



FOSHAN HUAXIN PACKAGING CO., LTD.

INTERIM REPORT 2018

2018-051

August 2018

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Foshan Huaxin Packaging Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Ren Xiaoping, the Company’s legal representative, Ding Guoqiang, the Company’s Chief Financial Officer, and Wen Yan, the Company’s Financial Manager hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

All the Company’s directors have attended the Board meeting for the review of this Report and its summary.

Any plans for the future and other forward-looking statements mentioned in this Report and its summary shall NOT be considered as absolute promises of the Company to investors. Therefore, investors are reminded to exercise caution when making investment decisions.

The Company has no interim dividend plan, either in the form of cash or stock.

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

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Definitions

Term	Definition
The “Company”, “FSHXP” or “we”	Foshan Huaxin Packaging Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires
China Paper	China Paper Corporation (the actual controller of the Company)
China Chengtong	China Chengtong Holdings Group Ltd. (the ultimate controller of the Company)
Huaxin Development	Foshan Huaxin Development Co., Ltd. (the Company’s controlling shareholder)
Hongta Renheng	Zhuhai Hongta Renheng Packaging Co., Ltd.
Zhuhai Huafeng	Zhuhai Huafeng Paper Co., Ltd.
Golden Pheasant Chemical	Zhuhai Golden Pheasant Chemical Co., Ltd.
Huaxin Color Printing	Huaxin (Foshan) Color Printing Co., Ltd.
Kunshan Focai	Kunshan Focai Packaging & Printing Co., Ltd.
Zhejiang Hongta	Zhejiang Hongta Renheng Packaging Technology Co., Ltd.
Chengtong Finance	China Chengtong Finance Corporation Ltd.
The “Reporting Period” or “Current Period”	The period from 1 January 2018 to 30 June 2018
RMB, RMB’0,000	Expressed in the Chinese currency of Renminbi, expressed in ten thousand Renminbi

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	Huaxin Packaging-B	Stock code	200986
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	佛山华新包装股份有限公司		
Abbr. (if any)	华新包装		
Company name in English (if any)	Foshan Huaxin Packaging Co., Ltd.		
Abbr. (if any)	FSHXP		
Legal representative	Ren Xiaoping		

II Contact Information

	Board Secretary	Securities Representative
Name	Ding Guoqiang	Shi Hui
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Tel.	0756-8666976	0756-8666978
Fax	0756-8666922	0756-8666922
Email address	dinggq@htrh-paper.com	shih@htrh-paper.com

III Other Information

1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period.

Applicable Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2017 Annual Report.

2. Media for Information Disclosure and Place where this Report is Kept

Indicate by tick mark whether any change occurred to the information disclosure media and the place for keeping the Company's periodic reports in the Reporting Period.

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for keeping such reports did not change in the Reporting Period. The said information can be found in the 2017 Annual Report.

IV Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

	H1 2018	H1 2017	Change (%)
Operating revenue (RMB)	1,747,156,340.92	1,567,199,202.22	11.48%
Net profit attributable to the listed company's shareholders (RMB)	-15,299,762.79	12,487,648.99	-222.52%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	-19,203,743.87	10,079,841.69	-290.52%
Net cash generated from/used in operating activities (RMB)	68,792,986.11	-607,133,297.57	111.33%
Basic earnings per share (RMB/share)	-0.0303	0.0247	-222.67%
Diluted earnings per share (RMB/share)	-0.0303	0.0247	-222.67%
Weighted average return on equity (%)	-0.78%	0.63%	-1.41%
	30 June 2018	31 December 2017	Change (%)
Total assets (RMB)	5,545,611,825.09	5,426,368,352.69	2.20%
Equity attributable to the listed company's shareholders (RMB)	1,945,505,839.28	1,982,859,436.21	-1.88%

V Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity Differences under CAS and IFRS

Applicable Not applicable

No such differences for the Reporting Period.

2. Net Profit and Equity Differences under CAS and Foreign Accounting Standards

Applicable Not applicable

No such differences for the Reporting Period.

XI Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Reporting Period	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	68,414.74	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's uniform standards)	9,069,363.42	
Gain or loss on fair-value changes in trading financial assets and liabilities & investment income from disposal of trading financial assets and liabilities and available-for-sale financial assets (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	1,340,892.01	
Non-operating income and expense other than above	670,467.95	
Less: Income tax effects	1,669,464.19	
Non-controlling interests effects (net of tax)	5,575,692.85	
Total	3,903,981.08	--

Explanation of why the Company classifies a gain/loss item as exceptional according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items, or reclassifies any exceptional item listed in the said explanatory announcement as recurrent:

Applicable Not applicable

No such cases for the Reporting Period.

Part III Business Summary

I Core Business Scope of the Company in Reporting Period

Is the Company subject to any disclosure requirements for special industries?

No.

The Company specializes in the R&D, production and sales of high-end coated ivory board, chemicals for paper making and color printing products. The businesses are described as follows:

(I) High-end coated ivory board

The ivory board is a product of the Company's main business, as a category of ivory board, is widely applied in various fields such as cigarette packaging, food packaging, medicine packaging, cosmetic packaging and living supplies packaging, which is an important source of the Company's major business income. The R&D, production and sales of the ivory board is mainly undertaken by Zhuhai HongtaRenheng Packaging Co., Ltd. and Zhuhai Huafeng Paper Co., Ltd. HongtaRenheng is the core high-end packaging board platform under Huaxin Packaging which is based in domestic and overseas high-end packaging markets of cigarette and food and provides "personalized" products and services for customers with "differentiation" business strategy. The Company now has three coated ivory board production lines, and the annual production capacity around 600,000 tons. The Company's products can be divided into the following categories:

1. Coated ivory board for cigarette packaging of company's dominant product, is widely used in the high-end cigarette packaging market. The coated ivory board for cigarette packaging produced by HongtaRenheng takes up a dominant position in the domestic cigarette packaging field. It represents the highest level of coated ivory board quality in China. It has won a Golden Award at China's International Paper & Paper Product Brands Exhibition, and the top award of the Chinese science and technology community—the first-class State Science and Technology Advancement Award. The anti-counterfeit coated ivory board with color fiber and true-color fiber etc.—a technology that is independently developed by the Company and has been granted the national invention patent of China—has been successfully applied in the packaging of a series of cigarettes in the "Hongta Group" and "HongyunHonghe Group" brands to combat counterfeiting from the packaging materials, reaching the significant anti-counterfeit results of "easily identifiable but difficult to copy". Currently, a new type of ivory board for cigarette packaging is being tested for quality.

2. The ivory boards for liquid food packaging is an important development direction of the Company. HongtaRenheng is the first to break the foreign technological monopoly, by independently developing the sterile paper for packaging of liquid milk, fruit juice, herbal tea and other drinks, effectively substituting imported products. The series of food packaging products such as anti-oil food grade coated board and high-end paper cup have been recognized by well-known catering groups such as McDonald's after they are put into the market.

3. The high-end commercial ivory board papers aim to meet the personalized demands of customers. They are widely applied in the segmented packaging market fields like the high-end medicine, cosmetics, and daily necessities. The anti-counterfeit coated ivory paper with personalized identification code independently developed by the Company and for which it has been granted the invention

patent has been successfully applied in the anti-counterfeit packaging of the high-end products like high-end medicine and cosmetics, which does not only solve the difficulties posed by impact from counterfeit and shoddy products for customers at the source, but also effectively reduces the customer's anti-counterfeit costs and fake product crackdown expenses and win high trust from the market.

(II) Paper making business

Chemicals for paper making is business to extend the paper-making industry chain by the Company, the R&D, production and sales of which are mainly undertaken by Zhuhai Jinji Chemical Co., Ltd., a subsidiary of the Company, which mainly supplies the carboxylic butadiene-styrene latex, styrene-acrylic latex and calcium carbonate of domestically first-class quality.

(III) Color printing business

Color printing business is an important industrial linkage supporting business of the Company, which covers designing and manufacturing packaging materials and providing packaging solutions for customers. This business is mainly undertaken by Huaxin (Foshan) Color Printing Co., Ltd.. The Company now owns the offset, flexo and intaglio printing workshop. Main products include color boxes, various labels (paper label, in-mold label and sticker), barcode printing, brochure, books and periodicals involved in wide terminal consumption industry.

II Material Changes in Major Assets

1. Material Changes in Major Assets

Major assets	Main reason for material changes
Equity assets	No material change
Fixed assets	No material change
Intangible assets	No material change
Construction in progress	No material change

2. Major Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

Is the Company subject to any disclosure requirements for special industries?

No.

(I) Central government-owned enterprise background

The ultimate controller of the Company, China Chengtong Holdings Group Ltd. (China Chengtong), authorized by the State-owned Assets Supervision and Administration Commission of the State Council to perform relevant duties of the investor on behalf of the State Council, is listed among the first batch of pilot enterprises by the State-owned Assets Supervision and Administration Commission to construct the standard board of directors and the first pilot state-owned asset management Company. In 2016, China

Chengtong was approved to be the pilot state-owned capital operation Company, and its main business includes equity operation, financial services, asset management, integrated logistics services, production materials trading, forestry-pulp paper production development and utilization etc.. It is also the only large-scale central enterprise approved by the State-owned Assets Supervision and Administration Commission of the State Council to focus on production, development and utilization of forestry, wood pulp and paper.

As a pilot enterprise of the state-owned asset management companies, China Chengtong has built a platform for the state-owned assets restructuring and capital operation in accordance with prevailing market principles, explored the central enterprise's non-main business and a special path for the NPA's market-oriented specialized operations and disposal, and reorganized and integrated a number of subsidiaries subordinated to central enterprises by means of trusteeship and the transfer of state-owned property rights.

In 2016, China Chengtong was entrusted by the State-owned Assets Supervision and Administration Commission of the State Council to participate in the diversification reform of Sinopec International Petroleum Exploration and Production Corporation, managed China Railway Materials Co., Ltd. in the form of trusteeship, and invested Guoyuan Coal Asset Management Co., Ltd.. As approved by the State Council and entrusted by the State-owned Assets Supervision and Administration Commission, China Chengtong, as the main sponsor, cooperated with nine central enterprises, local state-owned enterprises and financial institutions to jointly set up the largest domestic private equity investment fund with a total investment of RMB 350 billion Yuan -- The China State-Owned Enterprise Restructuring Fund. Meanwhile, Chengtong Fund Management Co., Ltd. was also established to take responsibility for the implementation of relevant fund management affairs.

China Chengtong is aiming at improving the state-owned capital's operation efficiency, serving the national strategy, abiding by the law of the market, and building a state-owned capital operation platform featuring the market-oriented operation and professional management. In addition, it will promote the rational flow and optimized of the state-owned capital and optimizing the configuration through equity operation, value management, and flexible transfer etc.. so as to form an institutional mechanism and operational model that meet various functional requirements for corresponding state-owned capital operation.

(II) Technological innovation advantage

The Company persists in taking "scientific and technological innovation" as the core power that drives enterprise development. The Company has nearly 20 years of technical experience in the production of high-end coated ivory board. Over the years, the Company has developed anti-counterfeit products such as the coated ivory board with color fiber and true-color fiber and formed strong anti-counterfeit product innovation capability. Meanwhile, the Company has personalized product technique innovation capability and has developed the "anti-counterfeit coated ivory paper with personalized identification code" which can attain anti-counterfeiting according to the customer's personalized demand and solve the difficulties posed by impact from counterfeit and shoddy products for customers at the source. Additionally, the Company is developing quite a few individualized products with new functions, which would help solidify and expand its technological superiority in subsectors.

In recent years, the company has made unremitting effort to promote the subordinate's R&D system construction:

1. HongtaRenheng successfully passed the recognition for "National High-tech Enterprise" in 2015 with the certificate No. GR201544000238. It has established a technology R&D center equipped with completed devices, and been attested by Provincial Technology Center, Engineering R&D Center and Guangdong Provincial Innovation Pilot Enterprise; in 2016, the "Nature Color Packaging Paper Project" of HongtaRenheng won second-class Science and Technology Advancement Award issued by China

National Light Industry Council. Meanwhile, the company also participated in formulating corresponding national and industrial standards including Coated Paper and Board-Coated Ivory Board and Quality Requirements and Test Methods for Intaglio Printed Matter.

2. In 2016, the subsidiary Zhuhai Huafeng Paper Co., Ltd. successfully passed the recognition for "National High-tech Enterprise" with the certificate No. GR201644001293. Zhuhai Huafeng passed the recognition of Guangdong Zhuhai Huafeng Paper Engineering Technology Research Center for Guangdong Provincial Department of Science and Technology.

3. The subsidiary Zhuhai Golden Pheasant Chemical Co., Ltd. passed the review for "National High-tech Enterprise" in 2016 with the certificate No. GR201644004219. It has also passed the verification by the Zhuhai Engineering Center, the Zhuhai Enterprise Technology Center and the Emulsion Polymer for Paper Making Engineering Technology Research Center under the Department of Science and Technology of Guangdong Province.

All the Company's main subsidiaries have been recognized as "National High-tech Enterprise" and were granted the 10% relief from income tax in three successive years.

By means of continuous research and development, the Company has obtained various patents, providing the most important technical support and guarantee for the advancement of product competitiveness. As of the end of the Reporting Period, the Company had been granted 43 duly authorized patents, including 23 invention patents and 20 utility models. There are 9 pending patents, including 8 innovation patents and 1 utility model.

(III) Quality brand advantage

HongtaRenheng has the top award of the Chinese science and technology community—the first-class State Science and Technology Advancement Award. The high-end coated ivory board produced by HongtaRenheng has excellent printing performance. Dominant product—coated ivory board for tobacco packaging, is widely used in the high-end tobacco packaging market, takes up a dominant position in high-end tobacco packaging field.

"Hongta" coated ivory board takes up a leading position in domestic and overseas ivory board industry and leads the development of production and technology of domestic middle and top grade coated ivory board. "Hongta" coated ivory board represents the highest level of production, technology and product of coated ivory board in China and has become a world-famous brand.

(IV) Management advantage

"The fittest survives. That's why we must be open-minded and innovative for survival and development." is the Company's management philosophy. Upon more than two decades of accumulation, the Company has possessed a large pool of high-quality talent in technological innovation and management. In recent years, the Company has sought help from a third-party professional consulting agency to help implement lean production and management across the Company, refreshing its employees' thinking and awareness at work, fostering a lean thinking among them and stimulating their enthusiasm at work. Decreasing cost and increasing efficiency by means of lean production and management, the Company has formulated its own unique corporate culture characteristic of lean management, which is well accepted by its key personnel.

(V) Superiority in environment protection

Hongta Renheng's boilers are using biomass molding fuel (BMF). Its emission reduction through BMF program is China's biggest biomass boiler program. BMF, a clean energy which releases zero harmful emissions to the environment, is used for 70% of Hongta Renheng's energy consumption, which can help bring a nearly 70% reduction in carbon emission during the papermaking process, as

well as a reduction of 60,000~100,000 tons of carbon dioxide emission every year. BMF has helped create remarkable superiority in emission reduction and environment protection.

Part IV Operating Performance Discussion and Analysis

I Overview

(I) Operating Results of Reporting Period

In the first half of 2018, according to the management direction of “Improve Efficiency through Reform and Increase Earnings through Cost Reduction”, the Company made great efforts to “Reduce Inventories, Receivables and Expenditure, Improve Efficiency and Control Costs”. It firmly pushed forward reform on its operational structure to break down barriers inside the Company and improve its operational efficiency. Meanwhile, it has rebuilt its marketing system towards value creation through bold reforms. In addition, it spent great effort on reforming its R&D department to strengthen the driving force of technology for the Company’s continuous growth. However, high price levels of wood pulp and other materials across the globe, as well as the depreciation of the Chinese yuan caused great pressure on the Company’s cost control.

For the Reporting Period, the Company recorded operating revenue of RMB1,747.1563 million, profit before taxation of RMB-29.9999 million and net profit attributable to the listed company’s shareholders of RMB-15.2998 million. As at the end of the Reporting Period, the Company’s total assets stood at RMB5,545.6118 million, with a gearing ratio of 36.03%.

(II) Management Measures during the Reporting Period

1. Implemented the reform of organizational structure and optimized the internal assessment mechanism

In the first half of the year, the Company carried out its organizational restructuring with the goal of “layer reduction, functional conclusion, and management flattening”, improved the efficiency of the Company’s operation and management, and adjusted the internal assessment system to improve the work enthusiasm of all employees.

2. Conducted the marketing mechanism reform to stimulate the potential

In accordance with the overall reform thought of New Era and New Marketing, the Company carried out a comprehensive reform of the marketing system, optimized and highlighted the core function of marketing. The management mode was changed from the product-based horizontal cross-regional management to the regional-oriented management with the product line playing its supporting role.

The marketing appraisal system was also optimized and reformed, and a new performance appraisal mechanism was implemented to stimulate the development of new orders. At the same time, the Company established the marketing mechanism to implement the lowliest place elimination, reward the diligent and punish the lazy and carry out the flexible promotion system.

3. Finished product logistics business was outsourced to save the logistics fees

In the first half of the year, the Company focused on “Four New” concept -- New Reform Measures, New Management Methods, New Management Thoughts, and New Activation Mechanism and actively reduced inventories, receivables and expenditure, improved efficiency and controlled costs. Meanwhile, the finished goods logistics business was also outsourced, which largely reduced the (per ton) cost of the Company’s paper in the first half of the year.

4. Enhanced the technology’s leading role and improved the performance of R&D

The Company reorganized the organizational structure of the technology center, independently operated the new product R&D functions and the daily process maintenance functions, and highlighted various core functions of the technology research and development. At present, more than ten kinds of new products are being researched, and breakthrough has been made in some

products.

(III) Management methods for the second half of the year

In the second half of the year, the Company will still focus on reducing inventories, receivables and expenditure, improving efficiency and controlling costs, proceed from stimulating the potential, improving the data effectiveness and further determining the subject of responsibility, and vigorously promote PMO in order to internally improve the efficiency and reduce costs, and externally expand the market (core task) and continuously enhance the management level.

II Analysis of Core Businesses

See “I Overview” above.

Year-on-year changes in key financial data:

Unit: RMB

	H1 2018	H1 2017	Change (%)	Main reason for change
Operating revenue	1,747,156,340.92	1,567,199,202.22	11.48%	
Cost of sales	1,595,138,938.68	1,376,216,644.41	15.91%	
Selling expense	69,997,755.68	76,796,056.93	-8.85%	
Administrative expense	67,088,679.11	61,449,510.47	9.18%	
Finance costs	45,936,448.74	49,469,701.26	-7.14%	
Income tax expense	2,962,396.75	96,393.17	2,973.24%	Payment of the income tax of last year
R&D expense	63,850,496.63	62,687,970.00	1.85%	
Net cash generated from/used in operating activities	68,792,986.11	-607,133,297.57	111.33%	A rise in unit sales and the control over large-amount payments
Net cash generated from/used in investing activities	6,390,378.93	-14,224,303.05	144.93%	A decline in fixed assets acquired and built
Net cash generated from/used in financing activities	-135,386,780.90	555,386,894.24	-124.38%	A rise in bank loan repayments
Net increase in cash and cash equivalents	-59,877,113.04	-69,013,755.32	-35.16%	Debt restructuring

Material changes to the profit structure or sources of the Company in the Reporting Period:

Applicable Not applicable

1. The product cost went up as a result of the continuously, sharply increasing prices of wood pulp and other raw materials used to produce the Company's main product, ivory board, as well as driven by exchange rate fluctuations.
2. The Company's stake in Chengtong Finance has decreased from 20% to 10% upon an increase of capital by the Company in this joint venture in 2017. The Company no longer has control, joint control or significant influence on the joint venture. Therefore, the

measurement of the investment in this joint stock company has been changed from the equity method to the cost method, causing a considerable decline in the Company's investment income.

Breakdown of core businesses:

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By industry						
Manufacturing	1,646,488,580.95	1,500,276,960.43	8.88%	8.10%	11.93%	-3.12%
Other	100,667,759.97	94,861,978.25	5.77%	128.34%	164.72%	-12.95%
By product category						
Ivory board	1,308,708,118.61	1,225,762,793.54	6.34%	10.42%	16.30%	-4.73%
Presswork	156,301,420.46	129,875,341.39	16.91%	23.17%	19.51%	2.55%
Chemicals	181,479,041.88	144,638,825.50	20.30%	-13.99%	-18.61%	4.53%
Other	100,667,759.97	94,861,978.25	5.77%	128.34%	164.72%	-12.95%
By operating segment						
Domestic	1,494,469,432.88	1,344,249,995.85	10.05%	10.89%	15.21%	-3.37%
Overseas	252,686,908.04	250,888,942.83	0.71%	15.11%	19.79%	-3.88%

III Analysis of Non-Core Businesses

√ Applicable □ Not applicable

Unit: RMB

	Amount	As % of total profit	Source/Reason	Exceptional or recurrent
Investment income	-88,375.92	0.29%	Income from long-term equity investments (associates) measured at the equity method	Exceptional
Gain/loss on changes in fair value	1,340,892.01	-4.47%	Fair value changes of financial liabilities	Exceptional
Asset impairments	-59,432.48	0.20%	Accounts receivable impairments	Exceptional
Non-operating income	1,600,770.29	-5.34%	Income from disposal of current assets	Exceptional
Non-operating expense	930,302.34	-3.10%	Loss on disposal of current assets, penalty expenses, etc.	Exceptional
Asset disposal	68,414.74	-0.23%	Disposal of non-current	Exceptional

income			assets	
Other income	9,069,363.42	-30.23%	Government subsidies	Exceptional

IV Analysis of Assets and Liabilities

1. Material Changes in Asset Composition

Unit: RMB

	30 June 2018		30 June 2017		Change in percentage (%)	Reason for material change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	354,612,863.22	6.39%	593,999,728.55	9.00%	-2.61%	
Accounts receivable	743,129,178.17	13.40%	785,619,763.27	11.90%	1.50%	
Inventories	741,788,752.26	13.38%	652,899,367.52	9.89%	3.49%	
Investment property	31,754,646.67	0.57%	24,256,034.09	0.37%	0.20%	
Long-term equity investments	8,205,989.25	0.15%	255,989,913.74	3.88%	-3.73%	
Fixed assets	2,232,204,184.15	40.25%	2,378,310,238.10	36.03%	4.22%	
Construction in progress	49,481,227.93	0.89%	32,414,568.09	0.49%	0.40%	
Short-term borrowings	776,773,275.16	14.01%	1,238,404,630.23	18.76%	-4.75%	
Long-term borrowings	300,000,000.00	5.41%	200,000,000.00	3.03%	2.38%	

2. Assets and Liabilities at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for Reporting Period	Purchased in Reporting Period	Sold in Reporting Period	Ending amount
Financial assets							

3. Available-for-sale financial assets	627,643,841.04						627,643,841.04
Subtotal of financial assets	627,643,841.04						627,643,841.04
Total of above	627,643,841.04						627,643,841.04
Financial liabilities	2,394,879.25	-1,340,892.01					1,053,987.24

Material changes in the measurement attributes of the major assets in the Reporting Period:

Yes No

3. Restricted Asset Rights as at Period-End

Such restricted monetary assets stood at RMB160.24 million, which were mostly term deposits and security deposits used as collaterals.

V Investments Made

1. Total Investment Amount

Applicable Not applicable

2. Significant Equity Investments Made in Reporting Period

Applicable Not applicable

3. Significant Non-Equity Investments Ongoing in Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

VII Main Controlled and Joint Stock Companies

Applicable Not applicable

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profit

Unit: RMB

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Zhuhai Hongta Renheng Packaging Co., Ltd. (consolidated)	Subsidiary	White cardboard, original paper of liquid food packaging, latex and calcium carbonate	600,000,000.00	4,577,331,019.33	2,737,664,582.56	1,598,489,613.06	-34,515,404.72	-43,685,997.59
Zhuhai Hongta Renheng Packaging Co., Ltd. (alone)	Subsidiary	White cardboard, original paper of liquid food packaging	600,000,000.00	3,916,575,941.03	2,660,603,684.42	1,032,695,113.68	-23,811,382.36	-24,370,210.18
Zhuhai Huafeng Paper Co., Ltd.	Subsidiary	White cardboard, original paper of liquid food packaging	984,559,331.06	2,431,123,261.30	1,036,074,316.39	979,805,486.29	-14,842,214.09	-13,835,165.27
Zhuhai Golden	Subsidiary	latex and calcium	69,271,940.00	302,421,509.63	163,274,782.48	237,405,627.99	17,623,199.72	15,694,874.21

Pheasant Chemical Co., Ltd.		carbonate						
Huaxin (Foshan) Color Printing Co., Ltd.	Subsidiary	Color packaging and label printing	96,895,605.14	410,121,165.00	219,339,419.08	160,091,575.95	5,541,340.94	4,710,139.80

Subsidiaries obtained or disposed in this Reporting Period

Applicable Not applicable

Company Name	Method	Influence on overall production and management and performance
Kunshan Focai Packaging & Printing Co., Ltd.	Cancelled	The business of the Company was gradually integrated into Huaxin (Foshan) Color Printing Co., Ltd, so the cancellation of the Company didn't have an impact on whole business development and performance.

Information about the main controlled and joint stock companies

Majority-owned subsidiary Hongta Renheng: due to the influences of increased purchasing price of raw material, the net profit decreased by RMB35.14 million compared with the year earlier. The Company has taken various reform measures of operation and management to strive to complete annual budget goal.

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX Performance Forecast for January-September 2018

Warning of possible loss or considerable YoY change in the accumulative net profit made during the period-beginning to the end of the next reporting period, as well as the reasons:

Applicable Not applicable

X Risks Facing the Company and Countermeasures

1. Market risk

High-end coated ivory board is the dominant product of the Company. However, affected by the concentrated release of the new production capacity for various ivory boards in China in the past two years, the domestic demands didn't increase greatly. The more fierce market competition of the ivory boards in China has brought a great impact on the market of the Company's products.

Countermeasure: intensify product structure adjustment, and strengthen the efforts in developing new products and expanding new market.

2. Raw material price and exchange rate fluctuation risk

Main raw material used by the Company is paper pulp is mainly imported from abroad. Due to the increased price of international paper pulp during the Reporting Period, and the large fluctuation of exchange rate of RMB against USD, the costs control of the Company is under great pressure.

Countermeasure: keep a close watch on the paper pulp price change trend and RMB exchange rate tendency, gradually purchase more paper pulp at home, and meanwhile, strategically purchase paper pulp as reserves when necessary, in order to effectively control the cost.

3. Safety and Environmental Protection Risk

The company is specialized in manufacturing with large mechanical equipment. Due to complicated production and manufacturing environment, safety production and environmental requirements become much more stringent.

Countermeasures: strengthen the recognition and management of safety and environmental protection hazards; improve the management of production & manufacturing machines and pollution discharge equipment/facilities; clearly define personnel responsibilities of front-line production workers; enhance the supervision and inspection of safety operation on the production site; reinforce corresponding publicity and education and create possible safety production atmosphere; consolidate job responsibilities for staffs in environmental protection department; strictly implement environmental protection and emission standards; eliminate possible risks of safety and environmental protection accidents.

Part V Significant Events

I Annual and Extraordinary General Meeting Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The 1 st Extraordinary General Meeting of 2018	Extraordinary General Meeting	66.05%	31 January 2018	1 February 2018	http://www.cninfo.com.cn/cninfo-new/disclosure/szse_main/bulletin_detail/true/1204379512?announceTime=2018-02-01
The 2017 Annual General Meeting	Annual General Meeting	66.09%	17 April 2018	18 April 2018	http://www.cninfo.com.cn/cninfo-new/disclosure/szse_main/bulletin_detail/true/1204646764?announceTime=2018-04-18
The 2 nd Extraordinary General Meeting of 2018	Extraordinary General Meeting	65.80%	11 May 2018	12 May 2018	http://www.cninfo.com.cn/cninfo-new/disclosure/szse_main/bulletin_detail/true/1204933120?announceTime=2018-05-12

2. Extraordinary General Meeting Convened at Request of Preference Shareholders with Resumed Voting

Rights

Applicable Not applicable

II Interim Dividend Plan for the Reporting Period

Applicable Not applicable

The Company has no interim dividend plan.

III Commitments of the Company's Actual Controller, Shareholders, Connected Parties and Acquirer, as well as the Company and Other Commitment Makers, Fulfilled in the Reporting Period or still Ongoing at Period-End

Applicable Not applicable

The Company has no interim dividend plan.

IV Engagement and Disengagement of CPAs Firm

Has the Interim financial report been audited?

Yes No

This Interim Report is unaudited.

V Explanations Given by Board of Directors and Supervisory Committee Regarding "Modified Auditor's Report" Issued by CPAs Firm for the Reporting Period

Applicable Not applicable

VI Explanations Given by Board of Directors Regarding "Modified Auditor's Report" Issued for Last Year

Applicable Not applicable

VII Bankruptcy and Restructuring

Applicable Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant lawsuits or arbitrations:

Applicable Not applicable

Basic situation of lawsuit (arbitration)	Lawsuit amount (RMB'0,000)	Whether form into estimated liabilities	Process of lawsuit (arbitration)	Trial results and influences of lawsuit (arbitration)	Situation of execution of judgment of lawsuit (arbitration)	Disclosure date	Disclosure index
A major production safety accident was caused by a flash	1,116	No	First instance	Waiting for the hearing for first instance again	No judgment		

<p>burn when Jiangsu Tianxing High-Altitude Anti-Corrosion Engineering Co., Ltd. (hereinafter referred to as "Jiangsu Tianxing") and Wuhan Kedio Electric Power Technology Co., Ltd. (hereinafter referred to as "Wuhan Kedio") carried out the maintenance of 120m chimney anti-corrosion project for Zhuhai Huafeng, the holding subsidiary of the company, on 4 March 2017. Six construction workers of the construction company died in the accident. Zhuhai Huafeng paid a total compensation of RMB11.16 million to relatives of the victims on 7 March 2017 for Jiangsu Tianxing and Wuhan Kedio in accordance with the requirements and under the supervision of the government. Zhuhai Huafeng</p>							
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<p>applied to Zhuhai Jinwan District People's Court for property preservation before litigation on 14 March 2017. Zhuhai Huafeng applied to Zhuhai Jinwan District People's Court for recovery action in which Jiangsu Tianxing and Wuhan Kedio were taken as joint defendants on 16 March 2017. Then Wuhan Kedio applied to add Yancheng Xinda High-Altitude Anti-Corrosion Co., Ltd. (hereinafter referred to as Yancheng Xinda) as a defendant and Yancheng Xinda applied to add Liu Jiechun as a defendant. The hearing was held for first instance on 20 November 2017, where four defendants offered to stop hearing this case, and the court agreed to it. As of the end of the Reporting Period, the criminal case of the personnel</p>							
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involved in the above safety accidents has been decided, waiting for the court to inform the follow-up court proceedings.							
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Other legal matters:

Applicable Not applicable

IX Punishments and Rectifications

Applicable Not applicable

Name	Type	Reasons	Type of survey and punishment	Conclusion (if any)	Disclosure date	Index of disclosure
Zhuhai Huafeng Paper Co., Ltd.	Other	Not implementing effective safe production coordination and the management, illegally approving the high-place operation, illegally handling the work permits for the people to the factory to implement the project of chimney anticorrosion, responsible for Zhuhai "3•4" production safety accident	Administrative department, like Environment Protection, safety Supervision, Taxation, and etc, imposed severe administrative punishment, and Stock Exchange publicly censured it.	Zhuhai Huafeng was fined by Zhuhai State Administration of Work Safety with administrative punishment. The penalty was paid on time.	11 January 2018	11 January 2018, Announcement on Blacklisting of Majority-owned Subsidiary into Joint Punishments for Dishonesty of Safety Production (No. 2018-002); disclosure website and index: http://www.cninfo.com.cn/cninfo-new/disclosure/szse_main/bulletin_detail/true/1204320576?announceTime=2018-01-11%2011:48

Notes for rectifications:

Applicable Not applicable

Zhuhai Huafeng made comprehensive rectification to safety production management of the Company in the principle of accidents “four does not let off”, and employed third-party safety assessment organization to conduct the potential risks identification and status evaluation for the Company. Effective safe production coordination and the management were implemented with good results for the rectification work. It also passed the inspection for rectification with serious potential risks by Zhuhai Safety Production Supervision Authority who ordered to temporarily stop the production and the business. The Company seriously drew lessons from the accident, comprehensively strengthening the safety management of the subsidiaries, taking resolute and forceful measures and strengthening the foundation of safety production to prevent similar accidents from happening again.

