

**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

ANNUAL REPORT

\*For identification purposes only

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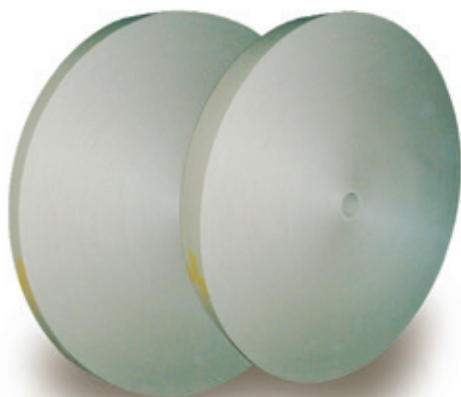




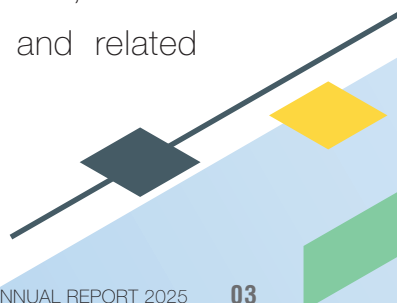
## MAIN PRODUCTS

White top linerboard is used to provide the outer facing surface of the corrugating medium. It is a combination of linerboard and fluted inner sheet of corrugating medium, which gives the board its rigid structure and stacking strength. White top linerboard is typically used as packaging material for boxes, which require high quality printability and stacking strength.

Coated white top linerboard is a form of white top linerboard comprising a multiple-ply sheet made of a bleached upper ply layer coated with a coating medium. Such coating allows superior printability by offering better brightness and gloss, and at the same time, delivers excellent ink transfer quality. The coating layer of the coated white top linerboard is much thinner than that of the traditional coated duplex board, and thus, it is considered more environmentally friendly.



Core board is the main material used to produce “cores” which are tubes generally used as the base around which various products, such as paper and yarn, are wound. It is predominantly used to produce durable spindles with the ability to withstand high spinning speeds, and to produce strong paper cores and related products.



# 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*)  
(*resigned on 15 April 2026*)

### Non-Executive Directors

Ms. Wu Rong  
Mr. Chen Dongxu  
(*appointed on 29 January 2026*)  
Mr. Zhang Xiaohui  
(*resigned on 29 January 2026*)

### Independent Non-Executive Directors

Ms. Zhang Tao  
Mr. Li Hengyuan  
(*appointed on 29 January 2026*)  
Mr. Wang Zefeng  
(*resigned on 29 January 2026*)  
Mr. Sun Junchen  
(*appointed on 29 August 2025*)  
Ms. Jiao Jie  
(*resigned on 29 August 2025*)

## AUDIT COMMITTEE

Ms. Zhang Tao (*Chairlady*)  
Mr. Li Hengyuan  
(*appointed on 29 January 2026*)  
Mr. Wang Zefeng  
(*resigned on 29 January 2026*)  
Mr. Sun Junchen  
(*appointed on 29 August 2025*)  
Ms. Jiao Jie  
(*resigned on 29 August 2025*)

## REMUNERATION COMMITTEE

Mr. Li Hengyuan (*Chairman*)  
(*appointed on 29 January 2026*)  
Mr. Wang Zefeng (*Chairman*)  
(*resigned on 29 January 2026*)  
Mr. Wang Dongxing  
Ms. Zhang Tao  
Mr. Sun Junchen  
(*appointed on 29 August 2025*)  
Ms. Jiao Jie  
(*resigned on 29 August 2025*)  
Mr. Chen Dongxu  
(*appointed on 29 January 2026*)  
Mr. Zhang Xiaohui  
(*resigned on 29 January 2026*)

## NOMINATION COMMITTEE

Mr. Sun Junchen (*Chairman*)  
(*appointed on 29 August 2025*)  
Ms. Jiao Jie (*Chairlady*)  
(*appointed on 29 August 2025*)  
Mr. Wang Dongxing  
Mr. Li Hengyuan  
(*appointed on 29 January 2026*)  
Mr. Wang Zefeng  
(*resigned on 29 January 2026*)  
Ms. Zhang Tao  
Mr. Chen Dongxu  
(*appointed on 29 January 2026*)  
Mr. Zhang Xiaohui  
(*resigned on 29 January 2026*)

## JOINT COMPANY SECRETARIES

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  
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  
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)





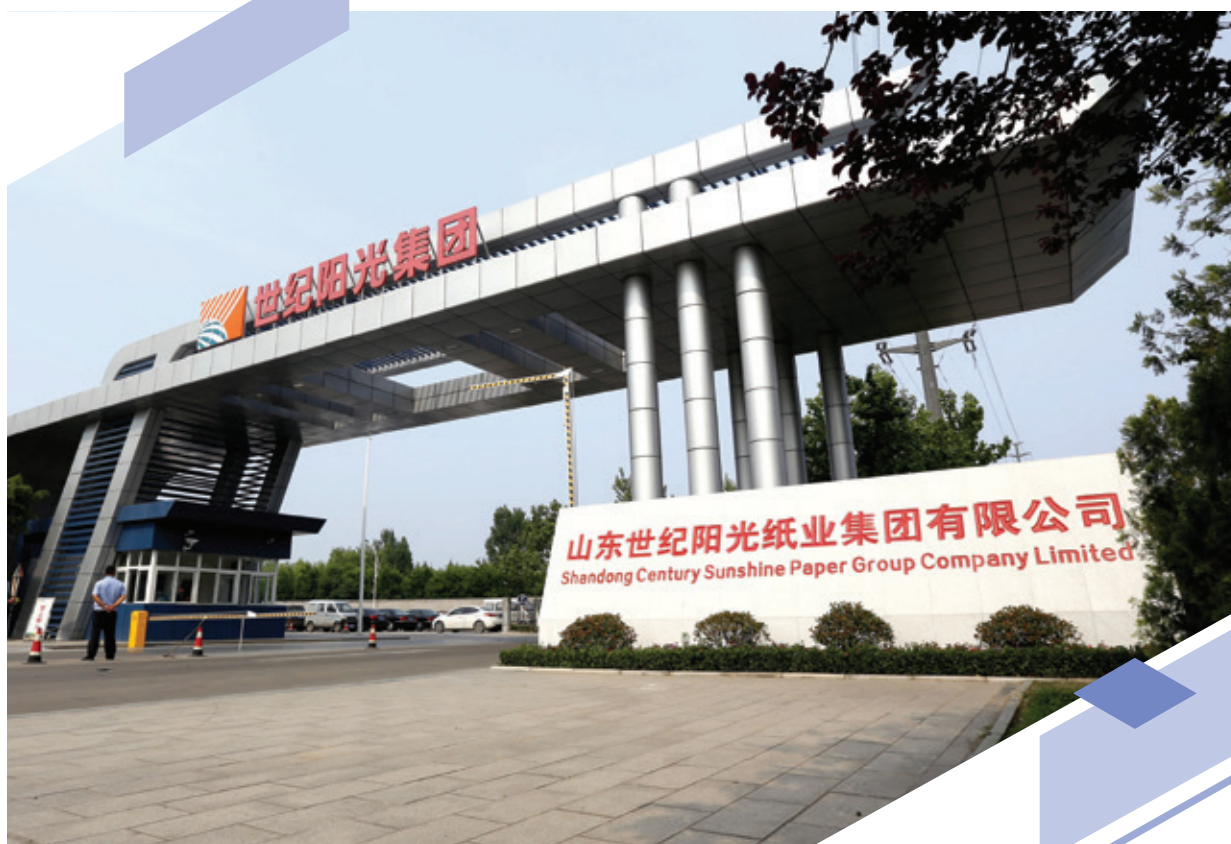
# CHAIRMAN'S STATEMENT

## Chairman's Statement

*Dear Shareholders,*

On behalf of the board (the "Board") of directors (the "Directors") of China Sunshine Paper Holdings Company Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual report of our Group for the financial year ended 31 December 2025 ("FY2025").





## BUSINESS REVIEW

The year 2025 marks the conclusion of the “14th Five-Year Plan”. Although the contradiction of strong supply and weak demand shows signs of easing, affected by factors such as the contraction of asset value and the increasing pressure of rigid expenditure, consumer spending remained subdued overall, and the papermaking industry still faced challenges. According to the latest data from the National Bureau of Statistics, from January to December 2025, the production of machine-made paper and cardboard nationwide was 164.054 million tons, representing a year-on-year increase of 2.9%; the cumulative operating income amounted to RMB1,418.67 billion, representing a year-on-year decrease of 2.6%; while the cumulative total profit reached RMB44.30 billion, representing a year-on-year decrease of 13.6%.

The year 2025 was a year in which the Group moved forward under pressure amidst the complex environment and held its ground amidst turbulent changes. Industrial overcapacity has yet to be fundamentally resolved, raw material prices remain volatile at elevated levels, market competition has intensified sharply, and the industry has entered a critical phase of transformation and iteration.



Facing the severe internal and external situations, the Group upheld to its work ethos of “uniting as one, acting courageously and resolutely”, and adhered to the management priorities of “sustained innovation, reform and breakthroughs, lean cost reduction, and effective execution”. It has further advanced internal management reforms, optimized organizational structures and staffing arrangements to improve per capita efficiency. The Company has accelerated digital transformation to elevate its smart and digital management capabilities. It has taken comprehensive measures to drive breakthroughs in underperforming segments, shore up weak links and strengthen overall competitiveness. Adopting a result-oriented approach, the Group has enhanced ongoing monitoring and control of workflows, intensified progress reviews and oversight, and ensured sustained, sound and stable business operations.

The Group has remained focused on its core papermaking business, completed the acquisition of a 40% equity interest in a joint venture, consolidating its leading position in the niche market of specialty papers. Through resource integration and the unlocking of synergies, the Group has systematically enhanced its overall competitiveness across the industry value chain. At the same time, through the horizontal expansion of the business footprint, the Group achieved a structural optimization of market coverage, effectively promoted the synergistic development and value creation across business segments, and laid a solid foundation for sustainable growth. This year, the Group achieved a total sales volume of 2.1086 million tons of machine-made paper, remaining stable compared to the last year's 2.11 million tons. Amidst a complex external environment and fierce market competition, the Group continuously enhanced our management capabilities, achieving a continuous, healthy and steady operation.

## BUSINESS OUTLOOK

The year 2026 marks the opening year for the implementation of the “15th Five-Year Plan”. The economic environment at home and abroad will remain severe and complex, with escalating geopolitical risks and conflicts. Weak demand, intensified homogeneous competition and industrial overcapacity are expected to persist in the near term. As uncertainties continue to mount, businesses will face headwinds stemming from volatile energy supply and rising logistics costs, presenting notable operational challenges. The Company will seek new opportunities amidst the turbulence, take market demand as the core direction, adhere to strategic implementation as the fundamental compliance, consolidate its foundation amid industry headwinds, seize the initiative in industrial transformation, and comprehensively empower the high-quality development of the enterprise. Setting clear goals and strategic directions, the Group will take sustained innovation as the core to activate the driving force for endogenous development; focus on improving quality and efficiency to consolidate the foundation for sustainable development; resolve constraints on growth and unlock development bottlenecks through reform-driven breakthroughs and build core risk-resilience capabilities underpinned by resilient development.

Human resources are the primary productive force for enterprise development. The Group will strengthen talent support, build a high-quality talent team, and provide solid intellectual support and organizational guarantees for the reform and transformation of the enterprise; at the same time, the Group will continuously advance digital construction, practice the concept of AI for all staff, accelerate the deep penetration and practical application of artificial intelligence across business fields, enhance operational efficiency and business control capabilities, continuously empower the high-quality development of the enterprise, and build a solid digital foundation for the enterprise's resilient growth and strategic breakthroughs.

The Group will continue to focus on its core papermaking business with refined operations. Centered on “creating value for customers”, the Group will further optimize its product mix and service models. Aligned with customers' core needs and potential expectations, the Group will advance the iterative upgrading of products and innovative optimization of services. Supported by effective execution of customer-centric initiatives, the Group will steadily expand its market share, strengthen industry influence, foster a new landscape of high-quality development, and inject robust momentum into resilient growth.

### **Wang Dongxing**

*Chairman*

Hong Kong, China

27 March 2026





# MANAGEMENT DISCUSSION AND ANALYSIS

# Management Discussion and Analysis

## TOTAL REVENUE

Our Group's total revenue for FY2025 was approximately RMB7,788.6 million, representing a decrease of approximately RMB259.0 million or 3.2% as compared to that of approximately RMB8,047.6 million for FY2024. The decrease in revenue mainly resulted from the reduction in sales price.

Sales of electricity and steam continued to account for a low single digit percentage of our Group's total revenue for FY2025.

The following table sets forth our Group's total revenue by different business segments:

	FY2025		FY2024	
	RMB'000	%	RMB'000	%
<b>Sales of paper products</b>				
White top linerboard	1,383,436	17.8	1,525,512	19.0
Coated-white top linerboard	1,716,185	22.0	1,876,840	23.3
Core board	577,596	7.4	601,663	7.4
Corrugated paper	1,706,248	21.9	1,808,100	22.5
Specialised paper products	2,034,576	26.1	1,795,473	22.3
Sub-total of paper products	7,418,041	95.2	7,607,588	94.5
<b>Sales of electricity and steam</b>	363,807	4.7	440,017	5.5
<b>Others</b>	6,766	0.1	—	—
	7,788,614	100.0	8,047,605	100.0





## COST OF SALES

Our cost of sales was around RMB6,691.1 million for FY2025, representing a decrease of approximately 2.3% as compared to the cost of sales for FY2024 of approximately RMB6,851.7 million. The decrease in cost of sales was consistent with the decrease in revenue, but lower than the decrease in revenue.

## GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit decreased from approximately RMB1,195.9 million for FY2024 to approximately RMB1,097.5 million for FY2025. Gross profit margin for FY2025 was around 14.1%, representing a 0.8 percentage point decrease as compared to that of 14.9% for FY2024.

## OTHER PROFIT AND LOSS ITEMS

Other income of approximately RMB153.7 million for FY2025 (FY2024: approximately RMB274.3 million) mainly comprised interest income of approximately RMB49.3 million (FY2024: approximately RMB82.8 million), rental income from an investment property and other properties of approximately RMB4.9 million (FY2024: approximately RMB5.4 million), government grants of approximately RMB83.3 million (FY2024: approximately RMB169.1 million), hotel and catering services income of approximately RMB4.2 million (FY2024: approximately RMB5.4 million) and logistics services income of approximately RMB12.0 million (FY2024: approximately RMB11.5 million).

Other losses of approximately RMB7.5 million for FY2025 (FY2024: other gain of approximately RMB28.9 million) mainly consisted of gain from sale of scrap materials of RMB34.2 million, loss on disposal and written off of property, plant and equipment of RMB4.4 million, net foreign exchange loss of RMB9.0 million, fair value loss on financial assets at FVTPL of RMB83.7 million, fair value loss of biological assets of RMB4.5 million, sales of carbon emission allowances of RMB18.5 million, written off of other payables of RMB29.0 million, remeasurement gain on step acquisition of a joint venture of RMB11.8 million and other profit of RMB0.6 million.

Distribution and selling expenses recorded RMB372.2 million for FY2025 as compared to RMB372.9 million for FY2024. For FY2025, such expenses represented approximately 4.8% of the total revenue, as compared with approximately 4.6% of the total revenue for FY2024.

Administrative expenses recorded RMB492.9 million for FY2025 as compared to RMB492.4 million for the corresponding period last year. For FY2025, it accounted for approximately 6.3% of the total revenue, as compared with approximately 6.1% of the total revenue for FY2024.

Finance costs recorded approximately RMB110.0 million for FY2025 as compared to approximately RMB151.4 million for the corresponding period last year. For FY2025, it accounted for approximately 1.4% of the total revenue, as compared with approximately 1.9% of the total revenue for FY2024.

## INCOME TAX EXPENSES

Income tax expenses were approximately RMB124.9 million for FY2025 as compared to approximately RMB113.5 million for FY2024.

## PROFIT FOR THE YEAR

As a result of the above factors, the Group recorded a profit for the year attributable to the owners of our Company of approximately RMB159.9 million for FY2025, representing a decrease of approximately RMB120.0 million from approximately RMB279.9 million for FY2024.

## SIGNIFICANT INVESTMENTS

During FY2025, the Group did not hold any significant investment. As of 31 December 2025, the Company did not have detailed future plans for material investments or capital assets.

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

During FY2025, 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) (“**Seller**”) entered into an equity transfer agreement in relation to the acquisition of 40% equity interest of Century Sunshine (Shongnang) Specialty Paper Co., Ltd\* (世紀陽光(壽光)特種紙業有限公司) by Century Sunshine from the Seller for a consideration of RMB85,000,000 (tax inclusive). For details, please refer to the announcement dated on 16 June 2025.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company during FY2025.

## LIQUIDITY AND FINANCIAL RESOURCES

### Treasury policy

Our working capital requirement and capital expenditure are financed by a combination of cash generated from our operations and bank and other borrowings. It is our Group's treasury management policy not to engage in any highly leveraged or speculative derivative products. During FY2025, our Group continued to adopt a conservative approach to financial risk management.

### Foreign exchange risks

As the functional and reporting currencies of our Group are Renminbi, there are some foreign exchange differences arising from the conversion of financial statements by individual companies. In addition, as our Group conducts business transactions which are principally denominated in RMB, the exchange rate risk at our Group's operational level is not significant. Nevertheless, the management continues to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when needed.

### Working capital

Net current liabilities of our Group were approximately RMB663.6 million as at 31 December 2025, as compared to approximately RMB625.1 million as at 31 December 2024. Current ratio was 0.89 times and 0.88 times, respectively, as at 31 December 2025 and 31 December 2024.

Bank balances and cash, and restricted bank deposits were approximately RMB2,922.8 million as at 31 December 2025, as compared to approximately RMB2,697.7 million as at 31 December 2024.

Inventories were approximately RMB696.1 million as at 31 December 2025, as compared to approximately RMB506.5 million as at 31 December 2024. Inventory turnover was 33 days for FY2025, as compared to 31 days for FY2024.

Trade receivables were approximately RMB843.6 million as at 31 December 2025, as compared to approximately RMB632.1 million as at 31 December 2024. Trade receivables turnover for FY2025 was 35 days as compared to 27 days for FY2024.

Trade payables were approximately RMB902.1 million as at 31 December 2025, as compared to approximately RMB923.1 million as at 31 December 2024. Trade payables turnover for FY2025 was 50 days, as compared to 51 days for FY2024.

### Cashflow

Net cash from operating activities amounted to approximately RMB547.1 million for FY2025 (FY2024: approximately RMB680.5 million).

Net cash used in investing activities amounted to approximately RMB1,028.9 million for FY2025 (FY2024: approximately RMB884.6 million).

Net cash from financing activities amounted to approximately RMB404.6 million for FY2025 (FY2024: approximately RMB228.7 million).

The combined effect of the above resulted in a net decrease in cash and cash equivalents of RMB77.1 million for FY2025 (FY2024: net decrease in cash and cash equivalents of RMB432.8 million).

### Gearing ratio

Our net gearing ratio increased from approximately 16.4% as at 31 December 2024 to approximately 26.4% as at 31 December 2025. The increase in net gearing ratio was mainly driven by the increase in bank borrowings.

### Capital expenditure

During FY2025, our capital expenditure was approximately RMB826.9 million (FY2024: RMB594.0 million), which mainly involved the additions on property, plant and equipment and land use rights.

### Pledge of assets

For FY2025, the aggregate carrying amount of our assets pledged was approximately RMB4,319.5 million (FY2024: approximately RMB3,471.1 million). The pledge of assets are mainly used for bank borrowings, other borrowings, discounted bills financing and bills payables.

### Indebtedness

As at 31 December 2025, the Group's total borrowings was RMB4,323.2 million, an increase of RMB755.6 million from RMB3,567.6 million as at 31 December 2024. The table below sets forth the balances of short and long-term borrowing obligations within the Group as at the date indicated:

	2025 RMB'000	2024 RMB'000
Current bank borrowings	2,494,380	2,017,409
Non-current bank borrowings	1,617,048	1,280,891
Current other borrowings	81,452	212,828
Non-current other borrowings	67,683	163
Current lease liabilities	8,383	5,172
Non-current lease liabilities	54,277	51,183
	<b>4,323,223</b>	3,567,646

Analysis of bank borrowings by currency:

	2025 RMB'000	2024 RMB'000
Denominated in RMB	3,736,437	3,227,526
Denominated in EUR	374,991	70,744
	<b>4,111,428</b>	3,298,300

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 borrowing facilities as necessary.

### Pledge of assets

As at 31 December 2025, certain of the Group's assets were pledged to secure banking facilities (including bank borrowings, discounted bills financing and bills payables) granted to the Group. The aggregate carrying amount of the assets of the Group pledged as at the dates indicated is as follows:

	2025 RMB'000	2024 RMB'000
Buildings	1,057,969	702,771
Plant, machinery and equipment	1,151,994	1,006,266
Investment property	55,515	57,064
Prepaid lease payments	189,277	142,640
Restricted bank deposits	1,864,757	1,562,343
	<b>4,319,512</b>	3,471,084

### Capital commitments and contingent liabilities

Capital expenditure contracted for in the consolidated financial statements in respect of acquisition of property, plant and equipment and investment in a partnership were approximately RMB31.6 million and nil as at 31 December 2025 (FY2024: RMB33.8 million and RMB196.3 million).

As at 31 December 2025, our Group had no material contingent liabilities.

### Employees and remuneration policies

Our Group employed approximately 4,500 full-time employees in the PRC and Hong Kong as at 31 December 2025. The staff costs for FY2025 were approximately RMB535.1 million. The emolument policy of our Group is aimed at attracting, retaining and motivating talented individuals. The principle is to have performance-based remuneration which reflects market standards. Remuneration package for each employee is generally determined based on his or her job nature and position with reference to market standards. Employees are entitled to certain welfare benefits. The Company has also adopted share schemes as an incentive to eligible employees of the Group. Our emolument policy will be adjusted depending on a number of factors, including changes to the market practice and stages of our business development, so as to achieve our operational targets.

Notes to financial ratios:

- (1) Inventory turnover days equal to the average of the opening and closing balances of inventories of the relevant year divided by cost of sales of the relevant year and multiplied by 365 days.
- (2) Trade receivables turnover days equal to the average of the opening and closing balances of trade receivables of the relevant year divided by turnover of the relevant year and multiplied by 365 days.
- (3) Trade payables turnover days equal to the average of the opening and closing balances of trade payables of the relevant year divided by cost of sales of the relevant year and multiplied by 365 days.
- (4) Current ratio equals current assets divided by current liabilities as of the end of the year.
- (5) Net gearing ratio equals total of bank borrowings, other borrowings and leases liabilities, net of bank balances and cash, and restricted bank deposits divided by total equity as of the end of the year.

### Termination of the adjusted profit guarantee

References are made to (i) the announcement of the Company dated 10 November 2021 in relation to the acquisition of 45% shareholding interest in the Target Company, (ii) the supplemental announcement of the Company dated 4 January 2022, (iii) the announcement of the Company dated 21 January 2022 in relation to the completion of the acquisition, (iv) the announcement of the Company dated 26 January 2023 in relation to the expected failure of the Target Group to meet the profit guarantee, (v) the announcement of the Company dated 17 August 2023 in relation to the repurchase as a result of the failure of the Target Group to meet the profit guarantee; (vi) the announcement of the Company dated 14 February 2025 in relation to the update on profit guarantee; and (vii) the announcement of the Company dated 5 December 2025 in relation to the update on profit guarantee (collectively, the “Announcements”). Unless otherwise stated, terms defined in the Announcements shall have the same meanings when used in this report.

According to the Sale and Purchase Agreement dated 10 November 2021, the Vendors and the Vendors’ Guarantors irrevocably and unconditionally guarantee jointly and severally to the Purchaser that (a) the 2022 Net Profit shall not be less than RMB30,000,000 (the “**2022 Guaranteed Profit**”); (b) the 2023 Net Profit shall not be less than RMB45,000,000 (the “**2023 Guaranteed Profit**”); and (c) the 2024 Net Profit shall not be less than RMB54,000,000 (the “**2024 Guaranteed Profit**” together with the 2022 Guaranteed Profit and 2023 Guaranteed Profit, each the “Guaranteed Profit” and collectively the “**Guaranteed Profits**”).

If the Net Profit in the relevant guarantee period is less than or equal to 70% of the Guaranteed Profit in the corresponding guarantee period, the Vendors and Vendors’ Guarantors shall repurchase or procure its affiliates to repurchase all the shares of the Target Company which are owned by the Purchaser on such date at the consideration of RMB265,000,000, RMB280,900,000 and RMB297,754,000 for the relevant guarantee period, respectively.

According to the 2022 Audited Accounts delivered by the Target Group to the Group, the Target Group recorded a net loss of approximately CA\$14.8 million for FY2022. As a result of the Target Group’s failure to meet more than 70% of the 2022 Guaranteed Profit, the Vendors and the Vendors’ Guarantors entered into the Repurchase Agreement on 17 August 2023 (after trading hours), pursuant to which the Purchaser has agreed to re-sell, and the Vendors have agreed to re-purchase, the Sale Shares at a total consideration of RMB265,000,000, subject to the terms and conditions of the Repurchase Agreement. Based on the reasons disclosed in the section headed “Reasons for and Benefits of the Repurchase Agreement” in the announcement of the Company dated 17 August 2023, the Board considers that the Repurchase Agreement and the transactions contemplated thereby are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On 14 February 2025 (after trading hours), the Purchaser entered into the Termination Agreement with the Vendors and the Vendors' Guarantors, pursuant to which the parties agreed to terminate the Repurchase Agreement and adjust the profit guarantee concerning the Target Group, and the profit guarantee has updated. Our Directors consider that (i) the Target Group failed to meet the 2022 Guaranteed Profit mainly due to the fact that the Target Group had been undergoing certain business adjustments and refining its business direction in relation to its LNG Business and IDC Electricity Business during FY2022 to cope with the changing business environment; (ii) the Company has been closely monitoring the performance of the Target Group and noted that having carried out the above business adjustments, the Target Group has demonstrated material improvement in its IDC Electricity Business which has been generating a steady source of income for the Target Group; (iii) the IDC Electricity Business continues to grow with potential business opportunities that may further improve the operation results of the Target Group; and (iv) the improvement in the performance and the business prospects of the Target Group, the parties also agreed to adjust the mechanism of the Guaranteed Profit which the Company considers to be beneficial to the Group and so on, the Directors consider that the Termination Agreement and the transactions contemplated thereby (including the adjusted mechanism of the Guaranteed Profit) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. For further details, please refer to the announcement of the Company dated 14 February 2025.

On 5 December 2025, the Purchaser and the Vendors' Guarantor A and Vendors' Guarantor B entered into a sale and purchase agreement separately (the "**2025 Sale and Purchase Agreements**"), pursuant to which the Purchaser agreed to conditionally purchase and the Vendors' Guarantor A agreed to conditionally sell 3,023 ordinary shares with a par value of US\$1 each in the capital of the Target Company, at the total consideration of US\$1, and the Purchaser agreed to conditionally purchase and the Vendors' Guarantor B agreed to conditionally sell 2,477 ordinary shares with a par value of US\$1 each in the capital of the Target Company, at the total consideration of US\$1. On 5 December 2025, the Purchaser entered into the Profit Guarantee Termination Agreement with the Vendors and the Vendors' Guarantors to terminate the Adjusted Profit Guarantee. For further details, please refer to the announcement of the Company dated 5 December 2025.

The Target Group has shifted its business directions from LNG Business to IDC Electricity Business which has been generating a steady source of income for the Target Group. The Acquisition will enhance the operational efficiency and flexibility of the Target Group. The Directors believe that the Acquisition will provide an opportunity for the Group to broaden the income base of the Group, thereby enhancing the Group's financial position and profitability in the future.

