

\*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  
Ms. Jiao Jie

## AUDIT COMMITTEE

Ms. Zhang Tao  
Mr. Wang Zefeng  
Ms. Jiao Jie

## REMUNERATION COMMITTEE

Mr. Wang Zefeng (*Chairman*)  
Mr. Wang Dongxing  
Mr. Zhang Xiaohui  
Ms. Zhang Tao  
Ms. Jiao Jie

## NOMINATION COMMITTEE

Ms. Jiao Jie (*Chairlady*)  
Mr. Wang Dongxing  
Mr. Zhang Xiaohui  
Mr. Wang Zefeng  
Ms. Zhang Tao

## JOINT COMPANY SECRETARY

Mr. Yeung Tsz Kit Alban (*appointed on 17 June 2024*)  
Mr. Chan Yee Ping, Michael  
(*resigned on 17 June 2024*)  
Ms. Wang Jingjing (*appointed on 30 August 2024*)

## AUTHORISED REPRESENTATIVES

Mr. Wang Dongxing  
Mr. Yeung Tsz Kit Alban (*appointed on 17 June 2024*)  
Mr. Chan Yee Ping, Michael  
(*resigned on 17 June 2024*)

## PRINCIPAL PLACE OF BUSINESS IN CHINA

Changle Economic Development Zone  
Weifang 262400  
Shandong  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit No. 1702, 17/F, Prosperity Millennia Plaza,  
663 King's 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  
11<sup>th</sup> 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](http://www.sunshinepaper.com.cn)



# Operation Review and Outlook

## BUSINESS REVIEW

In 1H 2024, the global economy continued its weak recovery trend. Driven by the continuing policy support, the overall macroeconomic performance remained stable at home. Boosted by exports in 1H 2024, the manufacturing sector demonstrated its resilience, but continued to face structural issues such as overproduction and insufficient demand. To maintain sales, companies inevitably resorted to more flexible pricing strategies in response to cutthroat market competition, with a significant increase in challenges against their profitability. Meanwhile, considering restructuring industry chains and improving industry supply as long-term challenging missions, we believe that it is essential to maintain strategic focus with confidence in development, aggressively enhance internal capabilities to counter risks, and identify opportunities amid the “stagnation”. As for the paper industry, prices of raw materials stabilized in the first half of the year, leading to certain improvements in operating conditions. According to data from the National Bureau of Statistics, in 1H 2024, the ex-factory price for the paper and paper products industry decreased by 4.6% year-on-year, with the purchase price of wood and paper pulp decreasing by 3.7% year-on-year. The production of machine-made paper and cardboard nationwide was 76.613 million tons, representing a year-on-year increase of 11.8%. The operating income of enterprises with a certain size in the paper and paper products industry amounted to RMB699.21 billion, representing a year-on-year increase of 6.0%, while the total profit reached RMB22.79 billion, representing a year-on-year increase of 104.9%.

In a complicated and changing economic landscape, all executives and employees of the Group followed through the management theme of “continuous innovation, quality improvement, and breakthrough through lean management” formulated at the beginning of the year, and focused on various work aspects, including cost reduction and efficiency improvement, market cultivation, lean management, management innovation, and team building. Their efforts led to the healthy and stable development of the Company. With customer demand at the core, the Group continued to enhance product quality and production efficiency, meet customer needs, and enhance the Group’s core competitiveness. Furthermore, being an adherent of market-oriented innovation, the Group vigorously advanced the research and development of various new paper products and their market expansion, as part of our quest for new growth opportunities. For internal management, the Group has consistently promoted lean production management, driving continuous improvement in internal governance through informatization, digitalization, and intelligentization. By empowering our business operations with digital technologies, we continued to enhance operational efficiency and quality. For external marketing, the Group has always implemented a customer-centric approach, embracing the business philosophy of creating value for customers and being customer-oriented. It has transitioned from satisfying customer needs to creating customer needs through meticulous market cultivation, while deepening the market development at an accelerated pace, in order to satisfy customer’s low-volume, personalized, and customized requirements. Due to a series of measures taken by the Group, it has always maintained a competitive advantage and differentiated features in a fiercely competitive market, steadily improving its industry position with an overall stable performance.

During 1H 2024, the Group always attached great importance to ecological environmental protection, actively fulfilled its social responsibilities, and continuously improved its governance level. By consistently adhering to its ESG principles, the Group achieved high-quality development and won numerous accolades, such as “Green Production Advocate” and “Zero-Waste Factory”. In terms of the traditional high-end packaging paper projects business, the Group always focused on core indicators such as resource utilization efficiency and recycling rate in order to minimize its environmental pollution, while steadily advancing the crystallization of our vision. In terms of the research and development of new products, the Company not only took economic benefits into account, but also placed significant emphasis on the social and environmental benefits of new products, to continuously enhance the green and sustainable development capabilities of its product portfolio, and strengthen our technological reserve. Additionally, during 1H 2024, the Group enhanced its corporate governance level by continuously improving its various rules and regulations on environmental protection and risk control mechanism.

