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

2026
INTERIM REPORT

*For identification purposes only

CONTENTS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARY

Mr. Yeung Tsz Kit Alban
Ms. Wang Jingjing

AUTHORISED REPRESENTATIVES

Mr. Wang Dongxing
Mr. Yeung Tsz Kit Alban

PRINCIPAL PLACE OF BUSINESS IN CHINA

Changle Economic Development Zone
Weifang 262400
Shandong
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

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

LEGAL ADVISERS AS TO THE LAWS OF HONG KONG

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

STOCK CODE

2002

WEBSITE

www.sunshinepaper.com.cn

Operation Review and Outlook

BUSINESS REVIEW

In 1H 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.

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 fair value through profit or loss ("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. As of 30 June 2026, 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 1H 2026, there was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company.

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 were 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. 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. As at 30 June 2026，the Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates.

Nevertheless, the Company continues to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when needed. It is the policy of the Group not to enter into any derivative products for speculative activities.

Capital structure of the Group

There were no material changes in the information in relation to the capital structure of the Group from the information disclosed in the annual report for the year ended 31 December 2025.

CORPORATE GOVERNANCE

The Company is committed to achieve a high standard of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for our growth and for safeguarding and maximising shareholders' interests. The Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout 1H 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 our Directors. The Company has made specific enquiries with all Directors, and all Directors have confirmed that they have complied with the Model Code throughout 1H 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 purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 30 June 2026, the number of treasury shares held by the Company is nil.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained the public float as required under the Listing Rules throughout 1H 2026.

CHANGES IN INFORMATION OF DIRECTORS

During the six months ended 30 June 2026 and up to the date of this report, there were changes in the composition of the Board as follows:

(i) Mr. Ci Xiaolei resigned as an executive director of the Company with effect from 15 April 2026;

(ii) Mr. Zhang Xiaohui resigned as a non-executive Director, a member of remuneration committee of the Company and a member of nomination committee of the Company with effect from 29 January 2026;

(iii) Mr. Wang Zefeng resigned as an independent non-executive Director, the chairman of remuneration committee of the Company, a member of audit committee of the Company and a member of nomination committee of the Company with effect from 29 January 2026;

(iv) Mr. Chen Dongxu was appointed as a non-executive Director, a member of remuneration committee of the Company and a member of nomination committee of the Company with effect from 29 January 2026; and

(v) Mr. Li Hengyuan was appointed as an independent non-executive Director, the chairman of remuneration committee of the Company, a member of audit committee of the Company and a member of nomination committee of the Company with effect from 29 January 2026.

Save as disclosed above, there is no change in information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

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

As at 30 June 2026, the interests and short positions of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code:

(a) Long positions in our Company:

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

Notes:

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

2. *Under section 318 of the SFO, Mr. Shi Weixin and Ms. Wu Rong, as parties to the Concert Parties Agreement, are deemed to be interested in the 22,265,500 Shares held by Mr. Wang Dongxing and Mr. Wang Changhai; Mr. Wang Dongxing is deemed to be interested in the 3,840,000 Shares held by Mr. Wang Changhai; and Mr. Wang Changhai is deemed to be interested in the 18,425,500 Shares held by Mr. Wang Dongxing.*

3. *As at 30 June 2026, the number of issued ordinary shares of the Company was 1,065,144,359.*

Save as disclosed above, as at 30 June 2026, neither the chief executive nor any of the Directors of our Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code.

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

So far as we, the Directors and chief executive of our Company, are aware, as at 30 June 2026, the interests or short positions of substantial shareholders (within the meaning of the Listing Rules) (other than the Director or chief executive of our Company) in the Shares, underlying Shares or debentures of our Company which were required to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Long position/ short position	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding[5]
China Sunrise[1]	Long	Beneficial interest	321,687,052	30.20%
China Sunshine[1]	Long	Interest of a controlled corporation	321,687,052	30.20%
Controlling Shareholders Group[2]	Long	Interest of a party to an agreement to acquire interest in our Company	321,687,052	30.20%
		Interest of a party to an agreement to acquire interests in our Company apart from such agreement	22,265,500	2.09%
Hong Kong Paper Source Co., Limited[3]	Long	Beneficial interest	162,000,000	15.21%
Xiamen C&D Paper & Pulp Group Co., Ltd.[3]	Long	Interest of a controlled corporation	162,000,000	15.21%
Xiamen C&D Inc.[3]	Long	Interest of a controlled corporation	162,000,000	15.21%
Xiamen C&D Corporation Limited[3]	Long	Interest of a controlled corporation	162,000,000	15.21%
Xiamen SASAC[3]	Long	Interest of a controlled corporation	162,000,000	15.21%
Futu Trustee Limited[4]	Long	Trustee	62,502,000	5.87%