X Credit Conditions of the Company as well as its Controlling Shareholder and Actual Controller

Applicable Not applicable

The majority-owned subsidiary of the Company, Zhuhai Huafeng Paper Co., Ltd, was included into the joint punishment blacklist for dishonesty of safety production on 4 December 2017 with 1 year of joint Punishment, because a larger liability accident of safety production happened in its factory on 4 March 2017. For details, see Announcement on the controlling subsidiary being included into the joint punishment blacklist for dishonesty of safety production (No. 2018-002 http://www.cninfo.com.cn/cninfo-new/disclosure/szse_main/bulletin_detail/true/1204320576?announceTime=2018-01-11%2011:48) disclosed by assigned information disclosure media on 11 January 2018.

XI Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable Not applicable

No such cases in the Reporting Period.

XII Significant Connected Transactions

1. Connected Transactions Relevant to Routine Operations

Applicable Not applicable

Connected transaction party	Relation with the Company	Type of transaction	Contents of transaction	Pricing principle	Transaction price	Transaction amount (RMB'0,000)	Proportion in total amounts of transactions of same kind	Approved transaction line (RMB'0,000)	Over approved line or not	Mode of settlement	Obtainable market price for transaction of the same kind	Disclosure date	Index to disclosed information
China Paper Corporation	Actual controller	Routine connected transactions	Purchasing raw materials	Being decided through negotiation	Market value	21,409.47	13.83%	114,236.03	No	Transfer	N/A	17 March 2018	http://www.cninfo.com.cn/

		on		on based on the market value									cninfo -new/d isclosu re/szse _main/ bulleti n_deta il/true/ 12044 86654 ?anno unceTi me=20 18-03- 17
Total				--	--	21,409.4 7	--	114,236. 03	--	--	--	--	--
Details of any sales return of a large amount				N/A									
Give the actual situation in this Reporting Period (if any) where a forecast had been made for the total amounts of routine connected-party transactions by type to occur in this Reporting Period				N/A									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				N/A									

2. Connected Transactions Regarding Purchase or Sales of Assets or Equity Interests

Applicable Not applicable

No such cases in the Reporting Period.

3. Connected Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Connected Parties

Applicable Not applicable

Indicate by tick mark whether there were any credits and liabilities with connected parties for non-operating purposes.

√ Yes □ No

Receivable from connected parties:

Connected party	Relationship with the Company	Reason	Capital occupation for non-operating purposes (yes/no)	Beginning balance (RMB'0,000)	Increase in this Reporting Period (RMB'0,000)	Recovered amount in this Reporting Period (RMB'0,000)	Interest rate	Interest for this Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)
				0				0	0

Payable to connected parties:

Connected party	Relationship with the Company	Reason	Beginning balance (RMB'0,000)	Increase in this Reporting Period (RMB'0,000)	Repaid amount in this Reporting Period (RMB'0,000)	Interest rate	Interest for this Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)
Foshan Huaxin Development Co., Ltd.	Controlling shareholder	Borrowing	700	0	0	4.35%	14.49	700
China Paper Corporation	Actual controller	Borrowing	0	5,000	0	6.00%	65	5,000
Influence on the Company's operating results and financial condition		No significant influences						

5. Other Significant Connected Transactions

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XIII. Particulars about the Non-operating Occupation of Funds by the Controlling Shareholder and Other Connected Parties of the Company

□ Applicable √ Not applicable

The Company was not involved in the non-operating occupation of funds by the controlling shareholder and other connected parties during the Reporting Period.

XIV. Significant Contracts and Execution

1. Entrustment, Contracting and Leasing

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leasing

Applicable Not applicable

No such cases in the Reporting Period.

2. Significant Guarantees

Applicable Not applicable

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a connected party or not
Guarantees provided by the Company for subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a connected party or not

Zhuhai Hongta Renheng Packaging Co., Ltd.	30 December 2017	7,000	2 January 2018	7,000	Joint-liability	2 January 2018 to 13 March 2020	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	24 January 2017	20,000	28 February 2017	20,000	Joint-liability	28 February 2017 to 28 February 2019	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	24 January 2017	10,000	29 March 2018	10,000	Joint-liability	29 March 2018 to 30 March 2020	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	24 May 2017	33,000	23 May 2017	27,100	Joint-liability	23 May 2017 to 22 May 2020	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	29 April 2016	20,000	1 March 2016	2,445	Joint-liability	1 March 2016 to 31 December 2019	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	5 July 2017	20,000	15 July 2017	9,971	Joint-liability	15 July 2017 to 15 July 2019	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	23 June 2017	10,000	12 September 2017	13,750	Joint-liability	21 September 2017 to 31 March 2019	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	24 May 2017	10,000	10 November 2017	1,700	Joint-liability	10 November 2017 to 9 November 2019	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	24 May 2017	10,000	13 November 2017	0	Joint-liability	13 November 2017 to 3 September 2018	No	Yes
Zhuhai Huafeng Paper Co., Ltd.	25 October 2016	35,000	29 October 2016	10,550	Joint-liability	29 October 2016 to 28 October 2019	No	Yes
Huaxin (Foshan) Color Printing Co.,	24 April 2018	2,000	1 June 2018	1,642	Joint-liability	30 March 2018 to 29	No	Yes

Ltd.						March 2019		
Huaxin (Foshan) Color Printing Co., Ltd.	5 August 2016	6,000	1 June 2016	2,000	Joint-liability	1 January 2016 to 31 December 2020	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	23 June 2017	10,000	28 July 2017	10,000	Joint-liability	28 July 2017 to 14 May 2018	No	Yes
Total guarantee line for subsidiaries approved during the Reporting Period (B1)		300,000		Total actual guarantee amount for subsidiaries during the Reporting Period (B2)				183,000
Total approved guarantee line for subsidiaries at the end of the Reporting Period (B3)		300,000		Total actual guarantee balance for subsidiaries at the end of the Reporting Period (B4)				106,158
Guarantees between subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a connected party or not
Zhuhai Huafeng Paper Co., Ltd.	5 July 2017	15,000	31 December 2017	11,022	Joint-liability	31 December 2017 to 13 July 2018	No	Yes
Zhuhai Golden Pheasant Chemical Co., Ltd.	21 November 2015	10,000	31 August 2015	3,000	Joint-liability	31 August 2015 to 30 August 2018	No	Yes
Total guarantee line for subsidiaries approved during the Reporting Period (C1)		40,000		Total actual guarantee amount for subsidiaries during the Reporting Period (C2)				25,000
Total approved guarantee line for subsidiaries at the end of the Reporting Period (C3)		40,000		Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)				14,022
Total guarantee amount (total of the above-mentioned three kinds of guarantees)								
Total guarantee line approved during the Reporting Period (A1+B1+C1)		340,000		Total actual guarantee amount during the Reporting Period (A2+B2+C2)				208,000
Total approved guarantee line at the end of the Reporting Period		340,000		Total actual guarantee balance at the end of the Reporting				120,180

(A3+B3+C3)		Period (A4+B4+C4)	
Proportion of the total actual guarantee amount (A4+B4+C4) in net assets of the Company			61.77%
Of which:			
Amount of guarantees provided for shareholders, the actual controller and their connected parties (D)			0
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)			0
Portion of the total guarantee amount in excess of 50% of net assets (F)			22,905
Total amount of the three kinds of guarantees above (D+E+F)			22,905

Notes for details about guarantee by complex method

(2) Illegal Provision of Guarantees for External Parties

Applicable Not applicable

No such cases in the Reporting Period.

3. Other Significant Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XV. Social Responsibilities

1. Significant Environment Protection

Indicate by tick mark whether the Company or any of its subsidiaries is a heavily polluting business identified by the environmental protection authorities of China

Yes

Name of the Company or its subsidiaries	Name of main pollutants and characteristics	Emission method	Number of discharge outlet	Distribution of discharge outlet	Emission concentration	Carried emission standard of pollutants	Total emission	Verified total emission	Excessive emission
Hongta Renheng	Chemical oxygen demand,	Organized discharge	1	Sewage disposal center	Chemical oxygen demand is	Chemical oxygen demand≤80	Chemical oxygen demand is	Chemical oxygen demand is	Naught

	ammonia nitrogen				37.02mg/l, and ammonia nitrogen is 0.54mg/l	mg/l, and ammonia nitrogen ≤ 8 mg/l	60.7t, and ammonia nitrogen is 0.85t.	294.4t, and ammonia nitrogen is 29.44t.	
Hongta Renheng	Sulfur dioxide, nitrogen oxide, smoke	Organized discharge	1	Power boiler	Sulfur dioxide is 1.03mg/m ³ , nitrogen oxide is 54.4mg/m ³ , and smoke is 21.11mg/m ³	Sulfur dioxide is 50mg/m ³ , nitrogen oxide is 200mg/m ³ , and smoke is 30mg/m ³	Sulfur dioxide is 0.37t, nitrogen oxide is 19.53t, and smoke is 7.68t	Sulfur dioxide is 34.04t, nitrogen oxide is 136.15t, and smoke is 20.42t	Naught
Zhuhai Huafeng	Chemical oxygen demand, ammonia nitrogen	Organized discharge	1	Sewage disposal center	Chemical oxygen demand is 37.5mg/l, and ammonia nitrogen is 0.55mg/l	Chemical oxygen demand ≤ 80 mg/l, and ammonia nitrogen ≤ 8 mg/l	Chemical oxygen demand is 37.3t, and ammonia nitrogen is 0.55t	Chemical oxygen demand is 180t, and ammonia nitrogen is 22.5t	Naught
Zhuhai Huafeng	Sulfur dioxide, nitrogen oxide, smoke	Organized discharge	1	Power boiler	Sulfur dioxide is 30mg/m ³ , nitrogen oxide is 62mg/m ³ , and smoke is 11mg/m ³	Sulfur dioxide is 50mg/m ³ , nitrogen oxide is 100mg/m ³ , and smoke is 20mg/m ³	Sulfur dioxide is 28.55t, nitrogen oxide is 61.53t, and smoke is 10.51t	Sulfur dioxide is 68 t, nitrogen oxide is 142t, and smoke is 26t	Naught
Golden Pheasant Chemical	Chemical oxygen demand, ammonia nitrogen	Organized discharge	1	Sewage disposal center	Chemical oxygen demand is 68mg/l, and ammonia nitrogen is 7.6mg/l	Chemical oxygen demand ≤ 110 mg/l, and ammonia nitrogen ≤ 15 mg/l	Chemical oxygen demand is 0.32t, and ammonia nitrogen is 0.036t	Chemical oxygen demand is 1.1088t, and ammonia nitrogen is 0.1512t	Naught
Golden Pheasant Chemical	Non-methane hydrocarbon	High-altitude emissions after being disposed	2	Plant for butylbenzene Phase I and plant for	116mg/m ³	Secondary standard of Phase II of Emission Limit for	1.123t	2.246t	Naught

				butylbenzene Phase II		Air Pollution (DB44/27-2001) and Emission Limit for Odor Pollutants (GB14554-1993)			
Huaxin Color Printing	Chemical oxygen demand, ammonia nitrogen	Organized discharge	1	Nanzhuang Jili Sewage Surge	Chemical oxygen demand, and ammonia nitrogen are 8.294mg/l and 0.0984mg/l respectively	Chemical oxygen demand, and ammonia nitrogen are $\leq 110\text{mg/l}$ and $\leq 15\text{mg/l}$ respectively	Chemical oxygen demand, and ammonia nitrogen are 0.078t and 0.0105t respectively	Chemical oxygen demand, and ammonia nitrogen are 0.178t and 0.026t respectively	Naught

Pollution-prevention Facilities Construction and Operation

Hongta Renheng

Pollution-prevention Facilities Construction and Operation: The Sewage Station and Boiler were all built and operated by the third party in normal operation. As for sewage, Hongta Renheng belongs to State key monitoring enterprise; as for smoke, Hongta Renheng belongs to Zhuhai key monitoring enterprise.

(1) Establishing a Sewage Station whose maximum processing capacity was $12000\text{m}^3/\text{d}$, and it was put into service on 1 April 2013 with the investment of RMB14 million through applying A/O technology. The quality of water after such processing could meet relevant national discharge standards stated in Discharge Standard of Water Pollutants for Pulp & Paper Industry (GB3544-2008), and waste water (after processing) reaching corresponding standards would be discharged into Gongbei Sewage Disposal Plant via the municipal sewage pipeline network of Xiangzhou District, Zhuhai City.

Meanwhile, corresponding COD and online ammonia nitrogen auto monitoring system would be installed at the discharge outlet, and the qualified unit would be in charge of its operation management and 24-hour auto online detection and monitoring of ammonia nitrogen.

(2) Establishing 2 biomass briquette boilers with the operating capacity of 40 tons per hour were installed in association with relevant dust removal measures. As ceramic multi-tube cyclone dust collector and bag-type dust removal technology were applied to dispose flue gas, all discharged smoke pollutants, SO_2 and nitric oxides via the 25m chimney would meet corresponding discharge limit standard stated in Emission Standard of Air Pollutants for Boilers (DB44/765-2010).

Moreover, corresponding flue gas auto monitoring system would be installed at the discharge outlet, and the qualified unit would be in charge of its operation management and 24-hour auto online detection and monitoring of discharged SO_2 , nitric oxides and smoke dust.

Zhuhai Huafeng:

Pollution-prevention Facilities Construction and Operation: The Sewage Station and Boiler were all built and

operated by the third party in normal operation. As for sewage and smoke, Hongta Renheng belongs to State key monitoring enterprise.

(1) Establishing a Sewage Station whose maximum processing capacity was 22000m³/d, and it was put into service on 28 September 2006 with the floor space 21358m² and the investment of RMB38 million through applying flocculation precipitation + SBR technology. In addition, SBR biochemical system applied Canada ADI company' s SBR technology, and key devices were all introduced from foreign countries. The quality of water after such processing could meet relevant national discharge standards stated in Discharge Standard of Water Pollutants for Pulp & Paper Industry (GB3544-2008), and waste water (after processing) reaching corresponding standards would be discharged into Nanshui Sewage Disposal Plant in Zhuhai City via the municipal sewage pipeline network of Gaolan Port District, Zhuhai City.

Meanwhile, corresponding COD and online ammonia nitrogen auto monitoring system would be installed at the discharge outlet, and the qualified unit would be in charge of its operation management and 24-hour auto online detection and monitoring of ammonia nitrogen.

(2) Establishing two self-supplied fire coal CFBs were installed with the operating capacity of 75m³ per hour in association with relevant sulphur and dust removal measures. As out-of-furnace alkaline-mode wet desulphurization technology, bag-type dust remover, low-temperature and low-nitrogen combustion technology + SNCR were applied to dispose flue gas, the desulfurization rate is over 90%, the dust removal efficiency would exceed 99.6% and the denitration efficiency over 85%. All discharged smoke pollutants, SO₂ and nitric oxides via the 120m chimney would meet special discharge limit standard stated in Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011).

Moreover, corresponding flue gas auto monitoring system would be installed at the discharge outlet, and the qualified unit would be in charge of its operation management and 24-hour auto online detection and monitoring of discharged SO₂, nitric oxides and smoke dust.

Golden Pheasant Chemical

Pollution-prevention Facilities Construction and Operation: exhaust processing system and sewage station are in normal operation.

(1) Establishing a Sewage Station whose maximum processing capacity was 70m³/d, and the actual processing capacity was about 20m³ per day through applying biosorption technology. Sewage disposal equipment is running normally, and waste water (after processing) reaching corresponding standards would be discharged into Nanshui Sewage Disposal Plant in Zhuhai City via the municipal sewage pipeline network of Gaolan Port District, Zhuhai City. When all industrial waste water after disposal in sewage station can reach Class 1 Standard during the second period stated in Discharge Limits of Water Pollutants (DB44/26-2001), it will be disposed after being discharged into Nanshui Sewage Disposal Plant in Zhuhai City via the municipal sewage pipeline network of Gaolan Port District, Zhuhai City.

(2) Establishing a exhaust processing system respectively in phase I with 1000m³ per hour processing capacity and phase II with 2000m³ per hour processing capacity. It adopted the equipment of bio-trickling, activated carbon adsorption, and photo-catalytic oxidation to discharge orderly after processing and reaching corresponding standards.

Huaxin Color Printing

Pollution-prevention Facilities Construction and Operation: The Sewage Station is in normal operation.

The company established its own Sewage Station whose maximum processing capacity can reach 20m³/d, and the qualified environmental protection company has always been involved in disposing waste water. All industrial waste water after disposal and reaching Class 1 Standard during the second period stated in Discharge Limits of Water Pollutants (DB44/26-2001) will be discharged into Nanzhuang Sewage Surge.

Appraisal of environment influences for construction project and other administrative licensing of environment protection

Hongta Renheng

(1) Reply on environmental impact report of sludge energy utilization technology project of Zhuhai Hongta Renheng Packaging Co., Ltd. (“Hongta Renheng”) (ZXHJB [2017] No. 63).

(2) Pollutant discharge permit, No. 91440400617502107U001P; validity period: from 7 June 2017 to 6 June 2020; issued by: Environmental Protection Bureau of Xiangzhou District of Zhuhai City.

Zhuhai Huafeng

Pollution discharge permit, No. 914404006176214217001P; validity period: from 7 June 2017 to 6 June 2020; issued by: Environmental Protection Bureau of ZHUHAI GAOLAN PORT ECONOMIC ZONE MANAGEMENT COMMITTEE.

Golden Pheasant Chemical

Pollution discharge permit, No. 4404062010000030; validity period: from 1 August 2016 to 31 July 2021; issued by: Environmental Protection Bureau of ZHUHAI GAOLAN PORT ECONOMIC ZONE.

Huaxin Color Printing

Pollution discharge permit, No. 4406042010231001; validity period: from 4 April 2018 to 3 April 2021 issued by: Environmental Protection Bureau of Chancheng District of Foshan City.

Emergency plan for abrupt environment affairs

Hongta Renheng

Hongta Renheng prepared the Emergency Plan for Environmental Pollution and filed it with Zhuhai Environmental Protection Bureau Environment Monitoring Branch on 17 December 2015; Filing No.: 44040120150P-L, Filing documents: Emergency Plan for Abrupt Environment Affairs of Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd. and the Risk Assessment Report for Abrupt Environment Affairs of Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd.

Zhuhai Huafeng

Zhuhai Huafeng prepared the Emergency Plan for Environmental Pollution and filed it with Environmental Protection Bureau of ZHUHAI GAOLAN PORT ECONOMIC ZONE on 24 October 2013; Filing No.: YHYJB [2015] No. 17, Filing documents: Emergency Plan for Abrupt Environment Affairs of Zhuhai Huafeng Paper Co., Ltd. (“Zhuhai Huafeng”) and the Risk Assessment Report for Abrupt Environment Affairs of Zhuhai Huafeng Paper Co., Ltd. (“Zhuhai Huafeng”) with Environmental Emergency Management Office of Department of Environmental Protection of Guangdong Province on 23 January 2015.

Golden Pheasant Chemical

Golden Pheasant Chemical prepared the Emergency Plan for Abrupt Environmental Pollution and filed it with Environmental Protection Bureau of ZHUHAI GAOLAN PORT ECONOMIC ZONE on 23 November 2015; Filing No.: 2015076.

Huaxin Color Printing

Huaxin Color Printing prepared the Emergency Plan for Abrupt Environment Affairs and the Risk Assessment Report for Abrupt Environment Affairs. Filing No.: 440604-2017-034-L.

Environment self-monitoring scheme

Hongta Renheng

Hongta Renheng prepared self-monitoring scheme, annual self-monitoring report and self-monitoring result information and disclosed the same on the Platform for Disclosure of Self-Monitoring Information of State-Controlled Enterprises at the Provincial Level in Guangdong and the National Pollutant Sources Monitoring

Data Management System Platform according to the requirements of the Measures for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State (for Trial Implementation) (HF [2013] No. 81) and the Work Scheme for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State. The enterprise self-monitoring content includes: air pollutant emission monitoring at main exhaust emission outlets, water pollutant emission monitoring at main wastewater discharge outlets, and factory boundary noise monitoring, as follows:

- (1) Chemical oxygen demand and ammonia nitrogen shall be monitored every two hours every day and the values monitored shall be disclosed; biochemical oxygen demand, total phosphorus and total nitrogen shall be monitored once a week and the values monitored shall be disclosed; other pollutants in the wastewater shall be monitored once a month at least;
- (2) Sulfur dioxide, nitrogen oxides and particles shall be monitored every hour every day and the values monitored shall be disclosed; other pollutants in the exhaust shall be monitored once a season at least;
- (3) Factory boundary noise shall be monitored once a season at least;
- (4) Factory boundary odor concentration shall be monitored once a season.

If the self-monitoring shall be carried out by an entrusted institution, a social testing institution that is certified by the competent department of environmental protection at the provincial level or an environment monitoring institution to which the competent department of environmental protection belongs shall be entrusted to carry out the monitoring task. The environment monitoring institution to which the competent department of environmental protection belongs that has undertaken a supervisory monitoring task shall not undertake the self-monitoring entrustment business of the enterprise monitored.

The enterprise has an online monitoring system of chemical oxygen demand, an online monitoring system of ammonia-nitrogen containing wastewater and an online monitoring system of flue gas. The data of online monitoring systems of chemical oxygen demand, ammonia-nitrogen, sulfur dioxide, nitrogen oxides and particles shall be disclosed on the Integrated Management Platform of Key Pollution Sources in Guangdong Province every day; other pollutants shall be monitored by a qualified third party testing institution that is entrusted according to relevant requirements and then monitoring data shall be disclosed on the Integrated Management Platform of Key Pollution Sources in Guangdong Province and the Management System Platform of National Pollutant Sources Monitoring Data.

Zhuhai Huafeng

Zhuhai Huafeng prepared self-monitoring scheme, annual self-monitoring report and self-monitoring result information and disclosed the same on the Platform for Disclosure of Self-Monitoring Information of State-Controlled Enterprises at the Provincial Level in Guangdong and the National Pollutant Sources Monitoring Data Management System Platform according to the requirements of the Measures for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State (for Trial Implementation) (HF[2013] No. 81) and the Work Scheme for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State. The enterprise self-monitoring content includes: air pollutant emission monitoring at main exhaust emission outlets, water pollutant emission monitoring at main wastewater discharge outlets, and factory boundary noise monitoring, as follows:

- (1) Chemical oxygen demand and ammonia nitrogen shall be monitored every hour every day and the average values shall be disclosed; other pollutants in the wastewater shall be monitored once a month at least;
- (2) Sulfur dioxide, nitrogen oxides and particles shall be monitored every hour every day and the average values shall be disclosed; other pollutants in the exhaust shall be monitored once a season at least;
- (3) Factory boundary noise shall be monitored once a season at least;

(4) Factory boundary odor concentration shall be monitored once a season.

(5) The daily monitoring data of PH value, chroma and suspended solids in the wastewater and the weekly monitoring data of total phosphorus and total nitrogen shall be disclosed on the Management System Platform of National Pollutant Sources Monitoring Data.

If the self-monitoring shall be carried out by an entrusted institution, a social testing institution that is certified by the competent department of environmental protection at the provincial level or an environment monitoring institution to which the competent department of environmental protection belongs shall be entrusted to carry out the monitoring task. The environment monitoring institution to which the competent department of environmental protection belongs that has undertaken a supervisory monitoring task shall not undertake the self-monitoring entrustment business of the enterprise monitored.

The enterprise has an online monitoring system of chemical oxygen demand, an online monitoring system of ammonia-nitrogen containing wastewater and an online monitoring system of flue gas. The data of online monitoring systems of chemical oxygen demand, ammonia-nitrogen, sulfur dioxide, nitrogen oxides and particles shall be disclosed on the Integrated Management Platform of Key Pollution Sources in Guangdong Province every day; other pollutants shall be monitored by a qualified third party institution that is entrusted according to relevant requirements and then monitoring data shall be disclosed on the Integrated Management Platform of Key Pollution Sources in Guangdong Province and the Management System Platform of National Pollutant Sources Monitoring Data.

Golden Pheasant Chemical

In accordance with the requirements of the Work Scheme for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State, Golden Pheasant Chemical entrusts a qualified third party testing institution to conduct wastewater and factory boundary noise test every year, as follows:

- (1) Biochemical oxygen demand, ammonia nitrogen, suspended solids and chemical oxygen demand test shall be conducted once a year at least;
- (2) Factory boundary noise test shall be conducted once a year at least.

Huaxin Color Printing

In accordance with the requirements of the Work Scheme for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State, Huaxin Color Printing entrusts a qualified third party testing institution to conduct wastewater, exhaust and factory boundary noise test every year, as follows:

- (1) PH value, ammonia nitrogen, suspended solids, chemical oxygen demand, biochemical oxygen demand, chroma, sulfides test shall be conducted twice a year at least;
- (2) Benzene, toluene and xylene test shall be conducted once a year at least;
- (3) Factory boundary noise test shall be conducted once a year at least.

Other environment information that should be disclosed

No

Other related environment protection information

No

2. Targeted Measures Taken to Help People Lift themselves out of Poverty

(1) Plan for Targeted Measures

The poverty alleviation work was conducted by the Company according to the plan and arrangement of poverty alleviation leading group of the actual controller China Paper Corporation. The Company didn't carry out relevant work in the Reporting Period.

(2) Outline of Targeted Measures in the Reporting Period

The Company didn't carry out relevant work in the Reporting Period.

(3) Results of Targeted Measures

Indicator	Measurement unit	Number/Progress
I. General condition	—	—
II. Itemized investment	—	—
1. Out of poverty by industrial development	—	—
2. Out of poverty by transferring employment	—	—
3. Out of poverty by relocating	—	—
4. Out of poverty by education	—	—
5. Out of poverty by improving health	—	—
6. Out of poverty by protecting ecological environment	—	—
7. Subsidy for the poorest	—	—
8. Social poverty alleviation	—	—
9. Other items	—	—
III. Received awards(contents and rank)	—	—

(4) Subsequent Targeted Measure Plans

The Company would positively cooperate with China Paper Corporation to carry out the targeted measure activities according to the implementation plan of anti-poverty project from the actual controller China Paper Corporation, continuously conducting the subsequent targeted measure plans.

XVI. Other Significant Events

Applicable Not applicable

No such cases in the Reporting Period.

XVII. Significant Events of Subsidiaries

Applicable Not applicable

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	Number	Percentage (%)	New issues	Bonus shares	Bonus issue from profit	Other	Subtotal	Number	Percentage (%)
I. Non-tradable shares	333,500,000	65.98%						333,500,000	65.98%
1. Sponsor's shares	333,500,000	65.98%						333,500,000	65.98%
Shares held by domestic corporations	332,930,290	65.87%						332,930,290	65.87%
Other	569,710	0.11%						569,710	0.11%
II. Tradable shares	171,925,000	34.02%						171,925,000	34.02%
2. Domestically listed foreign shares	171,925,000	34.02%						171,925,000	34.02%
III. Total shares	505,425,000	100.00%						505,425,000	100.00%

Reasons for the share changes

 Applicable Not applicable

Approval of share changes

 Applicable Not applicable

Transfer of share ownership

 Applicable Not applicable

Effects of share changes on the basic EPS, diluted EPS, net assets per share attributable to ordinary shareholders of the Company and other financial indexes over the prior year and the prior period

 Applicable Not applicable

Other contents that the Company considers necessary or is required by the securities regulatory authorities to disclose

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II. Issuance and Listing of Securities

Applicable Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders at the period-end		13,665		Total number of preference shareholders with resumed voting rights at the period-end (if any) (see Note 8)		0		
5% or greater ordinary shareholders or the top 10 ordinary shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total ordinary shares held at the period-end	Increase /decrease during this Reporting Period	Number of non-tradable ordinary shares held	Number of tradable ordinary shares held	Pledged or frozen shares	
							Status	Number
FOSHAN HUAXIN DEVELOPMENT CO., LTD.	State-owned legal person	65.20%	329,512,030	0	329,512,030	0		
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	Foreign legal person	0.62%	3,157,453	-129,600		3,157,453		
WU HAOYUAN	Domestic natural person	0.51%	2,561,991	0		2,561,991		
CAI YUJIU	Domestic natural person	0.33%	1,675,799	482,147		1,675,799		
MIAO JUN	Domestic natural person	0.30%	1,522,200	285,900		1,522,200		

	person		0		0		
NORGES BANK	Foreign legal person	0.27%	1,352,720		1,352,720		
ESSENCE INTERNATIONAL SECURITIES (HONG KONG) CO., LTD.	Foreign legal person	0.24%	1,205,252		1,205,252		
KGI ASIA LIMITED	Foreign legal person	0.23%	1,161,959		1,161,959		
FOSHAN CHAN BEN DE ASSET MANAGEMENT CO., LTD	State-owned legal person	0.23%	1,139,420		1,139,420		
ZHANG LI	Domestic natural person	0.20%	1,011,300	51,300	51,300		
Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any) (see Note 3)	Naught						
Connected or acting-in-concert parties among the shareholders above	It is unknown whether there is among the above shareholders any connected parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.						
Shareholdings of the top ten tradable ordinary shareholders							
Name of shareholder	Number of tradable ordinary shares held at the period-end		Type of shares				
			Type	Number			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	3,157,453		Domestically listed foreign share	3,157,453			
WU HAoyUAN	2,561,991		Domestically listed foreign share	2,561,991			
CAI YUJIU	1,675,799		Domestically listed foreign share	1,675,799			
MIAO JUN	1,522,200		Domestically listed foreign	1,522,200			

		share	
NORGES BANK	1,352,720	Domestically listed foreign share	1,352,720
ESSENCE INTERNATIONAL SECURITIES (HONG KONG) CO., LTD.	1,205,252	Domestically listed foreign share	1,205,252
KGI ASIA LIMITED	1,161,959	Domestically listed foreign share	1,161,959
ZHANG LI	1,011,300	Domestically listed foreign share	1,011,300
MA ZEIQI	959,762	Domestically listed foreign share	959,762
ZHU SHIJIE	800,052	Domestically listed foreign share	800,052
Connected or acting-in-concert parties among the top ten non-restrictedly tradable share holders and between the top ten non-restrictedly tradable share holders and the top ten shareholders	It is unknown whether there is among the above shareholders any connected parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.		
Top ten ordinary shareholders conducting securities margin trading (if any) (see Note 4)	N/A		

Indicate by tick mark whether any of the top ten ordinary shareholders or the top ten non-restricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yea No

No such cases in the Reporting Period.

IV. Change of the Controlling Shareholder or the Actual Controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

There was no any change of the controlling shareholder of the Company in the Reporting Period.

Change of the actual controller in the Reporting Period

Applicable Not applicable

There was no any change of the actual controller of the Company in the Reporting Period.

Part VII Preferred Shares

Applicable Not applicable

No preferred shares in the Reporting Period.

Part VIII Directors, Supervisors and Senior Management

I Changes in Shareholdings of Directors, Supervisors and Senior Management

Applicable Not applicable

There were no changes in shareholdings of directors, supervisors, and senior management in the Reporting Period. For details, see Annual Report of 2017.

II Changes in Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Office title	Type of change	Date	Reason
Ren Xiaoping	GM	Employed	15 January 2018	Employed by Board of Directors
Ren Xiaoping	Director	Elected	31 January 2018	Elected by Annual General Meeting
Ren Xiaoping	Vice President	Elected	15 March 2018	Elected by Board of Directors
Ding Guoqiang	Vice GM, Secretary of the Board, and CFO	Employed	17 July 2018	Employed by Board of Directors
Ji Xiangdong	Vice President and GM	Left	5 January 2018	Resigned voluntarily
Chen Zhenran	Vice GM	Dismissed	17 January 2018	Resigned voluntarily
Liu Yan	Vice GM and Secretary of the Board	Dismissed	26 March 2018	Resigned voluntarily
Yang Chenglin	CFO	Dismissed	6 July 2018	Job changes

Part IX Corporate Bonds

Are there any corporate bonds publicly offered and listed on the stock exchange, which were undue before the approval date of this Report or were due but could not be redeemed in full?

No

Part X Financial Report

I. Auditor's Report

Whether the interim report has been audited?

Yes No

The interim report of the Company has not been audited.

II. Financial Statements

The unit of the financial statements attached: RMB

1. Consolidated Balance Sheet

Prepared by Foshan Huaxin Packaging Co., Ltd.

