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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

- Revenue was RMB4,295.6 million for 1H 2026, representing an increase by approximately 20.2% from RMB3,572.5 million for 1H 2025.
- Gross profit was RMB519.6 million for 1H 2026, representing a decrease by approximately 3.5% from RMB538.6 million for 1H 2025.
- Profit attributable to the owners of the Company for 1H 2026 decreased by approximately 30.7% to RMB57.6 million, as compared to RMB83.2 million for 1H 2025.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Sunshine Paper Holdings Company Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 ("**1H 2026**") together with the comparative figures for the corresponding period of last year ("**1H 2025**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
Revenue	4 & 5	**4,295,559**	3,572,532
Cost of sales		**(3,775,957)**	(3,033,894)
Gross profit		**519,602**	538,638
Other income	6	**126,371**	80,312
Other gains or losses, net	6	**18,050**	(5,613)
Distribution and selling expenses		**(190,808)**	(181,185)
Administrative expenses		**(285,666)**	(242,965)
(Provision for)/Reversal of expected credit loss ("**ECL**") on financial assets, net		**(242)**	77,477
Loss on fair value changes of an investment property		**—**	(1,215)
Share of loss of a joint venture		**—**	(12,019)
Finance costs	7	**(61,253)**	(60,682)
Profit before income tax	9	**126,054**	192,748
Income tax expense	8	**(58,398)**	(86,931)
Profit for the period		**67,656**	105,817
Other comprehensive income/(expense), net of tax			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**1,885**	304
Fair value gain/(loss) on financial assets at fair value through other comprehensive income ("**FVOCI**")		**486**	(277)
Total comprehensive income, net of tax		**2,371**	27
Total comprehensive income for the period		**70,027**	105,844
Profit for the period attributable to:			
Owners of the Company		**57,648**	83,184
Non-controlling interests		**10,008**	22,633
		67,656	105,817
Total comprehensive income for the period attributable to:			
Owners of the Company		**60,019**	83,211
Non-controlling interests		**10,008**	22,633
		70,027	105,844
Earnings per share for profit attributable to the owners of the Company during the period			
Basic and diluted (RMB)	11	**0.06**	0.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited As at 30 June 2026** ***RMB'000***	Audited As at 31 December 2025 *RMB'000*
Non-current assets			
Property, plant and equipment		**6,437,822**	6,284,745
Investment property		**55,515**	55,515
Prepaid lease payments		**1,054,478**	967,778
Customer relationships		**24,802**	27,473
Goodwill		**257,540**	257,540
Deferred tax assets		**102,172**	70,204
Deposits for acquisition for property, plant and equipment		**296,341**	367,838
Deposits and other receivables		**19,950**	25,376
		8,248,620	8,056,469
Current assets			
Biological assets		**2,660**	—
Inventories		**713,958**	696,117
Trade receivables	12	**932,811**	843,623
Bills receivables	13	**248,664**	377,975
Prepayments and other receivables		**876,783**	631,497
Income tax recoverable		**12,609**	10,400
Restricted bank deposits		**2,083,267**	1,864,757
Bank balances and cash		**966,936**	1,058,062
		5,837,688	5,482,431
Current liabilities			
Contract liabilities		**79,519**	67,337
Trade payables	14	**890,149**	902,084
Bills payables	15	**344,540**	484,183
Other payables		**215,554**	178,205
Payable for construction work, machinery and equipment		**136,017**	133,507
Income tax payables		**46,229**	41,737
Lease liabilities	16	**7,087**	8,383
Deferred income		**11,975**	13,072
Discounted bills financing	17	**2,086,696**	1,690,481
Bank borrowings	18	**3,299,822**	2,494,380
Other borrowings	19	**105,989**	81,452
Financial guarantee contracts		**—**	51,180
		7,223,577	6,146,001
Net current liabilities		**(1,385,889)**	(663,570)
Total assets less current liabilities		**6,862,731**	7,392,899

