



FOSHAN HUAXIN PACKAGING CO., LTD.

SEMI-ANNUAL REPORT 2017

August 2017

Section I Important Statements, Contents and Definitions

The board of directors (the “Board”), the supervisory board (the “Supervisory Board”) as well as the directors, supervisors and senior management of Foshan Huaxin Packaging Co., Ltd. (the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any false representation, misleading statements or material omissions in this Report.

Huang Xin, head of the Company, Ji Xiangdong, accounting head for this Report, and Yang Chenglin, head of the accounting department (head of accounting), hereby guarantee that the Financial Report carried in this Report is factual, accurate and complete.

All the directors attended the board meeting for the review of this Report.

The industry in which the Company competes is subject to China’s industry policies, as well as fluctuations in the international and domestic prices of bulk raw materials. Investors are kindly reminded to read this Report carefully and pay attention to investment risk.

The Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

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

Table of Contents

Semi-Annual Report 2017	1
Section I Important Statements, Contents and Definitions.....	2
Section II Corporate Profile and Key Operating Results	5
Section III Business Profile	9
Section IV Performance Discussion and Analysis	13
Section V Significant Events	21
Section VI Share Changes and Shareholders' Profile.....	37
Section VII Preference Shares.....	42
Section VIII Directors, Supervisors and Senior Management.....	43
Section IX Corporate Bonds	44
Section X Financial Report	48
Section XI Documents Available for Reference	184

Definitions

Term	Definition
Company, the Company	Foshan Huaxin Packaging Co., Ltd.
China Paper	China Paper Corporation (the actual controller of the Company)
China Chengtong	China Chengtong Holdings Group Ltd. (the ultimate controller of the Company)
Hongta Renheng	Zhuhai Hongta Renheng Packaging Co., Ltd.
Zhuhai Huafeng	Zhuhai Huafeng Paper Co., Ltd.
Golden Pheasant Chemical	Zhuhai Golden Pheasant Chemical Co., Ltd.
Huaxin Color Printing	Huaxin (Foshan) Color Printing Co., Ltd.
Kunshan Focai	Kunshan Focai Packaging & Printing Co., Ltd.
Zhejiang Hongta	Zhejiang Hongta Renheng Packaging Technology Co., Ltd.
Chengtong Finance	China Chengtong Finance Corporation Ltd.

Section II Corporate Profile and Key Operating Results

I Corporate Information

Stock name	FSHXP 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. (if any)	华新包装		
Company name in English (if any)	Foshan Huaxin Packaging Co.,Ltd		
Abbr. (if any)	FSHXP		
Legal representative	Ji Xiangdong		

II Contact Information

	Board Secretary	Securities Representative
Name	Liu Yan	Shi Hui
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.	0756-8666908	0756-8666978
Fax	0756-8666922	0756-8666922
E-mail	liuy@htrh-paper.com	shih@htrh-paper.com

III Other Information

1. Ways to Contact the Company

Indicate by tick mark whether any changes occur to the registered address, office address and their postal codes, website address and email address of the Company during the Reporting Period.

Applicable Not applicable

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
Website	http://www.fshxp.com
Email	hxbz@chinapaper.com.cn
Disclosure date of related current announcement on designated website (if any)	

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

Indicate by tick mark whether any changes occurred to the information disclosure media and the place where this Report was kept during the Reporting Period.

Applicable Not applicable

Newspapers designated by the Company for information disclosure	Securities Times, Ta Kung Pao (HK)
Website designated by CSRC for publication of this Report	http://www.cninfo.com.cn
Place where this Report is kept	2/F, Block 7, 3 Keyang Road, Luoge Park, Chancheng Economic Development Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, P.R.China
Disclosure date of related current announcement on designated website (if any)	

IV Key Operating Results

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

Yes No

	Reporting Period	Same period of last year	+/- (%)
Operating revenues (RMB)	1,567,199,202.22	1,492,857,427.72	4.98%
Net profit attributable to shareholders of the Company (RMB)	12,487,648.99	15,497,115.93	-19.42%
Net profit attributable to shareholders of the Company before exceptional gains and losses (RMB)	10,079,841.69	9,911,166.34	1.70%
Net cash from operating activities (RMB)	-607,133,297.57	-338,363,468.55	-79.43%
Basic earnings per share (RMB/share)	0.0247	0.0307	-19.54%
Diluted earnings per share (RMB/share)	0.0247	0.0307	-19.54%

Weighted average return on equity (%)	0.63%	0.80%	-0.17%
	End of Reporting Period	End of last year	+/- (%)
Total assets (RMB)	6,601,097,331.86	6,182,737,808.93	6.77%
Net assets attributable to shareholders of the Company (RMB)	1,970,060,978.08	1,980,395,170.24	-0.52%

V Differences in Accounting Data under Domestic and Foreign Accounting Standards

1. Differences in Net Profit and Net Assets Disclosed in Financial Reports Prepared under Chinese and International Accounting Standards

Applicable Not applicable

No such differences for the Reporting Period.

2. Differences in Net Profit and Net Assets Disclosed in Financial Reports Prepared under Chinese and Foreign Accounting Standards

Applicable Not applicable

No such differences for the Reporting Period.

VI Exceptional Gains/Losses

Applicable Not applicable

Unit: RMB

Item	Reporting Period	Note
Gains/losses on disposal of non-current assets (including offset asset impairment provisions)	134,195.10	
Governmental subsidies charged to gains/losses for Reporting Period (except for government grants closely related to business of the Company and given at a fixed quota or amount in accordance with government's uniform standards)	4,179,991.97	
Non-operating income and expense other than above	1,878,178.11	
Less: Income tax effects	943,940.17	
Minority interests effects (after tax)	2,840,617.71	
Total	2,407,807.30	--

Explanation of why the Company classified an item as an exceptional gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gains and Losses, or reclassified any exceptional gain/loss item given as an example in the said explanatory announcement as a recurrent gain/loss:

Applicable Not applicable

No such cases in the Reporting Period.

Section III Business Profile

I Main Business Scope for Reporting Period

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

No.

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

(I) High-end coated ivory board

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

1. Coated ivory board for tobacco packaging of company's dominant product, is widely used in the high-end tobacco packaging market. The coated ivory board for tobacco packaging produced by HongtaRenheng takes up a dominant position in the domestic tobacco packaging field. It represents the highest level of coated ivory board quality in China. It has won the golden award of China's international paper & paper product brands, 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 tobaccos 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”.
2. The ivory boards for liquid food packaging is an important development direction of the Company. HongtaRenheng is the first to break the foreign technological monopoly, by independently developing the sterile paper for packaging of liquid milk, fruit juice, herbal tea and other drinks, effectively substituting imported products. The series of food packaging products such as anti-oil food grade coated board and high-end paper cup have been recognized by well-known catering groups such as McDonald's after they are put into the market.
3. The high-end social ivory board papers aim to meet the personalized demands of customers. They are widely applied in the segmented packaging market fields like the high-end medicine, cosmetics, and daily necessities. The anti-counterfeit coated ivory paper with personalized identification code independently developed by the Company and for which it has been granted the invention patent has been successfully applied in the anti-counterfeit packaging of the high-end products like high-end medicine and cosmetics,

which does not only solve the difficulties posed by impact from counterfeit and shoddy products for customers at the source, but also effectively reduces the customer's anti-counterfeit costs and fake product crackdown expenses and win high trust from the market.

(II) Paper making business

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

(III) Color printing business

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

II Significant Changes in Main Assets

1. Significant Changes in Main Assets

Main assets	Reason for significant change
Equity assets	No significant changes
Fixed assets	No significant changes
Intangible assets	No significant changes
Construction in progress	Up 35.47% from opening amount mainly because of more ongoing construction

2. Main Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

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

No.

(I) Central government-owned enterprise background

China Paper Investment Co., Ltd., the actual controller of the Company, is a large central government-owned enterprise which is approved by the State-owned Assets Supervision and Administration Commission of the State Council. As the banner enterprise directly controlled by the central authority specialized in the forestry-pulp-paper industry, it will still take the initiative to promote the combined reorganization of advantageous capacities within this industry for the purpose of enhancing the market status, play an important role in stabilizing the orderly competition and green development of the paper-making industry, and carry on the country's

strategic policy to take the lead in Belt and Road International Capacity Cooperation.

(II) Technological innovation advantage

The Company persists in taking "scientific and technological innovation" as the core power that drives enterprise development. The Company has nearly 20 years of technical experience in the production of high-end coated ivory board. Over the years, the Company has developed anti-counterfeit products such as the coated ivory board with color fiber and true-color fiber and formed strong anti-counterfeit product innovation capability. Meanwhile, the Company has personalized product technique innovation capability and has developed the "anti-counterfeit coated ivory paper with personalized identification code" which can attain anti-counterfeiting according to the customer's personalized demand and solve the difficulties posed by impact from counterfeit and shoddy products for customers at the source. In addition, by virtue of its continuous R&D investment and scientific detection, the company has effectively controlled toxic and harmful substances including VOCS existing in products in order to guarantee the product's safety, environment-friendly and healthy performance.

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

1. HongtaRenheng has established a technology R&D center equipped with completed devices, and been attested by Provincial Technology Center, Engineering R&D Center and Guangdong Provincial Innovation Pilot Enterprise; in 2016, the "Nature Color Packaging Paper Project" of HongtaRenheng won second-class Science and Technology Advancement Award issued by China National Light Industry Council. Meanwhile, the company also participated in formulating corresponding national and industrial standards including Coated Paper and Board-Coated Ivory Board and Quality Requirements and Test Methods for Intaglio Printed Matter.

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

3. The subsidiary Zhuhai Jinji Chemical Co., Ltd. passed the examination for "National High-tech Enterprise" with the certificate No. GR201644004219.

So far, all main subsidiaries passed the recognition for "National High-tech Enterprise" and were granted the 10% relief from income tax in three successive years.

By means of continuous research and development, the company has obtained various patents, providing the most important technical support and guarantee for the advancement of product competitiveness. By June 30, 2017, the Company had acquired 51 patents, of which 25 invention patents and 26 patents utility models. There are 18 pending patents, of which 17 innovation patents and 1 utility model.

(III) Quality brand advantage

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

"Hongta" coated ivory board takes up a leading position in domestic and overseas ivory board industry and leads the development of production and technology of domestic middle and top grade coated ivory board. "Hongta" coated ivory board represents the highest

level of production, technology and product of coated ivory board in China and has become a world-famous brand.

(IV) Management Team's Advantages

Based on business operation for many years, the company has cultivated a large number of excellent talents in technological innovation and operation and management, and established a stable operation and management decision-making team. Moreover, the company forms enterprise cultures which are suitable for company development and has own characteristics during production and management and gradually forms the team advantage of integration of enterprise culture and team.

Section IV Performance Discussion and Analysis

I Summary

(I) Market Environment

The first half of 2017 continued to see a large new capacity of ivory board on the domestic market. Statistics show that the monthly average capacity of this period increased by approximately 0.14 million metric tons compared to the same period of last year, representing a growth rate of about 18%, putting great pressure on market consumption. Prices of cigarette box board and food packaging board (including liquid food wrapper) basically maintained at stable levels while that of the mainstream product (commercial board) registered a rise and fall. The price of commercial board continued to rise in the first quarter of the year from last year, but the second quarter, which is a traditional slack season, the price experienced a temporary fall-back due to apparently weak demand and sluggish turnover of orders.

(II) Operating Results of Reporting Period

In the first half of 2017, the Company embraced the philosophy of “New Measures for Reform, New Methods for Management, New Thinking for Operations and New Mechanisms for Incentive”, adhered to a market-oriented strategy and followed the guideline of “Increase Efficiency through Production Ramp-up and Increase Earnings through Efficiency Improvement”. It furthered the lean management campaign to try to increase production efficiency and improve operating results.

For the Reporting Period, the Company achieved, on a consolidated basis, operating revenues of RMB1,567.1992 million, total profit of RMB15.3287 million and net profit attributable to shareholders of the Company of RMB12.4876 million. As of the end of the Reporting Period, the consolidated total assets stood at RMB6,601.0973 million, with a debt-to-assets ratio of 45.60%.

(III) Management Measures taken within the Reporting Period

1. Implement the Marketing System’s Reform and Improve the Marketing Capability.

Within the reporting period, the company kept up with the market, and regard “Structure Adjustment, Gross Margin Increase, Dual Reduction Orientation and Reform Advocating” as the key line for overall marketing management in order to positively implement the marketing system’s reform:

(1) Strengthen the vertical management and control of varieties and businesses: HongtaRenheng has promoted the classified management and control mode based on three major categories (cigarette paperboard, food paperboard and social paperboard), formulated and implemented the overall periodical marketing strategies featuring “reducing partial low gross margin food ivory paper orders, expanding the sales volume of social ivory paper and continuously developing the cigarette ivory paper market”, and continued to increase the product’s gross margin by optimizing the product and the customer structure and catching up with the trend in price rising;

(2) Optimize the sales team and improve the evaluation system: in order to give the marketing’s driving role a full play, the company has attached great importance to optimize the personnel structure within the marketing system and established the sales performance evaluation system based on corresponding regions with “sales volume” as the core index and “gross margin” and “receivables” as ancillary index.

(3) Fulfill the “Dual Reduction” objective in a persistent way: for marketing management personnel, corresponding job responsibilities will be assigned to specific persons; formulate and implement corresponding inventory and receivables management strategy and plan; assign corresponding “Dual Reduction” objective to corresponding region for fulfillment and management and keep supervising the implementation.

2. Technical Innovation serves as the nuclear power for the enterprise’s development.

Within the reporting period, the company has increased the investment into R&D, made innovations in relevant paper-making techniques and emphasized the R&D of 7 new functional products that have entered their actual R&D stage as scheduled and made great breakthrough in line with national policy and the actual development situation, which will strengthened the company's competitive edges and support the company's further growth under the rigorous industrial situation. Meanwhile, the company has established the first professional cigarette packaging paperboard technology R&D innovation platform in China--"Yunnan Chinese Cigarette & Zhuhai HongtaRenheng Cigarette Paperboard R&D Innovation Platform" which will continuously make technical innovations and conduct R&D within the cigarette packaging field, providing technical support for the new standard and new demand in Chinese Cigarette Packaging Industry.

3. Continue to Promote Lean Management and Integrate IT Application with Industrialization.

The company's lean management always emphasizes the actual effect, focuses on the specific management objective by making use of external professional forces including lean management consulting company and aims to enhance the operation efficiency by means of departmental task analysis, lean management tutorship and problem solving, lean management week and annual performance evaluation and award etc.. Within the reporting period, the company carried out 49 lean management tasks, improved 3019 proposals, increased the participation rate to 69.73% and created a value of RMB 3.41 million Yuan.

