



佛山华新包装股份有限公司
HUAXIN PACKAGING CO.,LTD.

ANNUAL REPORT 2020

2021-027

March 2021

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 that the contents of this Report and its summary are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.

Mr. Ren Xiaoping, the Company’s legal representative, Mr. Ding Guoqiang, the Company’s Chief Financial Officer, and Ms. Luo Jing, the Company’s Financial Manager hereby guarantee that the financial statements carried in this Report are truthful, accurate and complete.

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

Any outlook for the Company’s development in 2021 or other forward-looking statements mentioned in this Report and its summary shall NOT be considered as promises to investors. Therefore, investors are reminded to exercise caution when making investment decisions. Risks facing the Company have been explained in detail in “Part IV Management Discussion and Analysis” herein.

The Board has approved a final dividend plan as follows: based on the share capital of 505,425,000 shares, a cash dividend of RMB0.34 (tax inclusive) per 10 shares is planned to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

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 Chengtong	China Chengtong Holdings Group Ltd. (the ultimate controller of the Company)
China Paper	China Paper Corporation (the actual controller of the Company)
Huaxin Development	Foshan Huaxin Development Co., Ltd. (the controlling shareholder of the Company)
Hongta Renheng	Zhuhai Hongta Renheng Packaging Co., Ltd.
Huaxin Color Printing	Huaxin (Foshan) Color Printing Co., Ltd.
Zhuhai Huafeng	Zhuhai Huafeng Paper Co., Ltd.
Golden Pheasant Chemical	Zhuhai Golden Pheasant Chemical Co., Ltd.
Chengtong Finance	China Chengtong Finance Corporation Ltd.
Guanhao High-Tech	Guangdong Guanhao High-Tech Co., Ltd.

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	Huaxin Packaging-B	Stock code	200986
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	佛山华新包装股份有限公司		
Abbr.	华新包装		
Company name in English (if any)	Foshan Huaxin Packaging Co.,Ltd		
Abbr. (if any)	FSHXP		
Legal representative	Ren Xiaoping		
Registered address	2/F, Block 7, 3 Keyang Road, Luoge Park, Chancheng Economic Development Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, P.R.China		
Zip code	528000		
Office address	2/F, Block 7, 3 Keyang Road, Luoge Park, Chancheng Economic Development Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, P.R.China		
Zip code	528000		
Company website	http://www.fshxp.com		
Email address	hxbz@chinapaper.com.cn		

II Contact Information

	Board Secretary	Securities Representative
Name	Ding Guoqiang	Shi Hui
Office address	2/F, Block 7, 3 Keyang Road, Luoge Park, Chancheng Economic Development Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, P.R.China	2/F, Block 7, 3 Keyang Road, Luoge Park, Chancheng Economic Development Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, P.R.China
Tel.	0756-8666629	0756-8666978
Fax	0756-8666922	0756-8666922
Email address	dinggq@htrh-paper.com	shih@htrh-paper.com

III Media for Information Disclosure and Place where this Report Is Lodged

Newspapers designated by the Company for	Securities Times, Ta Kung Pao
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information disclosure	
Website designated by the CSRC for publication of this Report	http://www.cninfo.com.cn
Place where this Report is lodged	2/F, Block 7, 3 Keyang Road, Luoge Park, Chancheng Economic Development Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, P.R.China

IV Change to Company Registered Information

Unified social credit code	Unchanged
Change to the principal activity of the Company since going public (if any)	Unchanged
Every change of controlling shareholder since incorporation (if any)	Unchanged

V Other Information

The independent audit firm hired by the Company:

Name	Pan-China Certified Public Accountants LLP
Office address	Tower B, Huarun Building, 1366 Qianjiang Road, Jianggan District, Hangzhou City, Zhejiang Province, China
Accountants writing signatures	Li Qinglong and Liu Jingya

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

VI Key Financial Information

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

Yes No

	2020	2019	2020-over-2019 change (%)	2018
Operating revenue (RMB)	4,064,071,623.72	3,930,629,985.81	3.39%	3,683,004,543.50
Net profit attributable to the listed company's shareholders (RMB)	139,427,823.70	35,704,671.22	290.50%	-2,814,965.92
Net profit attributable to the listed company's shareholders before exceptional gains and losses	122,347,146.60	25,885,573.07	372.65%	-36,089,244.17

(RMB)				
Net cash generated from/used in operating activities (RMB)	713,924,336.73	91,344,251.74	681.58%	393,465,394.72
Basic earnings per share (RMB/share)	0.28	0.07	300.00%	-0.01
Diluted earnings per share (RMB/share)	0.28	0.07	300.00%	-0.01
Weighted average return on equity (%)	6.73%	1.80%	Up by 4.93 percentage points	-0.14%
	31 December 2020	31 December 2019	Change of 31 December 2020 over 31 December 2019 (%)	31 December 2018
Total assets (RMB)	5,648,229,669.75	5,591,643,310.38	1.01%	5,794,694,744.15
Equity attributable to the listed company's shareholders (RMB)	2,138,497,940.21	2,006,651,491.51	6.57%	1,970,946,820.29

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes No

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

Yes No

VII 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 under CAS and IFRS

Applicable Not applicable

No difference for the Reporting Period.

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

Applicable Not applicable

No difference for the Reporting Period.

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	822,098,273.22	1,027,484,101.48	1,058,146,561.68	1,156,342,687.34
Net profit attributable to the listed company's shareholders	20,649,171.61	26,920,655.88	39,880,379.86	51,977,616.35
Net profit attributable to the listed company's shareholders before exceptional gains and losses	19,396,299.90	22,877,752.19	35,323,204.13	44,749,890.38
Net cash generated from/used in operating activities	418,064,605.24	129,167,404.31	-192,911,242.60	359,603,569.78

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

IX Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2020	2019	2018	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-1,632,261.47	-88,727.47	42,435.21	
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	27,242,697.14	14,875,074.09	17,519,293.30	
Capital occupation charges on non-financial enterprises that are through profit or loss	153,364.13	197,199.36		
Gain equal to the amount by which investment costs for the Company to acquire subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments			21,561,238.54	
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal			12,578,644.03	

of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)				
Reversed portions of impairment allowances for receivables and contract assets which are tested individually for impairment	283,005.50	2,514,391.37		
Non-operating income and expense other than the above	13,372,786.46	4,128,431.82	-2,043,196.49	
Less: Income tax effects	3,740,814.32	1,041,662.60	761,426.39	
Non-controlling interests effects (net of tax)	18,598,100.34	10,765,608.42	15,622,709.95	
Total	17,080,677.10	9,819,098.15	33,274,278.25	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable Not applicable

No such cases for the Reporting Period.

Part III Business Summary

I Principal Activity of the Company in the Reporting Period

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

High-end coated ivory board is the primary product of the Company. As a category of white paperboard, it is applied in various fields such as cigarette packaging, liquid and food packaging, medicine packaging, cosmetic packaging and living supplies packaging, which represent the core business of the Company. The R&D, production and sales of the ivory board is mainly undertaken by Zhuhai Hongta Renheng Packaging Co., Ltd. and Zhuhai Huafeng Paper Co., Ltd. Based in domestic and overseas high-end packaging markets of cigarette and food, this business 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, the primary product of the Company, is used in the high-end cigarette packaging market. The coated ivory board for cigarette packaging produced by Hongta Renheng 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”. The “tobacco fiber ivory board”, a new product of the Company that pursues the recycling philosophy of “Coming from Tobacco, Used for Tobacco”, is being tested on the market. And the “black cardboard for cigarette packaging” newly launched to the market is well-received among customers with stable hue in printing and wide application.

2. In terms of ivory board for liquid and food packaging, a priority for the Company's future development with growing market demand, the Company is the first to break the foreign technological monopoly with its ivory board for liquid packaging. The Company's homegrown sterile paperboard for packaging of liquid milk, fruit juice, herbal tea and other drinks has effectively substituted imported products. The ivory board series for food packaging such as anti-oil food grade coated board and high-end paper cup have been recognized by well-known catering groups after they are put into the market. Upholding the philosophy of green and sustainable development and following the national policy of “plastic reduction” and “plastic ban”, the Company has successfully

developed the “plastic-free coated board for food packaging” and the “degradable PBS-coated paper”, which is an effective alternative to PE-coated paper and can help reduce the use of non-degradable plastic.

3. The high-end commercial ivory board is 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. Featuring an anti-counterfeit function and customization for high-end brands, this product not only effectively reduces anti-counterfeit costs for customers, but also boosts their brand recognition, winning high trust from the market. Meanwhile, new products such as “high-whiteness sun-proof paper” and “paper for cluster packaging” deliver a remarkable performance in required circumstances and are well-received among users.

(II) Chemicals for paper making

Chemicals for paper making represent an upstream extension of the Company’s business of the paper-making industrial chain. The R&D, production and sales of which are mainly undertaken by Golden Pheasant Chemical, a subsidiary of the Company, which mainly supplies carboxylic butadiene-styrene latex, styrene-acrylic latex, calcium carbonate and auxiliary chemicals for paper making. These products are mainly used as adhesive and pigment by major coated board producers in China for packaging of high-quality food and cigarette. Chemicals of different grades with domestically first-class quality can be supplied as the customer requires. Golden Pheasant Chemical is considered a well-known papermaking latex producer in China.

(III) Color printing products

Color printing represents a downstream extension of the Company’s business of the paper-making industrial chain, which covers designing and manufacturing packaging materials and providing one-stop packaging solutions for customers. This business is mainly undertaken by Huaxin (Foshan) Color Printing Co., Ltd., which owns offset, flexo and intaglio printing workshops. Huaxin Color Printing focuses on process and technological innovation of foldable paper boxes, cartons, wet glue labels, self-adhesive labels, shrink labels, in-mold labels, film labels, barcode printing, brochures and books, and variable data printing is also available, which cater to various fields of end consumer goods, including medicine, condiments and beverages. The most outstanding advantage is customization from the material end, providing greener, more economical and individualized packaging materials for customers.

No significant changes have occurred to either the principal activities of the Company or its business models in the Reporting Period.

II Significant Changes in Major Assets

1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
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2. Major Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

(I) Backed by a central government-owned enterprise

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. 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.

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 China State-Owned Enterprise Restructuring Fund with a total investment of RMB 350 billion Yuan. Through the combination of FOF, sub-fund and direct investment, the fund focuses on serving the development of centrally-controlled SOEs. It supports their industrial integration, professional restructuring, capacity adjustment, international M & A and other

projects, promotes better planning of key SOEs and industries, improves industrial concentration, and enhances capital operation efficiency and reporting. In December 2020, with the approval of the State Council, China Chengtong, as the main sponsor, worked with several companies to establish a mixed ownership reform fund of RMB 200 billion for China's SOEs. It aims to attract various kinds of social capital to participate in the reform of SOEs through market-oriented operations, drive the mixed reform ownership enterprises to improve the modern enterprise system and transform the operation mechanism, and improve the quality and effect of the mixed ownership reform. This is of great significance for deepening the reform of SOEs in the new stage.

(II) Technological innovation advantage

The Company always sticks to taking “innovation” as the core motivation of enterprise development while upholding the “market-oriented and customer-centric” philosophy. Aiming for high-quality development, the Company adheres to its future product positioning and takes the initiative to overcome difficulties. In recent years, the Company has researched and developed many new products, and launched them to the market, such as PBS-coated paper, non plastic coated food packaging board, black cigarette packaging board , tobacco fiber ivory board, special paper for cluster bag, etc., actively practiced environmental protection conception, developed recycling economy, promoted “replacing plastic with paper” and individualized products. The Company can provide customized solution from material end and provide more environmental friendly, more economical and more individualized packaging materials for customers. Currently, several new technologies are in reserve, R&D and promotion. In recent years, the Company continuously promote the affiliated enterprises to complete R&D system construction:

1. Hongta Renheng has constantly adjusted and integrated relevant functions of R&D, and reformed system and mechanism. R&D combines with market closely, and the New Material Development and Industrial Technology Research Institute has established. Relying on Enterprise Technology Center of Guangdong Province, Engineering Technology R&D Center of Guangdong Province, National Hi-Tech Enterprise, and other technology platforms, the Company undertakes the R&D of new product, new process, new technology, and new raw and auxiliary materials. Meanwhile, the Company undertakes product R&D and technology service of external paper making and chemical industry enterprises, as well as the scientific research projects of new materials of national, provincial and municipal strategic emerging industries. Huaxin Color Printing strengthens R&D input, meets the needs of variable data printing, and provides solution of customized package printing for customers from material end.

2. Hongta Renheng has established a professional R&D team led by doctoral holders in relevant fields and comprising seasoned technical staff, which means it is capable of independent product development. In the Reporting Period, it participated in the formulation of the group standard—The Looseness Requirements for Foldable Cartons for Cigarette Packaging and Testing Methods and a printing-industry standard—The Control Requirements for the Production Process of Green Printing Paper for Food Packaging. By the end of the Reporting Period, Hongta Renheng has led and participated in formulation and revision of 24 national and industrial standards (the most in the industry), built leading industrial brand while leading the development of the

industry. Huaxin Color Printing was evaluated as Technology Center of Excellent Enterprises of Guangdong. The Company constantly creates and develops new technologies, and enterprise technology center becomes an important carrier for technological fruits conversion.

3. Hongta Renheng, Zhuhai Huafeng, Golden Pheasant Chemical, and Huaxin Color Printing which are affiliated companies of the Company have all passed the review recognition of “National Hi-Tech Enterprise” and enjoyed the preferential policy of reduction or exemption of enterprise income tax.

4. 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 72 duly authorized patents, including 30 invention patents and 42 utility models. There are 32 pending patents, including 16 invention patents and 16 utility models.

(III) Quality and brand advantage

Hongta Renheng 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 Hongta Renheng has excellent printing performance. Dominant product—coated ivory board for tobacco packaging, setting the quality standard for China’s coated ivory board, takes up a dominant position in high-end tobacco packaging field with a close to 1/4 market share. "Hongta" coated ivory board takes up a leading position in quality in domestic and overseas ivory board industry. "Hongta" coated ivory board represents the highest level of production, technology and product of coated ivory board in China, with a high reputation at home and abroad. In 2020, Hongta Renheng was recognized as one of “Top 100 Enterprises of Zhuhai in 2020”, which showcased the company’s comprehensive competitiveness. Huaxin Color Printing continued to deepen its system control and monitor product quality throughout the whole process to ensure that its products meet customers’ requirements and improve its market competitiveness.

(IV) Management advantage

With so many years of experience accumulation, the Company cultivates a lot of excellent innovative talents of technology innovation and operation management, established operation management and decision-making team of strong ability, high level, wide vision and advanced conception. The Company practices a corporate culture of “Help Build Civilization, Promote Humanity in Business, Fight against Headwinds and Stay Ambitious”, and forms management team advantage integrating enterprise culture and core talents gradually. At the same time, the Company made active steps to promote the mechanism reform and stepped up effort to attract talents, which led to continuous improvements in its operations management. Hongta Renheng stuck to the principle of “seeking well-being and development for employees” and persisted in the operation policy of “working at full capacity, increasing turnover and adjusting structure”. It strengthened the sense of responsibility of all management levels through the work method of “improving work styles, identifying gaps, addressing weaknesses, monitoring implementation and intensifying accountability”.

(V) Industry chain advantage

The Company owns a large paper-making industrial chain characteristic of complementary strengths and great

synergy. At the procurement end, the Company has effectively reduced procurement costs of certain raw materials, fast and effective matching of raw materials, as well as improvement in production adaptability. At the marketing end, the Company adopts a more direct approach in respect of supplying for customers, which streamlines the industry chain and improves the Company's overall profitability.

(VI) Environmental protection advantage

The Company adopts a philosophy of high-quality and sustainable development, promotes a green manufacturing system and plays an active part as a corporate citizen. The Company runs the green development conception through daily production and operation activities, constantly researches and develops environmental protection products, selects overseas high quality renewable wood pulp raw materials, implements green upgrading of production line, introduces the design concept of green ecology, and promotes to turn waste water and solid waste into resources and the harmless treatment of these wastes. By doing so, it strives for high-quality and sustainable development. Hongta Renheng, Huafeng Paper and Huaxin Color Printing win the honor of "National Green Factory". In addition, Hongta Renheng is among the first paper-making enterprises to be titled "National Demonstration Enterprise for Green Supply Chain Management".

Part IV Management Discussion and Analysis

I Overview

(I) Market environment of the industry

In the first half of 2020, affected by the COVID-19 pandemic and the complicated economic conditions at home and abroad, the market condition was tough, with a great number of manufacturers under tremendous pressure. In the second half of the year, as the domestic pandemic condition improved, along with the implementation of government policies of “plastic ban” and “restriction on the use of plastic” such as the Opinion on Further Strengthening the Control of Plastic Pollution and the Announcement on Matters Concerning Comprehensively Prohibiting the Import of Solid Wastes, the demand of ivory board saw an increase, with better prospects for the industry. Meanwhile, as China carried on with the structural reform of the supply side, outdated ivory board capacity faded away. At the same time, the integration of top paper-makers in China produced prominent results. All these created tremendous opportunities and challenges for the Company’s reform and development. In addition, as consumer spending upgraded, demand for color printing, a supporting sector for the packaging of consumer goods, was on the rise. As for the chemicals industry, the year under review saw great volatility in the prices of raw materials, posing challenges for the operation and development of enterprises in the industry.

(II) Operating results during the Reporting Period

In 2020, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company implemented the guidelines at the work meetings of superior Party committees, fulfilled its responsibility in strengthening Party discipline, gave full play to the role of “controlling directions, managing the overall situation and ensuring implementation”, made tangible effort to ensure stability on the six fronts, performed the tasks of ensuring security in the six areas, and promoted the integration of Party building into production and operations. These efforts were meant to lay a solid foundation for the Company to seek strategic transformation and achieve high-quality development. While guaranteeing the anti-epidemic effort, the Company centered around its annual production and operation budget and followed the requirements of “Reduce Inventories, Receivables and Expenditure, Improve Efficiency and Control Costs”. It addressed external market changes and boosted the efficiency of internal management by taking a suite of measures, including proactively expanding the external market, increasing effort in R&D and innovation, adjusting the product structure, reforming its organizational management system, refining the development of its supplier management system, strengthening risk control, enhancing the level of information management, introducing market-oriented talents and exercising lean production management.

Product sales volume in the paper segment grew steadily and the operation efficiency improved markedly with an upward trend of various operating indicators. In 2020, over 580,000 tons of paper products were sold, up by 11.3% year-on-year; the inventory of finished paper products declined by over 32%. The paper segment went

from loss to huge profits. In terms of the color printing segment, efforts were continuously made to expand the external market, strengthen internal management and adjust the product mix, leading to stable growth in operating revenue and profits. In the chemical segment, the Company faced up to the unfavorable business environment by overcoming difficulties such as shortage in supply of raw materials from external parties. Through continuous R&D and innovation and improvement in production process, the Company had the sales volume of latex up by 23% with an evidently stronger profitability.

For the Reporting Period, the Company recorded operating revenue of RMB4,064.0716 million, a gross profit of RMB291.37 million, and a net profit attributable to the listed company's shareholders of RMB139.4278 million. As at the end of the Reporting Period, the total assets of the Company amounted to RMB5,648.2297 million, with a debt/asset ratio of 32.77%.

(III) Operation measures during the Reporting Period

1. Sticking to Party leadership and integrating such guidance in the Company's operations

In 2020, the Company's Party committee adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, conscientiously implemented the decisions and arrangements of the CPC Central Committee, and put into effect the guidelines of superior Party committees' work meetings on Party building. In accordance with the "Three-Five-Four" reform and development guidance, the Company focused on production and operations, and persisted in the deep integration of Party building into production, operations, corporate culture, team building and the work about organizations. It gave play to the role of "controlling directions, managing the overall situation and ensuring implementation", carried out the action of strengthening and deepening Party building and advanced the Party building projects of integrating bylaws, leadership systems and program mechanisms and integrating informatization and industrialization. The Company adhered to the employment standards of "being loyal to the Party, being bold for innovation, managing itself properly, prospering itself with tangible results and staying incorruptible", exercised a work style of "strictness, honesty, transparency and efficiency", strengthened discipline and accountability, and drove the work of reinforcing Party discipline, so as to lay a solid foundation for its transformation and high-quality development.

2. Reinforcing the internal mechanism reform and enhancing operation efficiency

In 2020, the Company continued to improve its organizational structure and at the same time stepped up effort in the recruitment of marketized mature talents, and introduced professionals to inject new impetus into the Company for its development. Furthermore, the Company promoted the new appraisal model focusing on the maximization of "efficiency and profits" to boost the morale of employees. It carried out a reform on its existing remuneration system based on the principle of linking performance with salary, which "values performance, rewards the diligent, punishes the lazy, encourages creation, and increases profits". The Company established promotion channels comprising five hierarchies to conduct annual comprehensive review of technical, skilled and management talents at each hierarchy in a specific proportion, thus satisfying the development needs of both itself and its employees, improving the core competitiveness of both, and guiding employees to focus on improving their skills and abilities.

3. Increasing spending on R&D and innovation and improving the incentive mechanism

In 2020, the Company continued to improve R&D spending and pursued “differentiation” in the increasingly homogeneous market. Its newly founded New Material Development and Industrial Technology Research Institute integrates paper manufacturing, chemical engineering, printing and packaging technologies of the paper-making industrial chain, extends research into the “new materials+” in emerging industries, and engages in the R&D of new products, new processes, new technologies and new raw and auxiliary materials in businesses. In addition, the Research Institute undertakes the product R&D and technical services to external companies in paper manufacturing and chemical industry, and engages in the scientific research projects on new materials in national and provincial strategic emerging industries. New Material Development and Industrial Technology Research Institute has set up a flexible and market-oriented new incentive mechanism to inspire the technological innovation ability of scientific and technological personnel, and fully exert and mobilize their creativity and activity.

4. Advancing the marketing system reform and promoting synergy in the internal management system

The Company has established a market-oriented system in its marketing department to optimize “value marketing”. It appraises sales performance by measuring the growth of sales volume, forming a competitive remuneration and incentive mechanism. Moreover, based on its product characteristics and the market status quo, the Company has continued to improve its marketing structure towards better allocation and use of marketing resources. It has made improvement to various supply chain links to enhance its overall business capacity.

II Core Business Analysis

1. Overview

See “I Overview” above.

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2020		2019		Change (%)
	Operating revenue	As a % of total operating revenue (%)	Operating revenue	As a % of total operating revenue (%)	
Total	4,064,071,623.72	100%	3,930,629,985.81	100%	3.39%
By operating division					
Manufacturing	4,025,002,709.90	99.04%	3,884,748,646.12	98.83%	3.61%
Other	39,068,913.82	0.96%	45,881,339.69	1.17%	-14.85%

By product category					
Ivory board	3,393,698,281.73	83.50%	3,265,693,118.99	83.08%	3.92%
Presswork	309,495,589.03	7.62%	302,420,890.22	7.69%	2.34%
Latex	321,808,839.14	7.92%	316,634,636.91	8.06%	1.63%
Other	39,068,913.82	0.96%	45,881,339.69	1.17%	-14.85%
By operating segment					
Domestic	3,729,190,370.93	91.76%	3,473,332,619.21	88.37%	7.37%
Overseas	334,881,252.79	8.24%	457,297,366.60	11.63%	-26.77%

(2) Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

Applicable Not applicable

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 operating division						
Manufacturing	4,025,002,709.90	3,345,900,852.96	16.87%	3.61%	-4.40%	6.96%
By product category						
Ivory board	3,393,698,281.73	2,881,476,073.74	15.09%	3.92%	-4.90%	7.88%
Presswork	309,495,589.03	241,221,310.04	22.06%	2.34%	6.19%	-2.82%
Latex	321,808,839.14	223,203,469.18	30.64%	1.63%	-7.99%	7.25%
By operating segment						
Domestic	3,690,121,457.11	3,073,119,994.26	16.72%	7.66%	0.50%	5.93%
Overseas	334,881,252.79	272,780,858.70	18.54%	-26.77%	-38.29%	15.21%

Core business data restated according to the changed methods of measurement that occurred in the Reporting Period:

Applicable Not applicable

(3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes No

Operating division	Item	Unit	2020	2019	Change (%)
Paper-making	Unit sales	0,000 tons	58.01	52.14	11.26%
	Output	0,000 tons	57.7	50.02	15.35%
	Inventory	0,000 tons	2.92	4.33	-32.56%

Any over 30% YoY movements in the data above and why:

Applicable Not applicable

As at the end of the Reporting Period, ivory board inventory was 29,200 tons, down 32.56% year on year. This is mainly because the ivory board market was stronger, and the Company actively explored markets while achieving solid results in the marketing reform.

As a result, the unit sales of ivory board were higher than its output, causing a considerable decline in inventory.

(4) Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable Not applicable

(5) Breakdown of Cost of Sales

By operating division and product category

Unit: RMB

Operating division	Item	2020		2019		Change (%)
		Cost of sales	As a % of total cost of sales (%)	Cost of sales	As a % of total cost of sales (%)	
Manufacturing		3,345,900,852.96	99.33%	3,499,755,144.95	99.09%	-4.40%
Other		22,474,586.08	0.67%	32,039,756.91	0.91%	-29.85%

Unit: RMB

Product category	Item	2020		2019		Change (%)
		Cost of sales	As a % of total cost of sales (%)	Cost of sales	As a % of total cost of sales (%)	
Ivory board		2,881,476,073.74	85.54%	3,030,009,118.76	85.79%	-4.90%
Presswork		241,221,310.04	7.16%	227,168,634.44	6.43%	6.19%
Latex		223,203,469.18	6.63%	242,577,391.75	6.87%	-7.99%
Other		22,474,586.08	0.67%	32,039,756.91	0.91%	-29.85%

Note:

None.

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Yes No

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	802,841,459.22
Total sales to top five customers as a % of total sales of the Reporting Period (%)	19.75%
Total sales to related parties among top five customers as a % of total sales of the Reporting Period (%)	0.00%

Top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As a % of total sales revenue (%)
1	Customer A	250,512,862.46	6.16%
2	Customer B	237,508,693.75	5.84%
3	Customer C	130,788,505.73	3.22%
4	Customer D	93,726,068.40	2.31%
5	Customer E	90,305,328.88	2.22%
Total	--	802,841,459.22	19.75%

Other information about major customers:

 Applicable Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	1,062,849,802.92
Total purchases from top five suppliers as a % of total purchases of the Reporting Period (%)	38.20%
Total purchases from related parties among top five suppliers as a % of total purchases of the Reporting Period (%)	0.00%

Top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As a % of total purchases (%)
1	Supplier A	359,147,335.92	12.91%
2	Supplier B	212,678,204.57	7.64%
3	Supplier C	205,790,193.12	7.40%
4	Supplier D	155,078,731.72	5.57%
5	Supplier E	130,155,337.59	4.68%
Total	--	1,062,849,802.92	38.20%

Other information about major suppliers:

Applicable Not applicable

3. Expenses

Unit: RMB

	2020	2019	Change (%)	Reason for any significant change
Selling expense	206,102,948.57	183,190,086.17	12.51%	
Administrative expense	103,157,480.93	100,105,438.67	3.05%	
Finance costs	49,058,721.82	75,379,250.90	-34.92%	Better capital control by reducing interest-bearing loans
R&D expense	89,899,073.34	57,601,470.09	56.07%	More input to product development and building the R&D team

4. R&D Investments

Applicable Not applicable

Amid the widespread COVID-19 pandemic and faster market integration in 2020, the Company adopted active measures and adhered to independent development. The Company relied on Enterprise Technology Center of Guangdong Province, Engineering Technology R&D Center of Guangdong Province, National Hi-Tech Enterprise, and other technology platforms, focused on three R&D directions of “developing paper products to replace plastic”, “research on the comprehensive utilization of cigarette waste” and functional ivory board, and conducted development of new products and new technology. The Company successfully developed and launched to the market “new products, such as non plastic coated board for food, tobacco fiber ivory board, black cigarette packaging board, high end sunshine resistant coated ivory board, etc.”, and enabled the Company to keep on leading the development of ivory board industry with product quality, technology innovation, and obtained stage achievements. Among them, the development of tobacco fiber ivory board provided solution for tobacco company to utilize waste of tobacco and realize recycling economy, and obtained stage achievement. As for products of “paper replacing plastic”, the R&D and promotion of non plastic coated food packaging board and ivory board for PE-free green paper cups effectively realized plastic reduction and plastic degeneration function, and laid foundation for the development of green environmental protection packaging materials. The R&D and innovation of technology consolidated the technology leading position of the Company in ivory board field.

As of the end of the Reporting Period, the Company had been granted 72 duly authorized patents, including 30 invention patents and 42 utility models. There are 32 pending patents, including 16 invention patents and 16 utility models.

Details about R&D investments:

	2020	2019	Change (%)
Number of R&D personnel	142	140	1.43%

R&D personnel as a % of total employees	8.20%	7.60%	0.60%
R&D investments (RMB)	131,899,073.34	129,946,865.55	1.50%
R&D investments as a % of operating revenue	3.25%	3.31%	-0.06%
Capitalized R&D investments (RMB)	3,446,208.90	4,952,724.48	-30.42%
Capitalized R&D investments as a % of total R&D investments	2.61%	3.81%	-1.20%

Reasons for any significant YoY change in the percentage of R&D investments in operating revenue:

Applicable Not applicable

Reason for any sharp variation in the percentage of capitalized R&D investments and rationale:

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2020	2019	Change (%)
Subtotal of cash generated from operating activities	3,982,992,697.82	3,378,172,404.73	17.90%
Subtotal of cash used in operating activities	3,269,068,361.09	3,286,828,152.99	-0.54%
Net cash generated from/used in operating activities	713,924,336.73	91,344,251.74	681.58%
Subtotal of cash generated from investing activities	400,324,600.99	447,936,584.07	-10.63%
Subtotal of cash used in investing activities	652,287,972.37	439,806,258.16	48.31%
Net cash generated from/used in investing activities	-251,963,371.38	8,130,325.91	-3,199.06%
Subtotal of cash generated from financing activities	2,159,250,340.98	2,949,831,729.99	-26.80%
Subtotal of cash used in financing activities	2,528,725,645.18	3,064,260,818.25	-17.48%
Net cash generated from/used in financing activities	-369,475,304.20	-114,429,088.26	-232.31%
Net increase in cash and cash equivalents	94,847,939.47	-15,953,538.58	694.53%

Explanation of why any of the data above varies significantly on a year-on-year basis:

Applicable Not applicable

(1) Net cash generated from operating activities was RMB713.92 million in 2020, up by RMB622.58 million year-on-year. This was mainly because ① the unit sales of ivory board saw a significant increase in the year due to greater efforts in boosting sales; and ② a stricter appraisal system was adopted with regard to payment collection in cash. Therefore, proceeds from sale of commodities and rendering of services went up by RMB582.18 million on a year-on-year basis, while payments for commodities and services declined by RMB91.98 million year-on-year, resulting in a considerable year-on-year increase in net cash generated from operating activities.

(2) Net cash generated from investing activities was RMB-251.96 million in 2020, down by RMB260.09 million year-on-year. This was mainly because of the new term deposits and structured deposits in the year.

(3) Net cash generated from financing activities was RMB-369.48 million in 2020, down by RMB255.05 million year-on-year. This was mainly because of the repayment of bank loan in the year.

Explanation of why the net cash generated from/used in operating activities varies significantly from the net profit of the Reporting Period:

Applicable Not applicable

III Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As a % of gross profit	Source/reason	Recurrent or not
Return on investment	28,847,970.39	9.90%	Return on long-term equity investment in associate measured at the equity method	Yes
Asset impairment loss	1,389,714.51	0.48%	Reversed inventory valuation loss	Not
Non-operating income	14,549,745.47	4.99%	Income from scrap and others	Not
Non-operating expense	2,989,320.64	1.03%	Other non-operating expense	Not
Credit impairment loss	397,510.98	0.14%	Reversed doubtful account loss	Not

Asset disposal income	180,100.16	0.06%	Income from disposal of fixed assets	Not
Other income	27,242,697.14	9.35%	Government grant	Not

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Indicate whether the Company has adopted the new accounting standards governing revenue and leases since 2020 and restated the beginning amounts of relevant financial statement line items in the year.

Applicable.

Unit: RMB

	31 December 2020		1 January 2020		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		
Monetary assets	808,336,749.66	14.31%	213,743,010.81	3.82%	Up by 10.49 percentage points	
Accounts receivable	543,703,145.28	9.63%	861,496,771.58	15.41%	Down by 5.78 percentage points	
Inventories	571,680,057.95	10.12%	660,926,072.21	11.82%	Down by 1.7 percentage points	
Investment property	17,187,286.30	0.30%	29,115,661.86	0.52%	Down by 0.22 percentage points	
Long-term equity investments	657,022,801.63	11.63%	655,312,367.55	11.72%	Down by 0.09 percentage points	
Fixed assets	1,979,652,177.39	35.05%	2,067,109,815.77	36.97%	Down by 1.92 percentage points	
Construction in progress	37,659,416.51	0.67%	33,321,697.05	0.60%	Up by 0.07 percentage points	
Short-term borrowings	569,724,731.69	10.09%	1,163,487,459.95	20.81%	Down by 10.72 percentage points	

2. Assets and Liabilities at Fair Value

Applicable Not applicable

3. Assets to which the Company's Rights Were Restricted as at the Period-End

RMB653.1819 million of total assets of the Company was restricted, of which monetary assets was RMB588.9315 million (cash deposits for notes and pledge of term deposits); and receivables financing was RMB64.2504 million (pledge for asset pool).

V Investments Made

1. Total Investment Amount

Applicable Not applicable

2. Significant Equity Investments Acquired in the Reporting Period

Applicable Not applicable

3. Significant Non-Equity Investments of which the Acquisition Was Uncompleted in the 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.

5. Use of Raised Funds

Applicable Not applicable

No such cases in the Reporting Period.

VI Sale of Major Assets and Equity Investments

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Investments

Applicable Not applicable

VII Principal Subsidiaries and Joint Stock Companies

Applicable Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the consolidated net profit:

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Zhuhai Hongta Renheng Packaging Co., Ltd. (alone)	Subsidiary	High-grade coated ivory board	600,000,000.00	3,734,182,584.25	2,667,507,697.75	2,702,646,004.76	96,115,024.74	95,799,422.96
Zhuhai Huafeng Paper Co., Ltd.	Subsidiary	High-grade coated ivory board	984,559,331.06	2,661,153,829.97	1,096,121,448.43	2,218,099,946.22	89,873,907.03	95,101,706.84
Zhuhai Golden Pheasant Chemical Co., Ltd.	Subsidiary	Latex and calcium carbonate	69,271,940.00	245,339,309.97	203,935,298.90	431,993,081.54	47,456,892.82	44,578,753.79
Huaxin (Foshan) Color Printing Co., Ltd.	Subsidiary	Color packaging printing	96,895,605.14	416,631,527.25	280,644,575.11	328,113,053.59	30,117,855.74	28,441,909.03

Subsidiaries acquired or disposed of in the Reporting Period:

Applicable Not applicable

Other information on principal subsidiaries and joint stock companies:

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX Prospects

(I) Development trend of the Company industry

The Company industry is white cardboard, color packages printing products, papermaking chemicals. Recovery and upgrading of consumption spurs the gradual recovery of demand for white cardboard as important upmarket packaging materials. In addition, the “stay-at-home economy” provides new soil for the rising demand for white cardboard. With the implementation of environmental policies, such as the ban on importing waste and the restrictions on the production, sale and use of single-use plastic products, paper packages as eco-friendly materials are powerful alternatives to plastic packaging materials. This has opened up a new market of “replacing plastics with paper” and stimulated a rapid growth in the market demand for white cardboard, leading to a positive momentum for the development of the whole industry chain. According to related studies, a white cardboard market gap of nearly 4 million tons is expected to arise in the next five years.