During 1H 2024, the Company consistently adhered to the strategy of differentiated and high-end product positioning, with each segment business progressing steadily. The Group reported 1.0146 million tons of machine-made paper, representing an increase of 6.58% as compared to 0.952 million tons for the same period last year. Despite the complex market environment and intense market competition, the Company continued to enhance its management capabilities. By seizing the favorable opportunity presented by the national reduction of the LPR (Loan Prime Rate), the Company continued to lower financing costs through multiple channels. Despite decreased revenue, the proportion of financing costs to revenue decreased from 2.3% in the same period last year to 2.2% in the current period, indicating sustained improvement in our financial conditions. The inventory turnover rate increased from 4.5 times in the same period last year to 5.3 times in 1H 2024, effectively reducing inventory pressure and enhancing operational efficiency within the Company.

## BUSINESS OUTLOOK

Looking ahead to the second half of the year, the domestic consumption environment is expected to improve as a result of the continuing policy support, which in return will favor the recovery of the paper industry. However, against the backdrop of weak consumption expectations and production-side oversupply, profitability necessitates that companies should further refine their focus on their core businesses, optimize assets, and engage in lean management. The Group will persist in its strengths in innovation, scale, and management, enhancing its ability to withstand risks. Simultaneously, it will make steady progress in optimizing its business structure, and identify opportunities in niche markets to continuously enhance the Group’s profitability. In the second half of the year, the Group will remain attentive to market opportunities, rigorously implement strategic planning, focus on core operations, and steadily strengthen its existing market share in key products. Furthermore, the Group will intensify the promotion efforts in various new specialty paper products, continually improving the Company’s profit structure. In terms of the industry chain, the Company will continue to extend its presence in both upstream and downstream segments, while continuing to enhance the core competitive strengths of the Company. In addition, the Company will continue to optimize its production processes by continuously enhancing its digital and intelligent level, thus comprehensively improving the management level of the Group.

## Operation Review and Outlook

The Group focuses on producing high-quality and multi-purposed packaging paper, including white top linerboard, coated-white top linerboard, core board and corrugated paper. It is also committed to satisfying the need of different customers by intensively cultivating the market under the differentiated development strategy at the same time. On one hand, with the rising operating threshold of the paper industry, the competition within the industry is expected to escalate and the paper industry will see a growing concentration. In this context, as the core product of the Group, coated-white top linerboard stands out with its strong competitive edge of large-scale production, outstanding product performance and the potential for further increase in market share. On the other hand, driven by China's industrial and consumer upgrades, there is a high demand for environmentally friendly and green specialty papers across different sectors. The Group will continue its efforts in the R&D and mass production of new specialty papers, leveraging the advantages of the Company in the R&D and innovation of differentiated paper products to continuously enhance its brand influence in the PRC market.

As an innovation-driven production enterprise led by a scientific research team, the Group continues to intensify its efforts in independent innovation and improvement of its research and development system. The Group has built a solid technological foundation for and accumulated practical experiences of innovating product development, production process and information systems. With a gradual boom in the industry, the Group is confident that it can continuously enhance its overall strength and industry position by leveraging its technical, product, brand, management and innovation advantages.

# Management Discussion and Analysis

## REVENUE

For 1H 2024, our Group's total revenue was RMB3,956.6 million, representing a decrease of 6.0% as compared to that of RMB4,208.4 million for 1H 2023. The decrease in revenue mainly resulted from the reduction in sales price.

Sales volume of paper products increased during 1H 2024. Sales of paper products decreased by 6.3% to RMB3,729.8 million for 1H 2024 with sales volume of around 1,014,600 tonnes, as compared to that of RMB3,981.4 million and around 952,000 tonnes for 1H 2023.

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

	1H 2024				1H 2023	
	RMB'000	GP margin (%)	% of total revenue	RMB'000	GP margin (%)	% of total revenue
White top linerboard	757,880	16.5	19.2	836,354	17.4	19.9
Coated-white top linerboard	931,273	13.8	23.5	1,043,059	22.4	24.8
Core board	289,329	18.2	7.3	317,828	10.5	7.5
Specialised paper products	880,807	11.2	22.3	884,050	15.0	21.0
Corrugated paper	870,526	7.9	22.0	900,154	5.8	21.4
Subtotal of sales of paper products	3,729,815	12.7	94.3	3,981,445	14.5	94.6
Sales of electricity and steam	226,808	28.0	5.7	226,950	20.9	5.4
Total revenue	3,956,623	14.3	100	4,208,395	15.2	100

## COST OF SALES

Cost of sales was RMB3,390.2 million for 1H 2024, representing a decrease of 5.0% as compared with that of RMB3,570.1 million for 1H 2023. 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 RMB638.3 million for 1H 2023 to RMB566.4 million for 1H 2024. The gross profit margin of the Group decreased during the period as compared with the corresponding period last year, from 15.2% for 1H 2023 to 14.3% for 1H 2024.

