading exporter of recovered paper, pulp products and woodchips in the United States, Europe and Asia. ACN has a strong and long-term relationship and connection with OCC pulp major exporter worldwide.

As also extracted from the Letter from the Board, each of Tianjin ACN and Hainan ACN is a company established in the PRC and is principally engaged in the business of procurement of recovered paper and provision of related recovered paper procurement services in the PRC.

Overview of the paper industry of the PRC

To enrich our understanding of the recent development of the PRC's paper industry, we have researched independently in this regard.

Based on the latest statistics released by the China Paper Association in May 2026, the operating income and total profit of the PRC's paper industry were approximately RMB806.2 billion and RMB23.6 billion, respectively, in 2025. In terms of local demand and supply, the nation's aggregate production and consumption volume of paper and cardboard amounted to approximately 141.4 million tonnes and 138.8 million tonnes, respectively, in 2025. From 2016 to 2025, the average annual growth rate of the production and consumption volume of paper and cardboard was approximately 3.0% and 3.2%, respectively.

In 2025, the total consumption volume of pulp in the PRC was approximately 128.9 million tonnes, representing an increase of approximately 3.8% over the prior year. The consumption volume of wood pulp was approximately 54.5 million tonnes, accounting for around 42% of the total consumption volume of pulp, of which imported wood pulp and domestic wood pulp both accounted for around 21%. The total consumption volume of recovered paper pulp was approximately 69.5 million tonnes, accounting for around 54% of the total consumption volume of pulp, of which imported recovered paper pulp and domestic recovered paper pulp accounted for around 3% and around 51% respectively. The total consumption volume of non-wood pulp was approximately 4.9 million tonnes, accounting for the remaining 4% of the total consumption volume of pulp.

In 2025, the export volume of paper and cardboard, pulp, recovered paper and paper products expanded to approximately 19.2 million tonnes, jumping year-on-year by approximately 9.8%; the export value stayed relatively stable at approximately US\$32.4 billion.

In March 2026, the Chinese government announced the “15th Five-Year Plan” (the “**Plan**”) as directives for the nations’ future economic growth. The Plan emphasizes “efficient recycling of resources” and will promote the paper industry from “single wastepaper recycling” to “all-fiber raw material recycling”, with an aim of achieving a recycling rate of more than 65% by 2030. The Plan also promotes (i) the large-scale application of biomass energy, which is expected to accelerate the transformation of energy structure of the paper industry to reduce carbon emission caused by coal burning; and (ii) the production of “green products” such as degradable packaging paper and antibacterial household paper, as well as the output of special paper and high-end products. The Plan proposes to “conform to the trend of consumption structure upgrading and promote domestic demand and industrial coordination”, so that the paper products can accurately match the new demand scenarios. For example, the growth of e-commerce logistics, cold chain food and new energy will continue to drive the demand for high-end packaging paper. At the same time, consumption upgrading will promote the progression of household paper from “basic function” to “functional”, such as antibacterial, moisturizing, and flushable household paper. Lastly, it is expected that the Plan will further trigger investment in papermaking technology innovation, driving the financing scale of new materials and new equipment in the paper industry from around RMB10 billion in 2024, to exceeding RMB50 billion in 2030.

(2) The Chemicals Purchase Agreement

Reasons for the Chemicals Purchase Agreement

As referred to in the Letter from the Board, the Group requires chemicals for production of its paperboard products. As further advised by the Directors, the Company has been trading with Cheng Ming Group/its preceding company since 2006.

As the existing purchase agreement with Cheng Ming Group and its subsidiaries is due to expire on 30 June 2026, the Chemicals Purchase Agreement is entered into to facilitate the continuous supply of chemicals to the Group to meet the Group’s production requirements.

Having considered the above background of and reasons for the Chemicals Purchase Agreement, we are of the view that the transactions contemplated under the Chemicals Purchase Agreement are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

Principal terms of the Chemicals Purchase Agreement

The table below summarizes the major terms of the Chemicals Purchase Agreement dated 18 May 2026 as extracted from the Letter from the Board:

Term:	A term of three financial years ending on 30 June 2029.
Subject:	The Group will purchase chemicals from Cheng Ming Group and Guangdong Chengming and their subsidiaries to meet the Group’s production requirements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Price:

The purchase prices of the chemical products supplied by Cheng Ming Group and Guangdong Chengming and their subsidiaries will be determined with reference to the prevailing market prices of similar products and on the following principles:

- (a) by reference to the prevailing market price of the same or substantially similar products, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by other suppliers/purchasers;
- (b) if there are not sufficient comparable transactions in (a) above, on normal commercial terms comparable to those offered to/received from independent third parties in respect of the same or substantially similar products with comparable quantities; and
- (c) if both (a) and (b) above are not applicable, by reference to the average price of similar products previously supplied or purchased by a party, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

Following the Group's pricing principles for continuing connected transactions, we noted that when determining the prevailing market prices in respect of paragraph (a) above, the Company will invite quotations from at least three independent suppliers to give a reference for the prevailing market prices of the relevant products to be procured. Such quotations will be reviewed and evaluated from both the technical and commercial perspectives by qualified personnel of the Company to ensure that the products to be procured from a connected person or his/her associates are comparable to the prices for such products being offered by independent third parties. We are of the view that such pricing principles are appropriate to ensure fair and reasonable pricing of chemical products under the Chemicals Purchase Agreement.

For our due diligence purpose, we have further reviewed (i) around 15 individual agreements (which were selected randomly) governing the historical transactions for the period from 2024 to 2026 between the Group (as purchaser) and Cheng Ming Group (as supplier); and (ii) around 15 agreements (which were selected randomly) governing the historical transactions from 2024 to 2026 between the Group (as purchaser) and independent suppliers of chemical products. For comparable products, we noted that the major terms offered by Cheng Ming Group to the Group were no less favourable than those offered to the Group by the independent suppliers.

In light of that (i) it is stipulated under the Chemicals Purchase Agreement that prices of chemical products will be no less favourable than the prevailing market prices based on the quotations from at least three independent suppliers; and (ii) for comparable products, the major terms of the individual agreements governing the historical transactions between the Group and Cheng Ming Group

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

were no less favourable than those offered by the independent suppliers to the Group, we concur with the Directors that the terms of the Chemicals Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Annual caps under the Chemicals Purchase Agreement

The table below illustrates (i) the historical amounts of the relevant continuing connected transactions; and (ii) the proposed annual caps for the transactions under the Chemicals Purchase Agreement:

Historical amounts			From 1 July 2025 to 31 December 2025	The proposed annual caps		
For the financial year ended 30 June				For the financial year ending 30 June		
2023	2024	2025	2025	2027	2028	2029
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
691	838	999	448	2,000	2,500	3,000

To assess the fairness and reasonableness of the proposed annual caps for the transactions under the Chemicals Purchase Agreement, we have discussed with the Directors regarding the basis and assumptions underlying the projections of the proposed annual caps and requested the relevant supporting information.

From the calculation worksheets provided by the Company, we noted that the proposed annual caps were determined with reference to (i) the Group's expected demand for various chemical products in each of the financial years ending 30 June 2027, 2028 and 2029; and (ii) the expected market prices of these chemical products in each of the financial years ending 30 June 2027, 2028 and 2029.

Estimation of future demand

Given that various chemical products, namely sizing agent and latex, are inputs of the Group's production operations, the Company has estimated its future demand for these chemical products primarily based on the Group's expected future production capacity. In this regard, we were provided with a comprehensive list of the capacity expansion projects that the Group has just completed/are currently in construction. Detailed information such as the scale and design, time schedule and location of each of the expansion projects are included in the list. Set out below are the relevant information:

Capacity expansion project — wood pulp	Production capacity (million tpa)	Completion time
Jingzhou, Hubei Province	(Chemical pulp) 0.65 (Bleached chemi-thermo mechanical pulp) 0.70	June 2025 August 2025
Chongqing	(Chemical pulp) 0.70	Q4 of 2026 (expected)
Tianjin	(Chemical pulp) 0.50	Q4 of 2026 (expected)
Beihai, Guangxi Zhuang Autonomous Region	(Chemical pulp) 0.80	Q2 of 2027 (expected)
Dongguan, Guangdong Province	(Chemical pulp) 0.50	Q3 of 2027 (expected)
Total		3.85

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Capacity expansion project — paper production	Production capacity (million tpa)	Completion time
Jingzhou, Hubei Province	(Printing and writing paper) 0.25	February 2025
	(Printing and writing paper) 0.35	April 2025
	(Bleached folding boxboard) 1.20	August 2025
Beihai, Guangxi Zhuang Autonomous Region	(Printing and writing paper) 0.35	July 2025
	<u>(Printing and writing paper) 0.35</u>	October 2025
Total	<u>2.50</u>	