(II) Development strategy

The Company is engaging in the asset restructuring with Guanbao High-Tech. Upon the restructuring, the Company will stand at a new start point to vigorously promote the industrial mixed ownership reform and expedite the release of financial performance. It will stick to the new development concept and make full effort to build a new development pattern in the new development stage. The Company will continue to keep an eye on the policies and elements of the capital market, step up effort to combine the industry and the capital market, give full play to its own advantages and achieve more leaping development through professional and market-oriented acquisition and restructuring.

(III) Operation and development planning of the Company in 2021

In 2021, the Company will continue to adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the overall requirements of Party building in the new era, put into effect the guidelines of the fifth plenary session of the 19th CPC Central Committee, give play to the leading and core role of the Party, execute the central cultural concept of “Help Build Civilization, Promote Humanity in Business, Fight against Headwinds and Stay Ambitious”, and promote reforms and transformation. Meanwhile, the Company will firmly grasp the important opportunity of the asset restructuring, focus on the goal of high-quality and sustainable development and integrate high-quality resources to build a coordinated and innovative development system and drive the building of a green manufacturing system. It will continue to deepen the mechanism reform, refine the market-oriented operation mechanism, advance the development of medium and long-term incentives and unleash its vigor and vitality. It will continue to develop new marketing models, judge on the new market context, expand new market and step up efforts for the development of new products and product marketing. The Company will strengthen lean management, enhance the level of information-based management and boost the efficiency of operations management. It will reinforce internal management, improve its risk prevention capacity and build up defense against risks.

(IV) Possible risk

1. Market risk

High-end coated ivory board is the primary 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. Meanwhile, with faster integration and more concentration in the industry, ivory board prices may encounter fluctuations. Additionally, the pandemic situation overseas poses uncertain risk to the export of the Company's ivory board.

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

2. Compliance risk

Policies and rules change quickly under new situation, various supervisions with wide coverage have many requirements, and there are risks in abiding by laws and regulations, Party regulations, supervision requirements, commercial practice, industry code, ethic

regulations, and other external and internal requirements.

Countermeasures: Sort out and complete current management systems of the Company, and meet compliance requirements; Appoint external legal consultants to conduct compliance review for systems of the Company; Strictly implement relevant systems, investigate and punish behaviors against disciplines and regulations, and safeguard the authority of the Company systems.

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.

4. Risks of changes in raw material prices and exchange rates

The imported wood pulp used as raw materials by the Company in its main products are affected by the sharp changes in international wood pulp price and fluctuations in the exchange rate of RMB against USD. This will bring great pressure on the Company's control of production cost.

Countermeasures: Keep close watch on the changes of wood pulp price and the trend of the exchange rate of RMB against USD and trade on forward contracts when appropriate; Gradually raise the proportion of domestic wood pulp purchases and when necessary, carry out strategic purchase for inventory to control cost; Beef up sales, expand sales channels and increase prices to cover the impact of cost when appropriate.

X Communications with the Investment Community such as Researches, Inquiries and Interviews

1. During the Reporting Period

√ Applicable □ Not applicable

Date	Place	Way of communication	Type of the communication party	Communication party	Main discussions and materials provided by the Company	Index to the relevant information
10 September 2020	-	By phone	Individual	Individual	Inquired about the restructuring plan and the share swap percentage	-
11 September 2020	-	By phone	Individual	Individual	Inquired about the restructuring plan, the share swap percentage	-

					and the cash option	
11 September 2020	-	By phone	Individual	Individual	Inquired about substantial shareholders' participation in the asset restructuring and the Company's judgment on its future business performance	-
14 September 2020	-	By phone	Individual	Individual	Inquired about the restructuring plan and the date when trading in the Company's shares would resume	-
22 September 2020	-	By phone	Individual	Individual	Offered specific advices with regard to the restructuring plan	-
24 September 2020	-	By phone	Individual	Individual	Inquired about the restructuring plan and the subsequent arrangements	-
25 September 2020	-	By phone	Individual	Individual	Offered advices with regard to the restructuring plan and inquired about arrangements subsequent to the restructuring	-
9 October 2020	-	By phone	Individual	Individual	Inquired about the restructuring progress, the Company's business	-

					performance and assets, etc.	
13 October 2020	-	By phone	Individual	Individual	Inquired about the Company's business performance and restructuring	-
15 October 2020	-	By phone	Individual	Individual	Inquired about the specific procedures of the share swap	-
20 October 2020	-	By phone	Individual	Individual	Inquired about the restructuring plan, the share swap percentage, the lockup period, etc.	-
21 October 2020	-	By phone	Individual	Individual	Inquired about the general meeting's approval of the restructuring plan	-
5 November 2020	-	By phone	Individual	Individual	Inquired about the general meeting to be held with regard to the restructuring plan and the specific share swap procedures	-
10 November 2020	-	By phone	Individual	Individual	Inquired about the share reform and the provider of the cash option	-
24 November 2020	-	By phone	Individual	Individual	Inquired about the time of the general meeting and the future	-

					business plan		
27 November 2020	-	By phone	Individual	Individual	Inquired about the poll results of the general meeting	-	
3 December 2020	-	One-on-one meeting	Individual	Individual	Inquired about how to attend the general meeting for the restructuring plan	-	
Times of communications							17
Number of institutions communicated with							0
Number of individuals communicated with							17
Number of other communication parties							0
Tip-offs or leakages of substantial confidential information							None

Part V Significant Events

I Profit Distributions to Ordinary Shareholders (in the Form of Cash and/or Stock)

How the profit distribution policy, especially the cash dividend policy, for ordinary shareholders was formulated, executed or revised in the Reporting Period:

Applicable Not applicable

It is estimated that the Company will distribute dividends of RMB0.34 (tax inclusive) per 10 shares to all shareholders based on the total shares of the Company on 31 December 2020.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	No adjustments or changes

The profit distributions to ordinary shareholders, either in the form of cash or stock, in the past three years (including the Reporting Period) are summarized as follows:

2020 profit distribution plan: Based on the total shares of the Company as of 31 December 2020, a dividend of RMB0.34 (tax inclusive) per 10 shares would be distributed to all shareholders of the Company.

2019 profit distribution plan: Based on the total shares of the Company as of 31 December 2019, a dividend of RMB0.15 (tax inclusive) per 10 shares would be distributed to all shareholders of the Company.

2018 profit distribution plan: the Company didn't carry out the 2018 profit distribution plan temporarily due to the operating losses during the Reporting Period.

Cash dividend for ordinary shareholders in the past three years (including the Reporting Period):

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in	A as % of B (%)	Cash dividends in other forms (such as share repurchase) (C)	C as % of B (%)	Total cash dividends (including those in other forms) (D)	D as % of B (%)

		consolidated statements for the year (B)					
2020	17,184,450.00	139,427,823.70	12.32%	0.00	0.00%	17,184,450.00	12.32%
2019	7,581,375.00	35,704,671.22	21.23%	0.00	0.00%	7,581,375.00	21.23%
2018	0.00	-2,814,965.92	0.00%	0.00	0.00%	0.00	0.00%

Indicate by tick mark whether the Company fails to put forward a cash dividend proposal for the ordinary shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributed to the ordinary shareholders are positive.

Applicable Not applicable

II Final Dividend Plan for the Reporting Period

Applicable Not applicable

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	0.34
Total shares as the basis for the profit distribution proposal (share)	505,425,000
Cash dividends (RMB) (tax inclusive)	17,184,450.00
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including those in other forms) (RMB)	17,184,450.00
Distributable profit (RMB)	23,660,421.79
Total cash dividends (including those in other forms) as % of total profit distribution	72.63%
Cash dividend policy	
Other	
Details about the proposal for profit distribution and converting capital reserve into share capital	
According to the commitments related to the Dividend Plan for Future Three Years (2018~2020) established on the 2 nd Meeting of the 7 th Board of Directors of the Company in 2018 and requirements of Measures for Administration of Securities Issuance by Listed Companies that "In compliance with the relevant laws and regulations and the relevant provisions of the Articles of Association, if the company is profitable, and meets the company's normal production and operation funding requirements, and reserves statutory reserve funds and surplus reserves in full, if no major investment plans or significant cash expenditures and other events occurred, the company's cumulative profit distribution in cash over the next three years shall be not less than 30% of the annual distributable profits realized in the last three years."	

III Fulfillment of Commitments

1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and other Entities Fulfilled in the Reporting Period or Ongoing at the Period-end

√Applicable □ Not applicable

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in share reform						
Commitments made in acquisition documents or shareholding alteration documents	China Paper Corporation		In order to avoid potential horizontal competition, China Supplies Development Investment Corporation (which has changed its name to "China Paper Corporation") makes the following commitment: 1. The Company and the Company's wholly owned and controlling companies ensure that there is no same or similar business with Foshan Huaxin Packaging Co., Ltd. 2. The Company and the Company's wholly owned and controlling companies ensure that there is no same or similar business with Foshan Huaxin Packaging Co., Ltd.; The Company and the Company's wholly owned and controlling companies will not self-run no same or similar business with Foshan Huaxin Packaging Co., Ltd.; not self-run any similar projects constitute a direct competition with Foshan Huaxin Packaging Co., Ltd.; nor any method	28 June 2005	Long-term	Normal performance

			<p>of investment business constituted or may constituted competition with Foshan Huaxin Packaging Co., Ltd. thus ensure to avoid any direct or indirect business competition to the production and operation of Foshan Huaxin Packaging Co., Ltd..</p>			
<p>Commitments made in time of asset restructuring</p>	<p>Singapore Renheng Industry Co., Ltd.; Yunnan Hongta Group Co., Ltd.,(both are not the shareholders of the Company)</p>		<p>For defective real estate failing to obtain the drawbacks of the ownership certificate, Hongta Group Co., Ltd. and Yanlord Industries Pte. Ltd. undertake that if a third party claims right or property demolition, which results in the inability of Hongta Renheng to normally possess, utilize, profit from and dispose of defective (real estate), Hongta Group Co., Ltd and Yanlord Industries Pte. Ltd agree to pay the compensation for the losses of Foshan Huaxin Packaging Co., Ltd. and Long Bon International Co., Ltd. within 30 days from receiving the notice of Foshan Huaxin Packaging Co., Ltd. and Long Bon International Co., Ltd. The value of defective real estate will be comprehensively determined according to the Rights and Interests of All Shareholders Value Assets Evaluation Report of</p>	<p>29 October 2012</p>	<p>Long-term</p>	<p>Long-term commitment belonging to need trigger conditions</p>

			Zhuhai Special Economic Zone Hongta Renheng Paper Co., Ltd. issued by Zhongshang Assets Appraisal Co., Ltd. on 7 November 2008 as well as used years and depreciation of real estate. The compensation shall not exceed the total assessed net value of the defective real estate of RMB10,746,298.00.			
Commitments made in time of IPO or refinancing	Foshan Huaxin Development Co., Ltd.		Foshan Huaxin Development Co., Ltd. undertakes that it will not in any place within or outside of Guangdong province in any way (including, but not limited to, with individual proprietorship, joint venture or through another company hold the share or own equities) participate in similar business activities that may directly form competition with YHB at that time, but with the exception that Foshan Huaxin Development Co., Ltd. no longer actually controls YHB in the case of any subsequent restructuring, transfer, new issuance, etc.,	23 June 1999	Long-term	Normal performance
Equity incentive commitments						
Other commitments made to minority shareholders			The Company's specific planning for returns to its shareholders for the next three years (2018-2020): 1. The Company can use cash, shares or cash and shares	15 April 2018	14 April 2021	Normal performance

			<p>combined to allocate dividends and allocate interim cash dividends. 2. Within the next three years, the Company will proactively distribute profits in cash. In accordance with relevant laws, regulations and the related provisions and terms of the Company's Articles of Incorporation and policies, if the Company makes profits and meets the capital demand of normal production and business operation with sufficient reserved legal accumulation fund and surplus accumulation and if there is no major investment plan or major cash payments, etc., the cumulative profits in cash to be distributed in the next three years will be no less than thirty percent of the average annual attributable profits realized in recent three years. 3. Depending on the actual situation of the Company's long-term and sustainable development, when the Board of Directors deems that the profit allocation in share dividends meets the overall interests of all shareholders, the Company can use share dividends to distribute profits.</p>			
Fulfilled on time	Yes					
Specific reasons for failing to fulfill commitments on time and	N/A					

plans for next step (if any)	
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2. Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.

Applicable Not applicable

IV Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.

V Explanations Given by the Board of Directors, the Supervisory Board and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI YoY Changes to Accounting Policies, Estimates and Methods

Applicable Not applicable

(1) The Company implemented the Accounting Standards for Business Enterprises No. 14 - Revenue (hereinafter referred to as the new revenue standards) revised by the Ministry of Finance from January 1, 2020. According to the relevant provisions on the transition between the new and old standards, information of comparable periods shall not be adjusted. For the cumulative impact from the implementation of the new standards on the date of the first implementation, the amount of retained earnings as at the beginning of the reporting period and other related items in the financial statements will be retroactively adjusted.

1) The main influence on the Company's financial statements on 1 January 2020 by the implementation of new standards governing revenue is as follows:

Item	Balance sheet		
	31 December 2019	Influenced	1 January 2020
Advances from customers	23,303,552.10	-23,303,552.10	
Contract liabilities		20,622,612.48	20,622,612.48
Other current liabilities		2,680,939.62	2,680,939.62

2) For contract changes before 1 January 2020, the Company adopts the simplified treatment method. In respect of all contracts, according to the final arrangement of contract changes, the Company identifies fulfilled and unfulfilled performance obligations, determines transaction prices, and apportions transaction prices between fulfilled and unfulfilled performance obligations. The simplified method has no significant impact on the Company's financial statements.

(2) The Company implemented the Interpretation No. 13 on Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2019 from 1 January 2020. The accounting policy change is treated in the prospective application method.

VII Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

VIII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable Not applicable

No such cases in the Reporting Period.

IX Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Pan-China Certified Public Accountants (LLP)
The Company's payment to the domestic independent auditor (RMB'0,000)	95
How many consecutive years the domestic independent auditor has provided audit service for the Company	3
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Li Qinglong, Liu Jingya
How many consecutive years the certified public accountants have provided audit service for the Company	3

Indicate by tick mark whether the independent auditor was changed for the Reporting Period.

Yes No

Independent auditor, financial advisor or sponsor engaged for the audit of internal controls:

Applicable Not applicable

The Company engaged Pan-China Certified Public Accountants (Special General Partnership) as the internal control auditor for the Current Year and paid RMB0.3 million additionally for that.

X Possibility of Listing Suspension or Termination after Disclosure of this Report

Applicable Not applicable

XI Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

XII Major Legal Matters

Applicable Not applicable

General information	Involved amount (RMB'0,000)	Provision	Progress	Decisions and effects	Execution of decisions	Disclosure date	Index to disclosed information
<p>A major production safety accident was caused by a flash 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 RMB 11.16 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 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</p>	1,116	None	As of the end of the Reporting Period, the final judgment for the civil compensation case has been made, and the case enters the execution phase.	<p>The judgment has been made that one fifth of responsibility of RMB2.232 million of compensation is respectively born by Zhuhai Huafeng and other four defendants. At present, Zhuhai Huafeng has received the compensation of RMB2.29 million from defendants. RMB6.64 million is still to be recovered.</p>	<p>The case enters the execution phase and Zhuhai Huafeng is claiming compensation from other defendants. Zhuhai Huafeng is applying for legal enforcement to Zhuhai Jinwan District People's Court.</p>	6 March 2017	<p>http://www.cninfo.com.cn/new/disclosure/detail?orgId=gssz0200986&announcementId=1203132688&announcementTime=2017-03-06</p>

Yancheng Xinda High-Altitude Anti-Corrosion Co., Ltd. (hereinafter referred to as YanchengXinda) as a defendant and YanchengXinda applied to add Liu Jiechun as a defendant. It is a dispute case over the right of recourse of the subsidiary of the Company.												
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XIII Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

XIV Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable Not applicable

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

Applicable Not applicable

No such cases in the Reporting Period.

XVI Major Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price	Total value (RMB'0,000)	As % of total value of all same-type transactions	Approved transaction line (RMB'0,000)	Over the approved line or not	Method of settlement	Obtainable market price for same-type transactions	Disclosure date	Index to disclosed information
China Paper Corporation	Actual controller	Continuing	Purchasing commodity	Being decided through	Market price	7,419.63	2.67%	21,800	No	Transfer	Market reference price	24 March 2020	http://www.cninfo.co

on			ities	negotiat ion based on the market price								m.cn	
Tianjin CMST Chuangsh i Logistics Co., Ltd.	Subordi nate enterpri se under the control of the final controll er	Continu ing	Receptio n of labor service	Being decided through public bidding based on the market price	Market price	7,071.0 4	43.41%	7,071.0 4	No	Transfer	Market referenc e price	24 March 2020	http://w ww.cni nfo.co m.cn
Total				--	--	14,490. 67	--	28,871. 04	--	--	--	--	--
Large-amount sales return in detail				N/A									
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period				N/A									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				N/A									

2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Interests

Applicable Not applicable

No such cases in the Reporting Period.

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

Applicable Not applicable

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

Yes No

No such cases in the Reporting Period.

5. Other Major Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

XVII Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(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) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Major guarantees

Applicable Not applicable

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Guarantees provided by the Company as the parent for its subsidiaries								
Obligor	Disclosure	Line of	Actual	Actual	Type of	Term of	Having	Guarante

	date of the guarantee line announcement	guarantee	occurrence date	guarantee amount	guarantee	guarantee	expired or not	e for a related party or not
Zhuhai Hongta Renheng Packaging Co., Ltd.	30 October 2019	20,000	20 December 2019	0	Joint-liability	2020.5.27-2021.12.31	Not	
Zhuhai Hongta Renheng Packaging Co., Ltd.	24 May 2017	33,000	9 August 2019	12,793	Joint-liability	2020.5.20-2023.5.19	Not	
Zhuhai Hongta Renheng Packaging Co., Ltd.	23 August 2018	30,000	20 May 2020	24,100	Joint-liability	2020.6.29-2021.12.31	Not	
Zhuhai Hongta Renheng Packaging Co., Ltd.	12 March 2020	10,000	7 December 2020	8,037	Joint-liability	2020.8.7-2021.7.15	Not	
Zhuhai Hongta Renheng Packaging Co., Ltd.	24 April 2018	6,000	28 December 2020	1,893	Joint-liability	2020.8.21-2021.3.31	Not	
Zhuhai Hongta Renheng Packaging Co., Ltd.	25 April 2020	17,000	21 August 2020	10,000	Joint-liability	2020.6.29-2023.6.28	Not	
Zhuhai Hongta Renheng Packaging Co., Ltd.	12 March 2020	40,000	4 December 2019	10,981	Joint-liability	2020.7.3-2021.7.3	Not	
Zhuhai Hongta Renheng Packaging Co., Ltd.	27 August 2019	13,000	18 September 2020	6,643	Joint-liability	2020.1.16-2022.1.15	Not	
Zhuhai Hongta Renheng Packaging Co., Ltd.	12 March 2020	10,000	9 October 2020	4,581	Joint-liability	2020.5.28-2021.3.11	Not	
Zhuhai Hongta Renheng Packaging Co., Ltd.	22 August 2020	10,657	21 January 2020	4,569	Joint-liability	2020.11.2-2022.7.31	Not	
Zhuhai Hongta Renheng Packaging Co., Ltd.	12 March 2020	7,000	7 January 2020	565	Joint-liability	2019.12.25-2024.12.25	Not	
Zhuhai Huafeng Paper Co., Ltd.	12 March 2020	5,000	1 September 2020	5,000	Joint-liability	2019.09.27-2020.7.31	Not	

Zhuhai Huafeng Paper Co., Ltd.	25 October 2016	35,000	30 September 2019	23,934	Joint-liability	2019.10.28-2022.10.27	Not	
Zhuhai Huafeng Paper Co., Ltd.	22 August 2020	10,657	9 October 2020	3,505	Joint-liability	2020.11.2-2022.7.31	Not	
Huaxin (Foshan) Color Printing Co., Ltd.	24 December 2020	5,000	30 December 2020	990	Joint-liability	2020.12.28-2021.12.27	Not	
Huaxin (Foshan) Color Printing Co., Ltd.	7 December 2019	8,100	1 December 2020	3,000	Joint-liability	2019.12.24-2022.12.23	Not	
Huaxin (Foshan) Color Printing Co., Ltd.	12 March 2020	3,000	28 February 2020	987	Joint-liability	2020.3.13-2025.3.13	Not	
Huaxin (Foshan) Color Printing Co., Ltd.	30 October 2019	4,000	24 December 2019	1,000	Joint-liability	2019.09.12-2020.09.11	Not	
Total approved line for such guarantees in the Reporting Period (B1)			320,000	Total actual amount of such guarantees in the Reporting Period (B2)				267,414
Total approved line for such guarantees at the end of the Reporting Period (B3)			320,000	Total actual balance of such guarantees at the end of the Reporting Period (B4)				122,579
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Zhuhai Golden Pheasant Chemical Co., Ltd.	1 December 2018	10,000	17 April 2020	1,000	Joint-liability	2019.11.27-2022.11.26	Not	Yes
Zhuhai Golden Pheasant Chemical Co., Ltd.	23 August 2018	3,000	17 June 2020	500	Joint-liability	2020.6.4-2022.6.4	Not	Yes
Total approved line for such guarantees in the Reporting Period (C1)			20,000	Total actual amount of such guarantees in the Reporting Period (C2)				13,000
Total approved line for such guarantees at the end of the			20,000	Total actual balance of such guarantees at the end of the				1,500

Reporting Period (C3)		Reporting Period (C4)	
Total guarantee amount (total of the three kinds of guarantees above)			
Total guarantee line approved in the Reporting Period (A1+B1+C1)	340,000	Total actual guarantee amount in the Reporting Period (A2+B2+C2)	280,414
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)	340,000	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)	124,079
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets			58.02%
Of which:			
Balance of guarantees provided for shareholders, actual controller and their related parties (D)			0
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)			0
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)			17,154
Total of the three amounts above (D+E+F)			17,154

Compound guarantees:

(2) Irregularities in Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

3. Cash Entrusted to Other Entities for Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

No such cases in the Reporting Period.

(2) Entrusted Loans

Applicable Not applicable

No such cases in the Reporting Period.

4. Continuing Major Contracts

Applicable Not applicable

Name of the contracting company	Name of the counterparty	Contract object	Total amount	Performance progress	Sales revenue for the Reporting Period and those accumulatively recognized	Collection of accounts receivable
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Significant variance between the progress of major contracts and the contractual stipulation with influence of over 30% of the contract amount

Applicable Not applicable

5. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XVIII Corporate Social Responsibility (CSR)

1. Measures Taken to Fulfill CSR Commitment

The Company actively fulfils its social responsibility as a centrally-controlled SOE in the new era and demonstrates its new image to society with its action. In its development strategy, production and operations, the Company has been guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era to implement the development concept of “Lucid waters and lush mountains are invaluable assets”. Focusing on the strategy of sustainable development, the Company has achieved coordination between economic, social and ecological benefits, between short-term and long-term benefits and between its own and social development.

Facing abrupt COVID-19 in 2020, Huaxin Packaging carried out work from an absolute political height and took multi-thronged measures that enhanced its role in performing social responsibility.

First, in terms of the epidemic prevention and control, the Company strictly fulfilled its responsibility as an entity, strictly adhered to the concept of “implementing targeted measures towards science-based approaches with strong confidence and concerted effort”, and strictly implemented the strategy of regular prevention and control. It stepped up effort to keep all staff safe from harm of the pandemic, and none of its employees was infected with the virus in 2020. Second, Huaxin Packaging persisted in the corporate culture of “Help Build Civilization, Promote Humanity in Business, Fight against Headwinds and Stay Ambitious” and promoted the spirit of “When disaster strikes, help comes from all sides”. It made active steps to organize and carry out donation activities to help fight COVID-19, receiving a total donation of RMB186,173.78, including RMB68,473.78 received by Hongta Renheng, RMB88,000 by Huaxin Color Printing and RMB29,700 by Golden Pheasant Chemical. During the pandemic, subsidiaries of Huaxin Packaging donated anti-epidemic supplies to the frontlines of the fight against COVID-19 and of targeted poverty alleviation areas. Hongta Renheng donated 1,000 pairs of medical safety goggles to Zhuhai People’s Hospital, 2,000 surgical masks to Mingzhu Police Station and Gaolangang Police Station, and 300 pairs of medical safety goggles to Yiyang County of Luoyang City in Henan Province, a targeted poverty alleviation area of China Paper. Huaxin Color Printing offered helping hands to local government agencies in their anti-epidemic efforts, including printing a total of 31,975 anti-epidemic publicity posters in four batches for free and donating anti-epidemic supplies to Foshan People’s Hospital, Police Station and Ecology and Environment Bureau. Golden Pheasant Chemical donated anti-epidemic supplies to Gaolangang District Government and hospitals and won the title of “Anti-Epidemic” Pioneering Party Organization as a New Economic Organization in Gaolangang District in 2020.

Third, after the resumption of work, Huaxin Packaging proactively responded to the call for SOEs to waive or reduce rentals for small and micro-sized enterprises, strictly followed the central government’s requirements for

“ensuring stability on the six fronts and security in the six areas”, and conscientiously implemented the SASAC’s guidelines on addressing the epidemic and supporting SMEs to jointly tide over the difficulties. As part of its fast response to the requirements of China Chengtong and China Paper for promoting the resumption of work and production, the Company waived and reduced rentals of more than RMB500,000 for medium, small and micro-sized companies and individual businesses.

In 2020, Huaxin Packaging stuck to the concept that “Packaging is connected with people’s happy life”, persisted in the path of high-quality and sustainable development and continued to make new breakthroughs in clean production, environmental protection, energy conservation and consumption reduction. Hongta Renheng’s project “Intelligent Manufacturing Factory of Coated White Cardboard” was successfully recognized as one of Guangdong’s intelligent manufacturing pilot demonstration projects for 2020; its full-series brand products were included in *Green Raw and Auxiliary Material and Product Catalogue (2020)*; its plastic-free coated board for food packaging won the “Green Packaging New Material Award”; Hongta Renheng won the title of “National Demonstration Enterprise for Green Supply Chain Management” of 2020. Both Hongta Renheng and Zhuhai Huafeng won the title of “Environmental Integrity Enterprise (Green Sign)”. Huaxin Color Printing passed the certification of “Foshan Green Packaging Huaxin Color Printing Engineering Technology Research Center” and won the “Green Fashion Award of 2020 Asia Label Awards”.

2. Measures Taken for Targeted Poverty Alleviation

(1) Plans

The Company will carry out the targeted poverty alleviation according to the poverty alleviation plan and arrangements of the final controller China Chengtong Holdings Group Ltd. and the actual controller China Paper Corporation.

(2) Summary of the Related Work Done in the Reporting Period

Huaxin Packaging seriously practices and implements the strategic deployment of poverty alleviation of the central government. And under the unified deployment of China Paper Corporation, it conducted the agricultural products purchasing work of targeted poverty alleviation for Yiyang County, Luoyang City, Henan Province. Meanwhile, it did a good job in poverty alleviation in the area of it. That is to conduct the agricultural products purchasing work of targeted poverty alleviation for the matching assisting object of Zhuhai-Nujiang Lisu Autonomous Prefecture, Yunnan Province as required by Zhuhai Municipal Federation of Trade Unions.

(3) Results

Indicator	Measurement unit	Quantity/Progress
1. General results	——	——
Of which: 1.1 Funds	Ten thousand	5
1.2 Money converted from materials	Ten thousand	9.18
1.3 Number of poor persons with filing achieving poverty alleviation	Person	0
2. Itemized results	——	——
2.1 Out of poverty by industrial development	——	——
2.2 Out of poverty by transferring employment	——	——
2.3 Out of poverty by relocation	——	——

2.4 Out of poverty by education	—	—
2.5 Out of poverty by improving health	—	—
2.6 Out of poverty by protecting ecological environment	—	—
2.7 Subsidy for the poorest	—	—
2.8 Social poverty alleviation	—	—
2.8.2 Input of targeted poverty alleviation	Ten thousand	14.18
2.9 Other items	—	—
3. Accolades received (for what and at what level)	—	—

(4) Subsequent Plans

The Company will continuously carry out the targeted poverty-relief work with China Chengtong Holdings Group Ltd and area of it according to the implementation plan of poverty alleviation project of the final controller China Chengtong Holdings Group Ltd, and continuously carry out the subsequent targeted poverty alleviation plan.

3. Issues Related to Environmental Protection

Indicate by tick mark whether the Company or any of its subsidiaries is identified as a major polluter by the environmental protection authorities

Yes

Name of polluter	Name of major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Discharge standards implemented	Total discharge	Approved total discharge	Excessive discharge
Hongta Renheng	Chemical oxygen demand, ammonia nitrogen	Discharged into water quality purification plant after being disposed	1	Sewage disposal center	Chemical oxygen demand, and ammonia nitrogen are 33.69mg/l and 0.146mg/l	Chemical oxygen demand, and ammonia nitrogen are ≤80mg/l and ≤8mg/l	Chemical oxygen demand, and ammonia nitrogen are 101.86t and 0.45t	Chemical oxygen demand, and ammonia nitrogen are 294.4t and 29.44t	Naught
Hongta Renheng	Sulfur dioxide, nitrogen oxide, smoke	Organized discharge	1	Power boiler of Power Department	Sulfur dioxide, nitrogen oxide, smoke are	Sulfur dioxide, nitrogen oxide, smoke are	Sulfur dioxide, nitrogen oxide, smoke are	Sulfur dioxide, nitrogen oxide, smoke are	Naught

					3.93mg/m ³ , 57.06mg/m ³ 3 and 6.24mg/m ³	≤50mg/m ³ , ≤100mg/m ³ and ≤20mg/m ³	4.28t, 62.477t and 6.7t	34.04t, 136.15t and 20.42t	
Zhuhai Huafeng	Chemical oxygen demand, ammonia nitrogen	Discharged to sewage discharge outlet	1	Sewage disposal center	Chemical oxygen demand, and ammonia nitrogen are 32.97mg/l and 0.208mg/l	Chemical oxygen demand, and ammonia nitrogen are ≤80mg/l and 8mg/l	Chemical oxygen demand, and ammonia nitrogen are 57.826t and 0.319t	Emissions trading and the chemical oxygen demand, and ammonia nitrogen are 180t and 22.5t	Naught
Zhuhai Huafeng	Sulfur dioxide, nitrogen oxide, smoke	Discharged from the 120-meter-h igh chimney	1	Power boiler of Power Department	Sulfur dioxide, nitrogen oxide, smoke are 11.12mg/m ³ , 61.79mg/m ³ 3 and 5.49mg/m ³	Sulfur dioxide, nitrogen oxide, smoke are 50mg/m ³ , 100mg/m ³ and 20mg/m ³	Sulfur dioxide, nitrogen oxide, smoke are 22.454t, 112.234t and 9.594t	Sulfur dioxide, nitrogen oxide, smoke are 68t, 142t and 26.42t	Naught
Golden Pheasant Chemical	Non-methan e hydrocarbo n	Upper-air emissions after being disposed	1	20m discharge outlet after the disposal of RCO	15.1mg/m ³	The limits in Table 5 and Table 6 of Emission Standard for Pollutants from the Petrochemic al Industry (GB31571- 2015) and the stricter one in the Table 2 of the secondary standard of Phase II of	15.4729t	22.464t	Naught

						Guangdong Emission Limit for Air Pollution (DB44/27-2001) and Emission Limit for Odor Pollutants (GB14554-1993)			
Golden Pheasant Chemical	Chemical oxygen demand, ammonia nitrogen	Discharged to sewage discharge outlet	1	Sewage disposal center	Chemical oxygen demand, and ammonia nitrogen are 265mg/l and 16.18mg/l	Chemical oxygen demand, and ammonia nitrogen are $\leq 350\text{mg/l}$ and $\leq 25\text{mg/l}$	Chemical oxygen demand, and ammonia nitrogen are 2.7108t and 0.1945t	Chemical oxygen demand, and ammonia nitrogen are 3.528t and 0.252t	Naught
Huaxin Color Printing	Chemical oxygen demand, ammonia nitrogen	Discharged to sewage discharge outlet	1	Sewage disposal center	Chemical oxygen demand, and ammonia nitrogen are 8mg/l and 0.04mg/l	First level standard of Phase II for maximum emission concentration of Class II pollutant in Guangdong local standard-Discharge Limit of Water Pollutants (DB44/26-2001)	Chemical oxygen demand, and ammonia nitrogen are 0.01217t and 0.00006t	Chemical oxygen demand, and ammonia nitrogen are 0.17t and 0.019t	Naught
Huaxin Color Printing	Total VOCs	Organized discharge	4	20m discharge outlet after the disposal	9.53mg/m3	II time period of lithographic printing and	9.9019t	17.5186t	Naught

						intaglio printing in Guangdong local standard-E mission Standard for Volatile Organic Compounds in Printing Industry (DB44/815-2010)			
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Construction and operation of facilities for preventing pollution:

Construction and operation of facilities for preventing pollution:

The Sewage Station and Boiler were all built and operated by the third party. As for sewage, Hongta Renheng belongs to State key monitoring enterprise; as for smoke, Hongta Renheng belongs to Zhuhai key monitoring enterprise.

1. The company established a Sewage Station whose maximum processing capacity was 12000m³/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 Qianshan Water Quality Purification Plant via the municipal sewage pipeline network of Xiangzhou District.

Meanwhile, corresponding COD, ammonia nitrogen, total phosphorus, and total nitrogen, and PH values auto monitoring system would be installed at the discharge outlet, and the qualified unit, Zhuhai Fixed Star EP Technology Co., Ltd, would be in charge of its operation management and 24-hour auto online detection and monitoring of COD, ammonia nitrogen, total phosphorus, and total nitrogen, and PH values.

2. The company established 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, SO₂ 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). From 1 July 2019 onwards, the emission of pollutants smoke, sulphur dioxide and nitrogen oxides must comply with the limit requirements of the Emission Standard of Air Pollutants for Boilers (DB44/765/2019). To meet the requirements for the emission of nitrogen oxides, the company introduced a set of SNCR denitration equipment to carry out denitration.

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.

Zhuhai Huafeng

The sewage station started to entrust the third party to operate in 2020. Businesses engaged in waste water and gases are under key monitoring of the state.

Production status in 2020: Equipment was shut down for overhaul on April 9 for nine consecutive days and restarted for production on April 18. For the rest of the year, production was normal except for short-period scheduled maintenance and temporary shutdown due to paper machine fault.

1. The company established a Sewage Station whose maximum processing capacity was 22000m³/d, and it was put into service on 28 September 2006 with the floor space 21,358m² 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 Water Quality Purification Plant via the municipal sewage pipeline network of Gaolan Port District.