## OTHER PROFIT AND LOSS ITEMS

Other income of RMB173.2 million for 1H 2024 (1H 2023: RMB144.5 million) mainly consisted of interest income on bank deposits of RMB33.6 million, interest income earned from a joint venture of RMB9.2 million, interest income on loans to third parties of RMB6.2 million, government grants of RMB114.9 million, rental income of RMB0.9 million, hotel and catering service income of RMB2.4 million and logistics service income of RMB6.0 million.



## Management Discussion and Analysis

Other gains or losses of RMB42.7 million for 1H 2024 (1H 2023: RMB15.9 million) mainly consisted of gain from sale of scrap materials of RMB16.6 million, loss on disposal and written-off of property, plant and equipment of RMB3.4 million, net foreign exchange losses of RMB3.6 million, loss on fair value changes of financial assets of FVTPL of RMB0.9 million, gain on the fair value changes of biological assets of RMB0.1 million, sales of carbon emission allowances of RMB22.7 million and other gains of RMB11.2 million.

Distribution and selling expenses was RMB186.5 million for 1H 2024, as compared with RMB196.2 million for 1H 2023. As a percentage against revenue, it was essentially in line with the 1H 2023, both of which were 4.7%.

Administrative expenses was RMB222.3 million for 1H 2024, representing an increase of 0.2% as compared with RMB221.8 million for 1H 2023. As a percentage against revenue, it increased from 5.3% for 1H 2023 to 5.6% for 1H 2024.

Finance costs was RMB88.7 million for 1H 2024, representing a decrease of 9.4% as compared with RMB98.0 million for 1H 2023. As a percentage against revenue, it decreased from 2.3% for 1H 2023 to 2.2% for 1H 2024.

During 1H 2024, there was a share of loss of a joint venture, Sunshine Oji (Shouguang) Specialty Paper Co., Ltd, of RMB0.6 million (1H 2023: share of loss of RMB6.3 million).

### INCOME TAX EXPENSE

Our income tax expense increased from RMB50.7 million for 1H 2023 to RMB65.8 million for 1H 2024. Effective tax rate for 1H 2024 and 1H 2023 was 23.2% and 18.5%, respectively.

### PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the above factors, the profit for the period attributable to the owners of the Company is RMB189.4 million for 1H 2024 (1H 2023: RMB192.6 million).

### SIGNIFICANT INVESTMENTS

During 1H 2024, the Group did not hold any significant investment.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During 1H 2024, there was no material acquisition or disposal of subsidiaries or associates or joint ventures of the Company.

### LIQUIDITY AND FINANCIAL RESOURCES

#### Working Capital, Gearing Ratio 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 2024, our Group had restricted bank deposits, cash and bank balances of RMB2,588.5 million (31 December 2023: RMB2,863.3 million). The debt of the Group comprised of bank and other borrowings and lease liabilities total RMB3,794.2 million as at 30 June 2024 (31 December 2023: RMB3,885.9 million). Net gearing ratio increased from 20.6% as at 31 December 2023 to 23.3% as at 30 June 2024.

Inventories decreased from RMB668.8 million as at 31 December 2023 to RMB614.1 million as at 30 June 2024. Inventory turnover days was 34 days for 1H 2024, as compared to 41 days for 1H 2023.

Trade receivables increased from RMB564.8 million as at 31 December 2023 to RMB742.1 million as at 30 June 2024. Trade receivables turnover days was 30 days and 28 days for 1H 2024 and 1H 2023, respectively. Our credit period given to customers is around 30–45 days in general.

Trade payables recorded a decrease from RMB1,010.1 million as at 31 December 2023 to RMB903.2 million as at 30 June 2024. Trade payable turnover days was 51 days for 1H 2024, as compared to 52 days for 1H 2023.

Current ratio increased from 0.82 times as at 31 December 2023 to 0.89 times as at 30 June 2024.

#### **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 2024, our capital expenditure was approximately RMB102.9 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 2024, 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 RMB296.3 million.

There was no contingent liabilities as at 30 June 2024.

### **Pledge of Assets**

As at 30 June 2024, the carrying amount of our assets of RMB3,327.7 million were pledged as collateral or security for our Group's bank and other loans, discounted bills financing, bills payable and lease liabilities.

## Management Discussion and Analysis

### 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 2024.

## 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 2024.

## 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 2024 and discussed the financial matters with the management of the Company.

## EMPLOYEES AND REMUNERATION POLICIES

The Group had approximately 4,200 employees as at 30 June 2024. The staff costs for 1H 2024 were RMB233.6 million (1H 2023: RMB229.4 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 2024 (1H 2023: nil).

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

An aggregate of 64,710,000 ordinary shares repurchased by the Company in December 2023 were cancelled on 21 June 2024.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during 1H 2024.

As at 30 June 2024, 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 2024.

