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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 RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- Revenue decreased by 3.2% from approximately RMB8,047.6 million for FY2024 to approximately RMB7,788.6 million for FY2025.
- Profit for the year attributable to the owners of the Company for FY2025 was approximately RMB159.9 million, representing a decrease of approximately RMB120.0 million or 42.9% as compared to that of approximately RMB279.9 million for FY2024.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Sunshine Paper Holdings Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2025 (“**FY2025**”) together with the comparative figures for the year ended 31 December 2024 (“**FY2024**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Revenue	<i>5 & 6</i>	7,788,614	8,047,605
Cost of sales		(6,691,101)	(6,851,682)
Gross profit		1,097,513	1,195,923
Other income	<i>7</i>	153,696	274,287
Other gains or losses, net	<i>7</i>	(7,520)	28,933
Distribution and selling expenses		(372,217)	(372,909)
Administrative expenses		(492,910)	(492,384)
Reversal of/(Provision for) expected credit loss (“ECL”) on financial assets, net		64,773	(12,450)
Loss on fair value changes of an investment property		(1,549)	(2,336)
Share of loss of a joint venture		(12,019)	(18,972)
Finance costs	<i>8</i>	(109,998)	(151,408)
Profit before income tax	<i>10</i>	319,769	448,684
Income tax expense	<i>9</i>	(124,870)	(113,547)
Profit for the year		<u>194,899</u>	<u>335,137</u>

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Other comprehensive income/(expense), net of tax			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		6,262	3,498
Fair value (loss)/gain on financial assets through other comprehensive income (“FVTOCI”)		(414)	20
		<u>5,848</u>	<u>3,518</u>
Other comprehensive income, net of tax			
		<u>200,747</u>	<u>338,655</u>
Profit for the year attributable to:			
Owners of the Company		159,895	279,872
Non-controlling interests		35,004	55,265
		<u>194,899</u>	<u>335,137</u>
Total comprehensive income for the year			
attributable to:			
Owners of the Company		165,743	283,390
Non-controlling interests		35,004	55,265
		<u>200,747</u>	<u>338,655</u>
Earnings per share for profit attributable to owners of the Company during the year			
Basic and diluted (<i>RMB</i>)	<i>12</i>	<u>0.15</u>	<u>0.26</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		6,284,745	5,424,744
Investment property		55,515	57,064
Prepaid lease payments		967,778	822,629
Customer relationships		27,473	—
Goodwill		257,540	49,746
Deferred tax assets		70,204	88,736
Interest in an associate		—	—
Interest in a joint venture		—	127,671
Deposits for acquisition for property, plant and equipment		367,838	408,581
Financial assets at fair value through profit or loss (“FVTPL”)		—	251,491
Deposits and other receivables	13	25,376	323,268
		<u>8,056,469</u>	<u>7,553,930</u>
Current assets			
Biological assets		—	—
Inventories	14	696,117	506,501
Trade receivables	15	843,623	632,139
Bills receivables	16	377,975	144,973
Prepayments and other receivables	17	631,497	557,174
Income tax recoverable		10,400	15,898
Restricted bank deposits		1,864,757	1,562,344
Bank balances and cash		1,058,062	1,135,383
		<u>5,482,431</u>	<u>4,554,412</u>
Current liabilities			
Contract liabilities		67,337	52,135
Trade payables	18	902,084	923,085
Bills payables	19	484,183	168,960
Other payables	20	178,205	141,373
Payables for construction work, machinery and equipment		133,507	102,396
Income tax payable		41,737	26,601
Lease liabilities	21	8,383	5,172
Deferred income		13,072	9,427
Discounted bills financing	22	1,690,481	1,520,112
Bank borrowings	23	2,494,380	2,017,409
Other borrowings	24	81,452	212,828
Financial guarantee contracts		51,180	—
		<u>6,146,001</u>	<u>5,179,498</u>
Net current liabilities		<u>(663,570)</u>	<u>(625,086)</u>

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Total assets less current liabilities		<u>7,392,899</u>	<u>6,928,844</u>
Capital and reserves			
Share capital	25	94,581	94,581
Reserves		<u>4,745,693</u>	<u>4,758,247</u>
Equity attributable to owners of the Company		4,840,274	4,852,828
Non-controlling interests		<u>471,709</u>	<u>447,172</u>
Total equity		<u>5,311,983</u>	<u>5,300,000</u>
Non-current liabilities			
Lease liabilities	21	54,277	51,183
Bank borrowings	23	1,617,048	1,280,891
Other borrowings	24	67,683	163
Other payables		7,393	—
Deferred income		279,600	221,711
Deferred tax liabilities		<u>54,915</u>	<u>74,896</u>
		<u>2,080,916</u>	<u>1,628,844</u>
Total equity and non-current liabilities		<u>7,392,899</u>	<u>6,928,844</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The principal activities of the Group are production/generation and sale of paper products, electricity and steam.