30 June 2018

Unit: RMB

Item	30 June 2018	31 December 2017
Current assets:		
Monetary assets	354,612,863.22	287,652,868.65
Settlement reserve		
Interbank loans granted		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	328,996,564.15	430,699,664.45
Accounts receivable	743,129,178.17	730,130,223.06
Prepayments	213,957,479.64	130,297,310.05
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Interest receivable	633,440.15	141,388.09
Dividends receivable		
Other receivables	20,145,275.10	20,108,143.14

Financial assets purchased under resale agreements		
Inventories	741,788,752.26	586,179,348.11
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	27,831,329.21	44,160,627.03
Total current assets	2,431,094,881.90	2,229,369,572.58
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	627,643,841.04	627,643,841.04
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	8,205,989.25	8,294,365.17
Investment property	31,754,646.67	32,092,356.29
Fixed assets	2,232,204,184.15	2,302,301,389.40
Construction in progress	49,481,227.93	39,315,774.19
Engineering materials		
Proceeds from disposal of fixed assets		
Productive living assets		
Oil and gas assets		
Intangible assets	119,698,621.70	139,717,215.22
R&D expense	2,778,163.77	
Goodwill	11,547,305.29	11,547,305.29
Long-term prepaid expense	2,801,296.74	3,256,890.17
Deferred income tax assets	27,594,599.01	27,594,599.01
Other non-current assets	807,067.64	5,235,044.33
Total non-current assets	3,114,516,943.19	3,196,998,780.11
Total assets	5,545,611,825.09	5,426,368,352.69
Current liabilities:		
Short-term borrowings	776,773,275.16	897,426,244.52
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Interbank loans obtained		

Financial liabilities at fair value through profit or loss	1,053,987.24	2,394,879.25
Derivative financial liabilities		
Notes payable	149,811,246.41	8,530,196.41
Accounts payable	310,479,663.79	341,247,162.39
Advances from customers	27,110,691.51	21,769,745.08
Financial assets sold under repurchase agreements		
Handling charges and commissions payable		
Payroll payable	20,899,638.73	29,262,158.33
Taxes payable	18,663,303.42	21,397,103.10
Interest payable	18,751,942.71	7,865,380.83
Dividends payable	29,913,098.67	12,116,789.76
Other payables	93,486,525.48	30,829,181.11
Reinsurance payables		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for underwriting of securities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	199,985,829.38	199,834,258.85
Other current liabilities		
Total current liabilities	1,646,929,202.50	1,572,673,099.63
Non-current liabilities:		
Long-term borrowings	300,000,000.00	200,000,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables	16,000,000.00	16,825,912.17
Long-term payroll payable		
Specific payables		
Provisions	1,366,445.61	1,366,445.61
Deferred income	31,602,968.18	30,773,540.27

Deferred income tax liabilities	2,238,594.61	2,238,594.61
Other non-current liabilities		
Total non-current liabilities	351,208,008.40	251,204,492.66
Total liabilities	1,998,137,210.90	1,823,877,592.29
Owners' equity:		
Share capital	505,425,000.00	505,425,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	256,822,373.42	256,822,373.42
Less: Treasury shares		
Other comprehensive income	169,714.39	169,714.39
Specific reserve		
Surplus reserves	192,647,450.61	192,647,450.61
General reserve		
Retained profits	990,441,300.86	1,027,794,897.79
Total equity attributable to owners of the Company as the parent	1,945,505,839.28	1,982,859,436.21
Non-controlling interests	1,601,968,774.91	1,619,631,324.19
Total owners' equity	3,547,474,614.19	3,602,490,760.40
Total liabilities and owners' equity	5,545,611,825.09	5,426,368,352.69

Legal representative: Ren Xiaoping

Accounting head for this Report: Ding Guoqiang

Head of the accounting department: Wen Yan

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 June 2018	31 December 2017
Current assets:		
Monetary assets	6,470,626.41	27,448,820.30
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Prepayments		

Interest receivable		
Dividends receivable		
Other receivables	278,867,133.91	187,029,661.31
Inventories		
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	24,303.22	18,255.56
Total current assets	285,362,063.54	214,496,737.17
Non-current assets:		
Available-for-sale financial assets	627,643,841.04	627,643,841.04
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	1,065,107,442.14	1,070,107,442.14
Investment property		
Fixed assets	102,029.00	121,857.50
Construction in progress		
Engineering materials		
Proceeds from disposal of fixed assets		
Productive living assets		
Oil and gas assets		
Intangible assets	107,217.24	118,626.24
R&D expense		
Goodwill		
Long-term prepaid expense	190,866.25	213,321.10
Deferred income tax assets		
Other non-current assets		
Total non-current assets	1,693,151,395.67	1,698,205,088.02
Total assets	1,978,513,459.21	1,912,701,825.19
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		

Accounts payable		
Advances from customers		
Payroll payable	6,856.99	5,701.66
Taxes payable	24,582.32	1,698.89
Interest payable	10,197,616.39	4,511,037.89
Dividends payable	6,160,809.67	219,338.35
Other payables	68,455,418.00	7,000,715.00
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	199,985,829.38	199,834,258.85
Other current liabilities		
Total current liabilities	284,831,112.75	211,572,750.64
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Specific payables		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	284,831,112.75	211,572,750.64
Owners' equity:		
Share capital	505,425,000.00	505,425,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	250,531,482.00	250,531,482.00
Less: Treasury shares		
Other comprehensive income		

Specific reserve		
Surplus reserves	192,647,450.61	192,647,450.61
Retained profits	745,078,413.85	752,525,141.94
Total owners' equity	1,693,682,346.46	1,701,129,074.55
Total liabilities and owners' equity	1,978,513,459.21	1,912,701,825.19

3. Consolidated Income Statement

Unit: RMB

Item	H1 2018	H1 2017
1. Revenue	1,747,156,340.92	1,567,199,202.22
Including: Operating revenue	1,747,156,340.92	1,567,199,202.22
Interest income		
Premium income		
Handling charge and commission income		
2. Operating costs and expenses	1,788,217,018.44	1,574,330,174.45
Including: Cost of sales	1,595,138,938.68	1,376,216,644.41
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surtaxes	10,114,628.71	10,398,261.38
Selling expense	69,997,755.68	76,796,056.93
Administrative expense	67,088,679.11	61,449,510.47
Finance costs	45,936,448.74	49,469,701.26
Asset impairment loss	-59,432.48	
Add: Gain on changes in fair value ("-" for loss)	1,340,892.01	
Investment income ("-" for loss)	-88,375.92	16,267,328.42
Including: Share of profit or loss of joint ventures and associates	-88,375.92	16,267,328.42

Foreign exchange gain (“-” for loss)		
Asset disposal income (“-” for loss)	68,414.74	-23,474.80
Other income	9,069,363.42	4,179,991.97
3. Operating profit (“-” for loss)	-30,670,383.27	13,292,873.36
Add: Non-operating income	1,600,770.29	2,077,465.21
Less: Non-operating expense	930,302.34	41,617.20
4. Profit before taxation (“-” for loss)	-29,999,915.32	15,328,721.37
Less: Income tax expense	2,962,396.75	96,393.17
5. Net profit (“-” for net loss)	-32,962,312.07	15,232,328.20
5.1 Net profit from continuing operations (“-” for net loss)	-32,962,312.07	15,232,328.20
5.2 Net profit from discontinued operations (“-” for net loss)		
Net profit attributable to owners of the Company as the parent	-15,299,762.79	12,487,648.99
Net profit attributable to non-controlling interests	-17,662,549.28	2,744,679.21
6. Other comprehensive income, net of tax		
Attributable to owners of the Company as the parent		
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
6.2 Items that may subsequently be reclassified to profit or loss		
6.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		
6.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets		
6.2.3 Gain/Loss arising from reclassification of held-to-maturity		

investments to available-for-sale financial assets		
6.2.4 Effective gain/loss on cash flow hedges		
6.2.5 Differences arising from translation of foreign currency-denominated financial statements		
6.2.6 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	-32,962,312.07	15,232,328.20
Attributable to owners of the Company as the parent	-15,299,762.79	12,487,648.99
Attributable to non-controlling interests	-17,662,549.28	2,744,679.21
8. Earnings per share		
8.1 Basic earnings per share	-0.0303	0.0247
8.2 Diluted earnings per share	-0.0303	0.0247

Where business mergers under the same control occurred in this Reporting Period, the net profit achieved by the merged parties before the business mergers was RMB0.00, with the corresponding amount for the last period being RMB0.00.

Legal representative: Ren Xiaoping

Accounting head for this Report: Ding Guoqiang

Head of the accounting department: Wen Yan

4. Income Statement of the Company as the Parent

Unit: RMB

Item	H1 2018	H1 2017
1. Operating revenue	0.00	0.00
Less: Cost of sales	0.00	0.00
Taxes and surtaxes	300.00	3,620.00
Selling expense	0.00	0.00
Administrative expense	1,297,844.72	4,319,154.04
Finance costs	265,114.18	-3,025,613.56
Asset impairment loss		
Add: Gain on changes in fair value ("-" for loss)		
Investment income ("-" for loss)	3,214,180.81	21,225,807.70

Including: Share of profit or loss of joint ventures and associates		16,418,417.73
Asset disposal income (“-” for loss)		-70,809.94
Other income		
2. Operating profit (“-” for loss)	1,650,921.91	19,857,837.28
Add: Non-operating income		
Less: Non-operating expense		29,759.34
3. Profit before taxation (“-” for loss)	1,650,921.91	19,828,077.94
Less: Income tax expense		
4. Net profit (“-” for net loss)	1,650,921.91	19,828,077.94
4.1 Net profit from continuing operations (“-” for net loss)	1,650,921.91	19,828,077.94
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
5.1.2 Share of other comprehensive income of investees that will not be reclassified into profit or loss under equity method		
5.2 Items that may subsequently be reclassified to profit or loss		
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit or loss under equity method		
5.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets		
5.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.4 Effective gain/loss on cash flow hedges		

5.2.5 Differences arising from translation of foreign currency-denominated financial statements		
5.2.6 Other		
6. Total comprehensive income	1,650,921.91	19,828,077.94
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2018	H1 2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,724,703,419.00	1,195,168,149.37
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Net increase in proceeds from disposal of financial assets at fair value through profit or loss		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Tax rebates	83,274.78	77,562.83
Cash generated from other operating activities	90,788,801.98	45,235,227.81

Subtotal of cash generated from operating activities	1,815,575,495.76	1,240,480,940.01
Payments for commodities and services	1,550,475,876.47	1,617,327,828.30
Net increase in loans and advances to customers		
Net increase in deposits in central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	105,960,255.42	106,197,141.98
Taxes paid	49,419,836.97	78,169,600.34
Cash used in other operating activities	40,926,540.79	45,919,666.96
Subtotal of cash used in operating activities	1,746,782,509.65	1,847,614,237.58
Net cash generated from/used in operating activities	68,792,986.11	-607,133,297.57
2. Cash flows from investing activities:		
Proceeds from disinvestments		
Investment income		13,053,110.23
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets	16,739,630.00	284,755.00
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	16,739,630.00	13,337,865.23
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	10,349,251.07	27,562,168.28
Payments for investments		
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing		

activities		
Subtotal of cash used in investing activities	10,349,251.07	27,562,168.28
Net cash generated from/used in investing activities	6,390,378.93	-14,224,303.05
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Increase in borrowings obtained	1,251,964,962.71	1,076,579,133.19
Net proceeds from issuance of bonds		
Cash generated from other financing activities	33,400,956.90	109,000,000.00
Subtotal of cash generated from financing activities	1,285,365,919.61	1,185,579,133.19
Repayment of borrowings	1,238,924,743.47	459,900,000.00
Payments for interest and dividends	22,589,892.53	41,274,221.49
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	159,238,064.51	129,018,017.46
Subtotal of cash used in financing activities	1,420,752,700.51	630,192,238.95
Net cash generated from/used in financing activities	-135,386,780.90	555,386,894.24
4. Effect of foreign exchange rate changes on cash and cash equivalents	326,302.82	-3,043,048.94
5. Net increase in cash and cash equivalents	-59,877,113.04	-69,013,755.32
Add: Cash and cash equivalents, beginning of the period	254,251,911.75	533,995,466.41
6. Cash and cash equivalents, end of the period	194,374,798.71	464,981,711.09

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	H1 2018	H1 2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services		

Tax rebates		
Cash generated from other operating activities	115,499,945.32	154,225,696.31
Subtotal of cash generated from operating activities	115,499,945.32	154,225,696.31
Payments for commodities and services		
Cash paid to and for employees	715,331.00	3,019,607.81
Taxes paid		3,260.00
Cash used in other operating activities	140,718,960.55	39,565,549.57
Subtotal of cash used in operating activities	141,434,291.55	42,588,417.38
Net cash generated from/used in operating activities	-25,934,346.23	111,637,278.93
2. Cash flows from investing activities:		
Proceeds from disinvestments	5,000,000.00	
Investment income	3,214,180.81	13,053,110.23
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets		25,300.00
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	8,214,180.81	13,078,410.23
Payments for acquisition of fixed assets, intangible assets and other long-lived assets		105,000.00
Payments for investments		
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities		105,000.00
Net cash generated from/used in investing activities	8,214,180.81	12,973,410.23
3. Cash flows from financing activities:		
Capital contributions received		

Increase in borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		100,000,000.00
Payments for interest and dividends	3,258,028.47	17,546,002.15
Cash used in other financing activities		
Sub-total of cash used in financing activities	3,258,028.47	117,546,002.15
Net cash generated from/used in financing activities	-3,258,028.47	-117,546,002.15
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-20,978,193.89	7,064,687.01
Add: Cash and cash equivalents, beginning of the period	27,448,820.30	8,409,271.75
6. Cash and cash equivalents, end of the period	6,470,626.41	15,473,958.76

7. Consolidated Statements of Changes in Owners' Equity

H1 2018

Unit: RMB

Item	H1 2018												
	Equity attributable to owners of the Company as the parent										Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General reserve			Retained profits
	Preferred shares	Perpetual bonds	Other										
1. Balances as of end of prior year	505,425,000.00				256,822,373.42		169,714.39		192,647,450.61		1,027,794,897.79	1,619,631,324.19	3,602,490,760.40
Add: Adjustments for changed accounting policies													

Adjustments for corrections of previous errors													
Adjustments for business combinations involving enterprises under common control													
Other adjustments													
2. Balances as of beginning of the year	505,425,000.00				256,822,373.42		169,714.39		192,647,450.61		1,027,794,897.79	1,619,631,324.19	3,602,490,760.40
3. Increase/decrease in the period (“-” for decrease)											-37,353,596.93	-17,662,549.28	-55,016,146.21
3.1 Total comprehensive income											-15,299,762.79	-17,662,549.28	-32,962,312.07
3.2 Capital increased and reduced by owners													
3.2.1 Ordinary shares increased by shareholders													
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Share-based payments included in owners' equity													
3.2.4 Other													
3.3 Profit distribution											-22,053,834.14		-22,053,834.14
3.3.1 Appropriation to surplus reserves													
3.3.2													

Appropriation to general reserve													
3.3.3 Appropriation to owners (or shareholders)												-22,053,834.14	-22,053,834.14
3.3.4 Other													
3.4 Carryforwards within owners' equity													
3.4.1 Increase in capital (or share capital) from capital reserves													
3.4.2 Increase in capital (or share capital) from surplus reserves													
3.4.3 Surplus reserves used to make up losses													
3.4.4 Other													
3.5 Specific reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used during the period													
3.6 Other													
4. Balances as of end of the period	505,425,000.00				256,822,373.42		169,714.39		192,647,450.61		990,441,300.86	1,601,968,774.91	3,547,474,614.19

H1 2017

Unit: RMB

Item	H1 2017											Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent												
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained profits		
Prefer		Perpet	Other										

		red	ual										
		shares	bonds										
1. Balances as of end of prior year	505,425,000.00				256,822,373.42		169,714.39		190,275,071.84		1,027,703,010.59	1,618,319,827.16	3,598,714,997.40
Add: Adjustments for changed accounting policies													
Adjustments for corrections of previous errors													
Adjustments for business combinations involving enterprises under common control													
Other adjustments													
2. Balances as of beginning of the year	505,425,000.00				256,822,373.42		169,714.39		190,275,071.84		1,027,703,010.59	1,618,319,827.16	3,598,714,997.40
3. Increase/decrease in the period (“-” for decrease)									2,372,378.77		91,887.20	1,311,497.03	3,775,763.00
3.1 Total comprehensive income											18,637,865.97	16,589,946.38	35,227,812.35
3.2 Capital increased and reduced by owners													
3.2.1 Ordinary shares increased by shareholders													
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Share-based													

payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution							2,372,378.77		-18,545,978.77	-15,278,449.35	-31,452,049.35	
3.3.1 Appropriation to surplus reserves							2,372,378.77		-2,372,378.77			
3.3.2 Appropriation to general reserve												
3.3.3 Appropriation to owners (or shareholders)									-16,173,600.00	-15,278,449.35	-31,452,049.35	
3.3.4 Other												
3.4 Carryforwards within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Surplus reserves used to make up losses												
3.4.4 Other												
3.5 Specific reserve												
3.5.1 Withdrawn for the period												
3.5.2 Used during the period												
3.6 Other												
4. Balances as of end of the period	505,425,000.				256,822,373.42		169,714.39		192,647,450.61		1,027,794,897.31,324.	3,602,490,760.

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8. Statements of Changes in Owners' Equity of the Company as the Parent

H1 2018

Unit: RMB

Item	H1 2018										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained profits	Total owners' equity
		Preferred shares	Perpetual bonds	Other							
1. Balances as of end of prior year	505,425,000.00				250,531,482.00				192,647,450.61	752,525,141.94	1,701,129,074.55
Add: Adjustments for changed accounting policies											
Adjustments for corrections of previous errors											
Other adjustments											
2. Balances as of beginning of the year	505,425,000.00				250,531,482.00				192,647,450.61	752,525,141.94	1,701,129,074.55
3. Increase/decrease in the period ("-" for decrease)										-7,446,728.09	-7,446,728.09
3.1 Total comprehensive income										1,650,921.91	1,650,921.91
3.2 Capital increased and reduced by owners											
3.2.1 Ordinary shares increased by shareholders											
3.2.2 Capital increased by holders of other equity instruments											

3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-9,097,650.00	-9,097,650.00	
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-9,097,650.00	-9,097,650.00	
3.3.3 Other												
3.4 Carryforwards within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Surplus reserves used to make up losses												
3.4.4 Other												
3.5 Specific reserve												
3.5.1 Withdrawn for the period												
3.5.2 Used during the period												
3.6 Other												
4. Balances as of end of the period	505,425,000.00				250,531,482.00					192,647,450.61	745,078,413.85	1,693,682,346.46

H1 2017

Unit: RMB

Item	H1 2017										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained profits	Total owners' equity
		Preferred shares	Perpetual bonds	Other							
1. Balances as of end of prior year	505,425,000.00				250,531,482.00				190,275,071.84	747,347,332.97	1,693,578,886.81
Add: Adjustments for changed accounting policies											
Adjustments for corrections of previous errors											
Other adjustments											
2. Balances as of beginning of the year	505,425,000.00				250,531,482.00				190,275,071.84	747,347,332.97	1,693,578,886.81
3. Increase/decrease in the period ("-" for decrease)									2,372,378.77	5,177,808.97	7,550,187.74
3.1 Total comprehensive income										23,723,787.74	23,723,787.74
3.2 Capital increased and reduced by owners											
3.2.1 Ordinary shares increased by shareholders											
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Share-based payments included in owners' equity											
3.2.4 Other											

3.3 Profit distribution									2,372,378.77	-18,545,978.77	-16,173,600.00
3.3.1 Appropriation to surplus reserves									2,372,378.77	-2,372,378.77	
3.3.2 Appropriation to owners (or shareholders)										-16,173,600.00	-16,173,600.00
3.3.3 Other											
3.4 Carryforwards within owners' equity											
3.4.1 Increase in capital (or share capital) from capital reserves											
3.4.2 Increase in capital (or share capital) from surplus reserves											
3.4.3 Surplus reserves used to make up losses											
3.4.4 Other											
3.5 Specific reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used during the period											
3.6 Other											
4. Balances as of end of the period	505,425,000.00				250,531,482.00				192,647,450.61	752,525,141.94	1,701,129,074.55

III. Company Profiles

Foshan Huaxin Packaging Co., Ltd. (hereinafter referred to as the Company) was promoted by Foshan Huaxin Development Co., Ltd., as a main sponsor, under approval of People's Government of Guangdong Province with YBH (1999) No. 297 document and Economic System Reform Committee of Guangdong Province with YTG (1999) No. 032 document, and jointly invested by seven shareholders such as Foshan Municipal Investment General Corporation, Foshan Xinhui Industrial Development Co., Ltd., China

Packaging General Corporation, China Material Development & Investment General Corporation, Guangdong Technical Reforming & Investment Co., Ltd., China Chemistry & Light Industry General Corporation, and Foshan Light Industry Company by promotion with total share capital of RMB290,000,000 at par value of RMB1 per share. The Company is joint-stock company who was registered in Administration Bureau for Commerce & Industry of Guangdong Province on June 21, 1999. (Business License No. 4000000005147). In the year of 2000, the Company successfully placed domestically listed foreign shares (B shares) amounting to 149,500,000 by mean of private placing, which was listed in Shenzhen Stock Exchange for trade. After offering, the Company's total share capital was increased to RMB439,500,000.00. In June 2007, the Company distributed dividends of 65,925,000 shares, thus, the total share capital was changed into RMB505,425,000.00.

As at 30 June 2018, the Company accumulatively issued 505,425,000 shares in number and the registered capital stood at RMB505,425,000 and the registered address: 2/F, Block 7, No. 3 Keyang Road, Luoge Park, Chancheng Economic Development Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, and the office address of headquarter is 2/F, Block 7, No. 3 Keyang Road, Luoge Park, Chancheng Economic Development Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, of which the parent company is Foshan Huaxin Development Co., Ltd. and the ultimate actual controller is China Chengtong Holding Group Co., Ltd.

The Company is in the industry of papermaking, paper packaging and printing, and mainly manufactures (operated by subsidiary companies under the Company) and sells packaging materials, and packaging products, materials for decoration and aluminum and plastic compound materials; sells and maintains package machinery; invests in industry in terms of package and printing. Main products include high-grade coated white cardboard and color packages printing products.

6 subsidiaries were included in the consolidated financial statements of the current period, which are as follows:

Subsidiary	Type	Tier	The Company's shareholding percentage (%)	Voting stock percentage (%)
Zhuhai Hongta Renheng Packaging Co., Ltd.	Majority-owned subsidiary	Level 1	41.9653%	41.9653%
Zhuhai Huafeng Paper Co., Ltd.	Wholly-owned subsidiary	Level 2	100%	100%
Zhuhai Golden Pheasant Chemical Co., Ltd.	Majority-owned subsidiary	Level 2	51%	51%
Huaxin (Foshan) Color Printing Co., Ltd.	Wholly-owned subsidiary	Level 1	100%	100%
Kunshan Foshan Color Packaging Printing Co., Ltd.	Wholly-owned subsidiary	Level 1	100%	100%
Zhejiang Hongta Renheng Packaging Technology Co., Ltd	Wholly-owned subsidiary	Level 1	100%	100%

Notes to the controlling executed by the Company on Zhuhai Hongta Renheng Packaging Co., Ltd. (hereinafer referred to as "Hongta Renheng"):

On 30 June 2009, the Company required 40.176% equities of Hongta Renheng through capital increase and share expansion method. There were 5 members of the Board of Directors of Hongta Renheng, of which 3 of them were sent by the Company, 1 from Yunnan Hehe Group Co., Ltd. (before name change: Yunnan Hongta Group Co., Ltd.) and 1 from Renheng Industrial Co., Ltd.. The Chairman (legal representative) was appointed from the Company with the GM and the CFO were both the expatriate personnel from the Company. The Company could control the routine production and operating activities of Hongta Renheng and thus from July 2009, Hongta Renheng began to be included in the consolidated financial statement scope of the Company. On 1 February 2010, Hongta Renheng completed the industrial and commercial alternation procedures of the capital increase with the equities of Hongta

Renheng that held by the Company increased to 41.9653%, and at the same time according to the resolution of the Board of Directors held on 25 February 2010 by Hongta Renheng, the contracts, articles of Hongta Renheng had altered with the Board members changed from 5 to 7 Directors, of which 4 of them (originally were 3) sent by the Company. 2 of them by Yunnan Hehe Group (originally was 1), 1 of them by Renheng Industrial Co., Ltd. and none of them by Dragon State International Limited. The Company still could decide the financial and operating policies of Hongta Renheng as well as could execute the control, thus would continue to include Hongta Renheng into the consolidated scope of the Company.

IV. Basis for the Preparation of Financial Statements

1. Preparation Basis

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Group prepared financial statements in accordance with <The Accounting Standards for Business Enterprises—Basic Standard> issued by the Ministry of Finance and with each specific accounting standard, the Application Guidance of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other regulations (hereinafter jointly referred to as “the Accounting Standards for Business Enterprises”, “China Accounting Standards” or “CAS”), as well as the Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting by China Securities Regulatory Commission (revised in 2014).

2. Continuation

The Company evaluated the processes constantly operation ability with 12 months since the Reporting Period. There was no significant suspect event to the continuation. Thus, the financial statement was prepared on the base of the assumption of continuation

V. Important Accounting Policies and Estimations

Indication of specific accounting policies and estimations:

Naught

1. Statement for Complying with the Accounting Standard for Business Enterprise

The financial statements for the Reporting Period prepared by the Company are in compliance with the requirements of the accounting standard for business enterprise, and have reflected the Company’s financial status, operating results and cash flows in an accurate and complete way.

2. Fiscal Period

The fiscal year of the Company is a solar calendar year, which is from January 1st to December 31st.

3. Operating Cycle

The operating cycle of the Company is 12 months.

4. Standard Currency of Accounts

The Company adopts Renminbi as a standard currency of accounts.

5. Accounting Process of Business Combinations under the Same Control and not under the Same Control

(1) Each Transaction Items, Conditions and Economy Influence in Confirm with the Following One or Several Conditions, when Realizing Enterprise Combination by Steps. Several Transaction Events were Considered as a Package Deal and Conducted Accounting Method

- 1) The transaction was set up in the same time or had considered the influence to each others;
- 2) The transaction only stand as a whole, a perfect commercial result can be arrived.
- 3) A transaction incurred depends on at least one transaction occurred;
- 4) A transaction is not economical, however, together with other transaction are economical.

(2) Business Combination Under the Same Control

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party (including goodwill formed from the final control party purchase combined party) combining party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted.

In the event that the contingent consideration exists and the accrued liabilities or assets need to be recognized, the difference between the accrued liabilities or assets and the settlement amount of subsequent contingent consideration shall adjust the capital surplus (capital premium or stock premium), and if the capital surplus is not sufficient, adjust the retained earnings.

Where the corporate merger and acquisition is realized through multiple transactions, if these transactions belong to a package transaction, each transaction shall be accounted as a transaction to obtain the right to control; if these transactions do not belong to a package transaction, on the date the right to control is obtained, the difference between the initial investment costs of the long-term equity investment and the carrying value of long-term equity investment before the M&A plus the carrying value of the new consideration paid to further get the shares on the date of M&A shall be charged against the capital surplus, and if the capital surplus is insufficient, the difference shall be charged against the remaining earnings. For the equity investment held before the date of M&A, the other comprehensive earnings accounted for using the equity method or recognized with the financial tool and accounted for and recognized using the measurement criteria shall not be accounted, until the investment is disposed, at which time, the investment shall be accounted on the same basis as the investee directly disposes related assets or liabilities; the changes to the owner's equity in the investee's net assets accounted and recognized using the equity method other than the net profit or losses, other comprehensive earnings and profit distribution, shall not be accounted, until the investment is disposed, at which time, it shall be carried over to the current profits or losses.

(3) Business Combination not Under the Same Control

The "acquisition date" refers to the date on which the Company actually obtains the control on the acquiree, that is, the date on which acquiree's net asset or the right of control of production decision are transferred to the Company. The right of control is thought to be transferred when the following conditions are simultaneously satisfied:

- ① The contract or agreement of business combination has been approved by the internal authority of the

Company.

- ② The events of business combination in need of the approval of relevant national authorities have been approved.
- ③ The necessary property rights transfer has been made.
- ④ The Company has paid the most of the combination price, and the Company is able to pay the rest of it with plans.
- ⑤ The Company actually has controlled the finance and operation policy of the acquiree, enjoying the corresponding benefits and taking corresponding risks.

The Company shall, on the acquisition date, measure the assets given and liabilities incurred or assumed by an enterprise for a business combination in light of their fair values, and shall record the balances between them and their carrying amounts into the profits and losses at the current period.

The Company shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation. The Company shall record, upon recheck, the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree into the profit and loss of the current period.

Where a merger of enterprises not under the same control is realized through multiple transactions step by step, if these transactions belong to a package transaction, each transaction shall be accounted as a transaction to obtain the right to control; if these transactions do not belong to a package transaction, and the equity investment held before the date of M&A is accounted using the equity method, the sum of the carrying value of the equity investment in the acquiree held before the date of the acquisition, plus the new investment costs on the date of the acquisition shall be the initial investment costs of the investment; other comprehensive earnings of the equity investment held before the date of acquisition accounted and recognized using the equity method shall be accounted on the same basis as the investee directly disposes relevant assets or liabilities when the investment is disposed. If the equity investment held before the date of M&A is recognized using the financial tool and accounted using the measurement criterion, the sum of the fair value of the equity investment on the date of M&A plus the new investment costs shall be the initial investment costs at the date of M&A. The difference between the fair value and carrying value of the held equity and changes to the accumulated fair value charged against other comprehensive earnings shall be fully converted the current investment earnings at the date of M&A.

(4) Relevant Costs Incurred from the Business Combination

The intermediary fees (fees for audit, legal and evaluation & consulting services, etc.) and other relevant management expenses incurred on the acquirer for the business combination shall be recorded into current gains and losses when incurred. The trading expenses arising from the acquirer's issuing equity securities or debt securities as the combination consideration shall be included in the initially recognized amount of the equity securities or debt securities.

6. Methods for Preparing Consolidated Financial Statements

(1) Consolidation Scope

The scope of consolidated financial statements shall be confirmed based on the control. All subsidiaries (including individual entities controlled by the Company) of the Company shall be included into the consolidated financial statement.

(2) Consolidation Process

The Company based on the financial statements of itself and its subsidiaries, in line with other relevant information, prepare the consolidated financial statements. The consolidated financial statements the Company

prepare was considered the whole enterprise group as a accountant entity, in line with the requirement of presentation, recognition and calculation in ASBE and a uniform accountant policies, reflect the financial situation, operation results and cash flows of the whole enterprise group.

The accounting policies and accounting period adopted by the subsidiaries that are included into the scope of consolidated financial statement consistent with those the Company adopts. If the accounting policies and accounting period adopted by a subsidiary are different from those adopted by the Company, necessary adjustments shall be made to the financial statements under the accounting policies and accounting period adopted by the Company.

Consolidated financial statement shall be prepared by the parent company after the effects of the internal transactions between the Company and its subsidiaries and between its subsidiaries themselves on the consolidated balance sheets, consolidated income statement, consolidated cash flow and consolidated statement of change in owners' equity are offset. If standing at the point of view of enterprise group consolidated financial statement, and its recognition of common trade differ from the accounting entity of Company or subsidiary, adjust it from the point of view of the enterprise group.

Minority shareholders' portions of equities and income in subsidiaries shall be separately stated respectively under owners' equity in the consolidated balance sheet and net profit in the consolidated income statement. For the deficit of current period exceeding the share in the beginning of owner's equity, the balance shall offset against the minority shareholder's equity.

For subsidiary obtained by business combination under same control, adjust the financial statement on the base of book value of assets, liabilities (including goodwill formed by the financial control party purchasing the subsidiary) in financial statement of final control party.

For subsidiary obtained by business combination not under same control, adjust the financial statement on the base of identifiable net assets on purchase date

1.1. Increasing the subsidiaries or business

During the Reporting Period, for the added subsidiary companies for business combination under the same control, shall adjust the beginning balance of the consolidated balance sheet, and shall involve the incomes, expenses and profits of the subsidiary companies incurred from the beginning of the current period to the end of reporting year into consolidated income statement; and shall include the cash flow of the subsidiary companies from the beginning of the current period to the Reporting Period into the consolidated cash flow statement. Meanwhile, relevant items in the statements shall be compared and adjusted with the reporting subject after the consolidation being regarded to have always existed since the control party start to control.

Owning to the reasons such as the additional investment, for the subsidiaries could execute control on the investees under the same control, should be regard as the individuals participated in the combination that to execute adjustment by existing as the current state when the ultimate control party began to control. For the equity investment held before acquiring the control right of the combined parties, the confirmed relevant gains and losses, other comprehensive income and the changes of other net assets since the date of the earlier one between the date when acquiring the original equity right and the date when the combine parties and combined ones were under the same control to the combination date, should be respectively written down and compared with the beginning balance of retained earnings or the current gains and losses during the statement period.

During the Reporting Period, for the added subsidiary companies for business combination note under the same control, shall adjust the beginning balance of the consolidated balance sheet, and shall involve the incomes, expenses and profits of the subsidiary companies incurred from purchase date to the end of reporting year into consolidated income statement; and shall include the cash flow of the subsidiary companies from purchase date to the Reporting Period into the consolidated cash flow statement.