## 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 2024, 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 <sup>(3)</sup>
Mr. Wang Dongxing	Interest of a party to an agreement to acquire interest in our Company <sup>(1)</sup>	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 <sup>(2)</sup>	3,840,000	0.36%

Name of Director	Nature of interest	Number of share	Approximate percentage of shareholding <sup>(3)</sup>
Mr. Shi Weixin	Interest of a party to an agreement to acquire interest in our Company <sup>(1)</sup>	321,687,052	30.20%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement <sup>(2)</sup>	22,265,500	2.09%
Mr. Wang Changhai	Interest of a party to an agreement to acquire interests in our Company <sup>(1)</sup>	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 <sup>(2)</sup>	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 <sup>(1)</sup>	321,687,052	30.20%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement <sup>(2)</sup>	22,265,500	2.09%



## Corporate Governance and Other Information

### 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 2024, the number of issued ordinary shares of the Company was 1,065,144,359.

Save as disclosed above, as at 30 June 2024, 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 2024, 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
China Sunrise <sup>(1)</sup>	Long	Beneficial interest	321,687,052	30.20%
China Sunshine <sup>(1)</sup>	Long	Interest of a controlled corporation	321,687,052	30.20%
Controlling Shareholders Group <sup>(2)</sup>	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 <sup>(3)</sup>	Long	Beneficial interest	162,000,000	15.21%
Xiamen C&D Pulp Group Co., Ltd. <sup>(3)</sup>	Long	Interest of a controlled corporation	162,000,000	15.21%
Xiamen C&D Inc. <sup>(3)</sup>	Long	Interest of a controlled corporation	162,000,000	15.21%
Xiamen C&D Corporation Limited <sup>(3)</sup>	Long	Interest of a controlled corporation	162,000,000	15.21%
Xiamen SASAC <sup>(3)</sup>	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.

## Corporate Governance and Other Information

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.

Save as disclosed above, as at 30 June 2024, 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.



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 2 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 2024. As at 1 January 2024 and 30 June 2024, there were no unvested awards under the 2017 Share Award Scheme.

As at 1 January 2024 and 30 June 2024, 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 8 years and 8 months.

The total number of options available for grant under the 2023 Share Option Scheme at the time of the adoption of the 2023 Share Option Scheme and the end of the financial period was 96,785,435\* and 96,785,435\*, respectively. There is no service provider sublimit under the 2023 Share Option Scheme.

No options were granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme during 1H 2024. As at 30 June 2024, there were no outstanding options 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.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during 1H 2024 divided by weighted average number of Shares in issue (excluding treasury shares) for 1H 2024 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 2024

	Notes	Unaudited Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Revenue	4 & 5	3,956,623	4,208,395
Cost of sales		(3,390,221)	(3,570,084)
Gross profit		566,402	638,311
Other income	6	173,152	144,459
Other gains or losses, net	6	42,707	15,930
Distribution and selling expenses		(186,470)	(196,162)
Administrative expenses		(222,289)	(221,779)
Provision for expected credit loss ("ECL") on financial assets, net		(373)	(1,179)
Loss on fair value changes of an investment property		(74)	(1,076)
Share of loss of a joint venture		(566)	(6,313)
Finance costs	7	(88,727)	(97,975)
Profit before income tax	9	283,762	274,216
Income tax expense	8	(65,848)	(50,652)
Profit for the period		217,914	223,564
Other comprehensive (expense)/income, net of tax			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(2,402)	(990)
Fair value (loss)/gain on financial assets at fair value through other comprehensive income ("FVOCI")		(72)	796
Total comprehensive expense, net of tax		(2,474)	(194)
Total comprehensive income for the period		215,440	223,370
Profit for the period attributable to:			
Owners of the Company		189,440	192,645
Non-controlling interests		28,474	30,919
		217,914	223,564



## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

		Unaudited	
		Six months ended 30 June	
	Notes	2024 RMB'000	2023 RMB'000
<hr/>			
Total comprehensive income for the period attributable to:			
Owners of the Company		186,966	192,451
Non-controlling interests		28,474	30,919
		<hr/>	
		215,440	223,370
<hr/>			
Earnings per share for profit attributable to the owners of the			
Company during the period			
Basic and diluted (RMB)	11	0.18	0.19
<hr/>			

# Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	12	5,486,602	5,506,817
Investment property	12	59,326	59,400
Prepaid lease payments		730,788	739,438
Goodwill		49,746	49,746
Deferred tax assets		85,671	63,877
Interest in an associate		—	—
Interest in a joint venture		146,077	146,643
Deposits for acquisition for property, plant and equipment		288,523	251,534
Financial assets at fair value through profit and loss ("FVTPL")		248,852	249,722
Deposits and other receivables		336,618	377,985
		<b>7,432,203</b>	<b>7,445,162</b>
<b>Current assets</b>			
Biological assets		5,907	—
Inventories		614,136	668,788
Trade receivables	13	742,117	564,762
Bills receivables	14	160,897	144,054
Prepayments and other receivables		535,496	457,878
Income tax recoverable		11,739	11,176
Restricted bank deposits		1,230,183	1,291,397
Bank balances and cash		1,358,323	1,571,918
		<b>4,658,798</b>	<b>4,709,973</b>
<b>Current liabilities</b>			
Contract liabilities		20,944	55,447
Trade payables	15	903,242	1,010,140
Bills payables	16	443,641	368,573
Other payables		177,665	189,693
Payable for construction work, machinery and equipment		80,572	80,174
Income tax payables		46,757	35,979
Lease liabilities	17	5,085	4,505
Deferred income		9,493	8,526
Discounted bills financing	18	1,136,731	1,289,377
Bank borrowings	19	2,242,038	2,402,961
Other borrowings	20	196,503	268,974
		<b>5,262,671</b>	<b>5,714,349</b>
<b>Net current liabilities</b>		<b>(603,873)</b>	<b>(1,004,376)</b>
<b>Total assets less current liabilities</b>		<b>6,828,330</b>	<b>6,440,786</b>

## Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
<b>Capital and reserves</b>			
Share capital	21	94,581	100,445
Reserves		4,661,823	4,468,993
Equity attributable to owners of the Company		4,756,404	4,569,438
Non-controlling interests		420,381	391,907
<b>Total equity</b>		<b>5,176,785</b>	4,961,345
<b>Non-current liabilities</b>			
Lease liabilities	17	66,430	67,048
Bank borrowings	19	1,157,843	954,278
Other borrowings	20	126,332	188,094
Deferred income		226,574	199,490
Deferred tax liabilities		74,366	70,531
		1,651,545	1,479,441
<b>Total equity and non-current liabilities</b>		<b>6,828,330</b>	6,440,786

The condensed consolidated interim financial statements on pages 19 to 44 were approved by the board of directors on 30 August 2024 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 2024

	Attributable to owners of the Company														Non-controlling interests	Total
	Share capital	Capital redemption reserve	Share premium	Merger reserve	Capital reserve	Assets revaluation reserve	Statutory surplus reserve	Financial assets fair value reserve	Discretionary surplus reserve	Exchange fluctuation reserve	Retained earnings	Subtotal				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000				
At 1 January 2023 (audited)	90,256	761	1,031,885	(2,776)	114,600	7,015	460,848	(1,455)	1,078	1,516	2,388,199	4,091,927	334,003	4,425,930		
Capital contribution by non-controlling shareholders of a subsidiary of the Company	—	—	—	—	—	—	—	—	—	—	—	—	57	57		
Shares repurchased and cancelled	(4,520)	4,520	—	—	—	—	—	—	—	—	(103,839)	(103,839)	—	(103,839)		
Reversal of statutory surplus reserve upon deregistration of a subsidiary of the Company	—	—	—	—	—	—	(15)	—	—	—	15	—	—	—		
Dividend paid to non-controlling interests of a subsidiary of the Company	—	—	—	—	—	—	—	—	—	—	—	—	(135)	(135)		
Transaction with owners	(4,520)	4,520	—	—	—	—	(15)	—	—	—	(103,824)	(103,839)	(78)	(103,917)		
Profit for the period	—	—	—	—	—	—	—	—	—	—	192,645	192,645	30,919	223,564		
Other comprehensive income																
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	(990)	—	(990)	—	(990)		
Fair value gain on financial assets at FVOCI	—	—	—	—	—	—	—	796	—	—	—	796	—	796		
Total comprehensive income/(expense) for the period	—	—	—	—	—	—	—	796	—	(990)	192,645	192,451	30,919	223,370		
At 30 June 2023 (unaudited)	85,736	5,281	1,031,885	(2,776)	114,600	7,015	460,833	(659)	1,078	526	2,477,020	4,180,539	364,844	4,545,383		

	Attributable to owners of the Company													Non-controlling interests	Total
	Share capital	Capital redemption reserve	Share premium	Merger reserve	Treasury shares	Capital reserve	Assets revaluation reserve	Statutory surplus reserve	Financial assets fair value reserve	Discretionary surplus reserve	Exchange fluctuation reserve	Retained earnings	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Operating activities</b>		
Cash generated from operations	312,681	711,673
Income tax paid	(73,592)	(25,315)
<i>Net cash generated from operating activities</i>	<b>239,089</b>	686,358
<b>Investing activities</b>		
Interest received	33,589	20,161
Proceeds from disposal of property, plant and equipment	10,086	15,999
Purchase of property, plant and equipment	(98,936)	(151,492)
Repayment from a third party	19,257	6,066
Advance to a joint venture	(73,349)	(98,312)
Repayment from a joint venture	79,673	89,023
Additions of deposits for acquisition property, plant and equipment	(149,582)	(75,631)
Return of guarantee deposits for lease liabilities	7,500	420
Decrease in restricted bank deposits	61,214	97,845
<i>Net cash used in investing activities</i>	<b>(110,548)</b>	(95,921)
<b>Financing activities</b>		
Interest paid	(96,582)	(106,655)
Repayment to a controlling shareholder	(18)	—
New bank borrowings raised	1,745,921	1,751,385
New other borrowings raised	25,000	—
Repayment of bank borrowings	(1,703,279)	(1,712,722)
Repayment of other borrowings	(159,233)	(180,678)
Decrease in discounted bills financing	(152,646)	(204,413)
Repayment of lease liabilities	(3,954)	(17,884)
Proceeds from sale and lease back transactions	—	5,860
Proceeds from capital contribution of non-controlling interests of a subsidiary of the Company	21	57
Dividend paid to non-controlling interests of a subsidiary of the Company	(21)	(135)
Share repurchase	—	(103,839)
<i>Net cash used in financing activities</i>	<b>(344,791)</b>	(569,024)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(216,250)</b>	21,413
Effect of foreign rate changes, net	2,655	745
Cash and cash equivalents at beginning of the period	1,571,918	851,179
<b>Cash and cash equivalents at end of the period, representing bank balances and cash</b>	<b>1,358,323</b>	873,337





# Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 June 2024*

## 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 RMB603,873,000 as at 30 June 2024. 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 2023.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 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 2024 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following amended International Financial Reporting Standards ("IFRSs") which are effective as of 1 January 2024.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of these amended IFRSs 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.