As depicted by the table above, completion of various capacity expansion projects shall increase the overall production capacity of the Group. In particular, the Group's pulp production capacity is expected to increase by 2.0 million tonnes for the financial year ending 30 June 2027, representing a year-on-year growth of around 37%. It is also expected that there will be a moderate increase of around 5% to 10% per year in the Group's pulp production capacity for each of the financial years ending 30 June 2028 and 2029. The expansion of overall production capacity (especially pulp production) is expected to trigger increasing future demand for chemical products (specifically, the estimated increase in demand is 50%, 10% and 10% for each of the financial years ending 30 June 2027, 2028 and 2029 respectively) to cope with the enlarging production scale of the Group. We understand from the Directors the consumption rates of different chemical products vary during the production process. Upon review of the calculation worksheets provided by the Company, we noted that the expected quantities of various chemical products that the Group will require in the next three financial years were estimated based on their respective expected consumption rates during the production process. As confirmed by the Directors, the expected consumption rates adopted in the calculation worksheets are fair and reasonable taking into consideration the historical actual usage data.

Estimation of future market price

On the other hand, from the calculation worksheets, it is noted that the expected market prices of chemical products for the financial year ending 30 June 2027 were forecasted with reference to their respective average market prices during the first half of 2026, with an increment of 30%. As for the expected market prices for the financial years ending 30 June 2028 and 2029, a year-on-year increase of 10% was factored in. From our discussion with the Directors, we understand that since chemical products such as sizing agent and latex are petroleum derivatives, there is a direct correlation between their market prices. In this relation, the outbreak of war in Middle East since late-February 2026 has substantially affected the global supply of crude oil and consequently its market price. We have researched independently and found a report titled "Commodity Markets Outlook" published by the World Bank Group (being a family of five interconnected international institutions that act as the world's largest source of development funding and knowledge with headquarter in Washington, D.C., and serving 189 member countries by providing financing, policy advice, technical expertise, and insurance to support sustainable development) in April 2026 (the "Report"). As stated in the Report, attacks on energy infrastructure and shipping disruptions in the Strait of Hormuz, which handles about 35% of global seaborne crude oil trade, have triggered the largest oil supply shock on record. Even after moderating from their recent peak, Brent oil prices remained more than 50% higher in mid-April than they were at the start of 2026. Brent oil is forecasted to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

average at US\$86 per barrel in 2026, up sharply from US\$69 per barrel in 2025. This forecast assumes that the most acute disruptions end in May and that shipping through the Strait of Hormuz gradually returns to pre-war levels by late 2026.

On the same assumption, average commodity prices are projected to rise by 16% in 2026. This would leave prices about 25% higher than expected in January 2026. Such baseline projection hinges on developments in energy markets. With both oil and natural gas prices having soared due to supply shortfalls, average energy prices are forecasted to increase by 24% in 2026. The supply shocks brought about by the war and its consequences are widespread, affecting many commodities and industrial inputs. Prices for crop fertilizers are expected to soar in 2026 due to export disruptions and surging production costs, with input costs also exerting upward pressure on prices of food commodities and metals. Average base metals prices are projected to reach an all-time high, as are prices of precious metals, amid extraordinary volatility. If disruptions in the Middle East prove more protracted or severe than assumed, Brent oil prices in 2026 could average at US\$95 to US\$115 per barrel, whilst the rise in other commodity prices could also far exceed the forecasts.

Based on the Report, oil-price volatility during periods of rising geopolitical risk is roughly twice as high as during calmer periods. A geopolitically driven 1% decline in oil production would push oil prices up by an average of 11.5%. These effects will spill over into other key commodity markets, with an impact roughly 50% larger than under normal market conditions.

In the midst of the aforesaid uncertainties, we consider the forecasted 30% and the subsequent 10% increments in the financial years ending 30 June 2027, and 2028 and 2029, to be reasonable buffer for the possible upward movement in market prices of chemical products in the near future.

Judging from the above, we consider the basis for determining the proposed annual caps for the transactions under the Chemicals Purchase Agreement to be fair and reasonable.

Historical actual transactions

As for the historical transaction pattern of chemical products between the Group and Cheng Ming Group and its subsidiaries, we noted from the earlier table of this section that the historical amounts of chemical products purchased by the Group have shown a considerable persistent upsurging trend. During the financial year ended 30 June 2023 to the financial year ended 30 June 2025, the year-on-year growth was around 20%.

As demonstrated under the section headed “Overview of the paper industry of the PRC” of this letter of advice, the PRC’s paper industry has been advancing with guided prospects under the national future blueprint. Against such backdrop, to allow the Group to respond promptly to possible market changes, escalating global geopolitical conflicts, energy price volatility, and trade protectionism challenges etc. and optimize its raw materials mix, it would be in the interest of the Company that the proposed annual caps can provide sufficient flexibility to the Group for the purchase of chemical products.