Owing to the reasons such as the additional investment that the subsidiaries could execute the control of the investees under different control, the Company shall re-measure the equity interests in the acquiree held by it before the acquisition date according to the equity interests' fair value on the acquisition date. And the difference between the fair value and the book value is recorded into current investment gains. Where the equity interests in the acquiree held by the Company which involved with the other comprehensive profits and changes of the other owners' equities except for the net gains and losses, other comprehensive profits as well as the profits distribution under the measurement of equity method before the acquisition date involves other comprehensive incomes, the relevant other comprehensive incomes and the changes of the other owners' equities are restated as investment gains for the period which the acquisition date belongs to, with the exception of the other comprehensive incomes occurred because of the changes of net liabilities or net assets of the defined benefit pension plans be re-measured for setting by the investees.

1.2. Disposal of the subsidiaries or business

1). General disposing method

The consolidated cash flow statement shall include the cash flow from the beginning of the current period to the settlement date.

Where the Company loses the control over a former subsidiary due to disposal of some equity investments or other reasons, the Company re-measures the remaining equity investments after the disposal according to the fair value on the date when the control ceases. The consideration obtained in the equity disposal, plus the fair value of the remaining equities, less the Company's share of net assets in the former subsidiary calculated from the acquisition date according to the former shareholding ratio, is recorded into the investment gains for the period when the control ceases. Other comprehensive incomes in relation to the equity investments in the former subsidiary are restated as investment gains for the period when the control ceases. Where the equity interests in the subsidiary held by the Company which involved with the other comprehensive profits and changes of the other owners' equities except for the net gains and losses, other comprehensive profits as well as the profits distribution when losing control, the relevant other comprehensive incomes and the changes of the other owners' equities are restated as investment gains for current period, with the exception of the other comprehensive incomes occurred because of the changes of net liabilities or net assets of the defined benefit pension plans be re-measured for setting by the investees.

2). Step by step disposing the subsidiaries

Where the Company losses control on its original subsidiaries due to step by step disposal of equity investments through multiple transactions, all the transaction terms, conditions and economic impact of the disposal of subsidiaries' equity investment are in accordance with one or more of the following conditions, which usually indicate the multiple transactions should be considered as a package deal for accounting treatment:

- A. The transaction was set up in the same time or had considered the influence to each others;
- B. The transaction only stand as a whole, a perfect commercial result can be arrived.
- C. A transaction incurred depends on at least one transaction occurred;
- D. A transaction is not economical, however, together with other transaction are economical.

When disposing each transaction of the Company losses control on its subsidiaries due to disposal of equity investments belonging to a package deal, should be considered as a transaction and conduct accounting treatment. However, Before losing control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated financial statements, which together transferred into the current profits and losses in the loss of control, when the Company losing control on its subsidiary.

When disposing each transaction of the Company losses control on its subsidiaries due to disposal of equity

investments not belonging to a package deal, before which losing the control right, should execute the accounting disposal according to the partly dispose the equity investment of the subsidiaries under the situation not losing the control right; when losing the control right, should execute accounting disposal according to the general disposing method disposal of the subsidiaries.

3) Purchasing minority equities of the subsidiaries

If there is any difference between the newly obtained long-term equity investment due to the Company's acquisition of minority interests and the Company's share of identifiable net assets which began to be calculated from the purchase date (or the combination date) in the subsidiary calculated according to the newly increased shareholding ratio, the stock premium under capital reserve in the balance sheet shall be adjusted according to the said difference. If the stock premium under capital reserve is not sufficient to be offset, the retained profit is adjusted.

4) Disposing the equity investment of the subsidiaries under the situation not losing the control right

The differences between the disposal income due to the Company's disposal of some equity investments in a subsidiary without losing the control over the subsidiary and the Company's share of net assets in the subsidiary calculated according to the disposed long-term equity investments, the stock premium under capital reserve in the balance sheet shall be adjusted according to the said difference. If the stock premium under capital reserve is not sufficient to be offset, the retained profit is adjusted.

7. Classification of Joint arrangements and Accounting Treatment of Joint Operations

8. Recognition Standard for Cash and Cash Equivalents

When preparing the cash flow statement, the term "cash" refers to cash on hand and deposits that are available for payment at any time. The term "cash equivalents" refers to short-term (within 3 months from the purchase date) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements

As for a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in the Renminbi at the spot exchange rate of the transaction date.

On balance sheet date, the foreign currency monetary items shall be translated as the spot exchange rate on the balance sheet date, the balance occurred thereof shall be recorded into the profits and losses at the current period except that the balance of exchange arising from foreign currency borrowings for the purchase and construction or production of assets eligible for capitalization shall be measured in the light of capitalization principle. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date, of which the amount of functional currency shall not be changed.

The foreign currency non-monetary items measured at the fair value shall be translated at the spot exchange rate on the confirming date of fair value, of which the balance of exchange shall be included into the profit and loss of the current period or capital reserve. If it belongs available for sale foreign currency non-monetary items, the difference form of exchange record into other comprehensive income.

10. Financial Instruments

Financial instruments include financial assets and liabilities and equity instruments.

1. Categorization of Financial Instruments

The Company divides the financial instruments pursuant to the purpose to acquire the said financial assets or undertake the financial liabilities: the financial assets and liabilities which are measured at their fair values and of which the variation is included in the current profits and losses, including transactional financial assets and liabilities and the designated financial assets and liabilities which are measured at their fair values and of which the variation is included in the current profits and losses; the investments which will be held to their maturity; accounts receivable; financial assets available for sale; and other financial liabilities.

2. Recognition Basis and Calculation Method of Financial Instrument

2.1. Financial assets (liabilities) measured by fair value and the changes included in the current gains and losses

The financial assets (or financial liabilities) that are measured by fair value with its change s recognized in the current profits and losses, including the transactional financial assets or financial liability and the financial assets or financial liabilities that are directly designated to be measured by fair value with its change recognized in the current losses and profits.

Transactional financial assets or financial liabilities mean the financial assets or financial liabilities that meet any one of the following conditions:

- 1). The purpose of obtaining the financial assets or financial liabilities is to sell, repurchase or redeem it in a short time;
- 2). It is a part of the identifiable combination of financial instrument that the company manages together and there is objective evidence of a recent pattern of short-term profit making;
- 3). It belongs to the derivative financial instrument, but is designated as the derivative instrument of valid arbitrage instrument or belongs to the derivation instrument of financial guarantee contract, or it is connected to the equity instrument investment for which there is no quotation in active market and its fair value cannot be reliably measured, the derivative tool that shall be settled through delivering the equity instrument excluded.

Only if one of the following conditions is met, could the financial assets or financial assets be designated as the financial assets or financial liability that shall be measured by fair value with changes recognized in profit or loss in the period:

- 1). The designation is able to eliminate or obviously reduce the discrepancies in the recognition or measurement of relevant gains or losses arising from the different basis of measurement of the financial assets or financial liability;
- 2). The official written document of risk management or investment strategies of the enterprise concerned have described that the said combination of financial assets, the combination of financial liabilities, or the combination of financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and will be reported to the key management personnel.
- 3). The mixed instruments include one or more embedded derivative instrument, unless the embedded derivative instrument does not materially change the cash flow of the mixed instrument, or it is obvious that the embedded instrument shall not be split from the relevant mixed instrument;
- 4). The mixed instrument that include the embedded derivative instrument that shall be split but cannot be separately measured when it is obtained or on the subsequent date of balance sheet.

For the financial assets or financial liabilities that is measured by fair value with its change recognized in the current profits or losses, the company will use the fair value (deducting the cash dividend that is announced but not issued, or the bond interest that is due but has not be claimed) as the initially recognized amount, and the related transaction costs shall be recognized in the current profits and losses. The interest or cash dividend obtained during the holding period shall be recognized as the investment earning, and at the end of the period, the change in fair value shall be recognized in the current profits and losses. At the time of disposal, the difference

between its fair value and the initially recognized amount shall be recognized as the investment earnings, and at the same time, the change in fair value shall be recognized as the profit or loss.

2.2. Accounts receivable

Accounts receivable refers to the non-derivative financial assets for which there is no quoted price in the active market and of which the repo amount is fixed or determinable.

The creditor's rights arising from selling goods or providing service by the Company and other creditor's rights to other enterprises held by the company that are not quoted in an active market, including accounts receivable, notes receivable, other receivables, long-term receivables, etc., the contract or agreement price should be taken as the initial recognition amount. If it has the nature of financing, it shall be recognized by present value.

Difference between the amount received and book value of the receivables shall be included into the profit or loss of the current period upon collection or disposal.

2.3. Held-to-maturity investments

Held-to-maturity investment means those non-derivative financial assets with fixed maturity date and fixed or determinable recoverable amount and that company has both the positive intention and the ability to hold to maturity.

When the Company obtains the held-to-maturity investment (less the unpaid interest on bonds which has been accrued), the sum of the fair value and related transaction costs will be treated as initial confirmation amount. During the holding period, interest income shall be calculated in accordance with the amortized cost and the actual interest rate and included in investment income. The actual interest rates are determined upon acquisition and remain unchanged during the expected holding period or a shorter period if applicable. Difference between the proceeds received and book value of the investment is charged to investment income.

If the amount of other type of financial assets that are acquired through the disposal or reclassification of held-to-maturity investments is greater than the total amount of all held-to-maturity investments held by the Company prior to sales or reclassification, after such disposal or reclassification, the remaining held-to-maturity investments shall be reclassified into available-for-sale financial assets; on the date of reclassification, the difference between book value of the investment and the fair value shall be charged to investment income except the following circumstances:

- 1). The sales date or reclassification date is close to the maturity date or redemption date (e.g., with three months prior to the maturity date) and the change of market interest rate didn't exert a great influence on the fair value of the investment.
- 2). The enterprise has got back almost all the initial principal in the mode of payment as specified in the contract.
- 3). The sales or reclassification is resulted from an independent event which is out of the control of the enterprise, will not occur repeatedly based on the predication and is difficult to estimate reasonably.

2.4. Available-for-sale financial assets

Available-for-sale financial assets were referred to the non-derivative financial assets available for sale, as well as the financial assets other than the other financial asset classes in the initial recognition.

When available-for-sale financial assets are acquired, its initial amount shall be recognized at the fair value (excluding cash dividends that have been declared but not yet distributed or bond interests that have matured but not yet received) plus transaction expense thereof. Interest or cash dividend received in holding period were recognized as investment income. Profits or losses from the change in fair value of available-for-sale financial assets except impairment losses and translation balance from foreign monetary financial assets, directly record into other comprehensive income. When disposing available-for-sale financial assets recorded the difference between the price and the book value of the financial assets into investment profits or losses, meanwhile, roll out the disposal part of the accumulative amount of change in fair value originally and directly recorded into other

comprehensive income and record into investment profits or losses.

The equity instrument investment without offer and its fair value without reliable calculation, and derivative financial assets linked to and settled by the equity instruments, measured at cost.

2.5. Other financial liabilities

Other financial liabilities shall be initially recognized at fair value plus transaction costs. The subsequent measurement shall be made by adopting amortized costs.

3. Recognition and Measurement of Transfer of Financial Assets

Where an enterprise has transferred nearly all of the risks and rewards relating to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset. If it retains nearly all of the risks and rewards relating to the ownership of the financial asset, it shall not stop recognizing the financial asset.

Substance over form philosophy should be adopted to determine whether the transfer of a financial asset can satisfy the conditions as described in these Standards for de-recognition of a financial asset. An enterprise shall differentiate the transfer of a financial asset into the entire transfer and the partial transfer of financial assets. If the transfer of an entire financial asset satisfies the conditions for stop recognition, the difference between the amounts of the following 2 items shall recorded in the profits and losses of the current period:

- (1) The carrying amount of the transferred financial asset;
- (2) The aggregate consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the owner's equities (in the event that the financial asset involved in the transfer is a financial asset available for sale).

If the transfer of partial financial asset satisfies the conditions for stopping recognition, the carrying amount of the entire financial asset transferred shall be allocated at their respective relevant fair value, between the portion whose recognition has stopped and the portion whose recognition has not stopped, and the difference between the amounts of the following 2 items:

- (1) The carrying amount of the portion whose recognition has stopped;
- (2) The aggregate consideration of the portion whose recognition has stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has stopped (in the event that the financial asset involved in the transfer is a financial asset available for sale).

The transfer of financial assets does not meet the de-recognition condition, the financial assets shall continue to be recognized, and the consideration received will be recognized as financial liabilities.

4. Termination of Recognition of Financial Liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Where the Company makes substantial revisions to some or all of the contractual stipulations of the existing financial liability, it shall terminated the recognition of the existing financial liability or part of it, and at the same time recognize the financial liability after revising the contractual stipulations as a new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the Company concerned shall include into the profits and losses of the current period the gap between the carrying amount which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed).

Where the Company buys back part of its financial liabilities, it shall distribute, on the report day, the carrying amount of the whole financial liabilities in light of the comparatively fair value of the part that continues to be recognized and the part whose recognition has already been terminated. The gap between the carrying amount which is distributed to the part whose recognition has terminated and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed) shall be recorded into the profits and losses of the current period.

5. Determination of the Fair Value of Financial Assets and Financial Liabilities

As for the financial assets and liabilities in an active market, the closing quoted prices in the active market shall be used to determine the fair values thereof. The closing quoted prices in the active market includes the quoted prices of relevant assets and liabilities which are easy to be acquired from exchange, dealer, broker, industrial group, pricing institution or regulatory institution regularly and which can represent the market trading that occur actually and frequently on the basis of fair trade.

The fair value of initially obtained or derivative financial assets or borne financial liabilities shall be determined according to the market transaction price thereof;

Where there is no active market for a financial assets and financial liabilities, the Company concerned shall adopt value appraisal techniques to determine its fair value. When evaluating, the Company adopt the valuation technique with sufficient useful data and supported by other information which suitable for the current situation, choose a input in concern with the characteristics of assets or liabilities considered in relevant assets or liabilities transaction with the market players, and as much as possible, give prior to using the relevant observable input under the situation that, the observable input value or it is not feasible to obtain, use unobservable input value.

6. Withdrawal Method of Provision for Impairment on Financial Assets (Excluding Accounts Receivable)

Except for financial assets which are measured at their fair values and of which the variation is included in the current profits and losses, the Company checks the book values of all other financial assets on the balance sheet date. If there is objective evidence proving that a financial asset is impaired, an impairment provision is made.

The objective evidences of impairment provision of financial assets include but not limited to:

1. Issuer or debtor had serious financial difficulties;
2. The debtor violates the items of the contact, such as violate a treaty or overdue to repay the interest or principal, etc;
3. The creditor considering the factors of economy or law makes concession to the debtor who had serious financial difficulty;
4. The debtor probably may go out of business or had other financial recombination;
5. Due to the issuer had serious financial difficulty; the financial assets cannot continue to trade in the active market;
6. The cash flow of a kind of asset in a group of financial assets decrease or not was beyond recognition, however, after conducting the overall evaluation in line with the public data, the estimate cash flow of the group of financial assets actually decrease and gaugeable since initial recognition, if the repay ability of the debtor steadily worsened, or the increase of unemployment rate, the decrease in the price of guaranty or the industry downturn that the district or country the debtor in, etc;
7. The great disadvantage change in technology, market, economy or legal environment that operation place that issuer of equity instrument locate at, which lead to the irrecoverable of investment cost of the equity instrument investors;
8. The fair value occurred seriously or non-transient decrease;

The specific impairment provision methods of financial assets were as follows:

- (1) Provision for impairment of available-for-sale financial assets:

On balance sheet date, the Company separately examines each available-for-sale equity instrument investment. If the fair value of the equity instruments which invests on the balance sheet date is lower than its initial investment cost for more than 50% (including 50%) or lower than its initial investment cost for the duration time for more than 1 year (including 1 year), which indicates that it had occurred impairment; if the fair value of the equity instruments which invests on the balance sheet date is lower than its initial investment cost for more than 20% (including 20%) but not reaches at 50%, the Company will comprehensively considerate the other relevant factors such as the price volatility etc. and will judge the equity investment whether had occurred impairment.

The aforesaid "cost" recognized in line with the initial investment cost of available for sale financial instrument deducting principal recovered, amount amortized and the impairment losses recorded into profits or losses. The fair value of available-for-sale equity instrument investments that do not exist in active market shall be determined in accordance with the present value obtained from the discount of future cash flow with the present market return of similar financial assets; the fair value of available-for-sale equity instrument investment that has provided a quoted price in active market shall be determined in accordance with the final closing price of stock exchange, unless the available-for-sale equity instrument investment has a restricted stock trade period. The fair value of available-for-sale equity instrument investment with a restricted stock trade period shall be determined in accordance with the final closing price of stock exchange less the compensation claimed by market participants who have to bear the risk that they can't sale the equity instrument at a public market in the specified period.

Where a sellable financial asset is impaired, even if the recognition of the financial asset has not been terminated, the accumulative losses arising from the decrease of the fair value of the owner's equity which was directly included shall be transferred out of the owners' equities and recorded into the profits and losses of the current period. The accumulative losses that are transferred out shall be the balance obtained from the initially obtained costs of the sold financial asset after deducting the principals as taken back, the current fair value and the impairment-related losses as was recorded into the profits and losses of the current period.

As for the sellable debt instruments whose impairment-related losses have been recognized, if, within the accounting period thereafter, the fair value has risen and are objectively related to the subsequent events that occur after the originally impairment-related losses were recognized, the originally recognized impairment-related losses shall be reversed and be recorded into the profits and losses of the current period as for the impairment-related losses incurred to a sellable equity instrument investment, should be reversed by equity when the value raised of the equity instruments; however, the impairment-related losses incurred to an equity instrument investment for which there is no quoted price in the active market and whose fair value cannot be reliably measured, or incurred to a derivative financial asset which is connected with the said equity instrument and which shall be settled by delivering the said equity instrument, may not be reversed.

(2) Impairment provision for held-to-maturity investments

If any objective evidence shows that a held-to-maturity investment has been impaired, the impairment loss shall be recognized at the gap between its book value and the present value of its estimated future cash flow; after the impairment provision is made, if there is any evidence proving that the value of the said held-to-maturity investment has been restored, the impairment loss as originally recognized may be reversed and be recorded into the profits and losses of the current period, but the reversed book value shall not be any more than the post-amortization costs of the said held-to-maturity investment on the day of reverse under the assumption that no provision is made for the impairment.

7. The Offset of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are shown separately in balance sheet. However, if they satisfy the following conditions, shown the net amount in the balance sheet after the offset;

(1) The Company had legal rights of offsetting the recognition amount, and the legal right is executable in

recently;

(2) The Company plans to settle at net amount, or meanwhile realize the financial assets and pay off the financial liabilities.

8. Distinction and Relevant Handling of Financial Liabilities and Equity Instrument

In accordance with the accounting standards of financial instruments, as per the contract terms of and the economic substance reflected by (rather than by legal form only) financial instruments such as issued preferred stock and perpetual capital securities, based on the definition of financial liabilities and equity instrument, the company classified financial instrument or its components as financial liabilities or equity instrument during the initial confirmation:

1. Any Issued Financial Instrument that Meets one of the Following Conditions shall be Classified as Financial Liabilities:

- (1). Contractual obligation of delivering cash or other financial assets to other party;
- (2). Contractual obligation of exchanging financial assets or financial liabilities with other party under any potential adverse condition;
- (3). Non-derivative instrument contract which must or may use the enterprise's own equity instrument for settlement; and, the enterprise shall deliver a variable number of the enterprise's own equity instruments pursuant to the contract;
- (4). Derivative instrument contract which must or may use the enterprise's own equity instrument for settlement, except derivative instrument contracts which substitute a fixed number of own equity instruments for a fixed amount of cash or other financial assets.

2. Any Issued Financial Instrument that Meets the Following Conditions shall be Classified as Equity Instrument:

- (1). The financial instrument isn't subject to contractual obligation of delivering cash or other financial assets to other party or exchanging financial assets or financial liabilities with other party under any potential adverse condition;
- (2). Where the financial instrument must or may be settled with the enterprise's own equity instrument, if the financial instrument is a non-derivative instrument, a contractual obligation of delivering a variable number of the enterprise's own equity instruments for settlement is not included; if the financial instrument is a derivative instrument, the enterprise can only settle the financial instrument by exchanging a fixed number of own equity instruments with a fixed amount of cash or other financial assets.

3. Distinction of Financial Liabilities and Equity Instrument

A contractual obligation, the performance of which by delivering cash or other financial assets can't be avoided unconditionally, conforms to the definition of financial liabilities. Where a financial instrument must or may use the enterprise's own equity instrument for settlement, if it is a substitute for cash or other financial assets, it belongs to financial liabilities; if it is for the holder of the instrument to enjoy the residual equity in the assets after the issuer deducts all liabilities, it belongs to equity instrument.

4. Accounting Treatment Method

For a financial instrument which is classified as an equity instrument, its interest expenditure or dividend distribution shall be deemed as the profit distribution of the issuer, its repurchase and cancellation shall be deemed as the change in equity; transaction costs such as the service charge and commission shall be deducted from the equity;

For a financial instrument which is classified as financial liabilities, in principle, its interest expenditure or

dividend distribution shall be handled as per borrowing costs; gains or losses arising from its repurchase or redemption shall be included in current profits and losses; transaction costs such as service charge and commission shall be included in initially measured amount of the instrument issued.

11. Accounts Receivable

(1) Bad Debt Provision for Individually Significant Accounts Receivable

Judgment basis or monetary standards of provision for bad debts of the individually significant accounts receivable	An account receivable exceeds RMB10 million (including), or another account receivable exceeds RMB5 million (including).
Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end	An impairment test shall be conducted on the account receivable and the difference of the present value of expected future cash flow less than its book value shall be withdrawn as the bad debt provision and recorded into current gains/losses. Where an impairment test is conducted on an account receivable and no impairment occurs, classify into relevant group and withdraw bad debt provision.

(2) Accounts Receivable which the Bad Debt Provision is Withdrawn by Credit Risk Characteristics

Name of the group	Bad debt provision method
Amounts of connected-parties within the scope of consolidation	
Aging analysis method group	Aging analysis method

In the groups, adopting aging analysis method to withdraw bad debt provision:

Applicable Not applicable

Aging	Withdrawal proportion for accounts receivable	Withdrawal proportion for other accounts receivable
1-3 months	0.00%	0.00%
4-12 months	5.00%	5.00%
1-2 years	10.00%	10.00%
2-3 years	20.00%	20.00%
Over 3 years	50.00%	50.00%

In the groups, adopting balance percentage method to withdraw bad debt provision:

Applicable Not applicable

In the groups, adopting other methods to withdraw bad debt provision:

Applicable Not applicable

(3) Accounts Receivable with an Insignificant Single Amount but for which the Bad Debt Provision is Made Individually

Reason of individually withdrawing bad debt provision:	There exists evidence that the Company unable to recover the account receivable in line with the original items.
Withdrawing bad debt provision method	At the gap between the carrying amount and the present value of the estimated future cash flow (lower) of the account receivable

12. Inventory

Is the Company subject to any disclosure requirements for special industries?

No.

1. Category

Inventory was referred to the finished goods or commodities for sale, products in the process, materials in production or providing services, etc. Mainly include: raw materials, revolving materials, merchandise inventory, goods in process, goods sent out, goods in outside processing and etc.

2. Pricing Method for Outgoing Inventories

When obtaining, the cost was considered as the initial calculation, including purchase cost, conversion cost and other cost. Adopting the weighted average method for pricing when outgoing inventories according to the end of the month at a time

3. Inventory System for Inventories:

Inventory system: Perpetual inventory system

4. Amortization Method of the Low-value Consumption Goods and Packing Articles

One-off amortization method for the low-value consumption goods;

One-off amortization method for the packaging articles; and

One-off amortization method for other revolving materials.

5. Recognition of Net Realizable Value and Withdrawal of Provision for Falling Price of Inventory

At the end of every year, the Company shall make an overall checking to inventory, thereafter, the provision for falling price of inventory shall be measured according to its cost or its net realizable value, whichever is lower. Finished goods, merchandise inventories, and available for sale materials which are applied directly for sales of stock inventory, under normal producing process, to the amount after deducting the estimated sale expense and relevant taxes from the estimated sell price of the inventory, the net realizable value has been recognized. Material inventories which need to be processed, under normal producing process, to the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of produced finished goods, the net realizable value has been recognized. The net realizable value of inventories held for the execution of a sales contract or labor contract shall be calculated on the basis of the contract price. If an enterprise holds more inventories than the quantities subscribed in the sales contract, the net realizable value of the excessive inventories shall be calculated on the basis of the general sales price.

Ordinarily the Company shall make provision for falling price of inventories on the ground of each item of inventories. For inventories with large quantity and relatively low unit prices, the provision for falling price of inventories shall be made on the ground of the categories of inventories. For the inventories related to the series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar thereto, and if it is difficult to measure them by separating them from other items, the provision for falling price of inventories shall be made on a combination basis.

If the factors causing any write-down of the inventories have disappeared, the amount of write-down shall be resumed and be reversed from the provision for the loss on decline in value of inventories that has been made. The reversed amount shall be included in the current profits and losses.

13. Divided as Assets Held for Sale

Non-current assets or disposal group are confirmed to be the components held for sale when the following conditions are simultaneously satisfied:

(1) According to the convention of similar transactions selling this kind of assets or disposal group, they can be sold instantly in such conditions.

(2) Sale is extremely likely to happen, that is, the Company has made the decision of a sale plan, and got the confirmed purchase commitment. It is estimated that the sale will be finished within 1 year.

The confirmed purchase commitment refers to the purchase agreement with legally binding signed with other parties, which includes trading price, time, and fairly severe punishment for default to minimize the possibility of significant adjustment or revocation of the agreement.

14. Long-term Equity Investment

1. The Recognition of Investment Cost

(1) The relevant accounting policy of long term equity investment formed by enterprise combination, please refer to “Accounting disposal method of the enterprise merger under or not under the same control” under Note 5.

(2) Long-term equity investment gained by other methods

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid. The initial cost of a long-term equity investment includes the cost, tax and other necessary expense directly relevant to gaining long-term equity investment

The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

As for a non-monetary assets transaction, under the premise that the transaction is commercial in nature and the fair value of the assets received or surrendered can be measured reliably, the initial cost of the fair value of the long-term equity investment received shall be recognized based on the fair value of the assets surrendered, unless there is any exact evidence showing that the fair value of the assets received is more reliable. Where any non-monetary assets transaction does not meet the conditions as prescribed in the above premises at the same time, the book value and relevant payable taxes of the assets surrendered shall be the initial cost of the long-term equity investment received.

The initial cost of a long-term equity investment obtained by debts restructuring shall be recognized based on the fair value.

2. Subsequent Measurement and Gain/Loss Recognition Method

(1) Long-term equity investment measured by adopting cost method

The Company adopts cost method for measurement of the long-term equity investment controlled by invested entities, and shall be calculated at its initial investment cost, add or withdraw investment and adjust the cost of the long-term equity investment.

The return on investment at current period shall be recognized in accordance with the cash dividend or profit announced to distribute by the invested entity, except the announced but not distributed cash dividend or profit included in the actual payment or consideration upon gaining the investment.

(2) Long-term equity investment measured by adopting equity method

The Company adopts the equity method to measure the long-term equity investment of the associated enterprises and joint ventures. For part of equity investment of associated enterprise through risk investment institutions, mutual funds, trust companies or directly held by including within unit-linked insurance fund similar entities, adopts fair value method, and its change records into profits or losses.

The long-term equity investment that does joint control or significant influences over the Company shall be measured by employing the equity method. If the initial cost of a long-term equity investment is more than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses.

The Company should respectively recognize investment income and other comprehensive income according to the net gains and losses as well as the portion of other comprehensive income which should be enjoyed or be shared, and at the same time adjust the book value of the long-term equity investment; corresponding reduce the book value of the long-term equity investment according to profits which be declared to distribute by the investees or the portion of the calculation of cash dividends which should be enjoyed; for the other changes except for the net gains and losses, other comprehensive income and the owners' equity except for the profits distribution of the investees, should adjust the book value of the long-term equity investment as well as include in the capital reserve. The investing enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment and according to the accounting policies as well as the accounting period of the Company, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. For the transaction happened between the Company and associated enterprises as well as joint ventures, the portion of the unrealized gains and losses of the internal transaction, which belongs to the Company according to the calculation of the enjoyed proportion, should offset and recognized the investment gains and losses on the basis.

The Company shall handle to the net losses of the invested enterprise recognized by it: A. offset book value of long-term equity investment; B. if the book value of long-term equity investment is insufficient to dilute, investment loss shall be recognized based on the book value of other long-term rights and interests (reminder: should clearly confirm the specific content and the recognition standard of the sort of long-term rights and interest) which substantially form the net investment made to the invested entity, to offset book value of long-term receivables items; and C. through the above treatment, where the Company still has the obligation to undertake extra losses as per investment contracts or agreements, the obligation that is expected to undertake shall be recognized the project liabilities, and recorded into losses on investment of the current period.

The investee profit in the subsequent periods, the Company after deducting unrecognized share loss amount, adopts the aforesaid progress. Writes off the book value of estimated liabilities recognized, recovers others actual form the book value of long term equity and long term equity investment of the net investment of investee, and recovers the recognition of investment income.

3. The Accounting Method Transfer of Long-term Equity Investment

(1) Fair value calculation transfer to equity method

The Company's original holding of investee's equity investment that without control, common control or significant influence recognized at financial tools and accounted at standards of measurement, due to the additional investment and other reasons that had significant influence to the investee or implement of common control but not form control of the investee, in line with the Accounting Standards for Business Enterprises No. 22--Recognition and Measurement of Financial Instruments, recognized the total of original

holding of fair value of equity investment plus the newly increase investment cost, which considered as the initial investment cost changing measurement at equity method.

The difference between the fair value and carrying value of the original held equity investment classify as available for sale financial assets, and changes to the accumulated fair value charged against other comprehensive earnings shall be fully converted the current profits or losses change measurement at equity method.

The initial investment cost measured at equity method which smaller than the difference between the fair value of net identifiable assets on additional date the investee enjoyed recognized in line with the new shareholding proportion measurement after additional investment, adjust the book value of long term equity investment, and record into current non-operation income.

(2) Fair value calculation or equity method accounting transfer to cost method

The Company's original holding of investee's equity investment that without control, common control or significant influence recognized at financial tools and accounted at standards of measurement, or original holding of long term equity investment to joint venture or associated enterprise, due to the additional investment and other reasons that control the investee not under same control, When preparing individual financial statement, in line with the total of the book value of equity investment original held plus the newly increase investment cost, which considered as the initial investment cost changing measurement at cost method.

The original held of equity investment was recognized as other comprehensive income due to adopting equity accounting, when disposing the investment adopt accounting treatment on the same basis with that the investee directly disposing the relevant assets or liabilities.

The equity investment before purchase date, adopt accounting treatment in line with the stipulations of Accounting Standards for Business Enterprises No. 22--Recognition and Measurement of Financial Instruments, and the change in fair value originally recorded into other comprehensive income record into current profits or losses when changing accounting method as cost method .

(3) Equity method transfer into fair value calculation

The remained equity due to the disposal of part of equity and other reason losing common control or significant influence to the investee, calculated in line with the Accounting Standards for Business Enterprises No. 22--Recognition and Measurement of Financial Instruments after disposal. The difference between the fair value and book value on the date of losing common control or significant influence was record into current profit or losses.

The original held of equity investment was recognized as other comprehensive income due to adopting equity accounting, when terminating adopt equity method, adopt accounting treatment on the same basis with that the investee directly disposing the relevant assets or liabilities.

(4) Cost method transfer into equity method

The remained equity implementing common control or had significant influence to the investee, due to the Company's disposal of part of equity investment losing the control to the investee, changes accounting treatment as equity method, When preparing individual financial statement, adjusts the remained equity adopt equity method since gained.

(5) Cost method to fair value measurement

The remained equity cannot implementing common control or had significant influence to the investee, due to the Company's disposal of part of equity investment losing the control to the investee, calculated in line with stipulation of the Accounting Standards for Business Enterprises No. 22--Recognition and Measurement of Financial Instruments, when preparing individual financial statement, The difference between the fair value and book value on the date of losing control was record into current profit or losses.

4. Disposal of Long-term Equity Investment

When disposing long term equity investment, the difference between the book value and actual purchase price shall be record into current profits or losses. The equity investment adopting equity accounting, when disposing the investment, adopt accounting treatment on the same basis with that the investee directly disposing the relevant assets or liabilities and conducts accounting treatment to part of them originally recorded into other comprehensive income in line with relevant proportion.

Each transaction items, conditions and economy influence in confirm with the following one or several conditions, several transaction events were considered as a package deal and conducted accounting method;

1. The transaction was set up in the same time or had considered the influence to each others;
2. The transaction only stand as a whole, a perfect commercial result can be arrived;
3. A transaction incurred depends on at least one transaction occurred;
4. A transaction is not economical, however, together with other transaction are economical.