#### 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 2024		
	Paper products RMB'000	Electricity and steam RMB'000	Total RMB'000
<b>Timing of revenue recognition</b>			
— At a point in time	3,729,815	226,808	3,956,623
<b>Geographical markets</b>			
— People's Republic of China ("PRC")	3,671,073	226,808	3,897,881
— Oversea	58,742	—	58,742

Segments	Unaudited For the six months ended 30 June 2023		
	Paper products RMB'000	Electricity and steam RMB'000	Total RMB'000
<b>Timing of revenue recognition</b>			
— At a point in time	3,981,445	226,950	4,208,395
<b>Geographical markets</b>			
— PRC	3,919,911	226,950	4,146,861
— Oversea	61,534	—	61,534

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 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 2024							
	Paper products						Electricity and steam	Total
	White top linerboard	Coated- white top linerboard	Core board	Specialised paper products	Corrugated paper	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'00	RMB'000	RMB'000
Revenue from external customers	757,880	931,273	289,329	880,807	870,526	3,729,815	226,808	3,956,623
Inter-segment revenue						—	430,049	430,049
Segment revenue						3,729,815	656,857	4,386,672
Segment profit						473,528	183,596	657,124

	Unaudited For the six months ended 30 June 2023							
	Paper products							
	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'00	Electricity and steam RMB'000	Total RMB'000
Revenue from external customers	836,354	1,043,059	317,828	884,050	900,154	3,981,445	226,950	4,208,395
Inter-segment revenue						—	469,777	469,777
Segment revenue						3,981,445	696,727	4,678,172
Segment profit						575,945	145,408	721,353

## 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, 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	
	2024 RMB'000	2023 RMB'000
<b>Profit</b>		
Segment profit	657,124	721,353
Unrealised profit on inter-segment sales	(86,316)	(101,516)
	<b>570,808</b>	619,837
Other income	172,264	142,779
Other gains or losses, net	20,561	16,398
Distribution and selling expenses	(186,470)	(196,162)
Administrative expenses	(215,854)	(214,765)
Provision for ECL on financial assets, net	(373)	(1,179)
Loss on fair value changes of an investment property	(74)	(1,076)
Share of loss of a joint venture	(566)	(6,313)
Finance costs	(76,534)	(85,303)
<b>Consolidated profit before income tax</b>	<b>283,762</b>	274,216

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 2024

### 6. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest income on:		
Bank deposits	33,589	20,161
Loan to third parties	6,181	8,062
The balance with a joint venture (note i) (note 24)	9,249	9,685
Total interest income	49,019	37,908
Government grants (note ii)	114,882	97,027
Rental income	890	1,187
Hotel and catering service income	2,400	2,395
Logistics service income	5,961	5,942
	173,152	144,459
Other gains or losses, net:		
Gain from sale of scrap materials, net	16,642	12,654
Change in fair value of financial assets at FVTPL	(870)	2,807
Change in fair value of biological assets	145	—
Loss on disposal and written off of property, plant and equipment	(3,457)	(9,363)
Net foreign exchange (losses)/gains	(3,672)	1,413
Sale of carbon emission allowances (note iii)	22,712	—
Others	11,207	8,419
	42,707	15,930

Notes:

- i. During the six months ended 30 June 2024, 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)\*, a joint venture of the Group, at a weighted average effective interest rate of 4.79% per annum (six months ended 30 June 2023: 4.79% per annum), unsecured and repayable after 12 months from the end of the reporting period.
- ii. During the six months ended 30 June 2024, the Group was granted and received unconditional government subsidies of approximately RMB76,534,000 (six months ended 30 June 2023: RMB89,391,000) from local government, the amounts of which were determined by reference to the amount of value-added tax paid.
- iii. During the six months ended 30 June 2024, 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 RMB22,712,000 (six months ended 30 June 2023: Nil) 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 2024

### 7. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest expenses on:		
discounted bills financing	12,535	16,841
bank and other borrowings	80,775	87,205
lease liabilities	1,406	631
	94,716	104,677
Less: Interest capitalised in construction in progress	(5,989)	(6,702)
	88,727	97,975

Borrowing costs capitalised during the six months ended 30 June 2024 arose on the general borrowing pool and were calculated by applying capitalisation rates ranging from 4.79% to 5.28% (six months ended 30 June 2023: 4.79% to 6.20%) per annum to expenditure on construction in progress.