	Notes	**Unaudited As at 30 June 2026** *RMB'000*	Audited As at 31 December 2025 *RMB'000*
Capital and reserves			
Share capital	20	**94,581**	94,581
Reserves		**4,805,712**	4,745,693
Equity attributable to owners of the Company		**4,900,293**	4,840,274
Non-controlling interests		**481,517**	471,709
Total equity		**5,381,810**	5,311,983
Non-current liabilities			
Lease liabilities	16	**49,629**	54,277
Bank borrowings	18	**981,734**	1,617,048
Other borrowings	19	**64,021**	67,683
Other payables		**7,118**	7,393
Deferred income		**308,767**	279,600
Deferred tax liabilities		**69,652**	54,915
		1,480,921	2,080,916
Total equity and non-current liabilities		**6,862,731**	7,392,899

NOTES

1. GENERAL INFORMATION

China Sunshine Paper Holdings Company Limited (the "**Company**") is a limited company incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 22 August 2007 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

2. BASIS OF PREPARATION

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

The Group has net current liabilities of approximately RMB1,385,889,000 as at 30 June 2026. In view of these, the directors of the Company (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 used in the cash flow projections for the twelve months since the reporting date. In addition, although most of the existing bank facilities will expire within twelve months, the Directors consider that there are good track records and good relationships with banks, and that the Group will be able to renew existing bank facilities upon expiry or to obtain other additional bank borrowing facilities as necessary. Therefore, the Directors are of the opinion that, taking into account the present available borrowing facilities (including short-term bank borrowings which could be renewed on an annual basis subject to approval by banks) and internal financial resources of the Group, the Group has sufficient working capital to meet its financial obligation as they fall due for the foreseeable future. Accordingly, the condensed consolidated interim financial statements have been prepared on a going concern basis.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2025.

3. MATERIAL ACCOUNTING POLICIES

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

The condensed consolidated interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the following amended IFRS Accounting Standards which are effective as of 1 January 2026.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11

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

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

4. REVENUE

Disaggregation of revenue from contracts with customers

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

	Unaudited For the six months ended 30 June 2026			
Segments	**Paper products** *RMB'000*	**Electricity and steam** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Timing of revenue recognition				
— At a point in time	**4,100,919**	**168,049**	**—**	**4,268,968**
— Over time	**—**	**—**	**26,591**	**26,591**
	4,100,919	**168,049**	**26,591**	**4,295,559**
Geographical markets				
— People's Republic of China ("**PRC**")	**3,934,756**	**168,049**	**—**	**4,102,805**
— Oversea	**166,163**	**—**	**26,591**	**192,754**
	4,100,919	**168,049**	**26,591**	**4,295,559**

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

5. SEGMENT INFORMATION

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

(a) Segment revenue and results

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

Unaudited
For the six months ended 30 June 2026

	Paper products								
	White top linerboard	**Coated-white top linerboard**	**Core board**	**Specialised paper products**	**Corrugated paper**	**Subtotal**	**Electricity and steam**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from external customers	**735,376**	**905,157**	**286,705**	**1,208,701**	**964,980**	**4,100,919**	**168,049**	**26,591**	**4,295,559**
Inter-segment revenue						**—**	**360,395**	**—**	**360,395**
Segment revenue						**4,100,919**	**528,444**	**26,591**	**4,655,954**
Segment profit/(loss)						**448,777**	**67,170**	**(1,101)**	**514,846**

Unaudited
For the six months ended 30 June 2025

	Paper products								
	White top linerboard	Coated-white top linerboard	Core board	Specialised paper products	Corrugated paper	Subtotal	Electricity and steam	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	671,499	817,174	276,977	819,623	780,266	3,365,539	206,993	—	3,572,532
Inter-segment revenue						—	387,878	—	387,878
Segment revenue						3,365,539	594,871	—	3,960,410
Segment profit						449,403	175,601	—	625,004

(b) Reconciliation of segment profit

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

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Profit		
Segment profit	**514,846**	625,004
Unrealised profit on inter-segment sales	**(7,225)**	(80,271)
	507,621	544,733
Other income	**123,330**	79,987
Other gains or losses, net	**18,969**	(29,125)
Distribution and selling expenses	**(190,808)**	(181,185)
Administrative expenses	**(279,261)**	(237,374)
(Provision for)/Reversal of ECL on financial assets, net	**(242)**	77,477
Finance costs	**(53,555)**	(48,531)
Loss on fair value changes of an investment property	**—**	(1,215)
Share of loss of a joint venture	**—**	(12,019)
Consolidated profit before income tax	**126,054**	192,748

The Group does not allocate depreciation of property, plant and equipment (including right-of-use assets), 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.

6. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest income on:		
Bank deposits	**14,619**	19,070
Loan to third parties	**5,054**	4,175
The balance with a joint venture *(note i)*	**—**	7,705
Total interest income	**19,673**	30,950
Government grants *(note ii)*	**91,250**	33,894
Rental income	**1,613**	1,623
Hotel and catering service income	**2,015**	2,227
Logistics service income	**11,820**	11,618
	126,371	80,312
Other gains or losses, net:		
Gain from sale of scrap materials, net	**17,424**	20,883
Change in fair value of financial assets at FVTPL	**—**	(83,691)
Change in fair value of biological assets	**—**	165
Loss on disposal and written-off of property, plant and equipment	**(1,641)**	(1,631)
Net foreign exchange losses	**(1,108)**	(13,548)
Sale of carbon emission allowances *(note iii)*	**—**	18,453
Gain on waiver of consideration payable	**—**	29,196
Remeasurement gain on step acquisition of a joint venture	**—**	11,848
Others	**3,375**	12,712
	18,050	(5,613)

Notes:

i. During the six months ended 30 June 2025, the Group earned interest income from 世紀陽光(壽光)特種紙有限公司 (Century Sunshine (Shouguang) Specialty Paper Co., Ltd)* ("**Sunshine Shouguang**"), a former joint venture of the Group, at a weighted average effective interest rate of 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. The Group was granted and received unconditional government subsidies from local government. Such government subsidies primarily comprised the entitlement to value-add tax ("**VAT**") refunds, with the amount of which were primarily determined by reference to the VAT paid by the Group.

iii. During the six months ended 30 June 2025, the Company's subsidiary, 昌樂盛世熱電有限責任公司 (Changle Shengshi Thermoelectricity Co., Ltd)* disposed of its surplus carbon emission allowances of approximately RMB18,453,000 through the China's National Emissions Trading System.

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

7. FINANCE COSTS

	Unaudited Six months ended 30 June **2026** ***RMB'000***	 2025 *RMB'000*
Interest expenses on:		
discounted bills financing	**10,306**	8,633
bank and other borrowings	**69,129**	67,525
lease liabilities	**1,003**	1,281
	80,438	77,439
Less: Interest capitalised in construction in progress	**(19,185)**	(16,757)
	61,253	60,682

Borrowing costs capitalised during the six months ended 30 June 2026 arose on the general borrowing pool and were calculated by applying capitalisation rates ranging from 3.54% to 4.20% (six months ended 30 June 2025: 4.79% to 5.34%) per annum to expenditure on construction in progress.

8. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June **2026** ***RMB'000***	 2025 *RMB'000*
Current income tax		
PRC Enterprise Income Tax	**62,318**	61,332
Deferred tax expense	**(3,920)**	25,599
Charge for the period	**58,398**	86,931

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% from 1 January 2008 onwards.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2026 and 2025 as the Group sustained a loss for tax purpose.

9. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Wages and salaries	**258,415**	230,236
Retirement benefits schemes contributions	**47,698**	36,412
Total staff costs (including directors' emoluments)	**306,113**	266,648
Amortisation of customer relationships	**2,671**	—
Amortisation of prepaid lease payments	**10,737**	8,651
Cost of inventories recognised as an expense	**2,964,469**	2,409,957
— Write-down of inventories to net realisable value	**964**	—
Depreciation of property, plant and equipment		
— Right-of-use assets	**11,000**	3,645
— Owned assets	**217,923**	217,454
Research and development expenses	**9,083**	2,433

10. DIVIDENDS

During the six months ended 30 June 2026, no final dividend in respect of the year ended 31 December 2025 was approved and paid to the equity shareholders of the Company (six months ended 30 June 2025: a final dividend of HK5.0 cents per ordinary share, totalling of HK$53,257,000 (equivalents to RMB49,316,000) in respect of the year ended 31 December 2024 was approved to the equity shareholders of the Company whose names appear in the register of members on 11 July 2025).