Meanwhile, corresponding COD, ammonia nitrogen, total phosphorus, and total nitrogen, and PH values auto monitoring system would be installed at the discharge outlet, and the qualified unit, Zhuhai Fixed Star EP Technology Co., Ltd, would be in charge of its operation management and 24-hour auto online detection and monitoring of COD, ammonia nitrogen, total phosphorus, and total nitrogen, and PH values.

In April 2020, the Company commenced the capping and deodorization project for its sewage pool. In December 2020, the project was put into operations. A total of RMB5,589,600 was invested in the project. According to the project requirements, monomers that tend to produce odor, such as SBR tanks, sludge thickening tanks, mixed sludge tank and flocculation reaction tanks, should be sealed with steel structured reverse fluorocarbon fibre; and odor should be collected and treated with biological deodorization. Waste gas treatment capacity of the system should be 33,000m³/h.

2. The company established two self-supplied fire coal CFBs were installed with the operating capacity of 75t per hour in association with relevant sulphur and dust removal measures. As out-of-furnace alkaline-mode wet desulphurization technology, bag-type dust remover and wet ESP, 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 99.9% 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 Zhuhai Fixed Star EP Technology Co., Ltd would be in charge of its operation management and 24-hour auto online detection and monitoring of discharged SO₂, nitric oxides and smoke dust.

By completing wet limestone-gypsum process FGD in 2015 and wet ESP in 2019, the Company successfully reached ultra-low emissions of sulfur dioxide and smoke, namely, SO₂≤35mg/Nm³ and smoke≤5mg/Nm³. The denitration upgrading project is expected to complete in May 2021, which will achieve ultra-low emissions of oxynitride, namely, NO_x≤50mg/Nm³.

Golden Pheasant Chemical

Exhaust processing system and sewage station are in normal operation.

(1) The Sewage Station possesses the maximum processing capacity of 80m³/d, and the actual processing capacity was about 20m³ per day through applying biochemistry, coagulation flocculation, nitrate precipitation and MBR membrane technology. Sewage disposal facility 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 the discharge limit of Table 1 in Emission Standards for Pollutants from the Petrochemical Industry (GB31571-2015) and Class 3 Standard during the second period stated in Discharge Limits of Water Pollutants (DB44/26-2001) and the water entry standard designed by Nanshui Quality Purification Plant, 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) The regenerative catalytic oxidizer (RCO) exhaust processor has a capacity of 30,000m³/h. Phase I and II exhaust is pre-treated by the original filter, and then recycled by secondary condensation. It is introduced into the RCO exhaust processor for treatment. After reaching the emission standard, it is discharged in an organized way. The strictest of the limits in Table 5 & 6 of Emission Standard of Pollutants for Petroleum Chemistry Industry (GB31571-2015), Secondary standard of Phase II of Emission Limit for Air

Pollution (DB44/27-2001) and Table 2 of Emission Limit for Odor Pollutants (GB14554-1993).

The unit of waste gas devices is in normal operations while the unit of waste water treatment devices is in the commissioning stage.

Huaxin Color Printing

The company has appointed Foshan Green Leaf Environmental Protection Center to operate and maintain its waste water processing pool, which has been in normal operations since the beginning. The pool adopts the “coagulative precipitation - contact oxidation” process and has a maximum capacity of 48m³/d. When industrial waste water reaches the primary standard of the second time interval in Guangdong’s local standard *Discharge Limits of Water Pollutants* (DB44/26-2001) after being processed by the processing pool, the reclaimed water will be used to flush toilets (complying with the Water Quality Standard for Urban Miscellaneous Water Consumption).

2. The organic waste gas from the Phase III Project is discharged when reaching the discharge limit of the second time interval of lithography in Guangdong’s local standard *Emission Standard of Volatile Organic Compounds for Printing Industry* (DB44/815-2010) after being processed by three units of secondary low-temperature plasma purifiers. The devices are in normal operations.

3. In Phase IV project, a new set of “highly efficient physical and chemical reactions + biofilter system” to process organic exhaust. After reaching the limits in the second time interval of lithography in Guangdong’s local standard *Emission Standard of Volatile Organic Compounds for Printing Industry* (DB44/815-2010), the organic exhaust will be discharged. The equipment is in normal operations.

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

Hongta Renheng

1. In September 1998, passed the environmental impact assessment for the 150,000-ton high-grade packaging cardboard project by the State Environmental Protection Administration and Guangdong Province Environmental Protection Bureau respectively (HF [1998] No. 321 and YHH [1998] No. 208);

2. In 2010, passed the environmental impact assessment for the MBF technical renovation project (ZHJ [2010] No. 5) and the test run of the renovation project (ZHS [2010] No. 6) by the Environmental Protection Bureau of Zhuhai Municipality;

3. In 2012, obtained the approval for the environmental impact report on the clean production of paper machines and the comprehensive waste water treatment technology renovation project (ZXHJB [2012] No. 155) by the Environmental Protection Bureau of Xiangzhou District;

4. In December 2003, passed the environmental acceptance for the completion of the 150,000-ton high-grade packaging cardboard project (YHH [2003] No. 969);

5. In 2013, completed the acceptance of the MBF technical renovation project (ZHY [2013] No. 5);

6. In 2014, completed the acceptance of the biochemical treatment of waste water project (ZXHY [2014] No. 10)

7. In 2017, obtained the approval for the environmental impact report on the sludge resource utilization technical project (ZXHJB [2017] No. 63)

Pollutant discharge permit, No. 91440400617502107U001P; validity period: from 7 June 2017 to 6 June 2025; issued by: Environmental Protection Bureau of Xiangzhou District of Zhuhai City.

Zhuhai Huafeng

The reply letter of review opinions of the State Environmental Protection Administration on the environmental impact report for the capital increase of Foshan Huafeng Paper Co., Ltd. for building a new project with the annual capacity of 300,000-ton high-grade coating ivory board (HS [2005] No. 156)

The reply letter of opinions on the environmental protection acceptance for the completion of the autonomous MBF environmental upgrading and technical renovation project of Zhuhai Huafeng Paper Co., Ltd. (ZHY [2015] No. 3)

The reply on the environmental assessment for the new annual 60,000-ton ivory board film processing construction project of Zhuhai

Huafeng Paper Co., Ltd. (ZGHJ [2012] No. 115)

The review opinions on the environmental impact report for the reuse of reclaimed water project of Zhuhai Huafeng Paper Co., Ltd. (ZGHJ [2013] No. 54)

The reply on the environmental assessment for the sludge burning project of Zhuhai Huafeng Paper (ZGHJ [2008] No. 69)

The review opinions of the Environmental Protection Bureau of Gaolangang District of Zhuhai Municipality on the environmental assessment report for the expansion of the annual 180,000-ton ivory board production line project of Zhuhai Huafeng Paper Co., Ltd. (ZGHJ [2014] No. 67)

The review opinions on the environmental impact registration for the garbage concentration center of Zhuhai Huafeng Paper Co., Ltd. (ZGHJ [2016] No. 58)

The approval on the environmental assessment for the waste water treatment renovation project of Zhuhai Huafeng Paper Co., Ltd. (ZGHJ [2016] No. 106)

Pollution discharge permit, No. 914404006176214217001P; validity period: from 7 June 2017 to 6 June 2025; issued by: Environmental Protection Bureau of Gaolan Port Branch of Zhuhai Ecological Environment Bureau.

Golden Pheasant Chemical

1. Acceptance inspection of Phase I environmental assessment: ZGHJY[2017] –No.007

2. Acceptance inspection of Phase II environmental assessment: ZGHJY[2016] –No.20

3. Pollution discharge permit, No. 91440400776235931G001P renewed on 18 August 2020, and it is valid until 17 August 2023; issued by: Zhuhai Ecological Environment Bureau.

Huaxin Color Printing

1. In August 2004, the project was approved by the Environmental Protection Bureau of Chancheng District of Foshan City through the document *Approval on the Report of the Environmental Impact of the Relocation and Expansion Project of Huaxin (Foshan) Color Printing Co., Ltd.* (No. B2004-0393). In October 2006, the relocation and expansion project of Huaxin (Foshan) Color Printing Co., Ltd. passed the evaluation on environmental protection, as it was officially approved in the *Application for Evaluation on Environmental Protection of Construction Projects* (CHY [2006] No. 149);

2. In May 2008, Chancheng Branch of the Planning Bureau of Foshan City approved the Company's construction of waste water pool through the document *Opinions on the Planning Conditions of Construction Projects* (FG (C) LGZ [2007] No. J223). In September 2008, the construction project passed the evaluation on environmental protection, as it was officially approved in the *Application for Evaluation on Environmental Protection of Construction Projects* (CHY [2008] No. 136);

3. In June 2012, the project was approved by the Environmental Protection Bureau of Chancheng District of Foshan City through the document *Approval on the Report of the Environmental Impact of the Phase III Production Workshop Expansion Project of Huaxin (Foshan) Color Printing Co., Ltd.* (No. CB2012-1-028). In December 2018, evaluation on the environmental protection of the Phase III production workshop expansion project of Huaxin (Foshan) Color Printing Co., Ltd. was conducted in the form of independent evaluation.

4. In December 2019, the project was approved by Foshan Ecological Environment Bureau through the document *Approval on the Report of the Environmental Impact of the Phase IV Expansion Project of Huaxin (Foshan) Color Printing Co., Ltd. and Change of the Legal Person* (FCH(N)S[2019]No. 082).

5. The pollution discharge permit, No. 9144060072111733XJ001V; validity period: from 28 August 2020 to 27 August 2023; issued by: Foshan Ecological Environment Bureau. And the original pollution discharge permit (No. 4406042010231001) became invalid.

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 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. A new round of filing with Xiangzhou Branch of Zhuhai Environmental Protection Bureau on 21 March 2019; Filing No.: 440402-2019-016-L Emergency Plan for Abrupt Environment Affairs of Zhuhai Hongta Renheng Packaging Co., Ltd. and the Risk Assessment Report for Abrupt Environment Affairs of Zhuhai Hongta Renheng Packaging 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; and filed the *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; filing No.: YHYJB[2015]No. 17. Reassessment of *Emergency Plan for Abrupt Environment Affairs of Zhuhai Huafeng Paper Co., Ltd.* was completed on December 2018, and it was filed on Environmental Protection Bureau of Zhuhai Gaolan Port, filing No.: 440466-2018-059-L .

Golden Pheasant Chemical

Golden Pheasant Chemical prepared the Investigation Report for Environmental Emergency Resources, Time Risk Assessment Report for Abrupt Environment Affairs, and Comprehensive Emergency Plan for Abrupt Environment Affairs and filed them with Environmental Protection Bureau of ZHUHAI GAOLAN PORT ECONOMIC ZONE on October 2018.

Huaxin Color Printing

Huaxin Color Printing prepared the Investigation Report for Environmental Emergency Resources, Time Risk Assessment Report for Abrupt Environment Affairs and Comprehensive Emergency Plan for Abrupt Environment Affairs and filed them with Environmental Monitoring Sub-bureau in Chancheng District of Foshan on 15 December 2017; Filing No.: 440604-2017-034-L. The filing of it was renewed on 18 December 2020 and now is under review of the Ecological Environment Bureau.

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, ammonia-nitrogen, total phosphorus and total nitrogen containing wastewater separately 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 Management System Platform of National Pollutant Sources Monitoring Data 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 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, ammonia-nitrogen, total phosphorus and total nitrogen containing wastewater separately 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 Management System Platform of National Pollutant Sources Monitoring Data 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 Management System Platform of National Pollutant Sources Monitoring Data.

Golden Pheasant Chemical

Golden Pheasant Chemical entrusts a qualified third party testing institution to conduct waste gas, wastewater and factory boundary noise test every year, as follows:

- (1) The test for Triphenyl phosphine, ammonia, odor concentration, styrene and butadiene shall be conducted once half a year, and the test for non-methane hydrocarbon shall be conducted once a month;
- (2) The test for total nitrogen, total phosphorus, pH, suspended matter, petroleum, sulfide, volatile phenol shall be conducted once

half a year; the test for five-day biochemical oxygen demand, total organic carbon, fluoride, total cyanide and AOX shall be conducted once a quarter; the test for Chemical oxygen demand and ammonia nitrogen shall be conducted once a week.

(3) Factory boundary noise test shall be conducted once a year at least.

(4) LDAR test shall be conducted once a quarter.

Huaxin Color Printing

Huaxin Color Printing entrusts a qualified third party testing institution to conduct wastewater, exhaust and factory boundary noise test every year, as follows:

(1) The industrial wastewater test (PH value, ammonia nitrogen, suspended solids, chemical oxygen demand, biochemical oxygen demand, chroma, sulfides, total nitrogen and total phosphorus) shall be conducted twice a year at least;

(2) Organized organic waste gas test (Benzene, toluene, xylene and total VOCs) shall be conducted twice a year at least;

(3) Disorganized organic waste gas test (Benzene, toluene, xylene and total VOCs) shall be conducted once a year at least;

(4) Factory boundary noise test shall be conducted four times a year at least.

Other environment-related information that should be disclosed:

Hongta Renheng

Hongta Renheng published the environmental protection information on the electronic screen of its gate on a daily basis and made information disclosure on the Company's website since January 2020.

Zhuhai Huafeng

Zhuhai Huafeng published the information about the basic information of the company in 2020 and the discharge of wastewater and waste gas on the environmental information disclosure platform of enterprises and public institutions in Gaolan Port District since January 2020. Meanwhile, it published the environmental protection information on the electronic screen of its gate on a daily basis.

Other relevant information:

Hongta Renheng

Hongta Renheng is recognized as the "Cleaner Production" Enterprise of Guangdong Province in February 2019 and the National "Green Factory" Enterprise on 12 September 2019. It is granted the title of "Environmental and Integrity Enterprise (Green Plate)" of Guangdong Province in 2020, and the national title of "Demonstration Enterprise for Green Supply Chain Management" in October 2020. Its "Green Design Products" has been approved by the ministries and agencies of the province.

Zhuhai Huafeng

The project of flue gas denitrification upgrading is under construction which is estimated to be completed in May 2021.

Approved in August 2020, the 2019 annual credit evaluation of Zhuhai Huafeng is recognized the provincial "Green Plate" (recognized as "Green Plate" enterprise for three consecutive years).

Approved by the provincial Department of Housing and Construction and Department of Development and Reform, Zhuhai Huafeng is recognized as the "Water Conservation Enterprise of Guangdong Province in December 2020.

XIX Other Significant Events

Applicable Not applicable

During the Reporting Period, the Company engaged in the share conversion absorption merger of Guangdong Guanhao High-Tech Co., Ltd. For more details, please refer to relevant matters disclosed by the Company on Cninfo.

XX 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 in the Reporting Period (+/-)					After	
	Shares	Percent age (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentag e (%)
1. Private shares	333,500,000	65.98%						333,500,000	65.98%
1.1 Promoter's shares	333,500,000	65.98%						333,500,000	65.98%
Of which: such shares held by state	0	0.00%						0	0.00%
Such shares held by domestic legal persons	332,930,290	65.87%						332,930,290	65.87%
Such shares held by foreign legal persons	0	0.00%						0	0.00%
Other	569,710	0.11%						569,710	0.11%
1.2. Legal persons' shares raised	0	0.00%						0	0.00%
1.3 Staff-held shares	0	0.00%						0	0.00%
1.4 Preferred shares or others	0	0.00%						0	0.00%
2. Public shares	171,925,000	34.02%						171,925,000	34.02%
2.1 RMB ordinary shares	0	0.00%						0	0.00%
2.2 Domestically listed foreign shares	171,925,000	34.02%						171,925,000	34.02%
2.3 Overseas listed foreign shares	0	0.00%						0	0.00%
2.4 Other	0	0.00%						0	0.00%
3. Total shares	505,425,000	100.00 %						505,425,000	100.00%

Reasons for share changes:

Applicable Not applicable

Approval of share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Progress on any share repurchase:

Applicable Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II. Issuance and Listing of Securities

1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

Applicable Not applicable

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable Not applicable

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders at the period-end	11,870	Number of ordinary shareholders at the month-end	11,807	Number of preferred shareholders with	0	Number of preferred shareholders with resumed	0
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		prior to the disclosure of this Report		resumed voting rights at the period-end (if any) (see note 8)		voting rights at the month-end prior to the disclosure of this Report (if any) (see note 8)		
5% or greater shareholders or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Private shares held	Public shares held	Shares in pledge or frozen	
							Status	Shares
FOSHAN HUAXIN DEVELOPMENT CO., LTD.	State-owned corporation	65.20%	329,512,030	0	329,512,030	0		
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED	State-owned corporation	0.89%	4,503,434	4,290,934		4,503,434		
GUOYUAN SECURITIES BROKERAGE (HONG KONG) LIMITED	Foreign corporation	0.83%	4,173,450	4,173,450		4,173,450		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.63%	3,160,585	-43425		3,160,585		
WU HAOYUAN	Foreign individual	0.62%	3,127,291	0		3,127,291		
ZHAI YUZHEN	Domestic individual	0.41%	2,066,800	12,600		2,066,800		
CAI YUJIU	Domestic individual	0.39%	1,963,900	-5700		1,963,900		
NORGES BANK	Foreign corporation	0.27%	1,352,720	0		1,352,720		
ZHOU SHIYU	Domestic individual	0.26%	1,321,100	1,321,100		1,321,100		
ESSENCE INTERNATIONAL SECURITIES (HONG	Foreign corporation	0.24%	1,205,252	0		1,205,252		

KONG) CO., LTD.							
Strategic investor or general corporation becoming a top-10 ordinary shareholder due to rights issue (if any) (see note 3)	None						
Related or acting-in-concert parties among the shareholders above	The Company is not aware of, among the shareholders above, any related or acting-in-concert parties as defined in the Methods for the Administration of the Acquisition of Listed Companies.						
Above shareholders involved in entrusting/entrusted with and giving up voting rights	None						
Top 10 public shareholders							
Name of shareholder	Public shares held at the period-end	Shares by type					
		Type	Shares				
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED	4,503,434	Domesticall y listed foreign stock	4,503,434				
GUOYUAN SECURITIES BROKERAGE (HONG KONG) LIMITED	4,173,450	Domesticall y listed foreign stock	4,173,450				
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	3,160,585	Domesticall y listed foreign stock	3,160,585				
WU HAOYUAN	3,127,291	Domesticall y listed foreign stock	3,127,291				
ZHAI YUZHEN	2,066,800	Domesticall y listed foreign stock	2,066,800				
CAI YUJIU	1,963,900	Domesticall y listed foreign stock	1,963,900				
NORGES BANK	1,352,720	Domesticall y listed	1,352,720				

		foreign stock	
ZHOU SHIYU	1,321,100	Domestically listed foreign stock	1,321,100
ESSENCE INTERNATIONAL SECURITIES (HONG KONG) CO., LTD.	1,205,252	Domestically listed foreign stock	1,205,252
MIU JUN	960,000	Domestically listed foreign stock	960,000
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	The Company is not aware of, among the shareholders above, any related or acting-in-concert parties as defined in the Methods for the Administration of the Acquisition of Listed Companies.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	None		

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes No

No such cases in the Reporting Period.

2. Controlling Shareholder

Nature of the controlling shareholder: Controlled by a central state-owned legal person

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
FOSHAN HUAXIN DEVELOPMENT CO., LTD.	Li Shan	5 January 1993	914406001935399258	Production, manufacture and distribution of packing materials, papermaking, cable, wire, new materials; distribution of packing machinery and repairing services, amplifiers and fittings, decoration

				materials, and drinks; information consulting
Controlling shareholder's holdings in other listed companies at home or abroad in the Reporting Period	None			

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

3. Actual Controller and Its Acting-in-Concert Parties

Nature of the actual controller: Central institution for state-owned assets management

Type of the actual controller: legal person

Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
China Chengtong Holdings Group Ltd.	Zhu Bixin	22 January 1998	911100007109225442	Asset operations and management; entrusted management; mergers and acquisitions; investment management and consultation; logistics services; import and export; sales of metal materials, mechanical and electrical products, chemical materials and products (excluding dangerous chemicals), ferrous metal and minerals, nonferrous materials and minerals, coke, building materials, natural rubber, wood, cement and automobiles; sales of hardware, electrical equipment, chemicals, textiles, clothes, daily supplies, cultural and sports goods; production, development and utilization of forestry-pulp-paper. (The enterprise shall independently select business items and carry out business activities according to law. For items that require approval by law, the enterprise

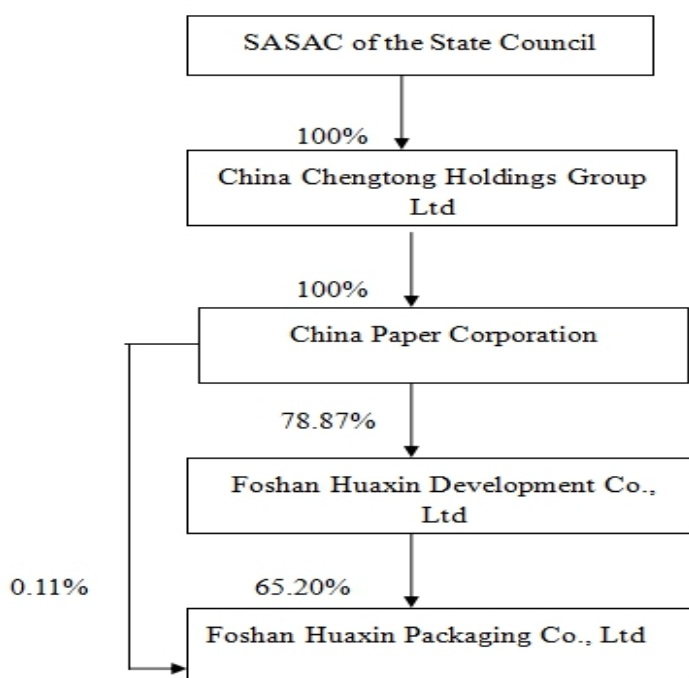
				must obtain approval from relevant authorities before carrying out the business activities. The enterprise shall not engage in business activities that are prohibited and restricted by the industrial policy of the city.)
Other listed companies at home or abroad controlled by the actual controller in the Reporting Period	China Chengtong holds 45.74% of shares in CMST Development Co., Ltd. (600787) A-share listed through CMST; holds 33.17% of shares in Mcc Meili Cloud Computing Industry Investment Co., Ltd. (000815) A-share listed through shareholding in Beijing Xingchengwang Industrial Co., Ltd., MCC Paper Group Co., Ltd. and China Xinyuan Asset Management Company; holds 55.92% of shares in Tiger Forest & Paper Group Co., Ltd. (hereinafter referred to as "Tiger Forest & Paper") which directly holds 27.87% of shares in listed Yueyang Forest & Paper Co., Ltd. (600963) through China Paper; directly holds 14.31% of shares in listed Yueyang Forest & Paper Co., Ltd. (600963) through China Paper; holds 26.10% of shares in listed Guangdong Guanhao High-Tech Co., Ltd. (600433) through China Paper; holds 52.03% of shares in China Chengtong Development Group Limited (00217); holds 45.58% of shares in listed Cts International Logistics Corporation Limited (603128.SH) through China Chengtong Hong Kong Company Limited and Beijing Chengtong Jinkong Investment Co., Ltd.			

Change of the actual controller during the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Not applicable

4. Other 10% or Greater Corporate Shareholders

Applicable Not applicable

5. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

Applicable Not applicable

Part VII Preferred Shares

Applicable Not applicable

No preferred shares in the Reporting Period.

Part VIII Convertible Corporate Bonds

Applicable Not applicable

No preferred shares in the Reporting Period.

Part IX Directors, Supervisors, Senior Management and Staff

I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Beginning shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)
Zhong Tianqi	Chairman of the Board	Incumbent	Male	41	14 April 2020		0	0	0	0	0
Ren Xiaoping	Vice Chairman of the Board	Incumbent	Male	48	15 March 2018		0	0	0	0	0
Ye Meng	Director	Incumbent	Male	52	17 April 2017		0	0	0	0	0
Li Fei	Director, Vice GM	Incumbent	Male	38	17 April 2017		0	0	0	0	0
Zhou Gaosong	Director	Incumbent	Male	50	26 November 2019		0	0	0	0	0
Zhang Wenjing	Independent Director	Incumbent	Male	53	9 April 2019		0	0	0	0	0
Li Jun	Independent Director	Incumbent	Male	48	17 April 2017		0	0	0	0	0
Lu Guihua	Independent Director	Incumbent	Male	52	26 November 2019		0	0	0	0	0
Ren Xiaoming	Chairman of the Supervisory Committee	Incumbent	Male	58	17 April 2017		0	0	0	0	0
Zhang Hong	Supervisor	Incumbent	Female	50	17 April 2017		26,800	0	0	0	26,800

Zhao Yaxing	Employee supervisor	Incumbent	Male	27	21 September 2018		0	0	0	0	0
Ren Xiaoping	GM	Incumbent	Male	48	15 January 2018		0	0	0	0	0
Li Fei	Vice GM	Incumbent	Male	38	24 June 2019		0	0	0	0	0
Ding Guoqiang	Vice GM, CFO, and Board Secretary	Incumbent	Male	36	17 July 2018		0	0	0	0	0
Wu Yirong	Vice GM	Incumbent	Male	58	17 April 2017		0	28,200	0	0	28,200
Zhang Chunhua	Vice GM	Incumbent	Male	48	30 January 2019		0	0	0	0	0
Huang Xin	Chairman of the Board	Former	Male	58	17 April 2017	10 March 2020	0	0	0	0	0
Zhang Qiang	Director	Former	Male	46	17 April 2017	24 April 2017	0	0	0	0	0
Total	--	--	--	--	--	--	26,800	28,200	0	0	55,000

II Change of Directors, Supervisors and Senior Management

√Applicable □ Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Huang Xin	Chairman of the Board	Left	10 March 2020	Resignation and arrangement from the Party
Zhong Tianqi	Chairman of the Board	Elected	24 March 2020	Elected by general meeting
Zhang Qiang	Director	Left	24 April 2020	Resignation and arrangement from the Party

III Biographical Information

Professional backgrounds, major work experience and current duties in the Company of the incumbent directors, supervisors and senior management:

Chairman of the Board Zhong Tianqi, male, born in 1979, is a Master's degree holder. He successively worked as the Deputy Manager and Manager in China Material Development & Investment Corporation (successively renamed as China National Paper-Industry Investment Corp. and China Paper Corporation); the Party Secretary, Vice President and GM in Guangdong Guanhao High-Tech Co., Ltd. He now acts as the vice GM of China Paper Corporation, the Chairman of the Board of Guangdong Guanhao

High-Tech Co., Ltd., Foshan Huaxin Packaging Co., Ltd and Zhuhai Hongta Renheng Packaging Co., Ltd.

Vice President and GM Ren Xiaoping, male, born in 1972, is a Master's degree holder, professor and CPA. He successively worked as Director of the Teaching and Research Section of Financial Management and Deputy Dean of Management Department in China University of Labor Relations; GM of Management Center, Stratagem Development Dept. in China Paper Corporation; Supervisor and Director of Mcc Meili Cloud Computing Industry Investment Co., Ltd, Supervisor of Tiger Forest Paper Group Co., Ltd and GM of Zhuhai Hongta Renheng Packaging Co., Ltd.. He now acts as Director of Guangdong Guanhao High-tech Co., Ltd; Director of Foshan Huaxin Development Co., Ltd., Party Secretary, Vice President, and GM of Foshan Huaxin Packaging Co., Ltd; Party Secretary and Vice President of Zhuhai Hongta Renheng Packaging Co., Ltd.

Director Ye Meng, male, born in 1968, is a Senior Economist with master's degree. He used to be the HR Minister, Deputy GM, and Party Secretary of Yueyang Paper Co., Ltd.; Chief Economist and Chief Legal Officer, Secretary of the Board, Deputy GM, Deputy Party Secretary, and Secretary of Commission in Tiger Forest & Paper Group Co., Ltd.; Deputy Party Secretary of Yueyang Forest & Paper Co., Ltd, General Manager Assistant in China Paper Corporation. He now is Party Secretary, Chairman of the Board, GM of Tiger Forest & Paper Group Co., Ltd; Party Secretary and Chairman of the Board of Yueyang Forest & Paper Co., Ltd; and Director of Foshan Huaxin Development Co., Ltd and Foshan Huaxin Packaging Co., Ltd.

Director and Deputy GM Li Fei, male, born in 1982, is a bachelor degree holder. He used to be the Project Manager of Strategic Development Department, the Business Executive of Metal Business Department, the Deputy GM of General Management Department, the Deputy GM of General Management Department & the Deputy GM of Human Resource Department, GM of General Management Department & the GM of Human Resource Department in China Paper Corporation, the Deputy GM and Board Secretary of Yueyang Forest & Paper Co.,Ltd., Employee Director of China Paper Corporation. He now is the Director and Deputy GM of Foshan Huaxin Packaging Co., Ltd, GM and Deputy Party Secretary of Zhuhai Hongta Renheng Packaging Co., Ltd. and Supervisor of MCC Paper Group Co., Ltd.

Director Zhou Gaosong, male, born in 1970, is a bachelor degree holder. He used to be the Deputy GM of Foshan Dongping Assets Management Co., Ltd., GM Assistant in Foshan Financial Investment Holdings Co., Ltd. He now is the Director of Foshan Financial Investment Holdings Co., Ltd., Chairman of the Board of FOSHAN CHAN BEN DE ASSET MANAGEMENT CO., LTD, GM of Foshan Southern Assets & Equity and Supervisor of Guangdong Equity Exchange.

Independent Director Zhang Wenjing, male, born in 1967, is a lawyer with master's degree. He acted as a lawyer of Guangdong Chenguang Law Offices (renamed as De Heng (Zhuhai) Law Offices later); Independent Director of Huajin Capital Co., Ltd. He now is a Lawyer and Director of De Heng (Zhuhai) Law Offices; legal adviser of the Standing Committee of the National People's Congress of Zhuhai City, People's Government of Zhuhai, Discipline Inspection Committee of Zhuhai, High-tech Zone Management Committee of Zhuhai, State-owned Assets Supervision and Administration Commission of People's Government of Zhuhai, Zhuhai Municipal Housing and Urban and Rural Planning Construction Bureau, Finance Bureau in Hengqin New District, Development Revolution and Finance Bureau in Gaolangang Economical Area; Independent Director in Foshan Huaxin Packaging Co., Ltd. and Zhuhai Port Co., Ltd.

Independent Director Li Jun, male, born in 1972, is a professor and doctoral supervisor with doctoral degree. He worked as teacher, lecture, associate professor, and professor in South China University of Technology. Now he is a Vice President of School of Light Industry Science and Engineering in South China University of Technology; the team head of Processing Technology and Equipment; Deputy Director of State Key laboratories in Pulp and Paper Engineering of South China University of Technology; Independent Director of Foshan Huaxin Packaging Co., Ltd.

Independent Director Lu Guihua, male, born in 1968, is a member of Communist Party of China with doctoral degree, professorship, a post-doctor, a CPA, an assistant engineer and an economist. He now is the professor and doctoral tutor of Accounting Institute of Central University of Finance and Economics, the part-time professor of Tsinghua Shenzhen Graduate School, State Grid Advanced Training Center, PANYAPIWAT INSTITUTE OF MANAGEMENT and Graduate School of Chinese Academy of Social Sciences, Independent Director of Beijing Shunxin Agriculture Co., Ltd., Beijing Electronics Zone Investment and Development Group Co., Ltd. and Foshan Huaxin Packaging Co., Ltd. .

Chairman of the Supervisory Committee Ren Xiaoming, male, born in 1962, is a lecturer with bachelor's degree. He once was a teacher in Beijing Materials University; Deputy Director of Information Teaching and Research Office of Computing Center in Beijing Materials University; the staff, Manager of Operation Dept. I, and Manager of Future Goods Dept. in Beijing Company of China's Defense Military Supplies; Deputy Manager, Deputy Director of Administration (Party Committee) Office, Deputy Manager of HR & Admin Dept., and Deputy Director of Part Committee Office, Deputy Manager and member of CCDI in Party-mass work Dept and General management Dept in China Material Development Investment Corporation (renaming to China National Paper-Industry Investment Corp. and China Paper Corporation successively); Party Committee Member, Secretary of Commission, chairman of the labor union, and Chairman of the Supervisory Committee in Foshan Huaxin Packaging Co., Ltd; Deputy Party Secretary, Secretary of Commission, and Chairman of the Supervisory Committee in Zhuhai Hongta Renheng Packaging Co., Ltd.; Supervisor in Huaxin (Foshan) Color Printing Co., Ltd., the GM of Foshan Huaxin Import & Export Co., Ltd; Chairman of the Supervisory Committee in Foshan Huaxin Development Co., Ltd; Now he is the director of Discipline Inspection Supervision Office in China Paper Corporation, Chairman of the Supervisory Committee in Foshan Huaxin Packaging Co., Ltd. and Supervisor of Zhuhai Hongta Renheng Packaging Co., Ltd.

Supervisor: Zhang Hong, female, born in 1970, bachelor degree, Human Resources Management Division, Level 1. Zhang Hong once held the posts of the Teacher, the Secretary for the Office of the Party Committee, and the Deputy Business Director of Labor Output Training Division in Jiangxi Yichun Technician School; the Office Executive Secretary, Deputy Director and Director and the Human Resources Manager in Zhuhai Hongta Renheng Packaging Co., Ltd; Human Resources Manager in Foshan Huaxin Packaging Co., Ltd; the GM Assistant, Director of Human Resources Administration Center in Zhuhai Hongta Renheng Packaging Co., Ltd, now she is the Deputy Party Secretary, Secretary of Commission, Chairman of the Labor Union and supervisor in Foshan Huaxin Packaging Co., Ltd., the Deputy Party Secretary, Secretary of Commission in Zhuhai Hongta Renheng Packaging Co., Ltd.

Employee supervisor Zhao Yaxing, male, was born in 1993, bachelor degree. He once worked in the Logistics Department, Security Investment Department, and Ministry of Law of Zhuhai Hongta Renheng Packaging Co., Ltd and once acted as the Deputy Director of Party Building Center in Zhuhai Hongta Renheng Packaging Co., Ltd; now he is the Secretary of Youth League Committee, the employee supervisor in Foshan Huaxin Packaging Co., Ltd and Deputy Director of Risk Compliance Department in Zhuhai Hongta Renheng Packaging Co., Ltd.

Vice GM, Board Secretary, and CFO Ding Guoqiang, male, born in 1984, is a certified public accountant with bachelor degree. He once acted as the Director of Finance Management Department and deputy manager in China Paper Corporation; Vice GM, Chief Accountant, and Secretary of the Board in Mcc Meili Cloud Computing Industry Investment Co., Ltd; Now he is the director in China Chengtong Finance Corporation Ltd and Guangdong Chengtong Logistics Co., Ltd. and member of the Party Committee, Vice GM, CFO, and Board Secretary in Zhuhai Hongta Renheng Packaging Co., Ltd. and Foshan Huaxin Packaging Co., Ltd.

Deputy General Manager Wu Yirong, male, born in 1962, is a Senior Engineer with master's degree. He acted as Technology Deputy Managers, Sales Deputy Managers, Deputy Chief Engineer, Deputy General Manager in Zhuhai S.E.Z Hongta Renheng Paper Co.,

Ltd. He has been acting as Deputy General Manager in Zhuhai Hongta Renheng Packaging Co., Ltd. He has been acting as Deputy General Manager and member of the Party Committee in Foshan Huaxin Packaging Co., Ltd. and Zhuhai Hongta Renheng Packaging Co., Ltd.