The Company still believes that the Target Group is in a promising industry and the IDC Electricity Business will continue to grow with potential business opportunities that may further improve the operation results of the Target Group. The Directors, including independent non-executive Directors, are of the view that the terms of the 2025 Sale and Purchase Agreements, the Profit Guarantee Termination Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.





# CORPORATE GOVERNANCE REPORT

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

### Code on Corporate Governance Practices

Our Company is committed to achieve high standard of corporate governance. Our Directors believe that sound and reasonable corporate governance practices are essential for our growth and for safeguarding and maximising shareholders' interests. Our Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix C1 to the Listing Rules during FY2025.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

Our 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 securities transactions by the Directors. Specific enquiries have been made to all Directors by our Company to confirm that all Directors have complied with the Model Code during FY2025.

## THE BOARD

### Board responsibilities

Our Board is responsible for the overall development and guidance of our Group. It formulates business strategies and policies for our Group and oversees the effectiveness of management strategies to maximize long-term shareholders' value. Our Group's management team takes charge of the daily operations of our Group. Our Board primarily performs the following duties:

- formulate long-term business strategies;
- approve annual budgets;
- review operating and financial performance;
- discuss and approve acquisition opportunities, investments and significant capital expenses;
- approve the appointment of Directors and the company secretary of our Company; and
- monitor the performance of our Group's management.

The chairman of our Board is responsible for the management and operation of our Board. Our executive Directors (including the chairman of our Board) also take charge of the operations of our Company.

## Board composition

At the date of this report, the Board comprises eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. The members of the Board are as follows:

Chairman:	Mr. Wang Dongxing
Executive Directors:	Mr. Wang Dongxing Mr. Shi Weixin Mr. Wang Changhai Mr. Ci Xiaolei ( <i>resigned on 15 April 2026</i> )
Non-executive Directors:	Ms. Wu Rong Mr. Chen Dongxu ( <i>appointed on 29 January 2026</i> ) Mr. Zhang Xiaohui ( <i>resigned on 29 January 2026</i> )
Independent non-executive Directors:	Ms. Zhang Tao Mr. Li Hengyuan ( <i>appointed on 29 January 2026</i> ) Mr. Wang Zefeng ( <i>resigned on 29 January 2026</i> ) Mr. Sun Junchen ( <i>appointed on 29 August 2025</i> ) Ms. Jiao Jie ( <i>resigned on 29 August 2025</i> )

Our Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of our Company.

Biographical details of our Directors and their respective terms of appointment are set out in the section headed “Directors and Senior Management” of this report.

As to the relationships among our Board members, Mr. Wang Dongxing, Mr. Shi Weixin, Mr. Wang Changhai and Ms. Wu Rong are parties to a concert parties agreement. For further details of their relationship, please refer to notes 1 and 2 of the section headed “Reports of the Directors — Directors’ Interests in Securities”. Other than the relationships between Mr. Wang Dongxing, Mr. Shi Weixin, Mr. Wang Changhai and Ms. Wu Rong, there is no other relationship between other members of our Board.

## Retirement of Directors and re-election of Directors

In accordance with the articles of association of our Company (the “Articles”), one third (or if their number is not a multiple of three, the number nearest to but not less than one-third) in number of our Directors shall retire from office by rotation at each annual general meeting of our Company and provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The retiring Directors are eligible to offer themselves for re-election at such annual general meeting. Pursuant to Article 87 of the Articles, Mr. Wang Dongxing, Mr. Shi Weixin and Ms. Zhang Tao shall retire from office at the forthcoming annual general meeting of the Company to be held on 12 June 2026 (the “AGM”) and being eligible for re-election, will offer themselves for re-election at the AGM.

Pursuant to Article 86 (3) of the Articles, Mr. Chen Dongxu, Mr. Li Hengyuan and Mr. Sun Junchen, shall being eligible, will offer themselves for re-election at the AGM.

### Independence of independent non-executive Directors

Our Company has received from each of our independent non-executive Directors an annual confirmation of his/her independence as regards each of the factors referred to in Rule 3.13 of the Listing Rules. Our Company considers all of the independent non-executive Directors are independent.

### Board meetings and general meetings

For FY2025, our Company held a total of six Board meetings, one annual general meeting and one extraordinary general meeting. The attendance records of each member of the Board at the Board meetings and the general meetings are set out in the following table:

Director	Board meetings attendance/held	Annual general meeting attendance/held	Extraordinary general meeting attendance/held
Executive Directors			
Mr. Wang Dongxing	6/6	1/1	1/1
Mr. Shi Weixin	6/6	1/1	1/1
Mr. Wang Changhai	6/6	1/1	1/1
Mr. Ci Xiaolei <i>(resigned on 15 April 2026)</i>	6/6	1/1	0/1
Non-executive Directors			
Ms. Wu Rong	6/6	1/1	1/1
Mr. Chen Dongxu <i>(appointed on 29 January 2026)</i>	N/A	N/A	N/A
Mr. Zhang Xiaohui <i>(resigned on 29 January 2026)</i>	6/6	1/1	1/1
Independent Non-executive Directors			
Ms. Zhang Tao	6/6	1/1	1/1
Mr. Li Hengyuan <i>(appointed on 29 on January 2026)</i>	N/A	N/A	N/A
Mr. Wang Zefeng <i>(resigned on 29 January 2026)</i>	6/6	1/1	1/1
Mr. Sun Junchen <i>(appointed on 29 August 2025)</i>	2/6	N/A	1/1
Ms. Jiao Jie <i>(resigned on 29 August 2025)</i>	4/6	1/1	N/A

## Directors' training and continuous professional development

Each of our newly appointed Directors is provided with the necessary induction and information to ensure that such Director has a proper understanding of our operations and businesses as well as his responsibilities under the Listing Rules and other relevant regulatory requirements. In addition, Mr. Sun Junchen, Mr. Chen Dongxu and Mr. Li Hengyuan, the newly appointed Directors obtained the legal advice referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to them as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 26 August 2025, 28 January 2026 and 24 January 2026, respectively. They have confirmed that they understood their obligations as a Director.

Furthermore, from time to time, the company secretary of our Company updates and provides training and written materials on the latest development of the applicable laws, rules and regulations to our Directors.

According to the records maintained by our Company, our Directors received the following training during FY2025:

Director	Type of training attended
Executive Directors	
Mr. Wang Dongxing	A/B
Mr. Shi Weixin	A/B
Mr. Wang Changhai	A/B
Mr. Ci Xiaolei ( <i>resigned on 15 April 2026</i> )	A/B
Non-executive Directors	
Ms. Wu Rong	A/B
Mr. Chen Dongxu ( <i>appointed on 29 January 2026</i> )	N/A
Mr. Zhang Xiaohui ( <i>resigned on 29 January 2026</i> )	A/B
Independent Non-executive Directors	
Ms. Zhang Tao	A/B
Mr. Li Hengyuan ( <i>appointed on 29 January 2026</i> )	N/A
Mr. Wang Zefeng ( <i>resigned on 29 January 2026</i> )	A/B
Mr. Sun Junchen ( <i>appointed on 29 August 2025</i> )	A/B
Ms. Jiao Jie ( <i>resigned on 29 August 2025</i> )	A/B

Legend:

A — reading materials relating to the operations, businesses and the laws, rules and regulations relevant to our Group, and directors' duties and responsibilities.

B — attending external programmes/training.

## NON-EXECUTIVE DIRECTORS' TERMS OF APPOINTMENT

For the terms of appointment of our non-executive Directors and independent non-executive Directors, please refer to the section headed “Report of the Directors — Directors — Directors’ service contracts” on page 46 of this annual report.

## AUDIT COMMITTEE

Our 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 financial reporting process, internal control system and risk management of our Company and to provide advice and comments to our Board. The members of the audit committee are all of our independent non-executive Directors. During FY2025, our audit committee held two meetings to review our annual results for FY2024 and interim results for the six months ended 30 June 2025, and our risk management and internal control systems.

## REMUNERATION COMMITTEE

Our Board has established a remuneration committee in compliance with the CG Code. At the date of this report, the remuneration committee consists of five members, of whom one is an executive Director, namely Mr. Wang Dongxing, one is a non-executive Director, namely Mr. Chen Dongxu and three are independent non-executive Directors, namely Mr. Li Hengyuan, Mr. Sun Junchen and Ms. Zhang Tao. Mr. Li Hengyuan is the chairman of the remuneration committee. The primary duties of the remuneration committee are to review and give recommendations to our Board in relation to the remuneration and other benefits paid by our Company to our Directors and the senior management of our Group. The remuneration of all our Directors and the senior management of our Group is subject to regular monitoring by the remuneration committee to ensure that the levels of their remuneration and compensation are appropriate. During FY2025, our remuneration committee held one meeting to determine the policy for the remuneration of our executive Directors and assess performance of our executive Directors.

During FY2025, the Remuneration Committee mainly performed the following duties:

- assessed performance of the executive Directors;
- reviewed the Group’s remuneration policy;
- reviewed and approved the remuneration package of the executive Directors and senior management for the year of 2025;
- approving terms of executive Directors’ service contracts; and
- reviewing and/or approving matters relating to share schemes under Chapter 17, including approving the adoption of the 2025 share award scheme.

Further particulars regarding Directors’ remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in Note 10 to the consolidated financial statements, respectively.

## NOMINATION COMMITTEE

Our Board has established a nomination committee in compliance with the CG Code. The primary duties of the nomination committee are to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement our Company's corporate strategy.

At the date of this report, the nomination committee consists of five members, of whom one is an executive Director, namely Mr. Wang Dongxing, one is a non-executive Director, namely Mr. Chen Dongxu and three are independent non-executive Directors, namely Ms. Zhang Tao, Mr. Li Hengyuan and Mr. Sun Junchen. Mr. Sun Junchen is the chairman of the nomination committee. During FY2025, our nomination committee held one meeting to review the structure, size and composition of our Board, the retirement of our Directors by rotation and the re-appointment of retiring Directors at the AGM.

The Company has adopted a board diversity policy. The purpose of the policy is to set out the basic principles to be followed to ensure that the Board has appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Under the policy, the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience, which are the measurable objectives for implementing the policy.

The nomination committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and shall give adequate consideration to the board diversity policy in selection of Board candidates. Board members nomination and appointments will continue to be made on merit basis based on the Company's business needs from time to time while taking into account diversity.

The nomination committee is also responsible for reviewing the policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving these measurable objectives. The review of the policy and the measurable objectives shall be carried out at least annually to ensure the continued effectiveness of the Board.

During FY2025, the nomination committee has considered the board diversity policy and whether the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. After due consideration, the nomination committee has concluded that based on the Company's existing business model and specific needs, the current composition of the Board satisfies the board diversity policy for FY2025.

## Diversity in Board and Workforce

### *Board level*

Directors have a balanced mix of knowledge and skills, including but not limited to pulp and paper making, overall business management, finance and accounting, mechanical design, investment and law. The Board has a relatively wide range of ages, ranging from 38 years old to 69 years old, and there are both male and female representatives on the Board, with male representatives accounting for 75% and female representatives accounting for 25%. The Board is of the view that our Board satisfies the board diversity policy. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

### *Workforce level*

For FY2025, among the employees of the Group, 74.5% are male and 25.5% are female. The Board believes that the current gender proportion is relatively reasonable and has realized gender diversity, and will further evaluate and take effective measures according to business development.

The Company is committed to attract a diverse workforce (including but not limited to gender, age, cultural and educational background, skills, knowledge and experience) and to create a fair and supportive workplace for the employees, to build a strong pipeline of diverse female talent to ensure a gender balance in future workforce. The Company expects the above is achievable with suitable effort in promoting the gender diversity culture, which the Group has been advocating for so.



### Board committees meetings

Our audit committee, remuneration committee and nomination committee held meetings during FY2025. The attendance records of each member of our audit committee, remuneration committee and nomination committee are set out in the following table:

Director	Audit committee attendance/held	Remuneration committee attendance/held	Nomination committee attendance/held
Executive Directors			
Mr. Wang Dongxing	—	1/1	1/1
Mr. Shi Weixin	—	—	—
Mr. Wang Changhai	—	—	—
Mr. Ci Xiaolei <i>(resigned on 15 April 2026)</i>	—	—	—
Non-executive Directors			
Ms. Wu Rong	—	—	—
Mr. Chen Dongxu <i>(appointed on 29 January 2026)</i>	N/A	N/A	N/A
Mr. Zhang Xiaohui <i>(resigned on 29 January 2026)</i>	—	1/1	1/1
Independent Non-executive Directors			
Ms. Zhang Tao	2/2	1/1	1/1
Mr. Li Hengyuan <i>(appointed on 29 January 2026)</i>	N/A	N/A	N/A
Mr. Wang Zefeng <i>(resigned on 29 January 2026)</i>	2/2	1/1	1/1
Mr. Sun Junchen <i>(appointed on 29 August 2025)</i>	N/A	N/A	N/A
Ms. Jiao Jie <i>(resigned on 29 August 2025)</i>	2/2	1/1	1/1

## JOINT COMPANY SECRETARIES

During FY2025, in accordance with Rule 3.29 of the Listing Rules, each of Mr. Yeung Tsz Kit Alban and Ms. Wang Jingjing, the joint company secretaries of our Company, has taken no less than 15 hours of relevant professional training. Biographical details of Mr. Yeung and Ms. Wang are set out in the section headed “Directors and Senior Management” of this report.

## CORPORATE GOVERNANCE POLICY

Our Board is responsible for developing and reviewing our Company’s policies and practices on corporate governance. It reviews and monitors the training and continuous professional development of our Directors and senior management of our Company; reviews and monitors our Company’s policies and practices on compliance with legal and regulatory requirements; develops, reviews and monitors the code of conduct applicable to our Company’s employees and Directors; and reviews our Company’s compliance with the CG Code and the disclosure in this corporate governance report. During FY2025, the Board has carried out such responsibilities during the Board meetings held in the year.

## CHAIRMAN AND CHIEF EXECUTIVE

The CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Currently, our Company does not have the position of chief executive. Mr. Wang Dongxing is the chairman of our Board. Mr. Wang Changhai is the general manager of Shandong Century Sunshine Paper Group Co., Ltd (“Century Sunshine”), the principal operating subsidiary of our Group for FY2025. As such, our Company has complied with Code C.2.1 of the CG Code in respect of the appointment of chairman and chief executive.

## AUDITOR’S REMUNERATION

For FY2025, we have engaged the auditor of our Company for audit and non-audit services. The fee paid or payable to the auditor of our Company in respect of the audit services and non-audit services (including the agree-upon procedures to the 2025 interim results announcement and interim report and assurance report on continuing connected transactions) provided amounted to approximately RMB2.1 million and RMB0.4 million, respectively.

## RISK MANAGEMENT AND INTERNAL CONTROL

Our Board acknowledges that it has overall responsibility for our Group’s risk management and internal control systems and for reviewing their effectiveness. The Company has an internal audit and control department which carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company’s risk management and internal control systems and reports to the Board.

During FY2025, our Board has conducted its regular and annual review of the effectiveness of our risk management and internal control systems, in particular, the operational and financial reports, compliance control and risk management reports, budgets and business plans provided by the management. The audit committee of our Company also performs regular review of our Group's performance, risk management and internal control systems and discusses with the Board, in order to ensure effective measures are in place to protect material assets and identify business risks of our Group. Such review in FY2025 did not reveal any major issues and the Board considers our risk management and internal control systems effective and adequate. Our Group's review procedures involved in the risk management and internal control mainly included:

- (1) A list of risks was created after the scope of risks was determined and risks were identified.
- (2) The impacts brought by possible financial losses due to risks on operating efficiency, continuous development, and reputation were assessed with reference to possible occurrence of various potential risks and the attention drawn from the management of our Group, based on which the priority of the risks was determined.
- (3) Our risk management measures with respect to material risks were identified, internal control over the design and implementation of risk management measures were assessed, and measures to improve the weaknesses were formulated.
- (4) By assessing internal controls and management's implementation of rectification measures with respect to material risks, our Group regularly reviewed and summarized the risk management and internal control systems to realize the efficient operation and constant improvement of risk management.
- (5) The risk management handbook was formulated to address risk management and internal control, pursuant to which, the terms of reference of the management, the Board, and the Audit Committee with respect to their risk management work were clearly determined, and risk management and internal control systems were monitored on an ongoing basis.
- (6) The management submitted reports to the Audit Committee on regular reviews and assessment results with respect to risk management and internal control systems, material risk factors, and the relevant countermeasures.

## **DIRECTORS' RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS**

Our Directors acknowledge their responsibility for preparing the consolidated financial statements for FY2025, which were prepared in accordance with statutory requirements and applicable accounting standards. The reporting responsibility of the external auditor of our Company on the consolidated financial statements of our Group are set out in the independent auditor's report on pages 61 to 65 of this annual report.

## SHAREHOLDERS' RIGHTS

Under Article 58 of the Articles, in addition to annual general meeting, one or more shareholders of our Company holding 10% or more of the paid up capital of our Company carrying the right of voting at general meetings of our Company have the right to require an extraordinary general meeting to be called by our Board through written requisition, provided that on the date of requisition, such shareholder or shareholders are holding 10% or more of the paid up capital of our Company. Such extraordinary general meeting called may transact any business specified in the said written requisition and such meeting shall be held within two calendar months after the deposit of the written requisition. If within 21 days of such deposit, our Board fails to proceed to convene such meeting, the shareholder or shareholders requesting the meeting may do so in the same manner and all reasonable expenses incurred by such shareholder or shareholders as a result of the failure of our Board to convene such meeting shall be reimbursed by our Company. The same procedures apply to any proposal to be tabled at the annual general meeting for adoption.

We value opinions from our shareholders and acknowledge the importance of communication with our shareholders. We have a section titled “Investors Relations” on our Company’s website [www.sunshinepaper.com.cn](http://www.sunshinepaper.com.cn) where shareholders may access the published information, announcements and circulars of our Company. Shareholders who have enquiries may also send us email to the email accounts as disclosed in the “Investors Relations” on our Company’s website. The Board has reviewed the shareholders’ communication policy during the year, and confirmed that these policies have been effectively implemented.

## CHANGES IN CONSTITUTIONAL DOCUMENTS

During FY2025 there was no change in the Company’s constitutional documents.



## MEMBERS

The audit committee of our Company consists of the three independent non-executive Directors, namely Ms. Zhang Tao, Mr. Li Hengyuan and Mr. Sun Junchen, with Ms. Zhang Tao sitting as the chairlady of the audit committee. Biographical details of the current members are set out in the section headed “Directors and Senior Management”.

## TERMS OF REFERENCE

Based on the terms of reference of the audit committee as at 31 December 2025, members of the committee shall, among other things, oversee our Group’s relationship with its external auditor, review the preliminary results, interim results and annual financial statements, review the scope, extent and effectiveness of our Group’s internal audit functions and risk management, and, where necessary, commission independent investigations by legal advisers or other professionals.

## MEETINGS

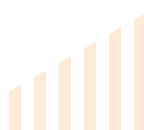
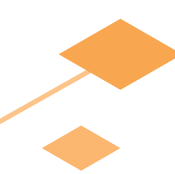
Two audit committee meetings were held during FY2025 and all members at the relevant time have attended such meetings.

The following is a summary of the tasks completed by the audit committee during FY2025 and up to the date of this report:

- reviewed the consolidated financial statements for FY2024;
- reviewed the unaudited condensed consolidated financial statements and the interim report for the six months ended 30 June 2025;
- reviewed the external auditor’s audit plan, letter of representation and audit engagement letter for FY2025;
- considered and approved the external audit fees for FY2025;
- reviewed our Company’s internal control and risk management systems; and
- reviewed the “Connected Transactions” set out on pages 55 to 59 of this annual report.

## FINANCIAL REPORTS

The audit committee reviewed and considered the reports and statements of the management to ensure that the consolidated financial statements of our Group have been prepared in accordance with IFRS Accounting Standards and Appendix D2 to the Listing Rules. The committee also met with the external auditor of our Company, Grant Thornton Hong Kong Limited, to consider the scope and results of their independent audit in respect of the consolidated financial statements.



## **REVIEW OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS**

The audit committee assisted our Board to perform its duties to maintain effective risk management and internal control systems for our Group. The audit committee reviewed our Group's procedure and workflow for environmental and risk assessment and its initiatives for business risks management and control.

## **RE-APPOINTMENT OF EXTERNAL AUDITOR**

The audit committee recommended to our Board that, subject to Shareholders' approval at the AGM, Grant Thornton Hong Kong Limited be re-appointed as our Company's external auditor for the year ending 31 December 2026.

For FY2025, the fee paid or payable to the external auditor of our Company in respect of the audit services and non-audit services (including the agree-upon procedures to the 2025 interim results announcement and interim report and assurance report on continuing connected transactions) provided amounted to approximately RMB2.1 million and RMB0.4 million, respectively.

## BOARD OF DIRECTORS

Our Board is responsible for and has general powers over the management and conduct of our Group's business. As at the date of this annual report, our Board consists of eight Directors including three executive Directors, two non-executive Directors and three independent non-executive Directors. Our Company has entered into service contracts with each of our executive Directors. The table below shows certain information in respect of the members of the Board:

Name	Position in our Group
<b>Executive Directors</b>	
Mr. Wang Dongxing	Chairman of our Board, a member of the remuneration committee and a member of the nomination committee
Mr. Shi Weixin	Vice chairman of our Board
Mr. Wang Changhai	General manager of our Group
<b>Non-executive Directors</b>	
Ms. Wu Rong	
Mr. Chen Dongxu	A member of the remuneration committee and a member of the nomination committee
<b>Independent non-executive Directors</b>	
Ms. Zhang Tao	Chairlady of the audit committee, a member of the remuneration committee and a member of the nomination committee
Mr. Li Hengyuan	Chairman of the remuneration committee, a member of the audit committee and a member of the nomination committee
Mr. Sun Junchen	Chairman of the nomination committee, a member of the audit committee and a member of the remuneration committee

## EXECUTIVE DIRECTORS

**Mr. Wang Dongxing**, aged 63, is an executive Director and the chairman of our Board. Mr. Wang was appointed as a Director on 22 August 2007. Mr. Wang is also a member of the remuneration committee and a member of the nomination committee of our Board. With over 20 years of experience in the paper manufacturing industry, Mr. Wang is responsible for the overall management and strategy of our Group. Mr. Wang has been with our Group since the establishment of Changle Century Sunshine Paper Industry Co., Ltd. ("Changle Sunshine") in 2000 and was previously the general manager of Century Sunshine. Mr. Wang is also a director of China Sunshine Paper Investments Limited ("China Sunshine") and China Sunrise Paper Holdings Limited ("China Sunrise"), controlling shareholders of our Company. He graduated from Shandong Institute of Light Industry (山東輕工業學院) with a Bachelor of Engineering degree in 1983, with a major in pulp and paper making. He served as a director and deputy general manager of Shandong Chenming Paper Holdings Limited ("Shandong Chenming"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") (stock code: 1812), which was mainly engaged in the business of production of machine-made paper, paper plate, paper materials and paper-making related machineries from 1985 to 1999. He was mainly responsible for the daily operation and management in Shandong Chenming. He served as a factory manager of Shandong Chenming Paper Industry Group Qihe Cardboard Co., Ltd ("Qihe Cardboard") from 1995 to 1996. During his tenure in office in Qihe Cardboard, Mr. Wang obtained the Qihe County's Economic Special Achievement Golden award. He also served as a factory manager of Shandong Chenming No. 2 Factory from 1997 to 1998, and was the general manager of Wuhan Shuailun Paper Industry Co., Ltd. from 1999 to 2000.

**Mr. Shi Weixin**, aged 69, is an executive Director and the vice chairman of our Board. Mr. Shi was appointed as a Director on 19 November 2007. With over 20 years of experience in electrical automation control, Mr. Shi is responsible for the management of the automation system. Mr. Shi has been with our Group since the establishment of Changle Sunshine in 2000. Mr. Shi is also a director of China Sunshine and China Sunrise, controlling shareholders of our Company. He graduated from China Textile University in 1986, with a major in industrial electrical automation. Mr. Shi used to be a design director of Shanghai Paper Manufacturing Machinery General Factory from 1981 to 1992 and was responsible for the design of the automation control system for paper-making equipment. During 1984 to 1992, he has been named as an “Excellent Technician” twice. In 1993, Mr. Shi founded Shanghai Paper Mechanical Electric Control Technology Institute (“Shanghai Institute”), and has been its chairman and general manager since 1993. Mr. Shi was primarily responsible for management and operation in Shanghai Institute. He was also a member of the Shanghai Hongkou District Committee of Political Consultative Conference, a member of the executive committee of Shanghai Hongkou Federation of Industry and Commerce and a director of Hongkou Association of Entrepreneurs Association. Mr. Shi won the “Shanghai City Technological Achievement” award in 2000.

**Mr. Wang Changhai**, aged 55, is an executive Director and the general manager of our Group. He has been appointed as a Director on 29 February 2016. Mr. Wang joined our Group in 2001 and he has exceeded 20 years of experience in the paper products industry and is very familiar with the operations of the Group. Mr. Wang is currently a General Manager of the Group and is responsible for the overall management of the Group. He had been a manager and an assistant manager of the Group prior to the promotion to the deputy general manager of domestic sales in 2003.

## NON-EXECUTIVE DIRECTORS

**Ms. Wu Rong**, aged 61, is a non-executive Director of our Group. Ms. Wu was appointed as a non-executive Director on 15 April 2019. Ms. Wu has more than 20 years experience in financial management. She is the chairman of board of supervisors in Shandong Century Sunshine Paper Co. Ltd, a subsidiary of the Group. She is also the chief financial officer of Shanghai SIED Electric Drive Co., Ltd,. Ms. Wu graduated from Shanghai University in July 1987, majoring in electric automation, and graduated from China Central Radio and Television University in July 2005, majoring in finance. Between August 1987 and December 1992, Ms. Wu served as a designer in the Research Institute of Shanghai Papermaking Machinery General Factory, and then joined Shanghai SIED Electric Drive Co., Ltd. (former Shanghai Paper Mechanical Electric Control Technology Institute) in January 1993, where she held the roles of administrative director and chief financial officer. Ms. Wu received the certificate of accounting professional in China in May 2002.

**Mr. Chen Dongxu** (陳東旭), aged 55, is a non-executive Director of our Group. Mr. Chen was appointed as a non-executive Director on 29 January 2026. He has more than 30 years of management and operations experience. Mr. Chen joined Xiamen C&D Industrial Trade Co. Limited\* (廈門建發工貿有限公司) in 1992 and was subsequently promoted to general manager of Xiamen C&D Automobile Co. Limited\* (廈門建發汽車有限公司) in 2003 and was responsible for the management and operations of the automobile segment of the company. In 2013, Mr. Chen was promoted as vice general manager of Xiamen C&D Inc.\* (廈門建發股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153) and is responsible for the management and operations of certain segments of the company. From August 2020 to May 2025, Mr. Chen was also a director of Xiamen C&D Inc.\* (廈門建發股份有限公司). Mr. Chen has been serving as a non-executive director of C&D Newin Paper & Pulp Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 731), from 29 January 2026.

Mr. Chen obtained a bachelor's degree in international trading from Xiamen University (廈門大學) in July 1992 and a master's degree in senior management business administration from Xiamen University (廈門大學) in December.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Zhang Tao**, aged 47, is an independent non-executive Director. Ms. Zhang joined our Group in 2023 and was appointed as a Director on 23 August 2023. Ms. Zhang has over 15 years of experience in auditing and over 6 years of experience in corporate compliance and management. Ms. Zhang served at Deloitte Touche Tohmatsu Beijing Branch successively as an auditing manager, an auditing senior manager, an auditing director and an auditing partner from August 2003 to April 2018. She then served as the chairlady of the supervisory committee and the general manager of internal control and audit department of Laopu Gold Co., Ltd.\* (老鋪黃金股份有限公司) from April 2018 to August 2021. Ms. Zhang has been serving as the vice president of Zhongshang Huimin Technology Group Co., Ltd.\* (中商惠民科技集團有限公司) since August 2021. Ms. Zhang graduated with a master's degree in accounting from Capital University of Economics and Business (首都經濟貿易大學) in July 2003. She was admitted as a member of the Chinese Institute of Certified Public Accountants in October 2006.