The board of directors resolved not to declare an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2026 was based on the profit of RMB57,648,000 (six months ended 30 June 2025: RMB83,184,000) for the period attributable to owners of the Company, and the weighted average number of approximately 1,002,642,000 (six months ended 30 June 2025: 1,065,144,000) ordinary shares in issue during the six months ended 30 June 2026.

There are no dilutive potential ordinary shares in issue for the six months ended 30 June 2026 and 2025. The diluted earning per share equals to the basic earnings per share.

12. TRADE RECEIVABLES

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

	Unaudited As at 30 June 2026 ***RMB'000***	Audited As at 31 December 2025 *RMB'000*
0–30 days	**548,216**	526,747
31–90 days	**233,020**	161,613
91–365 days	**53,001**	155,263
Over 1 year	**98,574**	—
	932,811	843,623

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

	Unaudited Six months ended 30 June 2026 ***RMB'000***	Audited Year ended 31 December 2025 *RMB'000*
At the beginning of the period/year	**39,535**	30,104
Allowance recognised during the period/year	**242**	9,431
At the end of the period/year	**39,777**	39,535

13. BILLS RECEIVABLES

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

	Unaudited As at 30 June 2026	Audited As at 31 December 2025
	RMB'000	*RMB'000*
0–90 days	**119,974**	223,346
91–180 days	**128,690**	154,506
181–365 days	**—**	123
	248,664	377,975

As at 30 June 2026, the Group has bills receivables of RMB5,010,000 (31 December 2025 (Audited): RMB11,710,000), which were discounted to banks with recourse. These bills receivables were not derecognised as the title of these bills receivables were not transferred to the banks. On the other hand, the Group has recognised the cash received upon the discounting as discounted bills financing.

14. TRADE PAYABLES

An analysis of trade payables is as follows:

	Unaudited As at 30 June 2026	Audited As at 31 December 2025
	RMB'000	*RMB'000*
Trade payables due to third parties	**889,543**	902,084
Trade payables due to related parties	**606**	—
	890,149	902,084

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:

	Unaudited As at 30 June 2026 *RMB'000*	Audited As at 31 December 2025 *RMB'000*
0–90 days	**756,898**	724,329
91–365 days	**103,511**	137,543
Over 1 year	**29,740**	40,212
	890,149	902,084

15. BILLS PAYABLES

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

	Unaudited As at 30 June 2026 *RMB'000*	Audited As at 31 December 2025 *RMB'000*
0–90 days	**131,000**	12,523
91–180 days	**213,540**	471,660
	344,540	484,183

All the bills payables are of trading nature and will be expired within twelve months (31 December 2025 (Audited): twelve months) from the issue date.

16. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	Unaudited	Audited	**Unaudited**	Audited
	As at 30 June 2026	As at 31 December 2025	**As at 30 June 2026**	As at 31 December 2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amounts payable under lease liabilities				
Within one year	**9,724**	9,829	**7,087**	8,383
More than one year but not more than two years	**6,802**	9,325	**4,553**	7,949
More than two years but not more than five years	**12,334**	14,642	**6,860**	11,516
After five years	**45,487**	48,059	**38,216**	34,812
	74,347	81,855	**56,716**	62,660
Less: Future finance charges	**(17,631)**	(19,195)	**—**	—
Present value of lease liabilities	**56,716**	62,660	**56,716**	62,660
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(7,087)**	(8,383)
Amount due for settlement after 12 months			**49,629**	54,277

As at 30 June 2026, lease liabilities amounting to RMB56,716,000 (31 December 2025 (Audited): RMB62,660,000) are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

During the current interim period, the total cash outflows for the leases are RMB6,054,000 (six months ended 30 June 2025: RMB6,247,000).