For that the Company's disposal of part of equity investment losing the control to the investee and not belonging to a package deal, conducts accounting treatment to the individual financial statement and consolidated financial statement respectively:

(1). In the individual financial statement, for the disposal equity, the difference between the book value and actual purchase price was recorded into current profits or losses. The remained equity cannot implementing common control or had significant influence to the investee, changes accounting treatment as equity method, when preparing individual financial statement, adjusts the remained equity adopt equity method since gained, the remained equity cannot implementing common control or had significant influence to the investee, after disposal, calculated in line with stipulation of the Accounting Standards for Business Enterprises No. 22--Recognition and Measurement of Financial Instruments, the difference between the fair value and book value on the date of losing control was record into current profit or losses.

(2). In consolidated financial statement, for each transaction before losing the control to the subsidiary, the difference between the disposal price and the corresponding net assets share enjoyed of subsidiary when disposing long term equity investment since purchase date or start calculation, adjusts capital reserve (stock premium), capital reserve is insufficient for write-downs, adjusts the retained earnings. The difference between the consideration obtained in the equity disposal, plus the fair value of the remaining equities, less the Company's share of net assets net assets share enjoyed of subsidiary when disposing long term equity investment since purchase date or start calculation according to the former shareholding ratio, is recorded into the investment gains for the period when the control ceases, meanwhile, writes down goodwill. Other comprehensive income related to former subsidiary's equity investment, transfer into current investment income when the control ceases.

When disposing each transaction of the Company losses control on its subsidiaries due to disposal of equity investments belonging to a package deal, should be considered as a transaction of disposing equity investment of subsidiary and losing control, conduct accounting treatment, conducts accounting treatment to the individual financial statement and consolidated financial statement respectively:

(1). In individual financial statement, the difference between each disposal price before losing control and the book value of corresponding long term equity investment in the disposal of equity, recognized as other comprehensive income, when the control ceases, transfers into current profits or losses of the period of losing control.

(2). In consolidated financial statement, the difference between each disposal price before losing the control, and the corresponding net assets share enjoyed of subsidiary when disposing long term equity investment, recognized as other comprehensive income, when the control ceases, transfers into current profits or losses of the period of losing control.

5. Judgment Standard of Joint Control and Significant Influences

If the Company implements a collective control arrangement together with other participants in line with relevant agreement, and the activity decision with significant influence to the reward of the arrangement only exist when the participants who sharing the control power have a common agreement, which was considered as the Company and the participants are in control of a arrangement, and the arrangement was belong to the joint venture arrangement.

The joint venture arrangement arrived at individual entity, in line with the relevant agreements, when judging the power the Company enjoy the net assets in the individual entity, considers the individual entity as joint venture, and adopts equity method. If, in line with the relevant agreements, when judging the power the Company does not enjoy the net assets in the individual entity, considers the individual entity as joint operation, the Company recognized the relevant items of the profits of joint operation, and conducts accounting treatment in line with the stipulations of relevant Accounting Standards for Business Enterprises.

The term "significant influence" means having the power to participate in the formulation of financial and operating policies of an enterprise, but not the power to control or jointly control the formulation of these policies together with other parties. The Company through the follow one or several situations and comprehensively consider all the facts and conditions to judge the significant influence to the investee. (1). Have representatives in the Board of Directors of investee or similar organ of authority; (2). Take part in the establish progress of finance and operation policies of investee; (3). Have significant transaction with the investee; (4). Send administrators to the investee; (5). Provide key technology information to investee.

15. Investment Property

Measurement mode of investment real estates

Measurement of cost method

Depreciation or amortization method

The term "investment real estate" refers to the real estate held for generating rent and/or capital appreciation, including the right to use any land which has already been rented, the right to use any land which is held and prepared for transfer after appreciation, and the right to use any building which has already been rented. Besides, the vacant buildings held by the Company for renting are also presented and listed as investment real estate if the Board of Directors made the written decision to confirm it to be used for renting with no change of the purposes in the short term.

The investment real estate of the Company is regarded as entry value according to its costs. The cost of an investment real estate by acquisition consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset; the cost of a self-built investment real estate composes of the necessary expenses for building the asset to the hoped condition for use.

The Company adopts the cost method in the subsequent measurement of investment property. In line with the estimate useful life and net ratio of remaining value withdrawing depreciation or amortization. The lists of investment property in line with the estimate useful life and net ratio of remaining value withdrawing depreciation or amortization are as follows:

Category	Estimate useful life (year)	Estimate net ratio of remaining value	The rate of depreciation (amortization)
Houses and buildings	30-40 years	5%	2.38%-3.17%

When the usage of investment real estate is changed for being used for its own, the Company will convert the

investment real estate into fixed assets or intangible assets from the date of change. When the usage of real estate used for its own was changed for generating rents or capital appreciation, the Company will convert fixed assets or intangible assets into investment real estate from the date of change. The book value before converting is taken as entry value after converting when converted.

If an investment real estate is disposed of, or if it withdraws permanently from use and if no economic benefit will be obtained from the disposal, the recognition of it as an investment real estate shall be terminated. The disposal income of investment real estate's sales, transfer, discards, or damage deducting the book value of the investment real estate as well as the relevant taxes shall be included the current profits and losses.

16. Fixed Assets

(1) Recognized Standard of Fixed Assets

The term "fixed assets" refers to the tangible assets that simultaneously possess the features as follows: they are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless it simultaneously meets the conditions as follows: (1) The economic benefits pertinent to the fixed asset are likely to flow into the enterprise; (2) The cost of the fixed asset can be measured reliably

(2) Depreciation Method

Category	Depreciation method	Useful life	Expected net salvage value	Annual depreciation
Houses and buildings	Straight-line depreciation	30-40	5%	2.375%-3.17%
Machinery equipment	Straight-line depreciation	10-25	5%	3.80%-9.50%
Transportation	Straight-line depreciation	5	5%	19.00%
Electronic equipment and other	Straight-line depreciation	5-10	5%	9.50%-19.00%

(3) Recognition Basis and Pricing Method of Fixed Assets by Finance Lease

Where one of the following provisions is regulated in the rental agreement signed between the Company and the leaser, is shall be recognized as an asset acquired under finance leases: (1) the ownership of the leased asset is transferred to the Company after the term of lease expires; (2) the Company has the option to buy the asset at a price which is far lower than the fair value of the asset at the date when the option becomes exercisable; (3) the lease term covers the major part of the use life of the leased asset; (4) in the case of the lessee, the present value of the minimum lease payments on the lease beginning date amounts to substantially all of the fair value of the leased asset. (5) When nature of the leased asset is special, if there is no great transform, only the Company can use it, As for the fixed assets by finance lease, the Company shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges. When the negotiation of lease and signing lease contract occurred simultaneously,

the handling charge, attorney's fees and traveling expenses, stamp duty, and other direct cost belonging to the lease project, recorded into value of leased assets. The unrecognized financing cost was amortized by effective interest method at each period within the lease term. The Company adopting depreciation policies in concern with self-owned fixed assets withdraw depreciation of fixed assets under financing lease. The ownership of fixed assets under financing lease reasonably ensured to obtain the expiration of the lease term, withdraw depreciation within useful life; The ownership of fixed assets under financing lease cannot reasonably ensured to obtain the expiration of the lease term, withdraw depreciation within the shorter one of useful life and lease term.

17. Construction in Progress

1. Initial Measurement of Construction in Progress

The valuation of the Company's self-construction of construction in progress is in line with the actual cost which was formed by all the necessary expenditures that the asset of construction arrived at the expected useful status, including cost of engineering materials, labor cost, and the relevant cost of tax, the borrowing cost of should being capitalization and the indirect cost should be amortized.

2. Standard and Time Point of Construction in Progress Transferring into Fixed Assets

All expenditure occurred before the assets are brought to the expected conditions for use shall be recognized as the entering value of fixed assets. The construction in progress of fixed assets has been reached to the expected conditions for use but has not yet has handle completion and settlement procedures, the construction in progress shall be transferred into the fixed assets at the appraisal value in accordance with construction budget, cost or actual cost since the date that the construction in progress reaches to the expected conditions for use, and the depreciation of the fixed assets shall withdrawn in the light of the depreciation policy of fixed assets. After completion and settlement procedures, the Company shall adjust the original provisional estimate price at the actual cost, but not adjust original depreciation withdrawn.

18. Borrowing Costs

1. Recognition Principle of Capitalization of Borrowing Costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses.

The term "assets eligible for capitalization" shall refer to the fixed assets, investment real estate, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements:

- (1). The asset disbursements have already incurred, which shall include the cash, transferred non-cash assets or interest bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization;
- (2). The borrowing costs have already incurred; and
- (3). The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

2. Capitalization Period

The capitalization period shall refer to the period from the commencement to the cessation of capitalization of the

borrowing costs, excluding the period of suspension of capitalization of the borrowing costs.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased.

When the part of projects in the qualified asset under acquisition and construction or production are completed separately and is ready for use alone, the capitalization of the borrowing costs of such part of assets shall be ceased.

Where each part of an asset under acquisition and construction or production is completed separately and is ready for use or sale during the continuing construction of other parts, but it cannot be used or sold until the asset is entirely completed, the capitalization of the borrowing costs shall be ceased when the asset is completed entirely.

3. The Period of Suspension of Capitalization of the Borrowing Costs

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts.

4. Calculation Method of Capitalized Amount of Borrowing Costs

Interest of specific loan (deducting interest income of loan capital deposit in the bank or investment income obtained from temporary investment) and its subsidiary expenses before the construction or production of assets eligible for capitalization arrived at available for use or sale, capitalized them.

The enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

Where there is any discount or premium, the amount of discounts or premiums that shall be amortized during each accounting period shall be determined by the real interest rate method, and an adjustment shall be made to the amount of interests in each period.

19. Biological Assets

20. Oil and Gas Assets

21. Intangible assets

(1) Pricing method, useful life and impairment test

Intangible assets refer to identifiable non-monetary assets that are owned or controlled by the Company without material state, including right to use land sites, software and non-patented technology.

1) Initial measurement of intangible assets

The cost of outsourcing intangible assets shall include the purchase price, relevant taxes and other necessary expenditures directly attributable to intangible assets for the expected purpose. Where the payment of purchase price for intangible assets is delayed beyond the normal credit conditions, which is of financing intention, the cost of intangible assets shall be determined on the basis of the current value of the purchase price.

For intangible assets obtained through debt restructuring, which are pay a debt by the debtor, its entering value shall be recognized based on the fair value of such intangible assets. The balance between book value for debt

restructuring and the fair value of the intangible assets shall be recorded into the profits and losses of the current period.

As for a non-monetary assets transaction, under the premise that the transaction is commercial in nature and the fair value of the assets received or surrendered can be measured reliably, the initial cost of the fair value of the intangible assets received shall be recognized based on the fair value of the assets surrendered, unless there is any exact evidence showing that the fair value of the assets received is more reliable. Where any non-monetary assets transaction does not meet the conditions as prescribed in the above premises at the same time, the book value and relevant payable taxes of the assets surrendered shall be the initial cost of the intangible assets received.

As for intangible assets through business combination under the same control, its entering value shall be recognized based on the book value of combined party. As for intangible assets through business combination not under the same control, its entering value shall be recognized at its fair value.

The cost of self-developed intangible assets shall include: materials used, service cost, registration fee when developing such intangible assets, and amortization expenses of other patent right used in the course of development and interest expense eligible for capitalization, as well as other direct cost incurred before the expected purposes of use of such intangible assets are realized.

2) Subsequent measurement

The Company shall analyze and judge the service life of intangible assets, classify as intangible assets with limited service life and intangible assets with uncertain service life

(1). Intangible assets with limited service life

With regard to intangible assets with limited service life, shall be amortized by the straight-line method within the period when the intangible asset can bring economic benefits to the Company. Estimated useful life of intangible assets with limited useful life:

Item	Estimated useful life	Basis
Software	2-10 years	Estimated useful life
Land use right	50 years	Property ownership certificate or land use certificate
Non-patent right	10 years	Estimated useful life

The Company shall, at the end of every year, check the useful life and the amortization method of the said intangible assets with limited service life. If there is any difference between the expected useful life and the previously estimated data, the expected useful life shall be adjusted.

After check, useful life and the amortization method of the said intangible assets remained the same as the previous valuation.

(2). Intangible assets with uncertain service life

If it is unable to forecast the period when the intangible asset can bring economic benefits to the enterprise, it shall be regarded as an intangible asset with uncertain service life.

The Company shall, at the end of every year, check the useful life and does not conduct the amortization method of the said intangible assets with uncertain service life. If after check, useful life of the said intangible assets remained in uncertainty, the Company shall make an impairment test at the end of year.

After check, the Company has no intangible assets with uncertain service life.

(2) Accounting policies of internal R&D expenses

1) Standard for classifying research phase and development phase of the Company's R&D projects

The term “research” refers to the creative and planned investigation to acquire and understand new scientific or technological knowledge.

The term "development" refers to the application of research achievements and other knowledge to a certain plan or design, prior to the commercial production or use, so as to produce any new material, device or product, or substantially improved material, device and product.

The expenditures of R&D stage in internal R&D project, was recorded into current profits or losses.

2) Standard for capitalization of development expenditures

The expenses in R&D stage for its internal research and development projects of the Company may be capitalized when they satisfy the following conditions simultaneously:

- (1). It is feasible technically to finish intangible assets for use or sale;
- (2). It is intended to finish and use or sell the intangible assets;
- (3). The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;
- (4). It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and
- (5). The development expenditures of the intangible assets can be reliably measured.

The expenses not meet the aforesaid conditions, record into current profits or losses. R&D expenses had recorded into profits or losses in previous period, was derecognized as assets in the subsequent period. The capitalized expenses in R&D stage had been listed as R&D expenses in the balance sheet; transfer into intangible assets since the project arrived at the date expected use.

22. Impairment of Long-term Assets

The Company shall, on the day of balance sheet, make a judgment on whether there is any sign of possible assets impairment. If there are signs of long-term assets impairment, on the basis of single item assets, estimate the recoverable amount; for it is difficult to estimate the recoverable amount of an individual asset, determines the recoverable amount of an asset group based on the assets belongs to the group.

The estimation of recoverable amount of assets, recognized according to the higher between the net present value after its fair value minus the disposal expenses and the present value of expected future cash flow of an asset.

The measurement results of the recoverable amount show that, the recoverable amount lower than the book value, writes down the book value of long term assets to recoverable amount which recognized as assets impairment losses, record into current profits or losses. Meanwhile, withdraw relevant assets impairment provision. Once the assets impairment losses are recognized, it will no longer being switch back in subsequent accounting period.

After the recognition of assets impairment losses, the depreciation and amortization expenses of impairment assets adjusted in future period, which ensure the assets systematically amortized the book value of assets after the adjustment (after deducting estimate net salvage) within the remaining service life.

For intangible assets with uncertain goodwill or service life formed by enterprise combination, whatever there is sign of impairment conduct impairment test every year.

When conducting impairment test to the goodwill, share the book value of goodwill to the group assets or combination of group assets estimate benefited from synergistic effect of enterprise combination When conducting impairment test to the relevant group assets or combination of group assets including goodwill, if there is sign of impairment, conduct impairment test to those excluding goodwill, calculate recoverable amount and compare to the relevant book value, recognize the relevant impairment losses. Then, conduct impairment test to

the relevant group assets or combination of group assets including goodwill, compare the book value(including the part of book value of goodwill amortized and its recoverable amount, if the recoverable amount lower than its book value, recognize the impairment losses of goodwill.

23. Long-term Unamortized Expenses

1. Amortization Method

Long-term deferred expenses refer to general expenses with the apportioned period over one year that have occurred but attributable to the current and future periods. Long-term deferred expense shall be straight-line amortized by stage within benefit period.

2. Amortization Period

Type	Amortization period	Remark
Expenses on decoration of rented plants	5 years	According to actual benefit period
Technical service expenses	5 years	According to actual benefit period
Expenses on maintenance and alteration	3-5 years	According to actual benefit period

24. Payroll

(1) Accounting Treatment of Short-term Compensation

Short-term compensation refers to the payroll payment of the employee providing service during the end of Reporting Period within 12 months that the Company should pay, excepting the welfare after demission and termination benefits. During the accounting period that the employees providing the service, should be calculated and recognized the corresponding payroll amount according to the stated withdrawal basic and proportion

(2) Accounting Treatment of the Welfare after Demission

Welfare after demission refers to the Company, in order to obtain services provided by the employees, provide all kinds of rewards and benefits after the retirement of the employees or cancellation of staff employment contracts, excepting short-term compensation and retirement benefits.

All the Company's welfare after demission plans are setting drawing plans.

The setting drawing plan of welfare after demission is the social basic pension insurance, unemployment insurance, etc, which implemented by the local labor and social security offices. In addition to social basic pension insurance and unemployment insurance, the Company participated in corporation pension scheme of China Chengtong Holdings Group Ltd. In the framework of Corporation Pension Scheme of China Chengtong Holdings Group Ltd, employees can voluntarily take part in the pension plan before January 1, 2017 according to the corporation pension scheme of Implementing Rules for China Paper Corporation Pension Scheme. During the accounting period that the employee providing service for the Company, the amount should pay in line with the setting drawing plan will be recognized as liabilities and record into current profits or losses or cost of relevant assets.

Apart from regularly making the aforesaid payments pursuant to the government's standards and the annuity fund plan, the Company bears no responsibility for other payments in this respect.

(3) Accounting Treatment of Demission Welfare

Demission welfare is refers to the Company's cancellation of the labor relationship with the employees before the labor contract maturity or compensation for encouraging the employee voluntarily accept reduction, when the Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal, or when recognizing the costs or expenses (the earlier one between the two) related to the reorganization of paying the demission welfare, should recognize the payroll liabilities from the demission welfare and include in the current gains and losses.

(4) Accounting Treatment of other Welfare of the Long-term Employees

Other welfare of the long-term employees refers to other welfares excluding short term compensation, welfare after demission and demission welfare.

25. Accrued Liabilities

1. Recognition Standard of Estimated Liabilities

The obligation pertinent to the Contingencies shall be recognized as estimated liabilities when the following conditions are satisfied simultaneously:

The obligation is a current obligation of the company;

It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and

The amount of the obligation can be measured in a reliable way.

2. Measurement Method of Estimated Liabilities

The estimated debts shall be initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

To determine the best estimate, an enterprise shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies. If the time value of money is of great significance, the best estimate shall be determined after discounting the relevant future outflow of cash.

The best estimate shall be conducted in the light of the following situations:

If there is a sequent range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined in accordance with the middle estimate (average number of bound) within the range.

If there is not a sequent range for the necessary expenses, or although there is a sequent range for the necessary expenses but all possible outcomes are not the same within the scope, i.e. If the Contingencies concern a single item, best estimate shall be determined in the light of the most likely outcome; If the Contingencies concern two or more items, the best estimate should be calculated and determined in accordance with all possible outcomes and the relevant probabilities.

When all or some of the expenses necessary for the liquidation of an estimated debts of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement should not exceed the book value of the estimated debts.

26. Share-based Payment

27. Other Financial Instruments such as Preferred Shares and Perpetual Capital Securities

28. Revenue

Is the Company subject to any disclosure requirements for special industries?

No.

1. Criteria for Recognition Time of Revenue from Sale of Goods

The significant risks and rewards of ownership of the goods have been transferred to the buyer by the enterprise; The enterprise retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods; The relevant amount of revenue can be measured in a reliable way; The relevant economic benefits may flow into the enterprise; and the relevant costs incurred or to be incurred can be measured in a reliable way.

Confirmation methods of sales revenues of the Company:

(1) Confirmation methods of domestic sales revenue

Shall satisfy following conditions: products should be delivered according to customer's requirements; amount of sales revenues is determined, received or respected to receive; sales slip should be invoiced; costs of sold products should be calculated;

(2) Confirmation methods of export sales revenue

Shall satisfy following conditions: products should be produced according to export sales agreement signed with customers, received export declaration after qualified inspection and obtained bill of lading (waybill) after delivery by transport company; amount of sales revenues is determined, received or respected to receive; sales slip should be invoiced; costs of sold products should be calculated.

If the collection of the price as stipulated in the contract or agreement is delayed and if it has the financing nature, the revenue incurred by selling goods shall be ascertained in accordance with the fair value of the receivable price as stipulated in the contract or agreement.

2. Recognition Basis of Revenue from Transferring Use Rights of Assets

The relevant economic benefits are likely to flow into the enterprise; and the amount of revenues can be measured in a reliable way. The revenue from a alienating the right to use assets shall be recognized in the light of the following methods:

(1) The amount of interest revenue should be measured and confirmed in accordance with the length of time for which the enterprise's cash is used by others and the actual interest rate;

(2) The amount of royalty revenue should be measured and confirmed in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

3. Recognition Basis and Method for Recognizing the Revenue from Providing Labor Services

If the Company can, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the labor services it provides, it shall recognize the revenue from providing services employing the percentage-of-completion method. Schedule of completion under the transaction concerning the providing of labor services shall be recognized in the light of the measurement of the work completed.

The reliably estimate the outcome of a transaction concerning the labor services it provides, which simultaneously meets the following conditions:

(1). The amount of revenue can be measured in a reliable way.

(2). Relevant economy profits may inflow enterprises

(3). The schedule of completion of the transaction can be measured in a reliable way.

(4). The cost occurred or will occur in the transaction can be measured in a reliable way.

The Company shall ascertain the total revenue from the providing of labor services in accordance with the received or to-be-received price of the party that receives the labor services as stipulated in the contract or agreement, unless the received or to-be-received price as stipulated in the contract or agreement is unfair. The Company shall, on the date of the balance sheet, ascertain the current revenue from providing labor services in accordance with the amount of multiplying the total amount of revenues from providing labor services by the schedule of completion then deducting the accumulative revenues from the providing of labor services that have been recognized in the previous accounting periods. At the same time, the enterprise shall carry forward the current cost of labor services in accordance with the sum of multiplying the total amount of revenues arising from the providing of labor services by the schedule of completion and then deducting the accumulative revenues from the providing of labor services.

If the Company can't, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the labor services it provides, it shall be handled under the following conditions:

(1). If the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount;

(2). If the cost of labor services incurred is not expected to compensate, the cost incurred should be included in the current profits and losses, and no revenue from the providing of labor services may be recognized.

If the contracts the Company sign with other enterprises include sale of goods and rendering of service, and both of them can be separated and individually calculated, deal with them separately. For those sale of goods and rendering of service cannot be separated, or though can be separated but not be individually calculated, consider sale of goods and rendering of service as sale of goods.

4. Assets Transfer with Repurchase Conditions

When selling goods or transferring assets, the Company signs agreement of sale of goods or assets transfer, judges the sale of goods whether meeting the recognition condition of revenue or not in lie with the agreement or not. If sales with Buyback Agreements belong to financing transaction, the Company derecognizes the revenue of sale, when delivering products or assets. If the price of repurchase is higher than the balance of sale price, withdraw interest on schedule during the repo period, withdraw financial cost.

29. Government Subsidies

(1) Judgment Basis and Accounting Treatment of Government Subsidies Related to Assets

Government subsidies related to assets are recognized as deferred income and recorded into gains/losses in reasonable and systematic way by stage in line with service life of assets purchased or constructed.

(2) Judgment Basis and Accounting Treatment of Government Subsidies Related to Profits

Government subsidies related to profits, as for those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall included into the current gains/losses during the period when the relevant expenses or losses are recognized; those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included into the current gains/losses.

Government subsidies related to daily activities of enterprises shall be recorded into other incomes; government subsidies that have nothing to do with daily activities of enterprises shall be recorded into non-operating revenues

and expenditure.

The obtained government subsidies closely related to policy concessional loan write-downs related borrowing costs; when getting the loans with policy preferential interest rate provided by lending bank, the Company shall take the actual obtained borrowing balance as entry value of borrowings, and calculate related borrowing costs in accordance with loan principal and policy preferential interest rate.

The government recognized need to return, which write-downs related assets book value when initially recognized, adjusting assets book value; deposited in the balance of relevant deferred income, write-downs related deferred income balance, the part beyond include in the current profits and losses, for those not in deferred income, include in current profits or losses directly.

30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

Deferred income tax assets and deferred income tax liabilities recognize in line with the difference between tax base of assets and liabilities and their book value. On balance sheet date, deferred income tax assets and deferred income tax liabilities calculated in line with suitable tax rate in the period of estimate recover the assets or pay off the liabilities.

1. Recognition Basis of Deferred Income Tax Assets

The Company probably recognizes the deferred income tax assets incurred from deductible temporary difference using the limit of taxable income amount of deductible losses and tax credits deducting temporary differences and can be brought forward to next accounting year. However, derecognize the deferred income tax assets incurred from the initial recognition of assets or liabilities in the transaction of the follows with these characteristics: (1) The transaction is not enterprise combination. (2) When the transaction occurring, it has no influence to the accounting profits, taxable amount or deductible losses.

The deductible temporary difference of relevant association enterprise investment, simultaneously meet the follow conditions, recognize as corresponding deferred tax assets; temporary difference probably switch back in the foreseeable future, and obtain taxable amount using for deducting deductible temporary difference.

2. Recognition Basis of Deferred Income Tax Liabilities

The Company recognizes the taxable temporary differences unpaid in the current period or previous period as deferred income tax liabilities. But not include:

- (1) Temporary differences formed by the initial recognition of goodwill
- (2) The transaction or event is not formed by enterprise combination, and the happen of transaction or event has no influence to the accounting profits or temporary differences formed by taxable income (Deductible losses)
- (3) For taxable temporary differences related to the investment with the subsidiary and association enterprise, the time of the reverse of temporary differences can be control and the temporary difference probably does not switch back in the foreseeable future.

3. Deferred Income Tax Assets and Deferred Income Tax Liabilities are Stated at Net Offset Amounts when the Following Conditions are Simultaneously Satisfied:

- (1) The Company is legally authorized to settle the income tax assets and liabilities of the current period at net amounts; and
- (2) The deferred income tax assets and liabilities are related to the income tax levied by the same tax authority on the same tax payer, or such on different tax payers but in the future period of the reversal of each important deferred income tax assets and liabilities, the involved tax payers intend to settle the income tax assets and liabilities of the current period at net amounts or obtain assets and repay debts at the same time.

31. Lease

(1) Accounting Treatment of Operating Lease

1) Operating Leasing Assets

Rent charge paid for leasing assets shall be apportioned at the straight-line method and recorded into the current expense within the overall rent period including rent-free period. The initial direct expense paid by the Company related to lease transaction shall be included into the current expense.

Where the lessor undertakes the expenses related to the lease that should be undertaken by the Company, the Company shall deduct such expense from total rental, and such deducted rental fee shall be apportioned within the rent period and included into the current expense.

2) Operation Renting out Assets

Rent charge received for renting out assets shall be apportioned at the straight-line method and recognized as rental income within the overall rent period including rent-free period. The initial direct expense paid by the Company related to lease transaction shall be included into the current expense. In the event of the larger amount, it shall be capitalized and recoded into the current income by installment within the overall lease period.

Where the Company undertakes the expenses related to the lease that should be undertaken by the lessor, the Company shall deduct such expense from total rental income, and such deducted rental fee shall be apportioned within the rent period.

(2) Accounting Treatments of Financial Lease

1) Assets acquired under finance leases: On the lease beginning date, the Company shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges.

For the recognition standards, measurement and depreciation methods for assets acquired under finance leases, see Note IV. (14) Fixed assets herein.

The unrecognized financing charges are amortized over the lease term and recorded into finance costs adopting the effective interest rate method.

2) Assets lost under finance leases: On the lease beginning date, the Company shall recognize the difference between financing lease receivables and the unguaranteed residual value in a finance lease as unrealized financing income and recognize as income of lease during the future period of receiving lease income. The initial direct cost related to lease transaction occurred in the Company, record into initial calculation of financing lease receivables, decrease the amount of lease income recognized during lease period.

32. Other Significant Accounting Policies and Estimates

33. Changes in Main Accounting Policies and Estimates

(1) Change of Accounting Policies

Applicable Not applicable

(2) Changes in Accounting Estimates

Applicable Not applicable

34. Other**VI. Taxation****1. Main Taxes and Tax Rate**

Category of taxes	Tax basis	Tax rate
VAT	Revenue from sale of goods, taxable revenue from rendering services	Rental income was 5%, interest income was 6%, water fee income was 11%, and others income was 17%
Urban maintenance and construction tax	Turnover tax actually paid	7%
Enterprise income tax	Taxable income	25%
Property tax	70% of the original value of the property considered as tax base	1.20%
Property tax	Rental income as tax base	12%

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate
The Company	25%
Hongta Renheng	15%
Golden Pheasant Chemical	15%
Huaxin Color Printing	15%
Zhuhai Huafeng	15%
Kunshan Focai	25%
Zhejiang Hongta	25%

2. Tax Preference

1. According to the Circular on issuing the First Name List of Hi-tech Enterprise through the review in Guangdong Province for Y2015 (YKGS (2015) Document No. 24) issued by Science & Technology Department of Guangdong Province, Hongta Renheng passed First Batch of Hi-tech Enterprise in Guangdong Province for Y2015, and gained Certificate for Hi-tech Enterprise (Certificate No.: GR201544000238, with three years of validity). Hongta Renheng reapplied for the recognition of Hi-tech Enterprise in 2018, and the result hasn't come out yet, so it shall temporarily pay the corporate income tax according to the corporate income tax rate of 15%.

2. According to the Notice about the Second Name List of Proposed Hi-tech Enterprise in Guangdong Province for Y2016 published by the National Leading Group Office for the Management of High-tech Enterprises Recognition, Golden Pheasant Chemical passed the recheck of Hi-tech Enterprise, Certificate No.:

GR201644004219, with three years of validity. Thus Golden Pheasant Chemical shall pay the corporate income tax according to the corporate income tax rate of 15% in 2018.

3. According to the First Name List of Proposed Hi-tech Enterprise in Guangdong Province for Y2016 issued by the National Leading Group Office for the Management of High-tech Enterprises Recognition, the subsidiary of the Company, Zhuhai Huafeng Paper Co., Ltd. had passed the affirmation of the first name list high-tech enterprise of 2016 in Guangdong Province, and gained Certificate for Hi-tech Enterprise (Certificate No.: GR201644001293, with three years of validity). Thus Zhuhai Huafeng Paper Co., Ltd. shall pay the corporate income tax according to the corporate income tax rate of 15% in 2018.

4. According to the Circular on issuing the Name List of Hi-tech Enterprise in Guangdong Province for Y2015 (YKGZi [2016] Document No. 17) jointly issued by Science & Technology Department of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Office, SAT, Guangdong Local Taxation Bureau, the subsidiary of the Company Huaxin (Foshan) Color Printing Co., Ltd. had passed the affirmation of high-tech enterprise of 2016 and the gained the Certification of Hi-tech Enterprise (the Certification No.: GR201544001352 with the validity for 3 years). Huaxin Color Printing reapplied for the recognition of Hi-tech Enterprise in 2018, and the result hasn't come out yet, so it shall temporarily pay the corporate income tax according to the corporate income tax rate of 15%.