**Mr. Li Hengyuan** (李恒源), aged 47, is an independent non-executive Director. Mr. Li was appointed as a Director on 29 January 2026. He has been serving as the partner of Beijing Times Law Firm (北京時代華地律師事務所) since August 2021. Prior to this, Mr. Li worked at Beijing Shidai Jiuhe Law Firm (北京時代九和律師事務所) from July 2003 to August 2021, with his position successively held as a practicing lawyer and a partner.

Mr. Li holds a Bachelor of Laws degree from National Judges College (國家法官學院) and a degree of Magister Juris from China University of Political Science and Law (中國政法大學) in the People's Republic of China (the "PRC"). He also holds a master of business administration from Saim University (暹羅大學) in the Kingdom of Thailand. Mr. Li has obtained the Legal Professional Qualification Certificate from the Ministry of Justice of the PRC in 2007. He currently serves as director of the Beijing Friendship Association For Non-Party-Intellectuals, representative of the 12th Beijing Lawyers' Congress, deputy director of the Compliance Risk Control Committee of Beijing Lawyers Association, an executive Committee Member of the Beijing New Social Stratum Association, the director of Beijing Dongcheng Lawyers' Association, the arbitrator of Qingdao Arbitration Commission and Beihai Arbitration Commission.

**Mr. Sun Junchen (孫俊辰)**, aged 38, is an independent non-executive Director. Mr. Sun was appointed as a Director on 29 August 2025. He has been serving as the Managing Director of Glowill Capital Limited (歌未資本有限公司) since January 2025. Prior to this, Mr. Sun worked at PricewaterhouseCoopers Zhong Tian LLP Tianjin Branch (普華永道中天會計師事務所(特殊普通合夥)天津分所) from October 2011 to May 2015, with his last position held as a senior associate. From May 2015 to October 2015, he worked at Shenwan Hongyuan Securities Co., Ltd. Beijing Branch (申萬宏源證券有限公司北京分公司), with his last position held as a senior manager. From October 2015 to February 2017, he worked at Micro Media Holdings Limited\* (北京簡網世紀科技有限公司), with his last position held as the finance director. From February 2017 to April 2023, he worked at Beijing Blue City Information & Technology Co., Ltd.\* (北京藍城兄弟信息技術有限公司), with his last position held as the chief financial officer. From April 2023 to April 2024, he served as the vice president of investment development of Newborn Town Inc. (赤子城科技有限公司), a company listed on the Stock Exchange (stock code: 9911), and was primarily responsible for its innovative business. He has been serving as an independent non-executive director and as members of the remuneration committee, nomination committee and audit committee of China Vered Financial Holding Corporation Limited (中薇金融控股有限公司), a company listed on the Stock Exchange (stock code: 245) since March 2024. Mr. Sun also has been serving as an independent director and the chairman of audit committee of Yimutian Inc. (一畝田集團), a company listed on the Nasdaq (stock code: YMT) from August 2025 to March 2026.

Mr. Sun obtained his bachelor's degree in accountancy in June 2011 from the Tianjin University of Finance and Economics (天津財經大學). He obtained his master's degree in business administration from the Peking University (北京大學) in July 2018 and obtained his master's degree in business administration from the Tsinghua University (清華大學) in June 2024. He was also accredited as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in April 2015.

## SENIOR MANAGEMENT

**Mr. Liu Wenzheng**, aged 54, is the deputy general manager of our Group and is responsible for the management of the accounting and finance of our Company's subsidiaries in China. Mr. Liu joined the Group in February 2010. Mr. Liu graduated from Shandong Administration Institute with a Bachelor's degree in accountancy in 1993. Prior to joining our Group, he was the chief financial controller of Shandong Haoxin Group. He was a supervisor of Shandong Chenming. Mr. Liu is a member of the Chinese Institute of Certified Public Accountants.

**Mr. Zhang Hongming**, aged 54, is the deputy general manager of our Group and is responsible for the management of packing segment operation of our Group. He was previously responsible for the domestic sales and production management of our Group. Mr. Zhang joined our Group in 2001.

## JOINT COMPANY SECRETARIES

**Mr. Yeung Tsz Kit Alban**, aged 48, is currently a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. Mr. Yeung also holds a Practitioner's Endorsement from The Hong Kong Chartered Governance Institute. Mr. Yeung has over 20 years of extensive experience in the corporate secretarial, auditing, accounting and corporate finance field. In December 2025, Mr. Yeung served as Chief Financial Officer of Janco Holdings Limited, a company listed on GEM of the Stock Exchange (Stock code: 8035). Between December 2023 and September 2025, Mr. Yeung acted as the company secretary of D&G Technology Holding Company Limited, a company listed on the Stock Exchange (stock code: 1301). Between October 2025 and January 2026, Mr. Yeung served as independent non-executive Director of First Credit Finance Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8215). Mr. Yeung received a Master of Corporate Governance from the Hong Kong Metropolitan University (formerly known as the Open University of Hong Kong) and a Bachelor of Commerce from University of New South Wales, Australia.

**Ms. Wang Jingjing**, aged 42, has over 19 years of experience in the corporate finance and corporate governance. She holds a bachelor degree of Management Degree from Shandong College of Finance (山東財政學院, currently known as Shandong University of Finance and Economics (山東財經大學)). Ms. Wang joined the Group in April 2007 and served at various finance-related positions. From 2007 to 2011, she worked in Securities Department of the Company and then served as the vice manager of the Investment and Financing Department of the Company from 2012 to 2017. Since 2017, Ms. Wang has been holding the position of secretary in Securities and Financing Department of the Company and is mainly responsible for the affairs of the Board and the daily corporate compliance matters.



# Report of the Directors

We, the Directors, present the annual report together with the audited consolidated financial statements of our Group for FY2025.

## PRINCIPAL ACTIVITIES

Our Group is principally engaged in the production/generation and sale of paper products, electricity and steam.

## BUSINESS REVIEW AND FINANCIAL KEY PERFORMANCE INDICATORS

A business review and an analysis on the financial key performance indicators are set out in the section headed “Chairman’s Statement” on pages 6 to 11, and the section headed “Management Discussion and Analysis” on pages 12 to 21.

## RESULTS AND APPROPRIATIONS

The consolidated results of our Group for FY2025 are set out in the consolidated financial statements on page 66.

## DIVIDEND

The Board do not recommend the payment of a final dividend for FY2025.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

## DIVIDEND POLICY

The Board considers sustainable returns to shareholders to be one of the main objectives of the Company. Stable dividend payment to shareholders is the primary objective of the Company.

Under the applicable laws of the Cayman Islands and the Articles of Association of the Company, all of the shareholders have equal rights to dividends and distributions. The Board determines the interim dividend and recommends the final dividend which requires the approval of shareholders. In addition to cash, dividends may be distributed in the form of shares. Any distribution of shares also requires the approval of shareholders.

Retained profits can be used to achieve growth in corporate value. The Board has been making effective use of retained profits to strengthen the operating base and the development of businesses. According to the dividend policy adopted by the Company on 1 January 2019, the Board takes into account the various factors when considering the declaration and payment of dividends: financial results; cash flow situation; availability of distributable profits; capital requirements and expenditure plans; business status and strategies; future operations and earnings; development plans; interests of shareholders as a whole; any restrictions on declaration and/or payment of dividends; and any other factors the Board may deem relevant.

In practice, the Company will not declare any dividend(s) where: (1) there are reasonable grounds for believing that the Company is or would be, after a dividend payment, unable to pay its liabilities or discharge its obligations as and when they become due; (2) pursuant to dividend decision date, the Company is insolvent or bankrupt or where, as a result of paying dividends, the Company would be rendered insolvent or bankrupt; or (3) there is any other case set forth by any law.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of our Company will be closed from 9 June 2026 to 12 June 2026, both days inclusive, for the purpose of determining entitlement to attend the AGM, during which no transfer of shares of our Company will be registered. The record date for entitlement to attend and vote at the AGM is 12 June 2026. In order to qualify for attending and voting at the AGM, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with our Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on 8 June 2026.

Notice of the AGM will be published on our website at [www.sunshinepaper.com.cn](http://www.sunshinepaper.com.cn) and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk), and dispatched to the shareholders in due course.

## PRINCIPAL RISKS AND UNCERTAINTIES

The following principal risks and uncertainties facing the Company are in addition to those set out in notes 43 and 44 to the consolidated financial statements.

### Business risk

Downturn pressure on China's economy and price competition from other peers are the crucial elements of business risk. These two negative factors result in the uncertainties of sales and profit margin performances of our Group. The Board will regularly review overall management and implement appropriate strategies to minimize risks exposure.

## RELATIONSHIP WITH EMPLOYEES

Employees are one of the most important assets of our Group and their performances affect the sustainability of our Group's business. Our Group emphasizes the importance of attracting skilled and experienced talents by offering competitive remuneration packages, safe and pleasant working environment, and career development.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

Over the years, our Group has been fully committed to environmental protection. We are committed to preserving and protecting the environment in every aspect of our operation by implementing various measures and controls, including periodic meetings to review environmental issues in our plants and updated environmental laws and regulations.

Our Group will continue to allocate resources to ensure high environmental standards are persistently met in the key areas including production process, water and electricity consumption, waste water treatment and emission control.

Details of the Group's environmental policies and performance are set out in a separate "Environmental, Social and Governance Report" published simultaneously with this annual report.

## RESERVES

Details of the change in reserves of our Group for FY2025 are set out in the consolidated financial statements on page 69.

## **DISTRIBUTABLE RESERVES**

Pursuant to the Companies Act of the Cayman Islands, share premium, which has been partially offset by the accumulated losses of the Company, are distributable to the shareholders. As at 31 December 2025, the Company's reserve available for cash distribution and/or distribution in specie, amounted to approximately RMB1,339.9 million.

## **DONATIONS**

During the FY2025, our Group made donation of RMB0.03 million for charitable purpose (2024: RMB0.1 million).

## **PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS**

Details of the movements in the property, plant and equipment, and land use rights of our Group during FY2025 are set out in notes 15 and 17 to the consolidated financial statements.

## **SHARE CAPITAL**

Details of the movements in the share capital of our Company during FY2025 are set out in note 40 to the consolidated financial statements.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the articles of association of our Company and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige our Company to offer new shares on a pro-rata basis to existing shareholders.

## **FINANCIAL SUMMARY**

A summary of the consolidated results and of the assets and liabilities of our Group for the last five financial years is set out on page 184.

## **SUBSIDIARIES**

Particulars of the subsidiaries of our Company are set out in note 50 to the consolidated financial statements.

## **BANK BORROWINGS**

Details of the bank borrowings of our Group are set out in note 38 to the consolidated financial statements.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During FY2025, 62,502,000 shares (2024: nil) were purchased on the Stock Exchange by the trustee of the share award scheme approved and adopted by the Board on 6 January 2025. Total consideration paid for the said purchases during FY2025, including all relevant expenses, were HK\$139,257,000 (equivalent to approximately RMB130,531,000) (2024: nil).

For FY2025, 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 31 December 2025, the number of treasury shares held by the Company is nil.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

As at date of this annual report, the Group has no significant events after the reporting period.

## DIRECTORS

The Directors who held office at the date of this report were:

### Executive Directors

Mr. Wang Dongxing (*Chairman of our Board*)

Mr. Shi Weixin (*Vice chairman of our Board*)

Mr. Wang Changhai (*General manager of our Group*)

Mr. Ci Xiaolei (*Deputy general manager of our Group*) (*resigned on 15 April 2026*)

### Non-executive Directors

Ms. Wu Rong

Mr. Chen Dongxu (*appointed on 29 January 2026*)

Mr. Zhang Xiaohui (*resigned on 29 January 2026*)

### Independent non-executive Directors

Ms. Zhang Tao

Mr. Li Hengyuan (*appointed on 29 January 2026*)

Mr. Wang Zefeng (*resigned on 29 January 2026*)

Mr. Sun Junchen (*appointed on 29 August 2025*)

Ms. Jiao Jie (*resigned on 29 August 2025*)

In accordance with the Articles, one third (or if their number is not a multiple of three, the number nearest to but not less than one third) in number of our Directors shall retire from office by rotation at each annual general meeting of our Company and provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The retiring Directors are eligible to offer themselves for re-election at such annual general meeting. Pursuant to 87(1) and (2) of the Articles, Mr. Wang Dongxing, Mr. Shi Weixin and Ms. Zhang Tao shall retire from office at the forthcoming annual general meeting of the Company to be held on 12 June 2026 (the "AGM") and being eligible for re-election, will offer themselves for re-election at the AGM.

Pursuant to Article 86 (3) of the Articles, Mr. Chen Dongxu, Mr. Li Hengyuan and Mr. Sun Junchen, shall being eligible, will offer themselves for re-election at the AGM.

Our Company has received from each of them independent non-executive Directors an annual confirmation of his/her independence during FY2025 as regards each of the factors referred to in Rule 3.13 of the Listing Rules and our Board considers that all of the independent non-executive Directors are independent.

### **Directors' service contracts**

Each of Mr. Wang Dongxing and Mr. Shi Weixin has entered into a service contract dated 19 November 2025 with our Company for a term of three years commencing on 19 November 2025 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, or in accordance with the terms of the service contract.

Mr. Wang Changhai has signed a service contract dated 28 February 2025 with our Company for a term of three years commencing on 28 February 2025 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, or in accordance with the terms of the service contract.

The annual salary and bonus of each executive Director shall be determined by our Board and subject to the annual review by the remuneration committee of our Company.

Ms. Wu Rong has signed a letter of appointment dated 15 April 2025 with our Company to act as a non-executive Director for a period of three years, commencing on 15 April 2025, unless terminated in accordance with the terms and conditions specified in such letter.

Mr. Chen Dongxu has signed a letter of appointment dated 29 January 2026 with our Company to act as a non-executive Director for a period of three years, commencing on 29 January 2026, unless terminated in accordance with the terms and conditions specified in such letter.

Ms. Zhang Tao has signed a letter of appointment dated 23 August 2023 with our Company under which she has agreed to act as an independent non-executive Director for a period of three years, commencing on 23 August 2023, unless terminated in accordance with the terms and conditions specified in such letter.

Mr. Li Hengyuan has signed a letter of appointment dated 29 January 2026 with our Company under which he has agreed to act as an independent non-executive Director for a period of three years, commencing on 29 January 2026, unless terminated in accordance with the terms and conditions specified in such letter.

Mr. Sun Junchen has signed a letter of appointment dated 29 August 2025 with our Company under which he has agreed to act as an independent non-executive Director for a period of three years, commencing on 29 August 2025, unless terminated in accordance with the terms and conditions specified in such letter.

Details of directors' emolument for each of our Directors for FY2025 are set out in note 10 to the consolidated financial statements.

Except as disclosed above, none of our Directors has a service contract or a letter of appointment with our Company or any of its subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

## **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 year.

## **CONTROLLING SHAREHOLDER OR ANY OF ITS SUBSIDIARIES' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

During FY2025, there were no any contract of significance between the Company, or any of its subsidiary companies, and a controlling shareholder or any of its subsidiaries; and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

## **COMPETITION AND CONFLICT OF INTERESTS**

During the year of 2025, none of the Directors or substantial shareholders of the Company or their respective associates had engaged in any business which competes or may compete, either directly or indirectly, with the businesses of the Group or has any conflict of interests with the Group.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for FY2025 and up to the date of this annual report.

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

As at 31 December 2025, the interests and short positions of the Directors and chief executive of our Company in the shares of our Company (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 shares	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%
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%
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%

## 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, 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. Zhang Zengguo and Mr. Wang Changhai, 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 Mr. Zhang Zengguo, 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 31 December 2025, the number of issued ordinary shares of the Company was 1,065,144,359.

Save as disclosed above, as at 31 December 2025, neither the chief executive nor any of the Directors of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (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 the 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 the Company, are aware, as at 31 December 2025, the following persons (other than the Director or chief executive of our Company) or corporations who had interest or short positions in the Shares and underlying Shares 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 are as follows:

Name	Long position/ short position	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding <sup>(4)</sup>
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 Paper & 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:

- 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.
- 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 Shareholders 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.
- 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.
- As at 31 December 2025, the number of issued ordinary shares of the Company was 1,065,144,359.

Save as disclosed above, as at 31 December 2025, the Directors and the chief executive of our Company are not aware of any other person or corporation 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 terminating 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 a 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 1 years and 3 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. They are not required to pay any consideration for the grant of such awarded Shares. 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 FY2025. As at 1 January 2025 and 31 December 2025, there were no unvested awards under the 2017 Share Award Scheme.

As at 1 January 2025 and 31 December 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 any treasury shares) as at the date of this annual 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.

Where any grant of options to an eligible participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the relevant scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue, such grant shall be separately approved by the shareholders of the Company in general meeting with such eligible participant and his close associates (or associates if such eligible participant is a connected person) abstaining from voting. The Company must send a circular to the shareholders of the Company.

An offer of the grant of an option under the 2023 Share Option Scheme shall remain open for acceptance by the eligible participant concerned for a period of 28 days from the grant date provided that no such grant of an option under the 2023 Share Option Scheme may be accepted after the expiry of the effective period of the 2023 Share Option Scheme or after the 2023 Share Option Scheme has been terminated in accordance with its terms. An option under the 2023 Share Option Scheme shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the duplicate grant letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favour of the Company of RMB1.00 by way of consideration for the grant thereof is received by the Company on or before the acceptance date. Such remittance shall in no circumstances be refundable.

Subject to the provisions of the Listing Rules, the exercise period in respect of any particular option under the 2023 Share Option Scheme shall be determined by the Board in its absolute discretion and shall not be more than 10 years from the grant date of such option. Subject to the provisions of the Listing Rules, the exercise price in respect of any particular option under the 2023 Share Option Scheme shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the grant letter) but in any event the exercise price shall not be less than whichever is the higher of: (a) the nominal value (if any) of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the grant date; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date.

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 2 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 was 96,785,435\*. As at 1 January 2025 and 31 December 2025, the total number of options available for grant under the 2023 share option scheme were all 96,785,435\*. 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 FY2025. As at 1 January 2025 and 31 December 2025, 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 any treasury shares) as at the date of this annual 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 annual 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 8 years and 10 months.

No awards have been granted, lapsed or cancelled under the 2025 Share Award Scheme since its adoption. The particular of the unvested award shares as at 1 January 2025 is not applicable, and as at 6 January 2025 (the adoption date) and 31 December 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 31 December 2025 were all 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. There is no service provider sublimit under the 2025 Share Award Scheme.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during FY2025 divided by weighted average number of Shares in issue (excluding treasury shares) for FY 2025 is nil.

\* *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.*

## EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme and the Share Award Scheme as disclosed in this annual report, no equity-linked agreement that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during FY2025 or subsisted at the end of FY2025.

## PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year 2025. The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors of the Company and its subsidiaries.

## MAJOR CUSTOMERS AND SUPPLIERS

During FY2025, our Group purchased less than 30% of its goods from its five largest suppliers and sold less than 30% of its goods to its five largest customers.

None of our directors, their respective close associates, or any shareholder of the Company who, to the knowledge of our directors, owns more than 5% of our issued capital, has any interest in any of our five largest customers and suppliers.

## CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the corporate governance report contained in this annual report.

## COMPLIANCE WITH LAWS AND REGULATIONS

During FY2025 and up to the date of this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company.

## CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 48 to the consolidated financial statements also constituted connected transactions under the Listing Rules and the Company has complied with the relevant requirements in Chapter 14A of the Listing Rules.

### Steam Supply Agreement and Electricity Supply Agreement

The Group has entered into two agreements on 31 December 2024 with Weifang Shengtai Medicine Co., Ltd (“Shengtai Medicine”). Shengtai Medicine is interested in 20% of the registered capital of Changle Shengshi Thermoelectricity Co., Ltd (“Shengshi Thermoelectricity”), a subsidiary of the Group. Accordingly, Shengtai Medicine is a substantial shareholder at the subsidiary level, and thus a connected person of the Company. Transactions under such two agreements constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and the details of such continuing non-exempt connected transactions are set out below:

- (a) A steam agreement dated 31 December 2024 (the “2024 Steam Supply Agreement”) was entered between Shengtai Medicine as a customer and Shengshi Thermoelectricity as a supplier. Shengshi Thermoelectricity has agreed to supply steam to Shengtai Medicine for a term of three years from 1 January 2025 to 31 December 2027, renewable for term(s) of not more than three years each upon expiry. The price of steam sold by Shengshi Thermoelectricity to Shengtai Medicine is the same as the price of steam sold by Shengshi Thermoelectricity to Century Sunshine and it reflects Shengshi Thermoelectricity’s policy to sell steam to its shareholders who purchase steam in bulk at a discount. Our Directors consider that the price of steam is fair and reasonable and on normal commercial terms.

The annual caps under the 2024 Steam Supply Agreement are set as RMB173.0 million, RMB206.6 million and RMB243.1 million (exclusive of tax), respectively, for each of the three financial years ending 31 December 2027.

For FY2025, the aggregate sale of steam by Shengshi Thermoelectricity to Shengtai Medicine amounted to RMB125.4 million, which was below the annual cap of RMB173.0 million for FY2025 under the 2024 Steam Supply Agreement.

- (b) An electricity supply agreement dated 31 December 2024 (the “2024 Electricity Supply Agreement”) was entered between Shengtai Medicine as the customer and Shengshi Thermoelectricity as the supplier. Shengshi Thermoelectricity has agreed to supply electricity to Shengtai Medicine for a term of three years from 1 January 2025 to 31 December 2027, renewable for term(s) of not more than three years each upon expiry. The price of electricity sold by Shengshi Thermoelectricity to Shengtai Medicine is the same as the price of electricity sold by Shengshi Thermoelectricity to Century Sunshine and it reflects Shengshi Thermoelectricity’s policy to sell electricity to its shareholders who purchase electricity in bulk at a discount. Our Directors consider that the price of electricity is fair and reasonable and on normal commercial terms.

The annual caps under the 2024 Electricity Supply Agreement are set as RMB67.0 million, RMB77.3 million and RMB85.3 million (exclusive of tax) respectively for each of the three financial years ending 31 December 2027.

For FY2025, the aggregate sale of electricity by Shengshi Thermoelectricity to Shengtai Medicine amounted to RMB52.5 million, which was below the annual cap of RMB67.0 million for FY2025 under the 2024 Electricity Supply Agreement.

The background and purpose for entering into the 2024 Steam Supply Agreement and the 2024 Electricity Supply Agreement were: Shengshi Thermoelectricity is principally engaged in the supply of electricity and steam. It is always the intention of both Century Sunshine and Shengtai Medicine, being the shareholders of Shengshi Thermoelectricity, that the steam produced and electricity generated by Shengshi Thermoelectricity should, as a priority, satisfy the production needs of both parties. In addition, supplying steam and electricity to Shengtai Medicine has been generating a reasonable revenue and return to the Group in additional to its core business.

### **Purchase Framework Agreement and Sales Framework Agreement**

The Group and Xiamen C&D Paper & Pulp Group Co., Ltd (“Xiamen C&D”) entered into two framework agreements on 2 January 2024 with a term from 5 March 2024 to 31 December 2026. Xiamen C&D holds 100% shares of Hong Kong Paper Sources Co., Limited (香港紙源有限公司), which is a substantial shareholder of the Company. Xiamen C&D is therefore a connected person of the Company under the Listing Rules and the transactions contemplated under the framework agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and the details of such continuing connected transactions are set out below:

- (a) A purchase framework agreement (the “2024 Purchase Framework Agreement”) dated 2 January 2024 was entered between China Ramble Paper Company Limited (“Ramble Paper”) as a purchaser and Xiamen C&D as a seller. Any member of Ramble Paper and/or its subsidiaries (collectively, the “Ramble Paper Group”) may place individual orders or enter into individual contracts with any member of Xiamen C&D and/or its subsidiaries (collectively, the “Xiamen C&D Group”) to purchase the wood pulp materials and packaging paper products that Xiamen C&D Group is the main distributor. The price of the products purchased by Ramble Paper Group from Xiamen C&D Group shall be determined after arm’s length negotiations between the parties with reference to, among others, current market price for similar products and the purchase quotations and policies for similar products of similar qualities provided by third-party suppliers to Ramble Paper Group. In any event, such prices or purchase terms shall be no less favourable than those provided by third-party suppliers to Ramble Paper and/or Ramble Paper Group.

The annual caps for the total purchase amount payable by Ramble Paper Group to Xiamen C&D Group for the transactions contemplated under the 2024 Purchase Framework Agreement for the three years ending 31 December 2026 are RMB370.8 million, RMB426.8 million and RMB714.7 million, respectively. For details, please refer to the announcement of the Company dated 2 January 2024 and the circular of the Company dated 19 February 2024.

A supplemental agreement to 2024 Purchase Framework Agreement dated 24 October 2025 (the “Supplemental Purchase Framework Agreement”) was entered between Ramble Paper and Xiamen C&D to revise the annual caps under the 2024 Purchase Framework Agreement for the two years ending 31 December 2026. The revised annual caps for the two years ending 31 December 2026 under the Supplemental Purchase Framework Agreement were RMB490.4 million and RMB1,096.4 million, respectively. For details, please refer to the announcement of the Company dated 24 October 2025 and the circular of the Company dated 25 November 2025.

For FY2025, the aggregate purchase amount by Ramble Paper to Xiamen C&D Group amounted to RMB197.7 million (exclusive of tax amounted to RMB175.0 million), which was below the annual cap of RMB490.4 million for FY2025 under the Supplemental Purchase Framework Agreement.

- (b) A sales framework agreement (the “2024 Sales Framework Agreement”) dated 2 January 2024 was entered between Xiamen C&D as a purchaser and Century Sunshine as a seller. Any member of Xiamen C&D Group may place individual orders or enter into individual contracts with any member of Century Sunshine and/or its subsidiaries (the “Century Sunshine Group”) to purchase the packaging paper products that Century Sunshine Group produces. The price of the products sold by Century Sunshine Group to Xiamen C&D Group shall be determined after arm’s length negotiations between the parties with reference to, among others, current market price for similar products and the selling prices and policies for similar products of similar qualities provided by Century Sunshine Group to third-party customers. In any event, such prices or sale terms shall be no more favourable than those provided by Century Sunshine and/or Century Sunshine Group to third-party customers.

The annual caps for the total purchase amount payable by Xiamen C&D Group to Century Sunshine Group for the transactions contemplated under the 2024 Sales Framework Agreement for the three years ending 31 December 2026 are RMB522.1 million, RMB590.1 million and RMB657.2 million, respectively. For details, please refer to the announcement of the Company dated 2 January 2024 and the circular of the Company dated 19 February 2024.

A supplemental agreement to 2024 Sales Framework Agreement dated 24 October 2025 (the “Supplemental Sales Framework Agreement”) was entered between Century Sunshine and Xiamen C&D to revise the annual caps under the 2024 Sales Framework Agreement for the two years ending 31 December 2026. The revised annual caps for the two years ending 31 December 2026 under the Supplemental Sales Framework Agreement were RMB682.0 million and RMB851.0 million, respectively. For details, please refer to the announcement of the Company dated 24 October 2025 and the circular of the Company dated 25 November 2025.

For FY2025, the aggregate purchase amount for the packaging paper products paid by Xiamen C&D Group to Century Sunshine Group amounted to RMB638.8 million (exclusive of tax amounted to RMB565.3 million), which was below the annual cap of RMB682.0 million for FY2025 under the Supplemental Sales Framework Agreement.

