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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 2024**

#### **FINANCIAL HIGHLIGHTS**

- Revenue decreased by 3.7% from approximately RMB8,359.5 million for FY2023 to approximately RMB8,047.6 million for FY2024.
- Profit for the year attributable to the owners of the Company for FY2024 was approximately RMB279.9 million, representing a decrease of approximately RMB113.4 million or 28.8% as compared to that of approximately RMB393.3 million for FY2023.
- A final dividend of HK5 cents per ordinary share was proposed by the Board.

## 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 2024 (“**FY2024**”) together with the comparative figures for the year ended 31 December 2023 (“**FY2023**”).

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*for the year ended 31 December 2024*

|  | <i>Notes</i>     | <b>2024</b><br><i>RMB’000</i> | 2023<br><i>RMB’000</i> |
|--|------------------|-------------------------------|------------------------|
| Revenue  | <i>5 &amp; 6</i> | <b>8,047,605</b>              | 8,359,494              |
| Cost of sales  |                  | <b>(6,851,682)</b>            | (7,049,635)            |
| Gross profit   |                  | <b>1,195,923</b>              | 1,309,859              |
| Other income   | <i>7</i>         | <b>274,287</b>                | 291,439                |
| Other gains or losses, net   | <i>7</i>         | <b>28,933</b>                 | 20,127                 |
| Distribution and selling expenses  |                  | <b>(372,909)</b>              | (403,235)              |
| Administrative expenses  |                  | <b>(492,384)</b>              | (478,554)              |
| (Provision for)/Reversal of expected credit loss (“ <b>ECL</b> ”) on financial assets, net |                  | <b>(12,450)</b>               | 20,956                 |
| Loss on fair value changes of an investment property                                       |                  | <b>(2,336)</b>                | (503)                  |
| Share of (loss)/profit of a joint venture  |                  | <b>(18,972)</b>               | 10,914                 |
| Finance costs  | <i>8</i>         | <b>(151,408)</b>              | (175,577)              |
| Profit before income tax   | <i>10</i>        | <b>448,684</b>                | 595,426                |
| Income tax expense   | <i>9</i>         | <b>(113,547)</b>              | (144,134)              |
| <b>Profit for the year</b>   |                  | <b>335,137</b>                | 451,292                |

|  | <i>Notes</i> | <b>2024</b><br><b>RMB'000</b> | 2023<br><i>RMB'000</i> |
|--|--------------|-------------------------------|------------------------|
| <b>Other comprehensive income/(expense), net of tax</b>                                    |              |                               |                        |
| <i>Items that will be reclassified subsequently to profit or loss</i>                      |              |                               |                        |
| Exchange differences on translation of foreign operations                                  |              | <b>3,498</b>                  | (3,832)                |
| Fair value gain on financial assets through other comprehensive income (“FVTOCI”)          |              | <b>20</b>                     | 743                    |
|  |              | <u><b>3,518</b></u>           | <u>(3,089)</u>         |
| <b>Other comprehensive income/(expense), net of tax</b>                                    |              |                               |                        |
|  |              | <u><b>338,655</b></u>         | <u>448,203</u>         |
| <b>Profit for the year attributable to:</b>  |              |                               |                        |
| Owners of the Company  |              | <b>279,872</b>                | 393,309                |
| Non-controlling interests  |              | <b>55,265</b>                 | 57,983                 |
|  |              | <u><b>335,137</b></u>         | <u>451,292</u>         |
| <b>Total comprehensive income for the year</b>   |              |                               |                        |
|  |              | <u><b>338,655</b></u>         | <u>448,203</u>         |
| <b>Profit for the year attributable to:</b>  |              |                               |                        |
| Owners of the Company  |              | <b>283,390</b>                | 390,220                |
| Non-controlling interests  |              | <b>55,265</b>                 | 57,983                 |
|  |              | <u><b>338,655</b></u>         | <u>448,203</u>         |
| <b>Total comprehensive income for the year attributable to:</b>                            |              |                               |                        |
| Owners of the Company  |              | <b>283,390</b>                | 390,220                |
| Non-controlling interests  |              | <b>55,265</b>                 | 57,983                 |
|  |              | <u><b>338,655</b></u>         | <u>448,203</u>         |
| <b>Earnings per share for profit attributable to owners of the Company during the year</b> |              |                               |                        |
| Basic and diluted ( <i>RMB</i> )   | <i>12</i>    | <u><b>0.26</b></u>            | <u>0.39</u>            |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

|   | <i>Notes</i> | <b>2024</b><br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| <b>Non-current assets</b>                                       |              |                               |                        |
| Property, plant and equipment                                   |              | 5,424,744                     | 5,506,817              |
| Investment property   |              | 57,064                        | 59,400                 |
| Prepaid lease payments  |              | 822,629                       | 739,438                |
| Goodwill  |              | 49,746                        | 49,746                 |
| Deferred tax assets   |              | 88,736                        | 63,877                 |
| Interest in an associate  |              | —                             | —                      |
| Interest in a joint venture                                     |              | 127,671                       | 146,643                |
| Deposits for acquisition for property, plant and equipment      |              | 408,581                       | 251,534                |
| Financial assets at fair value through profit or loss (“FVTPL”) |              | 251,491                       | 249,722                |
| Deposits and other receivables                                  | 13           | 323,268                       | 377,985                |
|   |              | <u>7,553,930</u>              | <u>7,445,162</u>       |
| <b>Current assets</b>   |              |                               |                        |
| Biological assets   |              | —                             | —                      |
| Inventories   | 14           | 506,501                       | 668,788                |
| Trade receivables   | 15           | 632,139                       | 564,762                |
| Bills receivables   | 16           | 144,973                       | 144,054                |
| Prepayments and other receivables                               | 17           | 557,174                       | 457,878                |
| Income tax recoverable  |              | 15,898                        | 11,176                 |
| Restricted bank deposits  |              | 1,562,344                     | 1,291,397              |
| Bank balances and cash  |              | 1,135,383                     | 1,571,918              |
|   |              | <u>4,554,412</u>              | <u>4,709,973</u>       |
| <b>Current liabilities</b>                                      |              |                               |                        |
| Contract liabilities  |              | 52,135                        | 55,447                 |
| Trade payables  | 18           | 923,085                       | 1,010,140              |
| Bills payables  | 19           | 168,960                       | 368,573                |
| Other payables  | 20           | 141,373                       | 189,693                |
| Payables for construction work, machinery and equipment         |              | 102,396                       | 80,174                 |
| Income tax payable  |              | 26,601                        | 35,979                 |
| Lease liabilities   | 21           | 5,172                         | 4,505                  |
| Deferred income   |              | 9,427                         | 8,526                  |
| Discounted bills financing                                      | 22           | 1,520,112                     | 1,289,377              |
| Bank borrowings   | 23           | 2,017,409                     | 2,402,961              |
| Other borrowings  | 24           | 212,828                       | 268,974                |
|   |              | <u>5,179,498</u>              | <u>5,714,349</u>       |
| <b>Net current liabilities</b>                                  |              | <u>(625,086)</u>              | <u>(1,004,376)</u>     |
| <b>Total assets less current liabilities</b>                    |              | <u>6,928,844</u>              | <u>6,440,786</u>       |