Notes:

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

2. *Pursuant to the Concert Parties Agreement, each of the members of the Controlling Shareholders Group has confirmed that, among other things, since he or she became interested in and possessed voting rights in the Target Entities and participated in the management of the business of the Target Entities, each of them has been actively cooperating with each other and has been acting in concert (for the purpose of the Takeovers Code), with an aim to achieve consensus and concerted action on major affairs relating to the business of the Target Entities. In addition, each of the members of the Controlling Shareholders Group has also agreed to keep the other members informed of their direct or indirect interest in the Target Entities or changes to such interest, so as to ensure due and prompt compliance of all applicable laws and regulations on disclosure of securities interests by Shareholders. As China Sunshine owns the entire interest of China Sunrise, and the Controlling Shareholders Group owns the entire interest of China Sunshine, each of China Sunshine and members of the Controlling Shareholders Group (for the purpose of the Takeovers Code) is deemed to be interested in the 321,687,052 Shares held by China Sunrise. Further, Mr. Wang Dongxing is interested in 18,425,500 Shares as beneficial owner and Mr. Wang Changhai is interested in 3,840,000 Shares as beneficial owner. Other members of the Controlling Shareholder Group, being member of the Concert Parties Agreement, are deemed to be interested in such Shares held by Mr. Wang Dongxing and Mr. Wang Changhai under section 318 of the SFO.*

3. *Hong Kong Paper Source Co., Limited is a wholly owned subsidiary of Xiamen C&D Paper & Pulp Group Co., Ltd.* (廈門建發漿紙集團有限公司) ("Xiamen C&D Paper"). Xiamen C&D Paper is directly wholly-owned by Xiamen C&D Inc.* (廈門建發股份有限公司) ("Xiamen C&D Inc."). Being a controlling shareholder of Xiamen C&D Inc, Xiamen C&D Corporation Limited* (廈門建發集團有限公司), is directly wholly-owned by Xiamen SASAC. Each of Xiamen SASAC, Xiamen C&D Corporation Limited, Xiamen C&D Inc. and Xiamen C&D Paper & Pulp Group Co., Ltd. is therefore deemed to be interested in the Shares held by Hong Kong Paper Source Co., Limited by virtue of the SFO, being 162,000,000 Shares.*

4. *Futu Trustee Limited is the trustee of the trust constituted for the 2025 Share Award Scheme, which holds Shares on behalf of participants of the 2025 Share Award Scheme. Under the SFO, Futu Trustee Limited is deemed to be interested in the Shares controlled by the trusts in which it is trustee, being an aggregate of 62,502,000 Shares.*

5. *As at 30 June 2026, the number of issued ordinary shares of the Company was 1,065,144,359.*

Save as disclosed above, as at 30 June 2026, the Directors and the chief executive of our Company are not aware of any other person or corporation (other than the Director or chief executive of our Company) having an interest or short position in the Shares and underlying Shares of our Company which would require to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO.

2017 SHARE AWARD SCHEME

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

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

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

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

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

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

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

On 4 October 2017, 16,774,000 awarded Shares have been granted to Wang Dongxing, Wang Changhai and Liu Wenzheng under the 2017 Share Award Scheme. Such awarded Shares have been fully vested immediately on 4 October 2017 upon fulfillment of all conditions disclosed in the Company's circular dated 1 September 2017. No awards were granted, vested, lapsed or cancelled under the 2017 Share Award Scheme during 1H 2026. As at 1 January 2026 and 30 June 2026, there were no unvested awards under the 2017 Share Award Scheme.

As at 1 January 2026 and 30 June 2026, the total number of awards available for grant under the 2017 Share Award Scheme are 63,484,800 and 63,484,800 respectively. There is no service provider sublimit under the 2017 Share Award Scheme.

The total number of Shares available for issue under the 2017 Share Award Scheme is 63,484,800* Shares, representing approximately 5.96% of the total issued Shares (excluding treasury shares) as at the date of this interim report.

2023 SHARE OPTION SCHEME

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

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

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

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

Subject to the early termination by the Company, the 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on 31 May 2023. As at the date of this report, the remaining life of the 2023 Share Option Scheme is approximately 6 years and 8 months.

