



China Sunshine Paper Holdings Company Limited

中國陽光紙業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2002



2025 INTERIM REPORT

*For identification purposes only

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Dongxing (*Chairman*)
Mr. Shi Weixin (*Vice Chairman*)
Mr. Wang Changhai (*General Manager*)
Mr. Ci Xiaolei (*Deputy General Manager*)

Non-Executive Directors

Ms. Wu Rong
Mr. Zhang Xiaohui

Independent Non-Executive Directors

Ms. Zhang Tao
Mr. Wang Zefeng
Mr. Sun Junchen (*appointed on 29 August 2025*)
Ms. Jiao Jie (*resigned on 29 August 2025*)

AUDIT COMMITTEE

Ms. Zhang Tao (*Chairlady*)
Mr. Wang Zefeng
Mr. Sun Junchen (*appointed on 29 August 2025*)
Ms. Jiao Jie (*resigned on 29 August 2025*)

REMUNERATION COMMITTEE

Mr. Wang Zefeng (*Chairman*)
Mr. Wang Dongxing
Mr. Zhang Xiaohui
Ms. Zhang Tao
Mr. Sun Junchen (*appointed on 29 August 2025*)
Ms. Jiao Jie (*resigned on 29 August 2025*)

NOMINATION COMMITTEE

Mr. Sun Junchen (*Chairman*)
(*appointed on 29 August 2025*)
Ms. Jiao Jie (*Chairlady*)
(*resigned on 29 August 2025*)
Mr. Wang Dongxing
Mr. Zhang Xiaohui
Mr. Wang Zefeng
Ms. Zhang Tao

JOINT COMPANY SECRETARY

Mr. Yeung Tsz Kit Alban
Ms. Wang Jingjing

AUTHORISED REPRESENTATIVES

Mr. Wang Dongxing
Mr. Yeung Tsz Kit Alban

PRINCIPAL PLACE OF BUSINESS IN CHINA

Changle Economic Development Zone
Weifang 262400
Shandong
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 702, 7/F, Java Commercial Centre
128 Java Road
North Point
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Suntera (Cayman) Limited
Suite 3204, Unit 2A,
Block 3, Building D
P.O. Box 1586,
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands



HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
11th Floor,
Lee Garden Two,
28 Yun Ping Road,
Causeway Bay, Hong Kong

LEGAL ADVISERS AS TO THE LAWS OF HONG KONG

Morgan, Lewis & Bockius
Suites 1902–09, 19th Floor
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

STOCK CODE

2002

WEBSITE

www.sunshinepaper.com.cn



Operation Review and Outlook

BUSINESS REVIEW

In 1H 2025, the international environment was complex and volatile. The coexistence of geopolitical tensions and tariff disruptions led to increased instability and uncertainties, leaving the global economy exposed to various challenges and intensified downside risks. The overall domestic economy remained generally stable, but the momentum for demand increase had yet to be shored up and there were new challenges in promoting further economic restructuring. The manufacturing sector demonstrated strong resilience, but continued to face structural issues such as overcapacity and insufficient demand, putting pressure on the operations of the paper and paper products industry. According to data from the National Bureau of Statistics, from January to June 2025, industrial enterprises above a designated size nationwide achieved a total profit of RMB3,436.50 billion, representing a year-on-year decrease of 1.8%. Among them, the paper and paper products industry achieved a total profit of RMB17.57 billion, representing a year-on-year decrease of 21.4%; in terms of operating revenue, industrial enterprises above a designated size achieved operating revenue of RMB66.78 trillion, representing a year-on-year increase of 2.5%. Among them, the paper and paper products industry achieved operating revenue of RMB681.21 billion, representing a year-on-year decrease of 2.3%, which was in contrast to the overall revenue growth rate of industrial enterprises above a designated size. With decreased profit and operating revenue, the paper and paper products industry has been in a difficult position.

Notwithstanding the internal and external pressures, under the management theme of “innovation, reformation, cost reduction and implementation” set at the beginning of the year, the Company has implemented an innovation strategy to align with market demand, improve procurement management, deepen internal management reforms, accelerate digital transformation and optimize supply chain management. Guided by refined management principles, the Company has also expedited the multi-faceted refined management ranging from production, marketing, financial accounting, management processes to systems and procedures, enabling it to realize sustained healthy operations.

In 1H 2025, under the pressure of intensifying homogeneous competition and growing industry-wide involutions, the Company encountered challenges in terms of revenue and profitability, with machine-made paper sales volume of 0.967 million tons, representing a decrease of 4.73% as compared to 1.015 million tons for the same period last year; operating revenue of RMB3.57 billion, representing a decrease of 9.7% as compared to RMB3.96 billion for the same period last year; and profit attributable to owners of the Company of RMB83.18 million, representing a decrease of 56.1% as compared to RMB189.44 million for the same period last year. Benefiting from its long-standing internal foundational management, the Company’s comprehensive management capabilities have been improved continuously, with current ratio improved from 0.88 as at the end of 2024 to 0.93 as at the end of the current period. Additionally, due to the adoption of a multi-channel strategy to effectively reduce finance costs, despite the decline in revenue, the proportion of finance costs to revenue decreased from 2.2% for the same period last year to 1.7% for the current period, representing a significant decrease in finance costs. Affected by the overall industry environment and the acquisition of Sunshine Oji (Shouguang) Specialty Paper Co., Ltd.* (陽光王子(壽光)特種紙有限公司, “Sunshine Oji”), the Company’s inventory turnover rate decreased from 5.3 times for the same period last year to 5.08 times for the current period, but remained at a relatively high level in the industry, which effectively controlled tied-up capital in the inventory and improved the capital efficiency of the Company.



BUSINESS OUTLOOK

Looking ahead to the second half of the year, it is expected the paper industry will continue to experience severe “involutions” and show a competitive landscape evolving towards optimization and differentiation. On the one hand, the intensified industry competition will drive further elimination of outdated production capacity; on the other hand, the increasingly tightened environmental policies will prompt further optimization of resource allocation within the paper industry. Committed to deepening its presence in each market segment, the Company endeavors to produce high-quality and multi-purposed packaging paper, including white top linerboard, coated-white top linerboard, core board and corrugated paper. It adheres to a differentiated competition strategy and deepens its market presence in each segment, aiming to meet diversified customer needs. Besides, the Company attaches great importance to environmental protection in order to fulfil its social responsibilities and improve corporate governance. Aligning social benefits with ecological benefits, the Company is on the way to continuously improving its capabilities for green, sustainable, healthy and solid development.

Focusing on the packaging paper sector, the Company continuously expands the specialty paper market and has acquired 40% equity interest in Sunshine Oji, thereby making it a wholly-owned subsidiary. The acquisition is highly conducive to enhancing the management efficiency of the Company and subsequently fostering synergies with Shandong Xianhua New Materials Technology Co., Ltd. (山東顯華新材料科技有限公司). With the increasing efforts in independent innovation, the Company will improve its research and development system and innovatively launch various new specialty paper products to improve its market share, contribute to the Company’s revenue and profits in the future and further boost its competitive edge.



Management Discussion and Analysis

REVENUE

For 1H 2025, our Group's total revenue was RMB3,752.5 million, representing a decrease of 9.7% as compared to that of RMB3,956.6 million for 1H 2024. The decrease in revenue mainly resulted from the decrease in sales price and sales volume.

Sales volume of paper products decreased during 1H 2025. Sales of paper products decreased by 9.8% to RMB3,365.5 million for 1H 2025 with sales volume of around 966,600 tonnes, as compared to that of RMB3,729.8 million and around 1,014,600 tonnes for 1H 2024.

The table below sets forth the sales and gross profit margin by different business segments for the periods indicated:

	1H 2025				1H 2024	
	RMB'000	GP margin (%)	% of total revenue	RMB'000	GP margin (%)	% of total revenue
White top linerboard	671,499	17.0	18.8	757,880	16.5	19.2
Coated-white top linerboard	817,174	14.4	22.9	931,273	13.8	23.5
Core board	276,977	19.5	7.8	289,329	18.2	7.3
Specialised paper products	819,623	9.9	22.9	880,807	11.2	22.3
Corrugated paper	780,266	10.6	21.8	870,526	7.9	22.0
Subtotal of sales of paper products	3,365,539	13.4	94.2	3,729,815	12.7	94.3
Sales of electricity and steam	206,993	29.5	5.8	226,808	28.0	5.7
Total revenue	3,572,532	15.1	100	3,956,623	14.3	100

COST OF SALES

Cost of sales was RMB3,033.9 million for 1H 2025, representing an decrease of 10.5% as compared with that of RMB3,390.2 million for 1H 2024. The decrease in cost of sales was consistent with the decrease in revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of our Group decreased from RMB566.4 million for 1H 2024 to RMB538.6 million for 1H 2025. The gross profit margin of the Group increased during the period as compared with the corresponding period last year, from 14.3% for 1H 2024 to 15.1% for 1H 2025.