|   | <i>Notes</i> | <b>2024</b><br><b>RMB'000</b> | 2023<br><i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| <b>Capital and reserves</b>                     |              |                               |                        |
| Share capital                                   | <i>25</i>    | <b>94,581</b>                 | 100,445                |
| Reserves  |              | <b>4,758,247</b>              | 4,468,993              |
|   |              | <hr/>                         | <hr/>                  |
| Equity attributable to owners of the Company    |              | <b>4,852,828</b>              | 4,569,438              |
| Non-controlling interests                       |              | <b>447,172</b>                | 391,907                |
|   |              | <hr/>                         | <hr/>                  |
| <b>Total equity</b>                             |              | <b>5,300,000</b>              | 4,961,345              |
|   |              | <hr/>                         | <hr/>                  |
| <b>Non-current liabilities</b>                  |              |                               |                        |
| Lease liabilities                               | <i>21</i>    | <b>51,183</b>                 | 67,048                 |
| Bank borrowings                                 | <i>23</i>    | <b>1,280,891</b>              | 954,278                |
| Other borrowings                                | <i>24</i>    | <b>163</b>                    | 188,094                |
| Deferred income                                 |              | <b>221,711</b>                | 199,490                |
| Deferred tax liabilities                        |              | <b>74,896</b>                 | 70,531                 |
|   |              | <hr/>                         | <hr/>                  |
|   |              | <b>1,628,844</b>              | 1,479,441              |
|   |              | <hr/>                         | <hr/>                  |
| <b>Total equity and non-current liabilities</b> |              | <b>6,928,844</b>              | 6,440,786              |
|   |              | <hr/> <hr/>                   | <hr/> <hr/>            |

## 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). 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 International Financial Reporting Standards (“IFRS Accounting Standards”) that are effective for annual periods beginning on 1 January 2024**

The International Accounting Standards Boards (the “**IASB**”) has issued a number of amended IFRS Accounting Standards. The Group has adopted all these amended IFRS Accounting Standards, which are effective for the accounting period beginning on 1 January 2024:

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

The adoption to these 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 amended IFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

|   |  |
|---|--|
| Amendments to IFRS 10 and IAS 28        | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup> |
| Amendments to IAS 21                    | Lack of Exchangeability <sup>1</sup>   |
| Amendments to IFRS 9 and IFRS 7         | Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>             |
| Amendments to IFRS 9 and IFRS 7         | Contracts Referencing Nature-dependent Electricity <sup>2</sup>                                    |
| Amendments to IFRS Accounting Standards | Annual Improvements to IFRS Accounting Standards — Volume 11 <sup>2</sup>                          |
| IFRS 18                                 | Presentation and Disclosure in Financial Statements <sup>3</sup>                                   |
| IFRS 19                                 | Subsidiaries without Public Accountability: Disclosures <sup>3</sup>                               |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> 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, issued by the IASB, 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 of Hong Kong Limited (“**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 RMB625,086,000 at 31 December 2024. The Directors have evaluated the relevant available information and key assumptions used in the cash flow projections for the twelve months since the reporting date. In addition, although most of the existing banking facilities will expire in 2025, 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 at a point in time in the following major product lines and geographical market:

| Segments                                   | For the year ended 31 December 2024 |   |                         |
|--|-------------------------------------|---|-------------------------|
|  | Paper products<br><i>RMB'000</i>    | Electricity and steam<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| <b>Timing of revenue recognition</b>       |                                     |   |                         |
| — At a point in time                       | <u>7,607,588</u>                    | <u>440,017</u>                          | <u>8,047,605</u>        |
| <b>Geographical markets</b>                |                                     |   |                         |
| — the People Republic of China (the “PRC”) | 7,487,571                           | 440,017                                 | 7,927,588               |
| — Overseas                                 | <u>120,017</u>                      | <u>—</u>                                | <u>120,017</u>          |
|  |                                     |   |                         |
|  | For the year ended 31 December 2023 |   |                         |
| Segments                                   | Paper products<br><i>RMB'000</i>    | Electricity and steam<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| <b>Timing of revenue recognition</b>       |                                     |   |                         |
| — At a point in time                       | <u>7,916,297</u>                    | <u>443,197</u>                          | <u>8,359,494</u>        |
| <b>Geographical markets</b>                |                                     |   |                         |
| — PRC                                      | 7,744,568                           | 443,197                                 | 8,187,765               |
| — Overseas                                 | <u>171,729</u>                      | <u>—</u>                                | <u>171,729</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 2024*

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

For the year ended 31 December 2023

|  | Paper products       |                             |            |                            |                  |           |           | Electricity and steam | Total |
|--|----------------------|-----------------------------|------------|----------------------------|------------------|-----------|-----------|-----------------------|-------|
|  | White top linerboard | Coated-white top linerboard | Core board | Specialised paper products | Corrugated paper | Subtotal  |           |                       |       |
|  | RMB'000              | RMB'000                     | RMB'000    | RMB'000                    | RMB'000          | RMB'000   | RMB'000   | RMB'000               |       |
| Revenue from external customers  | 1,644,503            | 2,079,142                   | 644,127    | 1,711,985                  | 1,836,540        | 7,916,297 | 443,197   | 8,359,494             |       |
| Inter-segment revenue  |                      |                             |            |                            |                  | —         | 930,814   | 930,814               |       |
| Segment revenue  |                      |                             |            |                            |                  | 7,916,297 | 1,374,011 | 9,290,308             |       |
| Segment profit   |                      |                             |            |                            |                  | 1,158,182 | 347,699   | 1,505,881             |       |
| Other segment information:<br>Impairment loss on property, plant and equipment | —                    | —                           | —          | (11,786)                   | —                | (11,786)  | —         | (11,786)              |       |

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, certain finance costs, share of (loss)/profit of a joint venture to paper products segment and does not allocate income tax expense to both the paper products segment and electricity and steam segment when making decisions about resources to be allocated to the segment and assessing its performance.