3. Other

VII. Notes to Major Items in the Consolidated Financial Statements of the Company

1. Monetary Funds

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	208,623.57	173,601.37
Bank deposits	194,166,175.14	254,078,310.38
Other monetary funds	160,238,064.51	33,400,956.90
Total	354,612,863.22	287,652,868.65

Other notes:

Of which, the restricted monetary capital was as follow:

Item	Ending balance	Beginning balance
Cash Deposit	106,305,264.51	6,284,026.90
Other use restricted deposits	53,932,800.00	27,116,930.00
Total	160,238,064.51	33,400,956.90

2. Financial assets at fair value through profit or loss

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

3. Derivative Financial Assets

□ Applicable √ Not applicable

4. Notes Receivable**(1) Notes Receivable Listed by Category**

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	327,391,208.87	428,945,798.73
Commercial acceptance bill	1,605,355.28	1,753,865.72
Total	328,996,564.15	430,699,664.45

(2) Notes Receivable Pledged by the Company at the End of the Period

Unit: RMB

Item	Amount
Bank acceptance bill	48,419,769.97
Total	48,419,769.97

(3) Notes Receivable Endorsed by the Company or Discounted and not due on the Balance Sheet Date at the End of the Period

Unit: RMB

Item	Derecognized Amount at the end of the period	Non-derecognized amount at the end of the period
Bank acceptance bill	1,081,395,643.57	
Total	1,081,395,643.57	

(4) Notes Transferred to Accounts Receivable because Drawer of the Notes Failed to Execute the Contract or Agreement

Unit: RMB

Item	Amount of the notes transferred to accounts receivable at the end of the period

Other notes:

5. Accounts Receivable

(1) Accounts Receivable Classified by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawal of bad debt provision by credit risks characteristics:	746,346,665.11	94.77%	3,217,486.94	0.43%	743,129,178.17	733,348,714.44	94.67%	3,218,491.38	0.44%	730,130,223.06
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	41,222,716.77	5.23%	41,222,716.77	100.00%		41,284,524.04	5.33%	41,284,524.04	100.00%	
Total	787,569,381.88	100.00%	44,440,203.71	5.64%	743,129,178.17	774,633,238.48	100.00%	44,503,015.42	5.75%	730,130,223.06

Accounts receivable with significant single amount for which bad debt provision separately accrued at the end of the period

 Applicable Not applicable

Among these groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

 Applicable Not applicable

Unit: RMB

Aging	Ending balance		
	Account receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
1-3 months	687,521,204.47		
4-12 months	55,358,980.31	2,564,359.48	4.63%
Subtotal of within 1 year	742,880,184.78	2,564,359.48	0.35%
1 to 2 years	2,637,572.29	263,757.23	10.00%
2 to 3 years	83,612.64	16,722.53	20.00%
Over 3 years	745,295.40	372,647.70	50.00%
3- 4 years	176.14	88.07	50.00%

Over 5 years	745,119.26	372,559.63	50.00%
Total	746,346,665.11	3,217,486.94	0.43%

Notes of the basis of recognizing the group:

Among these groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

Applicable Not applicable

Among these groups, accounts receivable adopting other methods to withdraw bad debt provision:

(2) Bad Debt Provision Withdrawal, Reversed or Recovered in the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB0.00; the amount of the reversed or collected part during the Reporting Period was of RMB62,811.71.

Significant amount of reversed or recovered bad debt provision:

Unit: RMB

Name of the entity	Amount	Method
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(3) Particulars of the Actual Verification of Accounts Receivable during the Reporting Period

Unit: RMB

Item	Amount
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Of which: significant actual verification of accounts receivable

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of connected party transactions
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Notes:

(4) Top Five of Account Receivable of Ending Balance Collected by Arrears Party

Name of the entity	Ending balance	Proportion%	Relationship with the Company	Time
Customer A	54,515,497.24	6.92%	Non-connected party	Within 1 year
Customer B	39,218,442.31	4.98%	Non-connected party	Within 1 year
Customer C	28,175,923.26	3.58%	Non-connected party	Within 1 year
Customer D	23,109,918.27	2.93%	Non-connected party	Within 1 year
Customer E	22,371,921.70	2.84%	Non-connected party	Within 1 year
Total	167,391,702.78	21.25%		

(5) Derecognition of Account Receivable due to the Transfer of Financial Assets**(6) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Accounts Receivable**

Other notes:

6. Prepayment**(1) List by Aging Analysis:**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	187,293,540.68	87.54%	106,169,940.89	81.48%
1 to 2 years	26,326,652.46	12.30%	23,790,082.66	18.26%
Over 3 years	337,286.50	0.16%	337,286.50	0.26%
Total	213,957,479.64	--	130,297,310.05	--

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time:

(2) Top 5 of the Ending Balance of the Prepayment Collected according to the Prepayment Target

Name of the entity	Ending amount	Proportion (%)	Time	Reason
China Paper Corporation	86,075,703.10	40.23%	Within 1 year	Did not arrived in the settlement period
Customer B	24,072,558.33	11.25%	Within 1 year	Did not arrived in the settlement period
Customer C	17,898,042.83	8.37%	Within 1 year	Did not arrived in the settlement period
Customer D	16,424,935.47	7.68%	Within 1 year	Did not arrived in the settlement period
Customer E	8,872,664.26	4.15%	Within 1 year	Did not arrived in the settlement period
Total	153,343,903.99	71.67%		

Other notes:

7. Interest Receivable**(1) Category of Interest Receivable**

Unit: RMB

Item	Ending balance	Beginning balance
Fixed time deposits	633,440.15	141,388.09
Total	633,440.15	141,388.09

(2) Significant Overdue Interest

Entity	Ending balance	Overdue time	Overdue reason	Whether occurred impairment and its judgment basis
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Other notes:

8. Dividend Receivable

(1) Dividend Receivable

Unit: RMB

Item (or investees)	Ending balance	Beginning balance
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(2) Significant Dividend Receivable Aged over 1 Year

Unit: RMB

Item (or investees)	Ending balance	Aging	Reason	Whether occurred impairment and its judgment basis
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Other notes:

9. Other Accounts Receivable

(1) Other Account Receivable Classified by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable with significant single amount for which	18,690,708.21	40.25%	18,582,481.20	99.42%	108,227.01	18,582,481.20	40.04%	18,582,481.20	100.00%	

bad debt provision separately accrued										
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	21,550,261.27	46.41%	1,513,213.18	7.02%	20,037,048.09	21,621,356.32	46.60%	1,513,213.18	7.00%	20,108,143.14
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	6,198,529.18	13.35%	6,198,529.18	100.00%		6,198,529.18	13.36%	6,198,529.18	100.00%	
Total	46,439,498.66	100.00%	26,294,223.56	56.62%	20,145,275.10	46,402,366.70	100.00%	26,294,223.56	56.67%	20,108,143.14

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the end of the period

√ Applicable □ Not applicable

Unit: RMB

Other accounts receivable	Ending balance			
	Other accounts receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Hong Kong Hang Fung Holdings Limited Co., Ltd.	12,690,708.21	12,582,481.20	99.15%	Not expected to recover
Zhuhai Yidesheng Industrial Co., Ltd.	6,000,000.00	6,000,000.00	100.00%	Not expected to recover
Total	18,690,708.21	18,582,481.20	--	--

Among these groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

√ Applicable □ Not applicable

Unit: RMB

Aging	Ending balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
1-3 months	3,540,176.25		
4-12 months	12,059,406.43	603,110.03	5.00%
Subtotal of within 1 year	15,599,582.68	603,110.03	3.87%
1 to 2 years	4,201,942.26	420,194.23	10.00%
2 to 3 years	1,281,530.81	256,306.16	20.00%

Over 3 years	467,205.52	233,602.76	50.00%
3-4 years	441,205.52	220,602.76	50.00%
Over 5 years	26,000.00	13,000.00	50.00%
Total	21,550,261.27	1,513,213.18	7.02%

Notes:

Among these groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Not applicable

Among these groups, other accounts receivable adopting other methods to withdraw bad debt provision:

Applicable Not applicable

(2) Bad Debt Provision Withdrawal, Reversed or Recovered in the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB 0.00; the amount of the reversed or collected part during the Reporting Period was of RMB0.00.

Significant amount of reversed or recovered bad debt provision;

Unit: RMB

Name of the entity	Reversed or collected amount	Method
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(3) Particulars of the Actual Verification of Other Accounts Receivable during the Reporting Period

Unit: RMB

Item	Amount
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Of which: significant actual verification of other accounts receivable

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of connected party transactions
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Notes of write-off other accounts receivable:

(4) Other Account Receivable Classified by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Margin	3,354,666.50	5,129,666.50
Pretty cash	1,289,352.88	1,563,520.43
Freight and miscellaneous charges on behalf	3,702,137.42	3,088,597.59
Compensation for victim's families on	9,760,000.00	9,760,000.00

behalf		
Other intercourse funds	28,333,341.86	26,860,582.18
Total	46,439,498.66	46,402,366.70

(5) Top 5 of the Ending Balance of the Other Accounts Receivable Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion%	Ending balance of bad debt provision
Customer A	Other intercourse funds	12,690,708.21	Over 3 years	27.33%	12,582,481.20
Customer B	Payment of compensation on behalf	9,760,000.00	Within 1 year	21.02%	488,000.00
Customer C	Other intercourse funds	6,000,000.00	Over 3 years	12.92%	6,000,000.00
Customer D	Margin	2,000,000.00	Over 3 years	4.31%	2,000,000.00
Customer E	Margin	1,520,000.00	1 to 2 years	3.27%	152,000.00
Total	--	31,970,708.21	--	68.84%	21,222,481.20

(6) Account Receivable Involving Government Subsidies

Unit: RMB

Name of the entity	Project of government subsidies	Ending balance	Ending aging	Estimated recovering time, amount and basis

(7) Other Account Receivable Derecognized due to the Transfer of Financial Assets

(8) Amount of Transfer Other Account Receivable and Assets and Liabilities Formed by its Continuous Involvement

Other notes:

The account receivable at the end of the Reporting Period from Compensation for victim's families on behalf was RMB9,760,000.00 which was the advance paid by Zhuhai Huafeng Paper Co., Ltd., the Company's holding subsidiary, to families of the victims who died in "3.4 Safety Accident"

10. Inventory

(1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves	Carrying value	Carrying amount	Falling price reserves	Carrying value
Raw materials	277,352,366.51	4,405,881.46	272,946,485.05	307,249,280.55	4,405,881.46	302,843,399.09
Goods in process	75,225,333.89		75,225,333.89	37,051,626.77		37,051,626.77
Inventory goods	400,107,482.67	6,490,549.35	393,616,933.32	252,774,871.60	6,490,549.35	246,284,322.25
Total	752,685,183.07	10,896,430.81	741,788,752.26	597,075,778.92	10,896,430.81	586,179,348.11

Whether the company need satisfy relevant disclosure requirements stated in SZSE Industrial Information Disclosure Guidance No.4---Listed Company Specialized in Seed Industry and Planting Businesses or not?

No

(2) Falling Price Reserves of Inventory

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	4,405,881.46					4,405,881.46
Inventory goods	6,490,549.35					6,490,549.35
Total	10,896,430.81					10,896,430.81

(3) Notes to the Ending Balance of Inventory Including Capitalized Borrowing Expense

(4) Completed but Unsettled Assets Generated from Construction Contracts at the Period-end

Unit: RMB

Item	Amount

Other notes:

11. Held-for-sale Assets

Unit: RMB

Item	Ending carrying value	Fair value	Estimated disposal expense	Estimated disposal time

Other notes:

12. Non-current Assets Due Within 1 Year

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

13. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
The VAT deduction	27,831,329.21	22,185,700.04
Structured Deposits		1,000,000.00
Advance Payment of corporate income tax		13,826.63
Damaged property to be disposed for typhoon		20,961,100.36
Total	27,831,329.21	44,160,627.03

Other notes:

For the damaged properties to be disposed for typhoon in the Reporting Period, the Company has received the compensation from the insurance company.

14. Available-for-sale Financial Assets

(1) List of Available-for-sale Financial Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Available-for-sale equity instruments:	627,643,841.04		627,643,841.04	627,643,841.04		627,643,841.04
Measured at cost	627,643,841.04		627,643,841.04	627,643,841.04		627,643,841.04
Total	627,643,841.04		627,643,841.04	627,643,841.04		627,643,841.04

(2) Available-for-sale Financial Assets Measured by Fair Value at the Period-end

Unit: RMB

Category	Available-for-sale equity instruments	Available-for-sale debt instruments		Total
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(3) Available-for-sale Financial Assets Measured by Cost at the Period-end

Unit: RMB

Investee	Ending balance				Beginning balance				Shareholding proportion among the investees	Cash bonus of the Reporting Period
	Period-beginning	Increase	Decrease	Period-end	Period-beginning	Increase	Decrease	Period-end		
China Guangfa Bank Co., Ltd.	288,700.00			288,700.00					0.00%	
China Chengtong Finance Corporation Ltd.	627,355,141.04			627,355,141.04					10.00%	
Total	627,643,841.04			627,643,841.04					--	

(4) Changes in Depreciation of Available-for-sale Financial Assets during the Reporting Period

Unit: RMB

Category	Available-for-sale equity instruments	Available-for-sale debt instruments		Total

(5) Notes to the Available-for-sale Equity Instrument with Serious Fall or Non-transient Fall in Ending Fair Value but without Provisions for Impairment

Unit: RMB

Item of available-for-sale equity instruments	Investment cost	Ending fair value	Falling scope of fair value against the cost	Duration of falling (month)	Withdrawn impairment amount	Reason for not withdrawing the impairment

Other notes

(1) In 2015, the Company was transferred 0.0004248% of shares of China Guangfa Bank Co., Ltd. by its former subsidiary Foshan Chengtong Paper Co., Ltd. that has been disposed.

(2) The Company's former associated enterprise China Chengtong Finance Corporation Ltd. increased its registered capital by RMB4 billion in this year, of which 0.3 billion shares were invested by the Company at RMB1.32 per share. The actual investment was RMB396 million. After the capital increase, the proportion of shares in China Chengtong Finance Corporation Ltd. held by the Company decreased from 20.00% to 10.00% without control or joint control rights as well as significant influence. The Company would transfer the investment in China Chengtong Finance Corporation Ltd. to available-for-sale financial assets that would be measured at cost.

No serious or non-transient falling happened to the available-for-sale equity instruments at the end of the period, thus the depreciation reserves were not withdrawn.

15. Held-to-maturity Investment**(1) List of Held-to-maturity Investment**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value

(2) Significant Held-to-maturity Investment at the End of the Period

Unit: RMB

Item	Par value	Coupon rate	Actual interest rate	Due date

(3) Re-classified Held-to-maturity Investment in the Current Period

Other notes

16. Long-term Accounts Receivable**(1) List of Long-term Accounts Receivable**

Unit: RMB

Item	Ending balance			Beginning balance			Interval of discount rate
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value	

(2) Long-term Accounts Receivable Derecognized Due to the Transfer of Financial Assets**(3) Amount of Assets and Liabilities Generated from the Transfer and Continuous Involvement of Long-term Accounts Receivable**

Other notes

17. Long-term Equity Investment

Unit: RMB

Investees	Beginning balance	Increase/decrease								Ending balance	Ending balance of depreciation
		Additional investment	Reduced investment	Gains and losses recognized under	Adjustment of other comprehensive	Changes of other equity	Cash bonus or profits announcement	Withdrawal of depreciation	Other		

				the equity method	nsive income		d to issue	reserves			reserves
I. Joint ventures											
II. Associated enterprises											
Guangdong Chengtong Logistics Co., Ltd.	8,294,365 .17			-88,375.9 2						8,205,989 .25	
Subtotal	8,294,365 .17			-88,375.9 2						8,205,989 .25	
Total	8,294,365 .17			-88,375.9 2						8,205,989 .25	

Other notes

(1) In 2012, the subsidiary of the Company Zhuhai S.E.Z.Hongta Renheng Paper Co., Ltd. held 24% of the shares of Guangdong Chengtong Logistics Co., Ltd. with significant influences, and the equity method shall be applied. On 31 March 2013, Guangdong Chengtong Logistics Co., Ltd. executed the shares withdrawal and assets reduction [(Singapore) Renheng Industry Co., Ltd. (holding 25% shares) withdrew the equity of Guangdong Chengtong Logistics Co., Ltd.]. Therefore, the shareholding proportion of Guangdong Chengtong Logistics Co., Ltd. by the subsidiary of the Company Zhuhai S.E.Z.Hongta Renheng Paper Co., Ltd. increased from 24% to 32% with significant influences, and shall be measured by equity method.

18. Investment Property

(1) Investment Property Adopted the Cost Measurement Mode

√ Applicable □ Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original carrying value				
1. Beginning balance	46,506,036.02			46,506,036.02
2. Increased amount of the period				
(1) Outsourcing				
(2) Transfer from inventory\fixed assets\construction in progress				
(3) Enterprise				

combination increase				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	46,506,036.02			46,506,036.02
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	14,413,679.73			14,413,679.73
2. Increased amount of the period	337,709.62			337,709.62
(1) Withdrawal or amortization	337,709.62			337,709.62
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	14,751,389.35			14,751,389.35
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				

IV. Carrying value				
1. Ending carrying value	31,754,646.67			31,754,646.67
2. Beginning carrying value	32,092,356.29			32,092,356.29

(2) Investment Property Adopted the Fair Value Measurement Mode

Applicable Not applicable

(3) Investment Property Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
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Other notes

19. Fixed Assets

(1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation	Electronic equipment and others	Total
I. Original carrying value					
1. Beginning balance	1,158,249,569.78	2,825,912,365.48	44,645,338.25	134,213,664.23	4,163,020,937.74
2. Increased amount of the period	1,033,530.43	5,927,743.51	1,871,380.27	2,155,319.91	10,987,974.12
(1) Purchase	1,033,530.43	4,773,734.80			5,807,265.23
(2) Transfer from construction in progress		1,154,008.71			
(3) Enterprise combination increase					
3. Decreased amount of the period		9,556,272.61	2,001,898.65	1,383,367.71	12,941,538.97
(1) Disposal or Scrap		9,556,272.61	2,001,898.65	1,383,367.71	12,941,538.97

4. Ending balance	1,159,283,100.21	2,822,283,836.38	44,514,819.87	134,985,616.43	4,161,067,372.89
II. Accumulative depreciation					
1. Beginning balance	400,525,039.42	1,247,659,071.06	38,150,002.83	97,705,678.03	1,784,039,791.34
2. Increased amount of the period	16,690,144.63	54,272,717.98	1,022,156.72	4,069,178.42	76,054,197.75
(1) Withdrawal	16,690,144.63	54,272,717.98	1,022,156.72	4,069,178.42	76,054,197.75
3. Decreased amount of the period		4,843,132.71	1,739,735.16	1,327,689.48	7,910,557.35
(1) Disposal or Scrap		4,843,132.71	1,739,735.16	1,327,689.48	7,910,557.35
4. Ending balance	417,215,184.05	1,297,088,656.33	37,432,424.39	100,447,166.97	1,852,183,431.74
III. Depreciation reserves					
1. Beginning balance		76,679,757.00			76,679,757.00
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal or Scrap					
4. Ending balance		76,679,757.00			76,679,757.00
IV. Carrying value					
1. Ending carrying value	742,067,916.16	1,448,515,423.05	7,082,395.48	34,538,449.46	2,232,204,184.15
2. Beginning carrying value	757,724,530.36	1,501,573,537.42	6,495,335.42	36,507,986.20	2,302,301,389.40

(2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value	Note
Naught					

(3) Fixed Assets Leased in by Financing Lease

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value
Houses and buildings	12,212,610.00	11,601,979.50		610,630.50
Machinery equipment	3,160,000.00	3,002,000.00		158,000.00
Total	15,372,610.00	14,603,979.50		768,630.50

(4) Fixed Assets Leased out by Operation Lease

Unit: RMB

Item	Ending carrying value
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(5) Fixed Assets Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
Houses and buildings	100,958,296.01	Property right certificate was under process

Other notes

20. Construction in Progress**(1) List of Construction in Progress**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
BM3 Tetra project	5,739,108.55		5,739,108.55	5,168,440.11		5,168,440.11
Upscale special white cardboard BM4 new project	2,480,438.79		2,480,438.79	2,480,438.79		2,480,438.79
Latex phase II matching raw material tank farm project	16,695,269.54		16,695,269.54	15,918,047.55		15,918,047.55
Advanced				2,431,959.91		2,431,959.91

waste-water treatment and water reuse project						
Equipment under Construction	7,067,610.63		7,067,610.63	5,047,332.75		5,047,332.75
BM3 coating draught fan energy saving renovation project	1,070,085.47		1,070,085.47	1,070,085.47		1,070,085.47
BM3 Reel alternation of hydro-acupuncture renovation project	1,967,411.17		1,967,411.17	1,967,411.17		1,967,411.17
Renovation project on BM3 Clean-In-Place of molded net	1,447,975.78		1,447,975.78			
Renovation project on BM3 Broke Pulper	1,302,234.23		1,302,234.23			
Sewage-delivery system	2,648,313.83		2,648,313.83			
BM2 Self-made Sizing Starch System	1,335,743.71		1,335,743.71			
Other	7,727,036.23		7,727,036.23	5,232,058.44		5,232,058.44
Total	49,481,227.93		49,481,227.93	39,315,774.19		39,315,774.19

(2) Changes in Significant Construction in Progress during the Reporting Period

Unit: RMB

Item	Budget	Beginning balance	Increase amount	Transferred in fixed assets	Other decrease amount	Ending balance	Proportion of accumulated investment in construction	Job schedule	Accumulated amount of interest capitalization	Of which: amount of capitalized interests	Capitalization rate of interests for the Reporting Period	Capital resources

							ions to budget			for the Reportin g Period		
BM3 Tetra project	18,730,0 00.00	5,168,44 0.11	570,668. 44			5,739,10 8.55	0.31%	30.64%				Other
Latex phase II matching raw material tank farm project	20,000,0 00.00	15,918,0 47.55	777,221. 99			16,695,2 69.54	0.83%	83.48%				Other
Advance d waste-w ater treatmen t and water reuse project	18,000,0 00.00	2,431,95 9.91			2,431,95 9.91	0.00	0.00%	0.00%				Other
BM3 coating draught fan energy saving renovati on project	1,300,00 0.00	1,070,08 5.47				1,070,08 5.47	0.82%	82.31%				Other
BM3 Reel alternati on of hydro-ac upunctur e renovati on project	2,000,00 0.00	1,967,41 1.17				1,967,41 1.17	0.98%	98.37%				Other

Total	60,030,000.00	26,555,944.21	1,347,890.43		2,431,959.91	25,471,874.73	--	--				--
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(3) List of the Withdrawal of the Impairment Provision for Construction in Progress

Unit: RMB

Item	Amount withdrawn	Reason for withdrawal
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Other notes

The construction in progress transferred into fixed assets in the Reporting Period was of RMB1,154,008.71.

21. Engineering Materials

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

22. Liquidation of Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

23. Productive Living Assets

(1) Productive Living Assets Adopted Cost Measurement Mode

Applicable Not applicable

(2) Productive Living Assets Adopted Fair Value Measurement Mode

Applicable Not applicable

24. Oil and Gas Assets

Applicable Not applicable

25. Intangible Assets

(1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent right	Non-patent right	Software and other	Total
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I. Original carrying value					
1. Beginning balance	146,970,093.89		56,822,865.97	8,653,219.40	212,446,179.26
2. Increased amount of the period				71,759.83	71,759.83
(1) Purchase				71,759.83	71,759.83
(2) Internal R&D					
(3) Business combination increase					
3. Decreased amount of the period	14,532,760.00				14,532,760.00
(1) Disposal	14,532,760.00				14,532,760.00
4. Ending balance	132,437,333.89		56,822,865.97	8,724,979.23	197,985,179.09
II. Accumulated amortization					
1. Beginning balance	49,595,308.00		19,221,477.69	3,912,178.35	72,728,964.04
2. Increased amount of the period	3,184,380.78		2,444,212.73	508,352.32	6,136,945.83
(1) Withdrawal	3,184,380.78		2,444,212.73	508,352.32	6,136,945.83
3. Decreased amount of the period	579,352.48				579,352.48
(1) Disposal	579,352.48				579,352.48
4. Ending balance	52,200,336.30		21,665,690.42	4,420,530.67	78,286,557.39
III. Depreciation reserves					
1. Beginning balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					

(1) Disposal					
4. Ending balance					
IV. Carrying value					
1. Ending carrying value	80,236,997.59		35,157,175.55	4,304,448.56	119,698,621.70
2. Beginning carrying value	97,374,785.89		37,601,388.28	4,741,041.05	139,717,215.22

The proportion of intangible assets formed from the internal R&D of the Company at the Period-end to the ending balance of intangible assets was 29.37%.

(2) Land Use Right with Certificate of Title Uncompleted

Unit: RMB

Item	Carrying value	Reason
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Other notes:

26. R&D Expense

Unit: RMB

Item	Beginning balance	Increase			Decrease			Ending balance
New-type cigarette box board		2,778,163.77						2,778,163.77
Total		2,778,163.77						2,778,163.77

Other notes

27. Goodwill

(1) Original Carrying Value of Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase			Decrease			Ending balance
Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd.	9,129,025.01							9,129,025.01

Zhuhai Golden Pheasant Chemicals Co., Ltd.	2,418,280.28					2,418,280.28
Total	11,547,305.29					11,547,305.29

(2) Impairment Provision for Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase	Decrease	Ending balance

Notes of the testing process of goodwill impairment, parameters and the recognition method of goodwill impairment losses:

Other notes

On 30 June 2009, the Company obtained the control of Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd. through business combination not under the same control with the combination cost RMB808,448,702.06, and obtained the fair value of the identifiable net assets of the Company RMB799,319,677.05. Combination cost being larger than the fair value of the identifiable net assets balance formed goodwill RMB9,129,025.01. At the end of the period, through combining the analysis of the present value of the expected future cash flow of the assets with the evaluation of assets group of the two production line equipment and recoverable amount, there was no sign of goodwill impairment, thus no provision for impairment loss.

On 1 July 2012, the Company obtained the control of Zhuhai Golden Pheasant Chemical Co., Ltd. through business combination not under the same control with the combination cost RMB69,000,000.00, and obtained the fair value of the identifiable net assets of the Company RMB66,581,719.72. Combination cost being larger than the fair value of the identifiable net assets balance formed goodwill RMB2,418,280.28. At the end of the period, through the analysis of the present value of the expected future cash flow of Zhuhai Golden Pheasant Chemical Co., Ltd., there was no sign of goodwill impairment, thus no provision for impairment loss.

28. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
Decoration expense for rent-in plant	213,321.10		22,454.85		190,866.25
Fee for technical service	232,806.84		43,651.32		189,155.52
Maintaining renovation of construction project	2,810,762.23	217,758.53	607,245.79		2,421,274.97

Total	3,256,890.17	217,758.53	673,351.96	2,801,296.74
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Other notes

29. Deferred Income Tax Assets/Deferred Income Tax Liabilities**(1) Deferred Income Tax Assets that Had not Been Set-off**

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	144,093,941.83	21,629,140.63	144,093,941.83	21,629,140.63
Withholding sales agency fee	11,004,330.01	1,650,649.50	11,004,330.01	1,650,649.50
Provisions	760,457.18	114,068.58	760,457.18	114,068.58
Accrued expenses	25,610,056.09	3,841,508.41	25,610,056.09	3,841,508.41
Net amount of change in fair value of trading financial assets	2,394,879.25	359,231.89	2,394,879.25	359,231.89
Total	183,863,664.36	27,594,599.01	183,863,664.36	27,594,599.01

(2) Deferred Income Tax Liabilities Had Not Been Off-set

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Assets evaluation appreciation in the business combination not under the same control	14,923,964.07	2,238,594.61	14,923,964.07	2,238,594.61
Total	14,923,964.07	2,238,594.61	14,923,964.07	2,238,594.61

(3) Deferred Income Tax Assets or Liabilities Listed by Net Amount after Off-set

Unit: RMB

Item	Mutual set-off amount of deferred income tax assets and liabilities at	Ending balance of deferred income tax assets or liabilities after	Mutual set-off amount of deferred income tax assets and liabilities at	Beginning balance of deferred income tax assets or liabilities after
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	the period-end	off-set	the period-begin	off-set
Deferred income tax assets		27,594,599.01		27,594,599.01
Deferred income tax liabilities		2,238,594.61		2,238,594.61

(4) List of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible losses	67,269,298.96	67,269,298.96
Provision for fixed assets impairment	201,333.37	201,333.37
Total	67,470,632.33	67,470,632.33

(5) Deductible Losses of Unrecognized Deferred Income Tax Assets will Due in the Following Years

Unit: RMB

Years	Ending amount	Beginning amount	Notes
Y2018	13,206,217.94	13,206,217.94	
Y2019			
Y2020	49,162,723.17	49,162,723.17	
Y2021	1,734,170.90	1,734,170.90	
Y2022	3,166,186.95	3,166,186.95	
Total	67,269,298.96	67,269,298.96	--

Other notes:

30. Other Non-current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Prepayment of equipment	807,067.64	5,235,044.33
Total	807,067.64	5,235,044.33

Other notes:

31. Short-term Borrowings

(1) Category of Short-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Pledge loan	210,626,792.00	199,095,460.59
Guaranteed loan	566,146,483.16	698,330,783.93
Total	776,773,275.16	897,426,244.52

Notes of short-term loans category

(1) The pledge loan was generated from the taking of the margin in other monetary capital as the pledge by the Company.

(2) The guarantee loan was generated from the providing of guarantees for subsidiaries by the Company.

(2) List of the Short-term Borrowings Overdue but Not Returned

The amount of the overdue unpaid short-term borrowings at the period-end was of RMB0.00, of which the significant overdue unpaid short-term loans are as follows:

Unit: RMB

Borrower	Ending balance	Interest rate	Overdue time	Overdue charge rate

Other notes:

32. Financial Liabilities at Fair Value through Profit or Loss

Unit: RMB

Item	Ending balance	Beginning balance
Financial liabilities specified as measured by fair value and the changes included in the current gains and losses	1,053,987.24	2,394,879.25
Total	1,053,987.24	2,394,879.25

Other notes:

The ending balance was the fair value generated from the bank's foreign exchange contract product purchase by Zhuhai Hongta Renheng Packing Co., Ltd., the subsidiary of the Company, measured at the difference between the exchange rate of US dollar locked in the contract and the actual exchange rate on 30 June 2018.

33. Derivative Financial Liabilities

Applicable Not applicable

34. Notes Payable

Unit: RMB

Category	Ending balance	Beginning balance
Bank's acceptance bill	149,811,246.41	8,530,196.41

Total	149,811,246.41	8,530,196.41
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The total amount of the due but not paid notes payable at the end of the period was of RMB0.00.

35. Accounts Payable

(1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Payment of materials	256,147,086.68	257,450,045.60
Payment of equipment	2,499,931.57	9,163,006.20
Payment of freight	38,568,193.32	53,544,546.45
Other	13,264,452.22	21,089,564.14
Total	310,479,663.79	341,247,162.39

(2) Significant Accounts Payable Aging over One Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
TEMBEL INC.	3,502,696.97	Unsettled
Marubeni Corporation	2,235,321.52	Unsettled
Guangzhou Dingsheng Ind. And Trade Co., Ltd.	2,419,153.83	Unsettled
Total	8,157,172.32	--

Other notes:

36. Advances from Customers

(1) List of Advances from Customers

Unit: RMB

Item	Ending balance	Beginning balance
Within 1 year	26,447,207.64	21,099,280.81
1-2 years	151,892.92	185,873.32
2-3 years	266,511.43	239,511.43
Over 3 years	245,079.52	245,079.52
Total	27,110,691.51	21,769,745.08

(2) Significant Advances from Customers Aging over One Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
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(3) Settled but Uncompleted Projects Formed by Construction Contracts at the Period-end

Unit: RMB

Item	Amount
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Other notes:

37. Payroll Payable**(1) List of Payroll Payable**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	29,068,767.86	89,789,649.82	98,173,588.53	20,684,829.15
II. Post-employment benefit-defined contribution plans	193,390.47	7,856,603.53	7,835,184.42	214,809.58
III. Termination benefits		650,280.00	650,280.00	
Total	29,262,158.33	98,296,533.35	106,659,052.95	20,899,638.73

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	19,456,610.16	79,244,821.97	88,290,578.52	10,410,853.61
2. Employee welfare		2,721,288.15	2,721,288.15	
3. Social insurance		3,292,652.15	3,292,652.15	
Of which: 1. Medical insurance premiums		2,829,877.54	2,829,877.54	
Work-related injury insurance		202,676.52	202,676.52	
Maternity insurance		260,098.09	260,098.09	
4. Housing fund		2,545,004.68	2,545,004.68	
5. Labor union budget	9,612,157.70	1,985,882.87	1,324,065.03	10,273,975.54

and employee education budget				
Total	29,068,767.86	89,789,649.82	98,173,588.53	20,684,829.15

(3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits		6,042,497.55	6,042,497.55	
2. Unemployment insurance		321,860.57	321,860.57	
3. Annuity	193,390.47	1,492,245.41	1,470,826.30	214,809.58
Total	193,390.47	7,856,603.53	7,835,184.42	214,809.58

Other notes:

38. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	7,130,757.07	9,173,589.49
Corporate income tax	5,284,725.08	4,829,691.00
Personal income tax	363,834.65	220,969.58
Urban maintenance and construction tax	319,610.08	443,966.24
Property tax	4,134,286.77	3,997,526.54
Education Surcharge	228,292.87	317,118.82
Stamp tax	-144,445.32	149,295.59
Land use tax	1,260,808.68	2,264,945.84
Environmental tariff	85,433.54	
Total	18,663,303.42	21,397,103.10

Other notes:

The environmental tariff was newly added in the Reporting Period.

39. Interest Payable

Unit: RMB

Item	Ending balance	Beginning balance
Enterprise bond interest	9,402,739.73	4,455,452.06
Interest payable of short-term borrowings	8,183,018.11	3,354,342.94

Interest payable of borrowings provided by connected parties	1,166,184.87	55,585.83
Total	18,751,942.71	7,865,380.83

List of the significant overdue unpaid interest:

Unit: RMB

Borrower	Overdue amount	Overdue reasons
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Other notes:

40. Dividends Payable

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	29,913,098.67	12,116,789.76
Total	29,913,098.67	12,116,789.76

Other notes, including significant dividends payable unpaid for over one year, the unpaid reason shall be disclosed:

The dividends payable at the period-end were mainly the profits that should be paid to the non-controlling shareholders of the subsidiary-Zhuhai Golden Pheasant Chemical Co., Ltd.