In view of all the foregoing, we are of the opinion that the proposed annual caps for the transactions under the Chemicals Purchase Agreement are fair and reasonable.

(3) **The Recovered Paper, Pulp Products and Woodchips Agreement**

Reasons for the Recovered Paper, Pulp Products and Woodchips Agreement

As referred to in the Letter from the Board, recovered paper, pulp products and woodchips are the primary raw materials used by the Group in its production operations. ACN is a major supplier of recovered paper, pulp products and woodchips in the world, while Tianjin ACN and Hainan ACN and their respective agents are major suppliers of domestic recovered paper in the PRC. The Company has been trading with ACN since the listing of the Shares on the Stock Exchange in 2006, with Tianjin ACN since its establishment in 2013, and with Hainan ACN since 2021.

As the existing purchase agreement with ACN, Tianjin ACN and Hainan ACN is due to expire on 30 June 2026, the Recovered Paper, Pulp Products and Woodchips Agreement is entered into to facilitate the continuous supply of recovered paper, pulp products and woodchips and related products to the Group to meet the Group's production requirements.

Having considered the above background of and reasons for the Recovered Paper, Pulp Products and Woodchips Agreement, we are of the view that the transactions contemplated under the Recovered Paper, Pulp Products and Woodchips Agreement are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

Principal terms of the Recovered Paper, Pulp Products and Woodchips Agreement

The table below summarizes the major terms of the Recovered Paper, Pulp Products and Woodchips Agreement dated 18 May 2026 as extracted from the Letter from the Board:

Term:	A term of three financial years ending on 30 June 2029.
Subject:	The Group will purchase recovered paper, pulp products and woodchips and related products and purchasing services from ACN, Tianjin ACN and/or Hainan ACN and their subsidiaries and respective designated agents from time to time.
Price:	<p>The purchase prices of the products under the Recovered Paper, Pulp Products and Woodchips Agreement will be determined with reference to the prevailing market prices and in accordance with the pricing policies of continuing connected transactions of the Group, subject to the additional principles of determining the pricing terms for individual orders of recovered paper, pulp products and woodchips by reference to:</p> <ul style="list-style-type: none">(a) the prevailing market price of similar recovered paper and pulp products as publicly announced on the public website of https://www.sci99.com (the “Reference Site”);(b) the prevailing market price of woodchips as published on the Forisk Wood Fibre Review (the “Wood Fibre Review”); or

- (c) the pricing terms of recovered paper and pulp products or woodchips (as the case may be) of comparable quality, specifications, quantities and required time of delivery offered by independent suppliers (the “**Independent Raw Material Pricing Terms**”) to the Group based on the quotations obtained from at least three independent suppliers on the Group’s approved list of suppliers. The procurement department of the Group will compare the prices quoted and ensure that the pricing terms of the recovered paper and pulp products or woodchips (as the case may be) are no less favourable than the prevailing market price or the Independent Raw Material Pricing Terms available to the Group.

We understand that the Reference Site is widely used by paper manufacturers in the world and provides reliable price assessments in the paper and pulp products markets. The Reference Site is the official website of Sublime China Information Co., Ltd. (SCI), a leading and trusted commodity market intelligence service provider in China, founded in 2004 and listed on the Shenzhen Stock Exchange. As a professional one-stop platform for bulk commodity market information, SCI99 focuses on delivering real-time, accurate price data, market dynamics, in-depth analysis and industry reports for a full range of commodities. It covers key sectors including recycled waste paper, pulp, paper products, chemicals, energy, non-ferrous metals and agricultural products. The platform has also built a strict and mature SCI Price Assessment System (SPAS), with standardized processes for data collection, verification, analysis and release, ensuring the objectivity and reliability of market information. On the other hand, the Wood Fibre Review is a quarterly market report on the forest industry. It includes pulplog, biomass, and wood chip prices, in addition to market information by region for Canada and the United States. The Wood Fibre Review also offers subscribers the option to receive historic price data.

Given the well-established track record and the global reach of the Reference Site, as well as the scale of market data coverage of the Wood Fibre Review, we concur with the Directors that the use of the Reference Site and the Wood Fibre Review as reference for the purchase prices of the products under the Recovered Paper, Pulp Products and Woodchips Agreement is fair and reasonable.

With regard to the Independent Raw Material Pricing Terms, for our due diligence purpose, we have reviewed (i) around 20 individual agreements (which were selected randomly) governing the historical transactions for the period from 2024 to 2026 between the Group (as purchaser) and ACN or Tianjin ACN or Hainan ACN (as supplier); and (ii) around 20 agreements (which were selected randomly) governing the historical transactions from 2024 to 2026 between the Group (as purchaser) and independent suppliers of recovered paper, pulp products and woodchips. For comparable products, we noted that the major terms offered by ACN, Tianjin ACN and Hainan ACN to the Group were no less favourable than those offered to the Group by the independent suppliers.