The company has always promoted the integration of IT application with industrialization, including informationization driving industrialization and industrialization promoting informationization in order to realize the organic integration of information system with production system and production energy consumption analysis. With the establishment of EMS energy management system information platform and MES production implementation system as the supporting project, the company has successfully established the management system for the integration of IT application with industrialization. By establishing the EMS energy management system information platform, the company is able to completely monitor, analyze, diagnose and evaluate the energy use situation for the purpose of realizing the overall decrease of unit product's comprehensive energy consumption and improving the company's energy use efficiency; with the MES production execution system as the new channel to connect the data stream between the automation control system and NC-ERP system, the company has made various links unblocked, including supply, production, quality control, sales and logistics etc., realized the efficient integration of the company's information system, improved the operator's efficiency and provided the company management with corresponding regulatory tools and decision-making support.

4. Implement Corresponding Evaluation Reform and Performance is closely Related to Output and Sales

In order to fulfill the annual operation objective and improve the operation efficiency, the company has implemented corresponding evaluation reform in line with the actual production & operation situation. However, new performance evaluation system will focus on the completion of various tasks related to output and sales, and then evaluate the fulfillment of key departmental tasks so as to make sure that all employees can focus their forces to accomplish tasks by making concerted effort and keep materializing corresponding operation target in a persistent way.

(IV) Management Thinking at the Second Half of the Year

At the second half of the year, the company will continue the logic of "thoroughly understand the market, make out competitors, follow the trend and take effective measures". Proceeding from the market analysis, the company will gradually clear the thinking of optimization, adjustment and reform of the company's management system, decision-making mechanism, operation procedures, product structure and cost control in order to help the company improve its management level, reduce the cost and increase the benefit, and eventually implement and fulfill the annual budget.

II Analysis of Main Business

See "I Summary" above.

Year-on-year changes of key financial data:

Unit: RMB

	Reporting Period	Same period of last year	+/-%	Main reason for change
Operating revenues	1,567,199,202.22	1,492,857,427.72	4.98%	
Operating costs	1,376,216,644.41	1,304,435,785.58	5.50%	
Selling expense	76,796,056.93	82,902,898.30	-7.37%	
Administrative expense	61,449,510.47	61,228,627.45	0.36%	
Finance costs	49,469,701.26	34,425,510.63	43.70%	Increased interest expense of financial institution and heavier exchange loss
Income taxes	96,393.17	1,746,571.89	-94.48%	Profit decreased
R&D expense	62,687,970.00	61,018,056.00	2.74%	
Net cash from operating activities	-607,133,297.57	-338,363,468.55	-79.43%	Increase in prepayments for materials and in bank's acceptance bills received
Net cash from investing activities	-14,224,303.05	21,917,060.08	-164.90%	Positive net cash from investing activities in same period of last year resulted from the cash generated by disposal of equity interests in subsidiary, while the corresponding figure is negative for Reporting Period due to acquisition of fixed assets
Net cash from financing activities	555,386,894.24	-11,477,552.00	4,938.90%	More borrowings were secured and repayments decreased
Net increase in cash and cash equivalents	-69,013,755.32	-331,146,672.33	79.16%	Debt restructuring

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

Applicable Not applicable

1. The unit prices of raw materials went up, increasing the operating costs by 5.5%.
2. The fluctuations of the U.S. dollar exchange rate and the increased borrowings secured led to a 43.7% rise in finance costs.
3. The decreases in governmental subsidies caused a drop of 57.66% in non-operating income.

Breakdown of main business:

Unit: RMB

	Operating	Operating cost	Gross profit	Operating	Operating cost:	Gross profit
--	-----------	----------------	--------------	-----------	-----------------	--------------

	revenue		margin	revenue: YoY +/-%	YoY +/-%	margin: YoY +/-%
By business segment						
Manufacturing	1,523,112,335.30	1,340,382,118.18	12.00%	13.56%	16.38%	-15.03%
Other	44,086,866.92	35,834,526.23	18.72%	-70.93%	-76.53%	-2,852.70%
By product						
Ivory board	1,185,225,031.89	1,053,989,505.31	11.07%	6.24%	8.77%	-15.73%
Presswork	126,900,865.66	108,677,052.39	14.36%	1.63%	6.23%	-20.53%
Chemicals	210,986,437.75	177,715,560.48	15.77%	109.41%	120.76%	-21.55%
Other	44,086,866.92	35,834,526.23	18.72%	-70.93%	-76.53%	-2,852.70%
By geographic segment						
Domestic	1,347,681,896.04	1,166,783,553.60	13.42%	4.35%	3.96%	2.47%
Overseas	219,517,306.18	209,433,090.81	4.59%	9.03%	15.04%	-52.05%

III Non-Core Business Analysis

√ Applicable □ Not applicable

Unit: RMB

	Amount	As a percentage of total profit (%)	Source/reason	Recurring
Investment income	16,267,328.42	106.12%	Income from long-term equity investments in associates measured at equity method	Yes
Non-operating income	6,311,640.26	41.18%	Income from governmental subsidies and from disposal of non-current assets	Not
Non-operating expense	119,275.08	0.78%	Asset disposal losses and donation expense	Not

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	End of Reporting Period		End of same period of last year		Change in percentage (%)	Main reason for significant change
	Amount	As a percentage of	Amount	As a percentage of		

		total assets (%)		total assets (%)		
Monetary funds	593,999,728.55	9.00%	316,084,560.15	5.12%	3.88%	
Accounts receivable	785,619,763.27	11.90%	854,105,070.55	13.84%	-1.94%	
Inventories	652,899,367.52	9.89%	838,189,947.40	13.58%	-3.69%	
Investment property	24,256,034.09	0.37%	11,615,764.88	0.19%	0.18%	
Long-term equity investments	255,989,913.74	3.88%	243,967,674.51	3.95%	-0.07%	
Fixed assets	2,378,310,238.10	36.03%	2,470,740,233.37	40.03%	-4.00%	
Construction in progress	32,414,568.09	0.49%	52,030,368.31	0.84%	-0.35%	
Short-term borrowings	1,238,404,630.23	18.76%	1,129,195,129.40	18.30%	0.46%	
Long-term borrowings	200,000,000.00	3.03%			3.03%	Newly secured in Reporting Period

2. Assets and Liabilities Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Opening balance	Gains/losses on fair value changes in Reporting Period	Cumulative fair value changes charged to equity	Impairment provided in Reporting Period	Purchased in Reporting Period	Sold in Reporting Period	Closing balance
Financial assets							
1. Financial assets at fair value through gains/losses (exclusive of derivative financial assets)	1,571,341.66	-305,369.44					1,265,972.22
3. Available-for-sale financial	288,700.00						288,700.00

assets							
Subtotal of financial assets	1,860,041.66	-305,369.44					1,554,672.22
Investment property	24,593,743.71	-337,709.62					24,256,034.09
Total of above	26,453,785.37	-643,079.06					25,810,706.31
Financial liabilities	0.00						0.00

Significant changes in the measurement attributes of the main assets in the Reporting Period:

Yes No

3. Restricted Asset Rights as of End of the Reporting Period

Monetary funds of RMB129.02 million in total were subject to restrictions in the Reporting Period, which were mainly term deposits for guarantee purposes or call deposits.

V Investments Made

1. Total Investments Made

Applicable Not applicable

2. Significant Equity Investments Made in the Reporting Period

Applicable Not applicable

3. Significant Non-Equity Investments Ongoing 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.

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

VII Main Controlled and Joint Stock Companies

Applicable Not applicable

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

Unit: RMB

Company name	Relationship with the Company	Main business scope	Industry	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Zhuhai Hongta Renheng Packaging Co., Ltd. (consolidated)	Subsidiary	White cardboard, original paper of liquid food packaging, latex and calcium carbonate	Paper industry	600,000,000.00	5,482,931,479.47	2,777,213,055.49	1,440,879,206.84	-6,615,736.01	-851,936.40
Zhuhai Hongta Renheng Packaging Co., Ltd. (alone)	Subsidiary	White cardboard, original paper of liquid food packaging	Paper industry	600,000,000.00	4,818,142,881.59	2,699,913,006.23	872,741,978.09	-1,728,457.64	-2,692,424.21
Zhuhai Huafeng Paper Co., Ltd.	Subsidiary	White cardboard, original paper of liquid food packaging	Paper industry	984,559,331.06	2,821,379,468.31	1,024,389,929.13	820,692,930.62	-22,658,025.55	-19,869,820.66
Zhuhai Golden	Subsidiary	latex and calcium	Chemical	69,271,940.00	358,937,559.02	174,334,351.30	234,336,679.09	17,770,747.18	15,752,071.28

Pheasant Chemical Co., Ltd.		carbonate							
Huaxin (Foshan) Color Printing Co., Ltd.	Subsidiary	Color packaging and label printing	Printing	96,895,605.14	411,659,913.17	213,865,297.90	129,389,672.14	1,000,007.77	1,452,814.15
China Chengtong Finance Corporation Ltd.	Joint stock company	Finance	Non-bank financial institution	1,000,000,000.00	12,425,483,976.69	1,126,050,948.21	129,429,871.12	109,361,626.58	82,092,088.64

Subsidiaries obtained or disposed in this Reporting Period

Applicable Not applicable

Company Name	Method	Influence on overall production and management and performance
Foshan Hongta Liyan Material Technology Co., Ltd.	Cancellation	Because the business of the Company was gradually integrated into Huaxin (Foshan) Color Printing Co., Ltd and business was not conducted before the cancellation, the cancellation of the Company didn't have a impact on whole business development and performance.

Information about the main controlled and joint stock companies

Due to the influences of increased purchasing price of raw material, the net profit of Zhuhai Hongta Renheng Packaging Co., Ltd. (consolidated) decreased by RMB20.82 million year on year with a drop of 104.27%. The Company has taken various measures to strive to complete annual business targets.

Joint stock company: the net profit of Foshan Hongta Liyan Material Technology Co., Ltd increased by 133.71% year on year with a increase of RMB9.4 million of investment income year on year.

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX Performance Forecast for January-September 2017

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

Applicable Not applicable

X Risks Facing the Company and Countermeasures

1. Market risk

High-end coated ivory board is the dominant product of the Company. However, affected by the falling demand for high-end package and macro-control policy of the tobacco industry, the tobacco packaging board market had appeared to be shrinking in 2017. The continuous and concentrated release of the new production capacity for various ivory boards in China in the past two years has brought great impact on the industry market. Countermeasure: intensify product structure adjustment, and strengthen the efforts in developing new products and expanding new market.

2. Raw material price and exchange rate fluctuation risk

Main raw material used by the Company is paper pulp is mainly imported from abroad. The great fluctuation and change in international paper pulp price may result in the cost risks.

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

3. Safety and Environmental Protection Risk

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

Countermeasures: Further screen safety and environmental protection risks existing in the company; 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.

Section V Significant Events

I Annual and Special Meetings of Shareholders Convened during the Reporting Period

1. Meetings of Shareholders Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
2016 Annual Meeting of Shareholders	Annual of Annual	1.17%	04/17/2017	04/18/2017	Announcement name: Foshan Huaxin Packaging Co., Ltd on Resolutions of 2016 Annual Meeting of Shareholders (Announcement No.: 2017-044) Newspaper or website disclosed on: China Securities Journal, Shanghai Securities News, Ta Kung Pao (HK), and http://www.cninfo.com.cn

2. Special Meetings of Shareholders Convened at Request of Preference Shareholders with Resumed Voting

Rights

Applicable Not applicable

II Proposal for Profit Distribution and Converting Capital Reserve into Share Capital for the Reporting Period

Applicable Not applicable

For the Reporting Period, the Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

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

Applicable Not applicable

No such cases in the Reporting Period.

IV Engagement and Disengagement of CPAs Firm

Has the semi-annual financial report been audited?

Yes No

This Semi-Annual Report is unaudited.

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

Applicable Not applicable

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

Applicable Not applicable

VII Bankruptcy and Restructuring

Applicable Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant lawsuits or arbitrations:

Applicable Not applicable

Basic situation of lawsuit (arbitration)	Lawsuit amount (RMB Ten thousand)	Whether form into estimated liabilities	Process of lawsuit (arbitration)	Trial results and influences of lawsuit (arbitration)	Situation of execution of judgment of lawsuit (arbitration)	Disclosure date	Disclosure index
A safety accident happened in the process of construction of chimney Anti-corrosion	1,116	No	Had put on record, the first trial was still not called in court	No results	Still pending, no execution		

<p>outsourcing project of our subsidiary Zhuhai Huafeng (for details, see Announcement of Factory of Holding Subsidiary Zhuhai Huafeng Paper Co., Ltd disclosed on March 6, Announcement No.: 2017-016.) Zhuhai Huafeng firstly paid RMB 11.16 million to relatives of those victims as compensation on behalf of related responsibility unit and person in charge in this accident on March 7 and applied pre-litigation property preservation to The People’s Court of Jinwan District, Zhuhai City On March 14. On March 16, Zhuhai Huafeng launched a lawsuit to The People’s Court of Jinwan District, Zhuhai City, claiming that the defendant unit and defendant shall immediately pay RMB 11.16 million to Zhuhai Huafeng, and shall burden all</p>							
---	--	--	--	--	--	--	--

resulting legal costs and property preservation expenses.							
---	--	--	--	--	--	--	--

Other legal matters:

Applicable Not applicable

IX Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

The Company and controlling shareholders, actual controller operated honestly in the Reporting Period. No such cases, like unfulfilled court effective judgments, outstanding debts with significant amounts.

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

Applicable Not applicable

No such cases in the Reporting Period.

XII Significant Related Transactions

1. Related Transactions Relevant to Routine Operations

Applicable Not applicable

Related party	Relation with the Company	Type of transaction	Contents of transaction	Pricing principle	Transaction price	Transaction amount (RMB'0,000)	As a percentage of transactions of the same kind	Approved transaction line (RMB'0,000)	Over the approved line or not	Mode of settlement	Obtainable market price for transactions of the same kind	Disclosure date	Index to the disclosed information
China Paper Investment Co.,	Actual controller	Routine related transaction	Purchasing raw materials and	Being decided through negotiation based	Market value	4,065.58	3.29%	100,608.08	No	Transfer settlement	Not applicable		

Ltd.			power	on the market value									
China Paper Investment Co., Ltd.	Actual controller	Routine related transaction	Sales of products	Being decided through negotiation based on the market value	Market value	2,136.3	1.36%	10,000	No	Transfer settlement	Not applicable		
Tianjin Port Free-trade Zone Zhongwu Investment and Development Co., Ltd	Under the ultimate controller	Routine related transaction	Purchasing raw materials and power	Being decided through negotiation based on the market value	Market value	105.46	0.09%	3,000	No	Transfer settlement	Not applicable		
Guangdong Guanhaio Highand New Technology Co., Ltd	Under the ultimate controller	Routine related transaction	Purchasing raw materials and power	Being decided through negotiation based on the market value	Market value	11.06	0.01%	70	No	Transfer settlement	Not applicable		
Guangdong Chengtong Logistics Co., Ltd	Under the ultimate controller	Routine related transaction	Accepting labor service provided by related party	Being decided through negotiation based on the market value	Market value	882.65	13.04%	1,935	No	Transfer settlement	Not applicable		
Yueyang	Under	Routine	Purchasing	Being	Market	18.38	0.01%	150	No	Transfer	Not		

Antai Industrial Co., Ltd	the ultimate controller	related transaction	ing raw materials and power	decided through negotiation based on the market value	value						settlement	applicable		
Guangdong Guanhao Highand New Technology Co., Ltd	Under the ultimate controller	Routine related transaction	Sales of products	Being decided through negotiation based on the market value	Market value	582.66	0.37%	3,640	No		Transfer settlement	Not applicable		
Zhanjiang Guanhao Paper Co., Ltd	Under the ultimate controller	Routine related transaction	Sales of products	Being decided through negotiation based on the market value	Market value	6.53	0.00%	37.04	No		Transfer settlement	Not applicable		
Yueyang Lin Paper Co., Ltd	Under the ultimate controller	Routine related transaction	Sales of products	Being decided through negotiation based on the market value	Market value	1,422.06	0.91%	3,500	No		Transfer settlement	Not applicable		
Total				--	--	9,230.68	--	122,940.12	--	--	--	--	--	--
Details of any sales return of a large amount				Naught										
Give the actual situation in the Reporting Period (if any) where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the Reporting Period (if any)				Not applicable										
Reason for any significant difference				Not applicable										

between the transaction price and the market reference price (if applicable)	
--	--

2. Related 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

No such cases in the Reporting Period.