Deputy General Manager Zhang Chunhua, male, born in 1972, is a senior engineer with master degree. He once held the posts of Deputy Manager, Manager, and General Manager Assistant of Equipment Management Department in Zhuhai Hongta Renheng Packaging Co., Ltd, and now acts as the member of the Party Committee and Deputy GM of Foshan Huaxin Packaging Co., Ltd. and the general Party branch secretary, Director and GM of Huaxin (Foshan) Color Printing Co., Ltd.

Offices held concurrently in shareholding entities:

√Applicable □Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity
Ren Xiaoping	Foshan Huaxin Development Co., Ltd	Director,	23 September 2020		No
Ye Meng	Foshan Huaxin Development Co., Ltd	Director,	23 May 2015		No
Zhong Tianqi	China Paper Corporation	Vice GM	10 October 2020		Yes
Ren Xiaoming	China Paper Corporation	Chairperson	27 September 2019		Yes
Zhou Gaosong	FOSHAN CHAN BEN DE ASSET MANAGEMENT CO., LTD	Chairman of the Board	27 July 2018		No
Notes	N/A				

Offices held concurrently in other entities:

√Applicable □Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
Zhong Tianqi	Guangdong Guanhao High-tech Co., Ltd	Chairman of the Board	15 May 2020		Yes
Ren Xiaoping	Zhuhai Hongta Renheng Packaging Co., Ltd.	Director, Party Secretary	15 January 2018		Yes
Ren Xiaoping	Guangdong Guanhao High-tech Co., Ltd	Director	23 September 2017		No
Ye Meng	Tiger Forest & Paper Group Co., Ltd	Party Secretary, Chairman of the Board, GM	20 August 2020		Yes
Ye Meng	Yueyang Forest & Paper Co., Ltd	Party Secretary, Chairman of the Board	29 March 2015		No
Li Fei	Zhuhai Hongta Renheng Packaging Co., Ltd.	Deputy Party Secretary, GM	1 June 2019		Yes
Li Fei	MCC Meili Paper Industry Co., Ltd	Supervisor	1 March 2013		No

Zhou Gaosong	Foshan Southern Assets & Equity Co., Ltd.	GM	1 July 2016		Yes
Zhou Gaosong	Foshan Financial Investment Holdings Co., Ltd.	Director	1 May 2017		Yes
Zhou Gaosong	Guangdong Financial Hi-Tech Zone Equity Exchange Center Co., Ltd.	Supervisor	1 June 2017		No
Zhang Wenjing	De Heng (Zhuhai) Law Offices	Chairperson	1 December 1997		Yes
Zhang Wenjing	Zhuhai Port Co., Ltd.	Independent Director	27 July 2015		Yes
Li Jun	South China University of Technology	Professor and Director	28 August 2017		Yes
Lu Guihua	Central University of Finance and Economics	Professor and doctoral tutor	1 October 2007		Yes
Lu Guihua	Beijing Shunxin Agriculture Co.,Ltd.	Independent director	6 December 2019		Yes
Lu Guihua	Beijing Electronics Zone Investment and Development Group Co.,Ltd.	Independent director	6 April 2016		Yes
Ren Xiaoming	Zhuhai Hongta Renheng Packaging Co., Ltd.	Supervisor	30 January 2016		No
Zhang Hong	Zhuhai Hongta Renheng Packaging Co., Ltd.	Deputy Party Secretary, Secretary of Commission	15 April 2019		Yes
Zhao Yaxing	Zhuhai Hongta Renheng Packaging Co., Ltd.	Deputy Director	12 September 2018		Yes
Ding Guoqiang	China Chengtong Finance Corporation Ltd.	Director	24 October 2018		No
Ding Guoqiang	Zhuhai Hongta Renheng Packaging Co., Ltd.	Vice GM, Board Secretary, Party Committee Member and CFO	7 August 2018		Yes
Ding Guoqiang	Guangdong Chengtong Logistics Co.,Ltd.	Director	1 November 2019		No
Wu Yirong	Zhuhai Hongta Renheng Packaging Co., Ltd.	Party Committee Member and Vice GM	30 January 2016		Yes
Zhang Chunhua	Huaxin (Foshan) Color Printing Co., Ltd	General Party Branch Secretary, Director and GM	25 October 2017		Yes
Notes	N/A				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior

management as well as those who left in the Reporting Period:

Applicable Not applicable

IV Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

1. Decision-making procedure of remuneration of directors, supervisors and senior executives: remuneration of directors and supervisors was deliberated and approved by shareholders' general meeting; the standards of remuneration of senior executives were decided by the remuneration and appraisal commission according to management regulations of remuneration and business performance, and then were submitted to the board of directors for approval.
2. Determination basis of remuneration of directors, supervisors and senior executives: the Company, according to the income level of industry and region and considering business performance of the Company and contribution to the Company, decided the scope of annual remuneration of directors, supervisors and senior executives. On the basis of appraisal results, annual remuneration was determined. Moreover, according to the growth of annual business performance and accomplishment of major projects, the extra rewards would be granted after the authorization of the board of directors and verification of Chairman of the board of directors.

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Zhong Tianqi	Chairman of the Board	Male	41	Incumbent	0	Yes
Ren Xiaoping	Vice Chairman of the Board, GM	Male	48	Incumbent	62.04	No
Ye Meng	Director	Male	52	Incumbent	0	Yes
Li Fei	Director, Vice GM	Male	38	Incumbent	72.32	No
Zhou Gaosong	Director	Male	50	Incumbent	0	Yes
Zhang Wenjing	Independent Director	Male	53	Incumbent	8	No
Li Jun	Independent Director	Male	48	Incumbent	8	No
Lu Guihua	Independent Director	Male	52	Incumbent	8	No
Ren Xiaoming	Chairman of the Supervisory Committee	Male	58	Incumbent	0	Yes
Zhang Hong	Supervisor	Female	50	Incumbent	40.18	No
Zhao Yaxing	Employee supervisor	Male	27	Incumbent	20.02	No

Ding Guoqiang	CFO, Board Secretary	Male	36	Incumbent	43.07	No
Zhang Chunhua	Vice GM	Male	48	Incumbent	94.16	No
Wu Yirong	Vice GM	Male	58	Incumbent	49.95	No
Huang Xin	Chairman of the Board	Male	58	Former	0	Yes
Zhang Qiang	Director	Male	46	Former	0	Yes
Total	--	--	--	--	405.74	--

Equity incentives for directors, supervisors and senior management in the Reporting Period:

Applicable Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent	8
Number of in-service employees of major subsidiaries	1,631
Total number of in-service employees	1,639
Total number of paid employees in the Reporting Period	1,639
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	0
Functions	
Function	Employees
Production	1,032
Sales	86
Technical	60
Financial	46
Administrative	238
	177
Total	1,639
Educational backgrounds	
Educational background	Employees
Doctor's degree	1
Master's degree	40
Bachelor's degree	242
Junior college	298

Vocational school and secondary technical school	367
Senior high school below	691
Total	1,639

2. Employee Remuneration Policy

Combined with industry situations of the market, development strategy of the Company, and operation performance, the employee remuneration policy of the Company provides employees with competitive salary level in industries and regions. Meanwhile, the Company set up a normalized, standardized, and systematic salary management system according to national laws and regulations and the actual conditions of the Company. Salary distribution is inclined to strategic talents, production backbones, and technical personnel to ensure the market competitiveness of core talents' income level. The employee remuneration policy incentivizes the performance and reflects the market with clear guidance and difference. Among the compensation package of the Company's employees, the salary is decided by position value in line with the market, and the bonus is decided by their performance to stand out their contributions. Moderate adjustments and collections are done to the remuneration policy of the Company according to the development strategy and managerial demands of production operation every year. Sharing innovative achievements with staffs, the Company provides employees with legal labor remuneration as their due to improve employees' happiness.

The Company is pushing forward the establishment of engagement system of professional technical and skilled talents' grade evaluation, with recognition to employees' professional abilities, providing competent skilled and technical talents with performance with multi career development channel other than management position to comprehensively build the employment mechanism of attracting talents, incentivizing talents, and retaining talents as well.

3. Employee Training Plans

Guided by strategic objectives of organization and development requirements of HR, the Company provides employees with targeted and systematic trainings, including various respects, such as, post knowledge, job qualification, safety education, system standards, and administrative regulations, etc.

Hongta Renheng introduced high quality external training resources through various training methods, and improved the business ability and comprehensive quality of employees of different levels.

4. Labor Outsourcing

Applicable Not applicable

Part X Corporate Governance

I General Information of Corporate Bonds

During the Reporting Period, the Company continuously improved corporate governance structure, and established modern enterprises system to standardize the Company's operation in strict accordance with the related laws and regulations of Corporation Law, Securities Law, Governance Regulations of listing Companies and related rules of Shenzhen Stock Exchange. On the basis of the related regulations of Corporation Law, Stock Listing Rules, Rules of Procedure of General Meeting of Shareholders, Board of Directors, and Supervisory Board, the Company convened General Meeting of Shareholders, Board of Directors, and Supervisory Board in time within the involved terms of reference of decision-making events, fully implementing the decided events; the responsibility of General Meeting of Shareholders, Board of Directors, Supervisory Board, and Business Management is clear with effectively operated balance mechanism, and the decision-making and rules of procedure are democratic and transparent. The actual conditions of the Company's governance are in line with the related regulations of CSRC.

Indicate by tick market whether there is any material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

Yes No

No such cases in the Reporting Period.

II The Company's Independence from Its Controlling Shareholder in Business, Personnel, Asset, Organization and Financial Affairs

The Company, the controlling shareholders and the actual controllers of the Company realized the independent execution in business, personnel, assets, finance and institution with independent calculation and respectively burden the responsibilities and risks. The Company possesses independent and entire business and self operating ability.

1. As for the business: the Company possessed the independent and complete business and decision-making system as well as the independent operating ability that entirely independent of the controlling shareholders and the actual controllers.
2. As for the personnel: the Company possessed independent labor, HR and salary management system and the Senior Executives such as the GM, the managers, the Financial Administrator and the Board Secretary were all paid by the Company and unable to take charge in the controlling shareholders' units of the Company.
3. As for the assets: the Company possessed the independent production and operating system as well as the supporting facilities, and the assets the controlling shareholders invested in the Company were independent as well as complete with clear ownership.
4. As for the institutions: the Company set up the organizations and intuitions independent of the controlling shareholders for independently handling the official business and the execution of the functions.
5. As for the finance: the Company set up the independent finance management department and built up the independent accounting calculation mechanism and financial management system; the Company opened the independent account and paid for the taxes according to laws.

III Horizontal Competition

Applicable Not applicable

IV Annual and Special General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 2019 Annual General Meeting	Annual General Meeting	65.72%	14 April 2020	15 April 2020	Name of announcement: Announcement on Resolution of The 2019 Annual General Meeting of Foshan Huaxin Packaging Co., Ltd. ; Number of announcement: 2020-022 ; Newspaper and website on which the announcement was disclosed: Securities Times, HK Ta Kung Pao, Cninfo (http://www.cninfo.com.cn) Index: http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0200986&stockCode=200986&announcementId=1207498675&announcementTime=2020-04-15 。
The 1 st Extraordinary General Meeting of 2020	Extraordinary General Meeting	0.29%	15 July 2020	16 July 2020	Name of announcement: Announcement on Resolution of The 1 st Extraordinary General Meeting of 2020 of Foshan Huaxin Packaging

					<p>Co., Ltd. ; Number of announcement: 2020-037 ; Newspaper and website on which the announcement was disclosed: Securities Times, HK Ta Kung Pao, Cninfo (http://www.cninfo.com.cn)</p> <p>Index: http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0200986&stockCode=200986&announcementId=1208035766&announcementTime=2020-07-16。</p>
The 2 nd Extraordinary General Meeting of 2020	Extraordinary General Meeting	5.41%	14 December 2020	15 December 2020	<p>Name of announcement: Announcement on Resolution of The 2nd Extraordinary General Meeting of 2020 of Foshan Huaxin Packaging Co., Ltd. ; Number of announcement: 2020-066 ; Newspaper and website on which the announcement was disclosed: Securities Times, HK Ta Kung Pao, Cninfo (http://www.cninfo.com.cn)</p> <p>Index: http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&or</p>

					gId=gssz0200986&stockCode=200986&announcementId=1208900782&announcementTime=2020-12-15
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2. Special General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable Not applicable

V Performance of Duty by Independent Directors in the Reporting Period

1. Attendance of Independent Directors at Board Meetings and General Meetings

Attendance of independent directors at board meetings and general meetings							
Independent director	Total number of board meetings the independent director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the independent director failed to attend	The independent director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Zhang Wenjing	10	0	10	0	0	No	0
Li Jun	10	0	10	0	0	No	1
Lu Guihua	10	0	10	0	0	No	0

Why any independent director failed to attend two consecutive board meetings:

Not applicable

2. Objections Raised by Independent Directors on Matters of the Company

Indicate by tick mark whether any independent directors raised any objections on any matter of the Company.

Yes No

No such cases in the Reporting Period.

3. Other Information about the Performance of Duty by Independent Directors

Indicate by tick mark whether any suggestions from independent directors were adopted by the Company.

Yes No

Suggestions from independent directors adopted or not adopted by the Company

In accordance with the related requirements of Institutional guidance of Independent Directors of Listing Companies, Articles of

Association, and Rules of Procedure of Board of Directors, the independent Directors of the Company performed the duties, and earnestly reviewed various proposals of Board of Directors, fully expressed their opinions about the significant events of the Company, and also expressed related opinions about the events in need of approval opinions of independent Directors or independent opinions in advance, giving a full play to the functions of independent directors, providing effective guarantee to the scientific decision-making of Board of Directors, Guaranteeing the Board's independence and justice and safeguarding legislative interests of minority shareholders.

VI Performance of Duty by Specialized Committees under the Board in the Reporting Period

(I) Performance of the Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors held three meetings. In accordance with the responsibilities of the Audit Committee of the Board of Directors of the company, the Audit Committee mainly coordinates, supervises and checks the internal and external audit:

1. The audit committee fully communicated with the accounting firm responsible for annual audit of the company with respect to the audit plan, engagement letter, risk and control etc.; Before the certified public accountant responsible for annual audit of the company entered the site, the audit committee reviewed the financial statements prepared preliminarily by the company and believed that the statements reflect the current financial state of the company in all material respects; After the certified public accountant responsible for annual audit of the company provided his preliminary opinion, the audit committee reviewed the financial statements of the company and communicated with the accounting firm concerning important issues and main accounting estimation issues, audit adjustment issues and important accounting policies that may have an potential impact on the financial statements, believed that the financial and accounting statements of the company reflected the overall situation of the company truly, accurately and completely and agreed to prepare the annual report of FY 2020 based on these statements; The audit committee reviewed the financial statements of FY 2020 which has been audited by the auditor, believed that these statements reflected the financial state, operating results and cash flow of the company in FY 2020 fairly in all materials respects, and agreed to submit these statements to the Board of Directors for deliberation.
2. The audit committee communicated with the accounting firm regarding the share conversion absorption merger of Guanhao High-Tech and reviewed the financial statements prepared by the Company.

(II) Performance of the Remuneration and Appraisal Committee of the Board of Directors

The Remuneration and Appraisal Committee of the Board of Directors held just one meeting in total. In accordance with own responsibilities, the Remuneration and Appraisal Committee of the Board of Directors reviewed the annual pay declared by directors, supervisors and senior executives of the Company and believed that the annual pay declared by directors, supervisors and senior executives of the Company is consistent with that they actually collect from the Company. The remuneration of directors, supervisors and senior executives of the company is paid according to the salary management regulations of the Company.

(III) Nomination Committee of the Board of Directors

The Nomination Committee of the Board of Directors held one meeting in total. In accordance with own responsibilities, the Nomination Committee of the Board of Directors reviewed the qualifications of directors and proposed candidates.

VII Performance of Duty by the Supervisory Committee

Indicate by tick mark whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

The Supervisory Committee raised no objections in the Reporting Period.

VIII Appraisal of and Incentive for Senior Management

In the principle of reasonableness, fairness, and justice, the Company thinks highly of the combination of material incentives with spirit incentives, and the combination of operation target of the Company with dedication spirit, social responsibility, and career achievement of the senior executive at the same time. During the Reporting Period, as required by the higher level unit, the Company established the appraisal system based on system of objective responsibility in accordance with Methods of Compensation Management and Enforcement Regulations of Compensation Incentives reviewed and approved by board of Directors and Compensation and Appraisal Committee. The Company and executive officers signed the Liability Statement of the Company's Annual Operation to confirm the compensation incentives scheme of executive officers. The Board of Directors evaluates the performance of executive officers to confirm the compensation according to the indicators of Liability Statement of the Annual Operation, including multidimensional indicators, like various annual financial indicators, internal operation management indicators, and special indicators of main work, and etc.

IX Internal Control

1. Material Internal Control Weaknesses Identified for the Reporting Period

Yes No

2. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	17 March 2021	
Index to the disclosed internal control self-evaluation report	http://www.cninfo.com.cn	
Evaluated entities' combined assets as % of consolidated total assets	100.00%	
Evaluated entities' combined operating revenue as % of consolidated operating revenue	100.00%	
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	(1) Indications of the great defect of the financial report including: ① malpractices of the Directors, Supervisors and the Senior Executives of the Company; ② published financial report with significant misstatement which influenced its authenticity, integrity and fairness that the Company would make certain verification;	(1) If there were unambiguous evidence indicated the Company possessed one of the following conditions among the evaluation at the period-end, should be recognized as the great defect of the internal control: ① the significant events lacked of the legal decision-making process; ② lacked of

	<p>③ CPA discovered the significant misstatement of the current financial report while the internal control failed to find out during the operating; ④ the supervision on the internal control by the Audit Committee and the internal audit institution of the Company was invalid. (2) The indications of the significant defect of the financial report including: ① the environmental control was invalid; ② the accounting polices formulated by the Company violated the ASBE; ③ the applied accounting polices not met with the accounting system of the Company; ④ had not built up the fraud program and control measurements; ⑤ the financial treatment with unconventional or special transactions did not build up corresponding control system or failed to execute; ⑥ there was one or multiple defects during the control of financial report at the period-end and could not reasonably ensure the statement of the compile of the financial report was real and complete. (3) General defect refers to the other control defect except for the above great defect and significant defect.</p>	<p>the decision-making process or the process was not normative that caused significant mistakes; ③ violated the national laws, regulations, rules or normative documents that received the administrative punishment such as the criminal penalties or be ordered for suspension of production or business, be withheld or revoked the permits or license; ④ the great defect of the internal control had not been verified; ⑤ the significant business lacked of the systematic control or which was invalid. (2) There was unambiguous evidence indicated the Company possessed one of the following conditions among the evaluation at the period-end, should be recognized as the significant defect of the internal control: ① there was decision-making process but not complete enough; ② the decision-making process was irregular that caused rather big mistake; ③ violated the national laws, regulations, rules and the normative documents that received the administrative punishment except the criminal penalties or the order of the suspension of production or business or be withheld or revoked the permits or license; ④ significant business mechanism or system existed significant defect; ⑤ the significant defect of the internal control had not been verified. (3) The general defect refers to the other control defect except for the above great defect and significant defect</p>
<p>Quantitative standard</p>	<p>The quantitative criteria regarded the total assets amount of the consolidated financial report as the measurement index. If the defect alone or accompanied with other defects which may cause the amount of the misstatement of the financial report lower than 0.5% of the total assets amount of the</p>	<p>The quantitative criteria regarded the directly financial losses amount as the measurement index. If the defect alone or accompanied with other defects which may cause the amount of the directly financial losses lower than 0.5% of the total assets amount of the consolidated</p>

	consolidated statements, should be recognized as the general defect; if exceeded 0.5% of the total assets amount of the consolidated statement but still lower than 1% of which, should be recognized as the significant defect; if exceeded 1% of the total assets amount of the consolidated statement, should be recognized as the great defect.	statements, should be recognized as the general defect; if exceeded 0.5% of the total assets amount of the consolidated statement but still lower than 1% of which, should be recognized as the significant defect; if exceeded 1% of the total assets amount of the consolidated statement, should be recognized as the great defect.
Number of material weaknesses in internal control over financial reporting		0
Number of material weaknesses in internal control not related to financial reporting		0
Number of serious weaknesses in internal control over financial reporting		0
Number of serious weaknesses in internal control not related to financial reporting		0

X Independent Auditor's Report on Internal Control

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal control	
Huaxin Packaging maintained valid internal control of the financial report in the significant aspects according to the Auditing Guideline for Enterprise Internal Control and the relevant regulations of Practice Standards for Certified Public Accountants of China on 31 December 2020.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	17 March 2021
Index to such report disclosed	http://www.cninfo.com.cn
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate by tick mark whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes No

Part XI Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No.

Part XII Financial Statements

I Independent Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing this report	17 March 2021
Name of the independent auditor	Pan-China Certified Public Accountants(LLP)
Number of the Auditor's Report	
Name of the certified public accountants	Li Qinglong, Liu Jingya

Text of the Independent Auditor's Report

Independent Auditor's Report

Pan-China Audit Report [2021] No. 8-XXX

To the Shareholders of Foshan Huaxin Packaging Co., Ltd.

I. Opinion

We have audited the accompanying financial statements of Foshan Huaxin Packaging Co., Ltd. (together with its consolidated subsidiaries included in the consolidated financial statements, the "Company"), which comprise the parent's and consolidated balance sheets as at 31 December 2020, the parent's and consolidated income statements, the parent's and consolidated cash flow statements, the parent's and consolidated statements of changes in owners' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements attached were prepared in line with the regulations of Accounting Standards for Business Enterprises in all significant aspects which gave a true and fair view of the consolidated and parent financial position of Foshan Huaxin Packing Co., Ltd. as at 31 December 2020 and the consolidated and parent business performance and cash flow for 2020.

II. Basis for Opinion

We conducted our audit in accordance with Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. In accordance with professional ethics for certified public accountants, we are independent with Foshan Huaxin Packing Co., Ltd. and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Current Period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Revenue Recognition

1. Event description

Please refer to Note 3 (23) and Note 5 (2) 1 of the financial statements for relevant information disclosure. Huaxin Packaging is mainly engaged in the production and sales of white cardboard, latex and presswork. In 2020, Huaxin Packaging achieved operating revenue of RMB4,064,071,600. According to the terms of sale, the Company's sales of products is regarded as fulfillment of performance obligations at a time point. For domestic sales, when the products are delivered to the customer according to the contract and the customer has accepted the commodities; the payment for the goods has been collected or the receipt has been obtained, with relevant economic benefits likely to flow in; the main risks and rewards in respect of the ownership of the commodities have been transferred; and the legal ownership of the commodity has been transferred, the revenue will be recognized. For foreign sales, when the products are declared according to the contract and the export declaration form has been obtained; the payment for the goods has been collected or the receipt has been obtained, with relevant economic benefits likely to flow in; the main risks and rewards in respect of the ownership of the goods have been transferred; and the legal ownership of the goods has been transferred, the revenue will be recognized.

As operating revenue is one of the key performance indicators of Huaxin Packaging, there might be the inherent risk of the management of Huaxin Packaging (hereinafter referred to as "the management") intending to achieve certain goals or expectations through improper revenue recognition. Therefore, we identify revenue recognition as a key audit event.

2. Audit response

Audit procedures we implemented against revenue recognition mainly include:

- (1) Understand key internal control related to revenue recognition, evaluate its design and execution and test the operation effectiveness of relevant internal control;
- (2) Check key sale contracts, know main contract terms or conditions, evaluate whether the revenue recognition method is appropriate;
- (3) Implement the analysis procedures on operating revenue and gross profit margin by product and customer, identify whether there are any significant or unusual fluctuations and find out the reasons;
- (4) In terms of domestic sale, check the supporting documents related to revenue recognition using the sampling method, including sale contracts, sale invoices and customers' acknowledgment receipts; for overseas sale, check the supporting documents using the sampling method, including sale contracts, declarations for export and sale invoices;
- (5) Based on the letters of confirmation on accounts receivable, confirm with key customers on the sales for the Reporting Period;
- (6) Use the sampling method to check the revenue recognized around the balance sheet date against the supporting documents such as customers' acknowledgment receipts and declarations for export and evaluate whether the revenue has been recognized in an appropriate period;
- (7) Check whether the information related to operating revenue has been properly presented in the financial statements.

(II) Impairment of accounts receivable

1. Item description

Refer to Note III, (X) and Note V, (I)3 of financial statement for the detailed information disclosure. By 31 December 2020, carrying amount of accounts receivable of Xinhua Packaging Company was RMB584.3075 million, and bad debt reserve is RMB40.6044 million, with the carrying value as RMB543.7031 million.

According to credit risk characteristics of various accounts receivable, on the basis of single account receivable or portfolio of accounts receivable, the management layer calculates loss reserve according to amount of expected credit loss in the whole duration. As for accounts receivable which calculates expected credit loss on the basis of single item, the management layer should comprehensively consider predicted rational and well grounded information based on previous events, current state, and future economic situation, estimate cash flow to be charged as expected, and confirm the accrual bad debt reserve according to it; as for accounts receivable which calculates expected credit loss on the basis of portfolio, the management layer divides portfolio based on debt age, refers to historical credit loss experience, adjusts according to forward-looking estimation, compiles comparison form table of debt age of accounts receivable and loss rate of contract breach, and confirms the accrual bad debt reserve according to it.

Because amount of accounts receivable is large, and impairment of accounts receivable involves major judgment of management layer, we should confirm impairment of accounts receivable as the key auditing item.

2. Audit response

In view of impairment of accounts receivable, auditing procedures implemented by us mainly include:

- (1) Understand key internal control relating to impairment of accounts receivable, evaluate the design of these controls, confirm whether it is executed and test the effect of operation of relevant internal control.
- (2) Review successive actual write off or transfer back of the accrual bad debt reserve of accounts receivable of last year before check, evaluate the accuracy of previous prediction of management layer.
- (3) Review relevant considerations and objective evidences of credit risk evaluation for accounts receivable, evaluate whether the management layer has recognized the credit risk value of various accounts receivable.
- (4) As for accounts receivable which calculates expected credit loss based on single item, obtain and inspect management layer's prediction of cash flow to be charged as expected, evaluate rationality of key assumptions and accuracy of data used in prediction, and compare with the obtained external evidences.
- (5) As for accounts receivable which calculates expected credit loss based on portfolio, evaluate the rationality of portfolio division according to credit risk characteristics; according to historical credit loss experience of portfolio with similar credit risk characteristics and forward-looking, evaluate the rationality of comparison table of debt age of accounts receivable loss rate of contract breach compiled by management layer; test the accuracy and completeness of data used by the management layer (including debt of account receivable, historical loss rate, migration rate, etc.) and whether the accrual of bad debt reserve is accurate.
- (6) Inspect the successive collection situation of accounts receivable, evaluate the rationality of accrual of bad debts of accounts receivable.

(7) Confirm important customers' balance of accounts receivable, compare the debt amount confirmed by the customer with book balance of accounts receivables.

(8) Check whether relevant information of impairment of accounts receivable has been listed in financial statement.

IV. Other Information

The management is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibility of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards for Business Enterprises to make them a fair presentation and designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Government of Foshan Huaxin Packing Co., Ltd (hereinafter refer to as "Government") are responsible for overseeing the Company's financial reporting process.

VI. CPA's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose.

We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(IV) Conclude on the appropriateness of the management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, and if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Current Period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

1. Consolidated Balance Sheet

Prepared by Foshan Huaxin Packaging Co., Ltd.

Unit: RMB

Item	31 December 2020	31 December 2019
Current assets:		
Monetary assets	808,336,749.66	213,743,010.81
Settlement reserve		
Loans to other banks and financial institutions		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		1,101,664.07
Accounts receivable	543,703,145.28	861,496,771.58
Receivables financing	754,556,891.52	573,333,722.20
Prepayments	70,131,883.90	31,443,452.10
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	34,051,361.60	41,390,516.58
Including: Interest receivable		
Dividends receivable	27,000,000.00	28,000,000.00
Financial assets purchased under resale agreements		
Inventories	571,680,057.95	660,926,072.21
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	4,372,797.34	237,644,272.39
Total current assets	2,786,832,887.25	2,621,079,481.94
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		

Long-term equity investments	657,022,801.63	655,312,367.55
Investments in other equity instruments		
Other non-current financial assets	288,700.00	288,700.00
Investment property	17,187,286.30	29,115,661.86
Fixed assets	1,979,652,177.39	2,067,109,815.77
Construction in progress	37,659,416.51	33,321,697.05
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	120,516,031.69	127,168,024.42
Development costs		3,550,832.92
Goodwill	11,547,305.29	11,547,305.29
Long-term prepaid expense	4,267,358.53	3,478,736.33
Deferred income tax assets	28,482,764.09	31,250,198.70
Other non-current assets	4,772,941.07	8,420,488.55
Total non-current assets	2,861,396,782.50	2,970,563,828.44
Total assets	5,648,229,669.75	5,591,643,310.38
Current liabilities:		
Short-term borrowings	569,724,731.69	1,163,487,459.95
Borrowings from the central bank		
Loans from other banks and financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	641,510,664.49	312,234,422.87
Accounts payable	321,548,477.65	321,955,510.64
Advances from customers		23,303,552.10
Contract liabilities	56,287,168.45	
Financial assets sold under repurchase agreements		
Customer deposits and deposits from other banks and financial institutions		
Payables for acting trading of securities		
Payables for underwriting of securities		

Employee benefits payable	63,027,996.20	42,342,384.19
Taxes and levies payable	10,330,525.32	13,467,917.06
Other payables	151,343,664.83	49,222,655.01
Including: Interest payable		
Dividends payable	238,138.78	229,593.13
Fees and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		100,229,305.56
Other current liabilities	7,315,245.65	
Total current liabilities	1,821,088,474.28	2,026,243,207.38
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions	2,739,970.26	1,696,811.00
Deferred income	25,291,987.88	26,604,363.11
Deferred income tax liabilities	2,079,682.03	2,180,826.02
Other non-current liabilities		
Total non-current liabilities	30,111,640.17	30,482,000.13
Total liabilities	1,851,200,114.45	2,056,725,207.51
Owners' equity:		
Share capital	505,425,000.00	505,425,000.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	256,822,373.42	256,822,373.42

Less: Treasury stock		
Other comprehensive income	169,714.39	169,714.39
Specific reserve		
Surplus reserves	201,651,448.95	199,022,513.20
General reserve		
Retained earnings	1,174,429,403.45	1,045,211,890.50
Total equity attributable to owners of the Company as the parent	2,138,497,940.21	2,006,651,491.51
Non-controlling interests	1,658,531,615.09	1,528,266,611.36
Total owners' equity	3,797,029,555.30	3,534,918,102.87
Total liabilities and owners' equity	5,648,229,669.75	5,591,643,310.38

Legal representative: Ren Xiaoping

Chief Financial Officer: Ding Guoqiang

Financial Manager: Luo Jing

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2020	31 December 2019
Current assets:		
Monetary assets	63,589,544.53	5,342,379.55
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	2,344,500.00	
Receivables financing		
Prepayments	278,085.63	
Other receivables	27,164,725.00	53,371,168.86
Including: Interest receivable		
Dividends receivable	27,000,000.00	28,000,000.00
Inventories		
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	97,084.24	135,661.98
Total current assets	93,473,939.40	58,849,210.39

Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	1,703,167,071.69	1,696,777,505.79
Investments in other equity instruments		
Other non-current financial assets	288,700.00	288,700.00
Investment property		
Fixed assets	58,151.55	69,775.81
Construction in progress		
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	50,172.69	72,990.24
Development costs		
Goodwill		
Long-term prepaid expense	78,591.95	123,501.67
Deferred income tax assets		
Other non-current assets		
Total non-current assets	1,703,642,687.88	1,697,332,473.51
Total assets	1,797,116,627.28	1,756,181,683.90
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Advances from customers		
Contract liabilities	16,048.00	
Employee benefits payable	235,144.61	114,646.21
Taxes and levies payable	75,710.81	4,685.50
Other payables	22,299,690.89	280,301.76
Including: Interest payable		

Dividends payable	238,138.78	229,593.13
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	22,626,594.31	399,633.47
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	22,626,594.31	399,633.47
Owners' equity:		
Share capital	505,425,000.00	505,425,000.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	250,531,482.00	250,531,482.00
Less: Treasury stock		
Other comprehensive income		
Specific reserve		
Surplus reserves	201,651,448.95	199,022,513.20
Retained earnings	816,882,102.02	800,803,055.23
Total owners' equity	1,774,490,032.97	1,755,782,050.43
Total liabilities and owners' equity	1,797,116,627.28	1,756,181,683.90

3. Consolidated Income Statement

Unit: RMB

Item	2020	2019
1. Revenues	4,064,071,623.72	3,930,629,985.81
Including: Operating revenue	4,064,071,623.72	3,930,629,985.81
Interest income		
Insurance premium income		
Fee and commission income		
2. Costs and expenses	3,842,320,029.07	3,968,183,969.20
Including: Cost of sales	3,368,375,439.04	3,531,794,901.86
Interest expense		
Fee and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and levies	25,726,365.37	20,112,821.51
Selling expense	206,102,948.57	183,190,086.17
Administrative expense	103,157,480.93	100,105,438.67
R&D expense	89,899,073.34	57,601,470.09
Finance costs	49,058,721.82	75,379,250.90
Including: Interest expense	73,042,690.41	78,599,801.94
Interest income	23,384,117.39	15,006,123.48
Add: Other income	27,242,697.14	14,875,074.09
Return on investment (“-” for loss)	28,847,970.39	30,722,209.55
Including: Share of profit or loss of joint ventures and associates	28,843,042.44	30,722,209.55
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		

Gain on changes in fair value (“-” for loss)		
Credit impairment loss (“-” for loss)	397,510.98	520,373.34
Asset impairment loss (“-” for loss)	1,389,714.51	19,687,758.40
Asset disposal income (“-” for loss)	180,100.16	-25,775.66
3. Operating profit (“-” for loss)	279,809,587.83	28,225,656.33
Add: Non-operating income	14,549,745.47	5,256,262.75
Less: Non-operating expense	2,989,320.64	1,330,146.84
4. Gross profit (“-” for loss)	291,370,012.66	32,151,772.24
Less: Income tax expense	11,313,758.93	7,967,207.29
5. Net profit (“-” for net loss)	280,056,253.73	24,184,564.95
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	280,056,253.73	24,184,564.95
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	139,427,823.70	35,704,671.22
5.2.1 Net profit attributable to non-controlling interests	140,628,430.03	-11,520,106.27
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 caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments		
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss		

6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of other debt investments		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for other debt investments		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
6.2.7 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	280,056,253.73	24,184,564.95
Attributable to owners of the Company as the parent	139,427,823.70	35,704,671.22
Attributable to non-controlling interests	140,628,430.03	-11,520,106.27
8. Earnings per share		
8.1 Basic earnings per share	0.28	0.07
8.2 Diluted earnings per share	0.28	0.07

Where business combinations involving entities under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB0.00, with the amount for last year being RMB0.00.