No options were granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme since its adoption. As at 30 June 2026, there were no outstanding options under the 2023 Share Option Scheme.

As at 1 January 2026 and 30 June 2026, the total number of options available for grant under the 2023 Share Option Scheme are all 96,785,435. There is no service provider sublimit under the 2023 Share Option Scheme.

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

* *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 2017 Share Award Scheme, 2023 Share Option Scheme and any other schemes of the Company.*

2025 SHARE AWARD SCHEME

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

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

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

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

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

As at the date of this report, the remaining life of the 2025 Share Award Scheme is approximately 8 years and 4 months.

No awards have been granted, lapsed or cancelled under the 2025 Share Award Scheme since its adoption. As at 30 June 2026, 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 2026 and 30 June 2026 are 95,862,992 and 95,862,992, respectively, under the 2025 Share Award Scheme. The total number of Shares available for issue under the 2025 Share Award Scheme is nil.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during 1H 2026 divided by weighted average number of Shares in issue (excluding treasury shares) for 1H 2026 is 9.09%.

* *The scheme mandate limit is the total number of Shares which may be issued in respect of all options and awards to be granted under the 2017 Share Award Scheme, 2023 Share Option Scheme and any other schemes of the Company.*

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026

	Notes	Unaudited Six months ended 30 June 2026 RMB'000	 2025 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

	Notes	Unaudited Six months ended 30 June **2026** **RMB'000**	 2025 RMB'000
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

As at 30 June 2026

	Notes	Unaudited As at 30 June 2026 RMB'000	Audited As at 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	12	6,437,822	6,284,745
Investment property	12	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	13	932,811	843,623
Bills receivables	14	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	15	890,149	902,084
Bills payables	16	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	17	7,087	8,383
Deferred income		11,975	13,072
Discounted bills financing	18	2,086,696	1,690,481
Bank borrowings	19	3,299,822	2,494,380
Other borrowings	20	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	21	**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	17	**49,629**	54,277
Bank borrowings	19	**981,734**	1,617,048
Other borrowings	20	**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

The condensed consolidated interim financial statements on pages 18 to 42 were approved by the board of directors on 28 August 2026 and are signed on its behalf by:

Wang Dongxing
Director

Wang Changhai
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the Company													
	Share capital RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Assets revaluation reserve RMB'000	Statutory surplus reserve RMB'000	Financial assets fair value reserve RMB'000	Discretionary surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2025 (audited)	94,581	11,175	1,382,453	(2,776)	114,600	7,015	584,158	(692)	1,078	1,182	2,660,054	4,852,828	447,172	5,300,000
Acquisition of additional interests in subsidiaries	–	–	–	–	1,551	–	–	–	–	–	–	1,551	(4,301)	(2,750)
Dividend paid to non-controlling interests of a subsidiary of the Company	–	–	–	–	–	–	–	–	–	–	–	–	(9,200)	(9,200)
Transaction with owners	–	–	–	–	1,551	–	–	–	–	–	–	1,551	(13,501)	(11,950)
Profit for the period	–	–	–	–	–	–	–	–	–	–	83,184	83,184	22,633	105,817
Other comprehensive income/(expense)														
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	304	–	304	–	304
Fair value loss on financial assets at FVOCI	–	–	–	–	–	–	–	(277)	–	–	–	(277)	–	(277)
Total comprehensive (expense)/income for the period	–	–	–	–	–	–	–	(277)	–	304	83,184	83,211	22,633	105,844
At 30 June 2025 (unaudited)	94,581	11,175	1,382,453	(2,776)	116,151	7,015	584,158	(969)	1,078	1,486	2,743,238	4,937,590	456,304	5,393,894

	Attributable to owners of the Company														
	Share capital RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Assets revaluation reserve RMB'000	Statutory surplus reserve RMB'000	Financial assets fair value reserve RMB'000	Discretionary surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2026 (audited)	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
Dividend paid to non-controlling interests of a subsidiary of the Company	–	–	–	–	–	–	–	–	–	–	–	–	–	(200)	(200)
Transaction with owners	–	–	–	–	–	–	–	–	–	–	–	–	–	(200)	(200)
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	57,648	57,648	10,008	67,656
Other comprehensive income															
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	1,885	–	1,885	–	1,885
Fair value gain on financial assets at FVOCI	–	–	–	–	–	–	–	–	486	–	–	–	486	–	486
Total comprehensive income for the period	–	–	–	–	–	–	–	–	486	–	1,885	57,648	60,019	10,008	70,027
At 30 June 2026 (unaudited)	94,581	11,175	1,333,137	(130,531)	(2,776)	116,150	7,015	620,195	(620)	1,078	9,329	2,841,560	4,900,293	481,517	5,381,810