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

|  | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Profit   |                        |                        |
| Segment profit   | 1,371,523              | 1,505,881              |
| Unrealised profit on inter-segment sales                 | <u>(179,493)</u>       | <u>(183,874)</u>       |
|  | 1,192,030              | 1,322,007              |
| Administrative expenses                                  | (479,805)              | (465,838)              |
| Other income   | 271,021                | 284,994                |
| Other gains or losses, net                               | 6,281                  | (18,447)               |
| Distribution and selling expenses                        | (372,909)              | (403,235)              |
| Finance costs  | (134,176)              | (155,422)              |
| (Provision for)/Reversal of ECL on financial assets, net | (12,450)               | 20,956                 |
| Loss on fair value changes of an investment property     | (2,336)                | (503)                  |
| Share of (loss)/profit of a joint venture                | <u>(18,972)</u>        | <u>10,914</u>          |
| Consolidated profit before income tax                    | <u><u>448,684</u></u>  | <u><u>595,426</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.

The Group's operations and non-current assets are substantially located in the PRC. Accordingly, no further analysis on non-current assets (other than deferred tax assets and financial assets at FVTPL) by geographical location is presented.

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

|   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Other income:   |                        |                        |
| Interest income on:   |                        |                        |
| bank deposits   | 54,746                 | 39,797                 |
| loans to third parties  | 9,269                  | 12,640                 |
| the balance with a joint venture ( <i>note i</i> )                | <u>18,769</u>          | <u>18,857</u>          |
| Total interest income   | <u>82,784</u>          | <u>71,294</u>          |
| Rental income   | 5,410                  | 5,360                  |
| Hotel and catering services income                                | 5,436                  | 4,491                  |
| Logistics services income   | 11,541                 | 12,435                 |
| Government grants ( <i>note ii</i> )                              | <u>169,116</u>         | <u>197,859</u>         |
|   | <u><u>274,287</u></u>  | <u><u>291,439</u></u>  |
| Other gains or losses, net:                                       |                        |                        |
| Net foreign exchange gains  | 855                    | 136                    |
| Gain from sale of scrap materials, net                            | 10,537                 | 7,113                  |
| Loss on disposal and written off of property, plant and equipment | (5,295)                | (12,771)               |
| Change in fair value of FVTPL                                     | 1,769                  | (11,003)               |
| Impairment loss on property, plant and equipment                  | —                      | (11,786)               |
| Change in the fair value of biological assets                     | (6,645)                | (537)                  |
| Sales of carbon emission allowances ( <i>note iii</i> )           | 22,712                 | 38,179                 |
| Others  | <u>5,000</u>           | <u>10,796</u>          |
|   | <u><u>28,933</u></u>   | <u><u>20,127</u></u>   |

### Notes:

- i. During the year ended 31 December 2024, the Group earned interest income from other receivable from 陽光王子(壽光)特種紙有限公司 (Sunshine Oji (Shouguang) Specialty Paper Co., Ltd) at a weighted average effective interest rate of 4.79% (2023: 4.79%) per annum, unsecured and repayable after 12 months from the end of the reporting period.
- ii. During the year ended 31 December 2024, the Group were granted and received unconditional government subsidy of approximately RMB121,156,000 (2023: RMB177,172,000) from local government, the amount of which was 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 2024, 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 RMB22,712,000 (2023: RMB38,179,000) through the China’s National Emissions Trading System.

## 8. FINANCE COSTS

|  | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Interest expenses on:                                  |                        |                        |
| discounted bills financing                             | 25,313                 | 27,484                 |
| bank and other borrowings                              | 144,699                | 167,566                |
| lease liabilities                                      | 2,837                  | 2,818                  |
|  | <u>172,849</u>         | <u>197,868</u>         |
| Less: Interest capitalised in construction in progress | (21,441)               | (22,291)               |
|  | <u>151,408</u>         | <u>175,577</u>         |

Borrowing costs capitalised during the year ended 31 December 2024 arose from the general borrowing pool and were calculated by applying a capitalisation rate ranging from 4.79% to 5.60% (2023: 4.79% to 6.20%) per annum to expenditure on construction in progress.

## 9. INCOME TAX EXPENSE

|   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Current tax                             |                        |                        |
| PRC enterprise income tax               | 131,977                | 122,107                |
| Under/(Over) provision in previous year | 2,064                  | (692)                  |
|   | <u>134,041</u>         | <u>121,415</u>         |
| Deferred tax (credit)/expenses          | (20,494)               | 22,719                 |
|   | <u>113,547</u>         | <u>144,134</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% (2023: 25%).

No provision for Hong Kong Profits Tax has been made for each of the years ended 31 December 2024 and 2023 as the Group sustained a loss for tax purpose.

## 10. PROFIT BEFORE INCOME TAX

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

|   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Wages and salaries  | 430,750                | 437,374                |
| Retirement benefits schemes contributions ( <i>note</i> ) | <u>66,668</u>          | <u>66,797</u>          |
| Total staff costs (including the Directors' emoluments)   | <u>497,418</u>         | <u>504,171</u>         |
| Cost of inventories recognised as an expense              | 4,883,657              | 5,024,047              |
| Depreciation of property, plant and equipment             |                        |                        |
| — right-of-use assets                                     | 6,715                  | 5,016                  |
| — owned assets  | 435,297                | 396,742                |
| Amortisation of prepaid lease payments                    | 17,301                 | 17,301                 |
| Auditor's remuneration                                    | 2,100                  | 2,052                  |
| Lease charges on short term leases                        | 2,084                  | 1,503                  |
| Net foreign exchange gains                                | (855)                  | (136)                  |
| Research and development costs                            | <u>9,369</u>           | <u>7,931</u>           |

*Note:*

At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: nil).

## 11. DIVIDENDS

|  | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Approved and paid:</b>  |                        |                        |
| 2023 final dividend — Nil per share<br>(2023: 2022 final dividend — Nil per share) | <u>—</u>               | <u>—</u>               |
|  | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
| <b>Proposed:</b>   |                        |                        |
| Final dividend — HK5 cents per share (2023: Nil per share)                         | <u>49,316</u>          | <u>—</u>               |

A final dividend of HK5 cents per share in respect of the year ended 31 December 2024 has been proposed by the Directors and is subject to the approval of the Company's shareholders in the forthcoming annual general meeting. The Directors do not recommend the payment of final dividends for the year ended 31 December 2023.