The background and purpose for entering into the 2024 Purchase Framework Agreement, the Supplemental Purchase Framework Agreement, the 2024 Sales Framework Agreement and the Supplemental Sales Framework Agreement were: Xiamen C&D Group is one of the leading enterprises engaged in the sales and/or import of paper products and pulp and has strong strength and reputation advantages in the industry. The Group has been procuring from and selling to Xiamen C&D Group certain materials and packaging paper products for a number of years. As a result of such long-term business relationship, the parties have been familiar with the standards and specifications of products and services set by each other and have been able to respond quickly in a cost-efficient manner to any new requirements that the other group may request. By entering into the 2024 Purchase Framework Agreement, the Supplemental Purchase Framework Agreement, the 2024 Sales Framework Agreement and the Supplemental Sales Framework Agreement, the Group is able to secure a stable and reliable supply of materials and fulfill its relevant business needs.

Pursuant to Rule 14A.56 of the Listing Rules, our Board engaged the auditor of our Company to perform certain agreed-upon procedures in respect of the above continuing connected transactions of our Group. The auditor have reported the factual findings on these procedures to our Board.

The auditor of the Company had provided a letter to the Directors, confirming that the continuing connected transactions, during FY2025:

- (1) nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to our attention that causes us to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- (3) nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- (4) based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the continuing connected transactions during FY2025 have been entered into:

- (1) in the ordinary and usual course of business of our Group;
- (2) either on normal commercial terms or on terms no less favourable to our Group than terms available to or from (as appropriate) independent third parties;
- (3) on terms that are fair and reasonable and in the interests of our shareholders as a whole; and
- (4) in accordance with the relevant agreements governing the said transactions.

Details of the related party transactions entered into by the Group during FY2025 are set out in Note 48 to the consolidated financial statements. Save as disclosed above, the transactions as set out therein do not fall under "Connected Transactions" or "Continuing Connected Transactions" in accordance with Chapter 14A of the Listing Rules.

## **EVENTS AFTER THE REPORTING PERIOD**

As at date of this annual report, the Group has no significant events after the reporting period.

## **COMPLIANCE WITH NON-COMPETITION DEED**

Each of China Sunrise, China Sunshine and members of the Controlling Shareholders Group (the "Covenantors") has confirmed to our Company of its or his or her compliance with the non-competition undertaking provided to our Company under the deed of non-competition dated 19 November 2007. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under such deed of non-competition have been complied with by the Covenantors.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to our Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of our Company's issued shares up to the date of this report.

## AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2025 have been audited by Grant Thornton Hong Kong Limited, who will retire at the forthcoming annual general meeting of our Company and, being eligible, offer themselves for re-appointment. There was no change to the auditor of the Company during the preceding three years.

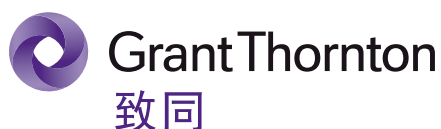
On behalf of the Board

**Wang Dongxing**

*Chairman*

Hong Kong, China

27 March 2026



**To the members of China Sunshine Paper Holdings Company Limited**  
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of China Sunshine Paper Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 66 to 183, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by International Ethics Standards Board for Accountants ("IESBA Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

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

## KEY AUDIT MATTERS (Continued)

### The Key Audit Matter

### How the matter was addressed in our audit

#### Going concern

Refer to notes 4.1, 5 and 44(d) to consolidated financial statements.

The Group recorded net current liabilities of RMB663,570,000 at reporting date. The Group employs high level of debt financing in its operations including bank borrowings, other borrowings, lease liabilities and discounted bills financing of RMB4,111,428,000, RMB149,135,000, RMB62,660,000 and RMB1,690,481,000 respectively at reporting date. RMB4,274,696,000 of these debts is repayable within one year.

All these factors draw attention to users of these consolidated financial statements and reasonably cast doubts in the Group's ability to maintain its liquidity position and, consequently, the ability to continue its operations as a going concern which lies as the fundamental basis these consolidated financial statements prepared on.

In order to evaluate the Group's liquidity position and assess the ability to continue its operation in foreseeable future, the directors reviewed the likelihood of renewing existing and obtaining additional bank facilities and prepared cash flow forecasts to demonstrate sufficient working capital over time horizon. In the process, significant judgment exercised by management.

We have identified the directors' going concern assessment as a key matter to our audit considering its fundamentality of and pervasive impact on consolidated financial statements.

We reviewed and assessed the Group's capital management policy and risk management policies over liquidity. In assessing the feasibility of these policies, we considered the financial positions of the Group in prior periods. We also assessed the management's claim of relationship with banks and reviewed evidence of subsequent negotiation with banks including agreements to extend due date of bank borrowings of RMB463,180,000 for one year.

We obtained 12 months cash flow forecasts by management and:

- assessed the appropriateness of key assumptions used based on our knowledge of the business, industry and historical data;
- reconciled input data to underlying evidence, such as approved budgets, banking facility agreements;
- evaluated the downside analysis for the most sensitive factors including future sale prices and availability of bank facilities; and
- compared prior year's cash flow projections with actual occurrence to consider accuracy of management's prior projections and if the projections were overly optimistic.

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2025 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

11<sup>th</sup> Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

27 March 2026

### **Kan Kai Ching**

Practising Certificate No.: P07816

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6 & 7	7,788,614	8,047,605
Cost of sales		(6,691,101)	(6,851,682)
Gross profit		1,097,513	1,195,923
Other income	8	153,696	274,287
Other gains or losses, net	8	(7,520)	28,933
Distribution and selling expenses		(372,217)	(372,909)
Administrative expenses		(492,910)	(492,384)
Reversal of/(Provision for) expected credit loss allowance of financial assets, net		64,773	(12,450)
Loss on fair value changes of an investment property	16	(1,549)	(2,336)
Share of loss of a joint venture	22	(12,019)	(18,972)
Finance costs	9	(109,998)	(151,408)
Profit before income tax	12	319,769	448,684
Income tax expense	11	(124,870)	(113,547)
<b>Profit for the year</b>		<b>194,899</b>	<b>335,137</b>
<b>Other comprehensive income, net of tax</b>			
<i>Item that will be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		6,262	3,498
Fair value (loss)/gain on financial assets at fair value through other comprehensive income		(414)	20
Other comprehensive income, net of tax		5,848	3,518
<b>Total comprehensive income for the year</b>		<b>200,747</b>	<b>338,655</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		159,895	279,872
Non-controlling interests		35,004	55,265
		194,899	335,137
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		165,743	283,390
Non-controlling interests		35,004	55,265
		200,747	338,655
<b>Earnings per share for profit attributable to owners of the Company during the year</b>			
Basic and diluted (RMB)	14	0.15	0.26

The notes on pages 72 to 183 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	15	6,284,745	5,424,744
Investment property	16	55,515	57,064
Prepaid lease payments	17	967,778	822,629
Customer relationships	18	27,473	—
Goodwill	19	257,540	49,746
Deferred tax assets	20	70,204	88,736
Interests in associates	21	—	—
Interest in a joint venture	22	—	127,671
Deposits for acquisition for property, plant and equipment		367,838	408,581
Financial assets at fair value through profit or loss	23	—	251,491
Deposits and other receivables	24	25,376	323,268
		<b>8,056,469</b>	7,553,930
<b>Current assets</b>			
Biological assets	25	—	—
Inventories	26	696,117	506,501
Trade receivables	27	843,623	632,139
Bills receivables	28	377,975	144,973
Prepayments and other receivables	29	631,497	557,174
Income tax recoverable		10,400	15,898
Restricted bank deposits	30	1,864,757	1,562,344
Bank balances and cash	30	1,058,062	1,135,383
		<b>5,482,431</b>	4,554,412
<b>Current liabilities</b>			
Contract liabilities	31	67,337	52,135
Trade payables	32	902,084	923,085
Bills payables	33	484,183	168,960
Other payables	34	178,205	141,373
Payables for construction work, machinery and equipment		133,507	102,396
Income tax payable		41,737	26,601
Lease liabilities	35	8,383	5,172
Deferred income	36	13,072	9,427
Discounted bills financing	37	1,690,481	1,520,112
Bank borrowings	38	2,494,380	2,017,409
Other borrowings	39	81,452	212,828
Financial guarantee contracts	54	51,180	—
		<b>6,146,001</b>	5,179,498
<b>Net current liabilities</b>		<b>(663,570)</b>	(625,086)
<b>Total assets less current liabilities</b>		<b>7,392,899</b>	6,928,844

## Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Capital and reserves</b>			
Share capital	40	94,581	94,581
Reserves	41	4,745,693	4,758,247
<hr/>			
Equity attributable to owners of the Company		4,840,274	4,852,828
Non-controlling interests		471,709	447,172
<hr/>			
<b>Total equity</b>		<b>5,311,983</b>	5,300,000
<hr/>			
<b>Non-current liabilities</b>			
Lease liabilities	35	54,277	51,183
Bank borrowings	38	1,617,048	1,280,891
Other borrowings	39	67,683	163
Other payables	34	7,393	—
Deferred income	36	279,600	221,711
Deferred tax liabilities	20	54,915	74,896
<hr/>			
		<b>2,080,916</b>	1,628,844
<hr/>			
<b>Total equity and non-current liabilities</b>		<b>7,392,899</b>	6,928,844

Approved and authorised for issue by the board of directors on 27 March 2026.

**Wang Dongxing**  
Director

**Wang Changhai**  
Director

The notes on pages 72 to 183 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company													Non-controlling interests	Total
	Share capital	Capital redemption reserve	Share premium	Treasury shares	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	RMB'000	RMB'000	RMB'000
<b>At 1 January 2024</b>	100,445	5,311	1,382,453	(173,613)	(2,776)	114,600	7,015	542,265	(712)	1,078	(2,316)	2,595,688	4,569,438	391,907	4,961,345
Shares repurchased and cancelled (note 40 (i))	(5,864)	5,864	-	173,613	-	-	-	-	-	-	-	(173,613)	-	-	-
Appropriation to statutory surplus reserve	-	-	-	-	-	-	-	41,893	-	-	-	(41,893)	-	-	-
Transactions with owners	(5,864)	5,864	-	173,613	-	-	-	41,893	-	-	-	(215,506)	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	279,872	279,872	55,265	335,137
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	3,498	-	3,498	-	3,498
Fair value gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	20	-	-	-	20	-	20
Total comprehensive income for the year	-	-	-	-	-	-	-	-	20	-	3,498	279,872	283,390	55,265	338,655
<b>At 31 December 2024</b>	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

	Attributable to owners of the Company													Non-controlling interests	Total
	Share capital	Capital redemption reserve	Share premium	Shares held for share award scheme	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	RMB'000	RMB'000	RMB'000
<b>At 1 January 2025</b>	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
Purchase of shares in connection with share award scheme (note 41)	-	-	-	(130,531)	-	-	-	-	-	-	-	-	(130,531)	-	(130,531)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	1,550	-	-	-	-	-	-	1,550	(4,301)	(2,751)
Step acquisition of associates (note 52)	-	-	-	-	-	-	-	-	-	-	-	-	-	3,129	3,129
Appropriation to statutory surplus reserve	-	-	-	-	-	-	-	36,037	-	-	-	(36,037)	-	-	-
Dividend paid to owners of the Company (note 13)	-	-	(49,316)	-	-	-	-	-	-	-	-	-	(49,316)	-	(49,316)
Dividend paid to non-controlling interests of a subsidiary of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,295)	(9,295)
Transactions with owners	-	-	(49,316)	(130,531)	-	1,550	-	36,037	-	-	-	(36,037)	(178,297)	(10,467)	(188,764)
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	159,895	159,895	35,004	194,899
Other comprehensive income/ (expense) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	6,262	-	6,262	-	6,262
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(414)	-	-	-	(414)	-	(414)
Total comprehensive income/ (expense) for the year	-	-	-	-	-	-	-	-	(414)	-	6,262	159,895	165,743	35,004	200,747
<b>At 31 December 2025</b>	94,581	11,175	1,333,137	(130,531)	(2,776)	116,150	7,015	620,195	(1,106)	1,078	7,444	2,783,912	4,840,274	471,709	5,311,983

The notes on pages 72 to 183 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>		
Profit before income tax	319,769	448,684
Adjustments for:		
Interest income	(49,314)	(82,784)
Finance costs	109,998	151,408
Depreciation of property, plant and equipment		
— right-of-use assets	7,497	6,715
— owned assets	438,568	435,297
Amortisation of prepaid lease payments	24,491	17,301
Loss on disposal and written off of property, plant and equipment	4,389	5,295
Change in fair value of biological assets	4,537	6,645
Release of deferred income	(11,792)	(7,884)
Loss on fair value change of an investment property	1,549	2,336
Provision for/(Reversal of) ECL allowance of:		
— trade receivables	9,431	2,699
— other receivables	(74,204)	9,751
Write-down of inventories to net realisable value	6,708	—
Fair value loss/(gain) on financial assets at FVTPL	83,691	(1,769)
Share of loss of a joint venture	12,019	18,972
Remeasurement gain on step acquisition of a joint venture	(11,848)	—
Gain on waiver of consideration payable	(29,018)	—
Operating cash flows before movements in working capital	846,471	1,012,666
(Increase)/Decrease in inventories	(71,672)	162,376
Increase in trade receivables	(25,884)	(70,092)
Increase in bills receivables	(225,346)	(899)
(Increase)/Decrease in prepayments and other receivables	(86,260)	63,745
Decrease in trade payables	(139,470)	(87,207)
Increase/(Decrease) in bills payables	315,223	(199,613)
Increase/(Decrease) in other payables	38,684	(48,980)
Increase/(Decrease) in contract liabilities	9,282	(3,312)
Cash generated from operations	661,028	828,684
Income tax paid	(113,941)	(148,141)
<i>Net cash generated from operating activities</i>	<b>547,087</b>	680,543
<b>Cash flows from investing activities</b>		
Interest received	26,529	54,746
Proceeds from disposal of property, plant and equipment	18,974	14,001
Purchase of property, plant and equipment	(304,129)	(199,538)
Additions of prepaid lease payments	(117,451)	(100,492)
Additions of biological assets	(4,986)	(6,677)
Decrease in restricted bank deposits	(257,952)	(270,947)
Loans to third parties	(171,680)	(340,168)
Repayment from third parties	205,590	225,539
Advance to a joint venture	(70,375)	(100,411)
Acquisition of additional interest in a subsidiary	(2,751)	—
Payment for step acquisition of a joint venture	(25,422)	—
Payment for acquisition of subsidiaries	(59,002)	—
Receipt for step acquisition of associates	846	—
Repayment from a joint venture	135,278	120,699
Return of guarantee deposits for other borrowings	11,000	12,625
Placement of guarantee deposits for other borrowings	(8,000)	—
Additions of deposits for acquisition property, plant and equipment	(405,336)	(294,005)
<i>Net cash used in investing activities</i>	<b>(1,028,867)</b>	(884,628)

## Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>Cash flows from financing activities</b>		
Interest paid	(141,661)	(173,612)
Increase in deferred income	45,000	31,006
Repayments to the former shareholder's guarantors of a subsidiary of the Company	(21,060)	—
Repayment of a non-controlling interests of a subsidiary of the Company	(14,700)	—
Repayment to a controlling shareholder	(123)	(18)
Repayment of bank borrowings	(3,022,661)	(2,975,759)
Repayment of other borrowings	(203,417)	(269,077)
Repayment of lease liabilities	(3,799)	(13,780)
New bank borrowings raised	3,705,833	2,916,820
Other borrowings raised	80,000	25,000
Increase in discounted bills financing	170,369	230,735
Dividend paid to non-controlling interests of a subsidiary of the Company	(9,295)	—
Dividend paid	(49,316)	—
Purchase of shares held for share award scheme	(130,531)	—
<i>Net cash generated from/(used in) financing activities</i>	<b>404,639</b>	(228,685)
<b>Net decrease in cash and cash equivalents</b>	<b>(77,141)</b>	(432,770)
Effect of foreign rate changes, net	(180)	(3,765)
Cash and cash equivalents at beginning of the year	<b>1,135,383</b>	1,571,918
<b>Cash and cash equivalents at end of the year, representing bank balances and cash</b>	<b>1,058,062</b>	1,135,383

The notes on pages 72 to 183 are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

China Sunshine Paper Holdings Company Limited (中國陽光紙業控股有限公司) is a 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 (“BVI”). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” to the annual report.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the currency of the primary economic environment in which the Company and its subsidiaries operate (i.e. the functional currency of the Company and its subsidiaries).

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

## 2. ADOPTION OF NEW OR AMENDED IFRS ACCOUNTING STANDARDS

### Amended IFRS Accounting Standards that are effective for annual periods beginning on 1 January 2025

In the current year, the Group has applied for the first time the Amendments to IAS 21 “Lack of Exchangeability” which are effective for the Group’s consolidated financial statements for the annual period beginning on 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 to the amended IFRS Accounting Standards had no material impact on how the results and the financial position for the current and prior periods have been prepared and presented.

## 2. ADOPTION OF NEW OR AMENDED IFRS ACCOUNTING STANDARDS

(Continued)

### Issued but not yet effective IFRS Accounting Standards

At the date of authorisation of these consolidation financial statements, certain new and amended IFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>1</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
IFRS 19	Subsidiaries without Public Accountability: Disclosures and related amendments <sup>2</sup>
Amendments to IAS 21	Translation to Hyperinflation Presentation Currency <sup>2</sup>

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual periods beginning on or after 1 January 2027

3 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended IFRS Accounting Standards that are expected to have impact on the Group's accounting policies is provided below. Other new and amended IFRS Accounting Standards are not expected to have a material impact on the Group's consolidated financial statements.

### **IFRS 18 "Presentation and Disclosure in Financial Statements"**

IFRS 18 replaces IAS 1 "Presentation of Financial Statements". It carries forward many of the existing requirements in IAS 1, with limited changes, and some IAS 1 requirements will be moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures".

IFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely "operating profits" and "profits before financing and income tax"), and classifying items into five newly defined categories (namely "operating", "investing", "financing", "income tax" and "discontinued operation"), depending on the reporting entity's main business activities, in the statement of profit or loss;
- Disclosure of management-defined performance measures ("MPMs") in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

## 2. ADOPTION OF NEW OR AMENDED IFRS ACCOUNTING STANDARDS

(Continued)

### Issued but not yet effective IFRS Accounting Standards (Continued)

#### *IFRS 18 “Presentation and Disclosure in Financial Statements”* (Continued)

Besides, narrow-scope amendments have been made to IAS 7 “Statement of Cash Flows”, which includes:

- using “operating profit or loss” as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other IFRS Accounting Standards, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are currently working to identify all the impacts of IFRS 18, particularly with respect to the structure of the Group’s consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs.

## 3. STATEMENT OF COMPLIANCE

These annual consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, which collective term includes all applicable individual IFRS Accounting Standards, International Accounting Standards and Interpretations (“IFRS Accounting Standards”).

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

A summary of the material accounting policies adopted by the Group is set out below to note 4. These policies have been consistently applied to all the years presented unless otherwise stated.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### 4.1 Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for biological assets, which are measured at fair value less costs to sell, financial assets at fair value through other comprehensive income (“FVOCI”), financial assets at fair value through profit or loss (“FVTPL”) and investment property which are stated at fair value.

The Group has net current liabilities of approximately RMB663,570,000 at 31 December 2025. In view of these, the Directors have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors have evaluated the relevant available information and key assumptions (see note 5 for more details) 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 in 2026, 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 borrowing facilities as necessary. Therefore, as stated in note 44(d), 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 the 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 and that there is no material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

### 4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.2 Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by other members of the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition on profits are recognised in the Company's profit or loss.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

### 4.3 Acquisition of subsidiaries

#### (a) Business combinations

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed as at the acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation was initially measured at the non-controlling interests' fair value or at their proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.3 Acquisition of subsidiaries (Continued)

#### (b) *Asset acquisitions*

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition.

### 4.4 Intangible assets

#### *Goodwill*

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment loss and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating unit (or groups of cash-generating units) that is expected to benefit from the synergies of the acquisition, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a small loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.4 Intangible assets (Continued)

#### *Customer relationships*

Customer relationships acquired in business combinations are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the expected useful lives respectively (6 years).

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets, with finite and indefinite useful lives, are tested for impairment as described below in note 4.15.

### 4.5 Associates and joint ventures

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

In consolidated financial statements, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of an associate or the joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interests in associates or the joint venture is carried at cost and adjusted for the post-acquisition changes in the Group's share of an associate or the joint venture's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of an associate or the joint venture for the year, including any impairment loss on the investment in an associate or joint venture recognised for the year. The Group's other comprehensive income for the year includes its share of an associate or the joint venture's other comprehensive income for the year.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.5 Associates and joint ventures (Continued)

Unrealised gains on transactions between the Group and its associate or joint venture are eliminated to the extent of the Group's interests in associates or the joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where an associate or the joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform an associate or the joint venture's accounting policies to those of the Group when an associate or the joint venture's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate or a joint venture equals or exceeds its interests in associates or the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of an associate or the joint venture. For this purpose, the Group's interests in associates or the joint venture is the carrying amount of the investment under the equity method together with the Group's other long-term interests that in substance form part of the Group's net investment in the joint venture, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's interests in its associate or joint venture. At each reporting date, the Group determines whether there is any objective evidence that the interests in an associate or the joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of an associate or the joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by an associate or the joint venture, including cash flows arising from the operations of an associate or the joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of partial interest in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.6 Revenue recognition

Revenue arises mainly from the sales of paper products, generation of electricity and steam.

To determine whether to recognise revenue, the Group follows a 5-step process:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

#### *Sales of goods*

Revenue from the sales of paper products for which control of assets is transferred at a point in time are recognised when the goods are delivered to customers. The Group would estimate the sales return at the time of sale at a portfolio level (expected value method) based on its historical experience and recognised refund liability for the products expected to be returned. No contract liability and right to recover returned products are recognised as insignificant amount of returns are expected based on accumulated experience.

#### *Sales of electricity and steam*

Revenue from the sales of electricity and steam for which control of assets is transferred at a point in time are recognised when electricity and steam are generated and transmitted or delivered to the customers.

#### *Internet data centre hosting services*

The Group provides internet data centre hosting services and infrastructure services, which requires the Group to maintain sufficient internet data centre infrastructure, including server rooms, power supply, cooling, and network connectivity, for the normal operation of customers' host servers. Revenue from the internet data centre hosting service is calculated by multiplying the customer's actual electricity consumption by the agreed unit price. Revenue from internet data centre hosting services is recognised over time in the accounting period in which the services are rendered.

#### *Hotel and catering services*

Revenue from hotel services mainly comprises of room, food and beverage and ancillary services. Except for the revenue from food and beverage which is recognised at a point of time when the services are rendered, revenue from other hotel operation services is recognised over time in the accounting period in which the services are rendered.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.6 Revenue recognition (Continued)

#### *Interest income from a financial asset*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from financial assets measured at amortised cost that are not credit-impaired is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount on initial recognition.

#### *Connection fee income*

Connection fee income in relation to transmission of steam is recognised on a time proportion basis over the expected service period of steam transmission to be rendered.

#### *Rental income*

The Group's accounting policy for recognition of revenue from operating leases is described in note 4.7(b) below.

#### *Logistics services*

Revenues is recognised over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services and uses the benefits simultaneously.

### 4.7 Leases

#### *(a) Definition of a lease and the Group as a lessee*

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.7 Leases (Continued)

#### (a) Definition of a lease and the Group as a lessee (Continued)

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

#### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.7 Leases (Continued)

#### (a) Definition of a lease and the Group as a lessee (Continued)

##### *Measurement and recognition of leases as a lessee (Continued)*

On the consolidated statement of financial position, right-of-use assets other than prepaid lease payments that do not meet the definition of investment property have been included in “Property, plant and equipment”, the same line as it presents the underlying assets of the same nature that it owns.

Refundable rental deposits paid are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### *Prepaid lease payments*

Prepaid lease payments (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. The prepaid lease payments for leasehold land are presented as “Prepaid lease payments” under non-current assets. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

#### (b) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

#### (c) Sale and leaseback transactions

##### *The Group as a seller-lessee*

For a transfer that does not satisfy requirements as a sale in accordance with IFRS 15, the transaction are in substance a financing arrangement under IFRS 9. Therefore, the Group as a seller-lessee accounts for the proceeds received as other borrowings within the scope of IFRS 9.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.8 Foreign currencies translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange fluctuation reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into RMB at the rates prevailing at the end of the reporting period. Goodwill arising on the acquisitions of foreign operations is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

All other borrowing costs are recognised in profit or loss for the period in which they are incurred.

### 4.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to income is presented in gross under “Other income” in the consolidated statement of profit or loss and other comprehensive income.

### 4.11 Employee benefits

#### *Retirement benefit costs*

Payments to defined contribution retirement benefits schemes, including state-managed retirement benefits schemes in the People’s Republic of China (the “PRC”), are recognised as an expense when employees have rendered service entitling them to the contributions.

#### *Short-term employee benefits*

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

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.11 Employee benefits (Continued)

#### *Share-based employee compensation*

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is recognised as an expense in profit or loss on a straight-line basis over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately.

For the Share Award Scheme of the Company, the Group purchase its own shares through the trustee of the Share Award Scheme from the open market for the shares to be vested under the Share Award Scheme. The shares purchased by the Group that are not yet vested for this Share Award Scheme were recorded as “Shares held for share award scheme” as a deduction under equity.

### 4.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.12 Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, investment in an associate and investment in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax for investment property that are measured using the fair value model, the carrying amounts of such property are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment property are measured in accordance with the above general principles set out in IAS 12.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.13 Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress and cost of right-of-use assets as described in note 4.7) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Bearer plants are living plants used in the production or supply of agricultural produce. They are expected to bear produce for more than one period and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The Group's bearer plants represent giant reed plantations. The Group elects to account for its bearer plants using the cost model under IAS 16 "Property, Plant and Equipment". Immature bearer plants are accounted for at accumulated cost, which consist mainly of the accumulated cost of land clearing, planting, fertilising, upkeeping and maintaining the plantations. Immature bearer plants are not depreciated. Immature bearer plants are reclassified to mature bearer plants when they are commercially productive and available for harvest. In general, an giant reed plantation takes about two months maturity from the time of planting the seedlings to reach maturity and can be harvested at the end of December annually for an average of 15 times after the initial harvest.

Mature bearer plants are stated at cost, and are subject to depreciation.

Depreciation is recognised to write off the cost of items of property, plant and equipment other than construction in progress less their residual values, if any, over their estimated useful lives, using the straight-line method. The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Accounting policy for depreciation of right-of-use assets is set out in note 4.7.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.14 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation.

Owner-occupied property is transferred to investment property when there is a change in use evidenced by the end of owner occupation.

Investment properties transferred from property, plant and equipment are initially measured at fair value, which is the deemed cost of the property. Subsequent to initial recognition, investment properties are measured at their fair values. Gain or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

### 4.15 Impairment of non-financial assets

The following assets are subject to impairment testing:

- Goodwill;
- Other intangible assets;
- Prepaid lease payments;
- Property, plant and equipment (including right-of-use assets) and bearer plants;
- Deposits for acquisition for property, plant and equipment;
- The Company's interests in subsidiaries;
- Interests in associates; and
- Interest in a joint venture

Goodwill are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.15 Impairment of non-financial assets (Continued)

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 4.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventory comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition, or the deemed cost for agricultural produce harvested from the bearer plants. Cost of inventory is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.17 Financial instruments

#### *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### *Financial assets*

##### *Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, adjusted for transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets are classified into the following categories:

- amortised cost
- FVTPL
- FVOCI

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or other income, except for reversal of or provision for ECL allowance of financial assets which is presented as a separate item in profit or loss.



## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.17 Financial instruments (Continued)

#### *Financial assets* (Continued)

##### *Subsequent measurement of financial assets*

##### Debt instruments

##### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

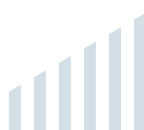
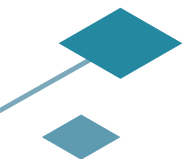
After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade receivables, other receivables, other receivables from a joint venture, restricted bank deposits, bank balance and cash and loans to third parties fall into this category of financial instruments.

##### Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

##### Financial assets at FVOCI – recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL allowance, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.



## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.17 Financial instruments (Continued)

#### *Financial liabilities*

##### *Classification and measurement of financial liabilities*

The Group's financial liabilities include bank and other borrowings, leases liabilities, discounted bills financing, trade payables, bills payables, other payables, payables for construction work and machinery and equipment.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction cost.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs.

Accounting policies of lease liabilities are set out in note 4.7.

##### *Borrowings*

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

Borrowings are classified as current liabilities unless as at the end of the reporting period, the Group has a right to defer settlement of the liability for at least twelve months after the reporting date.

##### *Other financial liabilities*

The financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

### 4.18 Derivative financial instruments

Derivative financial instruments are recognised at fair value at the end of each reporting period with gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedged accounting under IFRS 9.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.19 Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise ECL – the “ECL model”. Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date'

'12-month ECL' are recognised for the Stage 1 category while 'lifetime ECL' are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### **Trade receivables**

For trade receivables, the Group applies a simplified model in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix with appropriate groupings and/or individually assessed for debtors with significant balances, that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on share credit risks characteristics and the days past due.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.19 Impairment of financial assets (Continued)

#### ***Other financial assets measured at amortised cost and debt investments at FVOCI***

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.19 Impairment of financial assets (Continued)

#### *Other financial assets measured at amortised cost and debt investments at FVOCI* (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group); (ii) the financial asset is 90 days past due.

Detailed analysis of the ECL assessment of trade receivables, other financial assets measured at amortised cost and debt investments FVOCI are set out in note 44(c).

#### *Financial guarantee contracts*

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

### 4.20 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

### 4.21 Biological assets

The Group's biological assets comprise agricultural produce of the bearer plants, which represents unharvested giant reed. Biological assets are measured at fair value less costs to sell at initial recognition and the change in fair value of biological assets at each reporting date are recognised in the profit or loss for the period in which they arise.

For the valuation of unharvested produce of giant reed, the Group has applied the actual harvest data subsequent to the year end to derive the fair value.

Unharvested giant reed will be derecognised in the period when harvested.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.22 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 4.23 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the senior executive management of the Company for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

### 4.24 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

### 4.25 Financial guarantee issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value, and subsequently at the higher of the amount determined in accordance with the ECL model under IFRS 9 as set out in note 4.19 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Critical judgments in applying accounting policies (Continued)

#### *Going concern basis for preparation of the consolidated financial statements*

As disclosed in note 4.1, the consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis is assessed after taking into consideration of all relevant available information about the future of the Group, including the proposed measures as described in note 4.1 and the cash flow projections for the next twelve months from the date of 31 December 2025. Such projections about the future inherently involve uncertainties in the sale prices of finished goods, the purchasing prices of the raw materials, and the renewal of banking facilities. The Directors have reviewed the relevant available information and key assumptions used in the cash flow projections for the twelve months after end of the reporting period, and have concluded that the use of going concern basis for preparation of the consolidated financial statements for the year ended 31 December 2025 remains proper.

#### *Deferred taxation from the land appreciation tax on an investment property*

For the purposes of measuring deferred tax liabilities of land appreciation tax arising from an investment property that is measured using the fair value model, the Directors have reviewed the Group's investment property and concluded that the Group's investment property is held under the lease purpose to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, in measuring the Group's deferred tax liabilities of land appreciation tax on investment property, the Directors have determined that the presumption that the carrying amount of investment property measured using the fair value model is recovered entirely through sale is rebutted. As a result, the Group has not recognised any deferred tax from the land appreciation tax on change in fair value of an investment property.

### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *Impairment of goodwill*

Determining whether goodwill has been impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Any change in the estimates would increase or decrease in the provision for impairment loss and affect the Group's results in future years. As at 31 December 2025, the carrying amount of goodwill is approximately RMB257,540,000 (2024: RMB49,746,000). No impairment loss has been recognised (2024: Nil) on goodwill during the year ended 31 December 2025 to reduce the carrying amount of goodwill to its recoverable amount. Details of the impairment of goodwill are disclosed in note 19.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### *Estimation of fair value of financial instruments not traded in an active market*

As at 31 December 2025, financial instruments, including the financial assets at FVTPL and bills receivables that are not traded in an active market carried at fair value of Nil and RMB377,975,000 (2024: RMB251,491,000 and RMB144,973,000) respectively. The fair values are determined by using valuation techniques, details of which are set out in note 23, note 28 and note 44(e).

#### *Allowance of inventories*

The Group makes allowance for inventories based on assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories required the use of judgment and estimates on the conditions and realisability of the inventories. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the inventories and allowance for inventories in the year in which such estimate has been changed. As at 31 December 2025, the carrying amount of inventories is RMB696,117,000, net of provision of RMB6,708,000 (2024: RMB506,501,000, net of provision of Nil) (note 26).

#### *Deferred tax assets*

As at 31 December 2025, deferred tax assets of RMB70,204,000 (2024: RMB88,736,000) in relation to tax losses and temporary differences set out in note 20 has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised in respect of the remaining unused tax losses of RMB257,405,000 (2024: RMB107,038,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more or less than expected, a material adjustment of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such an adjustment takes place.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### *Estimation of impairment of trade receivables and other items within the scope of ECL under IFRS 9 and provision for financial guarantees*

The Group makes allowances on items subjects to ECL (including trade receivables, bills receivables, other receivables, other receivables from a joint venture, loans to third parties, restricted bank deposits, bank balances and cash and financial guarantees) are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, forward looking estimates and default status of borrowings for which the Group is a guarantor at the end of each reporting period as set out in note 4.19. The carrying amounts of trade receivables, bills receivables, other receivables, other receivables from a joint venture, loans to third parties, restricted bank deposits, bank balances and cash and financial guarantees contracts at the reporting date is set out in notes 27, 28, 29, 24, 30 and 54 respectively.

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade receivables and other items within the scope of ECL under IFRS 9 and credit losses in the periods in which such estimate has been changed.

#### *Useful lives and residual values of property, plant and equipment*

The Group's management determines the residual values, useful lives and related depreciation charges for its property, plant and equipment, as disclosed in note 15. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and keen competitions from competitors. Management will increase the depreciation charge where residual values or useful lives are less than previously estimated, or it will write-off or write-down technically obsolete assets.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### *Impairment test of items of property, plant and equipment and right-of-use assets*

Management estimates the recoverable amount of items of property, plant and equipment and right-of-use assets when an indication of impairment exists. This requires an estimation of higher of the value in use and fair value less costs of disposal of the cash-generating units. Estimating the value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The carrying values of property, plant and equipment (including right-of-use assets) at 31 December 2025 were RMB6,284,745,000 (2024: RMB5,424,744,000). Further details are included in note 15 to the consolidated financial statements.

#### *Estimation of fair value of investment properties*

The best evidence of fair value is current prices in an active market for similar property in the same location and condition and subject to the same lease or other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making this judgment, the Group considers information from a variety of sources including:

- i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

As at 31 December 2025, the carrying amounts of the Group's investment properties carried at fair value are RMB55,515,000 (2024: RMB57,064,000). Details of the fair value measurements are disclosed in note 16.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 6. REVENUE

The Group is principally engaged in production/generation and sale of paper products, electricity and steam. The Group's revenue represents the amount received and receivable from these activities.

#### Disaggregation of revenue from contracts with customers

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

Segments	For the year ended 31 December 2025			
	Paper products RMB'000	Electricity and steam RMB'000	Others RMB'000	Total RMB'000
<b>Timing of revenue recognition</b>				
— At a point in time	7,418,041	363,807	—	7,781,848
— Over time	—	—	6,766	6,766
	<b>7,418,041</b>	<b>363,807</b>	<b>6,766</b>	<b>7,788,614</b>
<b>Geographical markets</b>				
— PRC	7,180,173	363,807	—	7,543,980
— Overseas	237,868	—	6,766	244,634
	<b>7,418,041</b>	<b>363,807</b>	<b>6,766</b>	<b>7,788,614</b>

Segments	For the year ended 31 December 2024			
	Paper products RMB'000	Electricity and steam RMB'000	Others RMB'000	Total RMB'000
<b>Timing of revenue recognition</b>				
— At a point in time	7,607,588	440,017	—	8,047,605
<b>Geographical markets</b>				
— PRC	7,487,571	440,017	—	7,927,588
— Overseas	120,017	—	—	120,017
	<b>7,607,588</b>	<b>440,017</b>	<b>—</b>	<b>8,047,605</b>

## 7. SEGMENT INFORMATION

### (a) Reportable segments

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.

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment for the year.

#### For the year ended 31 December 2025

	Paper products					Subtotal RMB'00	Electricity and steam RMB'000	Others RMB'000	Total RMB'000
	White top linerboard RMB'000	Coated- white top linerboard RMB'000	Core board RMB'000	Specialised paper products RMB'000	Corrugated paper RMB'000				
Revenue from external customers	1,383,436	1,716,185	577,596	2,034,576	1,706,248	7,418,041	363,807	6,766	7,788,614
Inter-segment revenue						–	759,996	–	759,996
Segment revenue						7,418,041	1,123,803	6,766	8,548,610
Segment profit/(loss)						928,467	262,260	(758)	1,189,969

#### For the year ended 31 December 2024

	Paper products					Subtotal RMB'00	Electricity and steam RMB'000	Others RMB'000	Total RMB'000
	White top linerboard RMB'000	Coated- white top linerboard RMB'000	Core board RMB'000	Specialised paper products RMB'000	Corrugated paper RMB'000				
Revenue from external customers	1,525,512	1,876,840	601,663	1,795,473	1,808,100	7,607,588	440,017	–	8,047,605
Inter-segment revenue						–	881,161	–	881,161
Segment revenue						7,607,588	1,321,178	–	8,928,766
Segment profit						1,010,590	360,933	–	1,371,523

## 7. SEGMENT INFORMATION (Continued)

### (a) Reportable segments (Continued)

#### *Segment revenue and results* (Continued)

The accounting policies of the reporting segments are the same as the Group's accounting policies described in note 4. Segment profit represents the gross profit earned by each paper product category and the profit before income tax earned by electricity and steam segment and other 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 allowance of 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 the paper product segment, electricity and steam segment and other segment when making decisions about resources to be allocated to the segment and assessing its performance.

A reconciliation of the segment profit to the consolidated profit before income tax is as follows:

	2025 RMB'000	2024 RMB'000
<b>Profit</b>		
Segment profit	1,189,969	1,371,523
Unrealised profit on inter-segment sales	(97,056)	(179,493)
	<b>1,092,913</b>	1,192,030
Administrative expenses	(480,240)	(479,805)
Other income	150,537	271,021
Other gains or losses, net	(30,667)	6,281
Distribution and selling expenses	(372,217)	(372,909)
Finance costs	(91,762)	(134,176)
Reversal of/(Provision for) ECL allowance of financial assets, net	64,773	(12,450)
Loss on fair value changes of an investment property	(1,549)	(2,336)
Share of loss of a joint venture	(12,019)	(18,972)
<b>Consolidated profit before income tax</b>	<b>319,769</b>	448,684

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.

## 7. SEGMENT INFORMATION (Continued)

### (b) Information about major customers

There is no single customer contributing over 10% of total sales of the Group for both years.

### (c) Geographical information

The information on the geographical locations of the Group's revenue determined based on geographical region of the customers is described in note 6.

Over 96% (2024: 99%) of the Group's operations and non-current assets are located in the PRC. Accordingly, no further analysis on non-current assets (other than deferred tax assets and financial instruments) by geographical location is presented.

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

	2025 RMB'000	2024 RMB'000
Other income:		
Interest income on:		
bank deposits	26,529	54,746
loans to third parties	15,080	9,269
the balance with a joint venture (note i)	7,705	18,769
Total interest income	49,314	82,784
Government grants (note ii)	83,289	169,116
Rental income	4,901	5,410
Hotel and catering services income	4,200	5,436
Logistics services income	11,992	11,541
	<b>153,696</b>	274,287
Other gains or losses, net:		
Gain from sale of scrap materials, net	34,217	10,537
Fair value (loss)/gain of financial assets at FVTPL (note 44(e))	(83,691)	1,769
Fair value loss of biological assets (note 25)	(4,537)	(6,645)
Loss on disposal and written off of property, plant and equipment	(4,389)	(5,295)
Net foreign exchange (losses)/gains	(9,006)	855
Sale of carbon emission allowances (note iii)	18,453	22,712
Gain on waiver of consideration payable	29,018	—
Remeasurement gain on step acquisition of a joint venture (note 51)	11,848	—
Others	567	5,000
	<b>(7,520)</b>	28,933

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 8. OTHER INCOME AND OTHER GAINS OR LOSSES, NET (Continued)

Notes:

- i. During the year ended 31 December 2025, the Group earned interest income from other receivable from 世紀陽光(壽光)特種紙業有限公司 (Century Sunshine (Shouguang) Specialty Paper Co., Ltd)\* (formerly known as “陽光王子(壽光)特種紙有限公司” (Sunshine Oji (Shouguang) Specialty Paper Co., Ltd)\* (“Sunshine Shouguang”) at a weighted average effective interest rate of 4.79% (2024: 4.79%) per annum, unsecured and repayable after 12 months up to 26 June 2025 (the date of consolidation of Sunshine Shouguang). Since 26 June 2025, Sunshine Shouguang became the wholly-owned subsidiary of the Company.
- ii. During the year ended 31 December 2025, the Group were granted and received unconditional government subsidies of approximately RMB63,583,000 (2024: RMB121,156,000) from local government, the amounts of which were determined by reference to the amount of value-added tax (“VAT”) paid.

The remaining amount of government subsidies mainly relates to the subsidies granted by the government in respect of operating and development activities and to provide financial support to the Group which are either unconditional grants or grants with conditions having been satisfied.

- iii. During the year ended 31 December 2025, the Company’s subsidiary, 昌樂盛世熱電有限責任公司 (Changle Shengshi Thermoelectricity Co., Ltd)\* (“Shengshi Thermoelectricity”) disposed of its surplus carbon emission allowances of approximately RMB18,453,000 (2024: RMB22,712,000) through the China’s National Emissions Trading System.

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

### 9. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest expenses on:		
discounted bills financing	14,657	25,313
bank and other borrowings	125,567	144,699
lease liabilities	2,475	2,837
	<b>142,699</b>	172,849
Less: Interest capitalised in construction in progress	<b>(32,701)</b>	(21,441)
	<b>109,998</b>	151,408

Borrowing costs capitalised during the year ended 31 December 2025 arose from the general borrowing pool and were calculated by applying capitalisation rates ranging from 3.54% to 5.34% (2024: 4.79% to 5.60%) per annum to expenditure on construction in progress.

## 10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### Directors

Directors' emoluments, disclosed pursuant to the Listing Rules, Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Fees RMB'000	Salaries and other benefits RMB'000 (Note ii)	Contributions to retirement benefits schemes RMB'000	Performance related incentive payments RMB'000 (Note i)	Total emoluments RMB'000
<b>2025</b>					
Executive directors:					
Wang Dongxing (Chairman)	100	757	—	1,154	2,011
Shi Weixin	100	213	—	—	313
Wang Changhai (General Manager)	100	463	46	1,154	1,763
Ci Xiaolei	100	333	46	1,154	1,633
Non-executive directors:					
Wu Rong	100	—	—	—	100
Zhang Xiaohui (note v)	—	—	—	—	—
Independent non-executive directors:					
Zhang Tao	100	—	—	—	100
Wang Zefeng (note v)	100	—	—	—	100
Jiao Jie (note iii)	66	—	—	—	66
Sun Junchen (note iv)	34	—	—	—	34
	800	1,766	92	3,462	6,120

## Notes to the Consolidated Financial Statements

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### 10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

#### Directors (Continued)

	Fees RMB'000	Salaries and other benefits RMB'000 (Note ii)	Contributions to retirement benefits schemes RMB'000	Performance related incentive payments RMB'000 (Note i)	Total emoluments RMB'000
2024					
Executive directors:					
Wang Dongxing (Chairman)	100	778	—	2,659	3,537
Shi Weixin	100	214	—	—	314
Wang Changhai (General Manager)	100	501	46	2,567	3,214
Ci Xiaolei	100	271	38	1,927	2,336
Non-executive directors:					
Wu Rong	100	—	—	—	100
Zhang Xiaohui (note v)	—	—	—	—	—
Independent non-executive directors:					
Zhang Tao	100	—	—	—	100
Wang Zefeng (note v)	100	—	—	—	100
Jiao Jie (note iii)	100	—	—	—	100
	800	1,764	84	7,153	9,801

#### Notes:

- i. The performance related incentive payments is determined based on the Group's operating results, individual performance and prevailing market conditions.
- ii. Salaries and other benefits included previous salary tax and dividend tax paid by the Group.
- iii. Resigned on 29 August 2025.
- iv. Appointed on 29 August 2025.
- v. Resigned on 29 January 2026.

**10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS** (Continued)**Employees**

The five highest paid individuals of the Group during the year, including 3 directors (2024: 3 directors), details of their emoluments are set out above. The emoluments of the remaining 2 individuals (2024: 2 individuals) during the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other allowances	1,784	3,383
Retirement benefits schemes contributions	94	91
	<b>1,878</b>	<b>3,474</b>

The above employees' emoluments fell within the following band:

	2025	2024
Hong Kong dollars ("HK\$") 500,001 to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	1	—
HK\$2,500,001 to HK\$3,000,000	—	1

During both years, no emoluments were paid by the Group to the Directors ("Directors") or the two (2024: two) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the current year.

**11. INCOME TAX EXPENSE**

	2025 RMB'000	2024 RMB'000
Current tax		
PRC enterprise income tax	132,717	131,977
Under-provision in previous years	1,858	2,064
	<b>134,575</b>	<b>134,041</b>
Deferred tax credit (note 20)	(9,705)	(20,494)
	<b>124,870</b>	<b>113,547</b>

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulation of the Enterprise Income Tax Law, all PRC subsidiaries are subject to PRC enterprise income tax of 25% (2024: 25%).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 11. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2025 and 2024 as the Group sustained a loss for tax purpose.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

The subsidiaries in the United States of America and Canada of the Group did not have assessable profits for the year ended 31 December 2025 (2024: Nil).

Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before income tax	<b>319,769</b>	448,684
Tax at the applicable income tax rate of 25% (2024: 25%)	<b>79,942</b>	112,171
Tax effect of expenses not deductible	<b>33,764</b>	5,838
Tax effect of share of result of a joint venture	<b>3,005</b>	4,881
Tax effect of non-taxable income	<b>(11,472)</b>	(21,472)
Under-provision in previous year	<b>1,858</b>	2,064
Utilisation of tax losses previously not recognised	<b>(5,613)</b>	(3,545)
Tax effect of tax losses not recognised	<b>12,831</b>	13,610
Withholding tax on distributable profit of subsidiaries	<b>10,555</b>	—
Tax charge for the year	<b>124,870</b>	113,547

Details of deferred tax charge for the current year are set out in note 20.

## 12. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
Wages and salaries	459,745	430,750
Retirement benefits schemes contributions (note)	75,382	66,668
<b>Total staff costs (including the Directors' emoluments)</b>	<b>535,127</b>	497,418
Cost of inventories recognised as an expense, including:	<b>4,807,718</b>	4,883,657
— Write-down of inventories to net realisable value	<b>6,708</b>	—
Depreciation of property, plant and equipment		
— right-of-use assets	<b>7,497</b>	6,715
— owned assets	<b>438,568</b>	435,297
Amortisation of prepaid lease payments (note 17)	<b>24,491</b>	17,301
Auditor's remuneration	<b>2,140</b>	2,100
Lease charges on short term leases	<b>4,759</b>	2,084
Net foreign exchange losses/(gains)	<b>9,006</b>	(855)
Research and development expenses	<b>16,297</b>	9,369

Note:

At 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2024: Nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 13. DIVIDENDS

	2025 RMB'000	2024 RMB'000
<b>Approved and paid:</b>		
2024 final dividend — HK5 cents per share (2024: 2023 final dividend — Nil per share)	49,316	—
<b>Proposed:</b>		
Final dividend — Nil per share (2024: HK5 cents per share)	—	49,316

The Directors do not recommend the payment of final dividends for the year ended 31 December 2025. During the year ended 31 December 2024, 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 and paid to the equity shareholders of the Company whose names appear in the register of members on 11 July 2025).

### 14. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the consolidated profit of RMB159,895,000 (2024: RMB279,872,000) for the year attributable to owners of the Company, and the weighted average number of 1,065,144,000 (2024: 1,065,144,000) ordinary shares in issue during the year.

There are no dilutive potential ordinary shares in issue for the years ended 31 December 2025 and 2024. The diluted earnings per share equals to the basic earnings per share.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RMB'000	Buildings RMB'000	Plant, machinery and equipment RMB'000	Construction in progress RMB'000	Bearer plants RMB'000	Farmland infrastructure and machinery RMB'000	Total RMB'000
<b>Cost</b>							
As at 1 January 2024	39,349	2,291,531	5,863,842	462,864	3,309	61,908	8,722,803
Additions	—	9,634	46,908	306,847	13,059	10,168	386,616
Transfers	—	11,684	72,924	(84,608)	—	—	—
Lease modification	—	1,215	—	—	—	—	1,215
Reassessment of lease term	—	—	—	—	—	(8,596)	(8,596)
Disposals and written off	—	(332)	(67,464)	—	—	(228)	(68,024)
At 31 December 2024 and 1 January 2025	39,349	2,313,732	5,916,210	685,103	16,368	63,252	9,034,014
Additions	—	3,748	31,101	753,539	26,018	378	814,784
Step acquisition of a joint venture (note 51)	—	121,948	272,358	900	—	—	395,206
Step acquisition of associates (note 52)	33,327	1,994	69,597	—	—	—	104,918
Acquisition of subsidiaries (note 53)	6,629	—	—	9,307	—	—	15,936
Transfers	—	2,252	58,510	(73,981)	—	13,219	—
Lease modification	—	—	—	—	—	(1,415)	(1,415)
Disposals and written off	—	(5,733)	(45,160)	(4,746)	—	(98)	(55,737)
<b>At 31 December 2025</b>	<b>79,305</b>	<b>2,437,941</b>	<b>6,302,616</b>	<b>1,370,122</b>	<b>42,386</b>	<b>75,336</b>	<b>10,307,706</b>
<b>Accumulated depreciation</b>							
At 1 January 2024	9,843	517,269	2,687,325	—	85	1,464	3,215,986
Provided for the year	3,264	77,455	357,132	—	341	3,820	442,012
Eliminated on disposals and written off	—	(137)	(48,548)	—	—	(43)	(48,728)
At 31 December 2024 and 1 January 2025	13,107	594,587	2,995,909	—	426	5,241	3,609,270
Provided for the year	3,298	79,427	356,115	—	1,704	5,521	446,065
Eliminated on disposals and written off	—	(1,602)	(30,742)	—	—	(30)	(32,374)
<b>At 31 December 2025</b>	<b>16,405</b>	<b>672,412</b>	<b>3,321,282</b>	<b>—</b>	<b>2,130</b>	<b>10,732</b>	<b>4,022,961</b>
<b>Carrying amount</b>							
<b>At 31 December 2025</b>	<b>62,900</b>	<b>1,765,529</b>	<b>2,981,334</b>	<b>1,370,122</b>	<b>40,256</b>	<b>64,604</b>	<b>6,284,745</b>
At 31 December 2024	26,242	1,719,145	2,920,301	685,103	15,942	58,011	5,424,744

## Notes to the Consolidated Financial Statements

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### 15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

- (i) The above items of owned property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis after taking into account their estimated residual values, at the following rates per annum:

	Useful lives (Years)	Residual values
Buildings	20–30	4–10%
Plant, machinery and equipment	5–20	4–15%
Farmland infrastructure and machinery	5–20	0–5%
Bearer plants	15	0%

The right-of-use assets are depreciated as a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the respective right-of-use assets or the end of the lease terms.

- (ii) Details of pledged property, plant and equipment are set out in note 45.
- (iii) Management has determined that an indication of impairment exists at the end of the reporting period due to technological breakthroughs and product upgrades as well as market performance being worse than expected. The management performed impairment assessment on the carrying amount of certain property, plant and equipment of certain subsidiaries (the "Certain PPE") as at 31 December 2025 which represents amounting to RMB1,918,869,000 (2024: RMB2,075,982,000) approximately 31% (2024: 38%) of the total carrying amount of the Group's property, plant and equipment at the cash-generating unit ("CGU") level to which the Certain PPE are attributable.

The recoverable amount of these CGUs is determined based on their value in use ("VIU"), which was calculated using discounted cash flows derived from five-year financial projections approved by management. These projections assume various revenue growth rates, plus a terminal value for cash flows beyond the projection period, extrapolated at an estimated terminal growth rate of 2% (2024: 2%). The cash flow projections are discounted at a pre-tax discount rate ranging from 9.04% to 10.99% (2024: 9.00% to 11.73%). Based on management's assessment, no impairment loss was recognised on the Certain PPE during the year ended 31 December 2025.

The recoverable amount of idle assets was determined based on fair value less cost of disposal, which was estimated with reference to subsequent sales. The fair value less cost of disposal of the idle assets is categorised within Level 2 of the fair value hierarchy as it is derived from quoted prices for identical assets in markets that are not active. As at 31 December 2025, the impairment loss of RMB15,091,000 (2024: RMB15,458,000) was recognised in respect of property, plant and equipment relating to idle assets.

As at 31 December 2025 and 2024, the accumulated impairment loss on property, plant and equipment are as follows:

	Total RMB'000
At 1 January 2024	41,046
Disposals and written off	(3,029)
At 31 December 2024 and 1 January 2025	38,017
Disposals and written off	(367)
At 31 December 2025	37,650

## 15. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 December 2025 and 2024, included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Carrying amount		Depreciation
	As at 31 December 2025 RMB'000	As at 1 January 2025 RMB'000	For the year ended 31 December 2025 RMB'000
Leasehold land	62,900	26,242	3,298
Buildings	3,435	1,157	485
Farmland infrastructure and machinery	45,104	50,202	3,683
Plant, machinery and equipment	485	—	31
	<b>111,924</b>	77,601	<b>7,497</b>

	Carrying amount		Depreciation
	As at 31 December 2024 RMB'000	As at 1 January 2024 RMB'000	For the year ended 31 December 2024 RMB'000
Leasehold land	26,242	29,506	3,264
Buildings	1,157	287	345
Farmland infrastructure and machinery	50,202	55,941	3,106
	77,601	85,734	6,715

During the year ended 31 December 2025, the total additions to right-of-use assets included in buildings amounting to RMB769,000 (2024: buildings and farmland infrastructure and machinery amounting to Nil and RMB5,963,000, respectively), and lease modification included in farmland infrastructure and machinery amounting to RMB1,415,000 (2024: buildings amounting to RMB1,215,000). The details in relation to these leases are set out in note 35.

## Notes to the Consolidated Financial Statements

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### 16. INVESTMENT PROPERTY

	<b>Completed investment property</b> RMB'000
<b>Fair value</b>	
At 1 January 2024	59,400
Net decrease in fair value recognised in profit or loss	(2,336)
At 31 December 2024 and 1 January 2025	57,064
Net decrease in fair value recognised in profit or loss	(1,549)
<b>At 31 December 2025</b>	<b>55,515</b>

The Group's investment property is commercial purpose unit located in Weifang, Shandong, the PRC, which were remeasured using significant unobservable inputs to fair value by reference to a valuation performed by Asia-Pacific Consulting and Appraisal Limited, independent qualified professional valuers as at 31 December 2025. Asia-Pacific Consulting and Appraisal Limited is a member of the Institute of Valuers. The Group's financial controller has discussion with the valuer on the valuation assumptions and valuation results for financial reporting purposes. 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. The valuation and all key assumptions used in the valuation reflect market conditions at the valuation date. The resulting decrease in fair value of investment property of RMB1,549,000 has been recognised directly in profit or loss for the year ended 31 December 2025 (2024: decrease of RMB2,336,000).