41. Other Accounts Payable

(1) Other Accounts Payable Listed by Nature of Account

Unit: RMB

Item	Ending balance	Beginning balance
Pledged and margin	17,773,753.37	13,124,079.64
Prepayment	7,626,643.60	6,232,605.94
Capital of related parties	58,110,384.98	8,110,384.98
Final payment of engineering	1,885,480.20	1,158,579.69
Other	8,090,263.33	2,203,530.86
Total	93,486,525.48	30,829,181.11

(2) Significant Other Accounts Payable Aging over One Year

Unit: RMB

Item	Ending balance	Unpaid/Un-carry-over reason
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Other notes

42. Held-for-sale Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes

43. Non-current Liabilities Due within One Year

Unit: RMB

Item	Ending balance	Beginning balance
Bonds payable due within one year	199,985,829.38	199,834,258.85
Total	199,985,829.38	199,834,258.85

Other notes

The bonds has been cashed completely when due on 31 July 2018. For more details, please refer to the announcement (Announcement No.: 2018-049) disclosed by the Company.

44. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Increase/decrease of the short-term bonds payable:

Unit: RMB

Bonds name	Par value	Issuing date	Duration	Issuing amount	Beginning balance	The current issue	Withdrawal of interest by par value	Amortization of premium and depreciation	Repayment in the Reporting Period		Ending balance
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Other notes

45. Long-term Borrowings**(1) Category of Long-term Borrowings**

Unit: RMB

Item	Ending balance	Beginning balance
Guaranteed loan	300,000,000.00	200,000,000.00
Total	300,000,000.00	200,000,000.00

Notes to the category of long-term borrowings:

Other notes, including the interval of interest rate:

The guaranteed loan was a 2-year loan from the Guangdong Branch of the Export-Import Bank of China obtained by Zhuhai Hongta Renheng Packing Co., Ltd., the subsidiary of the Company, through the joint liability guarantee provided by the Company, of which RMB0.2 billion with the interest rate of 4.5125% will be due in February 2019 and RMB0.1 billion with the interest rate of 5.375% will be due in March 2020.

46. Bonds Payable

(1) List of Bonds Payable

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Increase/Decrease of Bonds Payable (Excluding Other Financial Instrument Classified as Financial Liabilities such as Preferred Shares and Perpetual Bonds)

Unit: RMB

(3) Notes to the Conditions and Time of the Shares Transfer of the Convertible Corporate Bonds

(4) Notes to Other Financial Instrument Classified as Financial Liabilities

Basic situation of other financial instrument such as preferred shares and perpetual bonds outstanding at the period-end

Changes in financial instrument such as preferred shares and perpetual bonds outstanding at the period-end

Unit: RMB

Outstanding financial instrument	Period-beginning		Increase		Decrease		Period-end	
	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value

Notes to basis for the classification of other financial instrument as financial liabilities

Other notes

47. Long-term Accounts Payable

(1) Long-term Accounts Payable Listed by Nature of Account

Unit: RMB

Item	Ending balance	Beginning balance
Financial leasing		825,912.17
Loan from non-financial institution	16,000,000.00	16,000,000.00
Total	16,000,000.00	16,825,912.17

Other notes:

The loan from non-financial institution was a loan of RMB16,000,000.00 with 4.35% of annual interest rate

obtained by Zhuhai Golden Pheasant Chemical Co., Ltd., the holding subsidiary of the Company, provided by its shareholder, Zhejiang Golden Pheasant Group Co., Ltd.

48. Long-term Payroll Payable

(1) List of Long-term Payroll Payable

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Changes in Defined Benefit Plans

Obligation present value of defined benefit plans:

Unit: RMB

Item	Reporting period	Same period of last year
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Plan assets:

Unit: RMB

Item	Reporting period	Same period of last year
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Net liabilities (net assets) of defined benefit plans:

Unit: RMB

Item	Reporting period	Same period of last year
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Notes of influence of content of defined benefit plans and its relevant risks to the future cash flow, time and uncertainty of the Company:

Notes to the results of significant actuarial assumptions and sensitivity analysis of defined benefit plans:

Other notes:

49. Specific Accounts Payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
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Other notes:

50. Provisions

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
Product quality guarantee	1,366,445.61	1,366,445.61	Predicted losses resulting from any product quality problem
Total	1,366,445.61	1,366,445.61	--

Other notes, including notes to related significant assumptions and evaluation of significant provisions:

51. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government subsidies	30,773,540.27	2,358,270.19	1,528,842.28	31,602,968.18	
Total	30,773,540.27	2,358,270.19	1,528,842.28	31,602,968.18	--

Item involving government subsidies:

Unit: RMB

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Amount offset cost in the Reporting Period	Other changes	Ending balance	Related to assets/related income
Renovation project of the information system of paper-making enterprise energy management center	720,000.00			16,000.00			704,000.00	Related to assets
No. 1 paper machine update & renovation project	224,000.00			4,800.00			219,200.00	Related to assets
Liquid paper renovation project	233,333.20			17,500.02			215,833.18	Related to assets
Renovation project of the information system of energy management	1,096,666.71			139,999.98			956,666.73	Related to assets

center								
Steam condensation water recycling and energy saving projects	1,536,000.00			192,000.00			1,344,000.00	Related to assets
Subsidy of improvement of Zhuhai motor efficiency	1,398,794.33			349,698.62			1,049,095.71	Related to assets
Subsidy of latex phase II production line technological transformation	228,000.00						228,000.00	Related to assets
BM1 ink-jet printer system and drive system upgrade synthesis technique transformation project	10,031,627.71			223,753.78			9,807,873.93	Related to assets
Zhuhai Gaolan Port national treasury equipment renewal (Robot Application) special fund subsidies	960,266.59			20,800.02			939,466.57	Related to assets
Energy management center energy-savin	891,746.71			113,839.98			777,906.73	Related to assets

g technological innovation support fund								
Post-awarded subsidies of Automatic packaging line technical innovation	4,268,161.40			89,502.84			4,178,658.56	Related to assets
Post-awarded subsidies of HCB-Turn Nozzle optimization and technological transformatio n project	1,754,105.57			36,417.42			1,717,688.15	Related to assets
Post-awarded subsidies of TP liquid food packing board synthesis technique transformatio n project	4,937,748.66						4,937,748.66	Related to assets
Post-awarded subsidies of MES technical renovation project of Zhuhai Huafeng Paper Co., Ltd.	1,893,089.39			324,529.62			1,568,559.77	Related to assets
Support funds for restoring production after typhoon	600,000.00						600,000.00	Related to assets

Subsidy for renovation II on power transforming and distribution equipment		2,358,270.19					2,358,270.19	Related to assets
Total	30,773,540.27	2,358,270.19		1,528,842.28			31,602,968.18	--

Other notes:

52. Other Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

53. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other	Subtotal	
The sum of shares	505,425,000.00						505,425,000.00

Other notes:

54. Other Equity Instrument

(1) The Basic Information of Other Financial Instruments such as Preferred Stock and Perpetual Bond Outstanding at the End of the Period

(2) Changes in Financial Instruments such as Preferred Stock and Perpetual Bond Outstanding at the End of the Period

Unit: RMB

Outstanding financial instruments	Period-beginning		Increase		Decrease		Period-end	
	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value

The current changes in other equity instrument and the corresponding reasons and the basis of the relevant accounting treatment

Other notes:

55. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	256,362,525.38			256,362,525.38
Other capital reserves	459,848.04			459,848.04
Total	256,822,373.42			256,822,373.42

Other notes, including changes and reason of change:

56. Treasury Shares

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance

Other notes, including changes and reason of change:

57. Other Comprehensive Income

Unit: RMB

Item	Beginning balance	Reporting Period					Ending balance
		Income before taxation in the Current Period	Less: recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
II. Other comprehensive income that may subsequently be reclassified to profit or loss	169,714.39						169,714.39
Of which: Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method	169,714.39						169,714.39
Total of other comprehensive income	169,714.39						169,714.39

Other notes, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognized amount:

58. Specific Reserve

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
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Other notes, including changes and reason of change:

59. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	192,647,450.61			192,647,450.61
Total	192,647,450.61			192,647,450.61

Notes, including changes and reason of change:

60. Retained Profits

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained profits before adjustments	1,027,794,897.70	1,027,703,010.59
Beginning balance of retained profits after adjustments	1,027,794,897.79	1,027,703,010.59
Add: Net profit attributable to owners of the Company as the parent	-15,299,762.79	12,487,648.99
Dividend of ordinary shares payable	22,053,834.14	22,821,841.15
Ending retained profits	990,441,300.86	1,017,368,818.43

List of adjustment of beginning retained profits:

- (1) RMB0.00 beginning retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- (2) RMB0.00 beginning retained profits was affected by changes in accounting policies.
- (3) RMB0.00 beginning retained profits was affected by correction of significant accounting errors.
- (4) RMB0.00 beginning retained profits was affected by changes in combination scope arising from same control.
- (5) RMB0.00 beginning retained profits was affected totally by other adjustments.

61. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same Period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	1,646,488,580.95	1,500,276,960.43	1,523,112,335.30	1,340,382,118.18
Other operations	100,667,759.97	94,861,978.25	44,086,866.92	35,834,516.23
Total	1,747,156,340.92	1,595,138,938.68	1,567,199,202.22	1,376,216,634.41

62. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same Period of last year
Urban maintenance and construction tax	2,234,486.66	3,328,884.81
Education Surcharge	1,607,145.55	2,380,405.64
Property tax	4,181,949.65	2,655,782.38
Land use tax	1,155,803.20	1,035,476.86
Vehicle and vessel use tax	11,114.21	22,241.76
Stamp Duty	739,190.35	975,469.93
Environmental tariff	184,939.09	
Total	10,114,628.71	10,398,261.38

Other notes:

The environmental tariff was newly added in the Reporting Period.

63. Selling Expense

Unit: RMB

Item	Reporting Period	Same Period of last year
Salary and benefits	6,126,482.73	6,721,431.29
Freight and miscellaneous charges	50,297,643.49	59,110,703.87
Business entertainment fees	2,355,830.99	3,006,468.08
Warehousing fees/rental fees	4,346,575.09	1,480,042.06
Packing charges	4,844,772.59	4,021,497.51
Other	2,026,450.79	2,455,914.12
Total	69,997,755.68	76,796,056.93

Other notes:

64. Administrative Expense

Unit: RMB

Item	Reporting Period	Same Period of last year
Salary	22,682,884.61	17,141,761.15
Social insurance	9,707,779.29	10,409,625.10
Taxation	2,894.54	713.76
Depreciation	7,324,462.45	5,280,229.08
Office expenses	3,140,805.52	1,198,518.53
Business entertainment fees	890,084.10	815,729.67
Other	23,339,768.60	26,602,933.18
Total	67,088,679.11	61,449,510.47

Other notes:

65. Finance Costs

Unit: RMB

Item	Reporting Period	Same Period of last year
Interest expense	46,082,510.39	60,706,032.85
Less: Interest income	1,573,895.57	14,169,653.48
Foreign exchange gains or losses	-1,056,338.33	2,874,650.33
Other	2,484,172.25	58,671.56
Total	45,936,448.74	49,469,701.26

Other notes:

66. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same Period of last year
I. Bad debt loss	-59,432.48	
Total	-59,432.48	

Other notes:

67. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year
Financial liabilities at fair value through profit or loss	1,340,892.01	
Total	1,340,892.01	

Other notes:

The gains on the change in fair value was the gains on changes in fair value due to the changes in foreign exchange rate of FX Forward signed by the Company's subsidiary-Zhuhai Hongta Renheng Packing Co., Ltd.

68. Investment Income

Unit: RMB

Item	Reporting Period	Same Period of last year
Long-term equity investment income accounted by equity method	-88,375.92	16,267,328.42
Total	-88,375.92	16,267,328.42

Other notes:

69. Asset Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Gains or losses from disposal of fixed assets	68,414.74	-23,474.80
Total	68,414.74	-23,474.80

70. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Amortization of government subsidies in deferred income	1,528,842.28	1,359,634.62
Subsidy for enterprise R&D	1,288,000.00	530,700.00
Project subsidy for high-tech enterprises		302,000.00
Standardized strategic specific funds	23,100.00	80,000.00
Subsidy for promoting employment (social insurance subsidy)		14,557.35
Patent grants and others	370,386.14	38,400.00
Government subsidy from Zhuhai International Container Terminals (Gaolan) Limited		493,500.00
Specific funds for technology development		805,000.00
Surplus subsidies for the Guangdong Project in the Complete Trash-cleaning Project		450,000.00

Subsidy for improvement of electro-mechanic performance		106,200.00
Supporting fund for disaster relief and production resumption	169,000.00	
Compensation for losses caused by the production suspension due to the interruption of power supply	5,690,035.00	
Total	9,069,363.42	4,179,991.97

71. Non-operating Income

Unit: RMB

Item	Reporting Period	Same Period of last year	Amount recorded in the current non-recurring profit or loss
Other	1,600,770.29	2,077,465.21	1,600,770.29
Total	1,600,770.29	2,077,465.21	1,600,770.29

Government subsidies recorded into current profit or loss

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether influence the profits or losses of the year or not	Special subsidy or not	Reporting Period	Same period of last year	Related to assets/related income

Other notes:

72. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same Period of last year	Amount recorded in the current non-recurring profit or loss
Other	930,302.34	41,617.20	930,302.34
Total	930,302.34	41,617.20	930,302.34

Other notes:

The increase in non-operating expense was mainly losses generated by abnormal cessation.

73. Income Tax Expense

(1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same Period of last year
Current income tax expense	2,962,396.75	96,393.17
Total	2,962,396.75	96,393.17

(2) Adjustment Process of Accounting Profit and Income Tax Expense

Unit: RMB

Item	Reporting Period
Profit before taxation	-29,999,915.32
Current income tax expense accounted at statutory/applicable tax rate	2,079,785.96
Influence of applying different tax rates by subsidiaries	-666,822.19
Influence of income tax before adjustment	-542,714.87
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	2,092,147.85
Income tax expense	2,962,396.75

Other notes

74. Other Comprehensive Income

Refer to Note 57 for details.

75. Cash Flow Statement

(1) Cash Generated from Other Operating Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
Government subsidies	14,620,469.92	2,575,107.35
Interest income from deposits in banks	1,065,623.85	3,786,417.17
Cash pledge	4,840,265.19	2,995,438.82
Intercourse funds	51,289,766.80	31,078,254.27
Insurance indemnity	14,495,853.54	534,498.77
Other	4,476,822.68	4,265,511.43
Total	90,788,801.98	45,235,227.81

Notes:

(2) Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
Utilities	805,005.73	2,131,962.95
Repair charge	1,712,016.02	1,039,174.01
Transport charge	396,080.12	304,173.31
Business entertainment expenses	2,501,271.39	3,312,259.55
Rental fees	3,145,769.80	1,001,934.70
Business travel charge	1,977,241.19	2,639,391.15
Emission charges	2,864,750.05	2,081,949.73
Handling charge for banks	4,319,357.78	1,294,501.90
Premium	497,040.79	3,429,623.26
Charge for the agency	2,122,258.55	3,122,993.34
Intercourse funds	1,629,491.28	3,182,689.06
Correspondence	625,555.10	612,765.17
Vehicle charge	950,964.12	1,872,359.74
Other	17,379,738.87	19,893,889.09
Total	40,926,540.79	45,919,666.96

Notes:

(3) Cash Generated from Other Investing Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
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Notes:

(4) Cash Used in Other Investing Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
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Notes:

(5) Cash Generated from Other Financing Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
Restricted monetary capital as margin or	33,400,956.90	109,000,000.00

pledge		
Total	33,400,956.90	109,000,000.00

Notes:

(6) Cash Used in Other Financing Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
Restricted monetary capital as margin or pledge	159,238,064.51	129,018,017.46
Total	159,238,064.51	129,018,017.46

Notes:

76. Supplemental Information for Cash Flow Statement**(1) Supplemental Information for Cash Flow Statement**

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	-32,962,312.07	15,232,328.20
Add: Provision for impairment of assets	-59,432.48	
Depreciation of fixed assets, oil-gas assets, and productive living assets	76,391,907.37	77,045,836.22
Amortization of intangible assets	6,136,945.83	5,423,418.58
Amortization of long-term prepaid expenses	673,351.96	627,890.62
Losses from disposal of fixed assets, intangible assets and other long-lived assets (gains: negative)	-68,414.74	-134,195.10
Losses from changes in fair value (gains: negative)	-1,340,892.01	
Finance costs (gains: negative)	46,082,510.39	49,469,701.26
Investment loss (gains: negative)	88,375.92	-16,267,328.42
Decrease in inventory (gains: negative)	-155,609,404.15	-41,167,407.70
Decrease in accounts receivable generated from operating activities (gains: negative)	21,336,141.46	-456,470,884.35
Increase in accounts payable used in	108,124,208.63	-240,892,656.88

operating activities (decrease: negative)		
Net cash generated from/used in operating activities	68,792,986.11	-607,133,297.57
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Net increase/decrease of cash and cash equivalent:	--	--
Ending balance of cash	194,374,798.71	464,981,711.09
Less: beginning balance of cash	254,251,911.75	533,995,466.41
Net increase in cash and cash equivalents	-59,877,113.04	-69,013,755.32

(2) Net Cash Paid For Acquisition of Subsidiaries

Unit: RMB

	Amount
Of which:	--
Of which:	--
Of which:	--

Other notes:

(3) Net Cash Receive from Disposal of the Subsidiaries

Unit: RMB

	Amount
Of which:	--
Of which:	--
Of which:	--

Other notes:

(4) Cash and Cash Equivalent

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	194,374,798.71	254,251,911.75
Including: Cash on hand	208,623.57	173,601.37
Bank deposit on demand	194,166,175.14	254,078,310.38
III. Ending balance of cash and cash	194,374,798.71	254,251,911.75

equivalents		
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Other notes:

77. Notes to Items of the Statements of Changes in Owners' Equity

Notes to the name of "Other" of ending balance of the same period of last year adjusted and the amount adjusted:

78. Assets with Restricted Ownership or Right to Use

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary capital	160,238,064.51	Margin
Notes payable	48,419,769.97	Notes pledged
Total	208,657,834.48	--

Other notes:

79. Foreign Currency Monetary Items

(1) Foreign Currency Monetary Items

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Of which: USD	19,631,139.16	6.62	129,896,626.85
HKD	91,724.21	0.84	77,339.44
GBP	248,037.03	8.66	2,146,785.30
Of which: USD	4,328,051.41	6.62	28,636,948.55
HKD	2,982,178.46	0.84	2,514,274.67
Short-term borrowings		--	
Of which: USD	24,464,721.33	6.62	161,873,275.16
Prepayment		--	
Of which: USD	17,315,926.15	6.62	114,572,556.91
EUR	247,655.60	7.65	1,894,936.81
Other accounts receivable		--	
Of which: HKD	15,052,435.31	0.84	12,690,708.21
Accounts payable		--	
Of which: USD	16,587,215.03	6.62	109,750,967.00
EUR	6,329.30	7.65	48,428.66

Other notes:

(2) Notes to Overseas Entities Including: for Significant Oversea Entities, Main Operating Place, Recording Currency and Selection Basis Shall Be Disclosed; if there Are Changes in Recording Currency, Relevant Reasons Shall Be Disclosed.

Applicable Not applicable

80. Arbitrage

Qualitative and quantitative information of relevant arbitrage instruments, hedged risk in line with the type of arbitrage to disclose:

81. Other

VIII. Changes of Consolidation Scope

1. Business Combination Not under the Same Control

(1) Business Combination Not under the Same Control during the Reporting Period

Unit: RMB

Name of acquiree	Time and place of gaining the equity	Cost of gaining the equity	Proportion of equity	Way to gain the equity	Purchase date	Recognition basis of purchase date	Income of acquiree from the purchase date to period-end	Net profits of acquiree from the purchase date to period-end

Other notes:

(2) Combination Cost and Goodwill

Unit: RMB

Combination cost	
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Note to determination method of the fair value of the combination cost, consideration and changes:

The main formation reason for the large goodwill:

Other notes:

(3) The Identifiable Assets and Liabilities of Acquiree on Purchase Date

Unit: RMB

	Fair value on purchase date	Carrying value on purchase date

The determination method of the fair value of identifiable assets and liabilities

Contingent liability of acquiree undertaken in the business combination

Other notes:

(4) Gains or losses from Re-measurement of Equity Held before the Purchase Date at Fair Value

Whether there is a transaction that through multiple transaction step by step to realize business combination and gaining the control during the Reporting Period

Yes No

(5) Notes to Reasonable Consideration or Fair Value of Identifiable Assets and Liabilities of the Acquiree that Cannot Be Determined on the Acquisition Date or during the Period-end of the Merger

(6) Other Notes

2. Business Combination under the Same Control

(1) Business Combination under the Same Control during the Reporting Period

Unit: RMB

Combined party	Proportion of the equity	Basis	Combination date	Recognition basis of combination date	Income from the period-beginning to the combination date of the acquiree	Net profits from the period-beginning to the combination date of the acquiree	Income of the acquiree during the period of comparison	Net profits of the acquiree during the period of comparison

Other notes:

(2) Combination Cost

Unit: RMB

Combination cost	

Note to contingent consideration and other changes:

Other notes:

(3) The Carrying Value of Assets and Liabilities of the Combined Party on the Combination Date

Unit: RMB

	Combination date	Period-end of the last period

Contingent liabilities of the combined party undertaken in the business combination

Other notes:

3. Counter Purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process.

4. The Disposal of Subsidiary

Whether there is a single disposal of the investment to the subsidiary and lost control?

Yes No

Whether there are several disposals of the investment to the subsidiary and lost controls?

Yes No

5. Changes in Combination Scope for Other Reasons

Note to changes in combination scope for other reasons (such as newly establishment or liquidation of subsidiaries, etc.) and relevant information:

6. Other

IX. Equity in Other Entities

1. Equity in Subsidiary

(1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd.	Zhuhai	Zhuhai	Manufacturing industry	41.97%		Business combination not under the same control
Zhuhai Huafeng Paper Co., Ltd.	Zhuhai	Zhuhai	Manufacturing industry		100.00%	Business combination under the same control
Zhuhai Golden Pheasant Chemical Co., Ltd.	Zhuhai	Zhuhai	Manufacturing industry		51.00%	Business combination not under the same control
Huaxin (Foshan) Color Printing	Foshan	Foshan	Manufacturing industry	100.00%		Establishment

Co., Ltd.						
Kunshan Focai Packaging & Printing Co., Ltd.	Suzhou	Suzhou	Manufacturing industry	100.00%		Establishment
Zhejiang Hongta Renheng Packaging Technology Co., Ltd.	Jiaxing	Jiaxing	Manufacturing industry	100.00%		Establishment

Notes: holding proportion in subsidiary different from voting proportion:

On acquisition date as 30 June 2009, the Company gained 40.176% shares of Hongta Renheng by the way of capital and share increase. There were five directors in the Board of Directors of Hongta Renheng, of which the Company sent three directors, Yunnan Hongta Group Co., Ltd. and Renheng Industrial Co., Ltd. sent one director respectively. The Chairman of the Board (Legal representative) was sent by the Company, General Manager and Chief Financial Officer were also sent by the Company, so as to control the routine producing and operating activities of Hongta Renheng, and thus it shall be consolidated into the consolidated statement of the Company since Jul. 2009.

On 1 Feb. 2010, Hongta Renheng finished relevant change procedures for capital increase in industry and commerce, and thus shares of Hongta Renheng held by the Company increased to 41.9653%. Meanwhile, the contract and Articles of Association of Hongta Renheng was revised according to the resolution of the Board of Directors of Hongta Renheng on 25 Feb. 2010. Afterwards, the directors of the Board of Directors changed from five to seven, as the Company sent four directors, Yunnan Hongta Group Co., Ltd. sent two directors, Renheng Industrial Co., Ltd. sent one, Dragon State International Limited didn't send any director. The Company still can decide the financial and operating policies of Hongta Renheng, and will continue to include it into the consolidated financial statements of the Company in this year.

Basis of holding half or less voting rights but still controlling the investee and holding more than half of the voting rights but not controlling the investee:

Significant structural entities and controlling basis in the scope of combination:

Basis of determining whether the Company is the agent or the principal:

Other Notes:

(2) Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling shareholders	The profit or loss attributable to the non-controlling shareholders	Declaring dividends distributed to non-controlling shareholders	Balance of non-controlling shareholders at the period-end
Zhuhai Hongta Renheng Packaging Co., Ltd.	58.03%	7,690,488.36	0.00	100,435,409.44

Holding proportion of minority shareholder in subsidiary different from voting proportion:

Other notes:

(3) The Main Financial Information of Significant Not Wholly-owned Subsidiary

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Zhuhai Hongta Renheng Packaging Co., Ltd.	2,294,26	2,283,06	4,577,33	1,292,32	547,338	1,839,66	2,066,88	2,341,31	4,408,19	1,247,24	374,334	1,621,58
	1,132.28	9,887.05	1,019.33	8,216.58	220.19	6,436.77	7,651.66	1,528.10	9,179.76	8,199.38	704.45	2,903.83

Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Zhuhai Hongta Renheng Packaging Co., Ltd.	1,598,489,613.06	-35,995,509.23	-35,995,509.23	69,214,338.01	1,440,879,206.84	-851,936.40	-851,936.40	-612,704,117.80

Other notes:

(4) Significant Restrictions on Using the Assets and Liquidating the Liabilities of the Company**(5) Financial Support or Other Supports Provided to Structural Entities Incorporated into the Scope of Consolidated Financial Statements**

Other notes:

2. The Transaction of the Company with Its Owner's Equity Share Changed but Still Controlling the Subsidiary

(1) Note to the Owner's Equity Share Changed in Subsidiary

(2) The Transaction's Influence on the Equity of Non-controlling Shareholders and the Owner's Equity Attributable to the Company as the Parent

Unit: RMB

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Other notes:

3. Equity in Joint Ventures or Associated Enterprises

(1) Significant Joint Ventures or Associated Enterprises

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Accounting treatment of the investment to joint venture or associated enterprise
				Directly	Indirectly	

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

(2) Main Financial Information of Significant Joint Ventures

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/The same period of last year

Other notes:

(3) Main Financial Information of Significant Associated Enterprise

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/The same period of last year

Other notes:

(4) Summary Financial Information of Insignificant Joint Ventures or Associated Enterprises

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/The same period of last year
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
The total of following items according to the shareholding proportions	--	--

Other notes:

(5) Note to the Significant Restrictions on the Ability of Joint Ventures or Associated Enterprises to Transfer Funds to the Company**(6) The Excess Loss of Joint Ventures or Associated Enterprises**

Unit: RMB

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses (or the share of net profit) in Reporting Period	The accumulative unrecognized losses in Reporting Period

Other notes:

(7) The Unrecognized Commitment Related to Investment to Joint Ventures**(8) Contingent Liabilities Related to Investment to Joint Ventures or Associated Enterprises****4. Significant Common Operation**

Name	Main operating place	Registration place	Nature of business	Proportion /share portion	
				Directly	Indirectly

Notes to holding proportion or share portion in common operation different from voting proportion:

For common operation as a single entity, basis of classifying as common operation

Other notes:

5. Equity in the Structured Entity Excluded in the Scope of Consolidated Financial Statements

Notes to the structured entity excluded in the scope of consolidated financial statements:

6. Other

X. The Risk Related to Financial Instruments

XI. The Disclosure of Fair Value

1. Ending Fair Value of Assets and Liabilities at Fair Value

Unit: RMB

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
VI. Financial liabilities designated to be measured at fair value and its changes be included into the current gains and losses	1,053,987.24			1,053,987.24
II. Inconsistent fair value measurement	--	--	--	--

2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 1

The Company listed the carrying value of financial assets instruments measured at fair value on 31 December 2017 according to three levels of fair value. When the overall fair value classified in three levels, it's in line with the first level of three levels of each significant input value used in the calculation of fair value. Definitions of three levels were as follows:

The first level, the non-adjustable offer of the same assets or liabilities in the active market on the calculation date;
The second level, the directly or indirectly observable input value of related assets or liabilities except the input value on the first level;

The second level input value including: 1) Offer of similar assets or liabilities in the active market; 2) offer of identical or similar assets or liabilities in the non-active market; 3) Other observable input value except offer, including the observable interest rate during the interval period of common offer, profit rate curve, implied volatility and credit spread etc.; 4) the input value for market verification etc..

The third level was the unobserved input value of related assets or liabilities.

3. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 2

4. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 3

5. Sensitiveness Analysis on Unobservable Parameters and Adjustment Information between Beginning and Ending Carrying Value of Consistent Fair Value Measurement Items at Level 3

6. Explain the Reason for Conversion and the Governing Policy when the Conversion Happens if Conversion Happens among Consistent Fair Value Measurement Items at Different Levels

7. Changes in the Valuation Technique in the Current Period and the Reason for Such Changes

8. Fair Value of Financial Assets and Liabilities Not Measured at Fair Value

9. Other

XII. Connected Party and Connected Transaction

1. Information Related to the Company as the Parent of the Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company (%)	Proportion of voting rights owned by the Company as the parent against the Company (%)
Foshan Huaxin Development Co., Ltd.	Foshan	Manufacturing industry	457,930,000.00	65.20%	65.20%
China National Paper Industry Investment Corp.	Beijing	Comprehensive	5,033,000,000.00	65.31%	65.31%
China Chengtong Holdings Group Co., Ltd.	Beijing	Comprehensive	11,300,000,000.00	65.31%	65.31%

Notes: information on the Company as the parent:

Foshan Huaxin Development Co., Ltd.:

On 28 June 2005, Foshan Gongying Investment Holding Co., Ltd. transferred 62.1142% shares (capital contribution was RMB 284,440,000) of Foshan Huaxin Development Co., Ltd. to China National Materials Development & Investment Corporation which has changed its name to China National Paper-industry Investment Corporation. Foshan Huaxin Development Co., Ltd is the parent company and holds 65.20% shares of the Company.

China National Paper Industry Investment Corp.:

China National Paper-industry Investment Corporation originally held 0.11% shares of the Company, and China National Paper-industry Investment Corporation held 65.31% shares of the Company directly and indirectly as the actual controller of the Company.

China Chengtong Holdings Group Co., Ltd.:

China Chengtong Holdings Group Co., Ltd. holds 100% shares of China National Paper-industry Investment Corporation and has become the ultimate controller of the Company.

The ultimate controller of the Company is China Chengtong Holdings Group Co., Ltd..

Other notes:

2. Subsidiaries of the Company

Refer to Note IX Equity in Other Entities for details.

3. Information on the Joint Ventures and Associated Enterprises of the Company

Refer to Note IX Equity in Other Entities for details of significant joint ventures or associated enterprises of the Company.