## 12. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the consolidated profit of RMB279,872,000 (2023: RMB393,309,000) for the year attributable to owners of the Company, and the weighted average number of 1,065,144,000 (2023: 998,051,000) ordinary shares in issue during the year.

There are no dilutive potential ordinary shares in issue for each of the years ended 31 December 2024 and 31 December 2023. The diluted earnings per share equals to the basic earnings per share.

## 13. DEPOSITS AND OTHER RECEIVABLES

|   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Other receivables from a joint venture                | 395,734                | 397,253                |
| Guarantee deposits for sale and leaseback obligations | —                      | 11,000                 |
| Loan to a third party ( <i>note</i> )                 | 6,000                  | 41,888                 |
|   | <u>401,734</u>         | <u>450,141</u>         |
| Less: ECL allowance                                   | (78,466)               | (72,156)               |
|   | <u><u>323,268</u></u>  | <u><u>377,985</u></u>  |

*Note:* As at 31 December 2024, 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 a interest rate at 6% per annum (2023: 5% per annum).

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

|   | Stage 1<br><i>RMB'000</i> | Stage 2<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|---------------------------|---------------------------|-------------------------|
| Balance at 1 January 2023                         | 23,625                    | 429,912                   | 453,537                 |
| Net changes on the gross amount                   | 29,263                    | (32,659)                  | (3,396)                 |
|   | <u>52,888</u>             | <u>397,253</u>            | <u>450,141</u>          |
| Balance at 31 December 2023 and<br>1 January 2024 | 52,888                    | 397,253                   | 450,141                 |
| Net changes on the gross amount                   | (46,888)                  | (1,519)                   | (48,407)                |
|   | <u>6,000</u>              | <u>395,734</u>            | <u>401,734</u>          |
| Balance at 31 December 2024                       | <u><u>6,000</u></u>       | <u><u>395,734</u></u>     | <u><u>401,734</u></u>   |



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

|   | <b>Stage 1</b><br><i>RMB'000</i> | <b>Stage 2</b><br><i>RMB'000</i> | <b>Total</b><br><i>RMB'000</i> |
|---|----------------------------------|----------------------------------|--------------------------------|
| Balance at 1 January 2023                         | —                                | 97,132                           | 97,132                         |
| Allowance/(Reversal) during the year              | <u>1,095</u>                     | <u>(26,071)</u>                  | <u>(24,976)</u>                |
| Balance at 31 December 2023 and<br>1 January 2024 | <b>1,095</b>                     | <b>71,061</b>                    | <b>72,156</b>                  |
| (Reversal)/Allowance during the year              | <u>(1,091)</u>                   | <u>7,401</u>                     | <u>6,310</u>                   |
| Balance at 31 December 2024                       | <b><u>4</u></b>                  | <b><u>78,462</u></b>             | <b><u>78,466</u></b>           |

#### 14. INVENTORIES

|                | <b>2024</b><br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|----------------|-------------------------------|------------------------|
| Raw materials  | <b>362,012</b>                | 402,847                |
| Finished goods | <u>144,489</u>                | <u>265,941</u>         |
|                | <b><u>506,501</u></b>         | <u>668,788</u>         |

#### 15. TRADE RECEIVABLES

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

|                             | <b>2024</b><br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|-----------------------------|-------------------------------|------------------------|
| Trade receivables due from: |                               |                        |
| — third parties             | <b>625,993</b>                | 579,671                |
| — a joint venture           | <b>9,920</b>                  | 5,479                  |
| — related parties           | <u>26,330</u>                 | <u>23,194</u>          |
|                             | <b>662,243</b>                | 608,344                |
| Less: ECL allowance         | <u>(30,104)</u>               | <u>(43,582)</u>        |
|                             | <b><u>632,139</u></b>         | <u>564,762</u>         |

The Group normally allows a credit period of 30 to 45 days (2023: 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:

|             | <b>2024</b>           | 2023           |
|-------------|-----------------------|----------------|
|             | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| 0–30 days   | <b>418,510</b>        | 421,149        |
| 31–90 days  | <b>159,846</b>        | 111,682        |
| 91–365 days | <b>53,783</b>         | 31,931         |
|             | <b><u>632,139</u></b> | <u>564,762</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:

|                                    | <b>2024</b>           | 2023           |
|------------------------------------|-----------------------|----------------|
|                                    | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| At the beginning of the year       | <b>43,582</b>         | 40,759         |
| Allowance during the year          | <b>3,393</b>          | 3,471          |
| Allowance reversed during the year | <b>(694)</b>          | (648)          |
| Deregistration of a subsidiary     | <b>(7,766)</b>        | —              |
| Written off                        | <b>(8,411)</b>        | —              |
|                                    | <b><u>30,104</u></b>  | <u>43,582</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

|                   | <b>2024</b>           | 2023           |
|-------------------|-----------------------|----------------|
|                   | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| Bills receivables | <b><u>144,973</u></b> | <u>144,054</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 RMB112,000 (2023: RMB1,337,000) 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 RMB112,000 (2023: RMB1,337,000) 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:

|              | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|--------------|------------------------|------------------------|
| 0–90 days    | 89,550                 | 86,379                 |
| 91–180 days  | 55,352                 | 55,985                 |
| 181–365 days | 71                     | 1,690                  |
|              | <u>144,973</u>         | <u>144,054</u>         |

## 17. PREPAYMENTS AND OTHER RECEIVABLES

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

|                     | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| Prepayments         | 131,456                | 181,713                |
| Other receivables   | <u>434,765</u>         | <u>281,771</u>         |
|                     | 566,221                | 463,484                |
| Less: ECL allowance | <u>(9,047)</u>         | <u>(5,606)</u>         |
|                     | <u>557,174</u>         | <u>457,878</u>         |

An analysis of other receivables is as follows:

|   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| VAT recoverable                                       | 61,420                 | 68,693                 |
| Deposits  | 16,384                 | 18,549                 |
| Guarantee deposits for sale and leaseback obligations | 11,000                 | 12,625                 |
| Advance to employees                                  | 3,018                  | 5,210                  |
| Loans to third parties ( <i>note</i> )                | 328,169                | 168,383                |
| Others  | <u>14,774</u>          | <u>8,311</u>           |
|   | <u>434,765</u>         | <u>281,771</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% (2023: 7.5% to 8.0%) per annum. For details on the loans to the third parties of RMB250,169,000 as at 31 December 2024, please refer to the announcements of the Company dated 21 November 2024, 26 November 2024 and 28 November 2024 respectively.