OTHER PROFIT AND LOSS ITEMS

Other income of RMB80.3 million for 1H 2025 (1H 2024: RMB173.2 million) mainly consisted of interest income on bank deposits of RMB19.1 million, interest income earned from Sunshine Oji of RMB7.7 million, interest income on loans to third parties of RMB4.2 million, government grants of RMB33.9 million, rental income of RMB1.6 million, hotel and catering service income of RMB2.2 million and logistics service income of RMB11.6 million.



The net losses of RMB5.6 million for 1H 2025 (1H 2024: net gain of RMB42.7 million) mainly consisted of gain from sale of scrap materials of RMB20.9 million, loss on disposal and written-off of property, plant and equipment of RMB1.6 million, net foreign exchange losses of RMB13.5 million, loss on fair value changes of FVTPL of RMB83.7 million, gain on the fair value changes of biological assets of RMB0.2 million, sales of carbon emission allowances of RMB18.5 million, gain on waiver of consideration payable of RMB29.2 million, gain on step acquisition of a joint venture of RMB11.8 million and other gains of RMB12.7 million.

Distribution and selling expenses was RMB181.2 million for 1H 2025, as compared with RMB186.5 million for 1H 2024. As a percentage against revenue, it increased from 4.7% for 1H 2024 to 5.1% for 1H 2025.

Administrative expenses was RMB243.0 million for 1H 2025, representing an increase of 9.3% as compared with RMB222.3 million for 1H 2024. As a percentage against revenue, it increased from 5.6% for 1H 2024 to 6.8% for 1H 2025.

Finance costs was RMB60.7 million for 1H 2025, representing a decrease of 31.6% as compared with RMB88.7 million for 1H 2024. As a percentage against revenue, it decreased from 2.2% for 1H 2024 to 1.7% for 1H 2025.

During 1H 2025, there was a share of loss of Sunshine Oji of RMB12.0 million (1H 2024: share of loss of RMB0.6 million).

INCOME TAX EXPENSE

Our income tax expense increased from RMB65.8 million for 1H 2024 to RMB86.9 million for 1H 2025. Effective tax rate for 1H 2025 and 1H 2024 was 45.1% and 23.2%, respectively.

PROFIT AND TOTAL COMPREHENSIVE INCOME

As a result of the above factors, the profit for the period attributable to the owners of the Company is RMB83.2 million for 1H 2025 (1H 2024: RMB189.4 million).

SIGNIFICANT INVESTMENTS

During 1H 2025, the Group did not hold any significant investment.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 16 June 2025, Shandong Century Sunshine Paper Group Co., Ltd* (山東世紀陽光紙業集團有限公司, “Century Sunshine”), a subsidiary of the Company, and Oji F-Tex Co. Ltd. (王子艾富特株式會社) entered into an equity transfer agreement in relation to the acquisition of 40% equity interest of Sunshine Oji (Shouguang) Specialty Paper Co., Ltd.* (陽光王子(壽光)特種紙有限公司) by Century Sunshine for a consideration of RMB85,000,000 (tax inclusive). Upon the completion of the acquisition, Sunshine Oji became a wholly owned subsidiary of the Company, and its financial results would be consolidated into the financial results of the Group. For details, please refer to the Company’s announcement dated 16 June 2025.



LIQUIDITY AND FINANCIAL RESOURCES

Working Capital, Gearing and Financial Resources

Our Group has funded our operations principally with cash generated from our operations, bank borrowings and credit facilities provided by commercial banks in China. Our Group possesses sufficient cash and available banking facilities to meet capital commitments and working capital requirements.

As at 30 June 2025, our Group had restricted bank deposits, cash and bank balances of RMB2,567.9 million (31 December 2024: RMB2,697.7 million). The debt of the Group comprised of bank and other borrowings and lease liabilities total RMB4,068.3 million as at 30 June 2025 (31 December 2024: RMB3,567.6 million). Net gearing ratio increased from 16.4% as at 31 December 2024 to 27.8% as at 30 June 2025.

Inventories increased from RMB506.5 million as at 31 December 2024 to RMB686.9 million as at 30 June 2025. Inventory turnover was 36 days for 1H 2025, as compared to 34 days for 1H 2024.

Trade receivables increased from RMB632.1 million as at 31 December 2024 to RMB961.0 million as at 30 June 2025. Trade receivables turnover was 41 days and 30 days for 1H 2025 and 1H 2024, respectively. Our credit period given to customers is around 30–45 days in general.

Trade payables recorded a decrease from RMB923.1 million as at 31 December 2024 to RMB885.1 million as at 30 June 2025. Trade payable turnover was 54 days for 1H 2025, as compared to 51 days for 1H 2024.

Current ratio increased from 0.88 times as at 31 December 2024 to 0.93 times as at 30 June 2025.

Notes to financial ratios

- (1) Inventory turnover days equal to the average of the opening and closing balances of inventories of the relevant period divided by cost of sales of the relevant period and multiplied by 182 days.
- (2) Trade receivables turnover days equal to the average of the opening and closing balances of trade receivables of the relevant period divided by revenue of the relevant period and multiplied by 182 days.
- (3) Trade payables turnover days equal to the average of the opening and closing balances of trade payables of the relevant period divided by cost of sales of the relevant period and multiplied by 182 days.
- (4) Current ratio equals to current assets divided by current liabilities as of the end of the period.
- (5) Net gearing ratio equals to a total of bank borrowing, other borrowings and leases liabilities, net of bank and cash balances and restricted bank deposits, divided by the total equity as of the end of the period.



Capital Expenditure

For 1H 2025, our capital expenditure was approximately RMB429.9 million, which mainly involved the purchase of equipment and land for our new production line, as well as the construction of ancillary facilities.

Capital Commitments and Contingent Liabilities

As at 30 June 2025, our Group had capital commitments, which were contracted in the condensed consolidated interim financial statements in respect of acquisition of property, plant and equipment and investment cost in a partnership of RMB235.2 million.

There was no contingent liabilities as at 30 June 2025.

Pledge of Assets

As at 30 June 2025, the carrying amount of our assets of RMB2,334.2 million were pledged as collateral or security for our Group's bank and other loans, discounted bills financing, bills payable and lease liabilities.

Foreign Exchange Risks

As the functional and reporting currency of our Group is RMB, there is no foreign exchange difference arising from the translation of financial statements. In addition, as our Group conducts business transactions principally in RMB and the amount of bank balances denominated in foreign currencies is immaterial, the exchange rate risk at our Group's operational level is not significant.

Nevertheless, our Company continues to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when needed.



Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Company is committed to achieve a high standard of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for our growth and for safeguarding and maximising shareholders' interests. The Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout 1H 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding the securities transactions by our Directors. The Company has made specific enquiries with all Directors, and all Directors have confirmed that they have complied with the Model Code throughout 1H 2025.

AUDIT COMMITTEE

The Board has established an audit committee in compliance with the CG Code. The primary duties of the audit committee are to review and supervise the Company's financial reporting process, internal control and risk management system and to provide advice and comments to the Board. The audit committee consists of three independent non-executive Directors, namely Ms. Zhang Tao, Mr. Wang Zefeng and Ms. Jiao Jie. Ms. Zhang Tao is the chairlady of the audit committee. The audit committee has reviewed the unaudited condensed consolidated financial statements and the interim report for 1H 2025 and discussed the financial matters with the management of the Company.

EMPLOYEES AND REMUNERATION POLICIES

The Group had approximately 4,400 employees as at 30 June 2025. The staff costs for 1H 2025 were RMB266.6 million (1H 2024: RMB233.6 million). The emolument policy of the Group is aimed at attracting, retaining and motivating talented individuals. The principle is to set performance-based remuneration which reflects market standards. Employees' remuneration packages are generally determined based on job nature and position with reference to market standards. Employees also receive certain welfare benefits. Our Group's emolument policy will be adjusted depending on a number of factors, including changes in the market and the direction of our Group's business development, so as to achieve our Group's operational targets.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for 1H 2025 (1H 2024: nil).



PURCHASE, SALE OR REDEMPTION OF SECURITIES

During 1H 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 30 June 2025, the number of treasury shares held by the Company is nil.