Information on other joint venture or associated enterprise of occurring connected transactions with the Company in Reporting Period, or forming balance due to connected transactions made in previous period:

Name	Relationship with the Company
Guangdong Chengtong Logistics Co., Ltd.	Associated enterprise

Other notes:

4. Information on Other Connected Parties

Name	Relationship with the Company
Foshan Huaxin Import & Export Co., Ltd.	Under the control of the same actual controller
Guangdong Guan hao High-tech Co., Ltd.	Under the control of the same actual controller
Dragon State International Limited	Under the control of the same ultimate controller
Tianjin Port Free Trade Zone Zhongwu Investment Development Co., Ltd.	Under the control of the same actual controller
Yueyang Forest & Paper Co., Ltd.	Under the control of the same actual controller
Yueyang Antai industrial Co., Ltd	Under the control of the same actual controller
Yuanjian Paper Co., Ltd.	Under the control of the same actual controller
Hunan Juntai Pulp Paper Co., Ltd.	Under the control of the same actual controller
Guangdong Guan hao High-tech Industrial Co., Ltd.	Under the control of the same ultimate controller
Dragon State Investment Development Co., Ltd.	Under the control of the same ultimate controller
China Chengtong International Co., Ltd.	Under the control of the same ultimate controller
HONG KONG DRAGON STATE YAN WING INTERNATIONAL COMPANY	Under the control of the same ultimate controller

Zhanjiang Guanhao Paper Co., Ltd.	Under the control of the same ultimate controller
Guangzhou Chenhui Pulp & Paper Trading Co., Ltd.	Under the control of the independent director of the actual controller
Chengtong Energy (Guangdong) Co., Ltd.	Under the control of the same ultimate controller
Tianjin CMST Chuangshi Logistics Co., Ltd.	Under the control of the same ultimate controller

Other notes

5. List of Connected Transactions

(1) Information on Acquisition of Goods and Reception of Labor Service (Unit:RMB'0,000)

Information on acquisition of goods and reception of labor service

Unit: RMB

Connected party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
China National Paper Industry Investment Corp.	Purchase of raw material	214,094,722.75	1,142,360,300.00	No	40,655,817.71
Guangdong Guanhao High-tech Co., Ltd.	Purchase of raw material	24,783.31	3,000,000.00	No	110,607.52
Tianjin Port Free Trade Zone Zhongwu Investment Development Co., Ltd.	Purchase of raw material		10,000,000.00	No	1,054,621.78
Yueyang Antai Industrial Co., Ltd.	Purchase of raw material	692,400.00	5,500,000.00	No	183,809.40
Yueyang Forest & Paper Co., Ltd.	Purchase of raw material	171,715.38	50,000,000.00	No	
Guangdong Guanhao High-tech Industrial Co., Ltd.	Purchase of raw material	140,188.95	230,000.00	No	
Guangzhou Chenhui Pulp & Paper Trading Co., Ltd.	Purchase of raw material	296,711.81	45,000,000.00	No	
Guangdong Chengtong	Providing logistics service	2,049,320.03	6,450,000.00	No	8,826,501.22

Logistics Co., Ltd.					
Tianjin CMST Chuangshi Logistics Co., Ltd.	Providing logistics service	13,872,403.69	110,000,000.00	No	

Information of sales of goods and provision of labor service

Unit: RMB

Connected party	Content	Reporting Period	Same period of last year
China National Paper Industry Investment Corp.	Sales of raw material	760,598.86	21,362,968.18
Yueyang Forest & Paper Co., Ltd.	Sales of products	8,187,800.99	14,220,555.35
Guangdong Guanhao High-tech Co., Ltd.	Sales of products and raw materials	6,929,987.67	5,826,618.90
Zhanjiang Guanhao Paper Co., Ltd.	Sales of products	174,670.48	65,290.60
Guangzhou Chenhui Pulp & Paper Trading Co., Ltd.	Sales of products	29,727,062.28	

Notes:

(2) Information on Connected Trusteeship/Contract

Lists of related trusteeship/contract:

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Income recognized in this Reporting Period
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Notes:

Lists of entrust/contractee

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Charge recognized in this Reporting Period
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Notes:

(3) Information on Connected Lease

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in the Reporting Period	The lease income confirmed in the same period of last year
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Guangdong Chengtong Logistics Co., Ltd.	Houses and buildings	0.00	267,988.57
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The Company was lessee:

Unit: RMB

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the same period of last year
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Notes:

(4) Information on Connected Guarantee

The Company was guarantor:

Unit: RMB

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not
Zhuhai Hongta Renheng Packaging Co., Ltd.	100,000,000.00	23 Feb. 2017	29 Apr. 2017	Yes
Subtotal	100,000,000.00			
Zhuhai Hongta Renheng Packaging Co., Ltd.	70,000,000.00	2 Jan. 2018	13 Mar. 2020	No
Zhuhai Hongta Renheng Packaging Co., Ltd.	200,000,000.00	28 Feb. 2017	28 Feb. 2019	No
Zhuhai Hongta Renheng Packaging Co., Ltd.	100,000,000.00	29 Mar. 2018	30 Mar. 2020	No
Zhuhai Hongta Renheng Packaging Co., Ltd.	330,000,000.00	23 May 2017	22 May 2020	No
Zhuhai Hongta Renheng Packaging Co., Ltd.	200,000,000.00	1 Mar. 2016	31 Dec. 2019	No
Zhuhai Hongta Renheng Packaging Co., Ltd.	200,000,000.00	15 Jul. 2017	15 Jul. 2019	No
Zhuhai Hongta Renheng Packaging Co., Ltd.	100,000,000.00	12 Sep. 2017	31 Mar. 2019	No
Zhuhai Hongta Renheng Packaging Co., Ltd.	100,000,000.00	10 Nov. 2017	9 Nov. 2019	No
Zhuhai Hongta Renheng Packaging Co., Ltd.	100,000,000.00	13 Nov. 2017	3 Sep. 2018	No
Zhuhai Huafeng Paper Co., Ltd.	350,000,000.00	29 Oct. 2016	28 Oct. 2019	No
Huaxin (Foshan) Color Printing Co., Ltd.	20,000,000.00	30 Mar. 2018	29 Mar. 2019	No

Huaxin (Foshan) Color Printing Co., Ltd.	60,000,000.00	1 Jan. 2016	31 Dec. 2020	No
Zhuhai Hongta Renheng Packaging Co., Ltd.	100,000,000.00	28 Jul. 2017	14 May 2018	No
Subtotal	1,930,000,000.00			
Total	2,030,000,000.00			

The Company was secured party

Unit: RMB

Guarantor:	Guarantee amount	Start date	End date	Execution accomplished or not
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Notes:

(5) Information on Inter-bank Lending of Capital of Related Parties

Unit: RMB

Connected party	Amount	Start date	End date	Note
Borrowing				
Foshan Huaxin Development Co., Ltd.	7,000,000.00	27 Oct. 2017	31 Dec. 2018	
China Paper Corporation	50,000,000.00	4 Apr. 2018	31 Dec. 2018	
Lending				

(6) Information on Assets Transfer and Debt Restructuring by Connected Party

Unit: RMB

Connected party	Content	Reporting period	Same period of last year
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(7) Information on Remuneration for Key Management Personnel

Unit: RMB

Item	Reporting period	Same period of last year
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(8) Other Connected Transactions

(1) According to the 1st Meeting of the 5th Board of Directors of 2013 on 18 April, 2013 and 2012 Annual General Meeting on 15 May, 2013, Financial Services Agreement signed by this Company and Chengtong Finance Co., Ltd. and related transaction bills for financial services were discussed and approved to conduct relevant financial services. The sum of daily maximum outstanding of deposits and interests on deposit of this Company in Chengtong Finance Co., Ltd. shall not be higher than 5% of the total assets audited last year (outstanding of deposits excluding loans or settlement amount); the sum of credit extension and interests shall not be higher than RMB600,000,000; relevant settlement businesses shall also be conducted as required. Up to 30 June 2018, the balance of

deposits of the Company in Chengtong Finance Co., Ltd. was RMB75,934,765.03.

6. Accounts Receivable and Payable of Connected Party

(1) Accounts Receivable

Unit: RMB

Item	Connected party	Ending balance		Beginning balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	Guangdong Guanhao High-tech Co., Ltd.	4,122,380.38		4,380,668.14	
Accounts receivable	Yueyang Forest & Paper Co., Ltd.	2,424,424.80		7,043,454.67	
Accounts receivable	Yueyang Antai Industrial Co., Ltd	5,302.10	5,302.10	5,302.10	5,302.10
Accounts receivable	Foshan Huaxin Import & Export Co., Ltd.	549,882.60	201,380.64	549,882.60	201,380.64
Accounts receivable	Long Bond Investment Development Co., Ltd.	183.36	88.07	176.14	88.07
Accounts receivable	Zhanjiang Guanhao Paper Co., Ltd.	202,617.76			
Accounts receivable	Guangzhou Chenhui Pulp & Paper Trading Co., Ltd.	12,220,704.16		2,018,375.33	
Accounts receivable	Subtotal	19,525,495.16	206,770.81	13,997,858.98	206,770.81
Prepayments	China Paper Corporation	86,083,141.10		1,939,495.40	
Prepayments	Guangzhou Chenhui Pulp & Paper Trading Co., Ltd.			3,259,470.15	
Prepayments	Subtotal	86,083,141.10		5,198,965.55	
Other accounts receivable	Guangdong Chengtong Logistics Co., Ltd.	942,415.87	62,254.41	1,019,540.63	62,254.41
Other accounts receivable	Subtotal	942,415.87	62,254.41	1,019,540.63	62,254.41

(2) Accounts Payable

Unit: RMB

Item	Connected party	Ending carrying amount	Beginning carrying amount
Accounts payable	China Paper Corporation	3,481,589.13	19,794,676.49
Accounts payable	Guangdong Chengtong Logistics Co., Ltd.	258,232.44	4,413,891.39
Accounts payable	Guangdong Guanhao High-tech Industrial Co., Ltd.	28,748.64	135,922.28
Accounts payable	Yueyang Antai Industrial Co., Ltd	810,108.00	298,400.00
Accounts payable	Guangzhou Chenhui Pulp & Paper Trading Co., Ltd.	1,726,693.75	1,726,693.70
Accounts payable	Tianjin Port Free Trade Zone Zhongwu Investment Development Co., Ltd.		2,052,704.73
Accounts payable	Tianjin CMST Chuangshi Logistics Co., Ltd.	13,872,403.69	
Accounts payable	Subtotal	20,177,775.65	28,422,288.59
Advances from customers	Guangzhou Chenhui Pulp & Paper Trading Co., Ltd.	227,148.69	1,992,812.03
Advances from customers	China Paper Corporation	1,709,515.79	573,515.79
Advances from customers	Subtotal	1,936,664.48	2,566,327.82
Interests payable	Foshan Huaxin Development Co., Ltd.	144,876.66	55,585.83
Interests payable	China Paper Corporation	650,000.00	
Interests payable	Subtotal	794,876.66	55,585.83
Dividends payable	Foshan Huaxin Development Co., Ltd.	5,931,216.54	
Dividends payable	Subtotal	5,931,216.54	
Other accounts payable	Guangdong Chengtong Logistics Co., Ltd.	1,110,384.98	1,110,384.98
Other accounts payable	Foshan Huaxin Development Co., Ltd.	7,000,000.00	7,000,000.00
Other accounts payable	China Paper Corporation	50,000,000.00	
Other accounts payable	Tianjin CMST Chuangshi Logistics Co., Ltd.	8,200,000.00	
Other accounts payable	Subtotal	66,310,384.98	8,110,384.98

7. Commitments of Connected Party

8. Other

XIII. Stock Payment

1. The Overall Situation of Stock Payment

Applicable Not applicable

2. The Stock Payment Settled in Equity

Applicable Not applicable

3. The Stock Payment Settled in Cash

Applicable Not applicable

4. Modification and Termination of the Stock Payment

Naught

5. Other

XIV. Commitments and Contingency

1. Significant Commitments

Significant commitments on the balance sheet date

As of 30 June 2018, there was no significant commitment for the Company to disclose.

2. Contingency

(1) Significant Contingency on Balance Sheet Date

Pending action, contingency formed by arbitration and its financial influence

1) The Company's sub-subsidiary Zhuhai Golden Pheasant Chemical Co., Ltd. signed a loan contract with Guangzhou Hong He Gu Kang Ti Leisure Co., Ltd. (hereinafter referred to as "Hong He Gu Company") on 12 Dec. 2011, stating that Hong He Gu Company borrowed RMB 500,000 from Zhuhai Golden Pheasant Chemical Co., Ltd. from 12 Dec. 2011 to 31 May 2012. When the contract expired, Hong He Gu Company shall take the initiative to repay the loan principal and interest. The legal representative Wang Renhe served as the guarantee of Hong He Gu Company, but Hong He Gu Company did not paid the loan as agreed when the contract expired. According to (2015) ZJFPMCZ No. 20 Civil Judgment, Hong He Gu Company shall repay RMB500,000 to the Company and Wang Renhe shall bare the joint liability for satisfaction. Up to 30 June 2018, Zhuhai Golden Pheasant Chemical Co., Ltd. withdrawn 100% bad debt provision for the said RMB500,000 payable by Hong He

Gu Company in other accounts receivable for the difficulty of recovery.

2) Up to 30 June 2018, Guangdong Regall Group Co., Ltd. (hereinafter referred to as “Regall Group”) owed the goods payment of RMB9,919,562.58 to the Company’s subsidiary Zhuhai S.E.Z Hongta Renheng Paper Co., Ltd. (hereinafter referred to as “Hongta Renheng”) (with an account age over three years). On 28 Mar. 2008, the said two parties signed an agreement on repayment with wood pulp. According to the said agreement, Regall Group shall repay wood pulp as the consideration, which shall be executed before 15 May 2008. However, Regall Group did not perform the said agreement. Up to 31 Oct. 2008, only RMB3,099,200.00 was executed as consideration for the debt. On 29 Oct. 2008, Hongta Renheng sent a Notice on Terminating Agreement to Regall Group, but Regall Group asked to continue the execution of the Agreement. On 6 Dec. 2008, Hongta Renheng submitted a bill of complaint on the goods payment dispute to Guangzhou Huangfu District People’s Court, requesting the Court to terminate the agreement on repayment with wood pulp and asking Regall Group to repay the goods payment of RMB10,047,398.58 and take all resulting responsibilities. On 28 June 2009, the Court issued (2009) HMEC Zi No.72 Civil Judgment, stating that the Company’s Notice on Terminating Agreement was invalid. Hongta Renheng appealed to Guangzhou Intermediate People’s Court against the decision and Guangzhou Intermediate People’s Court ruled that the case shall be remanded for retrial in the Court of the first instance. On 12 June 2010, the Court issued (2010) HMEC Zi No.1 Civil Judgment, stating that the Agreement on Setting Debt off with Pulp Payment was legal and effective and that Regall Group should pay Hongta Renheng the debt of RMB9,786,596.96. However, as Regall Group wasn’t able to supply pulp, it shall pay RMB9,786, 596.96 back to Hongta Renheng. Regall Group appealed to Guangzhou Intermediate People’s Court against the decision. On 25 Nov. 2010, in accordance with (2010) SZFMEZ Zi No. 1851 Civil Judgment Letter, the Court rejected the appeal and maintained the original judgment. Up to 30 June 2018, RMB127,836.00 was received by Hongta Renheng. Hongta Renheng has withdrawn 100% bad debt provision for the said residual uncollected amount due to the difficulty of recovery.

3) Up to 30 June 2018, Zhuhai Eastern Zhengtai Power Equipment Co., Ltd. owed the goods payment of RMB 2,925,825.54 to the Company’s subsidiary Hongta Renheng. In line with (2010) XMEC Zi No.641 Civil Judgment, Hongta Renheng won the appeal and Zhuhai East Zhengtai Power Equipment Co., Ltd. shall pay loans of RMB 2,405,789.44 and corresponding penalty back to Hongta Renheng. Zhuhai East Zhengtai Power Equipment Co., Ltd. filed an appeal against the judgment. The court rejected the appeal in the second trial and the decision was upheld on 12 Oct. 2010. Since such payment was difficult to be collected back, Hongta Renheng withdrew 100% bad debt provision for the said amount.

4) Up to 30 June 2018, Zhuhai Gongbei Ronghui Trade Co., Ltd. owed the goods payment of RMB1,016,655.73 to the company’s subsidiary Hongta Renheng. Hongta Renheng won the appeal at the first instance in accordance with (2009) XMEC Zi No. 2174 Civil Judgment, but Zhuhai Gongbei Ronghui Trade Co., Ltd. owned nothing to execute the judgment. Therefore, the company withdrew 100% bad debt provision for the said amount.

5) Up to 30 June 2018, Shenzhen Xieji Industry Co., Ltd. owed the goods payment of RMB3,760,350.10 to Hongta Renheng, in accordance with (2011) SZFMEZ Zi No. 1318 Civil Judgment, Hongta Renheng won the appeal. However Shenzhen Xieji Industry Co., Ltd. was unable to repay. Therefore, it continued to withdraw 100% bad debt provision for the said account receivable.

6) Up to 30 June 2018, Qingdao Donglu Packing Development Co., Ltd. owed the goods payment of RMB 450,000.00 to Hongta Renheng. Hongta Renheng won the appeal at the first instance in accordance with (2010) NSC Zi No. 20678 Civil Judgment. Although Hongta Renheng won the first instance, there were no properties to execute the judgment. Therefore, the company withdrew 100% bad debt provision for the said account receivable.

7) Up to 30 June 2018, Foshan Jiahe Paper Trading Co., Ltd. owed the goods payment of RMB4,902,239.70 to Hongta Renheng. Hongta Renheng won the appeal at the first instance in accordance with (2011) FCFMEC Zi No.

852 Civil Judgment. Since Hongta Renheng won the first instance, and collected RMB 1.75 million in total. The collectability of the balance of RMB3,152,239.70 was uncertain. Therefore, the balance of RMB3,152,239.70 shall be withdrawn 100% bad debt provision.

8) Up to 30 June 2018, Kaifeng Boke Printing Co., Ltd. owned the goods payment of RMB4,635,249.60 to Zhuhai Huafeng Paper Co., Ltd.. In line with (2015) ZJFMECZ No. 609 Civil Judgment, Kaifeng Boke Printing Co., Ltd shall repay RMB4,635,249.60 and relevant interests. However, Zhuhai Huafeng Paper Co., Ltd. applied to the court for property attachment prior to lawsuit, freezing corresponding bank deposits owned by the respondent and closing down the respondent's land and equipment. Up to 30 June 2018, RMB922,328.60 in total was not taken back, Corresponding bad debt provision shall be withdrawn for the balance of the account receivable with uncertainty of collectability at 100%.

9) Zhuhai Bidao Energy Co., Ltd. occupied an area covering 3,535.34 m² of the company's subsidiary Hongta Renheng, and ignored the notice issued by Hongta Renheng about its infringement act. In 2016, Hongta Renheng prosecuted Zhuhai Baidao Energy Co., Ltd. in Zhuhai Xiangzhou District People's Court, requiring the other party to stop its infringement act and pay RMB 2.68 million as the land occupation fee. In accordance with the (2017) Y04MZ No. 1759 Civil Judgment in which Hongta Renheng won the appeal, Zhuhai Bidao Energy Co., Ltd. shall return the occupied land of Hongta Renheng and pay the land occupation fee at RMB48 per square meter each year.

10) The Company's subsidiary Zhuhai Golden Pheasant Chemical Co., Ltd. and Hunan Henghan Hi-tech Co., Ltd. (hereinafter referred to as Hunan Henghan) developed mutual business relationship in October 2013. However, Hunan Henghan delayed the payment for goods. According to (2015) NMCZi No. 05988 Civil Mediation Document, Hunan Henghan agreed to pay RMB290,500.00 for goods and RMB10,000.00 as the penalty for overdue payment at one time to Zhuhai Golden Pheasant Chemical Co., Ltd. before 30 Apr. 2016. Up to 30 June 2018, Hunan Henghan paid RMB50,000.00, but the rest payment for goods amounting to RMB240,500.00 and RMB10,000.00 as the penalty for overdue payment remained unpaid. Zhuhai Golden Pheasant Chemical Co., Ltd. has withdrawn 100% bad debt provision for RMB240,500.00 that shall be paid by Hunan Henghan due to the difficulty of recovery.

11) Hengyang Feier Cultural Goods (Electrical Appliances) Co., Ltd. prosecuted Zhuhai Huafeng due to the dispute in product quality in Zhuhai Jinwan District Intermediate People's Court in Guangdong Province, requiring the compensation of RMB2.96 million. According to (2017) Y04MZ No. 728 Civil Judgment, such claim was rejected.

12) Zhuhai Huafeng brought a lawsuit against Jiangsu Tianxing High-Altitude Anti-Corrosion Engineering Co., Ltd. and Wuhan Kedio Electric Power Technology Co., Ltd. on 16 Mar. 2017. In the lawsuit, Zhuhai Huafeng asked Jiangsu Tianxing High-Altitude Anti-Corrosion Engineering Co., Ltd. and Wuhan Kedio Electric Power Technology Co., Ltd. to repay the compensation amount of RMB 9.76 million that was paid by Zhuhai Huafeng to relatives of the victims in the 3.4 safety accident for Jiangsu Tianxing High-Altitude Anti-Corrosion Engineering Co., Ltd. and Wuhan Kedio Electric Power Technology Co., Ltd. Then, Wuhan Kedio Electric Power Technology Co., Ltd. applied to add Yancheng Xinda High-Altitude Anti-Corrosion Co., Ltd. as a defendant and Yancheng Xinda High-Altitude Anti-Corrosion Co., Ltd. applied to add Liu Jiechun, the actual constructor, as a defendant. The court opened a court session on 20 Nov. 2017. As the four defendants requested that the civil compensation case be tried after the trial of the "3.4 Safety Accident" criminal case and after the liability of each party is determined, Zhuhai Jinwan District People's Court suspended the trial of the civil compensation case.

(2) In Despite of no Significant Contingency to Disclose, the Company Shall Also Make Relevant Statements

There was no significant contingency in the Company.

3. Other

XV. Events after Balance Sheet Date

1. Significant Non-adjusted Events

Unit: RMB

Item	Content	Influence number to the financial position and operating results	Reason of inability to estimate influence number

2. Profit Distribution

Unit: RMB

3. Sales Return

4. Notes to Other Events after Balance Sheet Date

XVI. Other Significant Events

1. The Accounting Errors Correction in Previous Period

(1) Retrospective Restatement

Unit: RMB

Content	Processing program	Name of the influenced report items during comparison period	accumulative impact

(2) Prospective Application

Content	Processing program	Reason for adopting prospective application

2. Debt Restructuring

3. Assets Replacement

(1) Non-monetary Assets Exchange

(2) Other Assets Replacement

4. Pension Plan

Approved in the 9th meeting of the 6th of Board of Directors in 2016, the company could participate in the corporate pension plan of China Chengtong Holdings Co., Ltd., and formulate its own pension plan implementation rules under the framework of China Chengtong Holdings Co., Ltd. in line with China National Paper Industry Investment Corp. Pension Plan Implementation Rules and the actual situation. Annuity payment is divided into enterprise contribution and individual contribution. The total annual contribution of the enterprise is 5% of the total salary of the previous year, the individual contribution of the employee is 25% of the contribution of the enterprise, and the employee who is in service before 1 Jan. 2017 of the Company can volunteer to participation in the annuity plan.

5. Discontinued Operations

Unit: RMB

Item	Income	Expense	Total profit	Income tax expense	Net profit	Profit from discontinued operations attributable to owners of the Company as the parent
Other notes						

6. Segment Information

(1) Determination Basis and Accounting Policies of Reportable Segment

(2) The Financial Information of Reportable Segment

Unit: RMB

Item		Offset among segment	Total

(3) If there Was no Reportable Segment, or the Total Amount of Assets and Liabilities of Each Reportable Segment Could not Be Reported, Relevant Reasons Shall Be Clearly Stated

(4) Other Notes

7. Other Significant Transactions and Events with Influence on Investors' Decision-making

The Company held the 4th Meeting of the 6th Board of Directors on 22 Oct. 2014 and the 2nd Extraordinary General Meeting of 2014 on 10 Nov. 2014, on which the Proposal on Application of Issuing MTN was reviewed and approved. Against the capital situation and demand of production and operation of the Company, the Company planned to apply to National Association of Financial Market Institutional Investors for the issuance of MTN not less than RMB0.5 billion. The funds raised will be used to supplement the working capital and operating capital of the Company. On 12 June 2015, the Company received the *Notice on Accepting Registration (ZSXZ [2015]MTNNo.253)* from National Association of Financial Market Institutional Investors, in which the Company's MTN was consented to be registered. The Company issued the MTN of RMB0.2 billion on 29 July 2015 at the coupon rate of 5.28% with the duration of three years from the issuing date on. The fund raised after deducting the underwriting fees and custodian fees generated from the bond issuance was RMB199,100,000.00. The aforesaid MTN has been cashed completely on 31 July 2018.

8. Other

XVII. Notes of Main Items in the Financial Statements of the Company as the Parent

1. Accounts Receivable

(1) Accounts Receivable Disclosed by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end:

Applicable Not applicable

In the groups, accounts receivable adopted aging analysis method to withdraw bad debt provision:

Applicable Not applicable

In the groups, accounts receivable adopted balance percentage method to withdraw bad debt provision:

Applicable Not applicable

In the groups, accounts receivable adopted other methods to withdraw bad debt provision:

(2) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB0.00; the amount of the reversed or collected part during the Reporting Period was of RMB0.00.

Of which the bad debt provision reversed or recovered with significant amount in the Reporting Period:

Unit: RMB

Name of the entity	Amount	Way of recovery
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(3) Accounts Receivable with Actual Verification during the Reporting Period

Unit: RMB

Item	Amount verified
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Of which the verification of significant accounts receivable:

Unit: RMB

Name	Nature	Amount verified	Reason for verification	Verification procedures performed	Whether generated from connected transactions
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Notes:

(4) Top 5 Accounts Receivable in Ending Balance Collected according to the Arrears Party**(5) Accounts Receivable Derecognized due to the Transfer of Financial Assets****(6) The Amount of Assets and Liabilities Generated from the Transfer and the Continued Involvement of Accounts Receivable**

Other notes:

2. Other Accounts Receivable**(1) Other Accounts Receivable Disclosed by Category**

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable withdrawn	278,867,133.91	100.00%			278,867,133.91	187,029,661.31	100.00%			187,029,661.31

bad debt provision according to credit risks characteristics										
Total	278,867,133.91	100.00%			278,867,133.91	187,029,661.31	100.00%			187,029,661.31

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

Applicable Not applicable

In the groups, other accounts receivable adopted aging analysis method to withdraw bad debt provision:

Applicable Not applicable

Unit: RMB

Aging	Ending balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 3 months	109,148.78		
Subtotal of within 1 year	109,148.78		
Total	109,148.78		

Notes to the determination basis for the Group:

In the groups, other accounts receivable adopted balance percentage method to withdraw bad debt provision

Applicable Not applicable

In the groups, other accounts receivable adopted other methods to withdraw bad debt provision:

Applicable Not applicable

(2) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB0.00; the amount of the reversed or collected part during the Reporting Period was of RMB0.00.

Of which the bad debt provision reversed or recovered with significant amount during the Reporting Period:

Unit: RMB

Name of entity	Amount reversed or recovered	Way of recovery

(3) Other Accounts Receivable with Actual Verification during the Reporting Period

Unit: RMB

Item	Amount verified

Of which the verification of significant other accounts receivable:

Unit: RMB

Name of entity	Nature	Amount verified	Reason for verification	Verification procedures performed	Whether generated from connected transactions

Notes:

(4) Other Account Receivable Classified by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Petty cash etc.	109,148.78	263,378.03
Intercourse funds among entities in the consolidation scope	278,757,985.13	186,766,283.28
Total	278,867,133.91	187,029,661.31

(5) Top 5 Other Accounts Receivable in Ending Balance Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other accounts receivable	Ending balance of bad debt provision
Zhuhai Hongta Renheng Packaging Co., Ltd.	Borrowings and interests	177,487,622.89	Within 1 year	63.65%	
Huaxin (Foshan) Color Printing Co., Ltd.	Borrowings and interests	101,270,362.24	1-2 years	36.31%	
Total	--	278,757,985.13	--	99.96%	

(6) Account Receivable Involving Government Subsidies

Unit: RMB

Name of the entity	Project of government subsidies	Ending balance	Ending aging	Estimated recovering time, amount and basis

(7) Other Accounts Receivable Derecognized due to the Transfer of Financial Assets**(8) Amount of Assets and Liabilities Generated from the Transfer and Continuous Involvement of Other Accounts Receivable**

Other notes:

3. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	1,065,107,442.14		1,065,107,442.14	1,070,107,442.14		1,070,107,442.14
Total	1,065,107,442.14		1,065,107,442.14	1,070,107,442.14		1,070,107,442.14

(1) Investment to the Subsidiary

Unit: RMB

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn	Ending balance of depreciation reserve
Huaxin (Foshan) Color Printing Co., Ltd.	122,536,745.03			122,536,745.03		
Zhuhai Hongta Renheng Packaging Co., Ltd.	927,570,697.11			927,570,697.11		
Kunshan Focai Packaging & Printing Co., Ltd.	5,000,000.00		5,000,000.00	0.00		
Zhejiang Hongta Renheng Packaging Technology Co., Ltd.	15,000,000.00			15,000,000.00		
Total	1,070,107,442.14		5,000,000.00	1,065,107,442.14		

(2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Beginning balance	Increase/decrease								Ending balance	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		

I. Joint ventures
II. Associated enterprises

(3) Other Notes

(1) On acquisition date as 30 June 2009, the Company gained 40.176% shares of Hongta Renheng by the way of capital and share increase, there were five directors in the Board of Directors of Hongta Renheng, of which the Company sent three directors, Yunnan Hongta Group Co., Ltd. and Renheng Industrial Co., Ltd. sent one director respectively. The Chairman of the Board (Legal representative) was sent by the Company, General Manager and Chief Financial Officer were also sent by the Company, so as to control the routine producing and operating activities of Hongta Renheng. Therefore, the company was consolidated into the consolidated statement of the Company since Jul. 2009.

On 1 Feb. 2010, Hongta Renheng finished the change procedures for capital increase in industry and commerce, so shares of Hongta Renheng held by the Company increased to 41.9653%. Meanwhile, the company revised the contract and Articles of Association of Hongta Renheng according to the resolutions of the Board of Directors of Hongta Renheng on 25 Feb. 2010, after which the directors of the Board of Directors changed from five to seven, as the Company sent four directors, Yunnan Hongta Group Co., Ltd. sent two directors, Renheng Industrial Co., Ltd. sent one, Dragon State International Limited didn't send any directors. The Company still can decide the financial and operating policies of Hongta Renheng. Therefore, it's still within the consolidated scope during this Reporting Period.

(2) According to the 4th meeting of the 5th Board of Directors held on 28 June 2013, which received and approved the *Proposal on Connected Transaction of Purchasing Equity of Huaxin (Foshan) Color Printing Co., Ltd. Owned by Longbon International Co., Ltd.*, the Company purchased 25% equity of Huaxin (Foshan) Color Printing Co., Ltd. owned by Longbon International Co., Ltd. through the Equity Transfer Agreement with the base day of the equity protocol transfer on 30 June 2013. The transfer price took the net assets through assessment of Huaxin (Foshan) Color Printing Co., Ltd. of RMB199,450,300 as reference, and both parties agreed to transfer 25% equity with the price of RMB49,862,600. Relevant equity alternation procedures were completed in September 2013. In October 2013, the Company had completely paid the equity purchasing account of RMB49,862,600. After the equity transfer, Huaxin (Foshan) Color Printing Co., Ltd. became the wholly-owned subsidiary of the Company.

(3) In accordance with the *Proposal on Increasing Investment to Chengtong Finance Co., Ltd.* reviewed and approved on the 4th Meeting of the 7th Board of Directors, the Company increased 0.3 billion shares of investment to Chengtong Finance Co., Ltd at RMB1.32 per share. The actual investment by the Company was RMB396 million. After the investment increase, the proportion of shares in China Chengtong Finance Corporation Ltd. held by the Company decreased from 20.00% to 10.00% without control or joint control rights as well as significant influence. The Company would transfer the investment in China Chengtong Finance Corporation Ltd. to available-for-sale financial assets that would be measured by cost method and reclassified into available-for-sale financial assets.

4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period	Same period of last year
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	Operating revenue	Cost of sales	Operating revenue	Cost of sales
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Other notes:

5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by cost method		4,807,389.97
Long-term equity investment income accounted by equity method		16,418,417.73
Investment income from disposal of long-term equity investment	3,214,180.81	
Total	3,214,180.81	21,225,807.70

6. Other

XVIII. Supplementary Materials

1. Items and Amounts of Non-recurring Profit or Loss

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Note
Gains/losses on the disposal of non-current assets	68,414.74	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	9,069,363.42	
Gain/loss from change of fair value of trading assets and liabilities, and investment gains from disposal of trading financial assets and liabilities and available-for-sale financial assets, other than valid hedging related to the Company's common businesses	1,340,892.01	
Other non-operating income and expense other than the above	670,467.95	

Less: Income tax effects	1,669,464.19	
Non-controlling interests effects	5,575,692.85	
Total	3,903,981.08	--

Explain the reasons if the Company classifies an item as a non-recurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Not applicable

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	-0.78%	-0.0303	-0.0303
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit and loss	-0.98%	-0.0380	-0.0380

3. Differences between Accounting Data under Domestic and Overseas Accounting Standards

(1) Differences of Net Profit and Net Assets Disclosed in Financial Reports Prepared under International and Chinese Accounting Standards

Applicable Not applicable

(2) Differences of Net profit and Net assets Disclosed in Financial Reports Prepared under Overseas and Chinese Accounting Standards

Applicable Not applicable

(3) Explain Reasons for the Differences between Accounting Data under Domestic and Overseas Accounting Standards; for any Adjustment Made to the Difference Existing in the Data Audited by the Foreign Auditing Agent, Such Foreign Auditing Agent's Name Shall Be Clearly Stated

4. Other

Part XI Documents Available for Reference

1. The financial statements signed and stamped by the Company's legal representative, Chief Financial Officer and Financial Manager;
2. The originals of all the announcements and documents disclosed by the Company on the media designated by the China Securities Regulatory Commission during the Reporting Period; and
3. The 2018 Interim Report with the signature of the Chairman of the Board.