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

|  | <b>Stage 1</b><br><i>RMB'000</i> | <b>Stage 2</b><br><i>RMB'000</i> | <b>Total</b><br><i>RMB'000</i> |
|--|----------------------------------|----------------------------------|--------------------------------|
| Balance at 1 January 2023                      | 232,517                          | —                                | 232,517                        |
| Net changes on the gross amount                | <u>(19,439)</u>                  | <u>—</u>                         | <u>(19,439)</u>                |
| Balance at 31 December 2023 and 1 January 2024 | <b>213,078</b>                   | —                                | <b>213,078</b>                 |
| Transfer from Stage 1 to Stage 2               | <b>(11,083)</b>                  | <b>11,083</b>                    | —                              |
| Net changes on the gross amount                | <u>171,350</u>                   | <u>—</u>                         | <u>171,350</u>                 |
| Balance at 31 December 2024                    | <u><b>373,345</b></u>            | <u><b>11,083</b></u>             | <u><b>384,428</b></u>          |

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

|  | <b>Stage 1</b><br><i>RMB'000</i> | <b>Stage 2</b><br><i>RMB'000</i> | <b>Total</b><br><i>RMB'000</i> |
|--|----------------------------------|----------------------------------|--------------------------------|
| At 1 January 2023                      | 4,409                            | —                                | 4,409                          |
| Allowance during the year              | <u>1,197</u>                     | <u>—</u>                         | <u>1,197</u>                   |
| At 31 December 2023 and 1 January 2024 | <b>5,606</b>                     | —                                | <b>5,606</b>                   |
| Transfer from Stage 1 to Stage 2       | <b>(690)</b>                     | <b>690</b>                       | —                              |
| (Reversal)/Allowance during the year   | <u>(2,598)</u>                   | <u>6,039</u>                     | <u>3,441</u>                   |
| At 31 December 2024                    | <u><b>2,318</b></u>              | <u><b>6,729</b></u>              | <u><b>9,047</b></u>            |

## 18. TRADE PAYABLES

An analysis of trade payables is as follows:

|                                       | <b>2024</b><br><i>RMB'000</i> | <b>2023</b><br><i>RMB'000</i> |
|---------------------------------------|-------------------------------|-------------------------------|
| Trade payables due to third parties   | <b>915,758</b>                | 1,009,838                     |
| Trade payables due to related parties | <u>7,327</u>                  | <u>302</u>                    |
|                                       | <u><b>923,085</b></u>         | <u>1,010,140</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:

|             | <b>2024</b>           | 2023                    |
|-------------|-----------------------|-------------------------|
|             | <b><i>RMB'000</i></b> | <i>RMB'000</i>          |
| 0–90 days   | 738,272               | 793,662                 |
| 91–365 days | 116,559               | 150,849                 |
| Over 1 year | <u>68,254</u>         | <u>65,629</u>           |
|             | <b><u>923,085</u></b> | <b><u>1,010,140</u></b> |

## 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:

|             | <b>2024</b>           | 2023                  |
|-------------|-----------------------|-----------------------|
|             | <b><i>RMB'000</i></b> | <i>RMB'000</i>        |
| 0–90 days   | 82,890                | 209,113               |
| 91–180 days | <u>86,070</u>         | <u>159,460</u>        |
|             | <b><u>168,960</u></b> | <b><u>368,573</u></b> |

All the bills payables are of trading nature and will be expired within twelve months (2023: twelve months) from the issue date.

## 20. OTHER PAYABLES

An analysis of other payables is as follows:

|                                       | <b>2024</b>           | 2023                  |
|---------------------------------------|-----------------------|-----------------------|
|                                       | <b><i>RMB'000</i></b> | <i>RMB'000</i>        |
| Other payables                        | 77,788                | 93,522                |
| Other payables due to related parties | 25,928                | 25,946                |
| VAT and other tax payables            | 25,086                | 58,608                |
| Other interest payable                | 11,233                | 10,470                |
| Accrued payroll and welfare           | <u>1,338</u>          | <u>1,147</u>          |
|                                       | <b><u>141,373</u></b> | <b><u>189,693</u></b> |

## 21. LEASE LIABILITIES

|   | Minimum lease payments |                 | Present value of minimum lease payments |                |
|---|------------------------|-----------------|---|----------------|
|   | 2024                   | 2023            | 2024                                    | 2023           |
|   | <i>RMB'000</i>         | <i>RMB'000</i>  | <i>RMB'000</i>                          | <i>RMB'000</i> |
| Amounts payable under lease liabilities   |                        |                 |   |                |
| — Within one year   | 5,944                  | 5,247           | 5,172                                   | 4,505          |
| — In more than one year but not more than two years                                       | 5,833                  | 5,039           | 4,909                                   | 4,156          |
| — In more than two years but not more than five years                                     | 13,345                 | 27,881          | 10,438                                  | 20,932         |
| — After five years  | 52,780                 | 70,033          | 35,836                                  | 41,960         |
|   | <u>77,902</u>          | <u>108,200</u>  | <u>56,355</u>                           | <u>71,553</u>  |
| Less: future finance charges  | <u>(21,547)</u>        | <u>(36,647)</u> | <u>—</u>                                | <u>—</u>       |
| Present value of lease obligations  | <u>56,355</u>          | <u>71,553</u>   | <u>56,355</u>                           | <u>71,553</u>  |
| Less: Amount due for settlement within twelve months<br>(shown under current liabilities) |                        |                 | <u>(5,172)</u>                          | <u>(4,505)</u> |
| Amount due for settlement after twelve months   |                        |                 | <u>51,183</u>                           | <u>67,048</u>  |

*Note:* As at 31 December 2024, lease liabilities amounting to RMB56,355,000 (2023: RMB71,553,000) are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

During the year ended 31 December 2024, the total cash outflows for the leases are RMB18,701,000 (2023: RMB32,152,000).

## 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:

|  | <b>2024</b>      | 2023      |
|--|------------------|-----------|
|  | <b>RMB'000</b>   | RMB'000   |
| Discounted bills receivables from third parties ( <i>note a</i> )                  | <b>112</b>       | 1,337     |
| Discounted bills receivables from subsidiaries of the Company<br>( <i>note b</i> ) | <b>1,520,000</b> | 1,288,040 |
| Total  | <b>1,520,112</b> | 1,289,377 |

### 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 RMB1,092,235,000 (2023: RMB847,756,000) were pledged to the issuing banks.