2. NEW OR AMENDED IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied for the first time the Amendments to IAS 21 “Lack of Exchangeability” which are effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2025.

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

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

Issued but not yet effective IFRS Accounting Standards

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume1 ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IAS 21	Translation to Hyperinflation Presentation Currency ²

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

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

³ Effective date not yet determined

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

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

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

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

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

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

3. STATEMENT OF COMPLIANCE

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

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

4. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis except for biological assets, which are measured at fair value less costs to sell, financial assets at FVTOCI, FVTPL and investment property which are stated at fair value.

The Group has net current liabilities of approximately RMB663,570,000 at 31 December 2025. The above condition indicates the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. 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 banking facilities will expire in 2026, the Directors consider that there are good track records and good relationships with banks, and that the Group will be able to renew existing banking facilities upon expiry or to obtain other additional 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 the banks) and internal financial resources of the Group, the Group has sufficient working capital to meet its financial obligation as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

5. REVENUE

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

Disaggregation of revenue from contracts with customers

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

Segments	For the year ended 31 December 2025			
	Paper products <i>RMB'000</i>	Electricity and steam <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition				
— At a point in time	7,418,041	363,807	—	7,781,848
— Over time	—	—	6,766	6,766
	<u>7,418,041</u>	<u>363,807</u>	<u>6,766</u>	<u>7,788,614</u>
Geographical markets				
— PRC	7,180,173	363,807	—	7,543,980
— Overseas	237,868	—	6,766	244,634
	<u>7,418,041</u>	<u>363,807</u>	<u>6,766</u>	<u>7,788,614</u>
	For the year ended 31 December 2024			
Segments	Paper products <i>RMB'000</i>	Electricity and steam <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition				
— At a point in time	7,607,588	440,017	—	8,047,605
	<u>7,607,588</u>	<u>440,017</u>	<u>—</u>	<u>8,047,605</u>
Geographical markets				
— PRC	7,487,571	440,017	—	7,927,588
— Overseas	120,017	—	—	120,017
	<u>7,607,588</u>	<u>440,017</u>	<u>—</u>	<u>8,047,605</u>

6. SEGMENT INFORMATION

(a) Reportable segments

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

Segment revenue and results

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

For the year ended 31 December 2025

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

For the year ended 31 December 2024

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

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

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

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

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

(b) Information about major customers

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

(c) Geographical information

The information on the geographical locations of the Group's revenue determined based on geographical region of the customers is described in note 5.

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

7. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

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

Notes:

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

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

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

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

8. FINANCE COSTS

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

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

9. INCOME TAX EXPENSE

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

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

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

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

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

10. PROFIT BEFORE INCOME TAX

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

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

Note:

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

11. DIVIDENDS

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

The Directors do not recommend the payment of final dividends for the year ended 31 December 2025 (2024: HK5 cents per share). During the year ended 31 December 2024, a final dividend of HK5 cents per ordinary share, totalling of HK\$53,257,000 (equivalents to RMB49,316,000), in respect of the year ended 31 December 2024 was approved and paid to the equity shareholders of the Company whose names appear in the register of members on 11 July 2025).

12. EARNINGS PER SHARE

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

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

13. DEPOSITS AND OTHER RECEIVABLES

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

Note: As at 31 December 2025, the loan was made to the third party on normal commercial terms. The amounts are unsecured, will be collected after 12 months from the end of the reporting period and carry the fixed interest rates ranging from 6.0% to 8.0% per annum (2024: carried a fixed interest rate at 6% per annum).

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

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

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

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

14. INVENTORIES

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

15. TRADE RECEIVABLES

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

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

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

The following is an ageing analysis of trade receivables (net of ECL allowance) presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised:

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

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

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

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

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Directors considered that the Group has no significant concentration of credit risk of trade receivables, with exposure spread over a large number of customers.

