



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



*For identification purposes only

2023 INTERIM REPORT



CONTENTS

2	Corporate Information	24	Condensed Consolidated Statement of Changes in Equity
4	Operation Review and Outlook	25	Condensed Consolidated Statement of Cash Flows
7	Management Discussion and Analysis	26	Notes to the Condensed Consolidated Interim Financial Statements
11	Corporate Governance and Other Information		
20	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income		
22	Condensed Consolidated Statement of Financial Position		



BOARD OF DIRECTORS

Executive Directors

Mr. Wang Dongxing (*Chairman*)
Mr. Shi Weixin (*Vice Chairman*)
Mr. Wang Changhai (*General Manager*)
Mr. Zhang Zengguo (*Deputy General Manager*)
Mr. Ci Xiaolei (*Deputy General Manager*)

Non-Executive Director

Ms. Wu Rong

Independent Non-Executive Directors

Ms. Zhang Tao (*appointed on 23 August 2023*)
Mr. Wang Zefeng
Ms. Jiao Jie
Ms. Shan Xueyan (*resigned on 23 August 2023*)

AUDIT COMMITTEE

Ms. Zhang Tao
(*Chairlady, appointed on 23 August 2023*)
Ms. Shan Xueyan
(*Chairlady, resigned on 23 August 2023*)
Mr. Wang Zefeng
Ms. Jiao Jie

REMUNERATION COMMITTEE

Mr. Wang Zefeng (*Chairman*)
Ms. Zhang Tao (*appointed on 23 August 2023*)
Mr. Wang Dongxing
Ms. Shan Xueyan (*resigned on 23 August 2023*)

NOMINATION COMMITTEE

Ms. Jiao Jie (*Chairlady*)
Mr. Wang Dongxing
Mr. Wang Zefeng

COMPANY SECRETARY

Mr. Chan Yee Ping, Michael

AUTHORISED REPRESENTATIVES

Mr. Wang Dongxing
Mr. Chan Yee Ping, Michael

PRINCIPAL PLACE OF BUSINESS IN CHINA

Changle Economic Development Zone
Weifang 262400
Shandong
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

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HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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183 Queen's Road East
Wanchai, Hong Kong

AUDITOR

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

LEGAL ADVISERS AS TO THE LAWS OF HONG KONG

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STOCK CODE

2002

WEBSITE

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Operation Review and Outlook



BUSINESS REVIEW

In the six months ended 30 June 2023 (“1H 2023”), as China’s economy resumed normal operations in full, it saw a rapid recovery in supply while the pace of demand recovery remained relatively slow. The domestic economy showed signs of weak recovery. At the same time, the global economy faced sluggish recovery, with developed economies suffering from severe inflationary pressures and recession risks. These factors further intensified the pressure on economic recovery. The paper industry also faced multiple unexpected pressures from all fronts. On one hand, prices of upstream raw materials such as waste paper pulp, wood pulp, and energy experienced a rapid decline, leading to a decrease in product prices. On the other hand, weak demand from downstream consumers resulted in insufficient price support for products, leading to a decline in gross profit margins. Additionally, this year, the impact of overseas paper imports on the domestic market, coupled with the overall increase in industry capacity, further intensified competition in the industry. According to the National Bureau of Statistics, the cumulative production of the paper and paper products industry nationwide from January to June 2023 reached 67.555 million tonnes, an increase of 0.7% compared to the same period last year. Among industrial enterprises above a certain scale, the operating income of the paper and paper products industry decreased by 5.5% year-on-year, and the total profit decreased by 44.6% year-on-year. Enterprises are generally facing significant operational pressures, with their profit margins being significantly compressed.

In the face of a complex and severe economic situation in the 1H 2023, the Group remained steadfast in its core business and continued to explore business boundaries. With unity and resilience, the Group demonstrated tremendous strength and vitality. With the unremitting efforts of all its cadres and employees under the leadership of its management, in the first half of the year, the Group adhered to the strategic policy of focusing on business operations and internal management, actively responded to the situation and continued to make innovations, successfully maintaining the steady operation of its various business. Benefiting from the Group’s implementation of a vertical integration strategy in the packaging sector over the years, the Group intensified efforts in developing the packaging market leveraging its strengths and market demands. Meanwhile, the Group continued to make breakthroughs in the research and development and application of new products and technologies. A series of measures taken by the Group enabled the Group to consistently maintain competitive advantages amidst the new industrial conditions and fierce market competition, steadily improved its position in the industry, and achieved hard-won operating results.

The Group has been committed to enhancing its competitiveness in various aspects such as procurement, production, finance, sales and logistics. In response to the rapidly changing procurement landscape, the Company adopted a more prudent approach and tightened cost control. In response to the intensified market competition, the Group focused on leveraging its core customer resources to enhance its competitiveness in regional markets. The Group has expanded its market share and optimized its customer structure by taking specific measures such as re-analyzing the characteristics of regional markets, continuously strengthening its relationships with core customers, and developing targeted featured products. In the meantime, the Group continued to improve its manufacturing processes, optimize its financial structure, improve its logistics efficiency and optimize its supplier structure. These series of measures to reduce costs and increase efficiency have yielded significant results, and have further enhanced the Company’s profitability through refined management.



During 1H 2023, the Group attached great importance to ecological environmental protection, actively fulfilled its social responsibilities, and continuously improved its governance level. By consistently adhering to its ESG principles, the Group has achieved high-quality development and won numerous accolades. In January 2023, the Group was listed on the list of the pilot projects of the All-China Federation of Trade Unions to improve the quality of employees' lives (全國總工會提升職工生活品質試點名單), making it one of only three enterprises in Shandong Province to receive such recognition. In June 2023, the Group was honored as the drafting unit for Group Standard T/CPA 004-2023 "Evaluation Requirements for 'Waste-Free Factory' in the Paper Industry" by the China Paper Association, which fully acknowledged the Group's contribution to standard construction. In terms of the high-end packaging paper projects and the research and development of new products, the Group has always focused on core indicators such as resource utilization efficiency and recycling rate in order to minimize its environmental pollution. During the reporting period, the Group enhanced its corporate governance level by continuously improving its various rules and regulations on environmental protection and risk control mechanism, and was recognized by the World Bank for its overall ESG performance.

The Group has long been committed to actively safeguarding the rights and interests of small and medium-sized investors. During the reporting period, the Group repurchased and cancelled 51,276,000 shares, involving a capital scale of approximately HK\$117 million. The Group will continue to steadfastly focus on Shareholders' rights and interests, considering it as its long-term responsibility to create value for Shareholders and society. This commitment will be firmly implemented and executed throughout the Group's ongoing development.