## 23. BANK BORROWINGS

|   | 2024<br><i>RMB'000</i>  | 2023<br><i>RMB'000</i>  |
|---|-------------------------|-------------------------|
| Secured bank borrowings   | 1,020,195               | 1,355,008               |
| Unsecured bank borrowings   | <u>2,278,105</u>        | <u>2,002,231</u>        |
|   | <u><b>3,298,300</b></u> | <u><b>3,357,239</b></u> |
| The borrowings are repayable as follows:  |                         |                         |
| — Within one year   | 2,017,409               | 2,402,961               |
| — In the second year  | 295,483                 | 323,671                 |
| — In the third to fifth years inclusive   | 856,537                 | 630,607                 |
| — After fifth year  | <u>128,871</u>          | <u>—</u>                |
|   | <b>3,298,300</b>        | 3,357,239               |
| Less: Amount due for settlement within one year and shown under current liabilities | <u>(2,017,409)</u>      | <u>(2,402,961)</u>      |
| Amount due after one year   | <u><b>1,280,891</b></u> | <u><b>954,278</b></u>   |
| Total borrowings  |                         |                         |
| — At fixed rates  | 3,045,526               | 2,995,039               |
| — At floating rates   | <u>252,774</u>          | <u>362,200</u>          |
|   | <u><b>3,298,300</b></u> | <u><b>3,357,239</b></u> |
| Analysis of borrowings by currency:   |                         |                         |
| — Denominated in RMB  | 3,227,526               | 3,275,490               |
| — Denominated in Euro   | <u>70,774</u>           | <u>81,749</u>           |
|   | <u><b>3,298,300</b></u> | <u><b>3,357,239</b></u> |

Fixed-rate bank borrowings are charged at the rates ranging from 1.95% to 6.30% per annum as at 31 December 2024 (2023: 1.70% 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.

For all bank borrowings as above, the weighted average effective interest rate for the year ended 31 December 2024 was 3.60% per annum (2023: 4.01% per annum).



## 24. OTHER BORROWINGS

|  | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Current:   |                        |                        |
| Borrowings from                                    |                        |                        |
| — Sale and leaseback obligations ( <i>note i</i> ) | 137,513                | 268,974                |
| — The Partnership ( <i>note ii</i> )               | 75,315                 | —                      |
|  | <u>212,828</u>         | <u>268,974</u>         |
| Non-current:                                       |                        |                        |
| Borrowings from                                    |                        |                        |
| — Sale and leaseback obligations ( <i>note i</i> ) | 163                    | 137,779                |
| — The Partnership ( <i>note ii</i> )               | —                      | 50,315                 |
|  | <u>163</u>             | <u>188,094</u>         |
| Total other borrowings                             | <u><u>212,991</u></u>  | <u><u>457,068</u></u>  |

### Notes:

- i During the year ended 31 December 2024, the Group has not entered into new sale and leaseback agreements. During the year ended 31 December 2023, the Group entered into several sale and leaseback agreements with leasing companies for machinery and equipment (“**Secured Assets**”) amounting to RMB5,860,000 for a period of 3 years. Upon maturity, the Group will be entitled to purchase the Secured Assets.

Nominal interest rates underlying all these contracts are at respective contract dates ranging from 4.34% to 7.5% (2023: 4.34% to 7.5%) per annum.

Sale and leaseback obligations of RMB137,676,000 (2023: RMB406,753,000) as at 31 December 2024 were secured by certain of the Group’s machineries, the total carrying amount of which at 31 December 2024 was RMB427,022,000 (2023: RMB830,560,000).

- 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 the year ended 31 December 2024, the Partnership has contributed approximately RMB276,500,000 (2023: RMB251,500,000) to the Group, which RMB75,315,000 (2023: RMB50,315,000) recorded as other borrowing. The Group has further approximately RMB196,315,000 (2023: RMB196,315,000) capital commitment to the Partnership.

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

## 25. SHARE CAPITAL

|   |                             | Number of<br>shares                      | Share capital<br><i>HK\$'000</i>   |
|---|-----------------------------|--|--|
| Authorised:   |                             |  |  |
| Ordinary shares of HK\$0.10 each  |                             |  |  |
| At 1 January 2023, 31 December 2023, 1 January 2024 and<br>31 December 2024 |                             | <u>2,000,000,000</u>                     | <u>200,000</u>   |
|   | <b>Number of<br/>shares</b> | <b>Share capital<br/><i>HK\$'000</i></b> | <b>Shown in the<br/>consolidated<br/>financial<br/>statements<br/><i>RMB'000</i></b> |
| Issued and fully paid:  |                             |  |  |
| At 1 January 2023   | 1,019,130,359               | 101,912                                  | 90,256   |
| Shares repurchased and cancelled ( <i>Note i</i> )                          | (51,276,000)                | (5,128)                                  | (4,550)  |
| Shares subscription ( <i>Note ii</i> )                                      | <u>162,000,000</u>          | <u>16,200</u>                            | <u>14,739</u>  |
| At 31 December 2023 and 1 January 2024                                      | <b>1,129,854,359</b>        | <b>112,984</b>                           | <b>100,445</b>   |
| Shares repurchased and cancelled ( <i>Note i</i> )                          | <u>(64,710,000)</u>         | <u>(6,471)</u>                           | <u>(5,864)</u>   |
| At 31 December 2024   | <u><b>1,065,144,359</b></u> | <u><b>106,513</b></u>                    | <u><b>94,581</b></u>   |

### Notes:

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

## **BUSINESS REVIEW**

In FY2024, the global economic landscape was marked by complexity and volatility. In contrast, China's economy maintained a relatively stable trajectory, with a series of incremental policies effectively bolstering social confidence. However, consumer spending remained subdued overall. The papermaking industry, in particular, faced the severe challenge of overcapacity, remaining in a cyclical trough with exceptionally fierce market competition. In 2024, raw material prices stabilized after a period of decline, leading to some improvement in operating conditions. According to data from the National Bureau of Statistics, in 2024, the ex-factory price for the paper and paper products industry decreased by 3.8% year-on-year, with the purchase price of wood and paper pulp decreasing by 2.3% year-on-year. The production of machine-made paper and cardboard nationwide was 158.469 million tons, representing a year-on-year increase of 8.6%. The operating income of enterprises above a designated size in the paper and paper products industry amounted to RMB1,456.62 billion, representing a year-on-year increase of 3.9%, while the total profit reached RMB51.97 billion, representing a year-on-year increase of 5.2%.