5. Other Significant Related Transactions

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

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

XIV. Significant Contracts and Execution

1. Entrustment, Contracting and Leasing

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leasing

Applicable Not applicable

No such cases in the Reporting Period.

2. Significant Guarantees

Applicable Not applicable

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
Guarantees between the Company and its subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
Zhuhai Hongta Renheng Packaging Co., Ltd.	02/12/2015	3,880	03/13/2015	3,500	Joint-liability	03/13/2015-03/13/2020	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	04/29/2016	20,000	03/01/2016	4,611	Joint-liability	03/01/2016-12/31/2019	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	06/02/2016	10,000	06/12/2016	5,000	Joint-liability	06/12/2016-03/31/2018	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	02/19/2016	15,000	07/11/2016	10,000	Joint-liability	07/01/2016-07/01/2018	No	Yes

Zhuhai Hongta Renheng Packaging Co., Ltd.	01/24/2017	18,000	03/01/2017	8,840	Joint-liability	03/01/2017-10/28/2017	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	01/24/2017	10,000	02/24/2017	0	Joint-liability	02/24/2017-02/24/2018	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	01/24/2017	20,000	02/27/2017	20,000	Joint-liability	02/28/2017-02/28/2019	No	Yes
Zhuhai Hongta Renheng Packaging Co., Ltd.	05/24/2017	33,000	05/23/2017	21,311	Joint-liability	05/23/2017-05/22/2020	No	Yes
Zhuhai Huafeng Paper Co., Ltd.	10/25/2016	35,000	10/29/2016	22,167	Joint-liability	10/29/2016-10/28/2019	No	Yes
Huaxin (Foshan) Color Printing Co., Ltd.	08/05/2016	6,000	09/14/2016	5,000	Joint-liability	01/01/2016-12/31/2020	No	Yes
Huaxin (Foshan) Color Printing Co., Ltd.	12/28/2016	2,000	12/23/2016	747.37	Joint-liability	12/23/2016-10/23/2017	No	Yes
Total guarantee line for subsidiaries approved during this Reporting Period (B1)			280,000		Total actual guarantee amount for subsidiaries during this Reporting Period (B2)			81,000
Total approved guarantee line for subsidiaries at the end of this Reporting Period (B3)			172,880		Total actual guarantee balance for subsidiaries at the end of this Reporting Period (B4)			101,176.37
Guarantees between subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
Zhuhai Huafeng Paper Co., Ltd.	03/22/2016	20,000	07/08/2016	12,170	Joint-liability	2016.7.8-2017.12.31	No	Yes
Zhuhai Huafeng	02/08/2017	10,000	01/08/2017	10,000	Joint-liability	2016.12.1-20	No	Yes

Paper Co., Ltd.						17.10.28		
Zhuhai Golden Pheasant Chemical Co., Ltd.	11/21/2015	10,000	09/07/2015	4,000	Joint-liability	2015.8.31-2018.8.30	No	Yes
Total guarantee line for subsidiaries approved during this Reporting Period (C1)		40,000			Total actual guarantee amount for subsidiaries during this Reporting Period (C2)			10,000
Total approved guarantee line for subsidiaries at the end of this Reporting Period (C3)		40,000			Total actual guarantee balance for subsidiaries at the end of this Reporting Period (C4)			26,170
Total guarantee amount (total of the above-mentioned three kinds of guarantees)								
Total guarantee line approved during this Reporting Period (A1+B1+C1)		320,000			Total actual guarantee amount during this Reporting Period (A2+B2+C2)			91,000
Total approved guarantee line at the end of this Reporting Period (A3+B3+C3)		212,880			Total actual guarantee balance at the end of this Reporting Period (A4+B4+C4)			127,346.37
Proportion of the total actual guarantee amount (A4+B4+C4) in net assets of the Company								64.64%
Of which:								
Amount of guarantees provided for shareholders, the actual controller and their related parties (D)								0
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)								0
Portion of the total guarantee amount in excess of 50% of net assets (F)								28,843.32
Total amount of the three kinds of guarantees above (D+E+F)								28,843.32

Composite guarantees:

(2) Illegal Provision of Guarantees for External Parties

Applicable Not applicable

No such cases in the Reporting Period.

3. Other Significant Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XV. Social Responsibilities

1. Targeted measures taken to help people lift themselves out of poverty

(1) Outline of Targeted Measures in the Reporting Period

The Company participated the poverty alleviation project in Sanchagou Village, Shangguan Town, Yiyang County, Luoyang City, Henan Province led by the actual controller China Paper Corporation. The poverty alleviation work was conducted according to the plan and arrangement of poverty alleviation leading group of China Paper Corporation.

(2) List of Targeted Measures of Listed Companies in the Reporting Period

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

(3) Subsequent Targeted Measure Plans

The Company would continuously carry forward the subsequent targeted measure plans in the respects of out of poverty by industry development and education according to the implementation plan of poverty alleviation purposes of actual controller.

2. Significant Environmental Protection

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

Yes

Name of the Company or its subsidiaries	Name of main pollutants and characteristics	Emission method	Number of discharge outlet	Distribution of discharge outlet	Emission concentration	Carried emission standard of pollutants	Total emission	Verified total emission	Excessive emission
Zhuhai Hongta Renheng Packaging Co., Ltd.	Chemical oxygen demand, ammonia nitrogen,	Organized discharge	1	Sewage disposal center	Chemical oxygen demand is 40.9mg/l, ammonia nitrogen is 0.83mg/l	Chemical oxygen demand≤80mg/l, ammonia nitrogen≤8mg/l, value:6-9	Chemical oxygen demand is 68.7 tons, ammonia nitrogen is 1.37 tons	Chemical oxygen demand is 294.4 tons, ammonia nitrogen is 29.44 tons	Naught
Zhuhai Hongta Renheng Packaging Co., Ltd.	Sulfur dioxide, nitrogen oxide, smoke,	Organized discharge	1	Power boiler	Sulfur dioxide is 9mg/m ³ , nitrogen oxide is 69mg/m ³ , smoke is 16.3mg/m ³	Sulfur dioxide≤50mg/m ³ , nitrogen oxide≤200mg/m ³ , smoke≤30mg/m ³	Sulfur dioxide is 2.48tons,, nitrogen oxide is 17.48tons, smoke y is 4.34tons	Sulfur dioxide is 34.04tons,, nitrogen oxide is 136.15tons, smoke is 20.42tons	Naught
Zhuhai Huafeng Paper Co., Ltd.	Chemical oxygen demand, ammonia nitrogen	Organized discharge	1	Sewage disposal center	Chemical oxygen demand is 41.14mg/l, ammonia nitrogen is 32mg/l	Chemical oxygen demand is≤80mg/l, ammonia nitrogen is 8mg/l	Chemical oxygen demand is 40.54 tons, ammonia nitrogen is 1.59 tons	Chemical oxygen demand is 450.57 tons, ammonia nitrogen is 45.06tons	Naught
Zhuhai Huafeng Paper Co., Ltd.	Sulfur dioxide, nitrogen oxide, smoke	Organized discharge	1	Power boiler	Sulfur dioxide is 20.14mg/m ³ , nitrogen oxide is 67.14mg/m ³ , smoke is 8.48mg/m ³	Sulfur dioxide is 50mg/m ³ , nitrogen oxide is 100mg/m ³ , smoke is 20mg/m ³	Sulfur dioxide is 12.86ton, nitrogen oxide is 38.21tons, smoke is 5.25tons	Sulfur dioxide is 68tons, nitrogen oxide is 142tons, smoke is 26tons	Naught
Huaxin	Chemical	Organized	1	Sewage	Chemical	Chemical	Chemical	Chemical	Naught

(Foshan) Color Printing Co., Ltd.	oxygen demand, ammonia nitrogen	discharge		disposal center	oxygen demand is 8.294mg/l, ammonia nitrogen is 0.0984mg/l	oxygen demand is ≤110mg/l, ammonia nitrogen is 15mg/l	oxygen demand is 0.156tons, ammonia nitrogen is 0.021tons	oxygen demand is 0.178tons, ammonia nitrogen is 0.026tons	
-----------------------------------	---------------------------------	-----------	--	-----------------	--	---	---	---	--

Pollution-prevention Facilities Construction and Operation

(1) HongtaRenheng

The Sewage Station and Boiler were all built and operated by the third party. The Sewage Station’s maximum processing capacity was 12000m³/d, and was put into service on Apr.1, 2013 with the investment of RMB 14 million Yuan through applying A/O technology. The quality of water after such processing could meet relevant national discharge standards stated in Discharge Standard of Water Pollutants for Pulp & Paper Industry (GB3544-2008), and waste water (after processing) reaching corresponding standards would be discharged into Gongbei Sewage Disposal Plant via the municipal sewage pipeline network of Xiangzhou District, Zhuhai City. Meanwhile, corresponding COD and online ammonia nitrogen auto monitoring system would be installed at the discharge outlet, and the qualified unit would be in charge of its operation management and 24-hour auto online detection and monitoring of ammonia nitrogen.

Meanwhile, 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). 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.

(2) Zhuhai Huafeng:

The Sewage Station’s maximum processing capacity was 22000m³/d, and was put into service on Sep.28, 2006 with the investment of RMB 38 million Yuan through applying flocculation precipitation+SBR technology. In addition, SBR biochemical system applied Canada ADI company’s SBR technology, and key devices were all introduced from foreign countries. The quality of water after such processing could meet relevant national discharge standards stated in Discharge Standard of Water Pollutants for Pulp & Paper Industry (GB3544-2008), and waste water (after processing) reaching corresponding standards would be discharged into Nanshui Sewage Disposal Plant in Zhuhai City via the municipal sewage pipeline network of Gaolan Port District, Zhuhai City. Meanwhile, corresponding COD and online ammonia nitrogen auto monitoring system would be installed at the discharge outlet, and the qualified unit would be in charge of its operation management and 24-hour auto online detection and monitoring of ammonia nitrogen.

Two self-supplied fire coal CFBs were installed with the operating capacity of 75 tons per hour in association with relevant sulphur and dust removal measures. As out-of-furnace alkaline-mode wet desulphurization technology, bag-type dust remover, low-temperature and low-nitrogen combustion technology+SNCR were applied to dispose flue gas, the dust removal efficiency would exceed 99.6% and the denitration efficiency over 85%. All discharged smoke pollutants, SO₂ and nitric oxides via the 120m chimney would meet special discharge limit standard stated in Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011). Moreover, corresponding flue gas auto monitoring system would be installed at the discharge outlet, and the qualified unit would be in charge of its operation management and 24-hour auto online detection and monitoring of discharged SO₂, nitric oxides and smoke dust.

(3) Huaxin Color Printing

The company established its own Sewage Station in 2008 with the investment of RMB 1.6 million Yuan and invested RMB 380,000 Yuan advanced equipment again in 2015 to update original equipment. Nowadays, the sewage station’s maximum processing capacity can reach 20t/d, and the qualified environmental protection company has always been involved in disposing waste water. All industrial waste water after disposal and reaching Class 1 Standard during the second period stated in Discharge Limits of Water Pollutants (DB44/26-2001) will be discharged into Nanzhuang Sewage Surge.

XVI. Other Significant Events

Applicable Not applicable

No such cases in the Reporting Period.

XVII. Significant Events of Subsidiaries

√Applicable Not applicable

Announcement name: Notice about Safety Accidents in Holding Subsidiary Zhuhai Huafeng Paper Co., Ltd.; Announcement No.: 2017-016. Newspaper or website disclosed on: China Securities Journal, Shanghai Securities News, Ta Kung Pao (HK), and <http://www.cninfo.com.cn>

(http://www.cninfo.com.cn/cninfo-new/disclosure/szse_main/bulletin_detail/true/1203132688?announceTime=2017-03-06)

Section VI Share Changes and Shareholders' Profile

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	Number	Percentage (%)	New issues	Bonus shares	Increase from capital reserve	Other	Subtotal	Number	Percentage (%)
I. Non-tradable shares	333,500,000	65.98%						333,500,000	65.98%
1. Sponsor's shares	333,500,000	65.98%						333,500,000	65.98%
Shares held by domestic corporations	332,930,290	65.89%						332,930,290	65.89%
Other	567,101	0.11%						567,101	0.11%
3. Employee-held shares	0	0.00%						0	0.00%
4. Preference shares or other	0	0.00%						0	0.00%
II. Tradable shares	171,925,000	34.02%						171,925,000	34.02%
2. Domestically listed foreign shares	171,925,000							171,925,000	34.02%
III. Total shares	505,425,000	100.00%						505,425,000	100.00%

Reasons for the share changes

 Applicable Not applicable

Approval of share changes

 Applicable Not applicable

Transfer of share ownership

 Applicable Not applicable

Effects of share changes on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and

other financial indexes over the prior year and the prior period

Applicable Not applicable

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

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II. Issuance and Listing of Securities

Applicable Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total ordinary shares held at the period-end	Increase /decrease during this Reporting Period	Number of non-tradable ordinary shares held	Number of tradable ordinary shares held	Pledged or frozen shares	
							Status	Number
Total number of ordinary shareholders at the end of the Reporting Period								
14,163								
Total number of preference shareholders who had resumed their voting right at the end of the Reporting Period (if any) (see note 8)								
0								
Shareholdings of ordinary shareholders with a stake over 5% or top 10 ordinary shareholders								
FOSHAN HUAXIN DEVELOPMENT CO., LTD.	State-owned corporation	65.20%	329,512,030	0	329,512,030	0		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.81%	4,084,905	0	0	4,084,905		
WU HAOYUAN	Domestic individual	0.42%	2,561,991	0	0	2,561,991		

VANGUARD TOTAL INTERNATIO NAL STOCK INDEX FUND	Foreign corporation	0.27%	1,362,90 2	0	0	1,362,90 2		
NORGES BANK	Foreign corporation	0.27%	1,362,90 2	0	0	1,362,90 2		
ESSENCE INTERNATIO NAL SECURITIES (HONG KONG) CO., LTD.	Foreign corporation	0.26%	1,305,15 2	0	0	1,305,15 2		
BOCI SECURITIES LIMITED	Foreign corporation	0.25%	1,280,99 0	0	0	1,280,99 0		
WU FENQIANG	Domestic individual	0.24%	1,233,90 1	0	0	1,233,90 1		
FOSHAN CHAN BEN DE DEVELOPME NT CO., LTD.	State-owned corporation	0.23%	1,139,42 0	0	1,139,42 0	0		
MIAO JUN	Domestic individual	0.22%	1,119,20 0	0	0	1,119,20 0		

Related or acting-in-concert parties among the shareholders above

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.