In 1H 2023, despite numerous adverse factors, the Group fully leveraged its product advantages, quality strengths, and economies of scale and intensified product sales and market promotion efforts, resulting in a 1.3% increase in sales volume of machine-made paper to 952,000 tonnes compared to 940,000 tonnes in the corresponding period last year. Benefiting from its differentiated positioning and diverse product portfolio, the Group achieved a net profit attributable to the controlling shareholders of RMB192.6 million, representing a year-on-year increase of 18.4%. However, we experienced a 4.3% decline in revenue, amounting to RMB4,208.4 million, due to the industry-wide price downturn. Upholding the philosophy of "scientific, refined and efficient management" in internal management, the Company has demonstrated remarkable management capabilities amidst adverse production conditions and complex market environment, with its gross profit margin increasing from 13.9% in the previous year to 15.2% in the current period.



BUSINESS OUTLOOK

In 2023, despite the persistently challenging economic situation, the Group believes that with more proactive policy support, the goals of stable economic growth, structural adjustment, and risk control in the domestic economy will be achieved. As the economic recovery gains momentum, the paper industry is expected to enter a phase of orderly recovery. Currently, the paper industry is witnessing the stabilisation and recovery in the prices of various raw materials, auxiliary materials and energy after a period of decline. Moreover, with the continued implementation of policies to stabilize employment and improve people's livelihoods, there is a potential for the recovery of end-market demand. This will contribute to a more favorable competitive landscape in the paper industry and facilitate the recovery of corporate profitability. In the second half of the year, the Group will seize the opportunity of market recovery to steadily increase the market share of its existing main products. Meanwhile, the Group will also focus on promoting specialty papers and bio mechanical pulp, and continuously optimize its product mix, in an effort to enhance the profitability of the Company. In addition, the Company will continue to optimize its production processes by continuously enhancing its digital and intelligent level, thus comprehensively improving the management level of the Group.

The Group focuses on producing high-quality and multi-purposed packaging paper, including white top linerboard, coated-white top linerboard, core board and corrugated paper. It is also committed to satisfying the need of different customers by intensively cultivating the market under the differentiated development strategy at the same time. With the rising operating threshold of the paper industry, the paper industry will see a growing concentration. In this context, the Group will fully leverage its advantage of large-scale production and outstanding product performance to continuously enhance the market share of its existing core products. At the same time, it will further explore the potential of the packaging sector and enhance its market influence in packaging business. With a gradual boom in the industry, the Group is confident that it can continuously enhance its overall strength and industry position by leveraging its technical, product, brand, management and innovation advantages, thus achieving performance growth.

As an innovation-driven production enterprise led by a scientific research team, the Group continues to intensify its efforts in independent innovation and improvement of its research and development system. The Group has built a solid technological foundation for and accumulated practical experiences of innovating product development, production process and information systems. Following its continuing efforts and investments, the bio-mechanical pulp project (Phase I), of which the Group is in possession of all technology patents, has been put into operation and begins to expand production output. Furthermore, the Group will leverage the bio-mechanical pulp research to develop various high-value products, including photovoltaic liner paper and pulp molding, in order to provide customers with high-quality products, thus promoting sustainable development of the Company.



Management Discussion and Analysis

REVENUE

For 1H 2023, our Group's total revenue was RMB4,208.4 million, representing an decrease of 4.3% as compared to that of RMB4,395.2 million for the six months ended 30 June 2022 ("1H 2022"). The decrease in revenue mainly resulted from the reduction in sales price.

Sales volume of paper products increased during 1H 2023. Sales of paper products decreased by 5.2% to RMB3,981.4 million for 1H 2023 with sales volume of around 952,000 tonnes, as compared to that of RMB4,199.4 million and around 940,000 tonnes for 1H 2022.

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

	1H 2023			1H 2022		
	RMB'000	GP margin (%)	% of total revenue	RMB'000	GP margin (%)	% of total revenue
White top linerboard	836,354	17.4	19.9	953,115	17.1	21.7
Coated-white top linerboard	1,043,059	20.4	24.8	1,197,618	22.2	27.2
Core board	317,828	10.5	7.5	408,982	10.0	9.3
Specialised paper products	884,050	15.0	21.0	842,324	8.6	19.2
Corrugated paper	900,154	5.8	21.4	797,362	5.9	18.1
Subtotal of sales of paper products	3,981,445	14.5	94.6	4,199,401	14.0	95.5
Sales of electricity and steam	226,950	20.9	5.4	195,756	10.3	4.5
Total revenue	4,208,395	15.2	100	4,395,157	13.9	100

COST OF SALES

Cost of sales was RMB3,570.1 million for 1H 2023, representing an decrease of 5.7% as compared with that of RMB3,785.0 million for 1H 2022. The decrease in cost of sales was consistent with the decrease in revenue, but higher than the decrease in revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of our Group increased from RMB610.1 million for 1H 2022 to RMB638.3 million for 1H 2023. The profit margin of the Group increased during the period as compared with the corresponding period last year, from 13.9% for 1H 2022 to 15.2% for 1H 2023.

OTHER PROFIT AND LOSS ITEMS

Other income of RMB144.5 million for 1H 2023 (1H 2022: RMB149.3 million) mainly consisted of interest income on bank deposits of RMB20.2 million, interest income earned from a joint venture of RMB9.7 million, interest income on loans to third parties of RMB8.1 million, government grants of RMB97.0 million, rental income of RMB1.2 million, hotel and catering service income of RMB2.4 million and logistics service income of RMB5.9 million.



Other gains or losses of RMB15.9 million for 1H 2023 (1H 2022: RMB24.4 million) mainly consisted of gain from sale of scrap materials of RMB12.7 million, loss on disposal of property, plant and equipment of RMB9.4 million, net foreign exchange gains of RMB1.4 million, gain on fair value of FVTPL of RMB2.8 million and other gains of RMB8.4 million.

Distribution and selling expenses was RMB196.2 million for 1H 2023, as compared with RMB190.0 million for 1H 2022. As a percentage against revenue, it increased from 4.3% for 1H 2022 to 4.7% for 1H 2023.

Administrative expenses was RMB221.8 million for 1H 2023, representing an increase of 9.8% as compared with RMB202.0 million for 1H 2022. As a percentage against revenue, it increased from 4.6% for 1H 2022 to 5.3% for 1H 2023.

Finance costs was RMB98.0 million for 1H 2023, representing an increase of 12.5% as compared with RMB87.1 million for 1H 2022. As a percentage against revenue, it increased from 2.0% for 1H 2022 to 2.3% for 1H 2023.

During 1H 2023, there was a share of loss of a joint venture, Sunshine Oji (Shouguang) Specialty Paper Co., Ltd, of RMB6.3 million (1H 2022: RMB22.7 million).

INCOME TAX EXPENSE

Our income tax expense decreased from RMB90.8 million for 1H 2022 to RMB50.7 million for 1H 2023. Effective tax rate for 1H 2023 and 1H 2022 was 18.5% and 33.5%, respectively.

PROFIT AND TOTAL COMPREHENSIVE INCOME

As a result of the above factors, the profit for the period attributable to the owners of the Company is RMB192.6 million for 1H 2023 (1H 2022: RMB162.7 million).