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Operating activities		
Cash generated from operations	**155,647**	245,051
Income tax paid	**(73,346)**	(63,085)
Net cash generated from operating activities	**82,301**	181,966
Investing activities		
Interest received	**14,619**	19,070
Proceeds from disposal of property, plant and equipment	**82,549**	11,482
Purchase of property, plant and equipment	**(56,331)**	(7,303)
Addition of biological assets	**(2,660)**	(2,024)
Loan to third parties	**(185,104)**	—
Repayment from third parties	**114,713**	9,516
Advance to a joint venture	**—**	(70,375)
Repayment from a joint venture	**—**	135,278
Additions of deposits for acquisition property, plant and equipment	**(416,334)**	(422,568)
Acquisition of additional interest in a subsidiary	**—**	(2,750)
Payment for step acquisition of a joint venture	**—**	(25,422)
Return of guarantee deposits for lease liabilities	**—**	3,500
Placement of guarantee deposits for other borrowings	**(1,000)**	—
(Increase)/Decrease in restricted bank deposits	**(218,510)**	79,871
Net cash used in investing activities	**(668,058)**	(271,725)
Financing activities		
Interest paid	**(79,400)**	(77,290)
Increase in deferred income	**42,400**	13,060
Repayment to a controlling shareholder	**(38)**	(33)
Repayment to a non-controlling shareholder	**—**	(14,700)
New bank borrowings raised	**2,124,933**	2,311,813
New other borrowings raised	**50,000**	—
Repayment of bank borrowings	**(1,954,805)**	(1,891,919)
Repayment of other borrowings	**(29,125)**	(86,696)
Increase/(Decrease) in discounted bills financing	**396,215**	(209,216)
Repayment of lease liabilities	**(6,054)**	(3,998)
Repayment of provision for financial guarantee	**(51,180)**	—
Dividend paid to non-controlling interests of a subsidiary of the Company	**(200)**	(9,200)
Net cash generated from financing activities	**492,746**	31,821
Net decrease in cash and cash equivalents	**(93,011)**	(57,938)
Effect of foreign rate changes, net	**1,885**	7,977
Cash and cash equivalents at beginning of the period	**1,058,062**	1,135,383
Cash and cash equivalents at end of the period, representing bank balances and cash	**966,936**	1,085,422

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

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

The Group has net current liabilities of approximately RMB1,385,889,000 as at 30 June 2026. 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 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**
— Overseas	**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
— Overseas	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 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 RMB'000	Coated-white top linerboard RMB'000	Core board RMB'000	Specialised paper products RMB'000	Corrugated paper RMB'000	Subtotal RMB'000	Electricity and steam RMB'000	Others RMB'000	Total 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 RMB'000	Coated-white top linerboard RMB'000	Core board RMB'000	Specialised paper products RMB'000	Corrugated paper RMB'000	Subtotal RMB'000	Electricity and steam RMB'000	Others RMB'000	Total 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

5. SEGMENT INFORMATION (CONTINUED)

(b) Reconciliation of segment profit

Segment profit represents the gross profit earned by each paper product category and the profit before income tax earned by electricity and steam segment. The Group does not allocate certain other income, certain other gains or losses, net, distribution and selling expenses, certain administrative expenses, (provision for)/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 expenses 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 RMB'000	2025 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
Loss on fair value changes of an investment property	**—**	(1,215)
Share of loss of a joint venture	**—**	(12,019)
Finance costs	**(53,555)**	(48,531)
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) (note 24)	**—**	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)特種紙業有限公司 (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-added 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	**(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.

8. INCOME TAX EXPENSE (CONTINUED)

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 of the Group incorporated in the United States of America and Canada did not have assessable profits for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

9. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Unaudited Six months ended 30 June	
	2026 **RMB'000**	2025 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 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 earnings per share equals to the basic earnings per share.

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

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB65,002,000 (six months ended 30 June 2025: RMB13,113,000) for proceeds of RMB63,361,000 (six months ended 30 June 2025: RMB11,482,000), resulting in a loss on disposal of RMB1,641,000 (six months ended 30 June 2025: RMB1,631,000).