17. DISCOUNTED BILLS FINANCING

	Unaudited As at 30 June 2026 *RMB'000*	Audited As at 31 December 2025 *RMB'000*
Discounted bills receivables from third parties *(note a)*	**5,010**	11,710
Discounted bills receivables from subsidiaries of the Company *(note b)*	**2,081,686**	1,678,771
	2,086,696	1,690,481

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 13, since the title of receivables was not transferred to the lending banks.

b. These borrowings arose from discounting, with recourse, of intra-group bills receivables, from one component to another of the Group. The Group continues to recognise the carrying amount of the underlying bills receivables since the title of receivables was not transferred to the lending banks. However, the corresponding intra-group bills receivables were eliminated in consolidation against the original bills payables from the bill issuing component of the Group. The elimination is based on the Directors' judgment that the risk and reward associated with these intra-group bills receivables and bills payable remain within the Group. In obtaining the original intra-group bills, bank deposits of RMB1,698,500,000 (31 December 2025 (Audited): RMB1,294,510,000) were pledged to the issuing banks.

18. BANK BORROWINGS

During the six months ended 30 June 2026, the Group obtained new loans amounting to RMB2,124,933,000 (six months ended 30 June 2025: RMB2,311,813,000), and repaid loans amounting to RMB1,954,805,000 (six months ended 30 June 2025: RMB1,891,919,000). The newly raised loans bear interest from 1.20% to 3.80% per annum (six months ended 30 June 2025: 1.50% to 4.79%). At 30 June 2026, certain of the Group's property, plant and equipment, land use rights and investment property of RMB2,453,307,000 (31 December 2025 (Audited): RMB2,454,755,000) were pledged to secure bank borrowings granted to the Group.

19. OTHER BORROWINGS

	Unaudited As at 30 June 2026 *RMB'000*	Audited As at 31 December 2025 *RMB'000*
Current:		
Borrowings from		
— Sale and leaseback obligations *(note i)*	**70,404**	45,197
— The Partnership *(note ii)*	**18,165**	18,165
— Third party	**17,420**	18,090
	105,989	81,452
Non-current:		
Borrowings from		
— Sale and leaseback obligations *(note i)*	**64,021**	67,683
Total other borrowings	**170,010**	149,135

Notes:

(i) During the period ended 30 June 2026, the Group entered into a sales and leaseback agreement with leasing company for machinery and equipment ("**Secured Assets**") amounting to RMB50,000,000 for a period of 2 years (31 December 2025 (Audited): RMB80,000,000 for a period of 3 years). Upon maturity, the Group will be entitled to purchase the Secured Assets.

Nominal interest rates underlying all these contracts are at respective contract dates ranging from 3.57% to 6.43% (31 December 2025 (Audited): 5.38% to 7.50%) per annum.

(ii) In accordance with the Limited Partnership Agreement and Equity Investment Agreement, which were duly passed by way of poll at the extraordinary general meeting of the Company held on 28 December 2020 (the "**EGM**"), the Group would contribute up to RMB395,000,000 in total to 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 30 June 2026, the Partnership has contributed RMB216,850,000 (31 December 2025 (Audited): RMB216,850,000) to the Group, which RMB18,165,000 (31 December 2025 (Audited): RMB18,165,000) recorded as other borrowing. As at 30 June 2026, the directors are of the view that no further capital commitment to the Partnership (31 December 2025 (Audited): Nil).

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

20. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 January 2025, 31 December 2025, 1 January 2026 (audited) and 30 June 2026 (unaudited)	2,000,000,000	200,000

	Number of shares	Share capital *HK$'000*	Shown in the condensed consolidated statement of financial position *RMB'000*
Issued and fully paid:			
At 1 January 2025, 31 December 2025, 1 January 2026 (audited) and 30 June 2026 (unaudited)	**1,065,144,359**	**106,513**	**94,581**

21. CAPITAL COMMITMENTS

	Unaudited As at 30 June 2026 ***RMB'000***	Audited As at 31 December 2025 *RMB'000*
Capital expenditure contracted for in the condensed consolidated interim financial statements in respect of acquisition of — property, plant and equipment	**1,587,878**	31,550

22. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

As at date of this announcement, the Group has no significant event after the reporting period.