There has been no significant change from the valuation technique used in the prior year. In estimating the fair value of the property, the highest and best use of the property is their current use.

## 16. INVESTMENT PROPERTY (Continued)

The following table provides the information of fair value measurement of the Group's investment property:

Investment property held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation techniques(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs for fair value
Certain office part of the property in Weifang, Shandong	Level 3	Market approach	Market unit sales rate, using market direct comparable at RMB4,000–4,200/sq.m. (2024: RMB4,300–4,500/sq.m.)	The increase in the market unit sales rate would result in an increase in fair value.
		The key inputs are: (1) Market unit sales rate; and (2) Location markdown	Location markdown, based on location and other individual adjustment factors ranging from 6–8% (2024: 4–6%)	The increase in the location markdown would result in a decrease in fair value.
Certain retail part of the property in Weifang, Shandong	Level 3	Income capitalisation (term and reversionary approach)	Term yield, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received, of 4.5% in 2025 (2024: 4.5%)	The increase in the term yield would result in a decrease in fair value.
		The key inputs are: (1) Term yield; (2) Capitalisation rate; and (3) Market unit rent of individual unit	Capitalisation rate, taking into account annual unit market rental income and unit market value of the comparable properties, of 5% (2024: Capitalisation rate of 5%)	The increase in the capitalisation rate would result in a decrease in fair value.
			Market unit rent, using the unit price from the existing tenancy agreement and taking into account of other individual factors of range from RMB1.08 sq.m./day to RMB1.29 sq.m./day (2024: range from RMB1.01 sq.m./day to RMB1.17 sq.m./day)	The increase in the market unit rent would result in an increase in fair value.

There were no transfers into or out of Level 3 during the year.

The Group's owned property interest to earn rental is measured using the fair value model and is classified and accounted for as investment property.

Details of pledged investment property is set out in note 45.

## Notes to the Consolidated Financial Statements

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### 17. PREPAID LEASE PAYMENTS

The prepaid lease payments represent prepayments in relation to leases of land in the PRC under medium-term leases for 20–70 years. The prepaid lease payments fall into the scope of IFRS 16 as it meet the definition of right-of-use assets. The movements in their net carrying amounts are analysed as follows:

	2025 RMB'000	2024 RMB'000
Opening net carrying amount	822,629	739,438
Additions	117,451	100,492
Arising from step acquisition of a joint venture (note 51)	52,189	—
Amortisation (note 12)	(24,491)	(17,301)
Closing net carrying amount	967,778	822,629

Details of pledged land use rights are set out in note 45.

### 18. CUSTOMER RELATIONSHIPS

	2025 RMB'000	2024 RMB'000
<b>At cost</b>		
Opening net carrying amount	—	—
Arising from step acquisition of associates (note 52)	27,473	—
Closing net carrying amount	27,473	—

During the year ended 31 December 2025, the Group acquired further equity interests of Top Speed Energy Holding Limited (“TSE”) and its subsidiaries (collectively referred to as the “TSE Group”) from 45% to 100% (Note 52). The customer relationships of RMB27,473,000 has identified from the step acquisition of TSE Group at the acquisition date. A valuation was performed by the independent valuer to determine the fair value of the identified customer relationships. The valuation method used for customer relationships is the discounted cash flow method. The key assumptions in determining the fair value of customer relationships are disclosed as follows:

	Annual revenue growth rate	EBITDA (% of revenue)	Discount rate	Attrition rate
TSE Group	2%	16%–26%	14.9%	30%

## 19. GOODWILL

	2025 RMB'000	2024 RMB'000
<b>At cost</b>		
Opening net carrying amount	49,746	49,746
Arising from step acquisition of a joint venture (note 51)	4,651	—
Arising from step acquisition of associates (note 52)	203,143	—
Closing net carrying amount	257,540	49,746

### Impairment tests for CGUs containing goodwill

As explained in note 7, the Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill has been allocated to five (2024: three) individual CGUs, including one subsidiary in electricity and steam segment (“CGU A”), three (2024: two) subsidiaries in Paper Products segment (“CGU B, CGU C and CGU D”) and other segment in internet data centre hosting services (“CGU E”). Management performed an impairment assessment on the goodwill as at 31 December 2025 and 2024.

The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2025 and 2024 allocated to the CGUs as follows:

	2025 RMB'000	2024 RMB'000
CGU A	18,692	18,692
CGU B	24,140	24,140
CGU C	6,914	6,914
CGU D (note 51)	4,651	—
CGU E (note 52)	203,143	—
At 31 December	257,540	49,746

## 19. GOODWILL (Continued)

### Impairment tests for CGUs containing goodwill (Continued)

The basis of the recoverable amount of the above CGUs and its major underlying assumptions are summarised below:

#### **CGU A**

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a 5-year period, and pre-tax discount rate of 6.58% (2024: 6.67%). The CGU's cash flow beyond the 5-year period is extrapolated using a steady growth rate of 1% (2024: 1%). The growth rate used is based on the management's best estimation on growth forecasts and does not exceed the average long-term growth rate for the relevant markets. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU A to exceed the aggregate recoverable amount of the CGU A.

#### **CGU B**

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a 5-year period, and pre-tax discount rate of 11.67% (2024: 12.22%). The CGU's cash flow beyond the 5-year period is extrapolated using a steady growth rate of 2% (2024: 2%). The growth rate used is based on the management's best estimation on growth forecasts and does not exceed the average long-term growth rate for the relevant markets. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU B to exceed the aggregate recoverable amount of the CGU B.

#### **CGU C**

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a 5-year period, and pre-tax discount rate of 11.54% (2024: 12.01%). The CGU's cash flow beyond the 5-year period is extrapolated using a steady growth rate of 1% (2024: 1%). The growth rate used is based on the management's best estimation on growth forecasts and does not exceed the average long-term growth rate for the relevant markets. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU C to exceed the aggregate recoverable amount of the CGU C.

## 19. GOODWILL (Continued)

### Impairment tests for CGUs containing goodwill (Continued)

#### **CGU D**

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a 5-year period, and pre-tax discount rate of 11.03%. The CGU's cash flow beyond the 5-year period is extrapolated using a steady growth rate of 1%. The growth rate used is based on the management's best estimation on growth forecasts and does not exceed the average long-term growth rate for the relevant markets. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU D to exceed the aggregate recoverable amount of the CGU D.

#### **CGU E**

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a 5-year period, and pre-tax discount rate of 13.70%. The CGU's cash flow beyond the 5-year period is extrapolated using a steady growth rate of 2%. The growth rate used is based on the management's best estimation on growth forecasts and does not exceed the average long-term growth rate for the relevant markets. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU E to exceed the aggregate recoverable amount of the CGU E.

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### 20. DEFERRED TAXATION

The following are the major deferred tax balances (before offset) recognised and movements thereon during the current and prior years:

#### Deferred tax assets

	Tax loss RMB'000	Fair value adjustment on property, plant and equipment RMB'000	Unrealised profit in inventories RMB'000	Allowance for doubtful debts RMB'000	Change in fair value of leasehold/ investment properties RMB'000	Deferred income RMB'000	Total RMB'000
At 1 January 2024	65,343	13,391	1,342	26,871	3,805	42,491	153,243
(Charged)/Credited to profit or loss (note 11)	(11,665)	(1,455)	(31)	2,554	584	6,756	(3,257)
At 31 December 2024 and 1 January 2025	53,678	11,936	1,311	29,425	4,389	49,247	149,986
(Charged)/Credited to profit or loss (note 11)	(6,711)	(1,329)	208	(18,925)	387	5,937	(20,475)
<b>At 31 December 2025</b>	<b>46,967</b>	<b>10,607</b>	<b>1,519</b>	<b>10,500</b>	<b>4,776</b>	<b>55,184</b>	<b>129,511</b>

#### Deferred tax liabilities

	Depreciation allowance in excess of related depreciation RMB'000	Undistributed profits of PRC subsidiaries RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2024	(154,746)	(5,151)	—	(159,897)
Credited to profit or loss (note 11)	23,751	—	—	23,751
At 31 December 2024 and 1 January 2025	(130,995)	(5,151)	—	(136,146)
Arising from step acquisition of a joint venture (note 51)	—	—	(2,425)	(2,425)
Arising from step acquisition of associates (note 52)	—	—	(5,831)	(5,831)
Credited to profit or loss (note 11)	30,180	—	—	30,180
<b>At 31 December 2025</b>	<b>(100,815)</b>	<b>(5,151)</b>	<b>(8,256)</b>	<b>(114,222)</b>

## 20. DEFERRED TAXATION (Continued)

### Deferred tax liabilities (Continued)

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	70,204	88,736
Deferred tax liabilities	(54,915)	(74,896)
	<b>15,289</b>	13,840

Unrecognised deductible unused tax losses:

	2025 RMB'000	2024 RMB'000
Deductible tax losses	445,273	321,750
Less: available for offset future profit	(187,868)	(214,712)
Unused tax losses for which no deferred tax assets have been recognised	<b>257,405</b>	107,038

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 20. DEFERRED TAXATION (Continued)

#### Deferred tax liabilities (Continued)

The Group has not recognised deferred tax assets on below unused tax losses, because it is not probable that the future taxable profits for PRC enterprise income tax will be available in relevant PRC subsidiaries to utilise the tax losses. Unused tax losses unrecognised will expire in:

	2025 RMB'000	2024 RMB'000
2025	—	17,693
2026	21,875	22,363
2027	3,066	4,162
2028	8,063	8,380
2029	54,440	54,440
2030	48,077	—
Total deductible tax losses	135,521	107,038

In addition, as at 31 December 2025, the Group had tax losses of approximately RMB64,530,000 (2024: Nil) available for offset against future profits for Canadian income tax purposes, of which the tax losses will expire within 15 to 20 years, and tax losses of approximately RMB57,354,000 (2024: Nil) in the United States, which can be carried forward to offset against future taxable profits in the United States with indefinite expiry periods. The tax losses are subject to final determination by taxation authorities.

## 21. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
At cost	—	300,830
Share of post-acquisition loss and other comprehensive expense	—	(54,983)
Impairment loss (note)	—	(245,847)
	—	—

Note:

In prior years, the Group carried out impairment assessments of the recoverable amount of cost of investment in an associate, as management has determined that indication of impairment exists at the end of the reporting period due to the operation performance of an associate was worse than expected during the acquisition. An associate incurred further operating loss during the year ended 31 December 2024.

Details of the Group's investment in an associate is as follows:

Name of entity	Form of business structure	Place of incorporation	% of interest held		Principal activities and place of operation
			2025 %	2024 %	
TSE	Limited incorporated	BVI	(Note)	45	Provision of electricity, storage and related support to internet data centre hosting services in the United States

Note:

The Group acquired further equity interests of TSE Group from 45% to 100% and TSE became the wholly-owned subsidiary of the Company accordingly. The completion date of this transaction is on 5 December 2025.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 21. INTERESTS IN ASSOCIATES (Continued)

#### Summarised financial information of the TSE Group

Summarised financial information of the TSE Group was set out below, which was accounted for using equity method.

	2024 RMB'000
Current asset	44,000
Non-current asset	83,392
Current liabilities	(167,525)
Non-current liabilities	(29,075)
Revenue	89,717
Loss and total comprehensive expense for the year	(2,801)

The Group had not incurred any contingent liabilities or other commitments relating to its investment in an associate. The amounts of unrecognised share of losses, both for the year ended 31 December 2024 and cumulatively were RMB1,260,000 and RMB14,728,000.

### 22. INTEREST IN A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
At cost	—	241,800
Share of post-acquisition loss and other comprehensive expense	—	(109,161)
Recognition of unrealised profit arising from sales of production facilities and equipment from the Group to Sunshine Shouguang for the year	—	552
	—	133,191
Less: Effect of unrealised profit arising from sales of production facilities and equipment from the Group to Sunshine Shouguang	—	(5,520)
	—	127,671

## 22. INTEREST IN A JOINT VENTURE (Continued)

Details of the Group's investment in Sunshine Shouguang were as follows:

Name of entity	Form of business structure	Principal place of operation and incorporation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2025 %	2024 %	2025 %	2024 %	
Sunshine Shouguang	Limited incorporated	PRC	(Note)	60	(Note)	60	Special paper production

Note:

The Group acquired further equity interests of Sunshine Shouguang from 60% to 100% and Sunshine Shouguang became the wholly-owned subsidiary of the Company accordingly. The completion date of this transaction is on 26 June 2025.

Pursuant to the joint venture agreement of Sunshine Shouguang before the acquisition on 26 June 2025, Sunshine Shouguang had been owned as to 60% by 山東世紀陽光紙業集團有限公司 (Shandong Century Sunshine Paper Group Co., Ltd)\* ("Century Sunshine") and 40% by Oji F-Tex Co. Ltd ("Oji F-Tex"), a wholly-owned subsidiary of Oji Holdings Corporation not connected to the Group. Since the governing board of Sunshine Shouguang was its board of directors, which directed the relevant activities of Sunshine Shouguang, and the decisions about the relevant activities of Sunshine Shouguang required the unanimous consent from the board of directors of Sunshine Shouguang, the Directors were of the view that the Group accounted for Sunshine Shouguang as a joint venture.

### Summarised financial information of Sunshine Shouguang

Summarised financial information of Sunshine Shouguang was set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS Accounting Standards.

Sunshine Shouguang was accounted for using the equity method in these consolidated financial statements.

	2024 RMB'000
Current assets	407,057
Non-current assets	477,742
Current liabilities	(613,249)
Non-current liabilities	(50,485)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	38,489
Current financial liabilities (excluding trade and other payables and provisions)	(59,976)

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### 22. INTEREST IN A JOINT VENTURE (Continued)

#### Summarised financial information of Sunshine Shouguang (Continued)

	2024 RMB'000
Revenue	720,173
Loss and total comprehensive loss for the year	(32,541)
The above loss for the year include the following:	
Depreciation and amortisation	34,170
Interest income	(1,273)
Interest expense	27,843

Reconciliation of financial information to the carrying amount of the interest in Sunshine Shouguang recognised in the consolidated financial statements:

	2024 RMB'000
Net assets of Sunshine Shouguang	221,065
Proportion of the Group's ownership interest in Sunshine Shouguang	132,639
Less: Effect of unrealised profit arising from sales of production facilities and equipment from the Group to Sunshine Shouguang	(4,968)
Carrying amount of the Group's interest in Sunshine Shouguang	127,671

## 23. 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 TSE (“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, which is subject to the following conditions (the “Conditions”) being fulfilled (or waived by the Purchaser in its absolute discretion, save for Condition specified in (ii) below which cannot be waived) on or before 18 months of the date of execution of the Repurchase Agreement:

- (i) the Vendors having complied with and performed all of their respective obligations under the Repurchase Agreement including having effected payment of the Consideration in full;
- (ii) the Repurchase Agreement and the transactions contemplated thereunder having fully complied with all relevant laws and regulations; and
- (iii) no event having occurred since the date of the Repurchase Agreement which in the sole opinion of the Purchaser is or is likely to be materially adverse to the transactions contemplated under the Repurchase Agreement, or makes or is likely to make it impracticable or inadvisable or inexpedient for the Purchaser to proceed with.

For details, please refer to the announcement of the Company dated 17 August 2023.

As at 31 December 2024, the TSE Group’s net profit is less than 70% of the guaranteed profit for the year ended 31 December 2024, and the above share repurchase arrangement is classified as derivative financial instruments and measured at fair value.

As at 31 December 2024, the fair value of derivative financial instruments at the end of the reporting period were determined by using discounted cash flows approach, which was within level 3 of the fair value hierarchy. The significant unobservable input was the discount factor of 0.95. An increase in the discount factor would increase the fair value. The fair value of derivative financial instruments at the end of the reporting period also considered the business valuation of the TSE Group, which was determined by using income approach. This approach was used to a cash flow projection covering a detailed five-year budget plan, followed by an extrapolation of discounted cash flows, and falls within level 3 of the fair value hierarchy. The cash flow projection was based on cash flows projected by management, with key assumptions and estimates including revenue growth rate, sales margin, terminal growth rate and discount rate. The pre-tax discount rate applied to the estimated cash flow projections was 22.0%, with a terminal growth rate of 0% beyond the five-year period. The significant unobservable inputs are forecasted net profits of the TSE Group, terminal growth rate and discount rate. An increase in the net profits of the TSE Group and terminal growth rate would increase the fair value, while an increase in the discount rate would decrease the fair value.

## Notes to the Consolidated Financial Statements

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### 23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

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 TSE 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 the TSE Group's net profit during each of the year ending 31 December 2025 and year ended 31 December 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 ("Adjusted Profit Guarantee") 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.

On 5 December 2025, the Purchaser and the Vendors' Guarantors entered into sale and purchase agreements ("Sales and Purchase Agreements") to acquire the remaining 55% interest in the TSE Group and the Purchaser entered into the profit guarantee termination agreement with the Vendors and the Vendors' Guarantors to terminate the Adjusted Profit Guarantee ("Profit Guarantee Termination Agreement"). For details, please refer to the announcements of the Company dated 5 December 2025 and 6 February 2026.

During the year ended 31 December 2025, the financial assets at FVTPL was derecognised upon the step-acquisition of the TSE Group (Note 52).

### 24. DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Other receivables from a joint venture (note 48(b))	—	395,734
Guarantee deposits for sale and leaseback obligations	8,000	—
Loans to third parties (note)	17,680	6,000
	<b>25,680</b>	401,734
Less: ECL allowance	<b>(304)</b>	(78,466)
	<b>25,376</b>	323,268

## 24. DEPOSITS AND OTHER RECEIVABLES (Continued)

Note: As at 31 December 2025, the loans were made to the third parties on normal commercial terms. The amounts are unsecured, will be collected after 12 months from the end of the reporting period and carry the fixed interest rates ranging from 6.0% to 8.0% per annum (2024: carried a fixed interest rate at 6.0% per annum).

The movements of gross balance of deposits and other receivables are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Total RMB'000
Balance at 1 January 2024	52,888	397,253	450,141
Net changes on the gross amount	(46,888)	(1,519)	(48,407)
Balance at 31 December 2024 and 1 January 2025	6,000	395,734	401,734
Net changes on the gross amount	19,680	(395,734)	(376,054)
<b>Balance at 31 December 2025</b>	<b>25,680</b>	<b>—</b>	<b>25,680</b>

The movements of ECL allowance of deposits and other receivables are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Total RMB'000
At 1 January 2024	1,095	71,061	72,156
(Reversal)/Allowance during the year	(1,091)	7,401	6,310
At 31 December 2024 and 1 January 2025	4	78,462	78,466
Allowance/(Reversal) during the year	300	(78,462)	(78,162)
<b>At 31 December 2025</b>	<b>304</b>	<b>—</b>	<b>304</b>

Details of the credit risks are set out in note 44(c).

## 25. BIOLOGICAL ASSETS

	2025 RMB'000	2024 RMB'000
<b>Fair value</b>		
At the beginning of the year	—	—
Increase due to cultivation	4,986	6,677
Realised loss from changes in fair value less costs to sell	(4,537)	(6,645)
Decrease due to harvested	(449)	(32)
<b>At the end of the year</b>	<b>—</b>	<b>—</b>

The Group's biological assets solely comprise unharvested giant reed. The fair value of biological assets is a Level 3 recurring fair value measurement. The decrease in fair value of biological assets for the year ended of approximately RMB4,537,000 (2024: RMB6,645,000) was recognised in the profit or loss.

### Valuation techniques and assumptions

Since there was no active market for unharvested giant reed and they are only harvested near by the year end date and there is insignificant biological transformation that takes place, the independent valuer measured the fair value of unharvested giant reed using market approach, which has applied harvest data for the year end and applicable market prices at year end to derive the fair value of unharvested giant reed.

The values of such variables are determined by the independent valuer, Asia-Pacific Consulting and Appraisal Limited, using information supplied by the Group and third-party data as well as under some assumptions. There were no changes to the valuation techniques during the period. Major assumption adopted for valuation is the average market price of giant reed is RMB327 per ton (2024: RMB120 per ton).

The unaudited non-financial measure and output of agricultural produce are as follows:

The total area of giant reed plantations as at 31 December 2025 was around 520 hectares (2024: 120 hectares).

The physical quantities of agricultural produce of giant reed harvested from giant reed plantation are 1,530 tonnes (2024: 268 tonnes) during the year ended 31 December 2025.

## 26. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	432,770	362,012
Finished goods	270,055	144,489
Less: provision for inventories	(6,708)	—
	<b>696,117</b>	506,501

## 27. TRADE RECEIVABLES

An analysis of trade receivables, net of ECL allowance of trade receivables, is as follows:

	2025 RMB'000	2024 RMB'000
Trade receivables due from:		
— third parties	874,391	625,993
— a joint venture (note 48(b))	—	9,920
— related parties (note 48(b))	8,767	26,330
	<b>883,158</b>	662,243
Less: ECL allowance	(39,535)	(30,104)
	<b>843,623</b>	632,139

The Group normally allows a credit period of 30 to 45 days (2024: 30 to 45 days) to its trade customers with trading history, otherwise sales on cash terms are required. The Group's sales to related parties are entered into on the same credit terms of sales to independent 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:

	2025 RMB'000	2024 RMB'000
0-30 days	526,747	418,510
31-90 days	161,613	159,846
91-365 days	155,263	53,783
	<b>843,623</b>	632,139

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### 27. TRADE RECEIVABLES (Continued)

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defines credit limits by customer.

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

	2025 RMB'000	2024 RMB'000
At the beginning of the year	30,104	43,582
Allowance during the year	9,431	3,393
Allowance reversed during the year	—	(694)
Deregistration of a subsidiary	—	(7,766)
Written off	—	(8,411)
At the end of the year	39,535	30,104

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

As at 31 December 2025, included in trade receivables represents a receivable amounting to RMB31,215,000 (2024: RMB24,550,000) from the debtors who has delayed its settlement for over 365 days. Having considered the economic environment in which the debtors' operation and the liquidity condition of the debtors, the Group considered that there is significant increase in credit risk of the trade receivables since initial recognition and, therefore, an ECL allowance of RMB31,215,000 (2024: RMB24,550,000) was recognised. The Directors considered that the Group has no significant concentration of credit risk of trade receivables, with exposure spread over a large number of customers.

Details of the credit risks are set out in note 44(c).

### 28. BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Bills receivables	377,975	144,973

The bills represent promissory notes issued by banks received by the Group from customers who discharge their liabilities to pay the Group for the goods or services invoiced. These bills are endorsable, unsecured and non-interest bearing.

**28. BILLS RECEIVABLES** (Continued)

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 31 December 2025 and 2024 from expected timing of endorsements and discounting at the interest rates for the respective bills receivable. The fair value is within level 3 of the fair value hierarchy.

Included in the above balances, bills receivables of RMB11,710,000 (2024: RMB112,000) 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, discounted bills financing of RMB11,710,000 (2024: RMB112,000) was recognised for the cash received from banks (note 37).

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

	2025 RMB'000	2024 RMB'000
0-90 days	223,346	89,550
91-180 days	154,506	55,352
181-365 days	123	71
	<b>377,975</b>	144,973

**Bills receivables endorsed**

Not included in the period end balance, during the year, the Group has transferred bills receivables amounted to RMB918,367,000 (2024: RMB680,006,000) to its suppliers to settle its payables through endorsing the bills to its suppliers. The Group has derecognised these bills receivables and the payables to suppliers in their entirety, as in the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills to the suppliers. The Group has limited exposure in respect of the settlement obligation of these bills receivables under relevant PRC rules and regulations should the issuing bank failed to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant.

The maximum exposure to loss, which is same as the amount payable by the Group to the supplier in respect of the endorsed bills, should the issuing bank fail to settle the bills on maturity date amounted to RMB918,367,000 (2024: RMB680,006,000). All the bills receivables endorsed to suppliers of the Group have a maturity date of less than one year from the end of the reporting period.

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### 29. PREPAYMENTS AND OTHER RECEIVABLES

An analysis of prepayments and other receivables, net of ECL allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Prepayments	167,146	131,456
Other receivables	477,356	434,765
	<b>644,502</b>	566,221
Less: ECL allowance	<b>(13,005)</b>	(9,047)
	<b>631,497</b>	557,174

An analysis of other receivables is as follows:

	2025 RMB'000	2024 RMB'000
VAT recoverable	97,646	61,420
Deposits	34,319	16,384
Guarantee deposits for sale and leaseback obligations	—	11,000
Advance to employees	3,811	3,018
Loans to third parties (note)	323,259	328,169
Others	18,321	14,774
	<b>477,356</b>	434,765

Note:

The loans were made to the third parties on normal commercial terms. The amounts are unsecured, will be collected within 12 months from the end of the reporting period and carry the fixed interest rates ranging from 3.5% to 8.0% (2024: 3.5% to 8.0%) per annum. For details on the loans to the third parties of RMB160,000,000 as at 31 December 2025, please refer to the announcements of the Company dated 18 November 2025 and 19 November 2025.

## 29. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The movements of gross balance of other receivables are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Balance at 1 January 2024	213,078	—	—	213,078
Transfer from Stage 1 to Stage 2	(11,083)	11,083	—	—
Net changes on the gross amount	160,267	—	—	160,267
Balance at 31 December 2024 and 1 January 2025	362,262	11,083	—	373,345
Transfer from Stage 1 to Stage 2	(1,553)	1,553	—	—
Transfer from Stage 1 to Stage 3	(1,594)	—	1,594	—
Transfer from Stage 2 to Stage 3	—	(9,830)	9,830	—
Net changes on the gross amount	7,618	(1,253)	—	6,365
Balance at 31 December 2025	<b>366,733</b>	<b>1,553</b>	<b>11,424</b>	<b>379,710</b>

The movements of ECL allowance of other receivables are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 1 January 2024	5,606	—	—	5,606
Transfer from Stage 1 to Stage 2	(690)	690	—	—
(Reversal)/Allowance during the year	(2,598)	6,039	—	3,441
At 31 December 2024 and 1 January 2025	2,318	6,729	—	9,047
Transfer from Stage 1 to Stage 3	(1,594)	—	1,594	—
Transfer from Stage 2 to Stage 3	—	(6,729)	6,729	—
(Reversal)/Allowance during the year	(100)	957	3,101	3,958
At 31 December 2025	<b>624</b>	<b>957</b>	<b>11,424</b>	<b>13,005</b>

Details of the credit risks are set out in note 44(c).

### 30. RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

Restricted bank deposits represent the Group's short-term bank deposits pledged to banks to secure certain bills facilities and short-term bank borrowings granted to the Group.

The restricted bank deposits carry interest at market rates ranging from 0.1% to 1.20% (2024: 0.10% to 1.15%) per annum. The pledged bank deposits will be released upon the settlement of relevant bills facilities and bank borrowings.

Bank balances carry market interest rates ranging from 0.05% to 0.75% per annum as at 31 December 2025 (2024: 0.2% to 2.0% per annum).

Bank balances and cash at 31 December 2025 and 2024 were mainly denominated in RMB which is not a freely convertible currency in the international market. The remittance of these funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC.

### 31. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Amounts received in advance for sales of paper products	61,496	52,135
Amounts received in advance for internet data centre hosting services	5,841	—
	<b>67,337</b>	52,135

When the Group receives a deposit from customers before the production activity commences, this will give rise to contract liabilities at the inception of a contract. The deposit will be reversed and recognised as revenue upon satisfying the performance obligation within the contract.

The increase of contract liabilities as at 31 December 2025 mainly due to the increase in the number of customers for payment in advance.

All deposits received are expected to be settled within one year.