In light of that (i) it is stipulated under the Recovered Paper, Pulp Products and Woodchips Agreement that prices of recovered paper, pulp products and woodchips will be no less favourable than the prevailing market price based on the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference Site or the Wood Fibre Review or the Independent Raw Material Pricing Terms available to the Group; and (ii) for comparable products, the major terms of the individual agreements governing the historical transactions between the Group and ACN or Tianjin ACN or Hainan ACN were no less favourable than those offered by the independent suppliers to the Group, we concur with the Directors that the terms of the Recovered Paper, Pulp Products and Woodchips Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Annual caps under the Recovered Paper, Pulp Products and Woodchips Agreement

The table below illustrates (i) the historical amounts of the relevant continuing connected transactions; and (ii) the proposed annual caps for the transactions under the Recovered Paper, Pulp Products and Woodchips Agreement:

Historical amounts			The proposed annual caps			
For the financial year ended 30 June			From 1 July 2025 to 31 December 2025	For the financial year ending 30 June		
2023	2024	2025		2027	2028	2029
RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
21,429	20,437	7,982	2,265	15,000	20,000	30,000

To assess the fairness and reasonableness of the proposed annual caps for the transactions under the Recovered Paper, Pulp Products and Woodchips Agreement, we have discussed with the Directors regarding the basis and assumptions underlying the projections of the proposed annual caps and requested the relevant supporting information.

From the calculation worksheets provided by the Company, we noted that the proposed annual caps were determined with reference to (i) the Group's expected demand for recovered paper, pulp products and woodchips in each of the financial years ending 30 June 2027, 2028 and 2029; and (ii) the expected market prices of these raw materials in each of the financial years ending 30 June 2027, 2028 and 2029.

Estimation of future demand

Given that recovered paper, pulp products and woodchips are raw materials used by the Group in its production operations, the Company has estimated its future demand for these raw materials primarily based on the Group's expected future production capacity. As mentioned under the sub-section headed "Annual caps under the Chemicals Purchase Agreement" of this letter of advice, we were provided with a comprehensive list of the capacity expansion projects that the Group has just completed/are currently in construction. Detailed information such as the scale and design, time schedule and location of each of the expansion projects are included in the list. Independent Shareholders may refer to the table set out under the said sub-section of this letter of advice for the relevant details.

As mentioned, completion of various capacity expansion projects shall increase the overall production capacity of the Group. In particular, the Group's pulp production capacity is expected to increase by 2.0 million tonnes for the financial year ending 30 June 2027, representing a year-on-year growth of around 37%. It is also expected that there will be a moderate increase of around 5% to 10% per year in the Group's pulp production capacity for each of the financial years ending 30 June 2028 and 2029. The expansion of overall production capacity (especially pulp production) is expected to trigger increasing future demand for

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

recovered paper, pulp products and woodchips by possibly a few times as compared to present to cope with the enlarging production scale of the Group. We understand from the Directors the consumption rates of different raw materials vary during the production process. Upon review of the calculation worksheets provided by the Company, we noted that the expected quantities of recovered paper, pulp products and woodchips that the Group will require in the next three financial years were estimated based on the expected consumption rates of these raw materials during the production process. As confirmed by the Directors, the expected consumption rates adopted in the calculation worksheets are fair and reasonable taking into consideration the historical actual usage data.

Estimation of future market price

On the other hand, from the calculation worksheets, it is noted that the expected market prices of recovered paper, pulp products and woodchips for the financial year ending 30 June 2027 were forecasted with reference to their respective average market prices during the second half of 2025, with an increment of 10%. As for the expected market prices for the financial years ending 30 June 2028 and 2029, a year-on-year increase of 10% was factored in. We are of the view that using the recent historical average market prices of recovered paper, pulp products and woodchips as the basis of estimation of their respective future prices is fair and reasonable. Regarding the 10% year-on-year increment, we consider that it is acceptable based on our review of the historical market price movement of these raw materials during the period from 2023 to 2025 which shows that there were frequent fluctuations in prices and the extent of price fluctuations could occasionally reach around 30%. Therefore, the 10% increment may act as reasonable buffer for the possible upward movement in market prices of recovered paper, pulp products and woodchips in the near future.

Judging from the above, we consider the basis for determining the proposed annual caps for the transactions under the Recovered Paper, Pulp Products and Woodchips Agreement to be fair and reasonable.