SUFFICIENCY PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained the public float as required under the Listing Rules throughout 1H 2025.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly, subsisted during or at the end of the period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY

As at 30 June 2025, the interests and short positions of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code:

(a) Long positions in our Company:

Name of Director	Nature of interest	Number of share	Approximate percentage of shareholding ⁽³⁾
Mr. Wang Dongxing	Interest of a party to an agreement to acquire interest in our Company ⁽¹⁾	321,687,052	30.20%
	Beneficial owner	18,425,500	1.73%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽²⁾	3,840,000	0.36%



Corporate Governance and Other Information

Name of Director	Nature of interest	Number of share	Approximate percentage of shareholding ⁽³⁾
Mr. Shi Weixin	Interest of a party to an agreement to acquire interest in our Company ⁽¹⁾	321,687,052	30.20%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽²⁾	22,265,500	2.09%
Mr. Wang Changhai	Interest of a party to an agreement to acquire interests in our Company ⁽¹⁾	321,687,052	30.20%
	Beneficial owner	3,840,000	0.36%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽²⁾	18,425,500	1.73%
Mr. Ci Xiaolei	Beneficial owner	929,000	0.09%
Ms. Wu Rong	Interest of a party to an agreement to acquire interest in our Company ⁽¹⁾	321,687,052	30.20%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽²⁾	22,265,500	2.09%



Notes:

1. A group of 17 individuals comprising Mr. Chen Xiaojun, Mr. Guo Jianlin, Mr. Li Zhongzhu, Mr. Lu Yujie, Mr. Ma Aiping, Mr. Sang Ziqian, Mr. Shi Weixin, Mr. Sun Qingtao, Mr. Wang Changhai, Mr. Wang Dongxing, Mr. Wang Feng, Mr. Wang Yilong, Mr. Wang Yongqing, Ms. Wu Rong, Mr. Zhang Zengguo, Mr. Zheng Fasheng and Mr. Zuo Xiwei (the "Controlling Shareholders Group") entered into an agreement on 16 June 2006 and as amended by a supplemental agreement on 19 November 2007 (the "Concert Parties Agreement"), pursuant to which each of the members of the Controlling Shareholders Group has confirmed that, among other things, since he or she became interested in and possessed voting rights in China Sunshine Paper Investments Limited ("China Sunshine"), China Sunrise Paper Holdings Limited ("China Sunrise") and any members of our Group (with China Sunshine and China Sunrise, collectively, the "Target Entities") and participated in the management of the business of the Target Entities, each of them has been actively cooperating with each other and has been acting in concert (for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code")), with an aim to achieve consensus and concerted action on major affairs relating to the business of the Target Entities. In addition, each of the members of the Controlling Shareholders Group has also agreed to keep the other members informed of their direct or indirect interest in the Target Entities or changes to such interest, so as to ensure due and prompt compliance of all applicable laws and regulations on disclosure of securities interests by shareholders. As China Sunrise is wholly-owned by China Sunshine, and China Sunshine is wholly-owned by the Controlling Shareholders Group, each of China Sunshine and members of the Controlling Shareholders Group (for the purpose of the Takeovers Code), including Mr. Wang Dongxing, Mr. Shi Weixin, Mr. Wang Changhai and Ms. Wu Rong, is deemed to be interested in the 321,687,052 Shares held by China Sunrise.
2. Under section 318 of the SFO, Mr. Shi Weixin and Ms. Wu Rong, as parties to the Concert Parties Agreement, are deemed to be interested in the 22,265,500 Shares held by Mr. Wang Dongxing and Mr. Wang Changhai; Mr. Wang Dongxing is deemed to be interested in the 3,840,000 Shares held by Mr. Wang Changhai; and Mr. Wang Changhai is deemed to be interested in the 18,425,500 Shares held by Mr. Wang Dongxing.
3. As at 30 June 2025, the number of issued ordinary shares of the Company was 1,065,144,359.

Save as disclosed above, as at 30 June 2025, neither the chief executive nor any of the Directors of our Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to our 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 (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF OUR COMPANY

So far as we, the Directors and chief executive of our Company, are aware, as at 30 June 2025, the interests or short positions of substantial shareholders (within the meaning of the Listing Rules) (other than the Director or chief executive of our Company) in the Shares, underlying Shares or debentures of our Company which were required to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Long position/ short position	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding ⁽⁴⁾
China Sunrise ⁽¹⁾	Long	Beneficial interest	321,687,052	30.20%
China Sunshine ⁽¹⁾	Long	Interest of a controlled corporation	321,687,052	30.20%
Controlling Shareholders Group ⁽²⁾	Long	Interest of a party to an agreement to acquire interest in our Company	321,687,052	30.20%
		Interest of a party to an agreement to acquire interests in our Company apart from such agreement	22,265,500	2.09%
Hong Kong Paper Source Co., Limited ⁽³⁾	Long	Beneficial interest	162,000,000	15.21%
Xiamen C&D Paper & Pulp Group Co., Ltd. ⁽³⁾	Long	Interest of a controlled corporation	162,000,000	15.21%
Xiamen C&D Inc. ⁽³⁾	Long	Interest of a controlled corporation	162,000,000	15.21%
Xiamen C&D Corporation Limited ⁽³⁾	Long	Interest of a controlled corporation	162,000,000	15.21%
Xiamen SASAC ⁽³⁾	Long	Interest of a controlled corporation	162,000,000	15.21%

Notes:

1. As China Sunshine owns the entire interest of China Sunrise, China Sunshine is deemed to be interested in the 321,687,052 Shares held by China Sunrise.



2. Pursuant to the Concert Parties Agreement, each of the members of the Controlling Shareholders Group has confirmed that, among other things, since he or she became interested in and possessed voting rights in the Target Entities and participated in the management of the business of the Target Entities, each of them has been actively cooperating with each other and has been acting in concert (for the purpose of the Takeovers Code), with an aim to achieve consensus and concerted action on major affairs relating to the business of the Target Entities. In addition, each of the members of the Controlling Shareholders Group has also agreed to keep the other members informed of their direct or indirect interest in the Target Entities or changes to such interest, so as to ensure due and prompt compliance of all applicable laws and regulations on disclosure of securities interests by Shareholders. As China Sunshine owns the entire interest of China Sunrise, and the Controlling Shareholders Group owns the entire interest of China Sunshine, each of China Sunshine and members of the Controlling Shareholders Group (for the purpose of the Takeovers Code) is deemed to be interested in the 321,687,052 Shares held by China Sunrise. Further, Mr. Wang Dongxing is interested in 18,425,500 Shares as beneficial owner and Mr. Wang Changhai is interested in 3,840,000 Shares as beneficial owner. Other members of the Controlling Shareholder Group, being member of the Concert Parties Agreement, are deemed to be interested in such Shares held by Mr. Wang Dongxing and Mr. Wang Changhai under section 318 of the SFO.
3. Hong Kong Paper Source Co., Limited is a wholly owned subsidiary of Xiamen C&D Paper & Pulp Group Co., Ltd.* (廈門建發漿紙集團有限公司) ("Xiamen C&D Paper"). Xiamen C&D Paper is directly wholly-owned by Xiamen C&D Inc.* (廈門建發股份有限公司) ("Xiamen C&D Inc."). Being a controlling shareholder of Xiamen C&D Inc, Xiamen C&D Corporation Limited* (廈門建發集團有限公司), is directly wholly-owned by Xiamen SASAC. Each of Xiamen SASAC, Xiamen C&D Corporation Limited, Xiamen C&D Inc. and Xiamen C&D Paper & Pulp Group Co., Ltd. is therefore deemed to be interested in the Shares held by Hong Kong Paper Source Co., Limited by virtue of the SFO, being 162,000,000 Shares.
4. As at 30 June 2025, the number of issued ordinary shares of the Company was 1,065,144,359.

Save as disclosed above, as at 30 June 2025, the Directors and the chief executive of our Company are not aware of any other person or corporation (other than the Director or chief executive of our Company) having an interest or short position in the Shares and underlying Shares of our Company which would require to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO.

2017 SHARE AWARD SCHEME

A share award scheme of the Company (the "2017 Share Award Scheme") was adopted by the Board on 27 June 2017. The purpose of the 2017 Share Award Scheme is to recognise the contributions of certain eligible participants and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

The Board may from time to time at its absolute discretion select any eligible participant(s) to participate in the 2017 Share Award Scheme. Eligible participants include any Director (whether executive or non-executive), senior management and employees of the Company or its subsidiaries (including but not limited to office managers, regional directors, senior managers, office directors, general managers and chief executive officers), but excluding the following persons: (i) any seconded employee, part-time employee or non-full-time employee of the Group; (ii) any employee of the Group who at the relevant time has given or been given notice of the termination of his office or directorship, as the case may be; and (iii) any other person that the Board may determine from time to time.

Subject to the limit on the size of the 2017 Share Award Scheme as set out below, the Board shall determine a number of awarded shares which it wishes to be the subject of an award. The Board shall notify the selected participant of the terms and conditions of any award, including any vesting schedule, by a letter of grant, and such award shall be deemed to be accepted by the selected participant when the Company receives a duplicate of the letter of grant signed by such selected participant.



