

Stock code: 200986

Stock name: FSHXP B

Announcement No.:

FOSHAN HUAXIN PACKAGING CO., LTD.

ABSTRACT OF ANNUAL REPORT 2016

I Important information

This Abstract is based on the full text of the Annual Report. In order for a full understanding of the operating results, financial condition and future development planning of the Company, investors are kindly reminded to read the full text carefully on the media designated by the China Securities Regulatory Commission (the "CSRC").

This Abstract is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Objections raised by the directors, supervisors and executive officers

Name	Office title	Objection and reason
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Statement

Except for the following directors, the other directors all attended in person the board meeting for the review of the Annual Report.

Name	Office title	Reason for not attending in person	Proxy
Zhang Wenjing	Independent Director	For reason of work	Yang Zhenyu

Non-standard auditor's opinion

Applicable Not applicable

Preliminary plan for profit distribution to the common shareholders or turning the capital reserve into the share capital for the Reporting Period, which has been reviewed and approved at the board meeting

Applicable Not applicable

Share capital increase from the capital reserve

Yes No

The Board has considered and approved the following proposal for profit distribution to the common shareholders: Based on the total shares of 505,425,000, a cash dividend of RMB0.32 (tax inclusive) per 10 shares will be distributed to all shareholders of the Company. No bonus shares will be granted, nor will any capital reserve be converted into share capital.

Preliminary plan for profit distribution to the preference shareholders for the Reporting Period which has been reviewed and approved at the board meeting

Applicable Not applicable

II Company profile

1. Basic corporate information

Stock name	FSHXP B	Stock code	200986
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Liu Hanwen	Shi Hui	
Office address	20/F, Jinghua Building, No. 18, the 5 th Jihua Road, Foshan, Guangdong Province, P.R.C.	19/F, Jinghua Building, No. 18, the 5 th Jihua Road, Foshan, Guangdong Province, P.R.C.	
Fax	0757-83992026	0757-83992026	
Tel.	0757-83992056	0757-83992056	
E-mail	Liu_HanWen@htrh-paper.com	shih@htrh-paper.com	

2. Brief introduction to the main business or products in the Reporting Period

The Company aims to be a green packaging material provider covering design, manufacture and service. It specializes in the R&D,

production and sales of machine-made paper and paperboard, color printing and the latex and calcium carbonate used for paper making. The high-grade coated white cardboard is a product of the Company's main business and an important source of the Company's business revenue. The R&D, production and sales of the high-grade coated white cardboard is mainly undertaken by controlled subsidiaries Zhuhai Hongta Renheng Packaging Co., Ltd. and Zhuhai Huafeng Paper Co., Ltd.. The Company now has three production lines for coated white cardboard, representing an annual production capacity of approximately 0.6 million metric tons. The coated white cardboard, as a category of white cardboard, is widely used as the packaging box for cigarette, food packaging, medicine packaging, cosmetics packaging, packaging for articles of daily use, etc. The Company has always been devoted to the production and sales of the high-grade coated white cardboard in China, with its customers mainly demanding for the tobacco packaging board, the food grade board, etc. In recent years, the Company continues to strengthen technical innovation and adjust the product and customer structures, expanding the proportion of food grade board, liquid food packaging papers and mid-range tobacco packaging board in the total production and sales amount.

3. Accounting and financial results

(1) Accounting and financial results for the past three years

Indicate by tick mark whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors

Yes No

Unit: RMB

	2016	2015	+/-%	2014
Operating revenues	3,607,758,904.01	3,282,043,995.12	9.92%	3,552,698,716.17
Net profit attributable to shareholders of the Company	61,324,088.11	133,094,696.66	-53.92%	83,284,859.23
Net profit attributable to shareholders of the Company before exceptional profit and loss	27,820,866.82	11,175,961.64	148.93%	56,027,427.75
Net cash flows from operating activities	409,111,111.08	613,491,329.76	-33.31%	479,890,329.98
Basic earnings per share (RMB/share)	0.12	0.26	-53.85%	0.16
Diluted earnings per share (RMB/share)	0.12	0.26	-53.85%	0.16
Weighted average return on equity (%)	3.13%	7.10%	-3.97%	4.70%
	December 31, 2016	December 31, 2015	+/-%	December 31, 2014
Total assets	6,182,737,808.93	6,059,337,427.41	2.04%	6,434,127,025.51
Net assets attributable to shareholders of the Company	1,980,395,170.24	1,938,277,232.13	2.17%	1,812,763,910.47