Historical actual transactions

As for the historical transaction pattern of recovered paper, pulp products and woodchips between the Group and ACN, Tianjin ACN or Hainan ACN, we noted from the earlier table of this section that the historical amounts of recovered paper, pulp products and woodchips purchased by the Group were relatively stable during the two financial years ended 30 June 2024. Nonetheless, the transaction amounts reduced significantly during subsequent financial years. We have enquired with the Directors about the reasons leading to such reduction and were advised that the reduction was mainly attributable to the enactment of new government policies (the “**Policy Changes**”). On 25 April 2024, the State Administration of Taxation of China issued the “Announcement on Matters Related to Reverse Invoicing by Resource Recycling Enterprises Selling Scrap Products to Natural Persons” (2024 No. 5) which aims to solve the problem that resource recycling enterprises cannot obtain compliant VAT invoices when purchasing waste products from individuals, and to promote standardized operations in the wastepaper recycling industry. Subsequently in October 2025, the General Administration of Customs of China issued the “Announcement on Regulating the Supervision and Management of Imported Recycled Pulp” (Announcement No. 200 of 2025), which increased the inspection efforts on imported recycled pulp. As a result of the Policy Changes, the transaction amounts between the Group, and Tianjin ACN and ACN have reduced significantly in each of the financial years ended 30 June 2025 and 2026 respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted that overall speaking, the average amount of the proposed annual caps of RMB21.6 million (i.e. the average of the sum of RMB15 million, RMB20 million and RMB30 million) is comparable to actual transaction amounts during the two financial years ended 30 June 2024. As demonstrated under the section headed “Overview of the paper industry of the PRC” of this letter of advice, the PRC’s paper industry has been advancing with guided prospects under the national future blueprint. Against such backdrop, to allow the Group to respond promptly to possible market changes, escalating global geopolitical conflicts, energy price volatility, and trade protectionism challenges etc. and optimize its raw materials mix, it would be in the interest of the Company that the proposed annual caps can provide sufficient flexibility to the Group for the purchase of recovered paper, pulp products and woodchips. Moreover, the Directors also expect that the Group’s future purchase may be less affected by the Policy Changes when a better understanding is gained and thus there would likely to be a rebound in the transaction amounts taking into account the enlarging production scale of the Group. The proposed annual caps, which are comparable to the actual transaction amounts during the two financial years ended 30 June 2024, would therefore be practical estimates of the future transactions between the Group and ACN, Tianjin ACN or Hainan ACN.

In view of all the foregoing, we are of the opinion that the proposed annual caps for the transactions under the Recovered Paper, Pulp Products and Woodchips Agreement are fair and reasonable.

(4) Listing Rules implication and internal control of the Group

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 and 14A.55 of the Listing Rules pursuant to which (i) the amounts of the transactions contemplated under the CCT Agreements must be restricted by the annual caps for the financial years concerned under the CCT Agreements; (ii) the terms of the CCT Agreements (together with their respective proposed annual caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors’ annual review on the terms of the CCT Agreements (together with their respective proposed annual caps) must be included in the Company’s subsequent published annual reports and financial accounts. As also stipulated under Rule 14A.56 of the Listing Rules, auditors of the Company must provide a letter to the Board confirming, among other things, that the respective transactions contemplated under the CCT Agreements are carried out in accordance with the pricing policies of the Company, and the proposed annual caps are not being exceeded.

In relation to the above, we noted from the annual reports of the Company for each of the financial years ended 30 June 2023, 2024 and 2025 that the Company has complied with the aforesaid stipulated requirements under the Listing Rules in respect of its historical transactions with Cheng Ming Group, ACN, Tianjin ACN and Hainan ACN.

Shareholders may also refer to the sections headed “Pricing principles for continuing connected transactions” and “Internal control policies for continuing connected transactions” in the Letter from the Board with regard to the internal control procedures that the Company has adopted to supervise the transactions contemplated under the CCT Agreements. We understand that in order to ensure that the continuing connected transactions of the Group are under close supervision, a designated finance officer of the Company will submit monthly reports and quarterly consolidated reports on continuing connected transactions to the company secretarial

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

division, who will then further consolidate all information and report to the Board such that the Board could keep abreast of the continuing connected transactions conducted by the Group.