### 8. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Current income tax</b>		
PRC Enterprise Income Tax	83,807	57,925
Deferred tax expense	(17,959)	(7,273)
Charge for the period	65,848	50,652

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 2024 and 2023 as the Group sustained a loss for tax purpose.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 9. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Wages and salaries	199,230	195,589
Retirement benefits schemes contributions	34,322	33,782
Total staff costs (including directors' emoluments)	233,552	229,371
Amortisation of prepaid lease payments	8,650	8,651
Cost of inventories recognised as an expense	2,425,845	2,638,920
Depreciation of property, plant and equipment		
— Right-of-use assets	3,354	2,321
— Owned assets	223,793	197,274
Research and development expenses	614	4,045

### 10. DIVIDENDS

During the 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 (six months ended 30 June 2023: nil).

The board of directors resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## 11. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2024 was based on the profit of RMB189,440,000 (six months ended 30 June 2023: RMB192,645,000) for the period attributable to owners of the Company, and the weighted average number of 1,065,144,000 (six months ended 30 June 2023: 992,946,000) ordinary shares in issue during the six months ended 30 June 2024.

There are no dilutive potential ordinary shares in issue for the six months ended 30 June 2024 and 2023. 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 RMB13,513,000 (six months ended 30 June 2023: RMB25,362,000) for proceeds of RMB10,086,000 (six months ended 30 June 2023: RMB15,999,000), resulting in a loss on disposal of RMB3,427,000 (six months ended 30 June 2023: RMB9,363,000).

In addition, during the current interim period, the Group acquired approximately RMB43,541,000 (six months ended 30 June 2023: RMB68,587,000) of property, plant and equipment (excluding construction in progress), and approximately RMB176,904,000 (six months ended 30 June 2023: RMB119,367,000) on construction in progress in order to maintain its manufacturing capabilities, which included interest capitalisation of approximately RMB5,989,000 (six months ended 30 June 2023: RMB6,702,000).

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 RMB74,000 has been recognised directly in profit or loss for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB1,076,000).

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 13. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 45 days to its trade customers. 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 2024 RMB'000	Audited As at 31 December 2023 RMB'000
0–30 days	525,862	421,149
31–90 days	187,013	111,682
91–365 days	29,242	31,931
	<b>742,117</b>	564,762

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

	Unaudited Six months ended 30 June 2024 RMB'000	Audited Year ended 31 December 2023 RMB'000
At the beginning of the period/year	43,582	40,759
Allowance recognised during the period/year	907	3,471
Allowance reversed during the period/year	(693)	(648)
<b>At the end of the period/year</b>	<b>43,796</b>	43,582



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 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 2024 RMB'000	Audited As at 31 December 2023 RMB'000
0–90 days	121,326	86,379
91–180 days	34,818	55,985
181–365 days	4,753	1,690
	<b>160,897</b>	144,054

As at 30 June 2024, the Group has bills receivables of RMB3,731,000 (31 December 2023 (Audited): RMB1,337,000), 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 2024 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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 15. TRADE PAYABLES

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 2024 RMB'000	Audited As at 31 December 2023 RMB'000
0-90 days	707,533	793,663
91-365 days	115,155	150,849
Over 1 year	80,554	65,628
	903,242	1,010,140

### 16. BILLS PAYABLES

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 2024 RMB'000	Audited As at 31 December 2023 RMB'000
0-90 days	247,010	209,113
91-180 days	196,631	159,460
	443,641	368,573

All the bills payables are of trading nature and will be expired within twelve months from the issue date.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 17. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Amounts payable under lease liabilities				
Within one year	6,077	5,247	5,085	4,505
More than one year but not more than two years	5,994	5,039	4,899	4,156
More than two years but not more than five years	30,107	27,881	22,477	20,932
After five years	64,941	70,033	39,054	41,960
	107,119	108,200	71,515	71,553
Less: future finance charges	(35,604)	(36,647)	—	—
Present value of lease liabilities	71,515	71,553	71,515	71,553
Less: Amount due for settlement within 12 months (shown under current liabilities)			(5,085)	(4,505)
Amount due for settlement after 12 months			66,430	67,048

As at 30 June 2024, lease liabilities amounting to RMB71,515,000 (31 December 2023 (Audited): RMB71,553,000) 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 RMB5,926,000 (six months ended 30 June 2023: RMB20,106,000).

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 18. DISCOUNTED BILLS FINANCING

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Discounted bills receivables from third parties (note a)	3,731	1,337
Discounted bills receivables from subsidiaries of the Company (note b)	1,133,000	1,288,040
<b>Total</b>	<b>1,136,731</b>	<b>1,289,377</b>

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 RMB814,734,000 (31 December 2023 (Audited): RMB847,756,000) were pledged to the issuing banks.