SIGNIFICANT INVESTMENTS

During 1H 2023, the Group did not hold any significant investment.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During 1H 2023, there was no material acquisition or disposal of subsidiaries or associates or joint ventures of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

Working capital, gearing and financial resources

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



As at 30 June 2023, our Group had restricted bank deposits, cash and bank balances of RMB2,360.6 million (31 December 2022: RMB2,436.3 million). The debt of the Group comprised of bank and other borrowings and lease liabilities total RMB3,709.7 million as at 30 June 2023 (31 December 2022: RMB3,823.7 million). Net gearing ratio decreased from 31.4% as at 31 December 2022 to 29.7% as at 30 June 2023.

Inventories decreased from RMB900.7 million as at 31 December 2022 to RMB715.8 million as at 30 June 2023. Inventory turnover was 41 days for 1H 2023, as compared to 51 days for 1H 2022.

Trade receivables increased from RMB630.7 million as at 31 December 2022 to RMB650.2 million as at 30 June 2023. Trade receivables turnover was 28 days and 25 days for 1H 2023 and 1H 2022, respectively. Our credit period given to customers is around 30–45 days in general.

Trade payables recorded a decrease from RMB1,108.0 million as at 31 December 2022 to RMB935.0 million as at 30 June 2023. Trade payable turnover was 52 days for 1H 2023, as compared to 54 days for 1H 2022.

Current ratio decreased from 0.79 times as at 31 December 2022 to 0.74 times as at 30 June 2023.

Notes to financial ratios

- (1) Inventory turnover days equal the average of the opening and closing balances of inventories of the relevant period divided by cost of sales of the relevant period and multiplied by 182 days.
- (2) Trade receivables turnover days equal the average of the opening and closing balances of trade receivables of the relevant period divided by revenue of the relevant period and multiplied by 182 days.
- (3) Trade payables turnover days equal the average of the opening and closing balances of trade payables of the relevant period divided by cost of sales of the relevant period and multiplied by 182 days.
- (4) Current ratio equals current assets divided by current liabilities as of the end of the period.
- (5) Net gearing ratio equals total of bank borrowing, other borrowings and leases liabilities, net of bank and cash balances and restricted bank deposits, divided by the total equity as of the end of the period.

Capital expenditure

For 1H 2023, our capital expenditure was approximately RMB151.5 million, which mainly involved the purchase of equipment and land for our new production line, as well as the construction of ancillary facilities.

Capital commitments and contingent liabilities

As at 30 June 2023, our Group had capital commitments, which were contracted in the condensed consolidated interim financial statements in respect of acquisition of property, plant and equipment and investment cost in a partnership of RMB294.3 million.

There was no contingent liabilities as at 30 June 2023.

Pledge of assets

As at 30 June 2023, the carrying amount of our assets of RMB3,730.7 million were pledged as collateral or security for our Group's bank and other loans, discounted bills financing, bills payable and lease liabilities.



Foreign exchange risks

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

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



Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Company is committed to achieve a high standard of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for our growth and for safeguarding and maximising shareholders' interests. The Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout 1H 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the securities transactions by our Directors. The Company has made specific enquiries with all Directors, and all Directors have confirmed that they have complied with the Model Code throughout 1H 2023.

AUDIT COMMITTEE

The Board has established an audit committee in compliance with the CG Code. The primary duties of the audit committee are to review and supervise the Company's financial reporting process, internal control and risk management system and to provide advice and comments to the Board. The audit committee consists of three independent non-executive Directors, namely Ms. Zhang Tao, Mr. Wang Zefeng and Ms. Jiao Jie. Ms. Zhang Tao is the chairlady of the audit committee. The audit committee has reviewed the unaudited condensed consolidated financial statements and the interim report for 1H 2023 and discussed the financial matters with the management of the Company.

EMPLOYEES AND REMUNERATION POLICIES

The Group had approximately 4,260 employees as at 30 June 2023. The staff costs for 1H 2023 were RMB229.4 million (1H 2022: RMB238.5 million). The emolument policy of the Group is aimed at attracting, retaining and motivating talented individuals. The principle is to set performance-based remuneration which reflects market standards. Employees' remuneration packages are generally determined based on job nature and position with reference to market standards. Employees also receive certain welfare benefits. Our Group's emolument policy will be adjusted depending on a number of factors, including changes in the market and the direction of our Group's business development, so as to achieve our Group's operational targets.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for 1H 2023 (1H 2022: nil).



PURCHASE, SALE OR REDEMPTION OF SECURITIES

For 1H 2023, the Company repurchased a total of 51,276,000 shares of HK\$0.1 per share through the Stock Exchange at an aggregate consideration of approximately HK\$117.1 million. All of the shares repurchased were cancelled on 1 March 2023, 23 March 2023 and 29 May 2023.

Details of shares repurchased during 1H 2023 are set out as follows:

Date of repurchase	No. of shares Repurchased	Highest price per share (HK\$)	Lowest price per share (HK\$)	Aggregate consideration paid (HK\$'000)
03 January 2023	1,100,000	2.14	2.11	2,337
04 January 2023	990,000	2.17	2.12	2,137
05 January 2023	1,306,000	2.17	2.12	2,798
06 January 2023	1,030,000	2.17	2.13	2,198
10 January 2023	1,400,000	2.14	2.11	2,986
11 January 2023	1,404,000	2.14	2.12	3,004
12 January 2023	936,000	2.15	2.12	1,997
13 January 2023	942,000	2.12	2.12	1,997
27 January 2023	2,962,000	2.10	2.03	6,143
30 January 2023	1,052,000	2.15	2.08	2,230
31 January 2023	950,000	2.14	2.10	2,013
01 February 2023	2,078,000	2.15	2.10	4,437
02 February 2023	840,000	2.15	2.12	1,795
03 February 2023	910,000	2.15	2.12	1,946
06 February 2023	1,346,000	2.13	2.09	2,856
07 February 2023	1,200,000	2.13	2.12	2,555
08 February 2023	1,394,000	2.14	2.11	2,973
09 February 2023	1,872,000	2.14	2.13	3,997
10 February 2023	1,862,000	2.15	2.13	3,984
13 February 2023	844,000	2.14	2.12	1,800
14 February 2023	1,786,000	2.16	2.13	3,825
15 February 2023	486,000	2.17	2.12	1,047
16 February 2023	2,330,000	2.21	2.16	5,113
17 February 2023	1,416,000	2.21	2.17	3,091
20 February 2023	810,000	2.24	2.15	1,785
21 February 2023	2,418,000	2.22	2.15	5,298
22 February 2023	1,892,000	2.22	2.19	4,172
23 February 2023	2,622,000	2.23	2.16	5,757
02 May 2023	1,306,000	2.78	2.74	3,605
03 May 2023	560,000	2.79	2.74	1,553
04 May 2023	1,962,000	2.82	2.75	5,470
05 May 2023	2,904,000	2.80	2.74	8,066
08 May 2023	1,134,000	2.79	2.75	3,142
09 May 2023	1,614,000	2.79	2.76	4,483
10 May 2023	1,306,000	2.90	2.74	3,655
11 May 2023	312,000	2.79	2.71	858
	51,276,000			117,104



The Board believes that repurchases of shares are in the best interests of the Company and its shareholders and that such repurchases of shares would lead to an enhancement of the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during 1H 2023.