With the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules and the internal control measures of the Group in place, the Independent Shareholders' interest would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the respective transactions contemplated under the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the Special General Meeting to approve the Chemicals Purchase Agreement and the Recovered Paper, Pulp Products and Woodchips Agreement and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Managing Director

Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 21 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Company

Long position in the Shares

Name of Directors	Number of Shares held			Total	Approximate percentage of shareholding
	Personal interest	Family interest	Corporate Interest (Note 1)		
Cheung Yan	90,097,758	31,594,184	2,992,120,000	3,113,811,942	66.36%
Liu Ming Chung	31,594,184	90,097,758	2,992,120,000	3,113,811,942	66.36%
Zhang Cheng Fei	34,399,821	—	—	34,399,821	0.73%
Ken Liu	1,382,000	—	2,992,120,000	2,993,502,000	63.80%

(ii) Senior Perpetual Capital Securities of the Company

Name of Directors	Capacity	Currency of Securities	Type of Securities	Principal Amount Paid	Approximate percentage of held in Securities
Cheung Yan	Beneficial Owner	US\$	14.0% senior perpetual securities ("Securities")	US\$270,400,000	67.60%
Liu Ming Chung	Spouse Interest	US\$	Securities	USD27,800,000	6.95%
	Beneficial Owner	US\$	Securities	USD27,800,000	6.95%
Zhang Cheng Fei	Spouse Interest	US\$	Securities	USD270,400,000	67.60%
	Beneficial Owner	US\$	Securities	USD27,000,000	6.75%

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.

On 15 June 2026, the Company commenced a tender offer (the “**Offer**”) to purchase for cash any and all of its outstanding Securities, details of which are set out in the announcement of the Company dated 15 June 2026 (the “**Announcement**”). Ms. Cheung Yan, Mr. Liu Ming Chung and Mr. Zhang Cheng Fei have undertaken to the Company to tender for purchase in respect of all the Securities held by them only after the Early Tender Date (as defined in the Announcement), such that they elect to receive the General Tender Consideration (as defined in the Announcement). The results of the Offer are currently expected to be announced on 6 July 2026.

(iii) Interests in associated corporation of the Company

Long position in the Shares

Name of Directors	Name of associated corporation	Capacity	Number of ordinary shares held	Approximate percentage of shareholding
Cheung Yan	Best Result Holdings Limited (“ Best Result ”)	Settlor of The Cheung Family Trust	37,073	37.073%
Liu Ming Chung	Best Result	Interest of spouse Settlor of The Liu Family Trust	37,053	37.053%
Zhang Cheng Fei	Best Result	Interest of spouse Settlor and beneficiary of The Zhang Family Trust and The Golden Nest Trust	37,073 25,874	37.073% 25.874%
Ken Liu	Best Result	Beneficiary of trusts (<i>Note 4</i>)	90,000	90.000%
Zhang Lianpeng	Best Result	Beneficiary of trusts (<i>Note 5</i>)	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. Each of Ms. Cheung Yan and Mr. Liu Ming Chung is therefore deemed to be interested in the Shares held by Best Result pursuant to Part XV of the SFO.
- (4) Mr. Ken Liu is a beneficiary of The Cheung Family Trust, The Liu Family Trust and The Golden Nest Trust. He is therefore deemed to be interested in the Shares held by Best Result pursuant to Part XV of the SFO.
- (5) Mr. Zhang Lianpeng is a beneficiary of The Zhang Family Trust and The Golden Nest Trust.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, the following companies had interests in the Shares and/or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the Shares

Name of Shareholders	Capacity in which interests were held	Number of Shares	Interests as to % of the total number of Shares in issue as at the Latest Practicable Date
Best Result	Beneficial Owner	2,992,120,000	63.77%
YC 2013 Company Limited	Interest of controlled corporation	2,992,120,000	63.77%
Goldnew Limited	Interest of controlled corporation	2,992,120,000	63.77%
Zedra Jersey Trust Corporation Limited	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 the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares and/or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, each of Ms. Cheung Yan, Mr. Liu Ming Chung and Mr. Zhang Cheng Fei is a director of Best Result, which has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business that competed or was likely to compete with the business of the Group.

5. MATERIAL ADVERSE CHANGE

As disclosed in the Company's interim report for the six months ended 31 December 2025, the profit attributable to the equity holders of the Company amounted to approximately RMB1,966.5 million as compared to the profit attributable to the equity holders of the Company of RMB469.6 million in the corresponding period last year. The increase in profit mainly contributed by the increase in sales volume and selling prices of the products, as well as the decrease in the cost of raw materials, which led to the significant increase of gross profit.

Save as disclosed above, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 30 June 2025, being the date to which the latest audited financial statements of the Company were made up.

6. LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Group.

7. EXPERT'S QUALIFICATION AND CONSENT

As at the date of this circular, VBG Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears. The following expert's statements were issued on the date of this circular and were made for incorporation or reference (as the case may be) in this circular.