(2) Financial results by quarter

Unit: RMB

	1Q	2Q	3Q	4Q
Operating revenues	723,227,621.79	769,629,805.93	950,329,815.06	1,164,571,661.23
Net profit attributable to shareholders of the Company	1,036,924.20	14,460,191.73	20,853,036.33	24,973,935.85
Net profit attributable to shareholders of the Company before exceptional profit and loss	-1,204,937.23	11,116,103.57	19,161,280.33	-1,251,579.85
Net cash flows from operating activities	-409,574,834.54	71,211,365.99	241,820,211.03	505,654,368.60

Indicate by tick mark whether there are any material differences between the financial indicators above or their summations and those

which have been disclosed in quarterly or semi-annual reports

Yes No

4. Share capital and shareholders

(1) Numbers of common shareholders and preference shareholders with resumed voting rights as well as shareholdings of top ten shareholders

Unit: share

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Number of non-tradable shares held	Pledged or frozen shares	
					Status	Number
FOSHAN HUAXIN DEVELOPMENT CO., LTD.	State-owned corporation	65.20%	329,512,030	329,512,030		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.81%	4,084,905	0		
WU HAOYUAN	Foreign individual	0.42%	2,561,991	0		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign corporation	0.27%	1,362,902	0		
NORGES BANK	Foreign corporation	0.27%	1,352,720	0		
ESSENCE INTERNATIONAL SECURITIES (HONG KONG) CO., LTD.	Foreign corporation	0.26%	1,305,152	0		
BOCI SECURITIES LIMITED	Foreign corporation	0.25%	1,280,990	0		
WU FENQIANG	Domestic individual	0.24%	1,233,901	0		
FOSHAN	State-owned	0.23%	1,139,420	1,139,420		

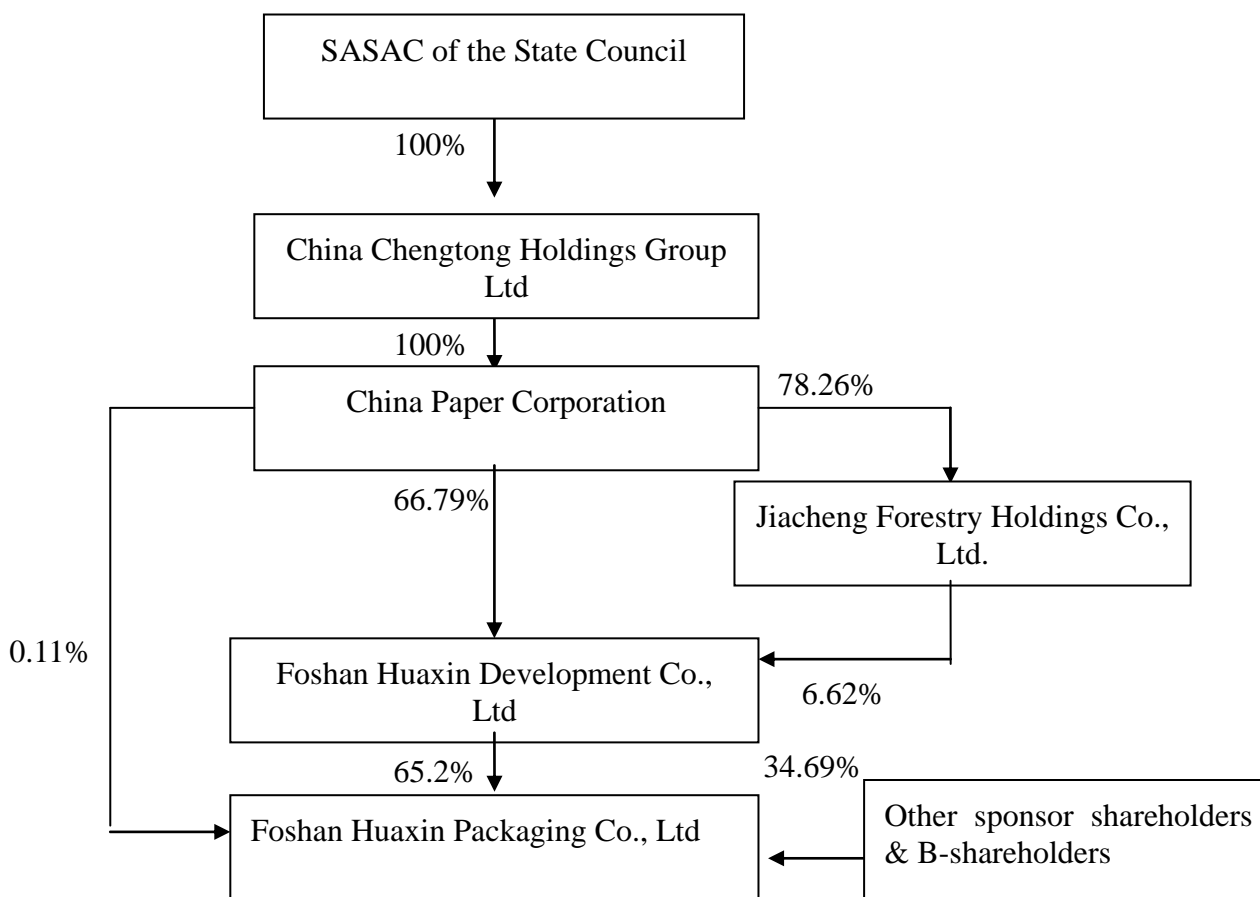
CHAN BEN DE DEVELOPMENT CO., LTD.	corporation					
MIAO JUN	Domestic individual	0.22%	1,119,200	0		
Related parties among the shareholders above	acting-in-concert	It is unknown whether there is among the above shareholders any related parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.				