Corporate Governance and Other Information

The awarded shares shall be allotted and issued by the Company at the end of each vesting period at par value or any other higher amount as determined by the Board, by using (i) the general mandate granted to the Board by the shareholders in general meetings of the Company from time to time; or (ii) where required by applicable law, the Listing Rules, the articles or any rule of the Company, specific mandate(s) to be granted to the Board by the shareholders in general meetings of the Company from time to time.

Any awarded shares shall vest in the relevant selected participant(s) in accordance with the schedule determined by the Board at its sole discretion at the date on which that selected participant is selected for participation in the 2017 Share Award Scheme, provided that both of the following conditions have been and remain satisfied at the relevant dates: (i) such further conditions as the Board at its sole discretion may have stipulated and which have been communicated to the selected participant in writing on or before the date on which the selected participant is notified of the award; and (ii) that the selected participant remains on the vesting date (or, as the case may be, on each relevant vesting date) an eligible participant of the Group. In addition, no Shares shall be vested in the relevant selected participant if the selected participant has been terminated, summarily dismissed, convicted for any criminal offence, has become bankrupt or has been charged, convicted or held liable for any offence under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or any other similar applicable laws or regulations in force from time to time.

The Board shall not make any further award which will result in the total number of Shares awarded by the Board under the 2017 Share Award Scheme representing in excess of 10% of the issued share capital of the Company as at 27 June 2017. Awards lapsed in accordance with the terms of the 2017 Share Award Scheme will not be counted for the purpose of calculating the 10% limit. The Board may seek approval by the Shareholders in general meeting for “refreshing” the 10% limit under the 2017 Share Award Scheme. Unless approved by the Shareholders in a general meeting, the maximum number of awarded shares which may be subject to award(s) made to a single selected participant in any 12-month period shall not in aggregate exceed 1% of the issued share capital of the Company as at 27 June 2017.

Subject to any early termination as may be determined by the Board, the 2017 Share Award Scheme shall be valid and effective for a period of ten years commencing on 27 June 2017. As at the date of this report, the remaining life of the 2017 Share Award Scheme is approximately 1 years and 9 months.

On 4 October 2017, 16,774,000 awarded Shares have been granted to Wang Dongxing, Wang Changhai and Liu Wenzheng under the 2017 Share Award Scheme. Such awarded Shares have been fully vested immediately on 4 October 2017 upon fulfillment of all conditions disclosed in the Company’s circular dated 1 September 2017. No awards were granted, vested, lapsed or cancelled under the 2017 Share Award Scheme during 1H 2025. As at 1 January 2025 and 30 June 2025, there were no unvested awards under the 2017 Share Award Scheme.

As at 1 January 2025 and 30 June 2025, the total number of awards available for grant under the 2017 Share Award Scheme are 63,484,800 and 63,484,800 respectively. There is no service provider sublimit under the 2017 Share Award Scheme. The total number of Shares available for issue under the 2017 Share Award Scheme is 63,484,800* Shares, representing approximately 5.96% of the total issued Shares (excluding treasury shares) as at the date of this interim report.



2023 SHARE OPTION SCHEME

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting dated 31 May 2023, the Company adopted a share option scheme ("2023 Share Option Scheme"). The 2023 Share Option Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 31 May 2023.

The purposes of the 2023 Share Option Scheme are (i) to recognise and reward for the past contributions by the eligible participants, including employee participants and related entity participants; (ii) to retain or otherwise maintain on-going relations with the eligible participants; (iii) to give the eligible participants an opportunity to have a personal stake in the Company and help motivate the eligible participants to optimise their future contributions to the Group; and (iv) to attract suitable personnel for further growth and development of the Group.

Pursuant to the 2023 Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption on 31 May 2023 to offer the grant of an option to any eligible participant as the Board may in its absolute discretion select to subscribe at the exercise price for such number of Shares as the Board may determine.

Subject to the provisions of the Listing Rules and the 2023 Share Option Scheme, the Board may in its absolute discretion (i) when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the 2023 Share Option Scheme as the Board may think fit (to be stated in the offer letter) including (without prejudice to the generality of the foregoing) (a) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Group and/or the grantee, (b) the satisfactory performance or maintenance by the grantee of certain conditions or obligations or (c) the time or period before the right to exercise the option in respect of all or some of the option shares shall vest, and (ii) at any time after the grant of an option, waive or amend such conditions, restrictions or limitations set forth by the Board in its sole discretion, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the 2023 Share Option Scheme and such waiver or amendments comply with the requirements under Chapter 17 of the Listing Rules.

Subject to the early termination by the Company, the 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on 31 May 2023. As at the date of this report, the remaining life of the 2023 Share Option Scheme is approximately 7 years and 8 months.

No options were granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme since its adoption. As at 30 June 2025, there were no outstanding options under the 2023 Share Option Scheme.

As at 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025, the total number of options available for grant under the 2023 Share Option Scheme are all 96,785,435. There is no service provider sublimit under the 2023 Share Option Scheme.

The total number of Shares available for issue under the 2023 Share Option Scheme is 96,785,435* Shares, representing approximately 9.09% of the issued Shares (excluding treasury shares) as at the date of this interim report.



2025 SHARE AWARD SCHEME

On 6 January 2025, the Company adopted a share award scheme (the “2025 Share Award Scheme”), which is a scheme funded solely by the existing Shares and will not involve the issue of any new Shares and shall be valid and effective for a term of 10 years from 6 January 2025.

The purposes and objectives of the 2025 Share Award Scheme are (i) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

The eligible participants of the 2025 Share Award Scheme include (i) a director or an employee of the Company or any of its subsidiaries (including a person who is granted Awards as an inducement to enter into employment contracts with these companies) selected by the Board or the scheme administrator for participation in the Scheme, provided always that such term shall exclude any person who at the relevant time has tendered his/her resignation or who is working out his/her period of notice pursuant to his employment contract or otherwise; and (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company.

Subject to the provisions of the Scheme Rules, the Board or the scheme administrator may, from time to time, at its sole and absolute discretion select any eligible participant for participation in the 2025 Share Award Scheme as a selected participant, and grant an award to any selected participant at such consideration (if any) subject to such terms and conditions as the Board or the scheme administrator may in its sole and absolute discretion determine.

The Board or the scheme administrator shall not make any further award of awarded Shares which will result in the aggregate number of the Shares awarded by the Board under the 2025 Share Award Scheme exceeding 9% of the issued share capital of the Company (excluding any treasury shares) as at 6 January 2025 (i.e. 1,065,144,359 Shares), which represents 9% of the issued share capital of the Company (excluding treasury shares) as at the date of this interim report. The scheme rules do not specify the maximum entitlement for an individual participant, and the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Awarded Shares to connected persons of the Company.

As at the date of this report, the remaining life of the 2025 Share Award Scheme is approximately 9 years and 4 months.

No awards have been granted, lapsed or cancelled under the 2025 Share Award Scheme since its adoption. As at 30 June 2025, there were no granted but unvested award shares under the 2025 Share Award Scheme.

The total number of awards available for grant as at 1 January 2025 is not applicable and the total number of awards available for grant as at 6 January 2025 (the adoption date) and 30 June 2025 are 95,862,992 and 95,862,992, respectively, under the 2025 Share Award Scheme. The total number of Shares available for issue under the 2025 Share Award Scheme is nil.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during 1H 2025 divided by weighted average number of Shares in issue (excluding treasury shares) for 1H 2025 is 9.09%.

* *The scheme mandate limit is the total number of Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme and any other schemes of the Company.*



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

		Unaudited Six months ended 30 June	
	Notes	2025 RMB'000	2024 RMB'000
Revenue	4 & 5	3,572,532	3,956,623
Cost of sales		(3,033,894)	(3,390,221)
Gross profit		538,638	566,402
Other income	6	80,312	173,152
Other gains or losses, net	6	(5,613)	42,707
Distribution and selling expenses		(181,185)	(186,470)
Administrative expenses		(242,965)	(222,289)
Reversal of/(Provision for) expected credit loss ("ECL") on financial assets, net		77,477	(373)
Loss on fair value changes of an investment property		(1,215)	(74)
Share of loss of a joint venture		(12,019)	(566)
Finance costs	7	(60,682)	(88,727)
Profit before income tax	9	192,748	283,762
Income tax expense	8	(86,931)	(65,848)
Profit for the period		105,817	217,914
Other comprehensive income/(expense), net of tax			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		304	(2,402)
Fair value loss on financial assets at fair value through other comprehensive income ("FVOCI")		(277)	(72)
Total comprehensive income/(expense), net of tax		27	(2,474)
Total comprehensive income for the period		105,844	215,440
Profit for the period attributable to:			
Owners of the Company		83,184	189,440
Non-controlling interests		22,633	28,474
		105,817	217,914



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

		Unaudited Six months ended 30 June	
	Notes	2025 RMB'000	2024 RMB'000
Total comprehensive income for the period attributable to:			
Owners of the Company		83,211	186,966
Non-controlling interests		22,633	28,474
		105,844	215,440
Earnings per share for profit attributable to the owners of the Company during the period			
Basic and diluted (RMB)	11	0.08	0.18



Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	12	5,958,067	5,424,744
Investment property	12	55,849	57,064
Prepaid lease payments		866,167	822,629
Goodwill		54,399	49,746
Deferred tax assets		64,003	88,736
Interest in an associate		—	—
Interest in a joint venture		—	127,671
Deposits for acquisition for property, plant and equipment		493,480	408,581
Financial assets at fair value through profit and loss ("FVTPL")	26	167,800	251,491
Deposits and other receivables		—	323,268
		7,659,765	7,553,930
Current assets			
Biological assets		2,189	—
Inventories		686,873	506,501
Trade receivables	13	960,963	632,139
Bills receivables	14	216,125	144,973
Prepayments and other receivables		634,463	557,174
Income tax recoverable		17,552	15,898
Restricted bank deposits		1,482,473	1,562,344
Bank balances and cash		1,085,422	1,135,383
		5,086,060	4,554,412
Current liabilities			
Contract liabilities		71,415	52,135
Trade payables	15	885,063	923,085
Bills payables	16	352,471	168,960
Other payables		179,102	141,373
Payable for construction work, machinery and equipment		112,214	102,396
Income tax payables		26,502	26,601
Lease liabilities	17	5,173	5,172
Deferred income		13,953	9,427
Discounted bills financing	18	1,310,896	1,520,112
Bank borrowings	19	2,394,816	2,017,409
Other borrowings	20	144,086	212,828
		5,495,691	5,179,498
Net current liabilities		(409,631)	(625,086)
Total assets less current liabilities		7,250,134	6,928,844



Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
Capital and reserves			
Share capital	21	94,581	94,581
Reserves		4,843,009	4,758,247
Equity attributable to owners of the Company		4,937,590	4,852,828
Non-controlling interests		456,304	447,172
Total equity		5,393,894	5,300,000
Non-current liabilities			
Lease liabilities	17	47,184	51,183
Bank borrowings	19	1,453,334	1,280,891
Other borrowings	20	23,680	163
Deferred income		253,855	221,711
Deferred tax liabilities		78,187	74,896
		1,856,240	1,628,844
Total equity and non-current liabilities		7,250,134	6,928,844

The condensed consolidated interim financial statements on pages 19 to 48 were approved by the board of directors on 28 August 2025 and are signed on its behalf by:

Wang Dongxing
Director

Wang Changhai
Director



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Attributable to owners of the Company															
	Share capital RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Merger reserve RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Assets revaluation reserve RMB'000	Statutory surplus reserve RMB'000	Financial assets fair value reserve RMB'000	Discretionary surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000	
At 1 January 2024 (audited)	100,445	5,311	1,382,453	(2,776)	(173,613)	114,600	7,015	542,265	(712)	1,078	(2,316)	2,595,688	4,569,438	391,907	4,961,345	
Capital contribution by non-controlling shareholders of a subsidiary of the Company	—	—	—	—	—	—	—	—	—	—	—	—	—	21	21	
Shares repurchased and cancelled (note 21)	(5,864)	5,864	—	—	173,613	—	—	—	—	—	—	(173,613)	—	—	—	
Dividend paid to non-controlling interests of a subsidiary of the Company	—	—	—	—	—	—	—	—	—	—	—	—	—	(21)	(21)	
Transaction with owners	(5,864)	5,864	—	—	173,613	—	—	—	—	—	—	(173,613)	—	—	—	
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	189,440	189,440	28,474	217,914	
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	(2,402)	—	(2,402)	—	(2,402)	
Fair value loss on financial assets at FVOCI	—	—	—	—	—	—	—	—	(72)	—	—	—	(72)	—	(72)	
Total comprehensive (expense)/income for the period	—	—	—	—	—	—	—	—	(72)	—	(2,402)	189,440	186,966	28,474	215,440	
At 30 June 2024 (unaudited)	94,581	11,175	1,382,453	(2,776)	—	114,600	7,015	542,265	(784)	1,078	(4,718)	2,611,515	4,756,404	420,381	5,176,785	
	Attributable to owners of the Company															
	Share capital RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Merger reserve RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Assets revaluation reserve RMB'000	Statutory surplus reserve RMB'000	Financial assets fair value reserve RMB'000	Discretionary surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000	
At 1 January 2025 (audited)	94,581	11,175	1,382,453	(2,776)	—	114,600	7,015	584,158	(692)	1,078	1,182	2,660,054	4,852,828	447,172	5,300,000	
Acquisition of additional interests in subsidiaries	—	—	—	—	—	1,551	—	—	—	—	—	—	1,551	(4,301)	(2,750)	
Dividend paid to non-controlling interests of a subsidiary of the Company	—	—	—	—	—	—	—	—	—	—	—	—	—	(9,200)	(9,200)	
Transaction with owners	—	—	—	—	—	1,551	—	—	—	—	—	—	1,551	(13,501)	(11,950)	
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	83,184	83,184	22,633	105,817	
Other comprehensive income/(expense)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	304	—	304	—	304	
Fair value loss on financial assets at FVOCI	—	—	—	—	—	—	—	—	(277)	—	—	—	(277)	—	(277)	
Total comprehensive (expense)/income for the period	—	—	—	—	—	—	—	—	(277)	—	304	83,184	83,211	22,633	105,844	
At 30 June 2025 (unaudited)	94,581	11,175	1,382,453	(2,776)	—	116,151	7,015	584,158	(969)	1,078	1,486	2,743,238	4,937,590	456,304	5,393,894	

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Operating activities		
Cash generated from operations	245,051	312,681
Income tax paid	(63,085)	(73,592)
<i>Net cash generated from operating activities</i>	181,966	239,089
Investing activities		
Interest received	19,070	33,589
Proceeds from disposal of property, plant and equipment	11,482	10,086
Purchase of property, plant and equipment	(7,303)	(98,936)
Addition of biological assets	(2,024)	—
Repayment from a third party	9,516	19,257
Advance to a joint venture	(70,375)	(73,349)
Repayment from a joint venture	135,278	79,673
Additions of deposits for acquisition property, plant and equipment	(422,568)	(149,582)
Acquisition of additional interest in a subsidiary	(2,750)	—
Payment for step acquisition of a joint venture	(25,422)	—
Return of guarantee deposits for lease liabilities	3,500	7,500
Decrease in restricted bank deposits	79,871	61,214
<i>Net cash used in investing activities</i>	(271,725)	(110,548)
Financing activities		
Interest paid	(77,290)	(96,582)
Increase in deferred income	13,060	—
Repayment to a controlling shareholder	(33)	(18)
Repayment to a non-controlling shareholder	(14,700)	—
New bank borrowings raised	2,311,813	1,745,921
New other borrowings raised	—	25,000
Repayment of bank borrowings	(1,891,919)	(1,703,279)
Repayment of other borrowings	(86,696)	(159,233)
Decrease in discounted bills financing	(209,216)	(152,646)
Repayment of lease liabilities	(3,998)	(3,954)
Proceeds from capital contribution of non-controlling interests of a subsidiary of the Company	—	21
Dividend paid to non-controlling interests of a subsidiary of the Company	(9,200)	(21)
<i>Net cash generated from/(used in) financing activities</i>	31,821	(344,791)
Net decrease in cash and cash equivalents	(57,938)	(216,250)
Effect of foreign rate changes, net	7,977	2,655
Cash and cash equivalents at beginning of the period	1,135,383	1,571,918
Cash and cash equivalents at end of the period, representing bank balances and cash	1,085,422	1,358,323



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

1. GENERAL INFORMATION

China Sunshine Paper Holdings Company Limited (the “Company”) is a limited company incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 22 August 2007 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In the opinion of the directors of the Company (the “Directors”), the Company’s controlling shareholder is China Sunrise Paper Holdings Limited (incorporated in the Cayman Islands), whose controlling shareholder is China Sunshine Paper Investments Limited (incorporated in the British Virgin Islands). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” to the interim report.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are production/generation and sale of paper products, electricity and steam.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The Group has net current liabilities of approximately RMB409,631,000 as at 30 June 2025. The Directors have evaluated the relevant available information and key assumptions used in the cash flow projections for the twelve months since the reporting date. In addition, although most of the existing bank facilities will expire within twelve months, the Directors consider that there are good track records and good relationships with banks, and that the Group will be able to renew existing bank facilities upon expiry or to obtain other additional bank borrowing facilities as necessary. Therefore, the Directors are of the opinion that, taking into account the present available borrowing facilities (including short-term bank borrowings which could be renewed on an annual basis subject to approval by banks) and internal financial resources of the Group, the Group has sufficient working capital to meet its financial obligation as they fall due for the foreseeable future. Accordingly, the condensed consolidated interim financial statements have been prepared on a going concern basis.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2024.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

3. MATERIAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for biological assets, which are measured at fair value less costs to sell and financial assets at FVOCI, FVTPL and investment properties which are measured at fair value.

The condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the Amendments to IAS 21 "Lack of Exchangeability" which are effective as of 1 January 2025.

The amendments to IAS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. Besides, the amendments also require an entity to disclose additional information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The adoption of the amended IFRS Accounting Standards had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

For those new and amended IFRSs which are not yet effective and have not been early adopted by the Group, the Group is in the process of making an assessment of the impact of these new standards and amendments to existing standards upon initial application.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

4. REVENUE

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines and geographical markets:

Segments	Unaudited For the six months ended 30 June 2025		
	Paper products RMB'000	Electricity and steam RMB'000	Total RMB'000
Timing of revenue recognition			
— At a point in time	3,365,539	206,993	3,572,532
Geographical markets			
— People's Republic of China ("PRC")	3,322,060	206,993	3,529,053
— Overseas	43,479	—	43,479

Segments	Unaudited For the six months ended 30 June 2024		
	Paper products RMB'000	Electricity and steam RMB'000	Total RMB'000
Timing of revenue recognition			
— At a point in time	3,729,815	226,808	3,956,623
Geographical markets			
— PRC	3,671,073	226,808	3,897,881
— Overseas	58,742	—	58,742



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

5. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the Company's senior executive management, being the chief operating decision maker, in order to allocate resources to segments and assess their performance.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

	Unaudited For the six months ended 30 June 2025						
	Paper products					Electricity and steam	Total
	White top linerboard RMB'000	Coated white top linerboard RMB'000	Core board RMB'000	Specialised paper products RMB'000	Corrugated paper RMB'000	Subtotal RMB'000	
Revenue from external customers	671,499	817,174	276,977	819,623	780,266	3,365,539	206,993
Inter-segment revenue						—	387,878
Segment revenue						3,365,539	594,871
Segment profit						449,403	175,601

	Unaudited For the six months ended 30 June 2024						
	Paper products					Electricity and steam	Total
	White top linerboard RMB'000	Coated white top linerboard RMB'000	Core board RMB'000	Specialised paper products RMB'000	Corrugated paper RMB'000	Subtotal RMB'000	
Revenue from external customers	757,880	931,273	289,329	880,807	870,526	3,729,815	226,808
Inter-segment revenue						—	430,049
Segment revenue						3,729,815	656,857
Segment profit						473,528	183,596



5. SEGMENT INFORMATION (CONTINUED)

(b) Reconciliation of segment profit

Segment profit represents the gross profit earned by each paper product category and the profit before income tax earned by electricity and steam segment. The Group does not allocate certain other income, certain other gains or losses, net, distribution and selling expenses, certain administrative expenses, reversal of/(provision for) ECL on financial assets, net, loss on fair value changes of an investment property, share of loss of a joint venture and certain finance costs to paper product segment and does not allocate income tax expenses to both the paper product segment and the electricity and steam segment when making decisions about resources to be allocated to the segment and assessing its performance.

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Profit		
Segment profit	625,004	657,124
Unrealised profit on inter-segment sales	(80,271)	(86,316)
	544,733	570,808
Other income	79,987	172,264
Other gains or losses, net	(29,125)	20,561
Distribution and selling expenses	(181,185)	(186,470)
Administrative expenses	(237,374)	(215,854)
Reversal of/(Provision for) ECL on financial assets, net	77,477	(373)
Loss on fair value changes of an investment property	(1,215)	(74)
Share of loss of a joint venture	(12,019)	(566)
Finance costs	(48,531)	(76,534)
Consolidated profit before income tax	192,748	283,762

The Group does not allocate depreciation of property, plant and equipment (including right-of use assets) and amortisation of prepaid lease payments, finance costs and interest income to the relevant paper product segments in the internal segment analysis as this information is not necessary.

No segment assets and liabilities, and other related segment information were presented as no such discrete financial information are provided to the chief operating decision maker.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

6. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest income on:		
Bank deposits	19,070	33,589
Loan to third parties	4,175	6,181
The balance with a joint venture (note i) (note 24)	7,705	9,249
Total interest income	30,950	49,019
Government grants (note ii)	33,894	114,882
Rental income	1,623	890
Hotel and catering service income	2,227	2,400
Logistics service income	11,618	5,961
	80,312	173,152
Other gains or losses, net:		
Gain from sale of scrap materials, net	20,883	16,642
Change in fair value of financial assets at FVTPL	(83,691)	(870)
Change in fair value of biological assets	165	145
Loss on disposal and written off of property, plant and equipment	(1,631)	(3,457)
Net foreign exchange losses	(13,548)	(3,672)
Sale of carbon emission allowances (note iii)	18,453	22,712
Gain on waiver of consideration payable	29,196	—
Gain on step acquisition of a joint venture (note 25)	11,848	—
Others	12,712	11,207
	(5,613)	42,707

Notes:

- The Group earned interest income from 陽光王子(壽光)特種紙有限公司 (Sunshine Oji (Shouguang) Specialty Paper Co., Ltd)* ("Sunshine Oji"), a joint venture of the Group, at a weighted average effective interest rate of 4.79% per annum (six months ended 30 June 2024: 4.79% per annum), unsecured and repayable after 12 months up to 26 June 2025 (the date of consolidation of Sunshine Oji). Since 26 June 2025, Sunshine Oji became the wholly-owned subsidiary of the Company.
- During the six months ended 30 June 2025, the Group was granted and received unconditional government subsidies of approximately RMB27,680,000 (six months ended 30 June 2024: RMB76,534,000) from local government, the amounts of which were determined by reference to the amount of value-added tax ("VAT") paid.
- During the six months ended 30 June 2025, the Group's subsidiary, 昌樂盛世熱電有限責任公司 (Changle Shengshi Thermoelectricity Co., Ltd)* disposed of its surplus carbon emission allowances of approximately RMB18,453,000 (six months ended 30 June 2024: RMB22,712,000) through the China's National Emissions Trading System.

* The translation of name in English is for identification purpose only.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

7. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest expenses on:		
discounted bills financing	8,633	12,535
bank and other borrowings	67,525	80,775
lease liabilities	1,281	1,406
	77,439	94,716
Less: Interest capitalised in construction in progress	(16,757)	(5,989)
	60,682	88,727

Borrowing costs capitalised during the six months ended 30 June 2025 arose on the general borrowing pool and were calculated by applying capitalisation rates ranging from 4.79% to 5.34% (six months ended 30 June 2024: 4.79% to 5.28%) per annum to expenditure on construction in progress.

8. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current income tax		
PRC Enterprise Income Tax	61,332	83,807
Deferred tax expense	25,599	(17,959)
Charge for the period	86,931	65,848

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulation of the Enterprise Income Tax Law, the tax rate of the PRC subsidiaries of the Group is 25% from 1 January 2008 onwards.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2025 and 2024 as the Group sustained a loss for tax purpose.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

9. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Wages and salaries	230,236	199,230
Retirement benefits schemes contributions	36,412	34,322
Total staff costs (including directors' emoluments)	266,648	233,552
Amortisation of prepaid lease payments	8,651	8,650
Cost of inventories recognised as an expense	2,409,957	2,425,845
Depreciation of property, plant and equipment		
— right-of-use assets	3,645	3,354
— owned assets	217,454	223,793
Research and development expenses	2,433	614

10. DIVIDENDS

During the six months ended 30 June 2025, a final dividend of HK5 cents per ordinary share, totalling of HK\$53,257,000 (equivalents to RMB49,316,000) in respect of the year ended 31 December 2024 was approved to the equity shareholders of the Company whose names appear in the register of members on 11 July 2025 (six months ended 30 June 2024: no final dividend in respect of the year ended 31 December 2023 was approved and paid to the equity shareholders of the Company).

The board of directors resolved not to declare an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).



11. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2025 was based on the profit of RMB83,184,000 (six months ended 30 June 2024: RMB189,440,000) for the period attributable to owners of the Company, and the weighted average number of approximately 1,065,144,000 (six months ended 30 June 2024: 1,065,144,000) ordinary shares in issue during the six months ended 30 June 2025.

There are no dilutive potential ordinary shares in issue for the six months ended 30 June 2025 and 2024. The diluted earnings per share equals to the basic earnings per share.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB13,113,000 (six months ended 30 June 2024: RMB13,513,000) for proceeds of RMB11,482,000 (six months ended 30 June 2024: RMB10,086,000), resulting in a loss on disposal of RMB1,631,000 (six months ended 30 June 2024: RMB3,427,000).

In addition, during the current interim period, the Group acquired approximately RMB31,304,000 (six months ended 30 June 2024: RMB43,541,000) of property, plant and equipment (excluding construction in progress), and approximately RMB341,026,000 (six months ended 30 June 2024: RMB176,904,000) on construction in progress in order to maintain its manufacturing capabilities, which included interest capitalisation of approximately RMB16,757,000 (six months ended 30 June 2024: RMB5,989,000).