Revenue amounting to RMB52,135,000 (2024: RMB55,447,000) recognised during the year ended 31 December 2025 relates to carried-forward contract liabilities.

## 32. TRADE PAYABLES

An analysis of trade payables is as follows:

	2025 RMB'000	2024 RMB'000
Trade payables due to third parties	902,084	915,758
Trade payables due to related parties (note 48(b))	—	7,327
	<b>902,084</b>	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.

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

	2025 RMB'000	2024 RMB'000
0-90 days	724,329	738,272
91-365 days	137,543	116,559
Over 1 year	40,212	68,254
	<b>902,084</b>	923,085

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### 33. 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:

	2025 RMB'000	2024 RMB'000
0-90 days	12,523	82,890
91-180 days	471,660	86,070
	<b>484,183</b>	168,960

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

### 34. OTHER PAYABLES

An analysis of other payables is as follows:

	2025 RMB'000	2024 RMB'000
<b>Current portion</b>		
Other payables	104,005	77,788
Other payables due to related parties (note 48(b))	11,777	25,928
VAT and other tax payable	47,554	25,086
Other interest payable	12,271	11,233
Accrued payroll and welfare	2,598	1,338
	<b>178,205</b>	141,373
<b>Non-current portion</b>		
Other payable due to TSE's former shareholder's guarantor (Note 52)	7,393	—
	<b>185,598</b>	141,373

### 35. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Amounts payable under lease liabilities				
— Within one year	9,829	5,944	8,383	5,172
— In more than one year but not more than two years	9,325	5,833	7,949	4,909
— In more than two years but not more than five years	14,642	13,345	11,516	10,438
— After five years	48,059	52,780	34,812	35,836
	81,855	77,902	62,660	56,355
Less: future finance charges	(19,195)	(21,547)	—	—
Present value of lease obligations	62,660	56,355	62,660	56,355
Less: Amount due for settlement within 12 months (shown under current liabilities)			(8,383)	(5,172)
Amount due for settlement after 12 months			54,277	51,183

As at 31 December 2025, lease liabilities amounting to RMB62,660,000 (2024: 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 year ended 31 December 2025, the total cash outflows for the leases are RMB11,033,000 (2024: RMB18,701,000).

## Notes to the Consolidated Financial Statements

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### 35. LEASE LIABILITIES (Continued)

#### Details of the lease activities

As at 31 December 2025 and 2024, the Group has entered into leases for the offices, certain residential properties, land use right and leasehold land.

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term	Particulars
Office premises	Buildings carried at cost in "property, plant and equipment"	5 (2024: 2)	1.4 to 3.8 years (2024: 0.5 to 4.8 years)	<ul style="list-style-type: none"> <li>No option to renew the lease after the end of the contract</li> </ul>
Leasehold land	Leasehold land carried at cost in "property, plant and equipment"	9 (2024: 5)	3 to 14 years (2024: 4 to 15 years)	<ul style="list-style-type: none"> <li>No option to renew the lease after the end of the contract</li> <li>Contains an option to renew the lease for additional 5–20 years after the end of the contracts by giving a one-month/90days notice to landlord before the end of the lease term</li> </ul>
Farmland infrastructure and machinery	Farmland infrastructure and machinery carried at cost in "property, plant and equipment"	6 (2024: 6)	1 to 18 years (2024: 2 to 19 years)	<ul style="list-style-type: none"> <li>No option to renew the lease after the end of the contract</li> <li>For the lease of laboratory for farmland, it contains an option to renew the lease after the end of the contract before the end of lease term</li> </ul>
Land use right	Prepaid lease payments	53 (2024: 51)	13 to 56.8 years (2024: 14 to 57.8 years)	<ul style="list-style-type: none"> <li>No option to renew the lease after the end of the contract</li> <li>All lease payments are prepaid upon entering the contract</li> </ul>
Motor vehicle	Plant, machinery and equipment carried at cost in "property, plant and equipment"	3 (2024: Nil)	0.2 to 2.0 years (2024: Nil)	<ul style="list-style-type: none"> <li>Three leases contain a purchase option at the end of the lease terms that allows the Group to purchase the motor vehicle at residual value</li> </ul>

### 36. DEFERRED INCOME

Deferred income represents the value-added tax refund obtained for the purchase of domestically manufactured equipment and the government grants obtained in relation to the acquisition of land use rights and certain equipment.

	Value-added tax refund for the purchase of certain equipment RMB'000	Government grant related to land use rights RMB'000	Government grant related to certain equipment RMB'000	Total RMB'000
At 1 January 2024	3,451	198,064	6,501	208,016
Addition	—	—	31,006	31,006
Released to income	(1,513)	(4,137)	(2,234)	(7,884)
At 31 December 2024 and 1 January 2025	1,938	193,927	35,273	231,138
Addition	—	—	45,000	45,000
Step acquisition of a joint venture (Note 51)	—	6,771	21,555	28,326
Released to income	(1,512)	(5,090)	(5,190)	(11,792)
<b>At 31 December 2025</b>	<b>426</b>	<b>195,608</b>	<b>96,638</b>	<b>292,672</b>

The following is the analysis of the deferred income balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Current portion	13,072	9,427
Non-current portion	279,600	221,711
	<b>292,672</b>	231,138

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### 37. DISCOUNTED BILLS FINANCING

The balance represents borrowings from banks by discounting, with recourse, bills receivables to the Group. At the reporting date, the balance comprised the follows:

	2025 RMB'000	2024 RMB'000
Discounted bills receivables from third parties (note a)	11,710	112
Discounted bills receivables from subsidiaries of the Company (note b)	1,678,771	1,520,000
<b>Total</b>	<b>1,690,481</b>	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 28 above, 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 payables remain within the Group. In obtaining the original intra-group bills, bank deposits of RMB1,294,510,000 (2024: RMB1,092,235,000) were pledged to the issuing banks.

**38. BANK BORROWINGS**

	2025 RMB'000	2024 RMB'000
Secured bank borrowings	2,057,780	1,020,195
Unsecured bank borrowings	2,053,648	2,278,105
	<b>4,111,428</b>	3,298,300
The borrowings are repayable as follows:		
– Within one year	2,494,380	2,017,409
– In the second year	718,192	295,483
– In the third to fifth years inclusive	892,989	856,537
– After fifth year	5,867	128,871
	<b>4,111,428</b>	3,298,300
Less: Amount due for settlement within one year and shown under current liabilities	<b>(2,494,380)</b>	(2,017,409)
Amount due after one year	<b>1,617,048</b>	1,280,891
Total borrowings		
– At fixed rates	3,862,897	3,045,526
– At floating rates	248,531	252,774
	<b>4,111,428</b>	3,298,300
Analysis of borrowings by currency:		
– Denominated in RMB	3,736,437	3,227,526
– Denominated in Euro (“EUR”)	374,991	70,774
	<b>4,111,428</b>	3,298,300

Fixed-rate bank borrowings are charged at the interest rates ranging from 1.50% to 4.75% per annum as at 31 December 2025 (2024: 1.95% to 6.30% per annum).

Interests on RMB bank borrowings at floating rates are charged by reference to the borrowing rates announced by the People’s Bank of China and EUR bank borrowings at floating rates are charged by reference to the borrowing rates announced by the European Money Markets Institute.

For all bank borrowings as above, the weighted average effective interest rate for the year ended 31 December 2025 was 3.24% per annum (2024: 3.60% per annum).

Details of pledge of assets for the Group’s secured bank borrowings are set out in note 45.

## Notes to the Consolidated Financial Statements

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### 39. OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
Current:		
Borrowings from		
– Sale and leaseback obligations (note i)	45,197	137,513
– The Partnership (note ii)	18,165	75,315
– Third party (note iii)	18,090	–
	<b>81,452</b>	212,828
Non-current:		
Borrowings from		
– Sale and leaseback obligations (note i)	67,683	163
Total other borrowings	<b>149,135</b>	212,991
The other borrowings are repayable as follow:		
– Within one year	81,452	212,828
– In the second year	41,017	163
– In the third to fifth years inclusive	26,666	–
	<b>149,135</b>	212,991

Notes:

- (i) During the year ended 31 December 2025, the Group entered into a sale and leaseback agreement with the leasing company for machinery and equipment (“Secured Assets”) amounting to RMB80,000,000 for a period of 3 years (2024: Nil). 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 5.38% to 7.50% (2024: 4.34% to 7.50%) per annum.

Sale and leaseback obligations of RMB112,880,000 (2024: RMB137,676,000) as at 31 December 2025 were secured by certain of the Group’s machineries, the total carrying amount of which at 31 December 2025 was RMB239,798,000 (2024: RMB427,022,000) (note 15).

### 39. OTHER BORROWINGS (Continued)

Notes: (Continued)

- (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 Group would contribute up to approximately RMB395,000,000 in total to 濰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 31 December 2025, the Partnership has contributed approximately RMB216,850,000 (2024: RMB276,500,000) to the Group, which RMB18,165,000 (2024: RMB75,315,000) recorded as other borrowing. As at 31 December 2025, the Directors are of the view that no further capital commitment to the Partnership (2024: RMB196,315,000), as set out in note 46.

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

- (iii) Upon the step acquisition of TSE Group and as at 31 December 2025, the Group assumed the other borrowings of RMB18,090,000 (2024: Nil) from the independent third party at an interest rate of 3.5% per annum for a period from 21 April 2022 to 31 December 2025 without collateral.

### 40. 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 and 31 December 2025	2,000,000,000	200,000	
	Number of shares	Share capital HK\$'000	Shown in the consolidated financial statements RMB'000
Issued and fully paid:			
At 1 January 2024	1,129,854,359	112,984	100,445
Shares repurchased and cancelled (note)	(64,710,000)	(6,471)	(5,864)
<b>At 31 December 2024 and 1 January 2025 and 31 December 2025</b>	<b>1,065,144,359</b>	<b>106,513</b>	<b>94,581</b>

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### 40. SHARE CAPITAL (Continued)

Note:

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 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.

### 41. RESERVES

#### Merger reserve

The merger reserve of the Company represents the difference between the consideration of the subsidiary acquired by the Group and the nominal amount of the Company's shares issued under the group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's share on the Stock Exchange.

#### Capital reserve

Capital reserve includes the contribution from owners of the Company as the result of debts waived by owners of the Company, discount on acquisition of subsidiaries from owners of the Company, debit reserve of acquisition of additional interest in subsidiaries from owners of the Company, and reserve arising from acquisition of additional interest in subsidiaries from non-controlling shareholders of subsidiaries.

The capital reserve, other than those arising from acquisition of subsidiaries from owners and acquisition of additional interests in subsidiaries of the Company from non-controlling shareholders of subsidiaries that were established and operated in PRC (the "PRC Companies"), may be applied for conversion into capital.

#### Treasury shares

During the year ended 31 December 2023, the Company repurchased 115,986,000 of its own ordinary shares from the market. 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 year ended 31 December 2024. The shares were repurchased at prices ranging from HK\$2.72 per share to HK\$3.13 per share, with an average price of HK\$2.96 per share.

## 41. RESERVES (Continued)

### Shares held for share award scheme

The Board of the Company adopted and approved a share award scheme (“2025 Share Award Scheme”) on 6 January 2025. The Board has appointed the trustee to purchase shares of the Company on the Stock Exchange out of the Company’s resources. The purchase was made in advance such that the shares purchased could be awarded to the selected participant of the share award scheme as soon as it is adopted.

During the year ended 31 December 2025, the trustee has purchased 62,502,000 shares of the Company which unit price at HK\$1.80 to HK\$2.43, totalling HK\$139,257,000 (equivalent to approximately RMB130,531,000), under 2025 Share Award Scheme (2024: Nil). During the year ended 31 December 2025, the shares purchased are not yet vested under 2025 Share Award Scheme (2024: Nil).

### Assets revaluation reserve

Included in the balance of assets revaluation reserve at 31 December 2024 and 2025, amount of RMB4,196,000 is the fair value adjustment in respect of the interests held by the Group, arising on acquisition of Shengshi Thermoelectricity. The remaining amount of RMB2,819,000 is the fair value adjustment resulted from the revaluation of leasehold properties at the time transferred to investment properties in the year 2012.

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

### Financial assets fair value reserve (recycling)

Fair value reserve (recycling) comprises the cumulative net change in the fair value of financial assets at FVOCI (less related deferred tax charge) held at the end of the reporting period.

### Statutory surplus reserve/discretionary surplus reserve

In accordance with relevant PRC Company laws and regulations, the PRC companies are required to transfer 10% of their profit after taxation reported in their statutory financial statements prepared under the accounting rules and regulations of PRC (PRC GAAP) to the statutory surplus reserve. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the PRC companies’ registered capital. Allocation to the discretionary surplus reserve shall be approved by the shareholders in general meeting.

Both surplus reserves may be used to make up losses or for conversion into capital. The PRC Companies may, upon the approval by a resolution of shareholders’ general meeting, convert its surplus reserves into capital in proportion to their then existing shareholdings. However, when converting the PRC companies’ statutory surplus reserve into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital.

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### 42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Reconciliation of liabilities arising from financing activities

	Bank borrowings	Other borrowings	Lease liabilities	Discounted bills financing	Amount due to a non controlling shareholder of a subsidiary (Note 48(b))	Amount due to a controlling shareholder (Note 48(b))	Amount due to a close family member of a director (Note 48(b))	Other interest payable
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	3,357,239	457,068	71,553	1,289,377	24,500	1,446	—	10,470
Cash-flows:								
– Proceeds	2,916,820	25,000	—	1,520,112	—	—	—	—
– Repayment	(2,975,759)	(269,077)	—	(1,289,377)	—	(18)	—	—
– Capital element of repayment	—	—	(13,780)	—	—	—	—	—
– Interest element of repayment	—	(15,353)	(2,837)	—	—	—	—	(153,896)
Non-cash:								
– Lease reassessment (note 15)	—	—	(8,596)	—	—	—	—	—
– Lease modification (note 15)	—	—	1,215	—	—	—	—	—
– Entering into new leases	—	—	5,963	—	—	—	—	—
– Interest expenses	—	15,353	2,837	—	—	—	—	154,659
At 31 December 2024 and 1 January 2025	3,298,300	212,991	56,355	1,520,112	24,500	1,428	—	11,233
Cash-flows:								
– Proceeds	3,705,833	80,000	—	1,690,481	—	—	—	—
– Repayment	(3,022,661)	(203,417)	—	(1,520,112)	(14,700)	(123)	—	—
– Capital element of repayment	—	—	(3,799)	—	—	—	—	—
– Interest element of repayment	—	(5,760)	(2,475)	—	—	—	—	(133,426)
Non-cash:								
– Lease modification (note 15)	—	—	(1,415)	—	—	—	—	—
– Entering into new leases	—	—	769	—	—	—	—	—
– Interest expenses	—	5,760	2,475	—	—	—	—	134,464
– Step acquisition of a joint venture (note 51)	129,956	41,471	—	—	—	—	—	—
– Step acquisition of associates (note 52)	—	18,090	7,619	—	—	—	672	—
– Acquisition of subsidiaries (note 53)	—	—	3,131	—	—	—	—	—
<b>At 31 December 2025</b>	<b>4,111,428</b>	<b>149,135</b>	<b>62,660</b>	<b>1,690,481</b>	<b>9,800</b>	<b>1,305</b>	<b>672</b>	<b>12,271</b>

## 42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (b) Material non-cash transaction

#### (i) Interest income

During the year ended 31 December 2025, the interest income received from a joint venture was settled through the current account of a joint venture amounted to RMB7,705,000 (2024: RMB18,769,000).

#### (ii) Lease liabilities

During the year ended 31 December 2025, the Group entered into new lease agreements for the use of building (2024: farmland infrastructure and machinery) from 2 to 3 years (2024: 3 to 10 years). On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately RMB769,000 (2024: RMB5,963,000) respectively.

## 43. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the lease liabilities, discounted bills financing, bank borrowings and other borrowings disclosed in notes 35, 37, 38 and 39 respectively and equity attributable to owner of the Company, comprising issued share capital and reserves.

The Directors review the capital structure periodically. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

## 44. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost	4,171,193	4,015,671
Financial assets at FVOCI (recycling)	377,975	144,973
Financial assets at FVTPL	—	251,491
	<b>4,549,168</b>	4,412,135
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	7,720,104	6,397,148

### (b) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

#### (i) Foreign currency risk management

PRC subsidiaries of the Company with functional currency of RMB have certain foreign currency sales, purchases and bank balances denominated in United States dollars ("US\$"), HK\$, Thai Baht ("THB"), EUR and Japanese Yen ("JPY") which expose the Group to foreign currency risk. The management monitors foreign exchange exposure and will consider hedging other foreign currency exposure should the need arise.

## 44. FINANCIAL INSTRUMENTS (Continued)

### (b) Market risk (Continued)

#### (i) Foreign currency risk management (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
<b>Assets</b>		
US\$		
Bank balances and cash	44,675	46,596
Trade receivables	15,299	3,197
Prepayment and other receivables	1,596	1,720
HK\$		
Bank balances and cash	6,543	18,325
Prepayment and other receivables	155	73
THB		
Bank balances and cash	262	199
Trade receivables	1,145	1,844
Prepayment and other receivables	5,761	14,709
EUR		
Bank balances and cash	657	512
Trade receivables	5,141	22
<b>Liabilities</b>		
US\$		
Trade payables	1,059	33,443
Other payables	1,225	1,539
HK\$		
Other payables	37	59
THB		
Trade payables	—	5,598
Other payables	4,429	2,530
EUR		
Trade payables	—	22
Bank borrowings	64,541	70,774
Other payables	374	477
JPY		
Trade payables	—	445

## 44. FINANCIAL INSTRUMENTS (Continued)

### (b) Market risk (Continued)

#### (i) Foreign currency risk management (Continued)

##### Sensitivity analysis

The Group is mainly exposed to the fluctuation in US\$, HK\$, THB and EUR against RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as disclosed above and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit for the year where RMB strengthens against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax profit for the year.

Foreign currencies	Increase/(Decrease) in post-tax profit for the year	
	2025 RMB'000	2024 RMB'000
US\$	2,223	620
HK\$	250	688
THB	103	323
EUR	(2,217)	(2,653)

#### (ii) Interest rate risk management

The Group's fair value interest rate risk relates primarily to its lease liabilities, discounted bills financing, fixed-rate bank and other borrowings, other receivables from joint venture and loans to third parties subject to negotiation on annual basis (see notes 35, 37, 38, 39, 24 and 29 for details). The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings (see note 38 for details), restricted bank deposits and bank balances (see note 30 for details).

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

## 44. FINANCIAL INSTRUMENTS (Continued)

### (b) Market risk (Continued)

#### (ii) Interest rate risk management (Continued)

##### *Sensitivity analysis*

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank borrowings, restricted bank deposits and bank balances, the analysis is prepared assuming the amount of financial instruments outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points (2024: 25 basis points) increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

At the end of the reporting period, if interest rates had been increased (decreased) by 25 basis points (2024: 25 basis points) and all other variables were held constant, the Group's post-tax profit would increase (decrease) by approximately RMB5,014,000 (2024: RMB4,583,000) for the year ended 31 December 2025.

### (c) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, bills receivables, other receivables measured at amortised costs, bank balances and cash and restricted bank deposits. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets stated in the consolidated statement of financial position.

The Group has entered into a financial guarantee contract in which it has guaranteed the lender the repayment of the borrowings by the company controlled by the former ultimate shareholder of the TSE Group. The Group has the obligation to compensate the lender for the loss it would suffer because the former ultimate shareholder of the TSE Group fails to repay. The original loan amount was US\$7,230,000 (equivalent to approximately RMB51,180,000). As at the end of the reporting period, the outstanding balances of the borrowings was approximately US\$7,230,000 (equivalent to approximately RMB51,180,000) and this represents the Group's maximum exposure under the financial guarantee contract.

## 44. FINANCIAL INSTRUMENTS (Continued)

### (c) Credit risk (Continued)

#### (i) Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, as set out in note 4.19, the Group assesses ECL under IFRS 9 on trade receivables based on provision matrix and an individual assessment. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. In applying the forward-looking information, the Group has taken into account of the possible impacts associated with the overall change in the economic environment. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

The Group applies the IFRS 9 simplified approach to measuring ECL, which uses a lifetime expected loss allowance for all trade receivables using a provision matrix and individual assessment. The ECL rate of collectively assessed trade receivables according to the follow table:

	2025	2024
Less than 31 days past due	0.7%	0.5%
31–365 days past due	2.1%	1.5%
Over 365 days past due	100%	100%

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

## 44. FINANCIAL INSTRUMENTS (Continued)

### (c) Credit risk (Continued)

#### (ii) *Other financial assets at amortised cost and debt investments at FVOCI*

Other financial assets at amortised cost include other receivables, loan receivables, restricted bank deposits and bank balances and cash. In order to minimise the credit risk of other receivables, the management of the Group has designated a team responsible for determination of credit limits and credit approvals. The management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. If the credit risk of debt instruments are considered to be high, collateral are required before granting the debts to debtors.

As at 31 December 2024, after considering the factors as set out in note 4.19 and with reference to the probability of default rate of 32.63% and default rate of 61.70%, which both rates had been determined by reference to market information, the management was of opinion that there had been a significant increase in credit risk on other receivables from a joint venture. Therefore, the Group recognised ECL amounted to RMB78,462,000 in relation to the other receivables from a joint venture based on lifetime ECL (stage 2) as at 31 December 2024. Since 26 June 2025, Sunshine Shouguang became the wholly-owned subsidiary of the Company. As a result of this change in control and the resulting consolidation, the credit risk profile of the receivable was reassessed, leading to the reversal of the previously recognised ECL of RMB78,462,000 during the year ended 31 December 2025.

The Group applies the expected credit loss model on loan receivables. Impairment assessment on loan receivables is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. All the loan receivables are classified as stage 1 due to limited exposure of credit risk and there is no significant increase in credit risk since initial recognition and not credit-impaired at the end of reporting period. Therefore, the loss allowance was limited to 12-month ECL calculation and the average expected credit loss rate of the loan receivables for the year ended 31 December 2025 is 0.2% (2024: 0.1%). Therefore, the Group recognises ECL amount to RMB640,000 (2024: RMB323,000) in relation to the loan receivables as at 31 December 2025.

## 44. FINANCIAL INSTRUMENTS (Continued)

### (c) Credit risk (Continued)

#### (ii) Other financial assets at amortised cost and debt investments at FVOCI (Continued)

As at 31 December 2025, other receivables with an aggregate gross carrying amount of RMB1,553,000 (2024: RMB11,083,000) were classified as Stage 2 due to a significant increase in credit risk since initial recognition, primarily arising from past due status. Additionally, other receivables with an aggregate gross carrying amount of RMB11,424,000 (2024: Nil) were classified as Stage 3, as they were determined to be credit-impaired based on objective evidence of impairment. Accordingly, the Group recognised ECL allowance of RMB957,000 (2024: RMB6,729,000) in respect of the Stage 2 balances and ECL allowance of RMB11,424,000 (2024: Nil) in respect of the Stage 3 balances as at 31 December 2025.

Details of the ECL movement for other receivables are set out in notes 24 and 29.

The credit risks on bills receivables, restricted bank deposits and bank balances and cash are considered to be insignificant because they are placed at financial institutions that have sound credit rating.

#### (iii) Financial guarantee issued in respect of the borrowings of the company controlled by the former ultimate shareholder of the TSE Group

The Directors reviewed and assessed the Group's existing financial guarantee contracts for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. At the acquisition date of the TSE Group, the Group is expected to undertake to indemnify the lender of the company controlled by the former ultimate shareholder of the TSE Group for borrowings to the extent of RMB51,180,000 (2024: Nil). Provision for financial guarantee contracts of RMB51,180,000 (2024: Nil) has been recognised as at 31 December 2025 as the management expects the borrowings of the company controlled by the former ultimate shareholder of the TSE Group would not be sufficiently paid out by realising assets of the former ultimate shareholder of the TSE Group. Except as disclosed in Note 54, the Group did not enter into any financial guarantee contracts in respect of borrowings of third parties.

As at 31 December 2025, the loss allowance was determined as follows for financial guarantee contracts issued:

	2025 RMB'000	2024 RMB'000
Maximum exposure amount	51,180	—
Expected loss rate (%)	100	—
Loss allowance	51,180	—

## 44. FINANCIAL INSTRUMENTS (Continued)

### (d) Liquidity risk management

The responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate liquid cash and banking and loan facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities from time to time.

As at 31 December 2025, the Group had net current liabilities of approximately RMB663,570,000 (2024: RMB625,086,000). In consideration of the short-term fund requirement, the management has carried out a detailed and careful review of the cash flow projection and cash requirement of the Group for the next twelve months from the date of 31 December 2025. The management considers using bank and other borrowings as a significant source of finance of the Group. Although most of the existing bank facilities will expire in 2026, the management believes that they can successfully renew these facility lines based on their experience in the previous years.

Subsequent to the year ended 31 December 2025, certain banks agreed to extend one year for certain bank borrowings amounting to RMB463,180,000 (2024: RMB463,950,000) originally with the expiration dates in the year 2026 (2024: originally with the expiration dates in the year 2025).

Taking into account the present available borrowings 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 adequate liquid funds to finance the working capital and capital expenditure requirements of the Group in next twelve months.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 44. FINANCIAL INSTRUMENTS (Continued)

#### (d) Liquidity risk management (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate %	Within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	After 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
<b>At 31 December 2025</b>							
<b>Non-derivative financial liabilities</b>							
Fixed-rate bank borrowings	3.18	2,415,534	720,133	1,036,924	—	4,172,591	3,862,897
Variable-rate bank borrowings	4.20	178,534	51,379	50,196	8,366	288,475	248,531
Other borrowings	6.65	86,970	43,861	27,583	—	158,414	149,135
Bills payables		484,183	—	—	—	484,183	484,183
Trade payables		902,084	—	—	—	902,084	902,084
Other payables		128,053	—	7,393	—	135,446	135,446
Payables for construction work, machinery and equipment		133,507	—	—	—	133,507	133,507
Discounted bills financing		1,690,481	—	—	—	1,690,481	1,690,481
Lease liabilities	5.25	9,829	9,325	14,642	48,059	81,855	62,660
Financial guarantee contracts		51,180	—	—	—	51,180	51,180
		6,080,355	824,698	1,136,738	56,425	8,098,216	7,720,104

At 31 December 2024

<b>Non-derivative financial liabilities</b>							
Fixed-rate bank borrowings	3.52	1,908,927	246,429	926,693	141,612	3,223,661	3,045,526
Variable-rate bank borrowings	4.55	139,534	77,775	46,377	15,459	279,145	252,774
Other borrowings	3.26	217,315	164	—	—	217,479	212,991
Bills payables		168,960	—	—	—	168,960	168,960
Trade payables		923,085	—	—	—	923,085	923,085
Other payables		114,949	—	—	—	114,949	114,949
Payables for construction work, machinery and equipment		102,396	—	—	—	102,396	102,396
Discounted bills financing		1,520,112	—	—	—	1,520,112	1,520,112
Lease liabilities	4.82	5,944	5,833	13,345	52,780	77,902	56,355
		5,101,222	330,201	986,415	209,851	6,627,689	6,397,148

Note: The contractual payments in respect of variable-rate bank borrowings are calculated based on the outstanding market rates as at the end of the reporting period.

## 44. FINANCIAL INSTRUMENTS (Continued)

### (d) Liquidity risk management (Continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Included in above, discounted bills financing with carrying amount of approximately RMB11,710,000 (2024: RMB112,000) will be offset with corresponding bills receivables upon maturity.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the management considers that it is likely that the amount will be payable under the financial guarantee contracts.

### (e) Fair value measurements

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost at 31 December 2025 and 2024 in the consolidated financial statements approximate their fair values.