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
VBG Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, VBG Capital Limited did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 30 June 2025, being the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 30 June 2025, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) Save as disclosed below, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group:
 - (i) on 18 May 2026, Dongguan Longteng and the Company entered into a purchase agreement, pursuant to which the Company agreed to purchase packaging materials from Dongguan Longteng and its subsidiaries to meet the Group's production requirements from 1 July 2026 to 30 June 2029. 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. Ken Liu and Mr. Zhang Lianpeng;
 - (ii) on 18 May 2026, Dongguan Longteng and the Company entered into a supply agreement, pursuant to which the Company agreed to supply packaging paper products to Dongguan Longteng and its subsidiaries from 1 July 2026 to 30 June 2029. 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. Ken Liu and Mr. Zhang Lianpeng;

- (iii) on 18 May 2026, Cheng Ming Group, Guangdong Chengming and the Company entered into a purchase agreement, pursuant to which the Group agreed to purchase chemical products from Cheng Ming Group, Guangdong Chengming and their subsidiaries for the Group's production requirements from 1 July 2026 to 30 June 2029. Each of Cheng Ming Group and Guangdong Chengming is a company beneficially owned by Mr. Zhang Cheng Ming and his family members; and
- (iv) on 18 May 2026, the Company, ACN, Tianjin ACN and Hainan ACN entered into the Recovered Paper, Pulp Products and Woodchips Agreement, pursuant to which the Company agreed to purchase recovered paper, pulp products, woodchips and related products and purchasing services from ACN, Tianjin ACN and/or Hainan ACN and their subsidiaries and respective designated agents from time to time.
- (c) The company secretary of the Company is Ms. Cheng Wai Chu, Judy, a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (d) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company's website (www.ndpaper.com) and the HKEXnews website (www.hkexnews.hk) from the date of this circular up to and including the date of the Special General Meeting (being not less than 14 days):

- (a) the written consent referred to in the paragraph headed "Expert's Qualification and Consent" in this Appendix;
- (b) the Chemicals Purchase Agreement; and
- (c) the Recovered Paper, Pulp Products and Woodchips Agreement.

NOTICE OF SPECIAL GENERAL MEETING



玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

NOTICE IS HEREBY GIVEN that a special general meeting of Nine Dragons Paper (Holdings) Limited (the “**Company**”) will be held at Studio 1&2, Level 7, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Tuesday, 21 July 2026 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(1) “THAT

- (a) the Chemicals Purchase Agreement (the “**Chemicals Purchase Agreement**”) dated 18 May 2026 entered into amongst the Company, Cheng Ming Group (H.K.) Co., Ltd. and Guangdong Chengming Chemical Co., Ltd. (廣東誠銘化學品有限公司), a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transaction contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps as set out in the circular in relation to the Chemicals Purchase Agreement for the three financial years ending 30 June 2029 be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Chemicals Purchase Agreement.”

(2) “THAT

- (a) the Recovered Paper, Pulp Products and Woodchips Agreement (the “**Recovered Paper, Pulp Products and Woodchips Agreement**”) dated 18 May 2026 entered into amongst the Company, America Chung Nam, Inc., ACN (Tianjin) Resources Co., Ltd. (中南(天津)再生資源有限公司) and Hainan ACN Resources Co., Ltd. (海南中南再生資源有限公司), a copy of which is tabled at the meeting and marked “B” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transaction contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps as set out in the circular in relation to the Recovered Paper, Pulp Products and Woodchips Agreement for the three financial years ending 30 June 2029 be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

incidental to, ancillary to or in connection with the matters contemplated in the Recovered Paper, Pulp Products and Woodchips Agreement.”

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

Hong Kong, 29 June 2026

Registered office:
Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 1, 22/F
One Harbour Square
181 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

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

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. In order to be valid, the form of proxy in the prescribed form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the meeting, or any adjourned meeting thereof (as the case may be).
4. The record date for determining the eligibility of the Shareholders to attend and vote at the meeting will be on Tuesday, 21 July 2026. The register of members of the Company will be closed from Thursday, 16 July 2026 to Tuesday, 21 July 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending the above mentioned meeting, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 15 July 2026.
5. Completion and return of the form of proxy shall not preclude members of the Company from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
7. The votes at the above mentioned meeting will be taken by poll.
8. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 3 hours before the time of the meeting, the meeting will be postponed. The Company will publish an announcement on the websites of the Company and the Stock Exchange to notify shareholders of the Company of the date, time and venue of the rescheduled meeting.
9. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.