The Group's investment property as at the end of the current interim period was remeasured to fair value by reference to a valuation performed by Asia-Pacific Consulting and Appraisal Limited, an independent qualified professional valuer not connected with the Group. The valuation was arrived at on the basis of capitalisation of net rental income derived from the existing tenancy agreements with allowance for the reversionary income potential of the property and by making reference to comparable sales evidence as available in the relevant market, as appropriate. During the current interim period, decrease in fair value of investment property of RMB1,215,000 has been recognised directly in profit or loss for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB74,000).



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

13. TRADE RECEIVABLES

The Group normally allows a credit period of 30 to 45 days to its trade customers with trading history, otherwise sales on cash terms are required. The following is an ageing analysis of trade receivables, net of ECL allowance, based on the date of delivery of goods which approximated the respective dates on which revenue was recognised:

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
0–30 days	666,439	418,510
31–90 days	219,113	159,846
91–365 days	75,411	53,783
	960,963	632,139

The following are the movements of ECL allowance of trade receivables during the period/year:

	Unaudited Six months ended 30 June 2025 RMB'000	Audited Year ended 31 December 2024 RMB'000
At the beginning of the period/year	30,104	43,582
Allowance during the period/year	322	3,393
Step acquisition of a joint venture	(1,968)	—
Allowance reversed during the period/year	—	(694)
Deregistration of a subsidiary	—	(7,766)
Written off	—	(8,411)
At the end of the period/year	28,458	30,104



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

14. BILLS RECEIVABLES

The ageing analysis of bills receivables presented based on issue date at the end of the reporting period is as follows:

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
0–90 days	153,300	89,550
91–180 days	62,825	55,352
181–365 days	—	71
	216,125	144,973

As at 30 June 2025, the Group has bills receivables of RMB28,597,000 (31 December 2024 (Audited): RMB112,000), which were discounted to banks with recourse. These bills receivables were not derecognised as the title of these bills receivables were not transferred to the banks. On the other hand, the Group has recognised the cash received upon the discounting as discounted bills financing.

The Group manages its bills receivable using the business model whose objective is achieved by both collecting contractual cash flows and selling of these assets. Accordingly, bills receivables are classified as financial assets at FVOCI (recycling) in accordance with IFRS 9 and are stated at fair value. The fair value is based on the net present value as at 30 June 2025 from expected timing of endorsements and discounting at the interest rates for the respective bills receivables. The fair value is within level 3 of the fair value hierarchy.

15. TRADE PAYABLES

An analysis of trade payables is as follows:

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
Trade payables due to third parties	866,296	915,758
Trade payables due to related parties	18,767	7,327
	885,063	923,085

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. Trade payables are settled in accordance with agreed terms with suppliers.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

15. TRADE PAYABLES (CONTINUED)

The following is an ageing analysis of trade payables presented based on goods received date at the end of the reporting period:

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
0-90 days	702,257	738,272
91-365 days	106,160	116,559
Over 1 year	76,646	68,254
	885,063	923,085

16. BILLS PAYABLES

The balance represents the amounts payables to banks for bills issued by the banks to suppliers of the Group.

The ageing analysis of bills payables presented based on the issue date at the end of the reporting period is as follows:

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
0-90 days	204,871	82,890
91-180 days	147,600	86,070
	352,471	168,960

All the bills payables are of trading nature and will be expired within twelve months (31 December 2024 (Audited): twelve months) from the issue date.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

17. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
Amounts payable under lease liabilities				
Within one year	5,929	5,944	5,173	5,172
More than one year but not more than two years	5,834	5,833	4,912	4,909
More than two years but not more than five years	10,385	13,345	7,859	10,438
After five years	50,474	52,780	34,413	35,836
	72,622	77,902	52,357	56,355
Less: future finance charges	(20,265)	(21,547)	—	—
Present value of lease liabilities	52,357	56,355		
Less: Amount due for settlement within 12 months (shown under current liabilities)			(5,173)	(5,172)
Amount due for settlement after 12 months			47,184	51,183

As at 30 June 2025, lease liabilities amounting to RMB52,357,000 (31 December 2024 (Audited): RMB56,355,000) are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

During the current interim period, the total cash outflows for the leases are RMB6,247,000 (six months ended 30 June 2024: RMB5,926,000).



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

18. DISCOUNTED BILLS FINANCING

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
Discounted bills receivables from third parties (note a)	28,597	112
Discounted bills receivables from subsidiaries of the Company (note b)	1,282,299	1,520,000
Total	1,310,896	1,520,112

Notes:

- (a) These borrowings arose from discounting, with recourse, of bills receivables from third parties. The Group continues to recognise the carrying amount of the underlying bills receivables, as presented in note 14, since the title of receivables was not transferred to the lending banks.
- (b) These borrowings arose from discounting, with recourse, of intra-group bills receivables, from one component to another of the Group. The Group continues to recognise the carrying amount of the underlying bills receivables since the title of receivables was not transferred to the lending banks. However, the corresponding intra-group bills receivables were eliminated in consolidation against the original bills payables from the bill issuing component of the Group. The elimination is based on the Directors' judgment that the risk and reward associated with these intra-group bills receivables and bills payable remain within the Group. In obtaining the original intra-group bills, bank deposits of RMB1,024,930,000 (31 December 2024 (Audited): RMB1,092,235,000) were pledged to the issuing banks.

19. BANK BORROWINGS

During the six months ended 30 June 2025, the Group obtained new loans amounting to RMB2,311,813,000 (six months ended 30 June 2024: RMB1,745,921,000) and repaid loans amounting to RMB1,891,919,000 (six months ended 30 June 2024: RMB1,703,279,000). The newly raised loans bear interest from 1.50% to 4.79% per annum (six months ended 30 June 2024: 1.60% to 4.75%). At 30 June 2025, certain of the Group's property, plant and equipment, land use rights and investment property of RMB2,344,154,000 (31 December 2024 (Audited): RMB1,908,741,000) were pledged to secure bank borrowings granted to the Group.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

20. OTHER BORROWINGS

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
Current:		
Borrowings from		
— Sale and leaseback obligations (note i)	68,771	137,513
— The Partnership (note ii)	75,315	75,315
	144,086	212,828
Non-current:		
Borrowings from		
— Sale and leaseback obligations (note i)	23,680	163
Total other borrowings	167,766	212,991

Notes:

- (i) Nominal interest rates underlying all these contracts are at respective contract dates ranging from 4.34% to 7.50% (31 December 2024 (Audited): 4.34% to 7.50%) per annum.
- (ii) In accordance with the Limited Partnership Agreement and Equity Investment Agreement, which were duly passed by way of poll at the extraordinary general meeting of the Company held on 28 December 2020 (the "EGM"), the Group would contribute up to RMB395,000,000 in total to 潍坊市世紀陽光新舊動能轉換股權投資基金合夥企業(有限合夥)(Weifang City Century Sunshine Old-to-New Momentum Conversion Equity Investment Fund Partnership (Limited Partnership))* (the "Partnership"), while the Partnership would contribute up to RMB500,000,000 into the Group in exchange for a subsidiary's shares. Details of the transaction are set out in the Company's circular dated 10 December 2020. As at 30 June 2025, the Partnership has contributed RMB276,500,000 (31 December 2024 (Audited): RMB276,500,000) to the Group, which RMB75,315,000 (31 December 2024 (Audited): RMB75,315,000) recorded as the other borrowing. The Group has further made RMB196,315,000 (31 December 2024 (Audited): RMB196,315,000) capital commitment to the Partnership, which set out in note 22.

* The translation of name in English is for identification purpose only.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

21. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2024, 31 December 2024, 1 January 2025 (audited) and 30 June 2025 (unaudited)	2,000,000,000	200,000
	Number of shares	Share capital HK\$'000
		Shown in the condensed consolidated statement of financial position RMB'000
Issued and fully paid:		
At 1 January 2024 (audited)	1,129,854,359	112,984
Shares repurchased and cancelled (Note i)	(64,710,000)	(6,471)
At 31 December 2024, 1 January 2025 (audited) and 30 June 2025 (unaudited)	1,065,144,359	106,513

Note:

- (i) In 2023, the Company repurchased 115,986,000 of its own ordinary shares from the market. The Company cancelled 51,276,000 shares in 2023 and further cancelled 64,710,000 ordinary shares during the year ended 31 December 2024. The nominal value of the cancelled shares was credited to the capital redemption reserve. The premium paid on the repurchase shares was charged against the retained earnings.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

22. CAPITAL COMMITMENTS

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
Capital expenditure contracted for in the condensed consolidated interim financial statements in respect of acquisition of:		
— property, plant and equipment	38,856	33,796
— investment cost in a partnership	196,315	196,315
	235,171	230,111

23. LEASE COMMITMENTS

The Group as lessee

At the reporting date, the lease commitments for short-term leases are as follows:

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
Within one year	161	62

The Group as lessor

Property rental income earned during the six months ended 30 June 2025 was RMB1,623,000 (six months ended 30 June 2024: RMB890,000). All of the properties held have committed tenants for the next 1 to 9 years (31 December 2024 (Audited): 1 to 8 years).