16. BILLS RECEIVABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Bills receivables	<u>377,975</u>	<u>144,973</u>

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

Included in the above balances, bills receivables of RMB11,710,000 (2024: RMB112,000) were discounted to banks with recourse. These bills receivables were not derecognised as the title of these bills receivables were not transferred to the banks. On the other hand, discounted bills financing of RMB11,710,000 (2024: RMB112,000) was recognised for the cash received from banks.

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

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

17. PREPAYMENTS AND OTHER RECEIVABLES

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

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

An analysis of other receivables is as follows:

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

Note:

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

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

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

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

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

18. TRADE PAYABLES

An analysis of trade payables is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables due to third parties	902,084	915,758
Trade payables due to related parties	<u>—</u>	<u>7,327</u>
	<u>902,084</u>	<u>923,085</u>

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

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

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

19. BILLS PAYABLES

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

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

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

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

20. OTHER PAYABLES

An analysis of other payables is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other payables	104,005	77,788
Other payables due to related parties	11,777	25,928
VAT and other tax payables	47,554	25,086
Other interest payable	12,271	11,233
Accrued payroll and welfare	<u>2,598</u>	<u>1,338</u>
	<u>178,205</u>	<u>141,373</u>

21. LEASE LIABILITIES

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

Note: As at 31 December 2025, lease liabilities amounting to RMB62,660,000 (2024: RMB56,355,000) are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

During the year ended 31 December 2025, the total cash outflows for the leases are RMB11,033,000 (2024: RMB18,701,000).

22. DISCOUNTED BILLS FINANCING

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Discounted bills receivables from third parties (<i>note a</i>)	11,710	112
Discounted bills receivables from subsidiaries of the Company (<i>note b</i>)	<u>1,678,771</u>	<u>1,520,000</u>
Total	<u><u>1,690,481</u></u>	<u><u>1,520,112</u></u>

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 16 above, since the title of receivables was not transferred to the lending banks.
- b. These borrowings arose from discounting, with recourse, of intra-group bills receivables, from one component to another of the Group. The Group continues to recognise the carrying amount of the underlying bills receivables since the title of receivables was not transferred to the lending banks. However, the corresponding intra-group bills receivables were eliminated in consolidation against the original bills payables from the bill issuing component of the Group. The elimination is based on the Directors' judgment that the risk and reward associated with these intra-group bills receivables and bills payables remain within the Group. In obtaining the original intra-group bills, bank deposits of RMB1,294,510,000 (2024: RMB1,092,235,000) were pledged to the issuing banks.

23. BANK BORROWINGS

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

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

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

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

24. OTHER BORROWINGS

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

Notes:

- (i) During the year ended 31 December 2025, the Group entered into a sale and leaseback agreement with the leasing company for machinery and equipment (“**Secured Assets**”) amounting to RMB80,000,000 for a period of 3 years (2024: Nil). Upon maturity, the Group will be entitled to purchase the Secured Assets.

Nominal interest rates underlying all these contracts are at respective contract dates ranging from 5.38% to 7.50% (2024: 4.34% to 7.50%) per annum.

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

- (ii) In accordance with the Limited Partnership Agreement and Equity Investment Agreement, which were duly passed by way of poll at the extraordinary general meeting of the Company held on 28 December 2020, the Group would contribute up to approximately RMB395,000,000 in total to 濰坊市世紀陽光新舊動能轉換股權投資基金合夥企業(有限合夥) (Weifang City Century Sunshine Old-to-New Momentum Conversion Equity Investment Fund Partnership (Limited Partnership))* (the “**Partnership**”), while the Partnership would contribute up to RMB500,000,000 into the Group in exchange for a subsidiary’s shares. Details of the transaction are set out in the Company’s circular dated 10 December 2020. As at 31 December 2025, the Partnership has contributed approximately RMB216,850,000 (2024: RMB276,500,000) to the

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

Group, which RMB18,165,000 (2024: RMB75,315,000) recorded as other borrowing. As at 31 December 2025, the Directors are of the view that no further capital commitment to the Partnership (2024: RMB196,315,000).