BUSINESS REVIEW

In 1H 2026, geopolitical conflicts repeatedly disrupted the supply chains for energy and commodities, growth in major economies generally declined, and the complexity, severity and uncertainty of the external environment continued to rise, leaving the global economy struggling amid a downturn. As a typical energy and raw material intensive industry, the paper industry presented a complex landscape in the first half of the year, characterised by "recovery in volume, divergence in profits, high cost pressure and persistent involution". With a volatile market landscape, the phenomenon of "increased production without increased profits" was widespread among paper enterprises, competition intensified further, and profit margins continued to shrink.

Facing severe challenges from multiple internal and external pressures and a complex market environment, all employees of the Company pooled their efforts, rose to challenges, stabilised production, expanded markets, strengthened management and guarded against risks, thereby maintaining the fundamental stability of its operations. In 1H 2026, the Company achieved machine-made paper sales volume of 1.136 million tons, representing an increase of 17.5% as compared to 0.967 million tons for the same period last year; operating revenue of RMB4.296 billion, representing an increase of 20.2% as compared to RMB3.573 billion for the same period last year. However, due to factors such as rising costs of major raw materials, the Company achieved the profit attributable to owners of the Company of RMB57.65 million, representing a decrease of 30.7% as compared to RMB83.18 million for the same period last year. Benefiting from its long standing internal foundational management, the Company's comprehensive management capabilities remained consistently efficient.

BUSINESS OUTLOOK

The year 2026 marks the opening year of the national "15th Five-Year Plan". The domestic and international environments remain complex and volatile, commodity price trends are still uncertain, and enterprises continue to face challenges such as insufficient market demand and high inventory turnover pressure. The paper industry is entering a critical phase of supply-demand balancing, peak-season performance testing and excess capacity rationalisation, with involution remaining severe. Prices of chemical auxiliary materials are significantly affected by crude oil volatility; overall, comprehensive operating costs are expected to stay elevated, making it difficult for the sector to fundamentally ease cost pressures.

The more severe the situation, the more the Company must deepen internal cultivation and strengthen its core capabilities; the greater the pressure, the more it must enforce rigorous management, enhance quality and improve efficiency. Looking ahead to the second half of the year, the Company will prioritise profitability and pragmatic execution, focusing on management weaknesses, cost control, quality improvement and digital and intelligent empowerment. It will comprehensively address shortcomings, strengthen weak links, unlock potential and boost efficiency. Through refined management, the Company will consolidate its operational foundation, driving the Group to achieve stable growth amid adversity, improve quality and efficiency through transformation, and seek breakthroughs through innovation, ultimately realising high-quality development that maintains steady progress.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

For 1H 2026, our Group's total revenue was RMB4,295.6 million, representing an increase of 20.2% as compared to that of RMB3,572.5 million for 1H 2025. The increase in revenue mainly resulted from the increase in sales price and sales volume.

Sales volume of paper products increased during 1H 2026. Sales of paper products increased by 21.8% to RMB4,100.9 million for 1H 2026 with sales volume of around 1,136,000 tonnes, as compared to that of RMB3,365.5 million and around 966,600 tonnes for 1H 2025.

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

	1H 2026			1H 2025		
	RMB'000	***GP margin (%)***	***% of total revenue***	*RMB'000*	*GP margin (%)*	*% of total revenue*
White top linerboard	**735,376**	**15.1**	**17.1**	671,499	17.0	18.8
Coated-white top linerboard	**905,157**	**11.1**	**21.1**	817,174	14.4	22.9
Core board	**286,705**	**12.9**	**6.7**	276,977	19.5	7.8
Specialised paper products	**1,208,701**	**8.6**	**28.1**	819,623	9.9	22.9
Corrugated paper	**964,980**	**10.0**	**22.5**	780,266	10.6	21.8
Subtotal of sales of paper products	**4,100,919**	**10.9**	**95.5**	3,365,539	13.4	94.2
Sales of electricity and steam	**168,049**	**12.7**	**3.9**	206,993	29.5	5.8
Others	**26,591**	**−4.1**	**0.6**	—	—	—
Total revenue	**4,295,559**	**12.1**	**100**	3,572,532	15.1	100

Cost of sales

Cost of sales was RMB3,776.0 million for 1H 2026, representing an increase of 24.5% as compared with that of RMB3,033.9 million for 1H 2025. The increase in cost of sales was consistent with the increase in revenue, mainly resulting from an increase in the prices of major raw materials.