23. LEASE COMMITMENTS (CONTINUED)**The Group as lessor (Continued)**

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
Within one year	3,130	3,665
In the second to fifth year inclusive	2,630	1,553
After five years	288	124
	6,048	5,342

24. RELATED PARTY TRANSACTIONS

- (a) Other than those disclosed elsewhere in these condensed consolidated interim financial statements, the Group entered into the following significant transactions with its related parties during the period:

	Unaudited Six months ended 30 June 2025 RMB'000	2024 RMB'000
Sales of electricity and steam to a non-controlling shareholder of a subsidiary	110,836	102,184
Interest income earned from a joint venture (note 6)	7,705	9,249
Provision of goods and services to a joint venture	7,944	28,885
Purchase of goods from the related companies (note 24(b)(iii))	130,277	80,013
Sales of goods to the related companies (note 24(b)(iii))	249,017	128,643



24. RELATED PARTY TRANSACTIONS (CONTINUED)**(b) Balances with related parties**

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000
Trade receivables from		
— a joint venture	—	7,953
— non-controlling shareholder of a subsidiary (note i)	17,848	26,149
— related companies (note iii)	—	38
	17,848	34,140
Trade payables due to the related companies (note iii)	18,767	7,327
Contract liabilities from the related companies (note iii)	25,219	8,409
Prepayments and other receivables from		
— a joint venture (note ii)	—	317,272
— related companies (note iii)	10,928	2,702
	10,928	319,974
Other payable due to		
— a non-controlling shareholder of a subsidiary (note i)	9,800	24,500
— a controlling shareholder (note i)	1,395	1,428
	11,195	25,928

Notes:

- (i) The balance is unsecured, interest-free and repayable on demand.
- (ii) The balance will be collected after 12 months up to 26 June 2025 (the date of consolidation of Sunshine Oji), see note 6(i) for more details.
- (iii) The related companies are Xiamen C&D Paper & Pulp Group Co., Ltd.* (廈門建發漿紙集團有限公司) ("Xiamen C&D") and its subsidiaries, in which the non-executive director of the Company is a senior management and director of Xiamen C&D.

* For identification purpose only



24. RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Compensation of key management personnel**

The remuneration of directors and other members of key management during the period were as follows:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Wages and salaries	5,933	2,542
Retirement benefit scheme contributions	150	151
	6,083	2,693

25. STEP ACQUISITION OF A JOINT VENTURE

On 16 June 2025, 山東世紀陽光紙業集團有限公司 (Shandong Century Sunshine Paper Group Co., Ltd*) ("Century Sunshine"), an indirectly wholly-owned subsidiary of the Company, and Oji F-Tex Co. Ltd. entered into equity acquisition agreement, pursuant to which Oji F-Tex Co. Ltd. agreed to transfer the remaining 40% interest in Sunshine Oji, a joint venture of the Group, to Century Sunshine for an aggregate cash consideration of RMB85,000,000.

The acquisition is expected to provide a good opportunity for the Group to further strengthen its presence in the specialty paper market and to enhance the Group's competitiveness and expanding its business coverage.

Prior to this transaction, Century Sunshine holds 60% interest in Sunshine Oji. With Century Sunshine acquiring control over Sunshine Oji, this transaction is accounted for using the acquisition method under IFRS 3 "Business Combination". In accordance with IFRS 3, the step acquisition was satisfied by (i) fair value of previously held 60% interest in Sunshine Oji of approximately RMB127,500,000, and (ii) consideration of RMB85,000,000 as covered by the equity acquisition agreement.

The calculation of the goodwill arising from the acquisition of Sunshine Oji is provisional and will be finalised when the fair value of acquired assets, assumed liabilities and contingent liabilities finalised, which shall not exceed one year from the respective acquisition date.

* The translation of name in English is for identification purpose only.



25. STEP ACQUISITION OF A JOINT VENTURE (CONTINUED)

Details of the carrying value and fair value of the Group's previously held equity interest in Sunshine Oji at the completion date are summarised as follows:

	Unaudited 2025 RMB'000
Fair value of previously held equity interest	127,500
Interest in Sunshine Oji before the Step Acquisition	(115,652)
Gain on step acquisition of a joint venture	11,848



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For the six months ended 30 June 2025

25. STEP ACQUISITION OF A JOINT VENTURE (CONTINUED)

The fair values of assets acquired, and liabilities and contingent liabilities assumed by the Group are summarised as follows:

	Unaudited 2025 RMB'000
Property, plant and equipment	395,206
Prepaid lease payments	52,189
Inventories	123,936
Bills receivables	8,070
Trade receivables	219,341
Other receivables	40,675
Bank balance and cash	59,578
Trade payables	(133,788)
Other payables	(355,180)
Deferred income	(28,326)
Bank borrowings	(129,956)
Other borrowings	(41,471)
Deferred tax liabilities	(2,425)
Total net identifiable assets acquired	207,849
Goodwill arising from acquisition	4,651
Total net assets acquired	212,500
Satisfied by:	
Cash consideration	85,000
Fair value of previously held equity	127,500
Total	212,500
Net cash outflow on step acquisition of a joint venture:	
Consideration paid in cash	85,000
Cash and cash equivalent acquired	(59,578)
	25,422



25. STEP ACQUISITION OF A JOINT VENTURE (CONTINUED)

Impact of acquisition on the result of the Group

If the acquisition had occurred on 1 January 2025, the Group's revenue would have been increased by RMB374,120,000 and profit for the period would have been decreased by RMB15,066,000 for the period ended 30 June 2025. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 17 August 2023, Sunshine Paper Clean Energy Investment Company Limited (the "Purchaser"), a company incorporated in the BVI with limited liability, which is a wholly-owned subsidiary of the Company, the Vendors and the Vendors' Guarantors entered into a repurchase agreement (the "Repurchase Agreement"), pursuant to which the Purchaser (as vendor in the Repurchase Agreement) has agreed to re-sell, and the Vendors (as purchasers in the Repurchase Agreement) have agreed to re-purchase, the 45% of the total issued shares of Top Speed Energy Holding Ltd ("Top Speed") ("Sale Shares") at a total consideration of RMB265,000,000, subject to the terms and conditions of the Repurchase Agreement. Under the Repurchase Agreement, the Purchaser shall have the right (the "Termination Right") (but not an obligation) at its sole and absolute discretion to unconditionally terminate the Repurchase Agreement at any time prior to completion. For details, please refer to the announcement of the Company dated 17 August 2023.

On 14 February 2025, the Purchaser, the Vendors and the Vendors' Guarantors entered into a termination agreement (the "Termination Agreement") to which the parties agreed to terminate the Repurchase Agreement and adjust the profit guarantee concerning the Top Speed and its subsidiaries ("Top Speed Group").

According to the Termination Agreement, the Purchaser, the Vendors and the Vendors' Guarantors entered into a profit guarantee agreement, pursuant to the Company shall receive compensation shares ("Compensation Shares") and compensation cash (the "Compensation Cash") from the Vendors and the Vendors' Guarantors, if Top Speed Group's net profit during each of the year ending 31 December 2025 and 2026 (the "Relevant Guarantee Period"), is less than 70% but more than 50% of the guaranteed profit, respectively. If the net profit in the Relevant Guarantee Period is less than or equal to 50% of the guaranteed profit ("Guarantee Profit") in the correspondence guarantee period, the Vendors and the Vendors' Guarantors shall repurchase the Sale Shares and compensation share, if any, at the consideration of RMB280,900,000 and RMB297,754,000 for the Relevant Guarantee Period, respectively, within 30 business days from the date on which the relevant audited accounts are delivered to the Purchaser.

As at 30 June 2025, the fair value of derivative financial instruments at the end of the reporting period were determined by using discounted cash flows approach, which is within level 3 of the fair value hierarchy. The key inputs into the models are as follows:

Discount rate:	5.25%
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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The significant unobservable input is discount rate. An increase in the discount rate would decrease the fair value.

	Unaudited As at 30 June 2025 RMB'000	Audited As at 31 December 2024 RMB'000	Fair value hierarchy	Valuation technique and key inputs
Financial assets at FVTPL	167,800	251,491	Level 3	Discounted cash flows
				Future cash flows are estimated based on discount rates which are reference to rates currently available for instruments issued by commercial banks/government with similar terms, credit risk and remaining maturities.
				An increase of the discount rate would decrease the fair value