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

25. SHARE CAPITAL

		Number of shares	Share capital HK\$'000
Authorised:			
Ordinary shares of HK\$0.10 each			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025		2,000,000,000	200,000
		<u>2,000,000,000</u>	<u>200,000</u>
	Number of shares	Share capital HK\$'000	Shown in the consolidated financial statements RMB'000
Issued and fully paid:			
At 1 January 2024	1,129,854,359	112,984	100,445
	<u>1,129,854,359</u>	<u>112,984</u>	<u>100,445</u>
Shares repurchased and cancelled (<i>note</i>)	(64,710,000)	(6,471)	(5,864)
	<u>(64,710,000)</u>	<u>(6,471)</u>	<u>(5,864)</u>
At 31 December 2024 and 1 January 2025 and 31 December 2025	1,065,144,359	106,513	94,581
	<u>1,065,144,359</u>	<u>106,513</u>	<u>94,581</u>

Note:

During the year ended 31 December 2023, the Company repurchased its 115,986,000 ordinary shares of HK\$0.10 each at an aggregate consideration of HK\$11,599,000 (equivalent to approximately RMB10,414,000). The Company cancelled 51,276,000 ordinary shares during the year ended 31 December 2023 and further cancelled 64,710,000 ordinary shares during the year ended 31 December 2024. The nominal value of the cancelled shares was credited to the capital redemption reserve. The premium paid on the repurchase shares was charged against the retained earnings.

BUSINESS REVIEW

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

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

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

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

BUSINESS OUTLOOK

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Total revenue

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

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

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

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

Cost of sales

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

Gross profit and gross profit margin

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

Other profit and loss items

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

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

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

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

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

Income tax expenses

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

Profit for the year

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

Significant investments

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

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During FY2025, Shandong Century Sunshine Paper Group Co., Ltd* (山東世紀陽光紙業集團有限公司) (“**Century Sunshine**”), a subsidiary of the Company, and Oji F-Tex Co. Ltd. (王子艾富特株式會社) (“**Seller**”) entered into an equity transfer agreement in relation to the acquisition of 40% equity interest of Sunshine Shouguang by Century Sunshine from the Seller for a consideration of RMB85,000,000 (tax inclusive). For details, please refer to the announcement dated on 16 June 2025.

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

Liquidity and financial resources

Treasury policy

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

Foreign exchange risks

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

Working capital

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

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

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

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

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

Cashflow

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

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

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

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

Gearing ratio

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

Capital expenditure

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

Pledge of assets

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

Capital commitments and contingent liabilities

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

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

Employees and remuneration policies

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

Notes to financial ratios:

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

For FY2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 31 December 2025, the number of treasury shares held by the Company is nil.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

As at date of this announcement, the Group has no significant events after the end of FY2025.

CORPORATE GOVERNANCE PRACTICES

Our Company is committed to achieve a high standard of corporate governance. Our Directors believe that sound and reasonable corporate governance practices are essential for our growth and for safeguarding and maximizing shareholders' interests. Our Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) during FY2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Specific enquiries have been made to all Directors by our Company to confirm that all Directors have complied with the Model Code during FY2025.

AUDIT COMMITTEE

The primary duties of the Audit Committee are to review and supervise our Company's financial reporting process, internal control and risk management system, and provide advice and comments to our Board. The Audit Committee, comprising Ms. Zhang Tao (Chairlady), Mr. Li Hengyuan and Mr. Sun Junchen, has reviewed the annual results for FY2025 and the accounting principles and practices adopted, and discussed auditing, internal controls, and financial reporting matters with our management and our Company's external auditor.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the Group's annual results for FY2025 and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure. The financial information set out in this announcement has been reviewed by the Audit Committee, approved by the Board.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2025 as set out in this results announcement have been agreed by the Company's auditor, Grant Thornton Hong Kong Limited ("**Grant Thornton**"), to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2025. The work performed by Grant Thornton in this respect was limited and did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by Grant Thornton in this announcement.

CLOSURE OF REGISTER OF MEMBERS

In relation to the AGM

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

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

PUBLICATION OF RESULTS

This announcement of results has been published on our website at www.sunshinepaper.com.cn and the website of the Stock Exchange at www.hkexnews.hk. The annual report of our Company for FY2025 containing all the information required by Appendix D2 to the Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) will be dispatched to the shareholders (if requested) and published on our website at www.sunshinepaper.com.cn and the website of the Stock Exchange at www.hkexnews.hk in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all the shareholders, customers, suppliers, banks, professional parties and employees of our Group for their continuous support.

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

Hong Kong, China, 27 March 2026

As at the date of this announcement, the directors of the Company are:

Executive directors: *Mr. Wang Dongxing, Mr. Shi Weixin,
Mr. Wang Changhai and Mr. Ci Xiaolei*

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*