SUFFICIENCY PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained the public float as required under the Listing Rules throughout 1H 2023.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

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

As at 30 June 2023, the interests and short positions of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code:

(a) Long positions in our Company:

Name of Director	Nature of interest	Number of share	Approximate percentage of shareholding
Mr. Wang Dongxing	Interest of a party to an agreement to acquire interest in our Company ⁽¹⁾	321,687,052	33.24%
	Beneficial owner	18,425,500	1.90%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽²⁾	3,840,000	0.40%



Name of Director	Nature of interest	Number of share	Approximate percentage of shareholding
Mr. Shi Weixin	Interest of a party to an agreement to acquire interest in our Company ⁽¹⁾	321,687,052	33.24%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽²⁾	22,265,500	2.30%
Mr. Zhang Zengguo	Interest of a party to an agreement to acquire interest in our Company ⁽¹⁾	321,687,052	33.24%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽²⁾	22,265,500	2.30%
Mr. Wang Changhai	Interest of a party to an agreement to acquire interests in our Company ⁽¹⁾	321,687,052	33.24%
	Beneficial owner	3,840,000	0.40%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽²⁾	18,425,500	1.90%
Mr. Ci Xiaolei	Beneficial owner	929,000	0.10%
Ms. Wu Rong	Interest of a party to an agreement to acquire interest in our Company ⁽¹⁾	321,687,052	33.24%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽²⁾	22,265,500	2.30%

Notes:

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

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

Save as disclosed above, as at 30 June 2023, neither the chief executive nor any of the Directors of our Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code.



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

So far as we, the Directors and chief executive of our Company, are aware, as at 30 June 2023, the interests or short positions of substantial shareholders (within the meaning of the Listing Rules) (other than the Director or chief executive of our Company) in the Shares, underlying Shares or debentures of our Company which were required to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Long position/ short position	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
China Sunrise	Long	Beneficial interest	321,687,052	33.24%
China Sunshine ⁽¹⁾	Long	Interest of a controlled corporation	321,687,052	33.24%
Controlling Shareholders Group ⁽²⁾	Long	Interest of a party to an agreement to acquire interest in our Company	321,687,052	33.24%
		Interest of a party to an agreement to acquire interests in our Company apart from such agreement	22,265,500	2.30%

Notes:

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

Save as disclosed above, as at 30 June 2023, the Directors and the chief executive of our Company are not aware of any other person or corporation (other than the Director or chief executive of our Company) having an interest or short position in the Shares and underlying Shares of our Company which would require to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO.

2017 SHARE AWARD SCHEME

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

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

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

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



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

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

Subject to any early termination as may be determined by the Board, the 2017 Share Award Scheme shall be valid and effective for a period of ten years commencing on 27 June 2017. As at the date of this report, the remaining life of the 2017 Share Award Scheme is approximately 3 years and 9 months.

On 4 October 2017, 16,774,000 awarded Shares have been granted to Wang Dongxing, Wang Changhai and Liu Wenzheng under the 2017 Share Award Scheme. Such awarded Shares have been fully vested immediately on 4 October 2017 upon fulfillment of all conditions disclosed in the Company’s circular dated 1 September 2017. No awards were granted, vested, lapsed or cancelled under the 2017 Share Award Scheme during 1H 2023. As at 1 January 2023 and 30 June 2023, there were no unvested awards under the 2017 Share Award Scheme.

As at 1 January 2023 and 30 June 2023, the total number of awards available for grant under the 2017 Share Award Scheme are 63,484,800 and 63,484,800 respectively. There is no service provider sublimit under the 2017 Share Award Scheme. The total number of Shares available for issue under the 2017 Share Award Scheme is 63,484,800 Shares, representing approximately 6.56% of the total issued Shares as at the date of this interim report.

2023 SHARE OPTION SCHEME

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

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

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

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

Subject to the early termination by the Company, the 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on 31 May 2023. As at the date of this report, the remaining life of the 2023 Share Option Scheme is approximately 9 years and 8 months.

The total number of options available for grant under the 2023 Share Option Scheme at the time of the adoption of the 2023 Share Option Scheme and the end of the financial period was 96,785,435* and 96,785,435*, respectively. There is no service provider sublimit under the 2023 Share Option Scheme.

No options were granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme during 1H 2023. As at 30 June 2023, there were no outstanding options under the 2023 Share Option Scheme.

The total number of Shares available for issue under the 2023 Share Option Scheme is 96,785,435* Shares, representing approximately 10% of the issued Shares as at the date of this interim report.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during 1H 2023 divided by weighted average number of Shares in issue for 1H 2023 is 9.7%.

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023



	Notes	Unaudited Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Revenue	4&5	4,208,395	4,395,157
Cost of sales		(3,570,084)	(3,785,032)
Gross profit		638,311	610,125
Other income	6	144,459	149,300
Other gains or losses, net	6	15,930	24,395
Distribution and selling expenses		(196,162)	(190,000)
Administrative expenses		(221,779)	(201,974)
Provision for expected credit loss ("ECL") on financial assets, net		(1,179)	(2,797)
(Loss)/Gain on fair value changes of an investment property		(1,076)	750
Share of loss of an associate		—	(9,358)
Share of loss of a joint venture		(6,313)	(22,726)
Finance costs	7	(97,975)	(87,136)
Profit before income tax	9	274,216	270,579
Income tax expense	8	(50,652)	(90,777)
Profit for the period		223,564	179,802
Other comprehensive (expense)/income, net of tax <i>Items that will be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(990)	—
Fair value gain/(loss) on financial assets at fair value through other comprehensive income ("FVOCI")		796	(427)
Total comprehensive expense, net of tax		(194)	(427)
Profit and total comprehensive income for the period		223,370	179,375
Profit for the period attributable to:			
Owners of the Company		192,645	162,727
Non-controlling interests		30,919	17,075
		223,564	179,802



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Unaudited Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		192,451	162,300
Non-controlling interests		30,919	17,075
		223,370	179,375
Earnings per share for profit attributable to the owners of the Company during the period			
Basic and diluted (RMB)	11	0.19	0.16