Gross profit and gross profit margin

The gross profit of our Group decreased from RMB538.6 million for 1H 2025 to RMB519.6 million for 1H 2026. The gross profit margin of the Group decreased from 15.1% for 1H 2025 to 12.1% for 1H 2026.

Other profit and loss items

Other income of RMB126.4 million for 1H 2026 (1H 2025: RMB80.3 million) mainly consisted of interest income on bank deposits of RMB14.6 million, interest income on loans to third parties of RMB5.1 million, government grants of RMB91.3 million, rental income of RMB1.6 million, hotel and catering service income of RMB2.0 million and logistics service income of RMB11.8 million.

The net gains of RMB18.1 million for 1H 2026 (1H 2025: net losses of RMB5.6 million) mainly consisted of gain from sale of scrap materials of RMB17.4 million, loss on disposal of property, plant and equipment of RMB1.6 million, net foreign exchange losses of RMB1.1 million and other gains of RMB3.4 million. The improvement was mainly attributable to the absence of fair value loss on financial assets at FVTPL of RMB83.7 million and partially offset by the absence of gain from the sales of carbon emission allowance of RMB18.5 million, gain on waiver of consideration payable of RMB29.2 million and remeasurement gain on step acquisition of a joint venture of RMB11.8 million recognised in 1H 2025.

Distribution and selling expenses was RMB190.8 million for 1H 2026, as compared with RMB181.2 million for 1H 2025. As a percentage against revenue, it decreased from 5.1% for 1H 2025 to 4.4% for 1H 2026.

Administrative expenses was RMB285.7 million for 1H 2026, representing an increase of 17.6% as compared with RMB243.0 million for 1H 2025. As a percentage against revenue, it decreased from 6.8% for 1H 2025 to 6.7% for 1H 2026.

Finance costs was RMB61.3 million for 1H 2026, representing an increase of 0.9% as compared with RMB60.7 million for 1H 2025. As a percentage against revenue, it decreased from 1.7% for 1H 2025 to 1.4% for 1H 2026.

Income tax expense

The income tax expense of the Group decreased from RMB86.9 million for 1H 2025 to RMB58.4 million for 1H 2026. Effective tax rate for 1H 2026 and 1H 2025 was 46.3% and 45.1%, respectively.

Profit and total comprehensive income

As a result of the above factors, the profit attributable to the owners of the Company for 1H 2026 is RMB57.6 million (1H 2025: RMB83.2 million).

Significant investments

During 1H 2026, the Group did not hold any significant investment.

LIQUIDITY AND FINANCIAL RESOURCES

Working capital, gearing and financial resources

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

As at 30 June 2026, the Group had restricted bank deposits, cash and bank balances of RMB3,050.2 million (31 December 2025: RMB2,922.8 million). The debt of the Group comprised of bank and other borrowings and lease liabilities total RMB4,508.3 million as at 30 June 2026 (31 December 2025: RMB4,323.2 million). Net gearing ratio increased from 26.4% as at 31 December 2025 to 27.1% as at 30 June 2026.

Inventories increased from RMB696.1 million as at 31 December 2025 to RMB714.0 million as at 30 June 2026. Inventory turnover was 34 days for 1H 2026, as compared to 36 days for 1H 2025.

Trade receivables increased from RMB843.6 million as at 31 December 2025 to RMB932.8 million as at 30 June 2026. Trade receivables turnover was 38 days and 41 days for 1H 2026 and 1H 2025, respectively. The Group's credit period given to customers is around 30–45 days in general.

Trade payables recorded a decrease from RMB902.1 million as at 31 December 2025 to RMB890.1 million as at 30 June 2026. Trade payable turnover was 43 days for 1H 2026, as compared to 54 days for 1H 2025.