Legal representative: Ren Xiaoping

Chief Financial Officer: Ding Guoqiang

Financial Manager: Luo Jing

4. Income Statement of the Company as the Parent

Unit: RMB

Item	2020	2019
1. Operating revenue	27,217,408.75	0.00
Less: Cost of sales	27,902,779.73	0.00
Taxes and levies		
Selling expense	1,457,834.88	
Administrative expense	5,352,748.74	3,128,794.19

R&D expense		
Finance costs	-240,936.80	-913,575.24
Including: Interest expense	1,525,711.11	460,862.35
Interest income	1,790,622.37	1,384,511.31
Add: Other income	150,000.00	50,000.00
Return on investment (“-” for loss)	33,394,493.85	28,392,854.86
Including: Share of profit or loss of joint ventures and associates	33,389,565.90	30,650,456.62
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)		
Credit impairment loss (“-” for loss)	-118.51	4,988.08
Asset impairment loss (“-” for loss)		
Asset disposal income (“-” for loss)		
2. Operating profit (“-” for loss)	26,289,357.54	26,232,623.99
Add: Non-operating income		
Less: Non-operating expense		
3. Gross profit (“-” for loss)	26,289,357.54	26,232,623.99
Less: Income tax expense		
4. Net profit (“-” for net loss)	26,289,357.54	26,232,623.99
4.1 Net profit from continuing operations (“-” for net loss)	26,289,357.54	26,232,623.99
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 caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		

5.1.3 Changes in the fair value of investments in other equity instruments		
5.1.4 Changes in the fair value arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of other debt investments		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance for other debt investments		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	26,289,357.54	26,232,623.99
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2020	2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	3,926,004,344.62	3,343,828,919.51
Net increase in customer deposits and deposits from other banks and financial institutions		
Net increase in borrowings from the 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		
Interest, fees and commissions received		
Net increase in loans from other banks and financial institutions		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax and levy rebates		
Cash generated from other operating activities	56,988,353.20	34,343,485.22
Subtotal of cash generated from operating activities	3,982,992,697.82	3,378,172,404.73
Payments for commodities and services	2,698,533,995.81	2,790,516,416.60
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and other banks and financial institutions		
Payments for claims on original insurance contracts		
Net increase in loans to other banks and financial institutions		
Interest, fees and commissions paid		
Policy dividends paid		
Cash paid to and for employees	232,721,100.26	199,311,230.25
Taxes and levies paid	165,811,928.90	97,134,445.32
Cash used in other operating activities	172,001,336.12	199,866,060.82
Subtotal of cash used in operating activities	3,269,068,361.09	3,286,828,152.99
Net cash generated from/used in operating activities	713,924,336.73	91,344,251.74
2. Cash flows from investing activities:		

Proceeds from disinvestment		
Return on investment	28,137,536.31	10,000,000.00
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	338,536.00	10,600.00
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	371,848,528.68	437,925,984.07
Subtotal of cash generated from investing activities	400,324,600.99	447,936,584.07
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	57,587,972.37	22,306,258.16
Payments for investments		
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	594,700,000.00	417,500,000.00
Subtotal of cash used in investing activities	652,287,972.37	439,806,258.16
Net cash generated from/used in investing activities	-251,963,371.38	8,130,325.91
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised	1,357,999,217.46	2,443,859,860.36
Cash generated from other financing activities	801,251,123.52	505,971,869.63
Subtotal of cash generated from financing activities	2,159,250,340.98	2,949,831,729.99
Repayment of borrowings	2,042,781,741.81	2,352,093,355.70
Interest and dividends paid	51,994,355.62	101,020,610.93
Including: Dividends paid by subsidiaries to non-controlling interests	10,363,426.30	37,572,417.47
Cash used in other financing activities	433,949,547.75	611,146,851.62
Subtotal of cash used in financing activities	2,528,725,645.18	3,064,260,818.25
Net cash generated from/used in financing activities	-369,475,304.20	-114,429,088.26

4. Effect of foreign exchange rates changes on cash and cash equivalents	2,362,278.32	-999,027.97
5. Net increase in cash and cash equivalents	94,847,939.47	-15,953,538.58
Add: Cash and cash equivalents, beginning of the period	112,059,146.65	128,012,685.23
6. Cash and cash equivalents, end of the period	206,907,086.12	112,059,146.65

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	2020	2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	28,335,306.85	
Tax and levy rebates		
Cash generated from other operating activities	6,712,335.23	525,911.34
Subtotal of cash generated from operating activities	35,047,642.08	525,911.34
Payments for commodities and services	31,547,382.58	
Cash paid to and for employees	2,027,481.20	1,271,375.64
Taxes and levies paid		
Cash used in other operating activities	11,161,226.97	2,125,693.89
Subtotal of cash used in operating activities	44,736,090.75	3,397,069.53
Net cash generated from/used in operating activities	-9,688,448.67	-2,871,158.19
2. Cash flows from investing activities:		
Proceeds from disinvestment		
Return on investment	28,004,927.95	10,000,000.00
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets		
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	25,388,979.97	90,946,521.05

Subtotal of cash generated from investing activities	53,393,907.92	100,946,521.05
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets		
Payments for investments		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	50,000,000.00	54,000,000.00
Subtotal of cash used in investing activities	50,000,000.00	54,000,000.00
Net cash generated from/used in investing activities	3,393,907.92	46,946,521.05
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised	50,000,000.00	
Cash generated from other financing activities	50,000,000.00	17,000,000.00
Subtotal of cash generated from financing activities	100,000,000.00	17,000,000.00
Repayment of borrowings	50,000,000.00	
Interest and dividends paid	9,039,079.35	
Cash used in other financing activities	28,000,000.00	56,090,665.16
Subtotal of cash used in financing activities	87,039,079.35	56,090,665.16
Net cash generated from/used in financing activities	12,960,920.65	-39,090,665.16
4. Effect of foreign exchange rates changes on cash and cash equivalents	-34,839.92	
5. Net increase in cash and cash equivalents	6,631,539.98	4,984,697.70
Add: Cash and cash equivalents, beginning of the period	5,342,379.55	357,681.85
6. Cash and cash equivalents, end of the period	11,973,919.53	5,342,379.55

7. Consolidated Statements of Changes in Owners' Equity

2020

Unit: RMB

Item	2020
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	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 earnings	Other			Subtotal
		Preference shares	Perpetual bonds	Other											
1. Balance as at the end of the prior year	505,425,000.00				256,822,373.42		169,714.39		199,022,513.20		1,045,211,890.50		2,006,651,491.51	1,528,266,611.36	3,534,918,102.87
Add:															
Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Adjustment for business combination involving entities under common control															
Other adjustments															
2. Balance as at the beginning of the year	505,425,000.00				256,822,373.42		169,714.39		199,022,513.20		1,045,211,890.50		2,006,651,491.51	1,528,266,611.36	3,534,918,102.87
3. Increase/decrease in the period ("-" for decrease)															
3.1 Total comprehensive income											139,427,823.70		139,427,823.70	140,628,430.03	280,056,253.73
3.2 Capital increased and reduced by owners															
3.2.1 Ordinary shares increased															

by owners															
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Others															
3.3 Profit distribution							2,628,935.75		-10,210,310.75		-7,581,375.00	-10,363,426.30	-17,944,801.30		
3.3.1 Appropriation to surplus reserves							2,628,935.75		-2,628,935.75						
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)									-7,581,375.00		-7,581,375.00	-10,363,426.30	-17,944,801.30		
3.3.4 Other															
3.4 Transfers 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 offset loss																				
3.4.4 Changes in defined benefit schemes transferred to retained earnings																				
3.4.5 Other comprehensive income transferred to retained earnings																				
3.4.6 Other																				
3.5 Specific reserve																				
3.5.1 Increase in the period																				
3.5.2 Used in the period																				
3.6 Other																				
4. Balance as at the end of the period	505,425,000.00				256,822,373.42		169,714.39		201,651,448.95		1,174,429,403.45		2,138,497,940.21	1,658,531,615.09				3,797,029,555.30		

2019

Unit: RMB

Item	2019														Non-controlling interest	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 earnings	Other	Subtotal						
	Preference shares	Perpetual bonds	Other																
1. Balance as at the end of the prior year	505,425,000.00				256,822,373.42		169,714.39		196,399,250.80		1,012,130,481.68		1,970,946,820.29	1,552,505,499.55			3,523,452,319.84		
Add: Adjustment for																			

change in accounting policy															
Adjustment for correction of previous error															
Adjustment for business combination involving entities under common control															
Other adjustments															
2. Balance as at the beginning of the year	505,425,000.00			256,822,373.42		169,714.39		196,399,250.80		1,012,130,481.68		1,970,946.82	1,552,055.55	3,523,452,319.84	
3. Increase/decrease in the period (“-” for decrease)								2,623,262.40		33,081,408.82		35,704,671.22	-24,238,888.19	11,465,783.03	
3.1 Total comprehensive income										35,704,671.22		35,704,671.22	-11,520,106.27	24,184,564.95	
3.2 Capital increased and reduced by owners															
3.2.1 Ordinary shares increased by owners															
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								2,623,262.40		-2,623,262.40				-12,718,781.92	-12,718,781.92
3.3.1 Appropriation to surplus reserves								2,623,262.40		-2,623,262.40					
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)														-12,718,781.92	-12,718,781.92
3.3.4 Other															
3.4 Transfers 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 offset loss															
3.4.4 Changes in defined benefit schemes transferred to retained															

earnings													
3.4.5													
Other comprehensive income transferred to retained earnings													
3.4.6													
Other													
3.5 Specific reserve													
3.5.1													
Increase in the period													
3.5.2 Used in the period													
3.6 Other													
4. Balance as at the end of the period	505,425,000.00			256,822,373.42		169,714.39		199,022,513.20	1,045,211,890.50	2,006,651,491.51	1,528,266,611.36	3,534,918,102.87	

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

2020

Unit: RMB

Item	2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preference shares	Perpetual bonds	Other								
1. Balance as at the end of the prior year	505,425,000.00				250,531,482.00				199,022,513.20	800,803,055.23		1,755,782,050.43
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												

Other adjustments												
2. Balance as at the beginning of the year	505,425,000.00				250,531,482.00				199,022,513.20	800,803,055.23		1,755,782,050.43
3. Increase/decrease in the period (“-” for decrease)									2,628,935.75	16,079,046.79		18,707,982.54
3.1 Total comprehensive income										26,289,357.54		26,289,357.54
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
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									2,628,935.75	-10,210,310.75		-7,581,375.00
3.3.1 Appropriation to surplus reserves									2,628,935.75	-2,628,935.75		
3.3.2 Appropriation to owners (or shareholders)										-7,581,375.00		-7,581,375.00
3.3.3 Other												
3.4 Transfers 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 offset loss												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	505,425,000.00			250,531,482.00				201,651,448.95	816,882,102.02		1,774,490,032.97	

2019

Unit: RMB

Item	2019										
	Share capital	Other equity instruments	Capital reserves	Less: Treasur	Other compre	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners'	

		Preference shares	Perpetual bonds	Other		y shares	Comprehensive income					equity
1. Balance as at the end of the prior year	505,425,000.00				250,531,482.00			196,399,250.80	777,193,693.64			1,729,549,426.44
Add:												
Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	505,425,000.00				250,531,482.00			196,399,250.80	777,193,693.64			1,729,549,426.44
3. Increase/decrease in the period (“-” for decrease)								2,623,262.40	23,609,361.59			26,232,623.99
3.1 Total comprehensive income									26,232,623.99			26,232,623.99
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
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								2,623,262.40	-2,623,262.40			
3.3.1 Appropriation to surplus reserves								2,623,262.40	-2,623,262.40			
3.3.2 Appropriation to owners (or shareholders)												
3.3.3 Other												
3.4 Transfers 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 offset loss												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												

3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	505,425,000.00				250,531,482.00				199,022,513.20	800,803,055.23		1,755,782,050.43

III Company Profile

Foshan Huaxin Packaging Co., Ltd. (hereinafter referred to as the Company) was sponsored and set by Foshan Huaxin Development Co., Ltd., 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 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 was registered in Administration Bureau for Commerce & Industry of Guangdong Province on 21 June 1999. The Company holds the business license with the unified social credit code of 914406007076822793. And its registered capital is RMB505,425,000.00 with total 505,425,000.00 shares (RMB1 per share), among which, there are unrestricted public 171,925,000.00 B shares and unrestricted private 333,500,000.00 B shares. The Company's stocks were listed in Shenzhen Stock Exchange for trade in 2000.

The Company is in the industry of papermaking, paper packaging and printing. Main business scope: 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 or services include high-grade coated white cardboard and color packages printing products, and etc.

The financial statement is reported after the approval of the 2nd Meeting of the 7th Board of Directors in 2021 of the Company held on 15 March 2021.

The Company included four subsidiaries, Zhuhai Hongta Renheng Packaging Co., Ltd (hereinafter referred to as Hongta Renheng), Zhuhai Huafeng Paper Co., Ltd (hereinafter referred to as Huafeng Paper), Zhuhai Golden Pheasant Chemical Co., Ltd (hereinafter referred to as Golden Pheasant Chemical), and Huaxin (Foshan) Color Printing Co., Ltd. (hereinafter referred to as Foshan Color Printing), into the scope of consolidated financial statement in the Reporting Period. For details, see the note VI to financial statement.

IV. Basis for the Preparation of Financial Statements

1. Preparation Basis

The financial statement of the Company was prepared on the base of the assumption of continuation.

2. Continuation

There was no such case where the sustainable operation ability within 12 months since the end of the Reporting Period was highly doubted.

V. Important Accounting Policies and Estimations

Indication of specific accounting policies and estimations:

Important prompts: The Company has worked out specific accounting policies and estimations regarding transactions or items such as impairments of financial instruments, depreciation of fixed assets, amortization of intangible assets and revenue recognition based on features of actual production and operation.

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 1 January to 31 December.

3. Operating Cycle

The operating cycle of the Company's business is comparatively short with 12 months as the classification standard for the mobility of assets and liabilities.

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. Accounting Process of Business Combinations under the Same Control

The assets and liabilities that the Company obtains in a business combination shall be measured on the basis of their carrying amount combined party in the consolidated financial statements of the final controller on the combining date. As for the balance between the carrying amount of combined party's owners equities in the consolidated financial statements of the final controller 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.

2. Accounting Process of Business Combinations not under the Same Control

The Company shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets obtained from the acquiree on purchase date as goodwill. If the combination costs are less than the fair value of the identifiable net assets obtained from the acquiree, the Company shall recheck the various identifiable assets and liabilities obtained from the acquiree, fair value with liabilities, and measurement of combination costs. If the combination costs are less than the fair value of the identifiable net assets obtained from the acquiree after recheck, the Company shall record the balance into the profit and loss of the current period.

6. Methods for Preparing Consolidated Financial Statements

The Company as the parent included its all subsidiaries into the consolidation scope of consolidated financial statements. Based on the financial statements of the Company as the parent and its subsidiaries and other related materials, the consolidated financial statements were prepared by the Company as the parent according to Accounting Standards for Enterprises No. 33 –Consolidated Financial Statements.

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

1. Joint arrangement is classified into joint operation and joint ventures.
2. When the Company is a party of a joint operation, recognize the following items related to the profits in the joint operation:
 - (1) Recognize the assets held independently, and recognize the assets held jointly in the holding portion;
 - (2) Recognize the liabilities borne independently, and recognize the liabilities held jointly in the holding portion;
 - (3) Recognize the revenue generated from the output portion of joint operation shared for selling the Company;
 - (4) Recognize the revenue generated from the sale of assets in joint operation in the holding portion of the Company;
 - (5) Recognize the expenses incurred independently, and recognize the expenses incurred in joint operation in the holding portion of the Company.

8. Recognition Standard for Cash and Cash Equivalents

The term “cash” listed and presented in the cash flow statement refers to cash on hand and deposits that are available for payment at any time. The term “cash equivalents” refers to short-term 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 in its initial recognition, 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 the principal and interests of foreign currency borrowings for the purchase and construction or production of assets eligible for capitalization. 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 other comprehensive income.

10. Financial Instruments

1. Classification of Financial Assets and Financial Liabilities

Financial assets shall be classified into the following three categories when they are initially recognized: (1) financial assets measured at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities shall be classified into the following four categories when they are initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities generated from transfer of financial assets not conforming to requirements of derecognition or continuous involvement of transferred financial assets; (3) financial guarantee contracts not belonging to above (1) or (2), and loan commitments not belonging to above (1) and at lower interest rate than the market interest rate; (4) financial liabilities measured at amortized cost.

2. Recognition Basis, Calculation Method, and Termination of Recognition of Financial Assets and Liabilities

(1) Recognition basis and initial calculation method of financial assets and liabilities

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability. The financial assets and financial liabilities initially recognized shall be measured at their fair values. For the financial assets and liabilities measured at their fair values and of which the variation is recorded into the profits and losses of the current period, the transaction expenses thereof shall be directly recorded into the profits and losses of the current period; for other categories of financial assets and financial liabilities, the transaction expenses thereof shall be included into the initially recognized amount. However, when the accounts receivable initially recognized by the Company do not include significant financing or the Company does not consider the financing in contracts not over one year, it shall be initially calculated at the transaction price defined in Accounting Standards for Business Enterprises No. 14-Revenue.

(2) Subsequent calculation method of financial assets

1) Financial assets at amortized cost

The Company shall make subsequent measurement on its financial assets at amortized cost by adopting the actual interest rate method. The gains or losses generated from the financial assets at amortized cost and not belonging to any hedging relationship shall be recorded into the current profit of loss when decognized, reclassified, amortized with the actual interest rate method or recognizing impairments.

Investments in debt instruments at fair value through other comprehensive income

The Company shall make subsequent measurement at fair value. The interest calculated by adopting the actual interest rate method, impairment losses or profits and foreign exchange gains shall be recorded into the current

profit or loss, and other profits or losses shall be recorded into other comprehensive income. When derecognized, the accumulative profits or losses thereof originally recorded into other comprehensive income shall be transferred out and then recorded into the current profit or loss.

Investments in equity instruments at fair value through other comprehensive income

The Company shall make subsequent measurement at fair value. The dividends obtained (exclude those belong to recovery of investment cost) shall be recorded into the current profit or loss, and other gains or losses recorded into other comprehensive income. When derecognized, the accumulative gains or losses thereof originally recorded into other comprehensive income shall be transferred out and then recorded into the retained earnings.

Financial assets at fair value through profit or loss

The Company shall make subsequent measurement at fair value. The gains or losses generated (include interest and dividend income) shall be recorded into the current profit or loss, unless the financial asset is one part of a hedging relationship.

Subsequent calculation method of financial liabilities

Financial liabilities at fair value through profit or loss

Such financial liabilities include trading financial liabilities (include derivative instruments belonging to financial liabilities) and those designated as financial liabilities at fair value through profit or loss. For such financial liabilities, the subsequent measurement shall be conducted at fair value. The amount of changes in fair value of designated financial liabilities at fair value through profit or loss due to the Company's credit risk changes shall be recorded into other comprehensive income, unless this treatment will result in or enlarge accounting mismatch of the profit or loss. The other gains or losses generated from such financial liabilities (including interest expense, changes of fair value not caused by the Company's credit risk changes) shall be recorded into the current profit or loss, unless the they are one part of a hedging relationship. And when derecognized, the accumulative gains or losses thereof originally recorded into other comprehensive income shall be transferred out and then recorded into the retained earnings.

Financial liabilities generated from financial assets transfer not conforming to derecognition conditions or continuous involvement of transferred financial assets

They shall be measured in accordance with regulations of Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets

financial guarantee contracts not belonging to above (1) or (2), and loan commitments not belonging to above (1) and at lower interest rate than the market interest rate;

The subsequent measurement shall be conducted according to the higher of the following two amounts after initial recognition: ① amount of allowance for impairments recognized in accordance with the impairment provisions of financial instruments; ② the residual of initial recognized amount after deducted accumulative amortized amount recognized as relevant regulations in Accounting Standards for Business Enterprises No. 14-Revenue.

Financial liabilities at amortized cost

The Company shall measure at amortized cost by adopting actual interest rate method. The gains or losses generated from financial liabilities at amortized cost and not belonging to any hedging relationship shall be recorded into the current profit or loss when derecognized or amortized with actual interest rate method.

Derecognition of financial assets and financial liabilities

Derecognize financial assets when meeting one of the following conditions:

- ① The contract rights for collecting cash flow of financial assets have terminated;
 - ② Financial asset has been transferred and the transfer meets the provisions of Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets governing the derecognition of financial assets.
- 2) When the current obligation of the financial liability (or some of it) has been relieved, the financial liability (or some of it) shall be accordingly derecognized.

3. Recognition Basis and Measurement of Transfer of Financial Assets

Where the Company has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset and separately recognize the rights and obligations generated retained from the transfer as assets or liabilities. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall continue to recognize the transferred financial asset. Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, it shall deal with it according to the circumstances as follows, respectively: (1) If it gives up its control over the financial asset, it shall stop recognizing the financial asset and separately recognize the rights and obligations generated retained from the transfer as assets or liabilities; (2) If it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period: (1) The carrying value of the transferred financial asset on the derecognition date; (2) The sum of consideration received from the transfer of financial assets, and derecognition amount among the accumulative amount of the changes of the fair value originally recorded in the other comprehensive income (the financial assets involve transfer are investments in debt instruments at fair value through other comprehensive income. If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire carrying value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value on the transfer date, and the difference between the amounts of the following two items shall be included into the profits and losses of the current period: (1) The carrying value of the portion whose recognition has been stopped; (2) The sum of consideration of the portion whose recognition has been stopped, and derecognition amount among the accumulative amount of the changes of the fair value originally recorded in the other comprehensive income (the financial assets involve transfer are investments in debt instruments at fair value through other comprehensive income.

4. Recognition Method of Financial Assets and Financial Liabilities' Fair Value

The Company adopts the valuation technique with sufficient useful data and supported by other information which is suitable for the current situation to recognize the fair value of related financial assets and liabilities. The Company classifies the input value used in the valuation technique into the following levels and uses them in sequence:

- (1) The first level of input value is the non-adjustable offer of the same assets or liabilities in the active market on the calculation date;
- (2) The second level of input value is the directly or indirectly observable input value of related assets or liabilities except the input value on the first level, including: offer of similar assets or liabilities in the active market; offer of identical or similar assets or liabilities in the non-active market; other observable input value except offer, including the observable interest rate during the interval period of common offer, profit rate curve, etc.; the input value for market verification etc..
- (3) The third level of input value is the non-observable input value of related assets or liabilities, including interest rates that cannot be observed directly or verified by the data of observable market, stock fluctuation rate, future cash flow of the disposal obligation borne in corporate mergers, financial forecast based on self-data, etc..

5. Impairment of financial instrument

- (1) Impairment measurement and accounting handling of financial instrument

Based on expected credit loss, the Company conducts impairment handling and confirms loss reserve for financial assets which is measured by amortized cost, debt instrument investment which is measured by fair value and

whose change is calculated into other comprehensive profits, contract assets, accounts receivable of rental, loan commitment which is beyond financial debt classified as the one which is measured by fair value and whose change is calculated into current profits and losses, financial debt which does not belong to the one which is measured by fair value and whose change is calculated into current profits or losses, or financial guarantee contract of financial debt which is formed when it does not belong to financial asset transfer and doesn't conform to confirmation condition of termination or keeps on being involved in transferred financial asset.

Expected credit loss refers to weighted average of credit loss of financial instrument which takes the risk of contract breach occurrence as the weight. Credit loss refers to the difference between all contract cash flow which is converted into cash according to actual interest rate and receivable according to contract and all cash flow which to be charged as expected, i.e. current value of all cash shortage. Among it, as for financial asset purchased or original which has had credit impairment, it should be converted into cash according actual interest rate of this financial asset after credit adjustment.

As for financial asset purchased or original which has had credit impairment, the Company only confirms cumulative change of expected credit loss within the whole duration after initial confirmation on the balance sheet date as loss reserve.

As for accounts receivable and contract assets which are formed from regulated transactions complying with Accounting Standards for Business Enterprises No. 14-Revenue and don't include major financing contents or the Company does not consider financing contents in contract which is less than one year, the Company applies simplified measurement method, and measures loss reserve according to amount of expected credit loss within the whole duration.

As for account receivable of rental, accounts receivable and contract assets which are formed from regulated transactions complying with Accounting Standards for Business Enterprises No. 14-Revenue and include major financing contents, the Company applies simplified measurement method, and measure loss reserve according to amount of expected credit loss within the whole duration.

As for financial asset beyond above mentioned measurement methods, the Company evaluates whether its credit risk has increased obviously since the initial confirmation on each balance sheet date. In case credit risk has increased obviously, the Company measures the loss reserve according to amount of expected credit loss within the whole duration; in case the credit risk does not increase obviously, the Company measures loss reserve according to the amount of expected credit loss in next 12 months.

By utilizing obtainable rational and well grounded information, including forward-looking information, comparing the risk of contract breach on balance sheet date and risk of contract breach on initial confirmation date, the Company confirms whether the credit risk of financial instrument has increased obviously from initial confirmation.

On balance sheet date, in case the Company judges that the financial instrument just has relatively low credit risk, then it will be assumed that credit risk of the financial instrument has not increased obviously.

Based on single financial instrument or financial portfolio, the Company evaluates expected credit risk and measures expected credit loss. When based on financial instrument portfolio, the Company takes common risk characteristics as the basis, and divides financial instruments into different portfolios.

The Company measures expected credit loss again on each balance sheet date, the increase of loss reserve or amount which is transfer back generated by it is calculated into current profits and losses as impairment profits or losses. As for financial asset which is measured by amortized cost, loss reserve offsets the carrying value of the financial asset listed in the balance sheet; as for debt investment which is measured by fair value and whose change is calculated into other comprehensive profits, the Company confirms its loss reserve in other comprehensive profits and does not offset the carrying value of the financial asset.

(2) Financial instruments assessing expected credit risk by groups and measuring expected credit losses

Item	Recognition basis	Method of measuring expected credit losses
Other receivables-intercourse funds among related party group within the consolidation scope	Related party within the combination scope	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, the group's expected credit loss rate shall be accounted through exposure at default and the expected credit loss rate within the next 12 months or the entire life
other receivables-dividends receivable group	Accounts nature	
Other receivables-interest receivable group	Accounts nature	
Other receivables-aging group	Aging	

(3) Accounts receivable and contract assets with expected credit losses measured by groups

1) Specific groups and method of measuring expected credit loss

Item	Recognition basis	Method of measuring expected credit losses
Bank's acceptance bills receivable	Bill type	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, to calculated the expected credit loss rate through exposure at default and the expected credit loss rate over the entire life
Trade acceptance bills receivable		
Accounts receivable-related party within the consolidation scope group	Related party within the consolidation scope	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, to calculated the expected credit loss rate through exposure at default and the expected credit loss rate over the entire life
Accounts receivable-credit risk characteristics group	Aging group	Prepare the comparative list between aging of accounts receivable and expected credit loss rate over the entire life by consulting historical experience in credit losses, combining actual situation and prediction for future economic

		situation
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2) Accounts receivable-the comparative list between aging of aging group and expected credit loss rate over the entire life

Aging	Expected credit loss rate of accounts receivable and Trade acceptance bills receivable (%)
1 to 3 months (inclusive, the same below)	
4 to 12 months	5.00
1 to 2 years	10.00
2 to 3 years	20.00
Over 3 years	50.00

6. Offset between financial asset and financial debt

Financial asset and financial debt are listed in the balance sheet separately and don't offset each other. However, when the following conditions are met at the same time, the Company will list the net amount after mutual offset in the balance sheet: (1) The Company has the legal right to offset the confirmed amount, and the legal right is executable currently; (2) The Company plans to settle by net amount, or monetize the financial asset and liquidate the financial debt at the same time.

For those transfers of financial assets not meeting the derecognition conditions, the Company does not offset the transferred financial assets and relative liabilities.

Notes Receivable

Accounts Receivable

Accounts Receivable Financing

Other Receivables

Recognition and accounting treatment methods regarding expected credit losses of other receivables

15. Inventory

1. Category

Inventory was referred to the finished goods or commodities for sale, products in the process, materials in production or providing services in daily activities, etc.

2. Pricing Method for Outgoing Inventories

Adopting the weighted average method for pricing at the end of the month at a time

3. Recognition basis of Net Realizable Value of Inventory

On the balance sheet date, inventory shall be measured at the lower of cost or net realizable value, and provision shall be made for falling price of inventories on the ground of the difference between the cost of each item of inventories and the net realizable value. Inventories directly for sale, 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; 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; on the balance sheet date, in the same item of inventories, if some have contractual price agreement while others do not, the net realizable value shall be recognized respectively and compared with their cost, and the amount of provision withdrawal or reversal for falling price of inventories shall be recognized respectively.

4. Inventory System for Inventories:

Inventory system: Perpetual inventory system

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

(1) Low-value Consumption Goods

One-off amortization method

(2) Packing Articles

One-off amortization method

16. Contract Assets

The Company's right to collect consideration from customers unconditionally (i.e. only depending on the passage of time) is listed as receivables, and its right to collect consideration after transferring goods to customers (depending on factors other than the passage of time) is listed as contract assets.

17. Contract Costs

Assets related to contract cost include contract acquisition cost and contract performance cost.

If the incremental cost incurred by the Company to obtain the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost. If the amortization period of the contract acquisition cost does not exceed one year, it is directly included in the current profits/losses when it occurs.

If the cost incurred by the Company to perform a contract does not fall in the scope of relevant standards, such as inventory, fixed assets or intangible assets, and at the same time meets the following conditions, it shall be recognized as an asset as the contract performance cost:

The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer and other costs arising from the contract only;

The cost increases the resources used by the Company to fulfill its performance obligations in the future;

The cost is expected to be recovered.

For the assets related to the contract cost, the Company shall use the same basis as the recognition of revenue from goods or services related to the assets to carry out the amortization, which shall be included in the current profits/losses.

If the book value of an asset related to the contract cost is higher than the expected residual consideration for the transfer of the goods or services related to the asset minus the estimated cost to be incurred, the Company shall make provision for impairment of the excess part and recognize it as an asset impairment loss. If the factors of impairment in the previous periods change so that the expected residual consideration of the goods or services related to the transfer of the asset minus the estimated cost to be incurred is higher than the book value of the asset, the original provision for impairment of the asset shall be reversed and included in the current profits/losses. But the book value of the asset after reversal shall not exceed the book value of the asset on the reversal date under the

assumption that no provision for impairment is made.

18. Assets Classified as Held for Sale

19. Investments in Debt Obligations

20. Investments in other Debt Obligations

21. Long-term Receivables

22. Long-term Equity Investments

1. Judgment of Joint Control and Significant Influences

The term "joint control" refers to the joint control over an arrangement in accordance with the related agreements, which does not exist unless the participants sharing the control power agree with each other about the related arranged activity. The term "significant influences" refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

2. Recognition of Investment Cost

(1) If the business combination is under the common control and the acquirer obtains long-term equity investment in the consideration of cash, non-monetary asset exchange, bearing acquiree's liabilities, or the issuance of equity securities, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. The difference between the initial cost of the long-term equity investment and the carrying amount of the paid combination or the total amount of the issued shares should be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earnings are adjusted respectively.

When a long-term equity investment is formed from the business combination under common control through the Company's multiple transactions step by step, the treatment shall be carried out based on whether the transactions constitute the "package deal". If they do, the accounting treatment shall be carried out on the basis of assuming all transactions as one transaction with the acquisition of control. If they do not, the initial investment cost shall be the portion of the carrying value of acquiree's net assets entitled in the consolidated financial statements of the final controller after the consolidation. The difference between the initial investment cost of the long-term equity investment on the combination date and the carrying value of the investment before the combination plus the carrying value of the newly-paid consideration for the acquisition of the shares on the consolidation date shall be adjusted to capital reserve; if the capital reserve is insufficient for the adjustment, retained earnings should be adjusted accordingly.

(2) For those formed from the business combination under different control, the initial investment cost is the fair value of the combination consideration paid on the acquisition date.

When a long-term equity investment is formed from the business combination under different control through the Company's multiple transactions step by step, the accounting treatment shall be carried out based on whether the financial statements are individual or consolidated:

1) In individual financial statements, the initial investment cost accounted in cost method is the sum of the carrying value of the equity investment originally held and the cost of new investment.

2) In consolidate financial statements, judge whether the transactions constitute the “package deal”. If they do, the accounting treatment shall be carried out on the basis of assuming all transactions as one transaction with the acquisition of control. If they do not, for the acquiree’s equity held before the acquisition date, re-measurement shall be carried out according to the fair value of the equity on the acquisition date and the difference between the fair value and the carrying value shall be recorded into current investment income; if the acquiree’s equity held before the acquisition date involves other comprehensive income accounted in equity method, other comprehensive income related to it shall be transferred into the income for the period in which the acquisition date falls, 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.

3) For those formed other than from business combination: If they are acquired in cash payment, the initial investment cost is the purchase price actually paid; if they are acquired in the issue of equity securities, the initial investment cost is the fair value of the issued equity securities; if they are acquired in debt restructuring, the initial investment cost shall be recognized according to the Accounting Standards for Enterprises No. 12 - Debt Restructuring; if they are acquired in the exchange of non-monetary assets, the initial investment shall be recognized according to the Accounting Standards for Enterprises No. 7 - Exchange of Non-Monetary Assets.

3. Method of subsequent measurement and recognition of profits and losses

Long-term equity investment with control over investees shall be accounted in cost method; long-term equity investment on associated enterprises and joint ventures shall be accounted in equity method.

4. Method of treating the disposal of the investment in a subsidiary stem by step through multiple transactions until the loss of the controlling right

(1) Individual financial statements

For the disposed equity, the difference between its fair value and the actually obtained price shall be recorded into current profits or losses. For the residual equity, the part that still has significant effects on investees or with common control jointly with other parties shall be accounted in equity method; the part that has no more control, common control or significant effects on investees shall be accounted in accordance with the relevant regulation of the Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

(2) Consolidated financial statements

1) For the disposal of the investment in subsidiaries step by step until the loss of the controlling right through multiple transactions, which do not constitute the “package deal”

Before the loss of the controlling right, for the balance between the disposal remuneration and the shares of net assets in the subsidiaries that have been calculated since the acquisition date or combination date corresponding to the disposal of long-term equity investment, capital reserve (capital premium) shall be adjusted, and if the capital premium is not sufficient for the write-down, the retained earnings shall be written down.

At the loss of the controlling right over the original subsidiaries, the residual equity shall be re-measured at its fair value on the date of losing the controlling right. 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 enjoyed of the former subsidiary that has been calculated since the acquisition date or combination date according to the former shareholding ratio, shall be recorded into the investment gains for the period when the control ceases; meanwhile,

goodwill shall be written down. Other comprehensive income related to former subsidiary's equity investment shall be transferred into current investment income when the control ceases.

2) For the disposal of the investment in subsidiaries step by step until the loss of the controlling right through multiple transactions, which constitute the “package deal”

The accounting treatment shall be carried out on the basis of considering each transaction as a transaction of disposing the subsidiary and losing control. However, before losing control, 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, shall be recognized as other comprehensive income in the consolidated financial statements and when the control ceases, transferred into current profits or losses of the period of losing control.