Condensed Consolidated Statement of Financial Position

As at 30 June 2023



	Notes	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment	12	5,314,767	5,351,770
Investment property	12	65,500	66,576
Prepaid lease payments		724,981	733,632
Goodwill		49,746	49,746
Deferred tax assets		159,727	83,462
Interest in an associate		—	—
Interest in a joint venture		129,416	135,729
Deposits for acquisition for property, plant and equipment		377,951	321,028
Financial assets at fair value through profit and loss ("FVTPL")		263,532	260,725
Deposits and other receivables		362,884	356,405
		7,448,504	7,359,073
Current assets			
Inventories		715,765	900,711
Trade receivables	13	650,183	630,665
Bills receivables	14	156,991	284,431
Prepayments and other receivables		482,358	493,253
Restricted bank deposits		1,487,267	1,585,112
Bank balances and cash		873,337	851,179
		4,365,901	4,745,351
Current liabilities			
Contract liabilities		63,921	68,071
Trade payables	15	935,002	1,107,950
Bills payables	15	329,925	287,450
Other payables		200,641	225,569
Payable for construction work, machinery and equipment		112,249	142,032
Income tax payables		34,155	1,545
Lease liabilities	16	1,942	3,214
Deferred income		7,033	8,983
Discounted bills financing	17	1,535,540	1,739,953
Bank borrowings	18	2,332,957	2,047,827
Other borrowings	19	330,708	350,134
		5,884,073	5,982,728
Net current liabilities		(1,518,172)	(1,237,377)
Total assets less current liabilities		5,930,332	6,121,696



Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Capital and reserves			
Share capital	20	85,736	90,256
Reserves		4,094,803	4,001,671
<hr/>			
Equity attributable to owners of the Company		4,180,539	4,091,927
Non-controlling interests		364,844	334,003
<hr/>			
Total equity		4,545,383	4,425,930
<hr/>			
Non-current liabilities			
Lease liabilities	16	62,002	38,491
Bank borrowings	18	684,206	930,673
Other borrowings	19	297,926	453,318
Deferred income		204,426	205,887
Deferred tax liabilities		136,389	67,397
<hr/>			
		1,384,949	1,695,766
<hr/>			
Total equity and non-current liabilities		5,930,332	6,121,696

The condensed consolidated interim financial statements on pages 20 to 44 were approved by the board of directors on 29 August 2023 and are signed on its behalf by:

Wang Dongxing
Director

Wang Changhai
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023



	Attributable to owners of the Company													
	Share capital RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Assets revaluation reserve RMB'000	Statutory surplus reserve RMB'000	Financial assets fair value reserve RMB'000	Discretionary surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2021 (audited)	80,944	610	820,962	(2,776)	86,656	7,015	375,630	(856)	1,078	—	2,410,334	3,779,597	304,974	4,084,571
Completion of purchase price allocation adjustment	—	—	—	—	—	—	—	—	—	—	108	108	(250)	(142)
At 1 January 2022 (restated)	80,944	610	820,962	(2,776)	86,656	7,015	375,630	(856)	1,078	—	2,410,442	3,779,705	304,724	4,084,429
Capital contribution by non-controlling interests of a subsidiary of the Company	—	—	—	—	—	—	—	—	—	—	—	—	109	109
Issue of shares for acquisition of an associate (note 20)	9,463	—	210,924	—	—	—	—	—	—	—	—	220,387	—	220,387
Declared dividend (note 10)	—	—	—	—	27,944	—	—	—	—	—	(139,680)	(111,736)	—	(111,736)
Transactions with owners	9,463	—	210,924	—	27,944	—	—	—	—	—	(139,680)	108,651	109	108,760
Profit for the period	—	—	—	—	—	—	—	—	—	—	162,727	162,727	17,075	179,802
Other comprehensive (expense)/income														
Fair value loss on financial assets at FVOCI	—	—	—	—	—	—	—	(427)	—	—	—	(427)	—	(427)
Profit and total comprehensive (expense)/income for the period	—	—	—	—	—	—	—	(427)	—	—	162,727	162,300	17,075	179,375
At 30 June 2022 (unaudited)	90,407	610	1,031,886	(2,776)	114,600	7,015	375,630	(1,283)	1,078	—	2,433,489	4,050,656	321,908	4,372,564
At 31 December 2022 (audited)	90,256	761	1,031,885	(2,776)	114,600	7,015	460,848	(1,455)	1,078	1,516	2,388,199	4,091,927	334,003	4,425,930
Capital contribution by non-controlling interests of a subsidiary of the Company	—	—	—	—	—	—	—	—	—	—	—	—	57	57
Shares repurchased and cancelled (note 20)	(4,520)	4,520	—	—	—	—	—	—	—	—	(103,839)	(103,839)	—	(103,839)
Reversal of statutory surplus reserve upon deregistration of a subsidiary of the Company	—	—	—	—	—	—	(15)	—	—	—	15	—	—	—
Dividend paid to non-controlling interests of a subsidiary of the Company	—	—	—	—	—	—	—	—	—	—	—	—	(135)	(135)
Transaction with owners	(4,520)	4,520	—	—	—	—	(15)	—	—	—	(103,824)	(103,839)	(78)	(103,917)
Profit for the period	—	—	—	—	—	—	—	—	—	—	192,645	192,645	30,919	223,564
Other comprehensive (expense)/income														
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	(990)	—	(990)	—	(990)
Fair value gain on financial assets at FVOCI	—	—	—	—	—	—	—	796	—	—	—	796	—	796
Profit and total comprehensive income/(expense) for the period	—	—	—	—	—	—	—	796	—	(990)	192,645	192,451	30,919	223,370
At 30 June 2023 (unaudited)	85,736	5,281	1,031,885	(2,776)	114,600	7,015	460,833	(659)	1,078	526	2,477,020	4,180,539	364,844	4,545,383



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Operating activities		
Cash generated from operations	711,673	370,333
Income tax paid	(25,315)	(103,919)
<i>Net cash generated from operating activities</i>	686,358	266,414
Investing activities		
Interest received	20,161	11,421
Proceeds from disposal of property, plant and equipment	15,999	11,341
Purchase of property, plant and equipment	(151,492)	(55,170)
Repayment from a third party	6,066	—
Advance to a joint venture	(98,312)	(226,994)
Repayment from a joint venture	89,023	201,042
Additions of deposits for acquisition property, plant and equipment	(75,631)	(282,051)
Investment of an associate	—	(36,939)
Return/(Addition) of guarantee deposits for lease liabilities	420	(3,500)
Decrease/(Increase) in restricted bank deposits	97,845	(275,823)
<i>Net cash used in investing activities</i>	(95,921)	(656,673)
Financing activities		
Interest paid	(106,655)	(107,290)
Repayment to a controlling shareholder	—	(29)
New bank borrowings raised	1,751,385	2,156,423
Repayment of bank borrowings	(1,712,722)	(1,912,396)
Repayment of other borrowings	(180,678)	(130,152)
(Decrease)/Increase in discounted bills financing	(204,413)	224,733
Repayment of lease liabilities	(17,884)	(1,569)
Proceeds from sale and lease back transactions	5,860	160,000
Proceeds from capital contribution of non-controlling interests of a subsidiary of the Company	57	109
Dividend paid	—	(92,617)
Dividend paid to non-controlling interests of a subsidiary of the Company	(135)	—
Share repurchase	(103,839)	—
<i>Net cash (used in)/generated from financing activities</i>	(569,024)	297,212
Net increase/(decrease) in cash and cash equivalents	21,413	(93,047)
Effect of foreign rate changes, net	745	—
Cash and cash equivalents at beginning of the period	851,179	829,572
Cash and cash equivalents at end of the period, representing bank balances and cash	873,337	736,525