Current ratio decreased from 0.89 times as at 31 December 2025 to 0.81 times as at 30 June 2026.

Notes to financial ratios

(1) Inventory turnover days equal to the average of the opening and closing balances of inventories of the relevant period divided by cost of sales of the relevant period and multiplied by 182 days.

(2) Trade receivables turnover days equal to the average of the opening and closing balances of trade receivables of the relevant period divided by revenue of the relevant period and multiplied by 182 days.

(3) Trade payables turnover days equal to the average of the opening and closing balances of trade payables of the relevant period divided by cost of sales of the relevant period and multiplied by 182 days.

(4) Current ratio equals to current assets divided by current liabilities as of the end of the period.

(5) Net gearing ratio equals to a total of bank borrowing, other borrowings and leases liabilities, net of bank and cash balances and restricted bank deposits, divided by the total equity as of the end of the period.

Capital expenditure

For 1H 2026, the Group's capital expenditure was approximately RMB472.7 million, which mainly involved the purchase of equipment and land for its new production line, as well as the construction of ancillary facilities.

Capital commitments and contingent liabilities

As at 30 June 2026, the Group had capital commitments, which were contracted in the condensed consolidated interim financial statements in respect of acquisition of property, plant and equipment of RMB1,587.9 million.

There was no contingent liabilities as at 30 June 2026.

Pledge of assets

As at 30 June 2026, the carrying amount of the Group's assets of RMB2,453.3 million were pledged as collateral or security for the Group's bank and other borrowings, discounted bills financing, bills payable and lease liabilities.

Foreign exchange risks

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

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

CORPORATE GOVERNANCE

The Company is committed to achieve a high standard of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for our growth and for safeguarding and maximising shareholders' interests. The Company has complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout 1H 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding the securities transactions by its Directors. The Company has made specific enquiries with all Directors, and all Directors have confirmed that they have complied with the Model Code throughout 1H 2026.

AUDIT COMMITTEE

The Board has established an audit committee in compliance with the CG Code. The primary duties of the audit committee are to review and supervise the Company's financial reporting process, internal control and risk management system and to provide advice and comments to the Board. The audit committee consists of three independent non-executive Directors, namely Ms. Zhang Tao, Mr. Li Hengyuan and Mr. Sun Junchen. Ms. Zhang Tao is the chairlady of the audit committee. The audit committee has reviewed the unaudited condensed consolidated financial statements and the interim report for 1H 2026 and discussed the financial matters with the management of the Company.

EMPLOYEES AND REMUNERATION POLICIES

The Group had approximately 4,500 employees as at 30 June 2026. The staff costs for 1H 2026 were RMB306.1 million (1H 2025: RMB266.6 million). The emolument policy of the Group is aimed at attracting, retaining and motivating talented individuals. The principle is to set performance-based remuneration which reflects market standards. Employees' remuneration packages are generally determined based on job nature and position with reference to market standards. Employees also receive certain welfare benefits. Our Group's emolument policy will be adjusted depending on a number of factors, including changes in the market and the direction of our Group's business development, so as to achieve our Group's operational targets.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for 1H 2026 (1H 2025: nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During 1H 2026, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of Company's shares (including sale of treasury shares). As at 30 June 2026, the number of treasury shares held by the Company is nil.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunshinepaper.com.cn) and the interim report containing all the information required by the Listing Rules will be dispatched to shareholders (if requested) and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to our shareholders, our business associates and all our employees for their continuous support.

By order of the Board
China Sunshine Paper Holdings Company Limited
Wang Dongxing
Chairman

Weifang, China, 28 August 2026

As at the date of this announcement, the Directors are:

Executive Directors:	*Mr. Wang Dongxing, Mr. Shi Weixin and Mr. Wang Changhai*
Non-executive Directors:	*Ms. Wu Rong and Mr. Chen Dongxu*
Independent non-executive Directors:	*Ms. Zhang Tao, Mr. Li Hengyuan and Mr. Sun Junchen*

* *For identification purposes only*