The financial assets measured at fair value in the consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	2025 RMB'000	2024 RMB'000	Fair value hierarchy	Valuation technique and key inputs
Bills receivable measured at FVOCI recycling	377,975	144,973	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.
Financial assets at FVTPL	—	251,491	Level 3	An increase of the discount rate would decrease the fair value Discounted cash flows An increase of the discount rate would decrease the fair value

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 44. FINANCIAL INSTRUMENTS (Continued)

#### (e) Fair value measurements (Continued)

The reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 of the fair value hierarchy is as follows:

	<b>Bills receivable measured at FVOCI recycling</b>	<b>Financial assets at FVTPL</b>
	RMB'000	RMB'000
Fair value at 1 January 2024	144,054	249,722
Additions	144,973	—
Fair value gain recognised in other comprehensive income	20	—
Fair value gain recognised in profit or loss	—	1,769
Sales proceeds	(144,074)	—
Fair value at 31 December 2024 and 1 January 2025	144,973	251,491
Additions	377,975	—
Fair value loss recognised in other comprehensive income	(414)	—
Fair value loss recognised in profit or loss	—	(83,691)
Sales proceeds	(144,559)	—
Derecognition	—	(167,800)
<b>Fair value at 31 December 2025</b>	<b>377,975</b>	<b>—</b>

### 45. PLEDGE OF ASSETS

At the end of the reporting period, certain of the Group's assets were pledged to secure banking facilities (including bank borrowings, other borrowings, discounted bills financing and bills payables) granted to the Group. The aggregate carrying amount of the assets of the Group pledged at the end of the reporting period is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Buildings	<b>1,057,969</b>	702,771
Plant, machinery and equipment	<b>1,151,994</b>	1,006,266
Investment property	<b>55,515</b>	57,064
Prepaid lease payments	<b>189,277</b>	142,640
Restricted bank deposits	<b>1,864,757</b>	1,562,343
	<b>4,319,512</b>	3,471,084

Besides the pledge of assets to secure banking facilities disclosed above, certain assets are pledged under sale and leaseback obligations.

## 46. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure contracted for in the consolidated financial statements in respect of acquisition of		
– property, plant and equipment	31,550	33,796
– investment cost in a partnership	–	196,315
	<b>31,550</b>	230,111

## 47. LEASE COMMITMENTS

### The Group as lessee

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

	2025 RMB'000	2024 RMB'000
Within one year	71	62

As at 31 December 2025, the Group had committed to a lease for plant, machinery and equipment in which the lease had not yet commenced. The total future cash outflows for this lease amounting to RMB51,689,000 (2024: Nil) in aggregate.

### The Group as lessor

Property rental income earned during the year was RMB2,649,000 (2024: RMB3,274,000). All of the properties held have committed tenants for the next 1 to 10 years (2024: 1 to 10 years).

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### 47. 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:

	2025 RMB'000	2024 RMB'000
Within one year	5,397	3,665
In the second to fifth year inclusive	2,629	1,553
After five years	115	124
	<b>8,141</b>	5,342

### 48. RELATED PARTY TRANSACTIONS

(a) Other than those disclosed elsewhere in the consolidated financial statements, the Group has entered into the following significant transactions with its related parties during the year:

	2025 RMB'000	2024 RMB'000
Sales of electricity and steam to a non-controlling shareholder of a subsidiary (note i)	177,866	210,501
Interest income earned from a joint venture (note 8(i))	7,705	18,769
Provision of goods and services to a joint venture	7,944	9,292
Purchase of goods from the related companies (notes i and 48(b)(iii))	174,969	148,161
Sales of goods to the related companies (notes i and 48(b)(iii))	565,279	459,186

Note:

- (i) The transactions fell under the definition of continuing connected transactions (as defined in the Listing Rules), details of which are disclosed in the Report of the Directors.

## 48. RELATED PARTY TRANSACTIONS (Continued)

### (b) Balances with related parties

	2025 RMB'000	2024 RMB'000
Trade receivables from		
– a joint venture (note 27)	–	7,953
– a non-controlling shareholder of a subsidiary (note 27)	7,446	26,149
– related companies (note 27 and note iii)	15	38
	<b>7,461</b>	34,140
Trade payables due to the related companies (note iii)	–	7,327
Contract liabilities from the related companies (note iii)	9,229	8,409
Prepayments and other receivable from		
– a joint venture (note ii)	–	317,272
– related companies (note iii)	–	2,702
	–	319,974
Other payable due to		
– a non-controlling shareholder of a subsidiary (note i)	9,800	24,500
– a controlling shareholder (note i)	1,305	1,428
– a close family member of a director (note i)	672	–
	<b>11,777</b>	25,928

Notes:

- (i) The balances are unsecured, interest-free and repayable on demand.
- (ii) The balance would be collected after 12 months up to 26 June 2025 (the date of consolidation of Sunshine Shonguang), see note 8(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

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### 48. RELATED PARTY TRANSACTIONS (Continued)

#### (c) Compensation of key management personnel

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

	2025 RMB'000	2024 RMB'000
Short term employee benefit	13,129	14,085
Retirement benefit scheme contributions	277	214
	<b>13,406</b>	<b>14,299</b>

### 49. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

The employees of the Company's PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The Company's PRC subsidiaries are required to contribute a certain percentage of their employees' payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme which are calculated based on 17% to 33% (2024: 17% to 33%) of the employee's basic salaries during the year.

### 50. PARTICULARS OF SUBSIDIARIES

#### (a) General information of subsidiaries

The particulars of principal subsidiaries of the Company as at the end of the reporting period are set out as follows:

Name of company	Form of business structure	Place of incorporation/ establishment and operations	Issued and fully paid share capital/ paid-in capital	Attributable equity interest and voting right held by the Company		Principal activities
				2025	2024	
<b>Directly held</b>						
China Sunshine Paper Group Limited 中國陽光紙業集團有限公司	Private limited company	British Virgin Islands	US\$1	100.00%	100.00%	Investment holding
<b>Indirectly held</b>						
China Ramble Paper Company Limited 中國遠博紙業集團有限公司	Private limited company	Hong Kong	HK\$1	100.00%	100.00%	Investment holding
Hong Kong Hao Mai Trading Co., Ltd. 香港豪邁貿易有限公司	Private limited company	Hong Kong	HK\$1,000	100.00%	100.00%	Trading

## 50. PARTICULARS OF SUBSIDIARIES (Continued)

### (a) General information of subsidiaries (Continued)

Name of company	Form of business structure	Place of incorporation/ establishment and operations	Issued and fully paid share capital/ paid-in capital	Attributable equity interest and voting right held by the Company		Principal activities
				2025	2024	
山東世紀陽光紙業集團有限公司 (Shandong Century Sunshine Paper Group Co., Ltd.) (note i)	Sino-foreign equity joint venture	PRC	US\$298,019,090	99.90%	99.90%	Manufacture of paper products
昌樂新邁紙業有限公司 (Changle Numat Paper Industry Co., Ltd.) (note i)	Private limited company	PRC	RMB510,000,000	100.00%	100.00%	Manufacture of paper products
山東陽光概念包裝有限公司 (Shandong Sunshine Concept Packaging Co., Ltd.) (note i)	Private limited company	PRC	RMB200,000,000	100.00%	100.00%	Manufacture of paper products
濰坊申易物流有限公司 (Weifang Shenyi Logistic Co., Ltd.) (note i)	Private limited company	PRC	RMB23,320,000	100.00%	100.00%	Provision for transportation services
昌樂盛世熱電有限公司 (Changle Shengshi Thermoelectricity Co., Ltd.) (note i)	Private limited company	PRC	RMB539,250,000	80.00%	80.00%	Generation and supply of electricity and steam
濰坊大環再生資源有限公司 (Weifang Dahuan Waste Recovery Co., Ltd.) (note i)	Private limited company	PRC	RMB70,000,000	100.00%	100.00%	Waste materials trading
上海王的實業有限公司 (Shanghai Wangreat Industrial Co., Ltd.) (note i)	Private limited company	PRC	RMB673,000,000	97.05%	97.05%	Package design
上海王的網路科技有限公司 (Shanghai Wangreat Network Technology Co., Ltd.) (note i)	Private limited company	PRC	RMB50,000,000	100.00%	100.00%	Trading of paper products
遼寧陽光天澤包裝有限公司 (Liaoning Sunshine Tianze Packaging Co., Ltd.) (note i)	Private limited company	PRC	RMB75,000,000	82.05%	82.05%	Manufacture of paper products
通化鑫隆醫藥包裝彩印有限公司 (Tonghua Xinlong Pharmaceutical Packaging Printing Co., Ltd.) (note i)	Private limited company	PRC	RMB55,000,000	65.00%	65.00%	Medicine packaging design
天津市鑫源包裝有限公司 (Tianjin Xin Yuan Packaging Co., Ltd.) (note i)	Private limited company	PRC	RMB73,470,000	51.00%	51.00%	Manufacture of paper products

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### 50. PARTICULARS OF SUBSIDIARIES (Continued)

#### (a) General information of subsidiaries (Continued)

Name of company	Form of business structure	Place of incorporation/ establishment and operations	Issued and fully paid share capital/ paid-in capital	Attributable equity interest and voting right held by the Company		Principal activities
				2025	2024	
山東華邁紙業有限公司 (Shandong Wamat Paper Co., Ltd.) (note i)	Private limited company	PRC	RMB800,000,000	100.00%	100.00%	Manufacture of paper products
昌樂縣鬱金香酒店管理有限公司 (Changle Tulip Hotel Management Co., Ltd.) (note i)	Private limited company	PRC	RMB10,000,000	100.00%	100.00%	Hotel operation
山東科邁生物製漿有限公司 (Shandong Kemat Paper Co., Ltd.) (note i)	Private limited company	PRC	RMB215,270,000	100.00%	100.00%	Manufacture of paper products
山東概念印刷有限公司 (Shandong Sunshine Concept Printing Co., Ltd.) (note i)	Private limited company	PRC	RMB230,000,000	100.00%	100.00%	Manufacture of paper products
濱州光之美造紙有限公司 (Binzhou Guangzhimei Paper Co., Ltd.) (note i)	Private limited company	PRC	RMB5,000,000	100.00%	100.00%	Manufacture of paper products
山東顯華新材料科技有限公司 (Shandong Xianhua New Material Technology Co., Ltd.)	Sino-foreign equity joint venture	PRC	US\$54,000,000	100.00%	100.00%	Manufacture of paper products
昌樂晨邁機械維修有限公司 (Changle Shengmai Machinery Maintenance Co., Ltd.) (note i)	Private limited company	PRC	RMB2,400,000	100.00%	100.00%	Mechanical maintenance
山東天為環保科技有限公司 (Shandong Tianwei Environmental Protection Technology Co., Ltd.) (note i)	Private limited company	PRC	RMB60,000,000	100.00%	100.00%	Waste materials trading
王的數字科技(山東)有限公司 (Wangdi Digital Technology (Shandong) Co., Ltd.) (note i)	Private limited company	PRC	RMB500,000	100.00%	100.00%	Data processing and storage support services
RENNHER RECYCLE CO., LTD. 仁和再生資源有限公司	Private limited company	Thailand	THB60,000,000	98.00%	98.00%	Manufacture of paper products
山東金蘆竹生態科技有限公司 (Shandong Jinluzhu Ecological Technology Co., Ltd.) (note i)	Private limited company	PRC	RMB20,000,000	100.00%	100.00%	Giant reed cultivation
世紀陽光(日照)漿紙有限公司 (Century Sunshine (Rizhao) Pulp & Paper Co., Ltd.) (notes i)	Sino-foreign equity joint venture	PRC	US\$1,914,247	100.00%	100.00%	Manufacture of paper products

## 50. PARTICULARS OF SUBSIDIARIES (Continued)

### (a) General information of subsidiaries (Continued)

Name of company	Form of business structure	Place of incorporation/ establishment and operations	Issued and fully paid share capital/ paid-in capital	Attributable equity interest and voting right held by the Company		Principal activities
				2025	2024	
山東概念數碼印刷科技有限公司 (Shandong Sunshine Concept Digital Printing Co., Ltd.) (notes i and ii)	Private limited company	PRC	RMB10,000	100.00%	—	Manufacture of paper products
世紀陽光(壽光)特種紙業有限公司 (Century Sunshine (Shouguang) Specialty Paper Co., Ltd) (note i)	Private limited company	PRC	RMB403,000,000	100.00%	100.00%	Manufacture of paper products
Top Speed Energy Holding Ltd	Private limited company	BVI	US\$10,000	100.00%	—	Investment holding
MTSquare BlockTech, LLC	Private limited company	Texas, the United States	N/A	100.00%	—	Internet data centre hosting services
TSE BitInfra FARM, LLC	Private limited company	Texas, the United States	N/A	83.50%	—	Internet data centre hosting services
Cybreign Inc. (note ii)	Private limited company	Delaware, the United States	US\$8,357,809	100.00%	—	Investment holding
Enerfore Digital Celeste, LLC	Private limited company	Texas, the United States	US\$6,231,200	100.00%	—	Internet data centre hosting services
Enerfore Digital Swindell, LLC	Private limited company	Texas, the United States	US\$938,700	100.00%	—	Internet data centre hosting services

Notes:

- (i) The English names of these companies are for reference only and have not been registered.
- (ii) The subsidiaries have established during the year ended 31 December 2025.

## 50. PARTICULARS OF SUBSIDIARIES (Continued)

### (b) Details of a non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Form of business structure	Proportion of ownership interest and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
			2025	2024	2025	2024	2025	2024
			%	%	RMB'000	RMB'000	RMB'000	RMB'000
Shengshi Thermoelectricity	PRC	Private limited company	20	20	38,763	54,411	390,009	351,246
Individually immaterial subsidiaries with non-controlling interests							81,700	95,931
							471,709	447,177

## 50. PARTICULARS OF SUBSIDIARIES (Continued)

### (b) Details of a non-wholly owned subsidiary that has material non-controlling interests (Continued)

Financial information in respect of Shengshi Thermoelectricity is set out below.

	2025 RMB'000	2024 RMB'000
Current assets	2,312,261	1,802,597
Non-current assets	570,782	611,248
Current liabilities	(886,777)	(636,907)
Non-current liabilities	(46,217)	(20,706)
Equity attributable to owners of the Company	1,560,040	1,404,986
Non-controlling interests	390,009	351,246
Revenue	1,123,803	1,321,179
Total expenses	(929,987)	(1,049,123)
Profit for the year	193,816	272,056
Profit and total comprehensive income attributable to owners of the Company	155,053	217,645
Profit and total comprehensive income attributable to the non-controlling interests	38,763	54,411
Profit and total comprehensive income for the year	193,816	272,056
Net cash outflow from operating activities	(297,336)	(144,698)
Net cash inflow from investing activities	4,525	65,522
Net cash inflow from financing activities	245,692	186,210
Net cash (outflow)/inflow	(47,119)	107,034

## 51. STEP ACQUISITION OF A JOINT VENTURE

On 16 June 2025, Century Sunshine and Oji F-TeX entered into equity acquisition agreement, pursuant to which Oji F-TeX agreed to transfer the remaining 40% interest in Sunshine Shouguang, a then 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 Shouguang. With Century Sunshine acquiring control over Sunshine Shouguang, this transaction is accounted for using the acquisition method under IFRS 3 (Revised) "Business Combination". In accordance with IFRS 3, the step acquisition was satisfied by (i) fair value of previously held 60% interest in Sunshine Shouguang of approximately RMB127,500,000, and (ii) consideration of RMB85,000,000 as covered by the equity acquisition agreement.

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

	<b>As at acquisition date</b>
	RMB'000
Fair value of previously held equity interest	127,500
Interest in Sunshine Shouguang before the step acquisition	(115,652)
Remeasurement gain on step acquisition of a joint venture	11,848

## 51. STEP ACQUISITION OF A JOINT VENTURE (Continued)

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

	<b>Recognised values on acquisition</b>
	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)
<b>Total net identifiable assets acquired</b>	<b>207,849</b>
Add: Goodwill arising from acquisition	4,651
<b>Total net assets acquired</b>	<b>212,500</b>
Satisfied by:	
Cash consideration	85,000
Fair value of previously held equity interest	127,500
<b>Total</b>	<b>212,500</b>
Net cash outflow on step acquisition of a joint venture:	
Consideration paid in cash	85,000
Cash and cash equivalent acquired	(59,578)
	<b>25,422</b>

## 51. STEP ACQUISITION OF A JOINT VENTURE (Continued)

### Impact of acquisition on the result of the Group

Sunshine Shouguang contributed approximately RMB432,897,000 of revenue and RMB14,032,000 of profit for the year respectively for the period between the date of acquisition and the end of the reporting period.

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 year would have been decreased by RMB15,066,000 for the year ended 31 December 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.

The goodwill of approximately RMB4,651,000, which is not deductible for tax purposes, mainly attributable to the skills and technical talent of Sunshine Shouguang's workforce and the expected synergies to be achieved from integrating Sunshine Shouguang into the Group's existing businesses and future market development. These benefits could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The fair value of trade and other receivables amounted to approximately RMB260,016,000. The gross amount of trade and other receivables is approximately RMB260,016,000. None of the trade and other receivables have been impaired and it is expected that the full contractual amounts can be collected.

## 52. STEP ACQUISITION FROM ASSOCIATES TO SUBSIDIARIES

Pursuant to the Sales and Purchase Agreements entered into between the Group and the other shareholders on 5 December 2025, 55% equity interest of TSE and its subsidiaries, the then associates of the Group, was acquired by the Group from the other shareholders, at a consideration of US\$2 (equivalent to approximately RMB14) and repayment the borrowings of the TSE Group from the other shareholders' Guarantor, Ms. Ouyang Rui, with a total amount of US\$975,000 (equivalent to approximately RMB6,902,000) within three business days after the execution of the Sale and Purchase Agreement, and repayment the borrowings of the TSE Group from the another shareholders' Guarantor, Mr. Huang Liwei, with an amount of US\$2,000,000 (equivalent to approximately RMB14,158,000) within ten business days after the execution of the Sale and Purchase Agreement and US\$1,088,000 (equivalent to approximately RMB7,702,000) on the 5th calendar year from the execution date of the Sale and Purchase Agreement or any other date otherwise agreed by Mr. Huang Liwei. These borrowings were recognised as other payables. In addition, the Group entered into the Profit Guarantee Termination Agreement with the other shareholders to terminate the Adjusted Profit Guarantee. The Group's equity interest was increased from 45% to 100% after the completion of this transaction, i.e. 5 December 2025.

## 52. STEP ACQUISITION FROM ASSOCIATES TO SUBSIDIARIES (Continued)

The acquisition is expected to provide a good opportunity for the Group to enhance the operational efficiency and flexibility of the TSE Group. In addition, the Directors believe that the acquisition will provide an opportunity for the Group to broaden the income base of the Group, thereby enhancing the Group's financial position and profitability in the future.

Prior to this transaction, the Group holds 45% interest in the TSE Group. With the Group acquiring control over the TSE Group, this transaction is accounted for using the acquisition method under IFRS 3 (Revised) "Business Combination". In accordance with IFRS 3, the step acquisition was satisfied by (i) total consideration of US\$2 (equivalent to approximately RMB14), (ii) the derecognition of financial assets at FVTPL and (iii) net carrying amount of 45% interest in the TSE Group.

The calculation of the goodwill arising from the acquisition of the TSE Group 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 52. STEP ACQUISITION FROM ASSOCIATES TO SUBSIDIARIES (Continued)

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

	<b>Recognised values on acquisition</b>
	RMB'000
Property, plant and equipment	104,918
Customer relationships	27,473
Trade receivables	3,240
Prepayment, deposits and other receivables	13,584
Restricted bank deposits	481
Bank balance and cash	846
Trade payables	(12,199)
Other payables	(53,168)
Contract liabilities	(5,920)
Lease liabilities	(7,619)
Other borrowings	(18,090)
Other borrowings from the Group	(28,749)
Financial guarantee contracts (note 54)	(51,180)
Deferred tax liabilities	(5,831)
	(32,214)
Less: Non-controlling interests	(3,129)
Add: Provisional goodwill arising from acquisition	203,143
<b>Total net assets acquired</b>	<b>167,800</b>
Satisfied by:	
Cash consideration of US\$2 (equivalent to approximately RMB14)	—*
Derecognition of financial assets at FVTPL	167,800
Derecognition of interests in associates	—
<b>Total consideration</b>	<b>167,800</b>
Net cash inflow on step acquisition of associates:	
Consideration of US\$2 (equivalent to approximately RMB14) paid in cash	—*
Cash and cash equivalent acquired	846
	846

\* Less than RMB1,000

## 52. STEP ACQUISITION FROM ASSOCIATES TO SUBSIDIARIES (Continued)

### Impact of acquisition on the result of the Group

The TSE Group contributed approximately RMB6,766,000 of revenue and RMB3,248,000 of loss for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had occurred on 1 January 2025, the Group's revenue would have been increased by RMB102,465,000 and profit for the year would have been decreased by RMB22,166,000 for the year ended 31 December 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.

The goodwill of approximately RMB203,143,000, which is not deductible for tax purposes, mainly represents the control premium paid, skills and technical talent of the TSE Group's workforce and the expected synergies to be achieved from integrating TSE Group into the Group's existing businesses and future market development. These benefits could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Acquisition related costs amounting to RMB283,000 have been excluded from the consideration and have been recognised as administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

The fair value of trade and other receivables amounted to approximately RMB16,824,000. The gross amount of trade and other receivables is approximately RMB16,824,000. None of the other trade and other receivables have been impaired and it is expected that the full contractual amounts can be collected.

### 53. ACQUISITION OF SUBSIDIARIES

On 24 November 2025, Cybreign Inc., a wholly-owned subsidiary of the Company, successfully bid in a Uniform Commercial Code (UCC) auction and was declared the winning bidder for the limited liability company interests in Enerfore Digital Celeste, LLC (“EDC”) and Enerfore Digital Swindell, LLC (“EDS”), both Texas limited liability companies. As part of the acquisition, the Group assumed the receivables with a contractual amount of US\$1,039,000 (equivalent to approximately RMB7,353,000). The total consideration paid was US\$8,358,000 (equivalent to approximately RMB59,164,000) (the “Consideration”). The Consideration was settled in full on 28 November 2025, at which date the acquisitions of EDC and EDS were completed. EDC and EDS thereby became indirect wholly-owned subsidiaries of the Company.

At the acquisition date, the internet data centre hosting service businesses operated by EDC and EDS in Texas, United States, remained under construction. The acquisition was determined by the Directors to be acquisitions of assets and liabilities through acquisition of subsidiaries rather than a business combination as the assets acquired and liabilities assumed did not constitute a business as defined under IFRS 3 (Revised), given that substantially all of the fair value of the gross assets is concentrated in a group of similar identifiable assets (i.e. property, plant and equipment (including right-of-use assets)).

The assets acquired and liabilities recognised at the date of acquisition by the Group are summarised as follows:

	RMB'000
Property, plant and equipment	15,936
Prepayment, deposits and other receivables	229
Restricted bank deposits	43,980
Bank balance and cash	162
Other payables	(5,365)
Lease liabilities	(3,131)
<b>Total net assets acquired</b>	<b>51,811</b>
Net cash outflow on acquisition of subsidiaries:	
Consideration paid in cash	59,164
Cash and cash equivalent acquired	(162)
	<b>59,002</b>

## 54. FINANCIAL GUARANTEE CONTRACTS

Upon the acquisition of the TSE Group, the Group has executed guarantees amounting to approximating US\$7,230,000 (equivalent to approximately RMB51,180,000) with respect to the borrowings of the company controlled by the former ultimate shareholder of the TSE Group. Under the guarantee, the Group would be liable to pay the lender if the lender is unable to recover the borrowings. The original borrowings amount was US\$7,230,000 (equivalent to approximately RMB51,180,000). At the end of the reporting period, the outstanding balances of the borrowings were US\$7,230,000 (equivalent to approximately RMB51,180,000) and this represents the Group's maximum exposure under the financial guarantee contract. As set out in note 44(c)(iii), the Group is expected to undertake to indemnify the lender of the company controlled by the former ultimate shareholder of the TSE Group for the borrowings to the maximum extent of RMB51,180,000 (2024: Nil). Upon the acquisition date of the TSE Group and as at 31 December 2025, provision for the financial guarantee contracts amounted to RMB51,180,000 (2024: Nil) has been recognised.

In January 2026, the Group assumed the borrowings of the company controlled by the former ultimate shareholder of the TSE Group with principal balance of US\$7,230,000 (equivalent to approximately of RMB51,180,000) and maturity dates in 2 tranches on 31 March 2026 and 30 April 2026 carried at 16% per annum. The principal balance of borrowings has fully settled in March 2026.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 55. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>		
Investments in subsidiaries	725,195	770,257
Amounts due from subsidiaries	941,524	1,030,694
	<b>1,666,719</b>	1,800,951
<b>Current assets</b>		
Prepayments and other receivables	2	2
Bank balances and cash	6,236	17,969
	<b>6,238</b>	17,971
<b>Current liabilities</b>		
Amounts due to subsidiaries	39,445	42,114
Amount due to a controlling shareholder	1,305	1,428
	<b>40,750</b>	43,542
<b>Net current liabilities</b>	<b>(34,512)</b>	(25,571)
<b>Total assets less current liabilities</b>	<b>1,632,207</b>	1,775,380
<b>Capital and reserves</b>		
Share capital	94,581	94,581
Reserves (note)	1,537,626	1,680,799
Total equity	<b>1,632,207</b>	1,775,380

## 55. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

The movement of the Company's reserves are as follows:

	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shares held for share award scheme RMB'000	Special reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2024	100,445	1,382,453	(173,613)	–	315,922	(2,011)	101,353	1,724,549
Shares repurchased and cancelled (note 40 (i))	(5,864)	–	173,613	–	5,864	–	(173,613)	–
Profit and total comprehensive income for the year	–	–	–	–	–	3,874	46,957	50,831
At 31 December 2024 and 1 January 2025	94,581	1,382,453	–	–	321,786	1,863	(25,303)	1,775,380
Purchase of shares in connection with share award scheme (note 41)	–	–	–	(130,531)	–	–	–	(130,531)
Profit and total comprehensive income for the year	–	–	–	–	–	4,624	32,050	36,674
Dividend paid	–	(49,316)	–	–	–	–	–	(49,316)
<b>At 31 December 2025</b>	<b>94,581</b>	<b>1,333,137</b>	<b>–</b>	<b>(130,531)</b>	<b>321,786</b>	<b>6,487</b>	<b>6,747</b>	<b>1,632,207</b>

# Financial Summary

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000 (restated)
<b>Results</b>					
Revenue	7,788,614	8,047,605	8,359,494	9,538,229	7,982,231
<b>Profit before income tax</b>	319,769	448,684	595,426	358,879	747,282
Taxation	(124,870)	(113,547)	(144,134)	(124,334)	(198,778)
Non-controlling interests	(35,004)	(55,265)	(57,983)	(28,816)	8,117
<b>Profit attributable to owners of the Company</b>	159,895	279,872	393,309	205,729	556,621
<b>Assets</b>					
Non-current assets	8,056,469	7,553,930	7,445,162	7,359,073	6,876,318
Current assets	5,482,431	4,554,412	4,709,973	4,745,351	4,151,818
<b>Total assets</b>	13,538,900	12,108,342	12,155,135	12,104,424	11,028,136
<b>Liabilities</b>					
Non-current liabilities	2,080,916	1,628,844	1,479,441	1,695,766	1,061,107
Current liabilities	6,146,001	5,179,498	5,714,349	5,982,728	5,882,600
<b>Total liabilities</b>	8,226,917	6,808,342	7,193,790	7,678,494	6,943,707
<b>Equity and reserves</b>					
Total equity	5,311,983	5,300,000	4,961,345	4,425,930	4,084,429
Non-controlling interests	(471,709)	(447,172)	(391,907)	(334,003)	(304,724)
<b>Equity attributable to owners of the Company</b>	4,840,274	4,852,828	4,569,438	4,091,927	3,779,705