Shareholdings of the top ten tradable ordinary shareholders

Name of shareholder	Number of tradable ordinary shares held at the period-end	Type of shares	
		Type	Number
GUOTAI JUNAN SECURITIES(HONGKONG)LIMI TED	4,084,905	Domestically listed share	foreign 4,084,905
WU HAOYUAN	2,561,991	Domestically listed share	foreign 2,561,991
VANGUARD TOTAL INTERNATIONAL STOCK	136,290	Domestically listed share	foreign 136,290

		share	
NORGES BANK	1,352,720	Domestically listed foreign share	1,352,720
ESSENCE INTERNATIONAL SECURITIES (HONG KONG) CO., LTD.	1,305,152	Domestically listed foreign share	1,305,152
BOCI SECURITIES LIMITED	1,280,990	Domestically listed foreign share	1,280,990
WU FENQIANG	1,233,901	Domestically listed foreign share	1,233,901
MIAO JUN	1,119,200	Domestically listed foreign share	1,119,200
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	1,069,410	Domestically listed foreign share	1,069,410
KGI ASIA LIMITED	1,002,459	Domestically listed foreign share	1,002,459
Explanation about associated relationship and concerted action among the top ten common shareholders not subject to trading moratorium as well as between the top ten common shareholders not subject to trading moratorium and the top ten common shareholders	It is unknown whether the tradable share holders above are related parties or whether they are parties acting in concert as stipulated in the Administrative Methods for Information Disclosure Regarding Shareholding Changes of Listed Companies.		
Particulars about the common shareholders participating in margin trading (if any) (note 4)	Not applicable		

Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary shareholders of the Company conduct any promissory repo during the Reporting Period?

Yea No

No such cases in the Reporting Period.

IV. Change of the Controlling Shareholder or the Actual Controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

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

Change of the actual controller in the Reporting Period

Applicable Not applicable

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

Section VII Preference Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Section VIII Directors, Supervisors and Executive Officers

I Changes in Shareholdings of Directors, Supervisors and Executive Officers

Applicable Not applicable

Name	Office title	Incumbent /former	Opening shareholding (share)	Increase in the Current Period (share)	Decrease in the Current Period (share)	Closing shareholding (share)	Number of granted restricted shares at the period-beginning (share)	Number of restricted shares granted in the Current Period (share)	Number of granted restricted shares at the period-end (share)
Zhang Hong	Supervisor	Current	26,800	0	0	26,800	0	0	0
Total	--	--	26,800	0	0	26,800	0	0	0

II Changes in Directors, Supervisors and Executive Officers

Applicable Not applicable

Name	Office title	Type of change	Date	Reason
Liu Hanwen	Board Secretary	Dismissed	03/27/2017	Personal reasons
Chen Jiali	Deputy GM	Left	04/06/2017	Retirement
Tang Liming	Employee Supervisor	Left for expiration	04/17/2017	Left for expiration
Chen Long	Employee Supervisor	Elected	04/17/2017	The workers' congress election

Section IX Corporate Bonds

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

Yes

I Bond Profile

Bond name	Abbr.	Bond code	Date of issue	Due date	Balance (RMB'0,000)	Interest rate	How to pay interest and principals
2012 Company bonds of Foshan Huaxin Packaging Co., Ltd.	12HBZ	112130	11/26/2012	11/26/2017	79,998	5.80%	Paid for the interests once by year and the principals once when expired
Place for listing or transferring	SZSE						
Investor eligibility	Public and institutional investors who has a qualified securities account in the registration authority (except for those who are forbidden by laws and regulations to purchase corporate bonds)						
Interest and principal payments during this Reporting Period	Normal						
Where the bond carries any issuer or investor option clause, interchangeable clause or other special clauses, give the execution details (if applicable) of these clauses during this Reporting Period	According to the Prospectus on the Public Issuance of Company Bonds of Foshan Huaxin Packaging Co., Ltd. (hereinafter referred to as "Prospectus") disclosed on November 22, 2012 by Foshan Huaxin Packaging Co., Ltd. (hereinafter referred to as "the Company") and the stated sell-back provisions of the Company bonds issued in Y2012 (bond code: 112130 with the abbr. of "12HBZ") was disclosed on the 1 st Indicative Announcement of the Nominal Interest Rate Adjustment of the "12HBZ" and the Execution Methods of the Sell-back of the Bonds Holders of Foshan Huaxin Packaging Co., Ltd on October 28, 2015. (Announcement No.:2015-042), and had respectively issued the 2 nd , 3 rd , 4 th Indicative Announcement on October 29, 2015, October 30, 2015, November 2, 2015 (Announcement No.: 2015-044, 2015-058, 2015-W13). The investors could choose not to put back, partly put back or wholly put back to the Company of the held "12HBZ" on the put-back registration date with the put-back price of RMB100/piece and the put-back registration date of the "12HBZ" was respectively of October 29, 2015, October 30, 2015 and November 2, 2015. According to the data from the Shenzhen Branch of CSDC, the total number of the put-back of the "12HBZ" was of 200 with the total put-back amount of RMB20,000.00 (interests excluded) and the retained trusted amount of 7,999,800.						

II Bond Trustee and Credit Rating Agency

Bond trustee:							
Name	Guangzhou Securities Co., Ltd.	Office address	10F Guangzhou International Finance Center, No. 5 of Zhujiang West Rd, Tianhe District, Guangzhou	Contact	Lin Zhengxiong	Tel.	020-23385010
Credit rating agency which conducted the follow-up rating for the bond throughout this Reporting Period:							
Name	United Ratings Co., Ltd.		Office address	F12, PICC Building, No. 2 of Jianguomen Outer Street, Chaoyang District, Beijing			
Within the reporting period, if the bond trustee appointed by the company and the credit rating agency change, please clearly state corresponding reason for change, implemented procedures and influences on the investor's interest etc. (if applicable)			Not applicable				

III Utilization of Funds Raised Through Corporate Bonds

Utilization of funds raised through corporate bonds and procedures executed	Had wholly used for the payment for the bank loans and supplement to the current funds according to the regulations
Period-end balance (RMB'0,000)	0
Operation of special account for raised funds	The raised funds had complete the usage and the special account had been written-off
Whether the utilization of raised funds is in line with the promised utilization, utilization plan or other promises in the prospectus	Yes

IV Rating Results of Corporate Bonds

United Ratings Co., Ltd. was involved in maintaining the credit rating of the company's 12 Huabao Bonds at AA, and the company main body at AA with a stable credit rating prospect.

2012 Bond Tracking & Credit Rating Report was revealed via <http://www.cninfo.com.cn> on May 20, 2017.

V Credit Enhancement, Repayment Plan and Other Repayment Guarantee Measures

Within the Reporting Period, no change ever happened to the company's bond credit enhancement mechanism, repayment plan and other repayment guarantee measures that are consistent with relevant commitments made in Fund-raising Instructions.

VI Meetings of Bondholders during This Reporting Period

Naught

VII Performance of Duties by the Bond Trustee during this Reporting Period

The bond trustee fulfilled the duties by convention during the Reporting Period.

VIII Main Financial Results of the Company for Period-end and End of the Last Year (or Reporting Period and Same Period of Last Year)

Unit: RMB'0,000

Item	Period-end	End of last year	Increase/decrease of this period end compared with the end of the last year
Current ratio	126.21%	117.14%	9.07%
Debt-to-assets ratio	45.60%	41.79%	3.81%
Quick ratio	100.81%	91.18%	9.63%
	Reporting Period	Same period of last year	Increase/decrease of reporting period compared with same period of last year
Times interest earned, EBITDA basis	2.67	3.1	-13.87%
Loan repayment ratio	100.00%	100.00%	0.00%
Interest coverage ratio	100.00%	100.00%	0.00%

Reason for any over 30% YoY movements in the data above

Applicable Not applicable

IX Overdue Unpaid Debts of the Company

Applicable Not applicable

No such cases in the Reporting Period.

X Interest and Principal Payments for Other Bonds and Debt Financing Instruments during This Reporting Period

Paying debt with interest on schedule

XI Credit Lines Granted by Banks, Utilization and Repayment during this Reporting Period

In this Reporting Period, a total credit line of RMB3.31billion was granted by banks, of which RMB1.82 billion was utilized. And all the bank loans were repaid on time or before the due dates.

XII Fulfillment of commitments made in the bond prospectus during this Reporting Period

Normal

XIII Significant events during this Reporting Period

None

XIV Guarantor for corporate bonds

Yes No

Section X Financial Report

I. Auditor's Report

Whether the semi-annual report has been audited?

Yes No

The semi-annual report of the Company has not been audited.

II. Financial Statements

The unit of the financial statements attached: RMB

1. Consolidated Balance Sheet

Prepared by Foshan Huaxin Packaging Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	593,999,728.55	533,995,466.41
Settlement reserve		
Interbank lendings		
Financial assets at fair value through profit/loss	1,265,972.22	1,571,341.66
Derivative financial assets		
Notes receivable	662,099,459.46	420,840,618.16
Accounts receivable	785,619,763.27	826,164,986.19
Accounts paid in advance	402,399,602.69	131,278,347.97
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserve		
Interest receivable	5,821,607.13	6,309,042.57
Dividends receivable		
Other accounts receivable	39,374,170.72	12,207,568.74
Financial assets purchased under agreements to resell		
Inventories	652,899,367.52	612,236,732.80

Assets held for sale		
Non-current assets due within one year		
Other current assets	100,044,139.63	217,871,497.69
Total current assets	3,243,523,811.19	2,762,475,602.19
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	288,700.00	288,700.00
Held-to-maturity investments		
Long-term accounts receivable	490,240,600.41	490,240,600.41
Long-term equity investments	255,989,913.74	252,775,695.55
Investment property	24,256,034.09	24,593,743.71
Fixed assets	2,378,310,238.10	2,451,794,797.91
Construction in progress	32,414,568.09	23,927,727.82
Engineering materials		
Disposal of fixed assets	-77,669.90	
Productive living assets		
Oil-gas assets		
Intangible assets	130,374,075.58	128,267,732.43
R&D expenses	7,167,449.90	4,045,184.55
Goodwill	11,547,305.29	11,547,305.29
Long-term deferred expense	2,728,351.23	3,299,686.70
Deferred income tax assets	24,333,954.14	24,333,954.14
Other non-current assets		5,147,078.23
Total non-current assets	3,357,573,520.67	3,420,262,206.74
Total assets	6,601,097,331.86	6,182,737,808.93
Current liabilities:		
Short-term borrowings	1,238,404,630.23	821,900,000.00
Borrowings from the Central Bank		
Money deposits accepted and inter-bank deposits		
Interbank borrowings		
Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		

Notes payable	110,898,753.68	217,381,869.35
Accounts payable	306,355,382.69	383,383,165.05
Accounts received in advance	50,792,399.61	39,799,982.39
Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	18,405,642.03	28,332,211.67
Taxes payable	-28,087,582.01	36,087,856.83
Interest payable	40,210,253.40	11,446,093.94
Dividends payable	9,842,334.10	3,468,350.84
Other accounts payable	24,154,115.48	18,426,283.07
Reinsurance premiums payable		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year	798,907,164.76	798,066,823.66
Other current liabilities		
Total current liabilities	2,569,883,093.97	2,358,292,636.80
Non-current liabilities:		
Long-term borrowings	200,000,000.00	
Bonds payable	199,664,134.08	199,520,397.22
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable	19,137,995.76	3,137,995.76
Long-term payroll payable		
Special payables		
Provisions	1,691,834.27	2,117,357.80
Deferred income	16,865,742.83	18,225,377.45
Deferred income tax liabilities	2,729,046.50	2,729,046.50
Other non-current liabilities		
Total non-current liabilities	440,088,753.44	225,730,174.73
Total liabilities	3,009,971,847.41	2,584,022,811.53

Owners' equity:		
Share capital	505,425,000.00	505,425,000.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	256,822,373.42	256,822,373.42
Less: Treasury shares		
Other comprehensive income	169,714.39	169,714.39
Special reserve		
Surplus reserve	190,275,071.84	190,275,071.84
Provisions for general risks		
Retained earnings	1,017,368,818.43	1,027,703,010.59
Equity attributable to owners of the Company	1,970,060,978.08	1,980,395,170.24
Minority interests	1,621,064,506.37	1,618,319,827.16
Total owners' equity	3,591,125,484.45	3,598,714,997.40
Total liabilities and owners' equity	6,601,097,331.86	6,182,737,808.93

Legal representative: Ji Xiangdong

Person-in-charge of the accounting work: Ji Xiangdong

Person-in-charge of accounting firm: Yang Chenglin

2. Balance Sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	15,473,958.76	8,409,271.75
Financial assets at fair value through profit/loss		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts paid in advance	246,509.43	141,509.43
Interest receivable	5,821,607.13	5,950,976.18
Dividends receivable	4,807,389.97	
Other accounts receivable	896,523,135.93	979,766,646.61
Inventories		

Assets held for sale		
Non-current assets due within one year		
Other current assets		813,127.39
Total current assets	922,872,601.22	995,081,531.36
Non-current assets:		
Available-for-sale financial assets	288,700.00	288,700.00
Held-to-maturity investments		
Long-term accounts receivable	490,240,600.41	490,240,600.41
Long-term equity investments	1,317,881,000.91	1,314,515,693.41
Investment property		
Fixed assets	138,454.20	266,429.96
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	130,035.24	141,444.24
R&D expenses		
Goodwill		
Long-term deferred expense		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	1,808,678,790.76	1,805,452,868.02
Total assets	2,731,551,391.98	2,800,534,399.38
Current liabilities:		
Short-term borrowings		100,000,000.00
Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Accounts received in advance		
Payroll payable	7,704.88	
Taxes payable	-196,987.27	2,491.38