(2) Number of preference shareholders and shareholdings of top ten of them

Applicable Not applicable

No preference shareholders in this Reporting Period

(3) Ownership and control relations between the actual controller and the Company



5. Corporate bonds

(1) Bond profile

Bond name	Abbr.	Bond code	Due date	Balance (RMB'0,000)	Interest rate
2012 Company bonds of Foshan	12HBZ	112130	26 Nov. 2017	79,998	5.80%

Huaxin Packaging Co., Ltd.					
Interest and principal payments during this Reporting Period	Normal				

(2) Latest follow-up rating results and rating result changes

It's estimated that in Apr. 2017, United Ratings Co., Ltd. will execute the tracking rating on the current Company bonds with the rating results will be timely disclosed on the www.cninfo.com.cn.

(3) Main financial results of the Company for the recent two years

Unit: RMB'0,000

Item	2016	2015	+/-%
Debt-to-assets ratio	41.79%	42.09%	-0.30%
Total debt-to-EBITDA ratio	17.41%	23.81%	-6.40%
Times interest earned	2.42	1.32	83.33%

III Performance discussion and analysis

1. Performance review for the Reporting Period

Investors are kindly reminded to read the full text of this Annual Report carefully and pay special attention to the following risk factors.

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

No.

In 2016, due to the severe macroeconomic environment both at home and abroad, consumption demand for white cardboard was low, causing imbalance in supply and demand, which was shown by the low operating rate. Affected by the government's "deposit reserve rate and interest reduction" policy and tobacco policy, as well as some other factors, the domestic sales volume of tobacco in 2016 decreased by 2.79 million boxes (representing a drop of 5.4%) from last year. To deal with that, printers cut down their stocks of tobacco packaging cardboard. Because of the aforesaid reasons, demand for tobacco packaging cardboard went down sharply. Affected by the situation, the production and operation of the Company was greatly affected in the first half of 2016.

In the face of the difficulties and challenges, under the guidance of China Paper, the actual controller, and the Board of Directors, the Company carried out lean production and strictly implemented the "improving quality and efficiency" and "reducing deposit reserve rate and interest" specific working measures based on the guiding ideology "reforming with new initiatives, managing with new methods, operating in new ideas and activating with new mechanisms" put forward by the chairman for operation management and based on the main line "increasing income and reducing expenditure" for operation management. These measures included developing new customers and new orders and closing production capacity gap of tobacco packaging board; intensifying lean management and consolidating quality and efficiency improving; implementing technological innovation, strengthening purchasing control, improving quality and efficiency, and reducing cost; and strengthening controls over "deposit reserve rate and interest" and improving operation efficiency. The various work tasks in 2016 acquired remarkable effect. Through the efforts of the whole staff, the operation target of the Company was accomplished successfully.

2. Significant changes in the main business in the Reporting Period

Yes No

3. Products contributing over 10% of the main business revenue or profit

Applicable Not applicable

Unit: RMB

Product	Operating revenue	Operating profit	Gross profit margin	Operating revenue: YoY +/-%	Operating profit: YoY +/-%	Gross profit margin: YoY +/-%

White cardboard	2,622,125,437.41	434,752,598.31	16.58%	-7.05%	-6.98%	0.01%
Presswork	262,692,818.33	44,322,796.19	16.87%	7.07%	-0.65%	-1.31%
Latex	178,973,279.36	19,369,500.22	10.82%	30.82%	-17.34%	-6.31%

4. Seasonal or periodic characteristics in the operating performance that need special attention

Yes No

5. Significant YoY changes in the operating revenues, operating costs and net profit attributable to the common shareholders or their composition

Applicable Not applicable

6. Possibility of listing suspension or termination

Applicable Not applicable

7. Issues related to the financial report

(1) YoY changes in accounting policies, accounting estimations and measurement methods

Applicable Not applicable

No changes.

(2) Retroactive restatements due to correction of significant accounting errors in the Reporting Period

Applicable Not applicable

No such cases.

(3) YoY changes in the scope of the consolidated financial statements

Applicable Not applicable

No changes.