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023



1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

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

The Group has net current liabilities of approximately RMB1,518,172,000 as at 30 June 2023. The Directors have evaluated the relevant available information and key assumptions used in the cash flow projections for the twelve months since the reporting date. In addition, although most of the existing bank facilities will expire within twelve months, the Directors consider that there are good track records and good relationships with banks, and that the Group will be able to renew existing bank facilities upon expiry or to obtain other additional bank borrowing facilities as necessary. Therefore, the Directors are of the opinion that, taking into account the present available borrowing facilities (including short-term bank borrowings which could be renewed on an annual basis subject to approval by banks) and internal financial resources of the Group, the Group has sufficient working capital to meet its financial obligation as they fall due for the foreseeable future. Accordingly, the condensed consolidated interim financial statements have been prepared on a going concern basis.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2022.



3. PRINCIPAL ACCOUNTING POLICIES

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

The condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and amended International Financial Reporting Standards ("IFRSs") which are effective as of 1 January 2023.

IFRS 17	Insurance Contracts with related amendments
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

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

For those amended IFRSs which are not yet effective and have not been early adopted by the Group, the directors expect that the adoption of them have no material impact on the condensed consolidated interim financial statements.



4. REVENUE

Disaggregation of revenue from contracts with customers

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

Segments	Unaudited For the six months ended 30 June 2023		
	Paper products RMB'000	Electricity and steam RMB'000	Total RMB'000
Timing of revenue recognition			
— At a point in time	3,981,445	226,950	4,208,395
Geographical markets			
— People's Republic of China ("PRC")	3,919,911	226,950	4,146,861
— Oversea	61,534	—	61,534

Segments	Unaudited For the six months ended 30 June 2022		
	Paper products RMB'000	Electricity and steam RMB'000	Total RMB'000
Timing of revenue recognition			
— At a point in time	4,199,401	195,756	4,395,157
Geographical markets			
— PRC	4,097,226	195,756	4,292,982
— Oversea	102,175	—	102,175



5. SEGMENT INFORMATION

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

(a) Segment revenue and results

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

Unaudited For the six months ended 30 June 2023								
Paper products								
	White top linerboard RMB'000	Coated- white top linerboard RMB'000	Core board RMB'000	Specialised paper products RMB'000	Corrugated paper RMB'000	Subtotal RMB'00	Electricity and steam RMB'000	Total RMB'000
Revenue from external customers	836,354	1,043,059	317,828	884,050	900,154	3,981,445	226,950	4,208,395
Inter-segment revenue						—	469,777	469,777
Segment revenue						3,981,445	696,727	4,678,172
Segment profit						575,945	145,408	721,353

Unaudited For the six months ended 30 June 2022								
Paper products								
	White top linerboard RMB'000	Coated- white top linerboard RMB'000	Core board RMB'000	Specialised paper products RMB'000	Corrugated paper RMB'000	Subtotal RMB'00	Electricity and steam RMB'000	Total RMB'000
Revenue from external customers	953,115	1,197,618	408,982	842,324	797,362	4,199,401	195,756	4,395,157
Inter-segment revenue						—	453,009	453,009
Segment revenue						4,199,401	648,765	4,848,166
Segment profit						589,065	66,752	655,817



5. SEGMENT INFORMATION (CONTINUED)

(b) Reconciliation of segment profit

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Profit		
Segment profit	721,353	655,817
Unrealised profit on inter-segment sales	(101,516)	(64,119)
	619,837	591,698
Other income	142,779	147,469
Other gains or losses, net	16,398	20,645
Distribution and selling expenses	(196,162)	(190,000)
Administrative expenses	(214,765)	(191,280)
Provision for ECL on financial assets, net	(1,179)	(2,797)
(Loss)/Gain on fair value changes of an investment property	(1,076)	750
Share of loss of an associate	—	(9,358)
Share of loss of a joint venture	(6,313)	(22,726)
Finance costs	(85,303)	(73,822)
Consolidated profit before income tax	274,216	270,579

The Group does not allocate depreciation of property, plant and equipment 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.



6. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest income on:		
Bank deposits	20,161	23,211
Loan to third parties	8,062	2,237
The balance with a joint venture (note i) (note 23)	9,685	11,263
Total interest income	37,908	36,711
Government grants (note ii)	97,027	105,743
Rental income from an investment property and other properties	1,187	1,706
Hotel and catering service income	2,395	1,380
Logistics service income	5,942	3,760
	144,459	149,300
Other gains or losses, net:		
Gain from sale of scrap materials, net	12,654	14,595
Change in the fair value of FVTPL	2,807	—
Loss on disposal of property, plant and equipment	(9,363)	(3,237)
Net foreign exchange gains/(losses)	1,413	(1,692)
Others (note iii)	8,419	14,729
	15,930	24,395

Notes:

- i. During the six months ended 30 June 2023, the Group earned interest income from 陽光王子(壽光)特種紙有限公司 (Sunshine Oji (Shouguang) Specialty Paper Co., Ltd), a joint venture of the Group, at a weighted average effective interest rate of 4.79% per annum (six months ended 30 June 2022: 6.00% per annum), unsecured and repayable after 12 months from the end of the reporting period.
- ii. During the six months ended 30 June 2023, the Company's subsidiaries, 山東世紀陽光紙業集團有限公司 (Shandong Century Sunshine Paper Group Co., Ltd ("Century Sunshine")) and 山東華邁紙業有限公司 (Shandong Wamat Paper Co., Ltd.) were granted and received unconditional government subsidies from local government of approximately RMB89,391,000, the amounts of which were determined by reference to the amount of value-added tax paid (six months ended 30 June 2022: RMB96,394,000).
- iii. During the six months ended 30 June 2022, the Company has received RMB9,700,000 compensation of fire loss of inventories from insurance company.



7. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Interest expenses on:		
Discounted bills financing	16,841	24,738
Bank and other borrowings wholly repayable within five years	87,205	82,403
Lease liabilities	631	291
	104,677	107,432
Less: Interest capitalised in construction in progress	(6,702)	(20,296)
	97,975	87,136

Borrowing costs capitalised during the six months ended 30 June 2023 arose on the general borrowing pool and were calculated by applying capitalisation rates ranging from 4.79% to 6.20% (six months ended 30 June 2022: 3.88% to 6.20%) per annum to expenditure on construction in progress.

8. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Current income tax		
PRC Enterprise Income Tax	57,925	100,878
Deferred tax expense	(7,273)	(10,101)
Charge for the period	50,652	90,777

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulation of the Enterprise Income Tax Law, the tax rate of the PRC subsidiaries of the Group is 25% from 1 January 2008 onwards.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2023 and 2022 as the Group sustained a loss for tax purpose.



9. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Wages and salaries	195,589	209,398
Retirement benefits schemes contributions	33,782	29,142
Total staff costs (including directors' emoluments)	229,371	238,540
Amortisation of prepaid lease payments	8,651	4,125
Cost of inventories recognised as an expense	2,638,920	2,906,023
Depreciation of property, plant and equipment		
— right-of-use assets	38,476	37,180
— owned assets	161,119	148,413
Research and development expenses	4,045	16,164

10. DIVIDENDS

During the six months ended 30 June 2023, no final dividend in respect of the year ended 31 December 2022 was approved and paid to the equity shareholders of the Company. During the six months ended 30 June 2022, a final dividend of HK\$6.5 cents per ordinary share, totalling of HK\$66,353,000 (equivalents to RMB56,745,000) and a special dividend of HK\$9.5 cents, totalling of HK\$96,978,000 (equivalents to RMB82,935,000) was approved and paid to the equity shareholders of the Company whose names appear in the register of members on 10 June 2022. China Sunrise Paper Holdings Limited, Mr. Wang Dongxing and Mr. Wang Changhai, controlling shareholders of the Company have waived their entitlement to the special dividend, totalling of HK\$32,675,000 (equivalents to RMB27,944,000), which was deemed as an owner contribution to the Company and credited to capital reserve.

The board of directors resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2023 was based on the profit of RMB192,645,000 (six months ended 30 June 2022: RMB162,727,000) for the period attributable to owners of the Company, and the weighted average number of 992,946,000 (six months ended 30 June 2022: 1,008,037,000) ordinary shares in issue during the six months ended 30 June 2023.

There are no dilutive potential ordinary shares in issue for the six months ended 30 June 2023 and 2022. The diluted earnings per share equals to the basic earnings per share.



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

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB25,362,000 (six months ended 30 June 2022: RMB14,578,000) for proceeds of RMB15,999,000 (six months ended 30 June 2022: RMB11,341,000), resulting in a loss on disposal of RMB9,363,000 (six months ended 30 June 2022: RMB3,237,000).

In addition, during the current interim period, the Group acquired approximately RMB68,587,000 (six months ended 30 June 2022: RMB28,990,000) of property, plant and equipment (excluding construction in progress), and approximately RMB119,367,000 (six months ended 30 June 2022: RMB308,426,000) on construction in progress in order to maintain its manufacturing capabilities, which included interest capitalisation of approximately RMB6,702,000 (six months ended 30 June 2022: RMB20,296,000).

The Group's investment property as at the end of the current interim period was remeasured to fair value by reference to a valuation performed by Asia-Pacific Consulting and Appraisal Limited, an independent qualified professional valuer not connected with the Group. The valuation was arrived at on the basis of capitalisation of net rental income derived from the existing tenancy agreements with allowance for the reversionary income potential of the property and by making reference to comparable sales evidence as available in the relevant market, as appropriate. During the current interim period, decrease in fair value of investment property of RMB1,076,000 has been recognised directly in profit or loss for the six months ended 30 June 2023 (six months ended 30 June 2022: increase in fair value of RMB750,000).

13. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 45 days to its trade 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:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
0-30 days	580,575	555,367
31-90 days	59,590	59,362
91-365 days	10,018	15,936
	650,183	630,665



13. TRADE RECEIVABLES (CONTINUED)

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

	Unaudited Six months ended 30 June 2023 RMB'000	Audited Year ended 31 December 2022 RMB'000
At the beginning of the period/year	40,759	27,320
Allowance recognised during the period/year	—	19,557
Allowance reversed during the period/year	(3,196)	(6,118)
At the end of the period/year	37,563	40,759

14. BILLS RECEIVABLES

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

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
0–90 days	88,821	205,646
91–180 days	56,529	76,848
181–365 days	11,641	1,937
	156,991	284,431

As at 30 June 2023, the Group has bills receivables of RMB20,540,000 (31 December 2022 (Audited): RMB105,376,000), which were discounted to banks with recourse. These bills receivables were not derecognised as the title of these bills receivables were not transferred to the banks. On the other hand, the Group has recognised the cash received upon the discounting as discounted bills financing.

The Group manages its bills receivable using the business model whose objective is achieved by both collecting contractual cash flows and selling of these assets. Accordingly, bills receivables are classified as financial assets at FVOCI (recycling) in accordance with IFRS 9 and are stated at fair value. The fair value is based on the net present value as at 30 June 2023 from expected timing of endorsements and discounting at the interest rates for the respective bills receivables. The fair value is within level 3 of the fair value hierarchy.



15. TRADE AND BILLS PAYABLES

The following is an analysis of trade and bills payables by age. For trade payables, the ageing presented based on goods received date at the end of the reporting period. For bills payables, the ageing presented based on the issue date at the end of the reporting period.

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
0-90 days	983,732	1,087,686
91-365 days	244,353	259,247
Over 1 year	36,842	48,467
	1,264,927	1,395,400

All the bills payables are trading nature and will be expired within twelve months. At the end of the reporting period, certain of the Group's bank deposits were pledged to secure bills payable granted to the Group.



16. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Amounts payable under lease liabilities				
Within one year	5,101	5,127	1,942	3,214
More than one year but not more than two years	4,877	4,990	1,802	3,229
More than two years but not more than five years	27,827	16,555	14,074	11,318
After five years	60,515	30,156	46,126	23,944
	98,320	56,828	63,944	41,705
Less: future finance charges	(34,376)	(15,123)	—	—
Present value of lease liabilities	63,944	41,705	63,944	41,705
Less: Amount due for settlement within 12 months (shown under current liabilities)			(1,942)	(3,214)
Amount due for settlement after 12 months			62,002	38,491

As at 30 June 2023, lease liabilities amounting to RMB63,944,000 (31 December 2022 (Audited): RMB41,705,000) are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

During the current interim period, the total cash outflows for the leases are RMB20,106,000 (six months ended 30 June 2022: RMB4,618,000).



17. DISCOUNTED BILLS FINANCING

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Discounted bills receivables from third parties (note a)	20,540	105,376
Discounted bills receivables from subsidiaries of the Company (note b)	1,515,000	1,634,577
Total	1,535,540	1,739,953

Notes:

- a. These borrowings arose from discounting, with recourse, of bills receivables from third parties. The Group continues to recognise the carrying amount of the underlying bills receivables, as presented in note 14, since the title of receivables was not transferred to the lending banks.
- b. These borrowings arose from discounting, with recourse, of intra-group bills receivables, from one component to another of the Group. The Group continues to recognise the carrying amount of the underlying bills receivables since the title of receivables was not transferred to the lending banks. However, the corresponding intra-group bills receivables were eliminated in consolidation against the original bills payables from the bill issuing component of the Group. The elimination is based on the Directors' judgment that the risk and reward associated with these intra-group bills receivables and bills payable remain within the Group. In obtaining the original intra-group bills, bank deposits of RMB1,155,287,000 (31 December 2022 (Audited): RMB1,211,300,000) were pledged to the issuing banks.