23. Investment Property

Measurement mode of investment real estates

Measurement of cost method

Depreciation or amortization method

1. The term "investment real estate" includes 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.

2. The Company initially measures the investment property according to the costs, and adopts the cost method in the subsequent measurement of investment property, and adopts the same methods with fixed assets and intangible assets to withdraw depreciation or amortization.

24. 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 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 (Year)	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%
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, it shall be recognized as an asset acquired under finance leases: (1) the ownership of the leased asset is transferred to the lessee after the term of lease expires; (2) the lessee 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 [usually accounting for 75%(75% inclusive) 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 [above 90% (90% inclusive)]; in the case of the lessor, 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 [above 90% (90% inclusive)] (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, and make provision for depreciation according to the depreciation policy of self-owned fixed assets.

Fixed assets leased for financing shall be recorded at the lower of the fair value of the leased asset and the present value of the minimum lease payment at the inception of lease and the depreciation thereof shall be withdrawn in accordance with the depreciation policy for self-owned fixed assets.

25. Construction in Progress

1. No construction in progress may be recognized unless it simultaneously meets the conditions as follows: (1) The economic benefits are likely to flow into the enterprise; (2) The cost of the fixed asset can be measured reliably. Construction in progress shall be measured according to the occurred actual costs before the assets available for the intended use.

2. When the construction in progress is available for the intended use, it shall be transferred to fixed assets according to the actual cost of the project. For construction in progress available for the intended use but not dealing with final accounts of completed project, it shall be transferred to fixed assets according to the estimated value first, and then adjust original temporarily estimated value based on the actual costs after the final accounts of completed project, but not adjust the depreciation that was already calculated.

26. 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 when it occurred, and shall be recorded into the current profits and losses.

2. Capitalization Period of Borrowings Costs

(1) The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements: 1) The asset disbursements have already incurred; 2) The borrowing costs have already incurred; 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) 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. 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.

(3) When the acquisition and construction or production of a qualified asset eligible for capitalization are available for its intended use or sale, the capitalization of borrowing costs shall be stopped.

3. Capitalized rate and amount of borrowing costs

To the extent that funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset is determined as the actual interest costs (including amortization of discount and premium confirmed according to effective interest method) incurred on that borrowing during the period less any investment income on the temporary investment of the borrowing. To the extent that funds are borrowed generally and used for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the weighted average of excess of accumulated expenditures on qualifying asset over that on specific purpose borrowing.

27. Biological Assets

28. Oil and Gas Assets

29. Right-of-Use Assets

30. Intangible Assets

(1) Pricing Method, Useful Life and Impairment Test

1. Intangible assets include right to use land sites, non-patented technologies, software and others, and conduct the initial measurement according to the costs.

2. With regard to intangible assets with limited service life, it shall be amortized systematically and reasonably within their service life according to the expected implementation of economic interests related to the intangible assets. If it can't recognize the expected implementation reliably, it shall be amortized by straight-line method.

The specific useful lives are as follows:

Items	Useful life for amortization (years)
Right to use land sites	50
Non-patented technologies	10
Software and others	2-10

The intangible assets with uncertain service life shall not be amortized, and the Company rechecks the service life of the intangible assets in every accounting period.

(2) Accounting Policies of Internal R&D Expenses

The expenses in research stage for its internal research and development projects shall be recorded into the current profits and losses when it occurred. The expenses in development 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.

Standard for Classifying the Expenses of 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.

31. Impairment of Long-term Assets

For long-term assets, such as long-term equity investment, investment property measured by cost model, fixed assets, construction in progress, and intangible assets with limited service life, the Company shall estimate the recoverable amount if there are signs of impairment on balance sheet date. For intangible assets with uncertain goodwill or service life formed by enterprise combination, whether or not there is sign of impairment, impairment test shall be conducted every year. Goodwill combination and its related assets group or combination of assets group shall be conducted the impairment test.

If the recoverable amount of the above-mentioned long-term assets is lower than its carrying value, it shall make the preparation for assets impairment based on its balance and be recorded into current profits and losses.

32. Long-term Prepaid Expenses

Long-term deferred expenses refer to general expenses with the amortized period over one year (one year excluded) that have occurred. Long-term prepaid expense shall be recorded into the account according to the actual accrual. Long-term prepaid expense shall be amortized averagely within benefit period or specified period. In case of no benefit in the future accounting period, the amortized value of such project that fails to be amortized shall be transferred into the profits and losses of the current period.

33. Contract Liabilities

The Company presented the obligations to transfer commodities to customers due to the consideration receivable or has received from customers as contract liabilities.

34. Employee Benefits

(1) Accounting Treatment of Short-term Compensation

During the accounting period when the employees providing the service for the Company, the actual short-term compensation shall be recognized as liabilities, and be recorded into the current profits and losses or related assets costs.

(2) Accounting Treatment of the Welfare after Demission

The Company's welfare after demission plans is divided into defined contribution plans and defined benefit plans

(1) During the accounting period when the employee providing service for the Company, the amount paid in line with the setting drawing plan will be recognized as liabilities and recorded into current profits or losses or cost of relevant assets.

(2) The accounting treatment of defined benefit plans usually consists of the following steps:

- 1) According to the expected cumulative welfare unit method, adopt unbiased and mutually consistent actuarial assumptions to evaluate related demographic variables and financial variables, measure the obligations generated from defined benefit plans and recognize the period in respect of related obligations. Meanwhile, discount the obligations generated from defined benefit plans to recognize their present value and the current service costs;
- 2) If there are any assets in a defined benefit plan, the deficit or surplus formed from the present value of the defined benefit plan obligations less the fair value of the defined benefit plan assets shall be recognized as net liabilities or net assets of a defined benefit plan. If there is any surplus in a defined benefit plan, the net assets of the plan shall be measured at the lower of the surplus or the upper asset limit;
- 3) At the end of the period, the staff remuneration costs generated from a defined benefit plan shall be recognized as services costs, net interests of the net liabilities or net assets of the plan and changes from the re-measurement of the net liabilities or net assets of the plan. Service costs and net interests of the net liabilities or net assets of the plan shall be recorded into the current profits or losses or related asset costs, while changes from the re-measurement of the net liabilities or net assets of the plan shall be recorded into other comprehensive income and shall not be transferred back to profits or losses in subsequent accounting periods. But the amounts recognized in other comprehensive income may be transferred within the equity scope.

(3) Accounting Treatment of Demission Welfare

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

The Company provides the other long-term employee benefits for the employees, and for those met with the defined contribution plans, accounting treatment should be conducted according to the related regulations of the defined contribution plans; the for the others long-term employee benefits except for the former, accounting treatment should be conducted according to the related regulations of the defined benefit plans. In order to simplify the related accounting treatment, the payrolls shall be recognized as service costs, the net amount of interest of net liabilities and net assets of other welfare of the long-term employees. The total net amounts made up from the changes of measuring the net liabilities and net assets of other welfare of the long-term employees again shall be recorded into the current profits and losses or related assets costs.

35. Lease Liabilities

36. Provisions

1. The obligation such as external guaranty, litigation or arbitration, product quality assurance, loss contract, pertinent to a contingencies shall be recognized as the provisions when the following conditions are satisfied simultaneously: ① That obligation is a current obligation of the enterprise; ② It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation; and ③ The amount of the obligation can be measured in a reliable way.

2. The Company shall conduct the initial measurement to provisions according to the best estimate number needed for performing the related current obligation and recheck the carrying value of accrued liabilities on balance sheet date.

37. Share-based Payment

38. Other Financial Instruments such as Preferred Shares and Perpetual Bonds

39. Revenue

The Accounting Policy Adopted for Recognition and Measurement of Revenue

Revenue recognition principle

On the contract start date, the Company evaluates the contract, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations are fulfilled within a certain period of time or at a certain point of time.

It shall be regarded as fulfillment of a performance obligation within a certain period of time when one of the following conditions is met; otherwise, it shall be regarded as fulfillment of a performance obligation at a certain point of time. (1) The customer obtains and consumes the economic benefits brought by the Company's performance when the Company is performing the contract; (2) The customer can control the commodities in progress during the Company's performance of the contract; (3) The commodities produced by the Company during its performance of the contract have irreplaceable purposes, and the Company has the right to collect payments for the accumulated performance part which has been completed so far throughout the contract period.

For performance obligations fulfilled in a certain period of time, the Company shall recognize the revenue according to the performance progress in that period of time. If the performance progress cannot be reasonably

determined and the cost incurred is expected to be compensated, the revenue shall be recognized according to the cost amount incurred until the performance progress can be reasonably determined. For performance obligations fulfilled at a certain point of time, the revenue shall be recognized when the customer obtains control over the related commodity or service. When judging whether the customer has acquired control over the commodity, the Company considers the following signs: (1) The Company has the current right to collect payment for the commodity, that is, the customer has the current obligation to pay for the commodity; (2) The Company has transferred the legal ownership of the commodity to the customer, that is, the customer has had the legal ownership of the commodity; (3) The Company has transferred the physical commodity to the customer, that is, the customer has owned the commodity physically; (4) The Company has transferred the main risks and rewards of the ownership of the commodity to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the commodity; (5) The customer has accepted the commodity; (6) Other signs indicating that the customer has obtained control over the commodity.

Revenue measurement principle

The Company measures revenue at the transaction price allocated to each individual performance obligation. Transaction price is the consideration that the Company expects to be entitled to receive due to the transfer of a commodity or service to a customer, excluding the amount collected on behalf of third parties and the amount expected to be returned to the customer.

If there is variable consideration in a contract, the Company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, but the transaction price inclusive of the variable consideration shall not exceed the amount of the accumulated recognized revenue that is very likely not to have a significant reversal when related uncertainties are eliminated.

If there is any significant financing component in a contract, the Company shall determine the transaction price according to the amount payable in cash when the customer obtains control over the commodity or service. The difference between the transaction price and the consideration of the contract shall be amortized in the effective interest rate method during the contract period. On the contract start date, if the Company expects that the interval between the customer's acquisition of control over the commodity or service and the payment for the price by the customer does not exceed one year, the significant financing component in the contract shall not be considered.

If there are two or more performance obligations in a contract, the Company shall allocate the transaction price to each single performance obligation according to the relative proportion of the individual selling price of the commodity promised in each single performance obligation on the start date of the contract.

Specific methods of revenue recognition

Revenue recognized by point of time

The Company's sales of white cardboard and other products is regarded as fulfillment of performance obligations at a certain point of time. Recognition of revenue from domestic sales of products should meet the following conditions: The company has delivered the products to the customer according to the contract and the customer has accepted the goods; payment for the goods has been collected or the receipt has been obtained, with relevant economic benefits likely to flow in; the main risks and rewards of the ownership of the goods have been transferred; and the legal ownership of the goods has been transferred. Recognition of revenue from foreign sales of products should meet the following conditions: The Company has declared the products according to the contract and obtained the declaration form; payment for the goods has been collected or the receipt has been obtained, with relevant economic benefits likely to flow in; the main risks and rewards of the ownership of the goods have been transferred; and the legal ownership of the goods has been transferred.

Differences in accounting policies for the recognition of revenue caused by different business models for the same type of business

40. Government Grants

1. If the government subsidies meet with the following conditions at the same, it should be recognized: (1) The entity will comply with the condition attaching to them; (2) The grants will be received from government. If a government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If a government subsidy is a non-monetary asset, it shall be measured at its fair value, and shall be measured at a nominal amount when the fair value cannot be obtained reliably.

2. Judgment basis and accounting methods of government subsidies related to assets

The government subsidies that are acquired for construction or form long-term assets in other ways according to government documents shall be defined as asset-related government subsidies. For those not specified in government documents, the judgment shall be made based on the compulsory fundamental conditions for acquiring the subsidies. If the subsidies are acquired with construction or the formation of long-term assets in other ways as fundamental conditions, they shall be recognized as asset-related government subsidies. For asset-related government subsidies, the carrying value of related assets shall be written down or recognized as deferred income. If asset-related government subsidies are recognized as deferred income, it shall be recorded into profits or losses by period in a reasonable and systemic manner within the life of related assets. Government subsidies measured at the nominal amount shall be directly recorded into current profits or losses. If related assets are sold, transferred, disposed of or destroyed before the end of their life, the undistributed balance of related deferred income shall be transferred into the profits or losses for the period of the asset disposal.

3. Judgment basis and accounting treatment of profits-related government subsidies

Government subsidies other than asset-related government subsidies shall be defined as profits-related government subsidies. For government subsidies consisting of both asset-related parts and profits-related parts, which is difficult to judge whether they are related to assets or profits, the entirety shall be classified as profits-related government subsidies. Profits-related government subsidies that are used to compensate the related future expenses or losses shall be recognized as deferred income and shall be included into the current profit/losses or write down related costs during the period when the relevant expenses or losses are recognized; those subsidies used to compensate the related expenses or losses incurred shall be directly included into the current profits/losses or write down related costs.

4. Government subsidies related to the Company's routine operating activities shall be included into other income or write down related costs according to the economic business nature. Government subsidies not related to the Company's routine activities shall be included into non-operating income and expenditure.

5. Accounting treatment of policy-based preferential loans with interest subsidies

(1) If the finance authority allocates interest subsidies to a lending bank, and the lending bank provides loans to the Company at a policy-based preferential interest rate, the amount of loan actually received shall be taken as the entry value of the loan, and the relevant borrowing costs shall be calculated according to the loan principal and the policy-based preferential interest rate.

(2) If the finance authority allocates interest subsidies directly to the Company, the corresponding interest subsidies should be used to write down the relevant borrowing costs.

41. Deferred Income Tax Assets/Deferred Income Tax Liabilities

1. In accordance with the balance (the item not recognized as assets and liabilities can confirm their tax bases according to the tax law, the balance between the tax bases and its carrying amount) between the carrying amount of assets or liabilities and their tax bases, deferred tax assets and deferred tax liabilities should be recognized at

the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

2. A deferred tax asset shall be recognized within the limit of taxable income that is likely to be obtained to offset the deductible temporary differences. At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

3. The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

4. The current income tax and deferred income tax of the Company are recorded into the current gains and losses as income tax expenses or revenue, except in the following circumstances:

- (1) Business combination
- (2) The transaction or event directly included in owner' equity

42. Lease

(1) Accounting Treatment of Operating Lease

As a Lessee, the Company shall record the rent into relevant assets cost or recognize it as the current profit or loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit or loss; Contingent rents shall be charged into the current profit or loss when they are incurred.

As a lessor, the Company shall recognize the rent as the current profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the lessor shall be directly recognized as the current profit or loss except that costs with larger amounts shall be capitalized and recorded into the current profit and loss by stages; Contingent rents shall be charged into the current profit or loss when they are incurred.

(2) Accounting Treatments of Financial Lease

For the lessee, a fixed asset acquired under finance lease shall be valued at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of lease. The minimum lease payments as the entering value in long-term account payable, the difference as unrecognized financing charges; the initial direct costs shall be directly recorded into leasing asset value. At each period during the lease term, the effective interest rate method shall be adopted to calculate and confirm the current financing charge.

On the initial date of financial lease, lessee of the financial lease shall record the sum of the minimum lease payments and initial direct costs as the financing lease accounts receivable, and also record the non-guaranteed residual value; recognize the difference between the total minimum lease payments, initial direct costs, non-guaranteed residual value and sum of the present value as the unrealized financing income; At each period during the lease term, the effective interest rate method shall be adopted to calculate and confirm the current financing income.

43. Other Important Accounting Policies and Accounting Estimations

1. Confirmation standard and accounting handling method for operation termination

Components which meet one of the following conditions, have been disposed or divided as held for sale category and can be distinguished separately are confirmed as operation termination.

- (1) The component represents one important independent main business or one single main operation area.
- (2) The component is one part of a related plan which plans to dispose one independent main business or one single main operation area.
- (3) The component is a subsidiary which is obtained for resale specially.

44. Changes in Main Accounting Policies and Estimates

(1) Change of Accounting Policies

Applicable Not applicable

Contents and reasons	Procedures	Remarks
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(1) The Company implemented the Accounting Standards for Business Enterprises No. 14 - Revenue (hereinafter referred to as the new revenue standards) revised by the Ministry of Finance from 1 January 2020. According to the relevant provisions on the transition between the new and old standards, information of comparable periods shall not be adjusted. For the cumulative impact from the implementation of the new standards on the date of the first implementation, the amount of retained earnings as at the beginning of the reporting period and other related items in the financial statements will be retroactively adjusted.

1) Main influence on the financial statements of the Company on 1 January 2020 by Implementation of the New Standards governing Revenue is as follows:

Item	Balance sheet		
	31 December 2019	Influenced	1 January 2020
Advanced from customers	23,303,552.10	-23,303,552.10	
Contract liabilities		20,622,612.48	20,622,612.48
Other current liabilities		2,680,939.62	2,680,939.62

2) For contract changes before 1 January 2020, the Company adopts the simplified treatment method. In respect of all contracts, according to the final arrangement of contract changes, the Company identifies fulfilled and unfulfilled performance obligations, determines transaction prices, and apportions transaction prices between fulfilled and unfulfilled performance obligations. The simplified method has no significant impact on the Company's financial statements.

(2) The Company implemented the Interpretation No. 13 on Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2019 from 1 January 2020. The accounting policy change is treated in the prospective application method.

(2) Changes in Accounting Estimates

Applicable Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Revenue or Leases since 2020

Applicable

Whether items of balance sheets at the beginning of the year need adjustment

√ Yes □ No

Consolidated balance sheet:

Unit: RMB

Item	31 December 2019	1 January 2020	Adjustment
Current assets:			
Monetary assets	213,743,010.81	213,743,010.81	
Settlement reserve		0.00	
Interbank loans granted		0.00	
Held-for-trading financial assets		0.00	
Derivative financial assets		0.00	
Notes receivable	1,101,664.07	1,101,664.07	
Accounts receivable	861,496,771.58	861,496,771.58	
Accounts receivable financing	573,333,722.20	573,333,722.20	
Prepayments	31,443,452.10	31,443,452.10	
Premiums receivable		0.00	
Reinsurance receivables		0.00	
Receivable reinsurance contract reserve		0.00	
Other receivables	41,390,516.58	41,390,516.58	
Including: Interest receivable		0.00	
Dividends receivable	28,000,000.00	28,000,000.00	
Financial assets purchased under resale agreements		0.00	
Inventories	660,926,072.21	660,926,072.21	
Contract assets		0.00	
Assets classified as held for sale		0.00	
Current portion of non-current assets		0.00	
Other current assets	237,644,272.39	237,644,272.39	
Total current assets	2,621,079,481.94	2,621,079,481.94	
Non-current assets:			

Loans and advances to customers			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	655,312,367.55	655,312,367.55	
Investments in other equity instruments		0.00	
Other non-current financial assets	288,700.00	288,700.00	
Investment property	29,115,661.86	29,115,661.86	
Fixed assets	2,067,109,815.77	2,067,109,815.77	
Construction in progress	33,321,697.05	33,321,697.05	
Productive living assets		0.00	
Oil and gas assets		0.00	
Right-of-use assets			
Intangible assets	127,168,024.42	127,168,024.42	
R&D expense	3,550,832.92	3,550,832.92	
Goodwill	11,547,305.29	11,547,305.29	
Long-term prepaid expense	3,478,736.33	3,478,736.33	
Deferred income tax assets	31,250,198.70	31,250,198.70	
Other non-current assets	8,420,488.55	8,420,488.55	
Total non-current assets	2,970,563,828.44	2,970,563,828.44	
Total assets	5,591,643,310.38	5,591,643,310.38	
Current liabilities:			
Short-term borrowings	1,163,487,459.95	1,163,487,459.95	
Borrowings from central bank		0.00	
Interbank loans obtained		0.00	
Held-for-trading financial liabilities		0.00	
Derivative financial		0.00	

liabilities			
Notes payable	312,234,422.87	312,234,422.87	
Accounts payable	321,955,510.64	321,955,510.64	
Advances from customers	23,303,552.10	0.00	-23,303,552.10
Contract liabilities		20,622,612.48	20,622,612.48
Financial assets sold under repurchase agreements			
Customer deposits and interbank deposits			
Payables for acting trading of securities			
Payables for underwriting of securities			
Payroll payable	42,342,384.19	42,342,384.19	
Taxes payable	13,467,917.06	13,467,917.06	
Other payables	49,222,655.01	49,222,655.01	
Including: Interest payable		0.00	
Dividends payable	229,593.13	229,593.13	
Handling charges and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets classified as held for sale			
Current portion of non-current liabilities	100,229,305.56	100,229,305.56	
Other current liabilities		2,680,939.62	2,680,939.62
Total current liabilities	2,026,243,207.38	2,026,243,207.38	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			

Lease liabilities			
Long-term payables			
Long-term payroll payable			
Provisions	1,696,811.00	1,696,811.00	
Deferred income	26,604,363.11	26,604,363.11	
Deferred income tax liabilities	2,180,826.02	2,180,826.02	
Other non-current liabilities		0.00	
Total non-current liabilities	30,482,000.13	30,482,000.13	
Total liabilities	2,056,725,207.51	2,056,725,207.51	
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 stock			
Other comprehensive income	169,714.39	169,714.39	
Specific reserve			
Surplus reserves	199,022,513.20	199,022,513.20	
General reserve			
Retained earnings	1,045,211,890.50	1,045,211,890.50	
Total equity attributable to owners of the Company as the parent	2,006,651,491.51	2,006,651,491.51	
Non-controlling interests	1,528,266,611.36	1,528,266,611.36	
Total owners' equity	3,534,918,102.87	3,534,918,102.87	
Total liabilities and owners' equity	5,591,643,310.38	5,591,643,310.38	

Notes to the adjustments:

Balance sheet of the Company as the parent:

Unit: RMB

Item	31 December 2019	1 January 2020	Adjustment
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Current assets:			
Monetary assets	5,342,379.55	5,342,379.55	
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Accounts receivable financing			
Prepayments			
Other receivables	53,371,168.86	53,371,168.86	
Including: Interest receivable			
Dividends receivable	28,000,000.00	28,000,000.00	
Inventories			
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets	135,661.98	135,661.98	
Total current assets	58,849,210.39	58,849,210.39	
Non-current assets:			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	1,696,777,505.79	1,696,777,505.79	
Investments in other equity instruments			
Other non-current financial assets	288,700.00	288,700.00	
Investment property			
Fixed assets	69,775.81	69,775.81	

Construction in progress			
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	72,990.24	72,990.24	
R&D expense			
Goodwill			
Long-term prepaid expense	123,501.67	123,501.67	
Deferred income tax assets			
Other non-current assets			
Total non-current assets	1,697,332,473.51	1,697,332,473.51	
Total assets	1,756,181,683.90	1,756,181,683.90	
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advances from customers			
Contract liabilities			
Payroll payable	114,646.21	114,646.21	
Taxes payable	4,685.50	4,685.50	
Other payables	280,301.76	280,301.76	
Including: Interest payable			
Dividends payable	229,593.13	229,593.13	
Liabilities directly associated with assets classified as held for sale			
Current portion of non-current liabilities			
Other current liabilities			

Total current liabilities	399,633.47	399,633.47	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term payroll payable			
Provisions			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities	399,633.47	399,633.47	
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 stock			
Other comprehensive income			
Specific reserve			
Surplus reserves	199,022,513.20	199,022,513.20	
Retained earnings	800,803,055.23	800,803,055.23	
Total owners' equity	1,755,782,050.43	1,755,782,050.43	
Total liabilities and owners' equity	1,756,181,683.90	1,756,181,683.90	

Notes to the adjustments:

(4) Retroactive Adjustments to Comparative Data of Prior Years when First Execution of any New Standards Governing Revenue or Leases since 2020 (

Applicable Not applicable

45. Other

VI Taxes

1. Main Taxes and Tax Rates

Category of taxes	Tax basis	Tax rate
VAT	Output VAT is calculated on the income from product sales and taxable labor services, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.	5%、6%、9%、13%
Urban maintenance and construction tax	Turnover tax actually paid	7%、5%
Enterprise income tax	Taxable income	25%、15%
Property tax	For taxation according to price, it shall pay 1.2% of the residual value of original property value subtracting 30%; for taxation according to rent, it shall pay 12% of rental income	1.2%、12%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%

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%
Zhuhai Huafeng	15%
Golden Pheasant Chemical	15%
Huaxin Color Printing	15%

2. Tax Preference

1. According to the Notice on Issuing the Name List of Hi-tech Enterprise in Guangdong Province for Y2018 jointly issued by Science & Technology Department of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Office, SAT, Guangdong Local Taxation Bureau, Hongta Renheng, the subsidiary of the Company, passed the affirmation of First Batch of Hi-tech Enterprise in Guangdong Province

for Y2018, and gained Certificate for Hi-tech Enterprise (Certificate No.: GR201844005432, with three years of validity). Hongta Renheng shall pay the corporate income tax according to the corporate income tax rate of 15% in 2020.

2. According to the Notice on Issuing the Name List of Hi-tech Enterprise in Guangdong Province for Y2019 jointly issued by Science & Technology Department of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Office, SAT, Guangdong Local Taxation Bureau, Zhuhai Huafeng, the subsidiary of the Company, passed the affirmation of First Batch of Hi-tech Enterprise in Guangdong Province for Y2019, and gained Certificate for Hi-tech Enterprise (Certificate No.: GR201944002868, with three years of validity). Zhuhai Huafeng shall pay the corporate income tax according to the corporate income tax rate of 15% in 2020.

3. According to the Notice on Issuing the Name List of Hi-tech Enterprise in Guangdong Province for Y2019 jointly issued by Science & Technology Department of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Office, SAT, Guangdong Local Taxation Bureau, Golden Pheasant Chemical, the subsidiary of the Company, passed the affirmation of First Batch of Hi-tech Enterprise in Guangdong Province for Y2019, and gained Certificate for Hi-tech Enterprise (Certificate No.: GR201944000753, with three years of validity). Golden Pheasant Chemical shall pay the corporate income tax according to the corporate income tax rate of 15% in 2020.

4. According to the Notice on Issuing the Name List of Hi-tech Enterprise in Guangdong Province for Y2018 jointly issued by Science & Technology Department of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Office, SAT, Guangdong Local Taxation Bureau, Huaxin Color Printing, the subsidiary of the Company, passed the affirmation of First Batch of Hi-tech Enterprise in Guangdong Province for Y2018, and gained Certificate for Hi-tech Enterprise (Certificate No.: GR201844009816, with three years of validity). Huaxin Color Printing shall pay the corporate income tax according to the corporate income tax rate of 15% in 2020.

3. Other

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

1. Monetary assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	119,257.53	215,289.12
Bank deposits	770,285,953.55	211,843,857.53
Other monetary assets	37,931,538.58	1,683,864.16
Total	808,336,749.66	213,743,010.81

Other notes

The bank deposits at the end of 2020 included RMB 551 million of time deposits and accrued interest of RMB12,498,124.96. The Company pledged RMB 351 million of time deposits to issue RMB 301 million of bank acceptance bills, of which RMB100 million of time deposits was pledged to issue letters of credit, and other monetary funds at the end of the period were bank acceptance bill deposits of RMB 37,931, 538.58. For the money with restriction on usage, the Company has already gotten rid of it from the cash and cash equivalents at

the period-end when prepared the cash flow statement.

2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Of which:		
Of which:		
Total		0.00

Other notes:

3. Derivative Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Total		0.00

Other notes:

4. Notes Receivable

(1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Commercial acceptance bill		1,101,664.07
Total		1,101,664.07

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	
Of which:										
Notes receivable with bad debt provision withdrawn						1,101,664.07	100.00%			1,101,664.07

by groups:										
Of which:										
Commercial acceptance bill						1,101,664.07	100.00%			1,101,664.07
Total						1,101,664.07	100.00%			1,101,664.07

Bad debt provision separately accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason

Bad debt provision withdrawn according to groups:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion

Notes of the basis of recognizing the group:

If the bad debt provision for notes receivable was withdrawn in accordance with the general model of expected credit losses, information related to bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable Not applicable

(2) Bad Debt Provision Withdrawn, Collected or Reversed during the Reporting Period

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Collected or reversed	Verified	Other	

Of which, bad debt provision collected or reversed with significant amount:

Applicable Not applicable

(3) Notes Receivable Pledged by the Company at the Period-end

Unit: RMB

Item	Amount pledged

(4) Notes Receivable which Had Endorsed by the Company or had Discounted and had not Due on the Balance Sheet Date at the Period-end

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Commercial acceptance bill	51,000,000.00	
Total	51,000,000.00	

(5) 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 period-end
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Other notes

(6) Notes Receivable with Actual Verification for the Reporting Period

Unit: RMB

Item	Amount verified
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Of which, verification of significant notes receivable:

Unit: RMB

Name of the entity	Nature	Amount verified	Reason for verification	Procedure	Whether occurred because of related-party transactions
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Notes of the verification of notes receivable:

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 for which bad debt provision accrued	39,882,936.26	6.83%	39,882,936.26	100.00%		40,889,593.47	4.51%	40,889,593.47	100.00%	

separately										
Of which:										
Accounts receivable withdrawn bad debt provision by group	544,424,585.47	93.17%	721,440,19	0.13%	543,703,145.28	865,968,470.25	95.49%	4,471,698.67	0.52%	861,496,771.58
Of which:										
Total	584,307,521.73	100.00%	40,604,376.45	6.95%	543,703,145.28	906,858,063.72	100.00%	45,361,292.14	5.00%	861,496,771.58

Accounts receivable for which bad debt provision accrued separately: RMB 39,882,936.26

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason
Guangdong Yuejing Group Co., Ltd.	9,919,562.58	9,919,562.58	100.00%	Expected unrecoverable
HONG KONG C&K DEVELOPMENT LIMITED	4,829,903.11	4,829,903.11	100.00%	Expected unrecoverable
Shenzhen Xieji Industrial Co., Ltd.	3,760,350.10	3,760,350.10	100.00%	Expected unrecoverable
Foshan Jiahe Paper Trading Co., Ltd.	3,152,239.70	3,152,239.70	100.00%	Expected unrecoverable
Foshan Nanhai Gurunxuan Co., Ltd.	1,225,359.43	1,225,359.43	100.00%	Expected unrecoverable
Shenzhen Yutong Packing & Printing Co., Ltd.	1,078,810.45	1,078,810.45	100.00%	Expected unrecoverable
Zhuhai Gongbei Ronghui Trading Co., Ltd.	1,016,655.73	1,016,655.73	100.00%	Expected unrecoverable
Kaifeng Bokai Printing Co., Ltd.	922,328.60	922,328.60	100.00%	Expected unrecoverable
Guangdong Jiangnan Paper Co., Ltd.	787,318.74	787,318.74	100.00%	Expected unrecoverable
Other	13,190,407.82	13,190,407.82	100.00%	Expected unrecoverable

Total	39,882,936.26	39,882,936.26	--	--
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Accounts receivable withdrawal of bad debt provision by groups: RMB 721,440.19

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Aging group	544,424,585.47	721,440.19	0.13%
Total	544,424,585.47	721,440.19	--

Notes of the basis of recognizing the group:

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Carrying amount
Within 1 year (including 1 year)	543,289,662.12
1-3 months	534,476,456.75
4-12 months	8,813,205.37
1 to 2 years	368,863.55
2 to 3 years	463,787.79
Over 3 years	40,185,208.27
3 to 4 years	302,272.01
Over 5 years	39,882,936.26
Total	584,307,521.73

(2) Bad Debt Provision Withdrawn, Collected or Reversed during the Reporting Period

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Collected or reversed	Verified	Other	
Bad debt provision withdrawn separately	40,889,593.47	-518,620.96	283,005.50	205,030.75		39,882,936.26
Bad debt	4,471,698.67	-3,750,258.48				721,440.19

provision withdrawn by groups						
Total	45,361,292.14	-4,268,879.44	283,005.50	205,030.75		40,604,376.45

Of which, bad debt provision collected or reversed with significant amount:

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 verified
Bad debt provision withdrawn separately	205,030.75
Total	205,030.75

Of which significant actual verification of accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount verified	Reason for verification	Procedure	Whether occurred because of related-party transactions
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Notes of the verification of accounts receivable:

(4) Top 5 of Account Receivable of Ending Balance Collected by Arrears Party

Unit: RMB

Name of the entity	Ending balance	Proportion to total balance of accounts receivable (%)	Ending balance of bad debt provision
No. 1	37,498,052.36	6.42%	
No. 2	29,534,689.56	5.05%	
No. 3	22,519,738.65	3.85%	
No. 4	21,430,531.28	3.67%	
No. 5	18,991,015.04	3.25%	
Total	129,974,026.89	22.24%	

(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. Accounts Receivable Financing

Unit: RMB

Item	Ending balance	Beginning balance
Notes Receivable	754,556,891.52	573,333,722.20
Total	754,556,891.52	573,333,722.20

Changes in accounts receivable financing and fair value in the Reporting Period

Applicable Not applicable

Please refer to the relevant information of disclosure of depreciation reserve of other accounts receivable if adopting the general mode of expected credit loss to withdraw depreciation reserve of accounts receivable financing.

Applicable Not applicable

Other notes:

Since the acceptor of bankers' acceptance bill is a commercial bank which has high credit, and the payment failure at the due date of a bankers' acceptance bill is not likely to happen, our company will terminate the acknowledgment of the bankers' acceptance bill which has been endorsed or discounted. However, if the bill fails to be paid at the due date, the company will be jointly and severally liable to the holder in accordance with the provisions of the Law of Negotiable Instruments.