Interest payable	35,716,602.43	9,164,692.68
Dividends payable	219,338.35	201,107.63
Other accounts payable	70.00	
Liabilities held for sale		
Non-current liabilities due within one year	798,907,164.76	798,066,823.66
Other current liabilities		
Total current liabilities	834,653,893.15	907,435,115.35
Non-current liabilities:		
Long-term borrowings		
Bonds payable	199,664,134.08	199,520,397.22
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Special payables		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	199,664,134.08	199,520,397.22
Total liabilities	1,034,318,027.23	1,106,955,512.57
Owners' equity:		
Share capital	505,425,000.00	505,425,000.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	250,531,482.00	250,531,482.00
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	190,275,071.84	190,275,071.84
Retained earnings	751,001,810.91	747,347,332.97
Total owners' equity	1,697,233,364.75	1,693,578,886.81
Total liabilities and owners' equity	2,731,551,391.98	2,800,534,399.38

3. Consolidated Income Statement

Unit: RMB

Item	January-June 2017	January-June 2016
1. Operating revenues	1,567,199,202.22	1,492,857,427.72
Including: Sales income	1,567,199,202.22	1,492,857,427.72
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	1,574,330,174.45	1,479,326,694.32
Including: Cost of sales	1,376,216,644.41	1,304,435,785.58
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and surtaxes	10,398,261.38	4,373,872.96
Selling expenses	76,796,056.93	82,902,898.30
Administrative expenses	61,449,510.47	61,228,627.45
Finance costs	49,469,701.26	34,425,510.63
Asset impairment loss		-8,040,000.60
Add: Profit on fair value changes (“-” means loss)		304,500.00
Investment income (“-” means loss)	16,267,328.42	3,241,303.72
Including: Share of profit/loss of associates and joint ventures	16,267,328.42	6,626,803.72
Exchange gains (“-” means loss)		
Other gains		
3. Operating profit (“-” means loss)	9,136,356.19	17,076,537.12
Add: Non-operating income	6,311,640.26	14,907,897.95
Including: Profit on disposal of non-current assets	211,852.98	250,456.13
Less: Non-operating expense	119,275.08	1,277,727.19

Including: Loss on disposal of non-current assets	77,657.88	161,572.40
4. Total profit (“-” means loss)	15,328,721.37	30,706,707.88
Less: Corporate income tax	96,393.17	1,746,571.89
5. Net profit (“-” means loss)	15,232,328.20	28,960,135.99
Net profit attributable to owners of the Company	12,487,648.99	15,497,115.93
Minority interests’ income	2,744,679.21	13,463,020.06
6. Other comprehensive income net of tax		
Other comprehensive income net of tax attributable to owners of the Company		
6.1 Other comprehensive income that will not be reclassified into profit/loss		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
6.2 Other comprehensive income to be subsequently reclassified into profit/loss		
6.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
6.2.2 Profit/loss on fair value changes of available-for-sale financial assets		
6.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective profit/loss on cash flow hedges		
6.2.5 Currency translation differences		
6.2.6 Other		
Other comprehensive income net of		

tax attributable to minority interests		
7. Total comprehensive income	15,232,328.20	28,960,135.99
Attributable to owners of the Company	12,487,648.99	15,497,115.93
Attributable to minority interests	2,744,679.21	13,463,020.06
8. Earnings per share		
8.1 Basic earnings per share	0.0247	0.0307
8.2 Diluted earnings per share	0.0247	0.0307

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

Legal representative: Ji Xiangdong

Person-in-charge of the accounting work: Ji Xiangdong

Person-in-charge of accounting firm: Yang Chenglin

4. Income Statement of the Company

Unit: RMB

Item	January-June 2017	January-June 2016
1. Operating revenues	0.00	0.00
Less: Operating costs	0.00	0.00
Taxes and surtaxes	3,620.00	39,101.88
Selling expenses		
Administrative expenses	4,319,154.04	4,329,607.76
Finance costs	-3,025,613.56	-3,052,277.21
Asset impairment loss		
Add: profit on fair value changes (“-” means loss)		
Investment income (“-” means loss)	21,225,807.70	24,013,671.90
Including: Share of profit/loss of associates and joint ventures	16,418,417.73	7,025,445.26
Other gains		
2. Operating profit (“-” means loss)	19,928,647.22	22,697,239.47
Add: Non-operating income	2,664.65	
Including: Profit on disposal of non-current assets		
Less: Non-operating expense	103,233.93	1,150.00
Including: Loss on disposal of non-current assets	73,474.59	

3. Total profit (“-” means loss)	19,828,077.94	22,696,089.47
Less: Corporate income tax		
4. Net profit (“-” means loss)	19,828,077.94	22,696,089.47
5. Other comprehensive income net of tax		
5.1 Other comprehensive income that will not be reclassified into profit and loss		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
5.2 Other comprehensive income to be subsequently reclassified into profit/loss		
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets		
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	19,828,077.94	22,696,089.47
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	January-June 2017	January-June 2016
1. Cash flows associated with operating activities:		
Cash received from sale of commodities and rendering of service	1,195,168,149.37	1,104,577,756.39
Net increase in money deposits from customers and interbank placements		
Net increase in loans from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment fund		
Net increase in disposal of financial assets at fair value through profit/loss		
Interest, fees and commissions received		
Net increase in interbank borrowings		
Net increase in funds in repurchase business		
Tax refunds received	77,562.83	115,664.68
Cash generated by other operating activities	45,235,227.81	62,459,598.83
Subtotal of cash generated by operating activities	1,240,480,940.01	1,167,153,019.90
Cash paid for goods and services	1,617,327,828.30	1,288,335,649.93
Net increase in loans and advances to customers		
Net increase in funds deposited in the Central Bank and interbank placements		
Cash paid for claims of original insurance contracts		
Interest, fees and commissions paid		
Cash paid as policy dividends		
Cash paid to and for employees	106,197,141.98	103,798,135.36
Taxes paid	78,169,600.34	69,613,734.62
Cash used in other operating	45,919,666.96	43,768,968.54

activities		
Subtotal of cash used in operating activities	1,847,614,237.58	1,505,516,488.45
Net cash generated by operating activities	-607,133,297.57	-338,363,468.55
2. Cash flows associated with investing activities:		
Cash received from retraction of investments		1,944,757.86
Cash received as investment income	13,053,110.23	22,803,597.80
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	284,755.00	277,000.00
Net cash received from disposal of subsidiaries or other business units		45,000,000.00
Cash generated by other investing activities		
Subtotal of cash generated by investing activities	13,337,865.23	70,025,355.66
Cash paid to acquire fixed assets, intangible assets and other long-term assets	27,562,168.28	48,108,295.58
Cash paid for investment		
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	27,562,168.28	48,108,295.58
Net cash generated by investing activities	-14,224,303.05	21,917,060.08
3. Cash flows associated with financing activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings	1,076,579,133.19	807,760,258.44
Cash received from issuance of bonds		

Cash generated by other financing activities	109,000,000.00	
Subtotal of cash generated by financing activities	1,185,579,133.19	807,760,258.44
Repayment of borrowings	459,900,000.00	590,797,119.97
Cash paid for interest expenses and distribution of dividends or profit	41,274,221.49	30,916,069.06
Including: dividends or profit paid by subsidiaries to minority interests		
Cash used in other financing activities	129,018,017.46	197,524,621.41
Sub-total of cash used in financing activities	630,192,238.95	819,237,810.44
Net cash generated by financing activities	555,386,894.24	-11,477,552.00
4. Effect of foreign exchange rate changes on cash and cash equivalents	-3,043,048.94	-3,222,711.86
5. Net increase in cash and cash equivalents	-69,013,755.32	-331,146,672.33
Add: Opening balance of cash and cash equivalents	533,995,466.41	509,706,611.07
6. Closing balance of cash and cash equivalents	464,981,711.09	178,559,938.74

6. Cash Flow Statement of the Company

Unit: RMB

Item	January-June 2017	January-June 2016
1. Cash flows associated with operating activities:		
Cash received from sale of commodities and rendering of service		12,775,461.68
Tax refunds received		
Cash generated by other operating activities	154,225,696.31	165,062,923.67
Subtotal of cash generated by operating activities	154,225,696.31	177,838,385.35
Cash paid for goods and services		57,775,461.68
Cash paid to and for employees	3,019,607.81	2,628,847.01
Taxes paid	3,260.00	147,128.32
Cash used in other operating activities	39,565,549.57	227,912,033.93

Subtotal of cash used in operating activities	42,588,417.38	288,463,470.94
Net cash generated by operating activities	111,637,278.93	-110,625,085.59
2. Cash flows associated with investing activities:		
Cash received from retraction of investments		1,944,757.86
Cash received as investment income	13,053,110.23	22,803,597.80
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	25,300.00	
Net cash received from disposal of subsidiaries or other business units		45,000,000.00
Cash generated by other investing activities		
Subtotal of cash generated by investing activities	13,078,410.23	69,748,355.66
Cash paid to acquire fixed assets, intangible assets and other long-term assets	105,000.00	
Cash paid for investment		12,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	105,000.00	12,000,000.00
Net cash generated by investing activities	12,973,410.23	57,748,355.66
3. Cash flows associated with financing activities:		
Cash received from capital contributions		
Cash received as borrowings		100,000,000.00
Cash received from issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities		100,000,000.00
Repayment of borrowings	100,000,000.00	100,000,000.00

Cash paid for interest expenses and distribution of dividends or profit	17,546,002.15	7,620,603.60
Cash used in other financing activities		
Sub-total of cash used in financing activities	117,546,002.15	107,620,603.60
Net cash generated by financing activities	-117,546,002.15	-7,620,603.60
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	7,064,687.01	-60,497,333.53
Add: Opening balance of cash and cash equivalents	8,409,271.75	68,234,826.12
6. Closing balance of cash and cash equivalents	15,473,958.76	7,737,492.59

7. Consolidated Statement of Changes in Owners' Equity

January-June 2017

Unit: RMB

Item	January-June 2017												
	Equity attributable to owners of the Company										Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Retained earnings
	Preference shares	Perpetual bonds	Other										
1. Balance at the end of the prior year	505,425,000.				256,822,373.42		169,714.39		190,275,071.84		1,027,703,010.59	1,618,319,827.16	3,598,714,997.40
Add: Changes in accounting policies													
Correction of errors in prior periods													
Business mergers under the same control													
Other													
2. Balance at the	505,425,000.				256,822,373.42		169,714.39		190,275,071.84		1,027,703,010.59	1,618,319,827.16	3,598,714,997.40

beginning of the year	5,000.00				,373.42		.39		,071.84		03,010.59	19,827.16	14,997.40
3. Increase/decrease in the period (“-” means decrease)											-10,334,192.16	2,744,679.21	-7,589,512.95
3.1 Total comprehensive income											12,487,648.99	2,744,679.21	15,232,328.20
3.2 Capital increased and reduced by owners													
3.2.1 Ordinary shares increased by shareholders													
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Amounts of share-based payments charged to owners’ equity													
3.2.4 Other													
3.3 Profit distribution											-22,821,841.15		-22,821,841.15
3.3.1 Appropriation to surplus reserve													
3.3.2 Appropriation to general risk provisions											-22,821,841.15		-22,821,841.15
3.3.3 Appropriation to owners (or shareholders)													
3.3.4 Other													
3.4 Internal carry-forward of owners’ equity													

3.4.1 New increase of capital (or share capital) from capital reserve													
3.4.2 New increase of capital (or share capital) from surplus reserve													
3.4.3 Surplus reserve for making up loss													
3.4.4 Other													
3.5 Special reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used in the period													
3.6 Other													
4. Closing balance	505,425,000.00				256,822,373.42		169,714.39		190,275,071.84		1,017,368,818.43	1,621,064,506.37	3,591,125,484.45

January-June 2016

Unit: RMB

Item	January-June 2016												Minority interest	Total owners' equity
	Equity attributable to owners of the Company													
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings			
Preference shares		Perpetual bonds	Other											
1. Balance at the end of the prior year	505,425,000.00				256,822,373.42		169,714.39		187,280,095.40		988,580,048.92	1,570,706,431.79	3,508,983,663.92	
Add: Changes in accounting policies														
Correction of errors in prior														

periods													
Business mergers under the same control													
Other													
2. Balance at the beginning of the year	505,425,000.				256,822,373.42		169,714.39		187,280,095.40		988,580,048.92	1,570,706,431.79	3,508,983,663.92
3. Increase/decrease in the period (“-” means decrease)									2,994,976.44		39,122,961.67	47,613,395.37	89,731,333.48
3.1 Total comprehensive income											61,324,088.11	77,777,394.47	139,101,482.58
3.2 Capital increased and reduced by owners													
3.2.1 Ordinary shares increased by shareholders													
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Amounts of share-based payments charged to owners' equity													
3.2.4 Other													
3.3 Profit distribution									2,994,976.44		-22,201,126.44	-30,163,999.10	-49,370,149.10
3.3.1 Appropriation to surplus reserve									2,994,976.44		-2,994,976.44		
3.3.2 Appropriation to general risk provisions											-19,206,150.00	-30,163,999.10	-49,370,149.10
3.3.3 Appropriation to													

owners (or shareholders)													
3.3.4 Other													
3.4 Internal carry-forward of owners' equity													
3.4.1 New increase of capital (or share capital) from capital reserve													
3.4.2 New increase of capital (or share capital) from surplus reserve													
3.4.3 Surplus reserve for making up loss													
3.4.4 Other													
3.5 Special reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used in the period													
3.6 Other													
4. Closing balance	505,425,000.				256,822,373.42		169,714.39		190,275,071.84		1,027,703,010.59	1,618,319,827.16	3,598,714,997.40

8. Statement of Changes in Owners' Equity of the Company

January-June 2017

Unit: RMB

Item	January-June 2017										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Other							
1. Balance at the end of the prior	505,425,				250,531,4				190,275,0	747,347	1,693,578

year	000.00				82.00				71.84	,332.97	,886.81
Add: Changes in accounting policies											
Correction of errors in prior periods											
Other											
2. Balance at the beginning of the year	505,425,000.00				250,531,482.00				190,275,071.84	747,347,332.97	1,693,578,886.81
3. Increase/decrease in the period (“-” means decrease)										3,654,477.94	3,654,477.94
3.1 Total comprehensive income										19,828,077.94	19,828,077.94
3.2 Capital increased and reduced by owners											
3.2.1 Ordinary shares increased by shareholders											
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Amounts of share-based payments charged to owners' equity											
3.2.4 Other											
3.3 Profit distribution										-16,173,600.00	-16,173,600.00
3.3.1 Appropriation to surplus reserve											
3.3.2 Appropriation to owners (or										-16,173,600.00	-16,173,600.00

shareholders)											
3.3.3 Other											
3.4 Internal carry-forward of owners' equity											
3.4.1 New increase of capital (or share capital) from capital reserve											
3.4.2 New increase of capital (or share capital) from surplus reserve											
3.4.3 Surplus reserve for making up loss											
3.4.4 Other											
3.5 Special reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used in the period											
3.6 Other											
4. Closing balance	505,425,000.00				250,531,482.00				190,275,071.84	751,001,810.91	1,697,233,364.75