18. BANK BORROWINGS

During the six months ended 30 June 2023, the Group obtained new loans amounting to RMB1,751,385,000 (six months ended 30 June 2022: RMB2,156,423,000), and repaid loans amounting to RMB1,712,722,000 (six months ended 30 June 2022: RMB1,912,396,000). The newly raised loans bear interest from 2.00% to 6.30% per annum (six months ended 30 June 2022: 2.30% to 7.80%). At 30 June 2023, certain of the Group's property, plant and equipment and land use rights of RMB1,274,832,000 (31 December 2022 (Audited): RMB1,243,802,000) were pledged to secure bank borrowings granted to the Group.



19. OTHER BORROWINGS

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Current:		
Borrowings from		
— Sale and leaseback obligations (note i)	330,708	350,134
	330,708	350,134
Non-current:		
Borrowings from		
— Sale and leaseback obligations (note i)	247,611	403,003
— The Partnership (note ii)	50,315	50,315
	297,926	453,318
Total other borrowings	628,634	803,452

Notes:

- (i) During the period ended 30 June 2023, the Group entered into several sales and leaseback agreements with leasing companies for machinery and equipment ("Leased Assets") amounting to RMB5,860,000 (31 December 2022 (Audited): RMB552,250,000) for a period of 3 years (31 December 2022 (Audited): 2-3 years). Upon maturity, the Group will be entitled to purchase the Leased Assets.

Nominal interest rates underlying all these contracts are at respective contract dates ranging from 4.34% to 7.50% (31 December 2022 (Audited): 4.34% to 7.26%) per annum.

- (ii) In accordance with the Limited Partnership Agreement and Equity Investment Agreement, which were duly passed by way of poll at the extraordinary general meeting of the Company held on 28 December 2021 (the "EGM"), the Group would contribute up to RMB395.0 million in total to 潍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 RMB500.0 million 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 2021. As at 30 June 2023, the Partnership has contributed RMB251,500,000 (31 December 2022 (Audited): RMB251,500,000) to the Group, which RMB50,315,000 (31 December 2022 (Audited): RMB50,315,000) recorded as the other borrowing. The Group has further RMB196,315,000 (31 December 2022 (Audited): RMB196,315,000) capital commitment to the Partnership, which set out in note 21.



20. SHARE CAPITAL

		Number of shares	Share capital HK\$'000
Authorised:			
Ordinary shares of HK\$0.10 each			
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023		2,000,000,000	200,000
	Number of shares	Share capital HK\$'000	Shown in the consolidated financial statements RMB'000
Issued and fully paid:			
At 1 January 2022	905,164,000	90,516	80,944
Allotment (note i)	115,652,359	11,565	9,463
Share repurchased and cancelled (note ii)	(1,686,000)	(169)	(151)
At 31 December 2022 and 1 January 2023	1,019,130,359	101,912	90,256
Share repurchased and cancelled (note ii)	(51,276,000)	(5,128)	(4,520)
At 30 June 2023	967,854,359	96,784	85,736

Notes:

- (i) During the six months ended 30 June 2022, the Company acquired of 45% equity interest in the Top Speed Energy Holding Limited ("Top Speed") from an independent third party, which has become an associate company of the Company. The Company has settled the consideration by allotment of 115,652,359 ordinary shares of the Company at an issue price of HK\$2.329 amounting to approximately RMB220,386,000 (equivalent to approximately HK\$269,354,000) and by cash of RMB100,000,000.
- (ii) During the six months ended 30 June 2023, the Company repurchased its 51,276,000 ordinary shares of HK\$0.10 each at an aggregate consideration of HK\$117,104,000 (31 December 2022 (Audited): 1,686,000 ordinary shares of HK\$0.10 each at an aggregate consideration of HK\$3,602,000) and all of these shares were then cancelled. The nominal value of the cancelled shares of HK\$5,128,000 (equivalent to approximately RMB4,520,000) (31 December 2022 (Audited): HK\$169,000 (equivalent to approximately RMB151,000)) was credited to the capital redemption reserve. The premium paid on the repurchase shares was charged against the retained earnings.



21. CAPITAL COMMITMENTS

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Capital expenditure contracted for in the condensed consolidated interim financial statements in respect of acquisition of		
— property, plant and equipment	97,952	3,673
— investment cost in a partnership	196,315	196,315
	294,267	199,988

22. LEASE COMMITMENTS

The Group as lessee

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

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Within one year	89	56



22. LEASE COMMITMENTS (CONTINUED)

The Group as lessor

Property rental income earned during the six months ended 30 June 2023 was RMB1,187,000 (six months ended 30 June 2022: RMB1,706,000). All of the properties held have committed tenants for the next 1 to 7 years (31 December 2022 (Audited): 1 to 4 years).

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

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Within one year	2,124	4,221
In the second to fifth year inclusive	1,458	444
Over five year	941	—
	4,523	4,665

23. RELATED PARTY TRANSACTIONS

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

	Unaudited Six months ended 30 June 2023 RMB'000	2022 RMB'000
Sales of electricity and steam to a non-controlling shareholder of a subsidiary	102,258	97,502
Interest income earned from a joint venture (note 6)	9,685	11,263
Provision of goods and services to a joint venture	15,964	13,822



23. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Trade receivables from		
— a joint venture	7,075	5,113
— non-controlling shareholder of a subsidiary (note i)	21,135	48,405
	28,210	53,518
Other receivables from a joint venture (note ii)	347,379	332,780
— a non-controlling shareholder of a subsidiary (note i)	24,500	24,990
— a controlling shareholder (note i)	1,503	1,449
	26,003	26,439

Notes:

- i) The balance is unsecured, interest-free and repayable on demand.
- ii) The balance will be collected after 12 months from the end of the reporting period, see note 6(i) for more details.

(c) Compensation of key management personnel

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

	Unaudited Six months ended 30 June 2023 RMB'000	2022 RMB'000
Wages and salaries	2,305	3,377
Retirement benefit scheme contributions	157	58
	2,462	3,435



24. EVENTS AFTER THE REPORTING PERIOD

On 17 August 2023, the Group entered into a repurchase agreement (the “Repurchase Agreement”) with independent third parties (the “Vendors”) and Vendor’s guarantors pursuant to which the Group has agreed to re-sell, and the Vendors have agreed to re-purchase of 45% equity interest in the Top Speed Energy Holding Limited, an associate of the Company, at a total consideration of RMB265 million, subject to the terms and conditions (the “Conditions”) of the Repurchase Agreement.

Completion of the Repurchase Agreement is subject to the Conditions being fulfilled (or waived by the Group in its absolute discretion, save for the Repurchase Agreement and the transactions contemplated thereunder having fully complied with all relevant laws and regulations) on or before 18 months of the date of execution of the Repurchase Agreement.

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