7. Prepayment**(1) List by Aging Analysis**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	68,292,413.72	97.37%	28,122,703.79	89.44%
1 to 2 years	1,112,791.28	1.59%	2,766,586.31	8.80%
2 to 3 years	519,224.41	0.74%	430,705.50	1.37%
Over 3 years	207,454.49	0.30%	123,456.50	0.39%
Total	70,131,883.90	--	31,443,452.10	--

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	Carrying amount	Proportion to the balance of prepayments (%)
China Paper Corporation	15,579,872.74	22.22
No. 2	9,357,857.45	13.34
No. 3	7,629,740.49	10.88
No. 4	7,190,000.00	10.25
No. 5	5,154,691.55	7.35
Subtotal	44,912,162.23	64.04

Other notes:

8. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Interest receivable		0.00
Dividends receivable	27,000,000.00	28,000,000.00
Other Receivables	7,051,361.60	13,390,516.58
Total	34,051,361.60	41,390,516.58

(1) Interest receivable**1) Category of Interest Receivable**

Unit: RMB

Item	Ending balance	Beginning balance
Total		0.00

2) Significant Overdue Interest

Unit: RMB

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

3) Withdrawal of Bad Debt Provision

□ Applicable √ Not applicable

(2) Dividends receivable**1) Category of Dividends Receivable**

Unit: RMB

Item (or investees)	Ending balance	Beginning balance
Dividends of associated enterprises	27,000,000.00	28,000,000.00
Total	27,000,000.00	28,000,000.00

2) Significant Dividend Receivable Aged over 1 Year

Unit: RMB

Item (or investees)	Ending balance	Aging	Reason	Whether occurred impairment and the judgment basis

3) Withdrawal of Bad Debt Provision

Applicable Not applicable

Other notes:

(3) Other Receivables**1) Other Receivables Classified by Category**

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Margin	3,374,011.11	2,557,766.50
Petty cash	704,359.76	549,296.72
Freight and miscellaneous charges on behalf	555,914.81	113,941.24
Compensation for victim's families on behalf	6,451,557.15	6,696,000.00
Other intercourse funds	27,921,339.82	31,274,959.21
Total	39,007,182.65	41,191,963.67

2) Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total

	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020	169,121.91	1,925,536.86	25,706,788.32	27,801,447.09
Balance of 1 January 2020 in the Reporting Period	—	—	—	—
--Transfer to Second stage	-169,121.91	169,121.91		
--Transfer to Third stage		-1,302,799.03	1,302,799.03	
Withdrawal of the Reporting Period	111,256.26	-301,701.57	4,344,819.27	4,154,373.96
Balance of 31 December 2020	111,256.26	490,158.17	31,354,406.62	31,955,821.05

Changes of carrying amount with significant amount changed of loss provision in the Reporting Period

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Carrying amount
Within 1 year (including 1 year)	5,302,369.74
1-3 months	3,077,244.54
4-12 months	2,225,125.20
1 to 2 years	759,612.85
2 to 3 years	1,270,666.12
Over 3 years	31,674,533.94
3 to 4 years	31,674,533.94
Total	39,007,182.65

3) Bad Debt Provision Withdrawn, Collected or Reversed during the Reporting Period

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Collected or reversed	Verified	Other	

Bad debt provision of other receivables	27,801,447.09	4,154,373.96				31,955,821.05
Total	27,801,447.09	4,154,373.96				31,955,821.05

Of which bad debt provision reversed or collected with significant amount during the Reporting Period:

Unit: RMB

Name of the entity	Reversed or collected amount	Method
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4) Particulars of the Actual Verification of Other Receivables during the Reporting Period

Unit: RMB

Item	Amount verified
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Of which significant verification of other receivables:

Unit: RMB

Name of the entity	Nature	Amount verified	Reason for verification	Procedure	Whether occurred because of related-party transactions
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Notes of verification of other receivables:

5) Top 5 of the Ending Balance of the Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to ending balance of other receivables (%)	Ending balance of bad debt provision
No. 1	Other intercourse funds	12,668,731.65	Over 3 years	32.48%	12,668,731.65
No. 2	Borrowings	6,000,000.00	Over 3 years	15.38%	6,000,000.00
No. 3	Compensation for victim's families on behalf	2,232,000.00	Over 3 years	5.72%	2,232,000.00
No. 4	Compensation for victim's families on behalf	2,232,000.00	Over 3 years	5.72%	2,232,000.00
No. 5	Other intercourse funds	2,000,000.00	Over 3 years	5.13%	2,000,000.00
Total	--	25,132,731.65	--	64.43%	25,132,731.65

6) Accounts Receivable Involving Government Subsidies

Unit: RMB

Name of the entity	Project of government subsidies	Ending balance	Aging at the period-end	Estimated recovering time, amount and basis

7) Derecognition of Other Receivables due to the Transfer of Financial Assets**8) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Other Receivables**

Other notes:

9. Inventory

Whether the Company needs to comply with the disclosure requirements for real estate industry

No

(1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value
Raw materials	330,540,092.11	3,807,599.61	326,732,492.50	329,199,695.38	4,159,204.71	325,040,490.67
Goods in process	28,722,031.18		28,722,031.18	42,393,859.68		42,393,859.68
Inventory goods	157,692,180.60	1,001,468.54	156,690,712.06	266,701,629.28	2,169,737.93	264,531,891.35
Goods in transit	59,534,822.21		59,534,822.21	28,959,830.51		28,959,830.51
Total	576,489,126.10	4,809,068.15	571,680,057.95	667,255,014.85	6,328,942.64	660,926,072.21

(2) Falling Price Reserves of Inventory and Depreciation Reserves of Contract Performance Cost

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawn	Other	Reverse or write-off	Other	
Raw materials	4,159,204.71			351,605.10		3,807,599.61
Inventory goods	2,169,737.93			1,168,269.39		1,001,468.54
Total	6,328,942.64			1,519,874.49		4,809,068.15

Particular basis of net realizable value and reason for reversal or write-off of falling price reserves of inventory:

Item	Particular basis of net realizable value	Reason for reversal of falling price reserves of inventory	Reason for write-off of falling price reserves of inventory
Raw materials	Net realizable value shall be the amount after the estimated sale price of relevant finished goods minus the cost estimated to be incurred till completion and estimated selling expenses and relevant taxes	Net realizable value of inventory withdrawn falling price reserves of inventory in prior period increased	The inventory withdrawn falling price reserves of inventory at the period-beginning has been sold
Inventory goods	Net realizable value shall be the amount after the estimated sale price or contract price of relevant finished goods minus estimated selling expenses and relevant taxes	Net realizable value of inventory withdrawn falling price reserves of inventory in prior period increased	The inventory withdrawn falling price reserves of inventory at the period-beginning has been sold

(3) Notes to the Ending Balance of Inventory Including Capitalized Borrowing Expense**(4) Notes to Amortization of the Contract Performance Cost****10. Contract assets**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Total						0.00

Significant changes in amount of carrying value of contract assets and reason in the Reporting Period:

Unit: RMB

Item	Amount changed	Reason
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Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of contract assets:

Applicable Not applicable

Information of depreciation reserve withdrawn of contract assets:

Unit: RMB

Item	Withdrawal of the Reporting Period	Reversal	Write-off/Verification	Reason
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Other notes:

11. Held-for-sale Assets

Unit: RMB

Item	Ending carrying amount	Depreciation reserve	Ending carrying value	Fair value	Estimated disposal expense	Estimated disposal time
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Other notes:

12. Current Portion of Non-current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Total		0.00

Significant creditors' investment/other creditors' investment

Unit: RMB

Item	Ending balance				Beginning balance			
	Par value	Coupon rate	Actual rate	Due date	Par value	Coupon rate	Actual rate	Due date

Other notes:

13. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
The VAT deduction	2,562,872.00	8,216,317.40
Structured deposits		214,000,000.00
Accrued interests		4,453,333.32
Prepaid expense	1,775,207.06	10,974,621.67

Advance payment of corporate income tax	34,718.28	
Total	4,372,797.34	237,644,272.39

Other notes:

14. Creditors' Investment

Unit: RMB

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

Significant creditors' investment

Unit: RMB

Item	Ending balance				Beginning balance			
	Par value	Coupon rate	Actual rate	Due date	Par value	Coupon rate	Actual rate	Due date

Withdrawal of depreciation reserve

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020 in the Reporting Period	—	—	—	—

Changes of carrying amount with significant amount changed of loss provision in the Reporting Period

Applicable Not applicable

Other notes:

15. Other Creditors' Investment

Unit: RMB

Item	Beginning balance	Accrued interests	Changes in fair value	Ending balance	Cost	Accumulative changes in fair value	Accumulative loss provision recognized in other comprehensive income	Notes
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Significant other creditors' investment

Unit: RMB

Item	Ending balance				Beginning balance			
	Par value	Coupon rate	Actual rate	Due date	Par value	Coupon rate	Actual rate	Due date

Withdrawal of depreciation reserve

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020 in the Reporting Period	—	—	—	—

Changes of carrying amount with significant amount changed of loss provision in the Reporting Period

 Applicable Not applicable

Other notes:

16. Long-term Receivables**(1) List of Long-term Receivables**

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	

Impairment of bad debt provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020 in the Reporting Period	—	—	—	—

Changes of carrying amount with significant amount changed of loss provision in the Reporting Period

 Applicable Not applicable

(2) Derecognition of Long-term Receivables due to the Transfer of Financial Assets

(3) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Long-term Receivables

Other notes

17. Long-term Equity Investment

Unit: RMB

Investees	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserves
		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 depreciation reserves	Other		
I. Joint ventures											
II. Associated enterprises											
Guangdong Chengtong Logistics Co., Ltd.	8,642,303.90			-4,546,523.46			132,608.36			3,963,172.08	
China Chengtong Finance Corporation Ltd.	646,670,063.65			33,389,565.90			27,000,000.00			653,059,629.55	
Subtotal	655,312,367.55			28,843,042.44			27,132,608.36			657,022,801.63	
Total	655,312,367.55			28,843,042.44			27,132,608.36			657,022,801.63	

Other notes

China Chengtong Finance Corporation Ltd. (hereinafter referred to as Chengtong Finance) reviewed and approved the *Proposal on Electing Ding Guoqiang as a Director of the Company* at the First Extraordinary Meeting of Shareholders' Meeting in 2018. Ding Guoqiang, the chief financial officer of the Company, was qualified as a director of Chengtong Finance, and began to perform his duties on the date when he passed the qualification approval of the director of Beijing Office of China Banking and Insurance Regulatory Commission. According to the *Reply of the Approval of the Director Qualification of Ding Guoqiang in China Chengtong Finance Corporation Ltd. by the Beijing Office of China Banking and Insurance Regulatory Commission* (JYJF [2018] No. 531), Ding Guoqiang obtained the Director qualification in China Chengtong Finance Corporation Ltd. on October 24, 2018. The Company's shareholding ratio in Chengtong Finance Corporation Ltd. is 10%, but a director is appointed in Chengtong Finance Corporation Ltd. who has the right to participate in decision-making on the financial and operating policies of Chengtong Finance Corporation Ltd., so the investment in Chengtong Finance Company is accounted according to the long-term equity investment accounted by the equity method

18. Other Equity Instrument Investment

Unit: RMB

Item	Ending balance	Beginning balance
Total		0.00

Non-trading equity instrument investment in the Reporting Period disclosed by items

Unit: RMB

Item	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure in fair value of which changes included other comprehensive income	Reason for other comprehensive income transferred to retained earnings

Other notes:

19. Other Non-current Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Classified to financial assets measured by fair value through profit or loss	288,700.00	288,700.00
Total	288,700.00	288,700.00

Other notes:

20. Investment Property**(1) Investment Property Adopting 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	46,541,207.59			46,541,207.59
2. Increased amount of the period	5,032,075.80			5,032,075.80
(1) Outsourcing				
(2) Transfer from inventories/fixed assets/construction in progress	5,032,075.80			5,032,075.80
(3) Enterprise combination increase				
3. Decreased amount of the period	16,654,030.46			16,654,030.46
(1) Disposal				
(2) Other transfer				
Transferred in fixed assets	16,654,030.46			16,654,030.46
4. Ending balance	34,919,252.93			34,919,252.93
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	17,425,545.73			17,425,545.73
2. Increased amount of the period	3,259,961.92			3,259,961.92
(1) Withdrawal	1,352,940.28			1,352,940.28

or amortization				
Fixed assets transferred in	1,907,021.64			1,907,021.64
3. Decreased amount of the period	2,953,541.02			2,953,541.02
(1) Disposal				
(2) Other transfer				
Transferred in fixed assets	2,953,541.02			2,953,541.02
4. Ending balance	17,731,966.63			17,731,966.63
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	17,187,286.30			17,187,286.30
2. Beginning carrying value	29,115,661.86			29,115,661.86

(2) Investment Property Adopting 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

21. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed Assets	1,979,652,177.39	2,067,109,815.77
Total	1,979,652,177.39	2,067,109,815.77

(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	1,167,028,654.32	2,871,770,577.46	45,322,148.01	144,118,405.59	4,228,239,785.38
2. Increased amount of the period	17,808,486.39	51,045,519.46	922,898.15	5,574,780.90	75,351,684.90
(1) Purchase	1,154,455.93	11,293,509.91	751,211.56	4,654,161.47	17,853,338.87
(2) Transfer from construction in progress		39,752,009.55	171,686.59	920,619.43	40,844,315.57
(3) Enterprise combination increase					
(4) Others	16,654,030.46				16,654,030.46
3. Decreased amount of the period	5,247,116.51	13,002,447.51	3,610,529.54	639,895.09	22,499,988.65
(1) Disposal or scrap	215,040.71	13,002,447.51	3,610,529.54	639,895.09	17,467,912.85
(2) Others	5,032,075.80				5,032,075.80
4. Ending balance	1,179,590,024.20	2,909,813,649.41	42,634,516.62	149,053,291.40	4,281,091,481.63

II. Accumulative depreciation					
1. Beginning balance	466,945,628.57	1,464,896,139.69	39,472,399.77	113,136,044.58	2,084,450,212.61
2. Increased amount of the period	36,669,525.46	110,212,573.97	1,285,428.52	9,571,584.17	157,739,112.12
(1) Withdrawal	33,715,984.44	110,212,573.97	1,285,428.52	9,571,584.17	154,785,571.10
(2) Others	2,953,541.02				2,953,541.02
3. Decreased amount of the period	1,935,960.40	11,500,177.63	3,387,352.58	606,286.88	17,429,777.49
(1) Disposal or scrap	28,938.76	11,500,177.63	3,387,352.58	606,286.88	15,522,755.85
(2) Others	1,907,021.64				1,907,021.64
4. Ending balance	501,679,193.63	1,563,608,536.03	37,370,475.71	122,101,341.87	2,224,759,547.24
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	677,910,830.57	1,269,525,356.38	5,264,040.91	26,951,949.53	1,979,652,177.39
2. Beginning carrying value	700,083,025.75	1,330,194,680.77	5,849,748.24	30,982,361.01	2,067,109,815.77

(2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Depreciation reserve	Carrying value	Notes
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(3) Fixed Assets Leased in by Financing Lease

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Depreciation reserve	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
Subtotal	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	91,807,347.38	Certification of property was under process
Subtotal	91,807,347.38	

Other notes

(6) Proceeds from Disposal of Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes

22. Construction in progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	37,659,416.51	33,321,697.05
Total	37,659,416.51	33,321,697.05

(1) List of Construction in Progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Latex phase II matching raw material tank farm project	18,270,058.37		18,270,058.37	17,621,170.82		17,621,170.82
Treatment system for industrial waste gas				3,723,869.66		3,723,869.66
Advanced waste-water treatment and water reuse project				2,477,929.63		2,477,929.63
Equipment renovation of BM3 bag ventilation system				51,397.44		51,397.44
BM3 core dilution water upgrading and renovation project	1,592,920.35		1,592,920.35			
BM2 Vacuum pump to turbine fan energy-saving renovation	3,774,532.70		3,774,532.70			

Boiler denitration upgrading and renovation project	2,267,889.90		2,267,889.90			
50,000 tons latex expansion project	2,829,220.12		2,829,220.12	107,766.99		107,766.99
Other	8,924,795.07		8,924,795.07	9,339,562.51		9,339,562.51
Total	37,659,416.51		37,659,416.51	33,321,697.05		33,321,697.05

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

Unit: RMB

Item	Budget	Beginning balance	Increase	Transferred in fixed assets	Other decreased amount	Ending balance	Proportion of accumulated investment in constructions to budget	Job schedule	Accumulated amount of interest capitalization	Of which: Amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
Latex phase II matching raw material tank farm project	20,000,000.00	17,621,170.82	648,887.55			18,270,058.37	91.35%	95%				Other
Treatment system for industrial waste gas	6,020,000.00	3,723,869.66	1,022,867.28	4,746,736.94			100.00%	100%				Other
Advanced waste-water treatment and water reuse project	8,990,000.00	2,477,929.63			2,477,929.63		13.77%	15%				Other
Capping and deodorization project for sewage pool	6,305,000.00		5,007,341.94	5,007,341.94			100.00%	100%				Other

Heidelberg six-color offset press	11,504,424.78		11,000,178.59	11,000,178.59			100.00%	100%				Other
Protection and treatment equipment for waste gas	4,619,469.03		2,830,000.00	2,830,000.00			100.00%	100%				Other
Equipment renovation of BM3 bag ventilation system	3,000,000.00	51,397.44	2,623,715.30	2,675,112.74			100.00%	100%				Other
BM3 core dilution water upgrading and renovation project	2,000,000.00		1,592,920.35			1,592,920.35	80.00%	85%				Other
BM3 Vacuum pump to turbine fan energy-saving renovation	4,500,000.00		3,774,532.70			3,774,532.70	85.00%	90%				Other
Boiler denitration upgrading and renovation project	13,616,000.00		2,267,889.90			2,267,889.90	20.00%	25%				Other
50,000 tons	15,000,000.00	107,766.99	2,721,453.13			2,829,220.12	20.00%	25%				Other

latex expansion project												
Other		9,339,562.51	17,480,392.76	14,584,945.36	3,310,214.84	8,924,795.07						Other
Total	95,554,893.81	33,321,697.05	50,970,179.50	40,844,315.57	5,788,144.47	37,659,416.51	--	--				--

(3) List of the Withdrawal of the Depreciation Reserves for Construction in Progress

Unit: RMB

Item	Amount withdrawn	Reason for withdrawal
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Other notes

(4) Engineering Materials

Unit: RMB

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

Other notes:

23. Productive Living Assets

(1) Productive Living Assets Adopting Cost Measurement Mode

Applicable Not applicable

(2) Productive Living Assets Adopting Fair Value Measurement Mode

Applicable Not applicable

24. Oil and Gas Assets

Applicable Not applicable

25. Right-of-use Assets

Unit: RMB

Item	Houses and buildings	Total
I. Original carrying value		
1. Beginning balance		
2. Increased amount of the period		
3. Decreased amount of the period		
4. Ending balance		
II. Accumulative depreciation		
1. Beginning balance		

2. Increased amount of the period		
(1) Withdrawal		
3. Decreased amount of the period		
(1) Disposal		
4. Ending balance		
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		
2. Beginning carrying value		

Other notes:

26. Intangible Assets

(1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent right	Non-patent technology	Software and other	Total
I. Original carrying value					
1. Beginning balance	132,437,333.89		70,829,002.85	15,323,772.53	218,590,109.27
2. Increased amount of the period			3,446,208.90	545,644.18	3,991,853.08
(1) Purchase				545,644.18	545,644.18
(2) Internal R&D			3,446,208.90		3,446,208.90
(3) Enterprise combination					

increase					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	132,437,333.89		74,275,211.75	15,869,416.71	222,581,962.35
II. Accumulated amortization					
1. Beginning balance	54,371,141.70		30,065,283.17	6,985,659.98	91,422,084.85
2. Increased amount of the period	2,677,593.09		5,728,220.77	2,238,031.95	10,643,845.81
(1) Withdrawal	2,677,593.09		5,728,220.77	2,238,031.95	10,643,845.81
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	57,048,734.79		35,793,503.94	9,223,691.93	102,065,930.66
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	75,388,599.10		38,481,707.81	6,645,724.78	120,516,031.69
2. Beginning carrying value	78,066,192.19		40,763,719.68	8,338,112.55	127,168,024.42

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 33.36%.

(2) Land Use Right Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
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Other notes:

27. Development Costs

Unit: RMB

Item	Beginning balance	Increase			Decrease		Ending balance
		Internal development	Other		Recognized as intangible assets	Transfer to current gains and losses	
R&D of tobacco stem board	2,799,715.49		668,045.13		3,446,208.90	21,551.72	
Renovation and R&D of BM1 product line	503,329.83	144,740.60				648,070.43	
Microporous patterns test roll	247,787.60					247,787.60	

Total	3,550,832.92	144,740.60	668,045.13		3,446,208.90	917,409.75		
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Other notes

28. Goodwill

(1) Original Carrying Value of Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase		Decrease		Ending balance
		Formed by business combination		Disposal		
Zhuhai Hongta Renheng Packaging Co., Ltd.	9,129,025.01					9,129,025.01
Zhuhai Golden Pheasant Chemical Co., Ltd.	2,418,280.28					2,418,280.28
Total	11,547,305.29					11,547,305.29

(2) Depreciation Reserves of Goodwill

Unit: RMB

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

Information on the assets group or combination of assets groups which goodwill belongs to

Notes of the testing process of goodwill impairment, parameters (such as growth rate of the forecast period, growth rate of stable period, rate of profit, discount rate, forecast period and so on for prediction of future present value of cash flows) and the recognition method of goodwill impairment losses:

The testing process, methods and conclusion of goodwill impairment:

The measurement of recoverable amount of goodwill shall be in line with the prediction of future present value of cash flows. It was based on the cash-flow prospect of 5 years approved by the Company, utilized the discount rate which reflects the time value of money in the present market and the specific risks of the asset at the same time,

and figure out the future present value of cash flows of investee units so as to determine the recoverable amount. The other key data adopted in the test of goodwill include the expected selling price of products, sales volume, production cost and other relevant expenses. The above critical data shall be determined according to the historical experience and the forecast of market development by the Company. The aforesaid prediction of recoverable amount indicates that there was no impairment loss of goodwill.

Influence of goodwill impairment testing

Other notes

29. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increase	Amortization amount of the period	Other decreased amount	Ending balance
Decoration expense for rent-in plant	123,501.67		44,909.72		78,591.95
Fee for technical service	58,201.56		58,201.56		
Decoration and renovation project of workshops	3,297,033.10	1,531,133.98	1,332,733.86		3,495,433.22
Workshop NipcoFlex overhaul		800,000.00	106,666.64		693,333.36
Total	3,478,736.33	2,331,133.98	1,542,511.78		4,267,358.53

Other notes

30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred Income Tax Assets that Had not Been Off-set

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Depreciation reserves of assets	153,845,189.33	23,076,778.40	155,967,724.07	23,395,158.61
Unrealized profit of internal transactions	1,809,882.80	271,482.42	2,681,803.60	402,270.54

Accrued expenses	34,230,021.80	5,134,503.27	49,685,130.33	7,452,769.55
Total	189,885,093.93	28,482,764.09	208,334,658.00	31,250,198.70

(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	13,864,546.87	2,079,682.03	14,538,840.13	2,180,826.02
Total	13,864,546.87	2,079,682.03	14,538,840.13	2,180,826.02

(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 the period-end	Ending balance of deferred income tax assets or liabilities after off-set	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Beginning balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		28,482,764.09		31,250,198.70
Deferred income tax liabilities		2,079,682.03		2,180,826.02

(4) List of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible losses	134,245,446.56	260,851,721.46
Depreciation reserves of assets	203,833.37	203,714.86
Total	134,449,279.93	261,055,436.32

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

Unit: RMB

Years	Ending amount	Beginning amount	Notes
Y2020		72,934,938.44	
Y2021	1,734,170.90	1,734,170.90	
Y2022	9,996,774.57	9,996,774.57	
Y2023	50,305,926.03	114,385,480.74	
Y2024	65,167,394.75	61,800,356.81	
Y2025	7,041,180.31		
Total	134,245,446.56	260,851,721.46	--

Other notes:

31. Other Non-current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Prepayment of equipment	4,772,941.07		4,772,941.07	8,420,488.55		8,420,488.55
Total	4,772,941.07		4,772,941.07	8,420,488.55		8,420,488.55

Other notes:

32. Short-term Borrowings

(1) Category of Short-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Pledged borrowings	20,876,364.11	
Guaranteed borrowings	448,688,367.58	933,181,293.29
Credit borrowings	100,160,000.00	230,306,166.66
Total	569,724,731.69	1,163,487,459.95

Notes of short-term borrowings category:

(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 borrowings are as follows:

Unit: RMB

Entity	Ending balance	Interest rate	Overdue time	Overdue charge rate
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Other notes:

33. Trading Financial Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Of which:		
Of which:		
Total		0.00

Other notes:

34. Derivative Financial Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Total		0.00

Other notes:

35. Notes Payable

Unit: RMB

Item	Ending balance	Beginning balance
Commercial acceptance bill	51,000,000.00	
Bank acceptance bill	320,510,664.49	312,234,422.87
Domestic L/C	270,000,000.00	
Total	641,510,664.49	312,234,422.87

The total amount of the due but not paid notes payable at the end of the period was of RMB0.00.

36. Accounts Payable

(1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Payment of materials	277,339,350.36	272,330,279.37
Payment of equipment	1,218,082.03	4,126,064.70
Payment of freight	38,125,016.93	44,252,556.51
Other	4,866,028.33	1,246,610.06
Total	321,548,477.65	321,955,510.64

(2) Significant Accounts Payable Aged over 1 Year

Unit: RMB

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

37. Advances from Customers

(1) List of Advances from Customers

Unit: RMB

Item	Ending balance	Beginning balance
Total		0.00

(2) Significant Advances from Customers Aged over 1 Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
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38. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Advances on sales	56,287,168.45	20,622,612.48
Total	56,287,168.45	20,622,612.48

Significant changes in amount of carrying value and the reason in the Reporting Period

Unit: RMB

Item	Amount changed	Reason
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39. Payroll Payable

(1) List of Payroll Payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	42,209,286.31	239,033,169.71	218,351,119.22	62,891,336.80
II. Post-employment benefit-defined contribution plans	133,097.88	2,436,773.56	2,433,212.04	136,659.40
III. Termination		13,412,085.88	13,412,085.88	

benefits				
Total	42,342,384.19	254,882,029.15	234,196,417.14	63,027,996.20

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	31,673,430.59	217,659,773.73	197,901,434.50	51,431,769.82
2. Employee welfare		8,002,226.88	8,002,226.88	
3. Social insurance		4,890,000.31	4,890,000.31	
Of which: Medical insurance premiums		4,221,012.67	4,221,012.67	
Work-related injury insurance		32,625.63	32,625.63	
Maternity insurance		636,362.01	636,362.01	
4. Housing fund		5,251,013.28	5,251,013.28	
5. Labor union budget and employee education budget	10,535,855.72	3,230,155.51	2,306,444.25	11,459,566.98
Total	42,209,286.31	239,033,169.71	218,351,119.22	62,891,336.80

(3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits		1,093,271.08	1,093,271.08	
2. Unemployment insurance		31,613.72	31,613.72	
3. Annuity	133,097.88	1,311,888.76	1,308,327.24	136,659.40
Total	133,097.88	2,436,773.56	2,433,212.04	136,659.40

Other notes:

40. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
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VAT	5,274,107.80	7,708,757.58
Corporate income tax	2,738,240.16	3,974,465.87
Personal income tax	1,080,529.77	263,130.54
Urban maintenance and construction tax	457,243.44	641,488.51
Property tax	21,252.43	55,672.21
Education surcharge	193,835.62	274,923.65
Local education surcharge	129,223.75	183,282.43
Stamp tax	279,610.00	325,271.46
Other	156,482.35	40,924.81
Total	10,330,525.32	13,467,917.06

Other notes:

41. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Interest payable		0.00
Dividends payable	238,138.78	229,593.13
Other Payables	151,105,526.05	48,993,061.88
Total	151,343,664.83	49,222,655.01

(1) Interest payable

Unit: RMB

Item	Ending balance	Beginning balance
Total		0.00

List of the significant overdue unpaid interest:

Unit: RMB

Entity	Overdue amount	Overdue reason

Other notes:

(2) Dividends payable

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	238,138.78	229,593.13

Total	238,138.78	229,593.13
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Other notes, including significant dividends payable unpaid for over 1 year, the unpaid reason shall be disclosed:

(3) Other Payables

1) Other Payables Listed by Nature

Unit: RMB

Item	Ending balance	Beginning balance
Pledged and margin	22,739,265.17	16,008,042.64
Accrued expenses	15,609,162.91	12,283,948.35
Intercourse funds of units	107,496,032.20	15,266,830.85
Final payment of engineering	623,030.46	442,889.51
Other	4,638,035.31	4,991,350.53
Total	151,105,526.05	48,993,061.88

2) Significant Other Payables Aged over 1 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. Current Portion of Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Current portion of long-term borrowings		100,229,305.56
Current portion of lease liabilities		
Total		100,229,305.56

Other notes:

44. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Pending output VAT	7,315,245.65	2,680,939.62
Total	7,315,245.65	2,680,939.62

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
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Notes to the category of long-term borrowings:

Other notes, including the interval of interest rate:

46. Bonds Payable

(1) 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

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
Total	--	--	--							

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

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

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

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

Unit: RMB

Outstanding financial instruments	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 instruments as financial liabilities

Other notes

47. Lease Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Unpaid lease payment amount		
Unrecognized financing charges		
Total		

Other notes

48. Long-term Payables

Unit: RMB

Item	Ending balance	Beginning balance
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(1) Long-term Payables Listed by Nature

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

(2) Specific Payables

Unit: RMB

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

49. 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:

50. Provision

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
Product quality guarantee	2,739,970.26	1,696,811.00	Predicted losses resulting from any product quality problem
Total	2,739,970.26	1,696,811.00	--

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	26,604,363.11	2,478,210.00	3,790,585.23	25,291,987.88	Capital compensating

					related funds for construction
Total	26,604,363.11	2,478,210.00	3,790,585.23	25,291,987.88	--

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 to income
Renovation project of the information system of paper-making enterprise energy management center	656,000.00			32,000.00			624,000.00	Related to assets
No. 1 paper machine update & renovation project	204,800.00			9,600.00			195,200.00	Related to assets
Liquid paper renovation project	163,333.12			35,000.04			128,333.08	Related to assets
Renovation project of the information system of energy management center	536,666.79			279,999.96			256,666.83	Related to assets
Steam condensation water recycling and energy saving projects	768,000.00			384,000.00			384,000.00	Related to assets
BM1 ink-jet	9,136,612.5			447,507.56			8,689,105.03	Related to

printer system and drive system upgrade synthesis technique transformation project	9							assets
Zhuhai Gaolan Port national treasury equipment renewal (Robot Application) special fund subsidies	877,066.36			41,599.89			835,466.47	Related to assets
Energy management center energy-saving technological innovation support fund	436,386.79			227,679.96			208,706.83	Related to assets
Post-awarded subsidies of Automatic packaging line technical innovation	3,910,150.04			179,005.68			3,731,144.36	Related to assets
Post-awarded subsidies of HCB-Turn Nozzle optimization and technological transformation project	1,608,435.89			72,834.84			1,535,601.05	Related to assets
Post-awarded subsidies of TP liquid food packing board synthesis technique	4,921,289.50			197,509.92			4,723,779.58	Related to assets

transformation project								
Post-awarded subsidies of MES technical renovation project of Zhuhai Huafeng Paper Co., Ltd.	594,970.91			594,970.91				Related to assets
Subsidy for migration of high voltage cable	2,224,599.79			94,330.80			2,130,268.99	Related to assets
Specific project subsidy for a new round of technical renovation in Finance Bureau of Chancheng District	295,151.33			147,575.67			147,575.66	Related to assets
2017 provincial industrial and information specific funds of Foshan Finance Bureau (technical renovation)	270,900.00			270,900.00				Related to assets
Renovation subsidy for volatile organic compounds head space (VOCS project)		925,410.00		308,470.00			616,940.00	Related to assets
Yunshang Cloud platform system		150,000.00					150,000.00	Related to assets
Anti-epidemic special national debt funds		1,377,900.00		459,300.00			918,600.00	Related to assets

(technical renovation) subsidies								
Industrial enterprises' technological renovation fixed assets investment awards and subsidies		24,900.00		8,300.00			16,600.00	Related to assets
Total	26,604,363.11	2,478,210.00		3,790,585.23			25,291,987.88	

Other notes:

52. Other Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Total		0.00

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 Instruments

(1) Basic situation of other financial instruments such as preferred shares and perpetual bonds outstanding at the period-end

(2) Changes in financial instruments such as preferred shares and perpetual bonds outstanding at the period-end

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 instruments 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
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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 Reporting Period	Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Reporting Period	Less: Recorded in other comprehensive income in prior period and transferred to retained earnings in the Reporting 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	169,714.39							169,714.39

reclassified to profit or loss								
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	199,022,513.20	2,628,935.75		201,651,448.95
Total	199,022,513.20	2,628,935.75		201,651,448.95

Notes, including changes and reason of change:

The change of surplus reserve was generated from the withdrawal of statutory surplus reserve in accordance with 10% of net interest of the Company.

60. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings	1,045,211,890.50	1,012,130,481.68

before adjustments		
Beginning balance of retained earnings after adjustments	1,045,211,890.50	1,012,130,481.68
Add: Net profit attributable to owners of the Company as the parent	139,427,823.70	35,704,671.22
Less: Withdrawal of statutory surplus reserve	2,628,935.75	2,623,262.40
Dividend of ordinary shares payable	7,581,375.00	
Ending retained earnings	1,174,429,403.45	1,045,211,890.50

List of adjustment of beginning retained earnings:

- (1) RMB0.00 beginning retained earnings was affected by retrospective adjustment conducted according to the *Accounting Standards for Business Enterprises* and relevant new regulations.
- (2) RMB0.00 beginning retained earnings was affected by changes in accounting policies.
- (3) RMB0.00 beginning retained earnings was affected by correction of significant accounting errors.
- (4) RMB0.00 beginning retained earnings was affected by changes in combination scope arising from same control.
- (5) RMB0.00 beginning retained earnings 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	Operating revenue	Cost
Main operations	4,025,002,709.90	3,345,900,852.96	3,884,748,646.12	3,499,755,144.95
Other operations	39,068,913.82	22,474,586.08	45,881,339.69	32,039,756.91
Total	4,064,071,623.72	3,368,375,439.04	3,930,629,985.81	3,531,794,901.86

Audited net profit before and after deducting non-recurring gains and losses (whichever is lower, negative value or not)

Yes No

Relevant information of revenue:

Unit: RMB

Category of contracts	Segment 1	Segment 2	Total
Type of goods			
Of which:			
Ivory board	3,366,480,872.98		3,366,480,872.98
Presswork	309,495,589.03		309,495,589.03
Latex	321,808,839.14		321,808,839.14
Other	27,217,408.75		27,217,408.75

Subtotal	4,025,002,709.90			4,025,002,709.90
Classified by the time of goods transfer				
Of which:				
Goods (transferred at a certain time point)	4,025,002,709.90			4,025,002,709.90
Subtotal	4,025,002,709.90			4,025,002,709.90
Total	4,025,002,709.90			4,025,002,709.90

Information related to performance obligations:

The Company's product sales business fulfills its performance obligations upon delivery, and payment for goods is made within the contracted credit period after the customer receives the goods.

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB0.00 at the period-end, among which RMB0.00 was expected to be recognized in the year, RMB0.00 in the year and RMB0.00 in the year.

Other notes

The income recognized in the reporting period included in the initial book value of contract liabilities is RMB 19,821,948.60.