In addition, during the current interim period, the Group acquired approximately RMB53,565,000 (six months ended 30 June 2025: RMB31,304,000) of property, plant and equipment (excluding construction in progress), and approximately RMB493,106,000 (six months ended 30 June 2025: RMB341,026,000) on construction in progress in order to maintain its manufacturing capabilities, which included interest capitalisation of approximately RMB19,185,000 (six months ended 30 June 2025: RMB16,757,000).

The investment property of the Group was last revalued at 31 December 2025 by an independent professional valuer 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.

As at 30 June 2026, the directors of the Company considered that the carrying amount of the Group's investment property which are carried at revalued amounts did not differ significantly from its fair values.

13. TRADE RECEIVABLES

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

	Unaudited As at 30 June 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 during the period/year	**242**	9,431
At the end of the period/year	**39,777**	39,535

14. BILLS RECEIVABLES

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

	Unaudited As at 30 June 2026 RMB'000	Audited As at 31 December 2025 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.

The Group manages its bills receivable using the business model whose objective is achieved by both collecting contractual cash flows and selling of these assets. Accordingly, bills receivables are classified as financial assets at FVOCI (recycling) in accordance with IFRS 9 and are stated at fair value. The fair value is based on the net present value as at 30 June 2026 from expected timing of endorsements and discounting at the interest rates for the respective bills receivables. The fair value is within level 3 of the fair value hierarchy.

15. TRADE PAYABLES

An analysis of trade payables is as follows:

	Unaudited As at 30 June 2026 RMB'000	Audited As at 31 December 2025 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.

15. TRADE PAYABLES (CONTINUED)

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

	Unaudited As at 30 June 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

16. BILLS PAYABLES

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

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

	Unaudited As at 30 June 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.

17. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	Unaudited As at 30 June 2026 RMB'000	Audited As at 31 December 2025 RMB'000	**Unaudited As at 30 June 2026 RMB'000**	Audited As at 31 December 2025 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).

18. 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 14, since the title of receivables was not transferred to the lending banks.

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

19. 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.

20. 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 the 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).

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21. 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**

22. 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

23. LEASE COMMITMENTS

The Group as lessee

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

	Unaudited As at 30 June 2026 RMB'000	Audited As at 31 December 2025 RMB'000
Within one year	**106**	71

The Group as lessor

Property rental income earned during the six months ended 30 June 2026 was RMB836,000 (six months ended 30 June 2025: RMB1,623,000). All of the properties held have committed tenants for the next 1 to 9 years (31 December 2025 (Audited): 1 to 10 years).

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

	Unaudited As at 30 June 2026 RMB'000	Audited As at 31 December 2025 RMB'000
Within one year	**2,482**	5,397
In the second to fifth year inclusive	**2,073**	2,629
After five years	**27**	115
	4,582	8,141

24. RELATED PARTY TRANSACTIONS

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

	Unaudited Six months ended 30 June 2026 RMB'000	Unaudited Six months ended 30 June 2025 RMB'000
Sales of electricity and steam to a non-controlling shareholder of a subsidiary	**92,903**	110,836
Interest income earned from a joint venture (note 6)	**—**	7,705
Provision of goods and services to a joint venture	**—**	7,944
Purchase of goods from the related companies (note 24(b)(ii))	**58,387**	130,277
Sales of goods to the related companies (note 24(b)(ii))	**324,657**	249,017

(b) Balances with related parties

	Unaudited As at 30 June 2026 RMB'000	Audited As at 31 December 2025 RMB'000
Trade receivables from		
— non-controlling shareholder of a subsidiary (note i)	**9,027**	7,446
— related companies (note ii)	**—**	15
	9,027	7,461
Trade payables due to the related companies (note ii)	**606**	—
Contract liabilities from the related companies (note ii)	**30,705**	9,229
Other payable due to		
— a non-controlling shareholder of a subsidiary (note i)	**9,800**	9,800
— a controlling shareholder (note i)	**1,305**	1,305
— a close family member of a director (note i)	**—**	672
	11,105	11,777

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties (Continued)

Notes:

(i) The balance is unsecured, interest-free and repayable on demand.

(ii) 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 directors of the Company are senior management and directors of Xiamen C&D.

* For identification purpose only

(c) Compensation of key management personnel

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

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Wages and salaries	**13,086**	5,933
Retirement benefit scheme contributions	**167**	150
	13,253	6,083