### 19. BANK BORROWINGS

During the six months ended 30 June 2024, the Group obtained new loans amounting to RMB1,745,921,000 (six months ended 30 June 2023: RMB1,751,385,000), and repaid loans amounting to RMB1,703,279,000 (six months ended 30 June 2023: RMB1,712,722,000). The newly raised loans bear interest from 1.60% to 4.75% per annum (six months ended 30 June 2023: 2.00% to 6.30%). At 30 June 2024, certain of the Group's property, plant and equipment and land use rights of RMB2,097,527,000 (31 December 2023 (Audited): RMB2,541,816,000) 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 2024

### 20. OTHER BORROWINGS

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Current:		
Borrowings from		
— Sale and leaseback obligations (note i)	196,503	268,974
Non-current:		
Borrowings from		
— Sale and leaseback obligations (note i)	51,017	137,779
— The Partnership (note ii)	75,315	50,315
	126,332	188,094
Total other borrowings	322,835	457,068

Notes:

- (i) During the period ended 30 June 2024, the Group entered into several sales and leaseback agreements with leasing companies for machinery and equipment ("Secured Assets") amounting to nil (31 December 2023 (Audited): RMB5,856,000 for a period of 3 years). Upon maturity, the Group will be entitled to purchase the Secured Assets.

Nominal interest rates underlying all these contracts are at respective contract dates ranging from 4.34% to 7.50% (31 December 2023 (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 2024, the Partnership has contributed RMB276,500,000 (31 December 2023 (Audited): RMB251,500,000) to the Group, which RMB75,315,000 (31 December 2023 (Audited): RMB50,315,000) recorded as the other borrowing. The Group has further RMB196,315,000 (31 December 2023 (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 2024

### 21. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2023, 31 December 2023, 1 January 2024 (audited) and 30 June 2024 (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 2023 (audited)	1,019,130,359	101,912
Shares repurchased and cancelled (note i)	(51,276,000)	(5,128)
Shares subscription (note ii)	162,000,000	16,200
At 31 December 2023 and 1 January 2024 (audited)	1,129,854,359	112,984
Share repurchased and cancelled (note i)	(64,710,000)	(6,471)
<b>At 30 June 2024 (unaudited)</b>	<b>1,065,144,359</b>	<b>106,513</b>

Notes:

- (i) During the year ended 31 December 2023, the Company repurchased its 115,986,000 ordinary shares of HK\$0.10 each at an aggregate consideration of HK\$11,599,000 (equivalent to approximately RMB10,414,000). The Company cancelled 51,276,000 ordinary shares during the year ended 31 December 2023 and further cancelled 64,710,000 ordinary shares during the six months ended 30 June 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.
- (ii) On 22 November 2023, the Company allotted and issued 162,000,000 shares at the subscription price of HK\$2.48 per subscription share. A share premium, net of issuing expenses, of approximately HK\$385 million (equivalent to approximately RMB350,568,000) had credited to share premium account. The net proceeds of approximately HK\$401 million (equivalent to approximately RMB365,307,000), after deduction of transaction costs of HK\$236,000 (equivalent to approximately RMB215,000), are intended to be used for the general working capital of the Group. Details of the subscription of new shares were set out in the Company's announcements dated 14 July 2023 and 22 November 2023.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

### 22. CAPITAL COMMITMENTS

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Capital expenditure contracted for in the condensed consolidated interim financial statements in respect of acquisition of		
— Property, plant and equipment	100,016	91,244
— Investment cost in a partnership	196,315	196,315
	296,331	287,559

### 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 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Within one year	60	46

## 23. LEASE COMMITMENTS (CONTINUED)

### The Group as lessor

Property rental income earned during the six months ended 30 June 2024 was RMB890,000 (six months ended 30 June 2023: RMB1,187,000). All of the properties held have committed tenants for the next 1 to 8 years (31 December 2023 (Audited): 1 to 8 years).

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 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Within one year	2,854	4,309
In the second to fifth year inclusive	1,775	2,316
Over five year	521	677
	5,150	7,302

## 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 2024 RMB'000	2023 RMB'000
Sales of electricity and steam to a non-controlling shareholder of a subsidiary	102,184	102,258
Interest income earned from a joint venture (note 6)	9,249	9,685
Provision of goods and services to a joint venture	28,885	15,964
Purchase of goods from the related companies (note 24(b)(iii))	80,013	—
Sales of goods to the related companies (note 24(b)(iii))	128,643	—

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

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Trade receivables from		
— A joint venture	12,568	4,499
— Non-controlling shareholder of a subsidiary (note i)	28,440	22,960
	41,008	27,459
Trade payables due to the related companies (note iii)	958	302
Contract liabilities from the related companies (note iii)	4,349	25
Prepayments and other receivables from		
— a joint venture (note ii)	329,117	326,192
— related companies (note iii)	12,203	157
	341,320	326,349
Other payable due to		
— A non-controlling shareholder of a subsidiary (note i)	24,500	24,500
— A controlling shareholder (note i)	1,428	1,446
	25,928	25,946

Notes:

- (i) The balance is unsecured, interest-free and repayable on demand.
- (ii) The balance will be collected after 12 months from the end of the reporting period, 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	
	2024 RMB'000	2023 RMB'000
Wages and salaries	2,542	2,305
Retirement benefit scheme contributions	151	157
	2,693	2,462