62. Taxes and Surtaxes

Unit: RMB

Item	Reporting period	Same period of last year
Consumption tax		
Urban maintenance and construction tax	8,181,569.59	5,095,625.12
Education surcharge	5,843,978.28	3,639,664.32
Resources tax		
Property tax	6,586,204.46	6,471,466.16
Land use tax	2,050,705.53	2,058,608.44
Vehicle and vessel use tax	19,972.28	18,850.48
Stamp tax	2,712,152.04	2,613,490.58
Other	331,783.19	215,116.41
Total	25,726,365.37	20,112,821.51

Other notes:

63. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
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Salary and benefits	24,379,649.43	16,389,050.28
Business entertainment fees	6,610,622.40	4,424,627.54
Packing charge	13,239,842.94	10,310,293.67
Warehousing fees	3,116,310.70	7,486,368.05
Freight charges	140,235,304.35	130,094,199.22
Office expenses	519,980.94	298,933.41
Other	18,001,237.81	14,186,614.00
Total	206,102,948.57	183,190,086.17

Other notes:

64. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Salary and benefits	51,980,999.28	45,640,999.55
Depreciation and amortization	18,593,291.15	19,335,401.28
Office expenses	2,480,189.43	2,913,453.41
Charge for the agency	6,110,229.88	3,928,189.50
Water & electricity fees	3,218,417.21	3,041,045.40
Rental fees	3,527,915.25	3,342,067.14
Business travel charges	1,280,229.66	3,038,209.75
Business entertainment fees	2,309,600.22	2,678,205.42
Material consumption	1,184,369.83	994,762.81
Other	12,472,239.02	15,193,104.41
Total	103,157,480.93	100,105,438.67

Other notes:

65. R&D Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Salary and benefits	18,870,247.30	9,603,375.75
Material requisitioned	65,400,920.34	43,669,973.24
Experiment and inspection	322,338.51	26,425.90
Depreciation and amortization	4,028,473.24	3,363,036.03
Technical service fee		398.00
Entertainment expenses		35,156.00
Business travel charges	72,987.95	114,695.30
Office expenses	38,811.68	11,407.96
Other	1,165,294.32	777,001.91
Total	89,899,073.34	57,601,470.09

Other notes:

66. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense	73,042,690.41	78,599,801.94
Less: Interest income	23,384,117.39	15,006,123.48

Foreign exchange gains or losses	-6,558,828.15	7,001,273.23
Other	5,958,976.95	4,784,299.21
Total	49,058,721.82	75,379,250.90

Other notes:

67. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Government subsidy related to assets	3,790,585.23	3,700,950.19
Government subsidy related to income	23,452,111.91	11,174,123.90
Total	27,242,697.14	14,875,074.09

68. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	28,843,042.44	30,722,209.55
Income from investment over the holding period of a financial instrument-other non-current financial assets	4,927.95	
Total	28,847,970.39	30,722,209.55

Other notes:

69. Net Gains on Exposure Hedges

Unit: RMB

Item	Reporting Period	Same period of last year

Other notes:

70. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year

Other notes:

71. Credit Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss of other receivables	-4,154,373.96	-943,457.85
Accounts receivable bad debt loss	4,551,884.94	1,463,831.19
Total	397,510.98	520,373.34

Other notes:

72. Assets Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
II. Loss of inventory falling price and loss of impairment of contract performance cost	1,389,714.51	19,687,758.40
Total	1,389,714.51	19,687,758.40

Other notes:

73. Asset Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Gains of disposal of fixed assets	180,100.16	-25,775.66
Total	180,100.16	-25,775.66

74. Non-operating Income

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Compensation for typhoon damage	18,100.00	1,302,262.63	18,100.00
Scrap and waste income	10,738,066.39	1,899,839.13	10,738,066.39
Amount payable that cannot be paid	3,130,790.16		3,130,790.16
Other	662,788.92	2,054,160.99	662,788.92
Total	14,549,745.47	5,256,262.75	14,549,745.47

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 to income
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Other notes:

75. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Donation	258,146.70		258,146.70
Losses of damage and scrap of non-current assets	1,812,361.63	62,951.81	1,812,361.63
Penalty, indemnity and overdue fine		826,400.84	
Other	918,812.31	440,794.19	918,812.31
Total	2,989,320.64	1,330,146.84	2,989,320.64

Other notes:

76. Income Tax Expense

(1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	8,647,468.31	7,619,169.52
Deferred income tax expense	2,666,290.62	348,037.77
Total	11,313,758.93	7,967,207.29

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

Unit: RMB

Item	Reporting Period
Profit before taxation	291,370,012.66
Current income tax expense accounted at statutory/applicable tax rate	72,842,503.17
Influence of applying different tax rates by subsidiaries	-26,508,065.52
Influence of adjusting prior income tax	-2,471,688.31
Influence of non-taxable income	-7,665,412.96
Influence of non-deductible cost, expenses and losses	591,503.21
The effect of using deductible losses of deferred income tax assets that have not been recognized in the previous period	-17,121,726.38
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	1,760,324.71
Influence of additional deduction of R&D expense	-10,113,678.99
Income tax expense	11,313,758.93

Other notes

77. Other Comprehensive Income

Refer to Note 57 for details.

78. Cash Flow Statement

(1) Cash Generated from Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Intercourse funds	1,168,762.64	4,081,204.65
Government subsidies	25,930,321.91	11,247,189.50
Value-added tax refund	11,650,016.68	
Margin received	13,751,678.00	15,017,608.18
Interest income	1,283,552.11	790,864.48
Other	3,204,021.86	3,206,618.41
Total	56,988,353.20	34,343,485.22

Notes:

(2) Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Intercourse funds	595,970.15	511,828.55
Expenses	135,924,638.17	172,123,072.84
Petty cash for employees	1,555,132.26	1,966,981.81
Margin expenditure	33,758,808.40	24,403,735.36
Other	166,787.14	860,442.26
Total	172,001,336.12	199,866,060.82

Notes:

(3) Cash Generated from Other Investing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Principal and interest of structural deposits	371,848,528.68	437,925,984.07
Total	371,848,528.68	437,925,984.07

Notes:

(4) Cash Used in Other Investing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Principals such as time deposits and structured deposits	594,700,000.00	417,500,000.00
Total	594,700,000.00	417,500,000.00

Notes:

(5) Cash Generated from Other Financing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Restricted monetary capital recovered as margin or pledge	3,251,123.52	5,971,869.63
Borrowings of non-financial institutions	100,000,000.00	200,000,000.00
Note financing	418,000,000.00	300,000,000.00
Domestic letter of credit financing	280,000,000.00	
Total	801,251,123.52	505,971,869.63

Notes:

(6) Cash Used in Other Financing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Restricted monetary assets as margin or pledge	21,724,245.85	1,683,864.16
Repayment for borrowings from external parties	14,955,054.71	299,948,811.85
Note financing and commission	397,270,247.19	309,424,175.61
Other		90,000.00
Total	433,949,547.75	611,146,851.62

Notes:

79. 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	280,056,253.73	24,184,564.95
Add: Provision for impairment of assets	-1,787,225.49	-20,208,131.74
Depreciation of fixed assets, oil-gas assets, and productive living assets	156,138,511.48	154,479,187.41
Depreciation of right-of-use assets		

Amortization of intangible assets	10,643,845.81	10,309,293.20
Amortization of long-term prepaid expenses	1,542,511.78	1,633,957.79
Losses from disposal of fixed assets, intangible assets and other long-lived assets (gains: negative)	-180,100.16	25,775.66
Losses from scrap of fixed assets (gains: negative)	1,812,361.63	62,951.81
Losses from changes in fair value (gains: negative)		
Finance costs (gains: negative)	25,820,996.89	58,319,000.75
Investment loss (gains: negative)	-28,847,970.39	-30,722,209.55
Deferred income tax assets decrease (increase: negative)	2,767,434.61	299,146.78
Deferred income tax liabilities increase (decrease: negative)	-101,143.99	48,890.99
Decrease in inventories (increase: negative)	90,765,888.75	379,661,749.14
Decrease in accounts receivable generated from operating activities (gains: negative)	105,910,902.06	-291,439,579.41
Increase in accounts payable used in operating activities (decrease: negative)	69,382,070.02	-195,310,346.04
Others		
Net cash generated from/used in operating activities	713,924,336.73	91,344,251.74
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
Debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under financing lease		
3. Net increase/decrease of cash and cash equivalent:	--	--
Ending balance of cash	206,907,086.12	112,059,146.65
Less: Beginning balance of cash	112,059,146.65	128,012,685.23
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	94,847,939.47	-15,953,538.58

(2) Net Cash Paid for Acquisition of Subsidiaries

Unit: RMB

	Amount
--	--------

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

Other notes:

(3) Net Cash Received from Disposal of the Subsidiaries

Unit: RMB

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

Other notes:

(4) Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	206,907,086.12	112,059,146.65
Including: Cash on hand	119,257.53	215,289.12
Bank deposit on demand	206,787,828.59	111,843,857.53
III. Ending balance of cash and cash equivalents	206,907,086.12	112,059,146.65

Other notes:

80. 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:

81. Assets with Restricted Ownership or Right to Use

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	588,931,538.58	Bills margin and time deposit pledge
Accounts receivable financing	64,250,401.33	Asset pool pledged
Total	653,181,939.91	--

Other notes:

82. Foreign Currency Monetary Items

(1) Foreign Currency Monetary Items

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets	--	--	34,346,377.32
Of which: USD	5,257,930.74	6.5249	34,307,472.29
EUR	10.00	8.0250	80.25
HKD	46,052.14	0.8416	38,757.48
GBP	7.57	8.8903	67.30
Accounts receivable	--	--	20,965,866.54
Of which: USD	2,828,540.80	6.5249	18,455,945.87
EUR			
HKD	2,982,178.46	0.8416	2,509,920.68

Long-term borrowings	--	--	
Of which: USD			
EUR			
HKD			
Other receivables			12,668,129.56
Of which: HKD	15,052,435.31	0.8416	12,668,129.56
Short-term borrowings			199,392,013.63
Of which: USD	30,558,631.34	6.5249	199,392,013.63
Accounts payable			46,795,846.07
Of which: USD	7,171,887.09	6.5249	46,795,846.07

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

83. Arbitrage

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

84. Government Subsidy

(1) Basic Information on Government Subsidy

Unit: RMB

Category	Amount	Listed items	Amount recorded in the current profit or loss
Government subsidy related to assets	3,790,585.23	Other income	3,790,585.23
Government subsidy related to income	23,452,111.91	Other income	23,452,111.91
Total	27,242,697.14		27,242,697.14

(2) Return of Government Subsidy

Applicable Not applicable

Other notes:

85. 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

2. Business Combination under the Same Control

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	
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Note to contingent consideration and the 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. 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 Hongta Renheng Paper Co., Ltd.	Zhuhai	Zhuhai	Manufacturing industry	41.9653%		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 Co., Ltd.	Foshan	Foshan	Manufacturing industry	100.00%		Business combination under the same control

Notes: Holding proportion in subsidiary different from voting proportion:

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:

The Company holds 41.9653% shares of Hongta Renheng, and in accordance with the articles, there is seven directors in Hongta Renheng, of which four directors are sent by the Company, two sent by Yunnan Hongta Group Co., Ltd. (now renamed to Yunnan Hehe (Group) Co., Ltd.) and one sent by Renheng Industrial Co., Ltd. Dragon State International Limited didn't send any director. The Company still controls Hongta Renheng, and will continue to include it into the consolidated financial statements of the Company during the reporting period.

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 interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Zhuhai Hongta Renheng Packaging Co., Ltd.	58.0347%	140,628,430.03	10,363,426.30	1,658,531,615.09

Holding proportion of non-controlling interests 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 Packa- ging Co., Ltd.	2,561,30	2,019,18	4,580,48	1,687,82	48,412,8	1,736,23	2,461,92	2,141,70	4,603,63	1,925,20	50,675,5	1,975,87
	1,731.93	7,390.74	9,122.67	4,314.78	61.04	7,175.82	6,612.57	9,928.17	6,540.74	1,252.84	86.53	6,839.37

Unit: RMB

Name	Ending balance				Beginning balance			
	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.	3,727,270,87	226,855,671.	226,855,671.	679,157,420.	3,616,969,06	-28,651,342.7	-28,651,342.7	33,640,132.4
	6.78	78	78	54	6.32	2	2	0

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 Interests 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	
China Chengtong Finance Corporation Ltd.	Beijing	Beijing	Financial industry	10.00%		Accounted by equity method

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:

During the Reporting Period, the voting proportion in China Chengtong Finance Corporation Ltd. enjoyed by the Company is less than 20%. Since the Company has sent directors to participate in its operation and decision-making, the Company still has significant influence on it.

(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
	China Chengtong Finance Corporation Ltd.	China Chengtong Finance Corporation Ltd.
Current assets	21,720,490,112.82	12,200,783,753.87
Non-current assets	3,288,492,060.40	10,740,612,707.36
Total assets	25,008,982,173.22	22,941,396,461.23
Current liabilities	18,466,501,829.25	16,474,695,824.72
Total liabilities	11,884,048.43	16,474,695,824.72
Equity attributable to owners of the Company as the parent	18,478,385,877.68	6,466,700,636.51
Portion of net assets calculated according to proportion of shareholdings	6,530,596,295.54	646,670,063.65
Carrying value of equity investment to associated enterprise	653,059,629.55	646,670,063.65
Operating revenue	653,059,629.55	559,310,798.07
Net profit	410,123,242.49	306,501,455.12

Total comprehensive income	334,168,058.82	306,501,455.12
Dividend received from associated enterprises in the current year	334,168,058.82	10,000,000.00

Other notes

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

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/The same period of last year
Joint ventures:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprises:	--	--
Total carrying value of investment	3,963,172.08	8,642,303.90
The total of following items according to the shareholding proportions	--	--
--Net profit	-4,038,242.03	225,200.13
--Total comprehensive income	-4,038,242.03	225,200.13

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

The Company is engaged in risk management to achieve balance between risks and returns, minimizing the negative effects of risks on its operation performance and maximizing the interests of its shareholders and other equity investors. Based on that risk management goal, the fundamental strategy of its risk management is to identify and analyze various risks facing the Company, establish an appropriate risk bottom line, carry out risk management and monitor various risks in a timely and reliable manner to control them within a restricted scope.

The Company faces various risks related to financial instruments in its routine activities, mainly including credit

risk, liquidity risk market risk. The management has reviewed and approved the policies of managing those risks, which are summarized as follows.

(I) Credit Risk

Credit risk means the risk of financial losses incurred to the other party when one party of a financial instrument is unable to fulfill its obligations.

1. Credit risk management practice

(1) Credit risk assessment method

On each balance sheet date, the Company assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition. In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and grounded information that can be obtained without having to pay unnecessary additional costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Company compares the default risk of the financial instruments on the balance sheet date with the default risk on the initial recognition date, so as to determine changes concerning the default risk of the financial instruments within the expected duration.

When one or more of the following quantitative and qualitative criteria are triggered, the Company believes that the credit risk of the financial instrument has increased significantly:

- 1) Quantitative criteria: On the balance sheet date, the probability of default for the remaining duration increases by more than a defined proportion compared with the initial recognition;
- 2) Qualitative criteria: There are significant adverse changes in the debtor's business or financial conditions, existing or expected changes in technology, market, economy or legal environment, which will have a significant adverse impact on the debtor's ability to repay the Company.

(2) Definition of assets with default and credit impairment

When a financial instrument meets one or more of the following conditions, the Company defines it as a financial asset with default, and the criteria are consistent with the definition of those with credit impairment:

- 1) The debtor has major financial difficulties;
- 2) The debtor violates the binding terms on the debtor in the contract;
- 3) The debtor is likely to go bankrupt or carry out other forms of financial restructuring;
- 4) Out of the economic or contractual considerations related to the debtor's financial difficulties, the creditor gives the debtor concessions that will not be made under any other circumstances.

2. Measurement of expected credit loss

The key parameters for the measurement of expected credit loss include default probability, default loss rate and default risk exposure. The Company considers the quantitative analysis of historical statistical data (such as rating of counterparties, guarantee methods, types of collateral, repayment methods, etc.) and forward-looking information, and establishes the default probability, default loss rate and default risk exposure model.

3. Refer to Notes V(1) 2, V(1) 3, V(1) 4 and V(1) 6 of the financial statements for the reconciliation statement of the opening balance and the closing balance of the provision for loss of financial instruments.

4. Credit risk exposure and credit risk concentration

The Company's credit risk mainly comes from monetary funds and accounts receivable. To control the aforementioned related risk, the Company has taken the following measures.

(1) Bank deposits

The Company places its bank deposits with financial institutions of high credit ratings. Thus, its credit risk is low.

(2) Accounts receivable

The Company conducts credit assessment on the customers trading in the mode of credit on a regular basis. Based on the credit assessment result, the Company chooses to trade with recognized customers with good credit and monitor the balance of the accounts receivable from them to ensure that the Company will not face any significant bad debt risk.

The Company's risk points of accounts receivable are distributed among multiple partners and multiple customers. As of December 31, 2020, 22.24% (December 31, 2019: 19.83%) of its accounts receivable was from the top five customers for the balance. Therefore, the Company has no significant concentrated credit risk.

The maximum credit risk exposure of the Company is the book value of each financial asset in the balance sheet.

(II) Liquidity Risk

Liquidity risk refers to the risk of fund shortage occurring when the Company fulfills the settlement obligation in the mode of cash delivery or other financial assets. Liquidity risk may originate from the failure to sell financial assets at fair value as soon as possible; or from the other party's failure to pay off its contractual debts; or from the earlier maturity of debts; or from the failure to generate the expected cash flow.

To control the risk, the Company comprehensively adopts multiple financing approaches including notes clearing and bank loans, appropriately combine long-term and short-term financing modes and optimize the financing structure to maintain the balance between financing sustainability and flexibility. The Company has obtained the line of credit from a number of commercial banks to satisfy its operation fund needs and capital expenditure.

Financial liabilities classified by remaining maturity:

Item	Ending balance				
	Carrying value	Undiscounted contract amount	Within 1 year	1 to 3 years	Over 3 years
Bank loan	569,724,731.69	576,915,505.69	576,915,505.69		
Notes payable	641,510,664.49	641,510,664.49	641,510,664.49		
Accounts payable	321,548,477.65	321,548,477.65	321,548,477.65		
Other payables	151,105,526.05	160,837,470.49	160,837,470.49		
Subtotal	1,683,889,399.88	1,700,812,118.32	1,700,812,118.32		

(Continued)

Item	Beginning balance				
	Carrying value	Undiscounted contract amount	Within 1 year	1 to 3 years	Over 3 years
Bank loan	1,263,716,765.51	1,287,599,534.77	1,287,599,534.77		
Notes payable	312,234,422.87	312,234,422.87	312,234,422.87		
Accounts payable	321,955,510.64	321,955,510.64	321,955,510.64		

Other payables	48,993,061.88	48,993,061.88	48,993,061.88		
Subtotal	1,946,899,760.90	1,970,782,530.16	1,970,782,530.16		

(III) Market Risk

Market risk means the fluctuation risk of the fair value of financial instruments or the future cash flow due to market price changes.

1. Interest rate risk

Interest rate risk means the fluctuation risk of the fair value of financial instruments or the future cash flow due to changes of market interest rate. The risk of changes of market interest rate facing the Company is mainly related to its borrowings with interests calculated in floating interest rates.

The Company determines the proportion of financial instruments with fixed rates and floating rates according to the market environment, and maintains an appropriate portfolio of financial instruments through regular review and monitoring. The interest rate risk of cash flow faced by the Company is mainly related to its bank loans with floating rates.

As of December 31, 2020, the Company had RMB 131,314,257.85 (December 31, 2019: RMB 160,000,000.00) bank borrowings with floating rates. Under the assumption that other variables remain unchanged, if the interest rate changes by 50 basis points, it will not have a significant impact on the Company's total profits and shareholders' equity.

2. Foreign exchange risk

Foreign exchange rate refers to the risk that may lead to the changes of fair value of financial instruments or future cash flows due to fluctuation in exchange rate. The risk of changes of exchange rate facing the Company is mainly related to foreign currency monetary assets and liabilities of the Company. As for foreign currency assets and liabilities, if short-term imbalance occurred, the Company will sell or buy foreign currency as necessary to ensure the net exposures maintaining at an acceptable level.

Refer to Note V(4) 2 of the financial statements for ending foreign currency monetary assets and liabilities of the Company.

XI. The Disclosure of Fair Value

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

Unit: RMB

Item	Ending fair value			Total
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	
I. Consistent fair value measurement	--	--	--	--
Accounts receivable financing			754,556,891.52	754,556,891.52
Total assets consistent fair value measurement			754,556,891.52	754,556,891.52
II. Inconsistent fair value measurement	--	--	--	--

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

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

The fair value of a financing project in accounts receivable should be the discounting of its future cash flow. Cash flow due in a short period according to the contract and within 12 months is not discounted, and the financing cost in accounts receivable shall be the fair value.

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. Related Party and Related-party Transactions

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	45,793.00	65.20%	65.20%

Description of the company's parent company

China National Paper-industry Investment Corporation, the actual controller of the Company, directly holds 0.11% shares of the Company. The total shares of the Company directly held by China National Paper-industry Investment Corporation and indirectly held through Foshan Huaxin Development Co., Ltd. are 65.31%. China Chengtong Holdings Group Co., Ltd., the ultimate controller of the Company, enjoys all shares of China National Paper-industry Investment Corporation.

The ultimate controller of the Company is China Chengtong Holdings Group Co., Ltd.

Other notes:

2. Subsidiaries of the Company

Refer to Note IX for details of Subsidiaries of the Company.

3. Information on the Joint Ventures and Associated Enterprises of the Company

Refer to Note IX for details of significant joint ventures or associated enterprises of the Company.

Information on other joint venture or associated enterprise of occurring related-party transactions with the Company in Reporting Period, or forming balance due to related-party transactions made in previous period:

Name	Relationship with the Company
Guangdong Chengtong Logistics Co., Ltd.	Associated enterprise

Other notes

4. Information on Other Related Parties

Name	Relationship with the Company
Foshan Huaxin Import & Export Co., Ltd.	Under the control of the same actual controller
Guangdong Guanhao High-tech 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
Zhejiang Guanhao Advanced Materials Co., Ltd.	Under the control of the same actual controller
Zhanjiang Guanhao Paper Co., Ltd.	Under the control of the same ultimate controller
Tianjin CMST Chuangshi Logistics Co., Ltd.	Under the control of the same ultimate controller
Zhuhai Guanhao Barcode Technology Co., Ltd.	Under the control of the same ultimate controller

Other notes

5. List of Related-party Transactions

(1) Information on Acquisition of Goods and Reception of Labor Service

Information on acquisition of goods and reception of labor service

Unit: RMB

Related party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Yueyang Forest & Paper Co., Ltd.	Purchase of products	6,770,485.03	26,000,000.00	No	452,088.93
Zhejiang Guanhao Advanced Materials Co., Ltd.	Purchase of products	1,154,457.94		Yes	426,101.61
China Paper Corporation	Purchase of products	74,196,288.20	218,000,000.00	No	157,971,614.12
Guangdong Guanhao High-tech Co., Ltd.	Purchase of products	20,933.25		Yes	
Tianjin CMST Chuangshi Logistics Co., Ltd.	Receiving labor service	70,710,393.34	70,710,393.34	No	83,065,010.92
Guangdong Chengtong Logistics Co., Ltd.	Receiving labor service	190,087.75		Yes	
Total		153,042,645.51	314,710,393.34		241,914,815.58

Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Reporting Period	Same period of last year
Guangdong Guanhao High-tech Industrial Co., Ltd.	Sales of products	4,791,301.89	9,163,839.14
Yueyang Forest & Paper Co., Ltd.	Sales of products	9,109,536.83	16,454,301.05
China Paper Corporation	Sales of products	163,129.90	3,891,640.35
Zhanjiang Guanhao Paper Co.,	Sales of products		91,415.93

Ltd.			
Zhuhai Guan hao Barcode Technology Co., Ltd.	Sales of products	126,169.24	
Total		14,190,137.86	29,601,196.47

Information of sales/purchase of goods and provision/reception of labor service

(2) Information on Related-party Trusteeship/Contract

Lists of 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

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

Notes:

(3) Information on Related-party 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
Tianjin CMST Chuangshi Logistics Co., Ltd.	Forklift rental	634,385.05	647,787.61

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

Notes:

(4) Information on Related-party Guarantee

The Company was guarantor

Unit: RMB

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not

The Company was secured party

Unit: RMB

Guarantor:	Guarantee amount	Start date	End date	Execution accomplished or not

Notes:

(5) Information on Inter-bank Lending of Capital of Related Parties

Unit: RMB

Related party	Amount	Start date	End date	Note
Borrowing				

Foshan Huaxin Development Co., Ltd.	12,600,000.00	1 September 2018	13 March 2020	
China Chengtong Finance Corporation Ltd.	200,000,000.00	15 October 2019	13 March 2020	
China Chengtong Finance Corporation Ltd.	100,000,000.00	15 December 2020	14 December 2021	
China Paper Corporation	100,000,000.00	1 July 2020	30 June 2023	
Lending				

(6) Information on Assets Transfer and Debt Restructuring by Related Party

Unit: RMB

Related 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
Remuneration for key management personnel	4,057,444.67	4,518,463.69

(8) Other Related-party Transactions

The Company deposited the monetary assets in China Chengtong Finance Corporation Ltd. with charging interest of RMB134,187.47 in the Reporting Period.

6. Accounts Receivable and Payable of Related Party

(1) Accounts Receivable

Unit: RMB

Item	Related party	Ending balance		Beginning balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	Foshan Huaxin Import & Export Co., Ltd.	549,882.60	549,882.60	549,882.60	549,882.60
	Guangdong Guanhao High-tech Co., Ltd.	310,602.00		2,708,860.03	2,427.75
	Yueyang Forest & Paper Co., Ltd.	1,039,509.60		3,018,105.34	
	China Paper Corporation			3,824,037.81	191,201.89
	Yueyang Antai Industrial Co., Ltd			5,302.10	5,302.10
	Zhanjiang Guanhao Paper Co., Ltd.			75,977.76	416.64
Subtotal		1,899,994.20	549,882.60	10,182,165.64	749,230.98
Prepayments	China Paper Corporation	15,579,872.74		2,861,546.97	
Subtotal		15,579,872.74		2,861,546.97	
Other accounts	Guangdong	515,666.66	69,056.34	515,666.66	51,519.74

receivable	Chengtong Logistics Co., Ltd.				
	Yueyang Forest & Paper Co., Ltd.			63,297.98	2,381.49
	Tianjin CMST Chuangshi Logistics Co., Ltd.	108,800.00			
Subtotal		624,466.66	69,056.34	578,964.64	53,901.23

(2) Accounts Payable

Unit: RMB

Item	Related party	Ending carrying amount	Beginning carrying amount
Accounts payable	Guangdong Chengtong Logistics Co., Ltd.	820,165.01	611,068.48
	China Paper Corporation	8,419,441.37	280,461.45
	Zhejiang Guanhao Advanced Materials Co., Ltd.		26,491.26
	Tianjin CMST Chuangshi Logistics Co., Ltd.	16,652,851.20	19,714,358.38
	Yueyang Forest & Paper Co., Ltd.	185,840.70	208,180.00
Subtotal		26,078,298.28	20,840,559.57
Other accounts payable	Foshan Huaxin Development Co., Ltd.		13,155,712.50
	Guangdong Chengtong Logistics Co., Ltd.	170,384.98	170,384.98
	Tianjin CMST Chuangshi Logistics Co., Ltd.	6,301,893.81	2,100,000.00
	China Paper Corporation	100,000,000.00	
	Foshan Huaxin Import & Export Co., Ltd.	388,090.67	
Subtotal		106,860,369.46	15,426,097.48

7. Commitments of Related 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

5. Other

XIV. Commitments and Contingency

1. Significant Commitments

Significant Contingency on Balance Sheet Date

As of 31 December 2020, there was no significant commitment for the Company to disclose.

2. Contingency

(1) Significant Contingency on Balance Sheet Date

As of 31 December 2020, there was no significant contingency for the Company to disclose.

(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 information required by industry information disclosure guidelines

The Company shall comply with the disclosure requirements of the “Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 16 - Listed Companies Engaged in Automobile Manufacturing-Related Businesses”

The sales amount of mortgage sales, financial leasing and other modes account for more than 10% of the operating income

Applicable Not applicable

The company's guarantee to the dealer

Applicable Not applicable

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
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2. Profit Distribution

Unit: RMB

Profits or dividends planned to distribute	17,184,450.00
Reviewed and approved profits or dividends declared to distribute	17,184,450.00

3. Sales Return

4. Notes to Other Events after Balance Sheet Date

As of the date of approval of the financial statements, the Company does not have any other post-balance sheet events that need to be disclosed except for the above-mentioned matters.

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
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(2) Prospective Application

Content	Processing program	Reason for adopting prospective
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2. Debt Restructuring**3. Assets Replacement****(1) Non-monetary Assets Exchange****(2) Other Assets Replacement****4. Pension 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**

In accordance with the internal organization structure, management requirements and internal report system, the Company identified the reportable segments based on the product segment and assessed the operational performance of ivory business, printing business and latex business. The assets and liabilities sharing with other segments shall be proportionally distributed among segments by scales.

(2) The Financial Information of Reportable Segment

Unit: RMB

Item	Ivory board	Printing products	Latex	Other	Inter- segment elimination	Total
Main business revenue	4,356,973,477.46	309,495,589.03	430,210,541.71	27,217,408.75	-1,098,894,307.05	4,025,002,709.90
Main business cost	3,844,110,661.74	240,030,124.60	331,173,504.80	27,902,779.73	-1,098,507,403.35	3,344,709,667.52
Total assets	6,395,336,414.22	416,631,527.25	245,339,309.97	1,797,116,627.28	-3,206,194,208.97	5,648,229,669.75
Total liabilities	2,631,707,268.04	135,986,952.14	41,404,011.07	22,626,594.31	-980,524,711.11	1,851,200,114.45

(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**

According to the Agreement on the Consolidation by Merger with Stock Swap Between Guangdong Guanhao High-tech Co., Ltd. and Foshan Huaxin Packaging Co., Ltd., Guangdong Guanhao High-tech Co., Ltd. intends to issue A-shares to all shareholders of the Company involved in the stock swap in exchange for the shares they hold of the Company. Upon the merger, the Company will delist itself and cancel its status as a corporate entity. Guangdong Guanhao High-tech Co., Ltd., as the surviving company after the merger, will inherit and undertake all the assets, liabilities, business, personnel, contracts and other rights and obligations of the Company. The act

constitutes a major asset restructuring of the Company. As of the approval date of the financial statements for issue, the restructuring was conditionally approved on 11 March 2021.

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 for withdrawal of bad debt provision by group	2,344,500.00	100.00%			2,344,500.00					
Total	2,344,500.00	100.00%			2,344,500.00					

Individual withdrawal of bad debt provision:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion

Notes of the basis of recognizing the group:

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (inclusive)	2,344,500.00
1-3 months	2,344,500.00
Total	2,344,500.00

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

Information of withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Others	

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 Accounts Receivable during the Reporting Period

Unit: RMB

Item	Amount
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Of which the verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
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Notes to the verification of accounts receivable:

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

Unit: RMB

Name of the entity	Ending balance	Proportion to ending balance of total accounts receivable (%)	Ending balance of bad debt provision
First	2,344,500.00	100.00%	
Total	2,344,500.00	100.00%	

(5) Derecognition of Accounts 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:

2. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends receivable	27,000,000.00	28,000,000.00
Other receivables	164,725.00	25,371,168.86
Total	27,164,725.00	53,371,168.86

(1) Interest Receivable

1) Category of Interest Receivable

Unit: RMB

Item	Ending balance	Beginning balance
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2) Significant Overdue Interest

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

3) Information of Withdrawal of Bad Debt Provision

Applicable Not applicable

(2) Dividends Receivable

1) Category of Dividends Receivable

Unit: RMB

Item (or investees)	Ending balance	Beginning balance
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Dividends receivable	27,000,000.00	28,000,000.00
Total	27,000,000.00	28,000,000.00

2) Significant Dividends Receivable Aged over 1 Year

Unit: RMB

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

3) Information of Withdrawal of Bad Debt Provision

Applicable Not applicable

Other notes:

(3) Other Receivables

1) Other Receivables Disclosed by Accounts Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Accounts of related party within the scope of combination		25,301,487.37
Petty cash	117,225.00	
Other intercourse funds	50,000.00	
Total		72,062.98
Accounts of related party within the scope of combination	167,225.00	25,373,550.35

2) Information of Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020	2,381.49			2,381.49
Balance of 1 January 2020 in the current period	—	—	—	—
Withdrawal of the current period	118.51			118.51
Balance of 31 December 2020	2,500.00			2,500.00

Changes of carrying amount with significant amount changed of loss provision in the current period

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	167,225.00
1 to 3 months	117,225.00

4 to 12 months	50,000.00
Total	167,225.00

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

Information of Withdrawal of Bad Debt Provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	

Of which bad debt provision recovered or reversed with significant amount during the Reporting Period:

Unit: RMB

Name of the entity	Reversed or collected amount	Method
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4) Particulars of the Actual Verification of Other Receivables during the Reporting Period

Unit: RMB

Item	Amount
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Of which the verification of significant other receivables:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
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Notes to the verification of other receivables:

5) Top 5 of the Ending Balance of Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to ending balance of total other receivables%	Ending balance of bad debt provision
First	Security deposit	117,225.00	1 to 3 months	70.10%	
Second	Reserve fund	50,000.00	4 to 12 months	29.90%	2,500.00
Total	--	167,225.00	--	100.00%	2,500.00

6) Accounts Receivable Involving Government Subsidies

Unit: RMB

Name of the entity	Project of government subsidies	Ending balance	Ending aging	Estimated recovering time, amount and basis
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7) Derecognition of Other Receivables due to the Transfer of Financial Assets

8) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Other Receivables

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	1,050,107,442.14		1,050,107,442.14	1,050,107,442.14		1,050,107,442.14

subsidiaries						
Investment to joint ventures and associated enterprises	653,059,629.55		653,059,629.55	646,670,063.65		646,670,063.65
Total	1,703,167,071.69		1,703,167,071.69	1,696,777,505.79		1,696,777,505.79

(1) Investment to Subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Withdrawal of impairment provision	Other		
Hongta Renheng	927,570,697.11					927,570,697.11	
Huaxin (Foshan) Color Printing Co., Ltd.	122,536,745.03					122,536,745.03	
Total	1,050,107,442.14					1,050,107,442.14	

(2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	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											
China Cheng-tong Finance Corporation Ltd.	646,670,063.65			33,389,565.90			27,000,000.00			653,059,629.55	
Subtotal	646,670,063.65			33,389,565.90			27,000,000.00			653,059,629.55	
Total	646,670,063.65			33,389,565.90			27,000,000.00			653,059,629.55	

(3) Other Notes

4. Operating Revenue and Cost of Sale

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	27,217,408.75	27,902,779.73	0.00	0.00
Total	27,217,408.75	27,902,779.73	0.00	0.00

Relevant information of revenue:

Unit: RMB

Category of contracts	Segment 1	Segment 2	Total
Type of products	27,217,408.75		27,217,408.75
Of which:			
Other	27,217,408.75		27,217,408.75
Total	27,217,408.75		27,217,408.75

Information related to performance obligations:

None

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB at the period-end, among which RMB was expected to be recognized in the year, RMB in the year and RMB in the year.

Other notes:

5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	33,389,565.90	30,650,145.51
Investment income from disposal of long-term equity investment		-2,257,290.65
Investment income during the holding period of financial instruments—other non-current financial assets	4,927.95	
Total	33,394,493.85	28,392,854.86

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	-1,632,261.47	
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	27,242,697.14	

Capital occupation charges on non-financial enterprises that are recorded into current gains and losses	153,364.13	
Depreciation reserves returns of receivables and contract assets with separate depreciation test	283,005.50	
Other non-operating income and expense other than the above	13,372,786.46	
Less: Income tax effects	3,740,814.32	
Non-controlling interest effects	18,598,100.34	
Total	17,080,677.10	--

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	6.73%	0.28	0.28
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	5.90%	0.24	0.24

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 XIII Documents Available for Reference

1. The financial statements signed and stamped by the Company's legal representative, General Manager and Chief Financial Officer.
2. The original audit report stamped by the accounting firm with the signature and seal of the certified public accountant.
3. The originals of all the Company's announcements and documents disclosed to the public during the Reporting Period on the media designated by the CSRC for information disclosure.
4. The 2020 Annual Report signed by the legal representative of the Company.