January-June 2016

Unit: RMB

Item	January-June 2016										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Other							
1. Balance at the end of the prior year	505,425,000.00				250,531,482.00				187,280,095.40	739,598,695.01	1,682,835,272.41
Add: Changes in accounting policies											

Correction of errors in prior periods											
Other											
2. Balance at the beginning of the year	505,425,000.00				250,531,482.00				187,280,095.40	739,598,695.01	1,682,835,272.41
3. Increase/decrease in the period (“-” means decrease)									2,994,976.44	7,748,637.96	10,743,614.40
3.1 Total comprehensive income										29,949,764.40	29,949,764.40
3.2 Capital increased and reduced by owners											
3.2.1 Ordinary shares increased by shareholders											
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Amounts of share-based payments charged to owners' equity											
3.2.4 Other											
3.3 Profit distribution									2,994,976.44	-22,201,126.44	-19,206,150.00
3.3.1 Appropriation to surplus reserve									2,994,976.44	-2,994,976.44	
3.3.2 Appropriation to owners (or shareholders)										-19,206,150.00	-19,206,150.00
3.3.3 Other											
3.4 Internal carry-forward of											

owners' equity											
3.4.1 New increase of capital (or share capital) from capital reserve											
3.4.2 New increase of capital (or share capital) from surplus reserve											
3.4.3 Surplus reserve for making up loss											
3.4.4 Other											
3.5 Special reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used in the period											
3.6 Other											
4. Closing balance	505,425,000.00				250,531,482.00				190,275,071.84	747,347,332.97	1,693,578,886.81

III. Company profiles

Foshan Huaxin Packaging Co., Ltd. (hereinafter referred to as the Company) was promoted by Foshan Huaxin Development Co., Ltd., as a main sponsor, under approval of People's Government of Guangdong Province with YBH (1999) No. 297 document and Economic System Reform Committee of Guangdong Province with YTG (1999) No. 032 document, and jointly invested by seven shareholders such as Foshan Municipal Investment General Corporation, Foshan Xinhui Industrial Development Co., Ltd., China Packaging General Corporation, China Material Development & Investment General Corporation, Guangdong Technical Reforming & Investment Co., Ltd., China Chemistry & Light Industry General Corporation, and Foshan Light Industry Company by promotion with total share capital of RMB290,000,000 at par value of RMB1 per share. The Company is joint-stock company who was registered in Administration Bureau for Commerce & Industry of Guangdong Province on June 21, 1999. (Business License No. 40000000005147). In the year of 2000, the Company successfully placed domestically listed foreign shares (B shares) amounting to 149,500,000 by mean of private placing, which was listed in Shenzhen Stock Exchange for trade. After offering, the Company's total share capital was increased to RMB439,500,000.00. In June 2007, the Company distributed dividends of 65,925,000 shares, thus, the total share capital was changed into RMB505,425,000.00.

As at June 30, 2017, the Company accumulatively issued 505,425,000 shares in number and the registered capital stood at RMB505,425,000 and the registered address: 2/F, Block 7, 3 Keyang Road, Luoge Park, Chancheng

Economic Development Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, and the office address of headquarter is 2/F, Block 7, 3 Keyang Road, Luoge Park, Chancheng Economic Development Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province, of which the parent company is Foshan Huaxin Development Co., Ltd. and the ultimate actual controller is China Chengtong Holding Group Co., Ltd.

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

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

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

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

On June 30, 2009, the Company required 40.176% equities of Hongta Renheng through capital increase and share expansion method. There were 5 members of the Board of Directors of Hongta Renheng, of which 3 of them were sent by the Company, 1 from Yunnan Hehe Group Co., Ltd. (before name change: Yunnan Hongta Group Co., Ltd.) and 1 from Renheng Industrial Co., Ltd.. The Chairman (legal representative) was appointed from the Company with the GM and the CFO were both the expatriate personnel from the Company. The Company could control the routine production and operating activities of Hongta Renheng and thus from July of 2009, Hongta Renheng began to be included in the consolidated financial statement scope of the Company. On February 1, 2010, Hongta Renheng completed the industrial and commercial alternation procedures of the capital increase with the equities of Hongta Renheng that held by the Company increased to 41.9653%, and at the same time according to the resolution of the Board of Directors held on February 25, 2010 by Hongta Renheng, the contracts, articles of Hongta Renheng had altered with the Board members changed from 5 to 7 Directors, of which 4 of them (originally were 3) sent by the Company. 2 of them by Yunnan Hehe Group (originally was 1), 1 of them by Renheng Industrial Co., Ltd. and none of them by Dragon State International Limited. The Company still could

decide the financial and operating policies of Hongta Renheng as well as could execute the control, thus would continue to include Hongta Renheng into the consolidated scope of the Company.

IV. Basis for the preparation of financial statements

1. Preparation basis

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

2. Continuation

The Company executed the assessment on the continuation ability within 12 months since the Reporting Period and had not discovered any event or situation caused significant suspect on the continuation ability. Thus, the financial statements compiled based on the hypothesis of the continuation.

V. Important accounting policies and estimations

Indication of specific accounting policies and estimations:

Naught

1. Statement for complying with the accounting standard for business enterprise

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

2. Fiscal period

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

3. Operating cycle

The operating cycle of the Company is 12 months.

4. Standard currency of accounts

The Company adopts Renminbi as a standard currency of accounts.

5. Accounting process of business combinations under the same control and not under the same control

1. Each transaction items, conditions and economy influence in confirm with the following one or several conditions, when realizing enterprise combination by steps. Several transaction events were considered as a package deal and conducted accounting method

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

2. Business combination under the same control

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

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

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

3. Business combination not under the same control

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

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

Where a merger of enterprises not under the same control is realized through multiple transactions step by step, if these transactions belong to a package transaction, each transaction shall be accounted as a transaction to obtain

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

4. Relevant costs incurred from the business combination

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

6. Methods for preparing consolidated financial statements

1. Consolidation scope

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

2. Consolidation process

The Company based on the financial statements of itself and its subsidiaries, in line with other relevant information, prepare the consolidated financial statements. The consolidated financial statements the Company prepare was considered the whole enterprise group as a accountant entity, in line with the requirement of presentation, recognition and calculation in ASBE and a uniform accountant policies, reflect the financial situation, operation results and cash flows of the whole enterprise group.

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

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

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

the minority shareholder's equity.

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

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

(1). Increasing the subsidiaries or business

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

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

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

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

(2). Disposal of the subsidiaries or business

1) General disposing method

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

Where the Company loses the control over a former subsidiary due to disposal of some equity investments or other reasons, the Company re-measures the remaining equity investments after the disposal according to the fair

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

2) Step by step disposing the subsidiaries

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

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

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

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

(3). Purchasing minority equities of the subsidiaries

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

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

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

7. Classification of joint arrangements and accounting treatment of joint operations

8. Recognition standard for cash and cash equivalents

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

9. Foreign currency businesses and translation of foreign currency financial statements

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

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

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

10. Financial instruments

Financial instruments include financial assets and liabilities and equity instruments.

1. Categorization of financial instruments

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

2. Recognition basis and calculation method of financial instrument

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

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

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

- 1). The purpose of obtaining the financial assets or financial liabilities is to sell, repurchase or redeem it in a short time;
- 2). It is a part of the identifiable combination of financial instrument that the company manages together and there

is objective evidence of a recent pattern of short-term profit making;

3). It belongs to the derivative financial instrument, but is designated as the derivative instrument of valid arbitrage instrument or belongs to the derivation instrument of financial guarantee contract, or it is connected to the equity instrument investment for which there is no quotation in active market and its fair value cannot be reliably measured, the derivative tool that shall be settled through delivering the equity instrument excluded.

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

1). The designation is able to eliminate or obviously reduce the discrepancies in the recognition or measurement of relevant gains or losses arising from the different basis of measurement of the financial assets or financial liability;

2). The official written document of risk management or investment strategies of the enterprise concerned have described that the said combination of financial assets, the combination of financial liabilities, or the combination of financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and will be reported to the key management personnel.

3). The mixed instruments include one or more embedded derivative instrument, unless the embedded derivative instrument does not materially change the cash flow of the mixed instrument, or it is obvious that the embedded instrument shall not be split from the relevant mixed instrument;

4). The mixed instrument that include the embedded derivative instrument that shall be split but cannot be separately measured when it is obtained or on the subsequent date of balance sheet.

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

(2) Accounts receivable

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

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

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

(3) Held-to-maturity investments

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

When the Company obtains the held-to-maturity investment (less the unpaid interest on bonds which has been accrued), the sum of the fair value and related transaction costs will be treated as initial confirmation amount. During the holding period, interest income shall be calculated in accordance with the amortized cost and the actual

interest rate and included in investment income. The actual interest rates are determined upon acquisition and remain unchanged during the expected holding period or a shorter period if applicable. Difference between the proceeds received and book value of the investment is charged to investment income.

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

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

(4) Available-for-sale financial assets

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

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

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

(5) Other financial liabilities

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

3. Recognition and measurement of transfer of financial assets

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

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

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

financial asset available for sale).

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

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

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

4. Termination of recognition of financial liabilities

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

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

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

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

5. Determination of the fair value of financial assets and financial liabilities

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

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

Where there is no active market for a financial assets and financial liabilities, the Company concerned shall adopt value appraisal techniques to determine its fair value. When evaluating, the Company adopt the valuation technique with sufficient useful data and supported by other information which suitable for the current situation, choose a input in concern with the characteristics of assets or liabilities considered in relevant assets or liabilities

transaction with the market players, and as much as possible, give prior to using the relevant observable input under the situation that, the observable input value or it is not feasible to obtain, use unobservable input value.

6. Withdrawal method of provision for impairment on financial assets (excluding accounts receivable)

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

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

(1) Issuer or debtor had serious financial difficulties;

(2) The debtor violates the items of the contact, such as violate a treaty or overdue to repay the interest or principal, etc;

(3) The creditor considering the factors of economy or law makes concession to the debtor who had serious financial difficulty;

(4) The debtor probably may go out of business or had other financial recombination;

(5) Due to the issuer had serious financial difficulty; the financial assets cannot continue to trade in the active market;

(6) The cash flow of a kind of asset in a group of financial assets decrease or not was beyond recognition, however, after conducting the overall evaluation in line with the public data, the estimate cash flow of the group of financial assets actually decrease and gaugeable since initial recognition, if the repay ability of the debtor steadily worsened, or the increase of unemployment rate, the decrease in the price of guaranty or the industry downturn that the district or country the debtor in, etc;

(7) The great disadvantage change in technology, market, economy or legal environment that operation place that issuer of equity instrument locate at, which lead to the irrecoverable of investment cost of the equity instrument investors;

(8) The fair value occurred seriously or non-transient decrease;

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

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

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

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

Where a sellable financial asset is impaired, even if the recognition of the financial asset has not been terminated,

the accumulative losses arising from the decrease of the fair value of the owner's equity which was directly included shall be transferred out of the owners' equities and recorded into the profits and losses of the current period. The accumulative losses that are transferred out shall be the balance obtained from the initially obtained costs of the sold financial asset after deducting the principals as taken back, the current fair value and the impairment-related losses as was recorded into the profits and losses of the current period.

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

2) Impairment provision for held-to-maturity investments

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

7. The offset of financial assets and financial liabilities

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

- (1) The Company had legal rights of offsetting the recognition amount, and the legal right is executable in recently;
- (2) The Company plans to settle at net amount, or meanwhile realize the financial assets and pay off the financial liabilities.

11. Accounts receivable

(1) Bad debt provision for individually significant accounts receivable

Judgment basis or monetary standards of provision for bad debts of the individually significant accounts receivable	An account receivable exceeds 10 million (including), or another account receivable exceeds five million (including)
Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end	An impairment test shall be conducted on the account receivable and the difference of the present value of expected future cash flow less than its book value shall be withdrawn as the bad debt provision and recorded into current gains/losses. Where an impairment test is conducted on an account receivable and no impairment occurs, classify into relevant group and withdraw bad debt provision.

(2) Accounts receivable which the bad debt provision is withdrawn by credit risk characteristics

Name of the group	Bad debt provision method
Certain accounts receivable groups divided by aging characteristics	
Aging analysis method group	Aging analysis method

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

Applicable Not applicable

Aging	Withdrawal proportion for accounts receivable	Withdrawal proportion for other accounts receivable
1-3 months	0.00%	0.00%
4-12 months	5.00%	5.00%
1-2 years	10.00%	10.00%
2-3 years	20.00%	20.00%
Over 3 years	50.00%	50.00%
3-4 years	50.00%	50.00%
4-5 years	50.00%	50.00%
Over 5 years	50.00%	50.00%

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

Applicable Not applicable

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

Applicable Not applicable

(3) Accounts receivable with an insignificant single amount but for which the bad debt provision is made individually

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

12. Inventory

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

No.

1. Category

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

2. Pricing method for outgoing inventories

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

3. Recognition of net realizable value and withdrawal of provision for falling price of inventory

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

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

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

4. Inventory system for inventories:

Inventory system: Perpetual inventory system

5. Amortization method of the low-value consumption goods and packing articles

- (1) One-off amortization method for the low-value consumption goods;
- (2) One-off amortization method for the packaging articles; and
- (3) One-off amortization method for other revolving materials.

13. Divided as assets held for sale

14. Long-term equity investment

1. The recognition of investment cost

- (1) The relevant accounting policy of long term equity investment formed by enterprise combination, please refer to “(5) Accounting disposal method of the enterprise merger under or not under the same control” under Note 4.
- (2) Long-term equity investment gained by other methods

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

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

value of the equity securities issued.

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

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

2. Subsequent measurement and gain/loss recognition method

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

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

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

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

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

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

The Company should respectively recognize investment income and other comprehensive income according to the net gains and losses as well as the portion of other comprehensive income which should be enjoyed or be shared, and at the same time adjust the book value of the long-term equity investment; corresponding reduce the book value of the long-term equity investment according to profits which be declared to distribute by the investees or the portion of the calculation of cash dividends which should be enjoyed; for the other changes except for the net gains and losses, other comprehensive income and the owners' equity except for the profits distribution of the investees, should adjust the book value of the long-term equity investment as well as include in the capital reserve.

The investing enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment and according to the accounting policies as well as the accounting period of the Company, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. For the transaction happened between the Company and associated enterprises as well as joint ventures, the portion of the unrealized gains and losses of the internal transaction, which belongs to the Company according to the calculation of the enjoyed proportion, should offset and recognized the investment gains and losses on the basis.

The Company shall handle to the net losses of the invested enterprise recognized by it: A. offset book value of

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

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

3. The accounting method transfer of long-term equity investment

(1) Fair value calculation transfer to equity method

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

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

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

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

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

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

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

(3) Equity method transfer into fair value calculation

The remained equity due to the disposal of part of equity and other reason losing common control or significant influence to the investee, calculated in line with the Accounting Standards for Business Enterprises No.

22--Recognition and Measurement of Financial Instruments after disposal. The difference between the fair value and book value on the date of losing common control or significant influence was record into current profit or losses.