Amidst the complex market environment and fierce market competition, the Company has been courageous in facing challenges and proactive in taking decisive actions. We have consistently focused on improving efficiency through enhanced management and have continuously strengthened the execution of all our initiatives. In terms of external sales, we have always adhered to a customer-centric philosophy, committed to creating value for our clients. We have deeply implemented a marketing strategy that is market-oriented and innovation-led, strengthened our marketing team, and successfully maintained and expanded our market share. In terms of internal management, we have embraced the management themes of “continuous innovation, quality improvement, and lean breakthroughs,” steadfastly implementing a management philosophy that drives innovation and efficiency. We have prioritized product quality enhancement and cost control, using lean production management projects as a key breakthrough point to advance these goals. We have also deepened refined management and detailed accounting practices, successfully implemented a series of management innovation projects in material and logistics management, and continuously advanced our digital and intelligent transformation, thereby continuously elevating our overall management standards.

In 2024, we aimed to improve resource utilization efficiency and promote recycling, with a commitment to reducing our environmental impact and continuously practicing the ESG concept. We were honored with titles such as “Waste-Free Cell Entity” and “Green Production Advocate”. In our traditional high-end packaging paper business, we have always focused on core indicators such as resource utilization efficiency and recycling rates, striving to minimize environmental pollution and steadily advancing towards our long-term goals. In new product development, while considering economic benefits, we have fully taken into account the social and environmental benefits of our products, continuously enhancing the green and sustainable development capabilities of our product

portfolio and expanding our technical reserves. During FY2024, we also continuously improved our environmental protection regulations and risk control mechanisms, uplifting our corporate governance standards.

In 2024, the Company adhered to the strategy of differentiated and high-end product positioning, with each segment business progressing steadily. This year, we achieved a total sales volume of 2.11 million tons of machine-made paper, a 4.82% increase compared to the last year's 2.013 million tons. Amidst a complex external environment and fierce market competition, we continuously enhanced our management capabilities, reducing inventory turnover days from 41 days last year to 31 days this year, with a significant improvement in operational efficiency. Additionally, the proportion of financing costs in our revenue further decreased, and our overall financial situation continued to improve.

## **BUSINESS OUTLOOK**

The year 2025 marks the conclusion of the “14th Five-Year Plan” and the planning phase for the “15th Five-Year Plan.” China’s macroeconomy is expected to remain stable and improve under the continuous drive of policies aimed at stabilizing growth and promoting domestic demand. However, the supply and demand relationship in the papermaking industry remains challenging, with both risks and opportunities coexisting. We will continue to explore market opportunities, deepen market penetration of our core products, and intensify market promotion of various new types of specialty papers, continuously optimizing our product structure and enhancing our profitability. In terms of the industrial chain, we will continue to extend our reach both upstream and downstream into niche markets, continuously improving our core competitiveness. In addition, we will continue to optimize its production processes by continuously enhancing its digital and intelligent level, thus comprehensively improving the management level of the Company.

As the operational threshold in the papermaking industry continues to rise, competition is expected to intensify further. To align with national policies promoting de-plasticization, green development, low carbon, and environmental protection, we will continue to upgrade our existing coated products, continuously creating higher cost-performance products for our customers to meet their low-carbon and green development requirements. With the ongoing industrial and consumption upgrades in China, the demand for green and environmentally friendly specialty papers across various fields is strong. We will continue to conduct research and development and mass production of new types of specialty papers, leveraging our strengths in differentiated paper product innovation, focusing on niche markets, and striving to meet the diverse needs of our customers, thereby continuously enhancing our brand influence in the industry market.

We will continue to adhere to a prudent and stable business strategy, maintaining our existing market share while increasing our independent innovation efforts and improving our research and development system. Leveraging our solid technical foundation and practical experience, we will continuously develop mid-to-high-end paper products, strive to expand our market share, and create new sources of profit growth for the Company's development.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Total revenue

Our Group's total revenue for FY2024 was approximately RMB8,047.6 million, representing a decrease of approximately RMB311.9 million or 3.7% as compared to that of approximately RMB8,359.5 million for FY2023. 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 FY2024.

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

|                                       | FY2024           |            | FY2023           |              |
|---------------------------------------|------------------|------------|------------------|--------------|
|                                       | <i>RMB'000</i>   | %          | <i>RMB'000</i>   | %            |
| <b>Sales of paper products</b>        |                  |            |                  |              |
| White top linerboard                  | 1,525,512        | 19.0       | 1,644,503        | 19.7         |
| Coated-white top linerboard           | 1,876,840        | 23.3       | 2,079,142        | 24.9         |
| Core board                            | 601,663          | 7.4        | 644,127          | 7.7          |
| Corrugated paper                      | 1,808,100        | 22.5       | 1,836,540        | 22.0         |
| Specialised paper products            | 1,795,473        | 22.3       | 1,711,985        | 20.4         |
| Sub-total of paper products           | 7,607,588        | 94.5       | 7,916,297        | 94.7         |
| <b>Sales of electricity and steam</b> | 440,017          | 5.5        | 443,197          | 5.3          |
|                                       | <u>8,047,605</u> | <u>100</u> | <u>8,359,494</u> | <u>100.0</u> |

### Cost of sales

Our cost of sales was around RMB6,851.7 million for FY2024, representing a decrease of approximately 2.8% as compared to the cost of sales for FY2023 of approximately RMB7,049.6 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 RMB1,309.9 million for FY2023 to approximately RMB1,195.9 million for FY2024. Gross profit margin for FY2024 was around 14.9%, representing a 0.8 percentage point decrease as compared to that of 15.7% for FY2023.

### **Other profit and loss items**

Other income of approximately RMB274.3 million for FY2024 (FY2023: approximately RMB291.4 million) mainly comprised interest income of approximately RMB82.8 million (FY2023: approximately RMB71.3 million), rental income from an investment property and other properties of approximately RMB5.4 million (FY2023: approximately RMB5.4 million), government grants of approximately RMB169.1 million (FY2023: approximately RMB197.9 million), hotel and catering services income of approximately RMB5.4 million (FY2023: approximately RMB4.5 million) and logistics services income of approximately RMB11.5 million (FY2023: approximately RMB12.4 million).

Other gains of approximately RMB28.9 million for FY2024 (FY2023: RMB20.1 million) mainly consisted of gain from sale of scrap materials of RMB10.5 million, loss on disposal and written off of property, plant and equipment of RMB5.3 million, net foreign exchange gain of RMB0.9 million, fair value gain on the financial assets at fair value through profit or loss of RMB1.8 million, change in fair value loss of biological assets of RMB6.6 million, sales of carbon emission allowances RMB22.7 million and other profit of RMB5.0 million.

Distribution and selling expenses recorded RMB372.9 million for FY2024 as compared to RMB403.2 million for FY2023. For FY2024, such expenses represented approximately 4.6% of the total revenue, as compared with approximately 4.8% of the total revenue for FY2023.

Administrative expenses recorded RMB492.4 million for FY2024 as compared to RMB478.6 million for the corresponding period last year. For FY2024, it accounted for approximately 6.1% of the total revenue, as compared with approximately 5.7% of the total revenue for FY2023.

Finance costs recorded approximately RMB151.4 million for FY2024 as compared to approximately RMB175.6 million for the corresponding period last year. For FY2024, it accounted for approximately 1.9% of the total revenue, as compared with approximately 2.1% of the total revenue for FY2023.

During FY2024, there was a share of loss of a joint venture, Sunshine Oji (Shouguang) Specialty Paper Co., Ltd, of RMB19.0 million (FY2023: share of profit of a joint venture of RMB10.9 million).

## **Income tax expenses**

Income tax expenses were approximately RMB113.5 million for FY2024 as compared to approximately RMB144.1 million for FY2023.

## **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 RMB279.9 million for FY2024, representing a decrease of approximately RMB113.4 million from approximately RMB393.3 million for FY2023.

## **Significant investments**

During FY2024, the Group did not hold any significant investment. As of 31 December 2024, 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 FY2024, there was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company.

## **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 FY2024, 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 RMB625.1 million as at 31 December 2024, as compared to approximately RMB1,004.4 million as at 31 December 2023. Current ratio was 0.88 times and 0.82 times, respectively, as at 31 December 2024 and 31 December 2023.

Bank balances and cash, and restricted bank deposits were approximately RMB2,697.7 million as at 31 December 2024, as compared to approximately RMB2,863.3 million as at 31 December 2023.

Inventories were approximately RMB506.5 million as at 31 December 2024, as compared to approximately RMB668.8 million as at 31 December 2023. Inventory turnover was 31 days for FY2024, as compared to 41 days for FY2023.

Trade receivables were approximately RMB632.1 million as at 31 December 2024, as compared to approximately RMB564.8 million as at 31 December 2023. Trade receivables turnover for FY2024 was 27 days as compared to 26 days for FY2023.

Trade payables were approximately RMB923.1 million as at 31 December 2024, as compared to approximately RMB1,010.1 million as at 31 December 2023. Trade payables turnover for FY2024 was 51 days, as compared to 55 days for FY2023.

### ***Cashflow***

Net cash from operating activities amounted to approximately RMB680.5 million for FY2024 (FY2023: approximately RMB1,405.6 million).

Net cash used in investing activities amounted to approximately RMB884.6 million for FY2024 (FY2023: approximately RMB118.0 million), primarily representing the purchase of property, plant and equipment RMB200.0 million, and additions of deposits for acquisition of property, plant and equipment of RMB294.0 million, etc.

Net cash used in financing activities amounted to approximately RMB228.7 million for FY2024 (FY2023: approximately RMB559.8 million), primarily attributable to interest paid of RMB173.6 million, the repayment of bank and other borrowings of RMB3,244.8 million, and new bank borrowings raised of RMB2,916.8 million, and increase in discounted bills financing of RMB230.7 million etc.

The combined effect of the above resulted in a net decrease in cash and cash equivalents of RMB432.8 million for FY2024 (FY2023: net increase in cash and cash equivalents of RMB727.8 million).



### ***Gearing ratio***

Our net gearing ratio decreased from approximately 20.6% as at 31 December 2023 to approximately 16.4% as at 31 December 2024. The decrease in net gearing ratio was mainly driven by the increase in capital and reserves.

### ***Capital expenditure***

During FY2024, our capital expenditure was approximately RMB594.0 million (FY2023: RMB535.3 million), which mainly involved the additions on property, plant and equipment and land use rights.

### ***Pledge of assets***

For FY2024, the aggregate carrying amount of our assets pledged was approximately RMB3,471.1 million (FY2023: approximately RMB3,833.2 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 RMB33.8 million and RMB196.3 million as at 31 December 2024 (FY2023: RMB91.2 million and RMB196.3 million).

As at 31 December 2024, our Group had no material contingent liabilities.

### ***Employees and remuneration policies***

Our Group employed approximately 4,600 full-time employees in the PRC and Hong Kong as at 31 December 2024. The staff costs for FY2024 were approximately RMB497.4 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**

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during FY2024.

As at 31 December 2024, 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 FY2024.

## **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 FY2024.

## **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 FY2024.

## **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. Wang Zefeng and Ms. Jiao Jie, has reviewed the annual results for FY2024 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 FY2024 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 2024 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 2024. 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.

## **DIVIDEND**

The Board resolved to declare the payment of a final dividend of HK5 cents per share for FY2024. The payment of the final dividend is subject to the shareholders' approval at the annual general meeting (the "**AGM**") of the Company to be held on 20 June 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

### **In relation to the AGM**

The register of members of our Company will be closed from 17 June 2025 to 20 June 2025, 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 20 June 2025. 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 16 June 2025.

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

### **In relation to the final dividend**

The register of members of our Company will be closed from 8 July 2025 to 11 July 2025, both days inclusive, for the purpose of determining entitlement to the proposed final dividend, during which no transfer of shares of our Company will be registered. Shareholders whose names appear on the Company’s register of members on 11 July 2025 will qualify for the proposed final dividend. In order to qualify for the proposed final dividend, 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 7 July 2025. The proposed final dividend (the payment of which is subject to the shareholders’ approval at the AGM) is payable on or about 18 July 2025.

### **PUBLICATION OF RESULTS**

This announcement of results has been published on our website at [www.sunshinepaper.com.cn](http://www.sunshinepaper.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The annual report of our Company for FY2024 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](http://www.sunshinepaper.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://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, 28 March 2025

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 director:* Ms. Wu Rong and Mr. Zhang Xiaohui

*Independent non-executive directors:* Ms. Zhang Tao, Mr. Wang Zefeng and  
Ms. Jiao Jie

\* For identification purposes only