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

(4) Cost method transfer into equity method

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

(5) Cost method to fair value measurement

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

4. Disposal of long-term equity investment

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

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

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

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

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

2). In consolidated financial statement, for each transaction before losing the control to the subsidiary, the difference between the disposal price and the corresponding net assets share enjoyed of subsidiary when disposing long term equity investment since purchase date or start calculation, adjusts capital reserve (stock premium), capital reserve is insufficient for write-downs, adjusts the retained earnings. The difference between the

consideration obtained in the equity disposal, plus the fair value of the remaining equities, less the Company's share of net assets net assets share enjoyed of subsidiary when disposing long term equity investment since purchase date or start calculation according to the former shareholding ratio, is recorded into the investment gains for the period when the control ceases, meanwhile, writes down goodwill. Other comprehensive income related to former subsidiary's equity investment, transfer into current investment income when the control ceases.

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

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

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

5. Judgment standard of joint control and significant influences

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

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

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

15. Investment property

Measurement mode of investment real estates

Measurement of cost method

Depreciation or amortization method

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

or amortization are as follows:

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

16. Fixed assets

(1) Recognized standard of fixed assets

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

(2) Depreciation method

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

(3) Recognition basis and pricing method of fixed assets by finance lease

Where one of the following provisions is regulated in the rental agreement signed between the Company and the leaser, is shall be recognized as an asset acquired under finance leases: (1) the ownership of the leased asset is transferred to the Company after the term of lease expires; (2) the Company has the option to buy the asset at a price which is far lower than the fair value of the asset at the date when the option becomes exercisable; (3) the lease term covers the major part of the use life of the leased asset; (4) in the case of the lessee, the present value of the minimum lease payments on the lease beginning date amounts to substantially all of the fair value of the leased asset. (5) When nature of the leased asset is special, if there is no great transform, only the Company can use it, As for the fixed assets by finance lease, the Company shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges. When the negotiation of lease and signing lease contract occurred simultaneously, the handling charge, attorney's fees and traveling expenses, stamp duty, and other direct cost belonging to the lease project, recorded into value of leased assets. The unrecognized financing cost was amortized by effective interest method at each period within the lease term. The Company adopting depreciation policies in concern with self-owned fixed assets withdraw depreciation of fixed assets under financing lease. The ownership of fixed assets

under financing lease reasonably ensured to obtain the expiration of the lease term, withdraw depreciation within useful life; The ownership of fixed assets under financing lease cannot reasonably ensured to obtain the expiration of the lease term, withdraw depreciation within the shorter one of useful life and lease term.

17. Construction in progress

1. Initial measurement of construction in progress

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

2. Standard and time point of construction in progress transferring into fixed assets

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

18. Borrowing costs

1. Recognition principle of capitalization of borrowing costs

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

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

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

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

2. Capitalization period

The capitalization period shall refer to the period from the commencement to the cessation of capitalization of the borrowing costs, excluding the period of suspension of capitalization of the borrowing costs.

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

When the part of projects in the qualified asset under acquisition and construction or production are completed

separately and is ready for use alone, the capitalization of the borrowing costs of such part of assets shall be ceased.

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

3. The period of suspension of capitalization of the borrowing costs

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

4. Calculation method of capitalized amount of borrowing costs

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

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

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

19. Biological assets

20. Oil and gas assets

21. Intangible assets

(1) Pricing method, useful life and impairment test

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

1) Initial measurement of intangible assets

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

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

As for a non-monetary assets transaction, under the premise that the transaction is commercial in nature and the fair value of the assets received or surrendered can be measured reliably, the initial cost of the fair value of the

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

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

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

2) Subsequent measurement

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

(1). Intangible assets with limited service life

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

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

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

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

(2). Intangible assets with uncertain service life

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

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

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

(2) Accounting policies of internal R&D expenses

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

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

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

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

2) Standard for capitalization of development expenditures

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

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

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

22. Impairment of long-term assets

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

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

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

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

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

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

23. Long-term unamortized expenses

1. Amortization method

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

2. Amortization period

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

24. Payroll

(1) Accounting treatment of short-term compensation

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

(2) Accounting treatment of the welfare after demission

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

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

The setting drawing plan of welfare after demission is the social basic pension insurance, unemployment insurance, etc, which implemented by the local labor and social security offices. During the accounting period that the employee providing service for the Company, the amount should pay in line with the setting drawing plan will be recognized as liabilities and record into current profits or losses or cost of relevant assets.

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

(3) Accounting treatment of demission welfare

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

(4) Accounting treatment of other welfare of the long-term employees

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

25. Accrued liabilities

1. Recognition standard of estimated liabilities

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

- A. The obligation is a current obligation of the company;
- B. It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and
- C. The amount of the obligation can be measured in a reliable way.

2. Measurement method of estimated liabilities

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

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

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

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

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

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

26. Share-based payment

27. Other financial instruments such as preferred shares and perpetual capital securities

28. Revenue

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

No

1. Criteria for recognition time of revenue from sale of goods

The significant risks and rewards of ownership of the goods have been transferred to the buyer by the enterprise;

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

Confirmation methods of sales revenues of the Company:

(1) Confirmation methods of domestic sales revenue

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

(2) Confirmation methods of export sales revenue

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

2. Recognition basis of revenue from transferring use rights of assets

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

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

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

3. Recognition basis and method for recognizing the revenue from providing labor services

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

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

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

(2). Relevant economy profits may inflow enterprises

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

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

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

If the Company can, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the

labor services it provides, it shall recognize the revenue from providing services employing the percentage-of-completion method.

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

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

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

4. Assets transfer with repurchase conditions

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

29. Government subsidies

(1) Judgment basis and accounting treatment of government subsidies related to assets

Government subsidies related to assets are recognized as deferred income and recorded into non-operation revenue by stage in line with service life of assets purchased or constructed.

(2) Judgment basis and accounting treatment of government subsidies related to profits

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

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

30. Deferred income tax assets/deferred income tax liabilities

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

1. Recognition basis of deferred income tax assets

The Company probably recognizes the deferred income tax assets incurred from deductible temporary difference using the limit of taxable income amount of deductible losses and tax credits deducting temporary differences and can be brought forward to next accounting year. However, derecognize the deferred income tax assets incurred

from the initial recognition of assets or liabilities in the transaction of the follows with these characteristics: (1) The transaction is not enterprise combination. (2) When the transaction occurring, it has no influence to the accounting profits, taxable amount or deductible losses.

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

2. Recognition basis of deferred income tax liabilities

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

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

3. Deferred income tax assets and deferred income tax liabilities are stated at net offset amounts when the following conditions are simultaneously satisfied:

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

31. Lease

(1) Accounting treatment of operating lease

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

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

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

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

(2) Accounting treatments of financial lease

1) Assets acquired under finance leases: On the lease beginning date, the Company shall record the lower one of

the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges.

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

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

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

32. Other significant accounting policies and estimates

33. Changes in main accounting policies and estimates

(1) Change of accounting policies

Applicable Not applicable

(2) Changes in accounting estimates

Applicable Not applicable

34. Other

VI. Taxation

1. Main taxes and tax rate

Category of taxes	Tax basis	Tax rate
VAT	Revenue from sale of goods, taxable revenue from rendering services, intangible assets or real estate	Revenue from sale of goods, taxable revenue from rendering services, intangible assets or real estate 17%
Urban maintenance and construction tax	Turnover tax actually paid	5%、7%
Enterprise income tax	Taxable income	25%
Property tax	70% of the original value of the property considered as tax base	1.2%

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

Name	Income tax rate
------	-----------------

Zhuhai Hongta Renheng Packaging Co., Ltd.	15%
Zhuhai Golden Pheasant Chemical Co., Ltd.	15%
Huaxin (Foshan) Color Printing Co., Ltd.	15%
Zhuhai Huafeng Paper Co., Ltd.	15%
Kunshan Focai Packaging & Printing Co., Ltd.	25%
Foshan Hongta Liyan Material Technology Co., Ltd.	25%
Zhejiang Hongta Renheng Packaging Technology Co., Ltd.	25%

2. Tax preference

1. According to the Circular on issuing the First Name List of Hi-tech Enterprise through the review in Guangdong Province for Y2015 (YKGS (2015) Document No. 24) issued by Science & Technology Department of Guangdong Province, Hongta Renheng passed First Batch of Hi-tech Enterprise in Guangdong Province for Y2015, and gained Certificate for Hi-tech Enterprise (Certificate No.: GR201544000238, with three years of validity). So, in 2017, the Hongta Renheng shall pay the corporate income tax according to the corporate income tax rate of 15%.

2. According to the Circular on issuing the Second Name List of Hi-tech Enterprise in Guangdong Province for Y2013 (YKGZi (2014) Document No. 60) jointly issued by Science & Technology Department of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Office, SAT, Guangdong Local Taxation Bureau, the sub-subsidiary of the Company Zhuhai Jinji Chemicals Co., Ltd. had passed the affirmation of the second name list of high-tech enterprise of 2013 and the gained the Certification of Hi-tech Enterprise (the Certification No.: GR201344000618 with the validity for 3 years). Thus the sub-subsidiary Zhuhai Jinji Chemicals Co., Ltd. had been enjoyed the relevant preferential policies of the high-tech enterprise of the state for continuous three years since 2013 (including 2013), with the corporate income tax be calculated according to the corporate income tax rate of 15%. According to the Circular on Second Name List of Proposed Hi-tech Enterprise in Guangdong Province for Y2016 issued by the National Leading Group Office for the Management of High-tech Enterprises Recognition, Zhuhai Jinji Chemicals Co., Ltd. had passed the affirmation of the second name list of high-tech enterprise of 2016. Thus the sub-subsidiary Zhuhai Jinji Chemicals Co., Ltd. shall pay the corporate income tax according to the corporate income tax rate of 15% in 2017.

3. According to the Circular on issuing the Name List of Hi-tech Enterprise in Guangdong Province for Y2015 (YKGZi [2016] Document No. 17) jointly issued by Science & Technology Department of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Office, SAT, Guangdong Local Taxation Bureau, the subsidiary of the Company Huaxin (Foshan) Color Printing Co., Ltd. had passed the affirmation of high-tech enterprise of 2016 and the gained the Certification of Hi-tech Enterprise (the Certification No.: GR201544001352 with the validity for 3 years). Thus Huaxin (Foshan) Color Printing Co., Ltd. shall pay the corporate income tax according to the corporate income tax rate of 15% in 2017.

4. According to the Circular on issuing the First Name List of Proposed Hi-tech Enterprise through the review in Guangdong Province for Y2016 by leading group office of national Hi-tech Enterprise management, the subsidiary of the Company Zhuhai Huafeng Paper Co., Ltd. had passed the affirmation of high-tech enterprise of 2016 and the gained the Certification of Hi-tech Enterprise (the Certification No.: GR201644001293 with the validity for 3 years). Thus Zhuhai Huafeng Paper Co., Ltd. shall pay the corporate income tax according to the corporate income tax rate of 15% in 2017.

3. Other

VII. Notes to major items in the consolidated financial statements of the Company

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	344,266.59	137,530.97
Bank deposits	464,054,996.78	356,966,169.85
Other monetary funds	129,600,465.18	176,891,765.59
Total	593,999,728.55	533,995,466.41
Of which: total amount put on overseas	0.00	0.00

Other notes:

Of which, the list of restricted monetary capital was as follow:

Item	Closing balance	Opening balance
Deposit of bank acceptance		126,634,278.53
L/C Guarantee deposits		
Cash Deposit		50,056,233.21
Fixed time deposit or call deposits used for guarantee	129,018,017.46	
Other use restricted deposits		201,253.85
Total	129,018,017.46	176,891,765.59

2. Financial assets measured by fair value and the changes included in the current gains and losses

Unit: RMB

Item	Closing balance	Opening balance
Financial assets measured by fair value and the changes included in the current gains and losses	1,265,972.22	1,571,341.66
Other	1,265,972.22	1,571,341.66
Total	1,265,972.22	1,571,341.66

Other Notes:

The company's subsidiaries Hongta Renheng Paper Co., Ltd. and Zhuhai Huafeng purchased the bank's structural deposits as financial products, and the fair value of the floating interest was calculated on June 30, 2017 as per the contract.

3. Derivative financial assets

Applicable Not applicable

4. Notes receivable**(1) Notes receivable listed by category**

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	658,599,459.46	418,475,541.19
Commercial acceptance bill	3,500,000.00	2,365,076.97
Total	662,099,459.46	420,840,618.16

(2) Notes receivable pledged by the Company at the end of the period

Unit: RMB

Item	Amount
Bank acceptance bill	83,600,479.40
Total	83,600,479.40

(3) Notes receivable endorsed by the Company or discounted and not due on the balance sheet date at the end of the period

Unit: RMB

Item	Derecognized Amount at the end of the period	Non-derecognized amount at the end of the period
Bank acceptance bill	354,319,871.62	
Total	354,319,871.62	

4) Notes transferred to accounts receivable because drawer of the notes failed to execute the contract or agreement

Unit: RMB

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

Other Notes:

Notes receivable closing balance increased by 58.40% when compared to the opening balance mainly due to the increase of the company's clients completing the settlement by means of notes.

5. Accounts receivable**(1) Accounts receivable classified by category**

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawal of bad debt provision by credit risks characteristics:	788,962,498.37	95.19%	3,194,869.19	0.40%	785,767,629.18	829,359,855.38	95.40%	3,194,869.19	0.39%	826,164,986.19
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	39,830,251.18	4.81%	39,978,117.09	100.37%	-147,865.91	39,978,117.09	4.60%	39,978,117.09	100.00%	
Total	828,792,749.55	100.00%	43,172,986.28	5.21%	785,619,763.27	869,337,972.47	100.00%	43,172,986.28	4.97%	826,164,986.19

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

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Account receivable	Bad debt provision	Withdrawal proportion
Sub-item within 1 year			
1-3 months	706,537,695.70		
4-12 months	67,734,340.30	800,362.99	1.18%
Subtotal of within 1 year	774,272,036.00	800,362.99	0.10%
1 to 2 years	11,346,412.08	1,134,641.21	10.00%
2 to 3 years	1,373,867.18	274,773.44	20.00%
Over 3 years	1,970,183.11	985,091.56	50.00%
3 to 4 years	497,538.90	248,769.45	50.00%
4 to 5 years	361,959.59	180,979.80	50.00%
Over 5 years	1,110,684.62	555,342.31	50.00%
Total	788,962,498.37	3,194,869.19	0.40%

Notes of the basis of recognizing the group:

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

Applicable Not applicable

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

(2) Bad debt provision withdrawal, reversed or recovered in the report period

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

Significant amount of reversed or recovered bad debt provision:

Unit: RMB

Name of the entity	Amount	Method
--------------------	--------	--------

(3) Particulars of the actual verification of accounts receivable during the Reporting Period

Unit: RMB

Item	Amount
------	--------

Of which: significant actual verification of accounts receivable

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related party transactions
--------------------	--------	--------	--------	-----------	--

Notes:

(4) Top five of account receivable of closing balance collected by arrears party

Name of the entity	Relationship with the Company	Amount	Time
Customer A	Non-related party	69,365,933.68	Within 1 year
Customer B	Non-related party	29,784,436.11	Within 1 year
Customer C	Non-related party	27,162,772.54	Within 1 year
Customer D	Non-related party	26,083,733.66	Within 1 year
Customer E	Non-related party	23,219,352.88	Within 1 year
Total	--	175,616,228.87	--

(5) Derecognition of account receivable due to the transfer of financial assets

(6) The amount of the assets and liabilities formed due to the transfer and the continued involvement of accounts receivable

Other notes:

6. Prepayment

(1) List by aging analysis:

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	399,503,007.23	99.28%	129,394,303.41	98.57%
1 to 2 years	1,606,977.14	0.40%	725,582.93	0.55%
2 to 3 years	114,124.95	0.03%	155,097.35	0.12%
Over 3 years	1,175,493.37	0.29%	1,003,364.28	0.76%
Total	402,399,602.69	--	131,278,347.97	--

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

(2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

Name of the entity	Closing balance	Proportion (%)	Time	Reason
Customer A	186,423,046.49	46.33%	Within 1 year	Did not arrived in the settlement period
Customer B	64,040,534.41	15.91%	Within 1 year	Did not arrived in the settlement period
Customer C	52,610,294.84	13.07%	Within 1 year	Did not arrived in the settlement period
Customer D	24,970,103.91	6.21%	Within 1 year	Did not arrived in the settlement period
Customer E	14,311,849.18	3.56%	Within 1 year	Did not arrived in the settlement period
Total	342,355,828.83	85.08%		

Other Notes:

7. Interest receivable

(1) Category of interest receivable

Unit: RMB

Item	Closing balance	Opening balance
Fixed time deposits		358,066.39
Interest of Foreign Loan	5,821,607.13	5,950,976.18
Total	5,821,607.13	6,309,042.57

(2) Significant overdue interest

Entity	Closing balance	Overdue time	Overdue reason	Whether occurred impairment and its
--------	-----------------	--------------	----------------	-------------------------------------

				judgment basis
--	--	--	--	----------------

Other Notes:

Interest of foreign loan included in Interest receivable refers to the interest that shall be collected from Foshan Chengtong Paper Co., Ltd. in the 2th quarter for this period, and such interest was received on July 21, 2017.

8. Dividend receivable

(1) Dividend receivable

Unit: RMB

Item (or investees)	Closing balance	Opening balance
---------------------	-----------------	-----------------

(2) Significant dividend receivable aged over 1 year

Unit: RMB

Item (or investees)	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
---------------------	-----------------	-------	--------	--

Other Notes:

9. Other accounts receivable

(1) Other account receivable classified by category

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable with significant single amount for which bad debt provision separately accrued	19,464,553.91	30.09%	19,464,553.91	100.00%		19,464,553.91	51.88%	19,464,553.91	100.00%	
Other accounts receivable withdrawn bad debt provision according to credit	40,197,026.12	62.14%	822,855.40	2.05%	39,374,170.72	12,868,439.14	34.30%	660,870.40	5.14%	12,207,568.74

risks characteristics										
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	5,022,237.65	7.76%	5,022,237.65	100.00%		5,184,222.65	13.82%	5,184,222.65	100.00%	
Total	64,683,817.68	100.00%	25,309,646.96	39.13%	39,374,170.72	37,517,215.70	100.00%	25,309,646.96	67.46%	12,207,568.74

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

Applicable Not applicable

Unit: RMB

Other accounts receivable	Closing balance			
	Other accounts receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Hong Kong Hang Fung Holdings Limited Co., Ltd.	13,464,553.91	13,464,553.91	100.00%	Not expected to recover
Zhuhai Yidesheng Industrial Co., Ltd.	6,000,000.00	6,000,000.00	100.00%	Not expected to recover
Total	19,464,553.91	19,464,553.91	--	--

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
1-3 months	31,309,760.04		
4-12 months	5,889,973.08	346,452.29	5.88%
Subtotal of within 1 year	37,199,733.12	346,452.29	0.93%
1 to 2 years	2,039,919.24	203,991.92	10.00%
2 to 3 years	687,585.66	137,517.13	20.00%
Over 3 years	269,788.10	134,894.05	50.00%
Total	40,197,026.12	822,855.40	2.05%

Notes:

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

Applicable Not applicable

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

Applicable Not applicable

(2) Bad debt provision withdrawal, reversed or recovered in the report period

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

Significant amount of reversed or recovered bad debt provision;

Unit: RMB

Name of the entity	Reversed or collected amount	Method

(3) Particulars of the actual verification of other accounts receivable during the Reporting Period

Unit: RMB

Item	Amount

Of which: significant actual verification of other accounts receivable

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related party transactions

Notes of write-off other accounts receivable:

(4) Other account receivable classified by account nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Margin	5,105,066.50	4,557,712.86
Pretty cash	1,379,589.86	2,212,246.03
Freight and miscellaneous charges on behalf	5,318,956.87	3,374,742.46
Account receivable due to debt restructuring		
Amount of equity transfer		
Other intercourse funds	52,880,204.45	27,372,514.35
Total	64,683,817.68	37,517,215.70

(5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

Unit: RMB

Name of the entity	Nature	Closing balance	Aging	Proportion%	Closing balance of bad debt provision

Customer A	Other intercourse funds	13,464,553.91	Over 3 years	20.82%	13,464,553.91
Customer B	Other intercourse funds	10,121,742.99	1-3 months	15.65%	
Customer C	Other intercourse funds	6,000,000.00	Over 3 years	9.28%	6,000,000.00
Customer D	Margin	2,000,000.00	Over 3 years	3.09%	2,000,000.00
Customer E	Margin	1,520,000.00	Within 1 year	2.35%	2,500.00
Total	--	33,106,296.90	--	51.18%	21,467,053.91

(6) Account receivable involving government subsidies

Unit: RMB

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

(7) Other account receivable derecognized due to the transfer of financial assets

(8) Amount of transfer other account receivable and assets and liabilities formed by its continuous involvement

Other Notes:

10. Inventory

Whether the company need abide by relevant disclosure requirements prevailing among the real estate industries or not?

No

(1) Category of inventory

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Raw materials	332,177,713.69	4,389,802.22	327,787,911.47	204,284,126.92	4,389,802.22	199,894,324.70
Goods in process	50,503,573.88		50,503,573.88	41,566,211.76		41,566,211.76
Inventory goods	282,247,340.59	7,639,458.42	274,607,882.17	377,910,881.78	7,134,685.44	370,776,196.34
Total	664,928,628.16	12,029,260.64	652,899,367.52	623,761,220.46	11,524,487.66	612,236,732.80

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

No

(2) Falling price reserves of inventory

Unit: RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	4,389,802.22					4,389,802.22
Inventory goods	7,134,685.44	504,772.98				7,639,458.42
Total	11,524,487.66	504,772.98				12,029,260.64

(3) Notes of the closing balance of the inventory which includes capitalized borrowing expenses**(4) Completed unsettled assets formed from the construction contract at the end of the period**

Unit: RMB

Item	Amount
------	--------

Other Notes:

11. Held-for-sale Assets

Unit: RMB

Item	Closing book value	Fair value	Estimated disposal expense	Estimated disposal time
------	--------------------	------------	----------------------------	-------------------------

Other Notes:

12. Non-current assets due within 1 year

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other Notes:

13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
The VAT deduction		8,698,861.83
Structural Deposits	100,044,139.63	209,000,000.00
Advance Payment of corporate income tax		172,635.86

Total	100,044,139.63	217,871,497.69
-------	----------------	----------------

Other Notes:

Other current assets at the end of the period increased by 54.08% when compared with that of at the beginning of the Period, because the structural deposits (financial products) expired in this year.

14. Available-for-sale financial assets

(1) List of available-for-sale financial assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Available-for-sale equity instruments:	288,700.00		288,700.00	288,700.00		288,700.00
Measured by cost	288,700.00		288,700.00	288,700.00		288,700.00
Total	288,700.00		288,700.00	288,700.00		288,700.00

(2) Available-for-sale financial assets measured by fair value at the end of the period

Unit: RMB

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total

(3) Available-for-sale Financial Assets Measured by Cost at the Period-end

Unit: RMB

Investee	Book balance				Depreciation reserves				Shareholding proportion among the investees	Cash bonus of the Reporting Period
	Opening period	Increase	Decrease	Closing period	Opening period	Increase	Decrease	Closing period		
China Guangfa Bank Co., Ltd	288,700.00			288,700.00					0.00%	
Total	288,700.00			288,700.00					--	

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

Unit: RMB

Category of available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments		Total

(5) Relevant Notes of the Fair Value of the Available-for-sale Equity Instruments which Seriously Fell or Temporarily Fell but Not Withdrawn the Impairment Provision

Unit: RMB

Item of available-for-sale equity instruments	Cost of investment	Closing fair value	The falling range of fair value relative to the cost	How long it is falling continuously (month)	Impairment balance that has been accrued	Reason for no provision for impairment

Other notes

The available-for-sale financial assets are the 0.0004248% shares of China Guangfa Bank Co., Ltd. Assigned by the Company from its subsidiary Foshan Chengtong Paper Co., Ltd. disposed in last period.

There were no such cases where the available-for-sale equity instruments seriously fell or temporarily fell at the period-end, so the impairment provision was not withdrawn.

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

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

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

Unit: RMB

Item	Book value	Coupon rate	Actual interest rate	Due date

(3) The Current Reclassified Investment Held-to-maturity

Other notes

16. Long-term Accounts Receivable

(1) List of Long-term Accounts Receivable

Unit: RMB

Item	Closing balance			Opening balance			Interval of discount rate
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value	
Loans	490,240,600.4 1		490,240,600.4 1	490,240,600.4 1		490,240,600.4 1	
Total	490,240,600.4 1		490,240,600.4 1	490,240,600.4 1		490,240,600.4 1	--

(2) Long-term Accounts Receivable derecognized for the transfer of financial assets

(3) Amount of Assets and Liabilities Generated from the Transfer of Long-term Accounts Receivable and Continuous involvement

Other notes

In 2015, the Company disposed the subsidiary Foshan Chengtong Paper Industry Co., Ltd., which should pay RMB490,240,600.41 for the Company on the disposal date. According to the signed Credit and Debt Settlement Agreement, the Company collected the fund misappropriation interests from Foshan Chengtong Paper Industry Co., Ltd. according to the three-year regularly benchmark loan rate issued by People's Bank of China of the corresponding period since 1 January 2016 that paid by quarter; Foshan Chengtong Paper Industry Co., Ltd. paid all the principal and interests of the borrowings before December 31, 2019.

17. Long-term Equity Investment

Unit: RMB

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision	
		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												
Guangdong Chengtong Paper Industry Co., Ltd.	8,367,444.28			-151,089.31							8,216,354.97	

Logistics Co., Ltd.										
Chengtong Finance Co., Ltd.	244,408,251.27			16,418,417.73			13,053,110.23			247,773,558.77
Guangdong Chengtong Logistics Co., Ltd.	252,775,695.55			16,267,328.42			13,053,110.23			255,989,913.74
Chengtong Finance Co., Ltd.	252,775,695.55			16,267,328.42			13,053,110.23			255,989,913.74

Other notes

1. In 2012, the subsidiary of the Company Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd. held 24% of the shares of Guangdong Chengtong Logistics Co., Ltd., which had significant influences and measured by equity method. On March 31, 2013, Guangdong Chengtong Logistics Co., Ltd. executed the shares withdrawal and assets reduction [(Singapore) Renheng Industry Co., Ltd. (occupied shares 25%) withdrawn the equity of Guangdong Chengtong Logistics Co., Ltd.]. Thus, the shareholding proportion of Guangdong Chengtong Logistics Co., Ltd. by the subsidiary of the Company Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd. rose from 24% to 32%, which still had significant influences and measured by equity method.

2. On December 23, 2013, the Company reviewed and approved Proposal on the Related Transaction of Purchasing 20% Equity of Chengtong Finance Co., Ltd. On the 3rd Meeting of Extraordinary General Meeting in 2013. The company had signed the Equity Transfer Agreement with China Paper Industry Co., Ltd. On January 23, 2014, which planned to transfer 20% equity of Chengtong Finance Co., Ltd. held by China Paper Industry Investment Co., Ltd. with the equity transfer price of RMB231,450,200 after the negotiation by both parties. Chengtong financial Co., Ltd. had changed its shareholder registration on June 23, 2014. Thus, since July 2014, Chengtong financial Co., Ltd. held equity proportion was 20%, calculated at equity method.

18. Investment Property

(1) Investment Property Adopted the Cost Measurement Mode

Applicable Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	34,075,727.12			34,075,727.12
2. Increased amount of the Period				

(1) Outsourcing				
(2) Transfer of inventory\fixed assets\project under construction				
(3) Increased from enterprise merger				
3. Decreased amount of the Period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	34,075,727.12			34,075,727.12
II. Accumulative depreciation and accumulative amortization				
1. Opening balance	9,481,983.41			9,481,983.41
2. Increased amount of the period	337,709.62			337,709.62
(1) Withdrawal or amortization	337,709.62			337,709.62
3. Decreased amount of the Period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	9,819,693.03			9,819,693.03
III. Depreciation reserves				
1. Opening balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased				

amount of the Period				
(1) Disposal				
(2) Other transfer				
4. Closing balance				
IV. Book value				
1. Book value of the period-end	24,256,034.09			24,256,034.09
2. Opening book value	24,593,743.71			24,593,743.71

(2) Investment Property Adopted Fair Value Measurement Mode

Applicable Not applicable

(3) Details of Investment Property Failed to Accomplish Certification of Property

Unit: RMB

Item	Book value	Reason
------	------------	--------

Other notes

19. Fixed Assets

(1) List of Fixed Assets

Unit: RMB

Item	House and buildings	Machinery equipment	Transportation	Electronic equipment and others	Total
I. Original book value					
1. Opening balance	1,167,346,002.05	2,826,731,928.68	49,123,987.84	133,174,810.81	4,176,376,729.38
2. Increased amount of the Period	186,050.95	2,574,436.58	126,923.08	455,388.59	3,342,799.20
(1) Purchase	186,050.95	955,455.12	126,923.08	455,388.59	1,723,817.74
(2) Transfer of project under construction		1,618,981.46			1,618,981.46
(3) Increased					

from enterprise merger					
3. Decreased amount of the Period	13,023,987.55	10,740,100.00	758,275.92	27,876.31	24,550,239.78
(1) Disposal or Scrap		10,740,100.00	758,275.92	27,876.31	11,526,252.23
Other transfer	13,023,987.55				
4. Closing balance	1,154,508,065.45	2,818,566,265.26	48,492,635.00	133,602,323.09	4,155,169,288.80
II. Accumulative depreciation					
1. Opening balance	371,188,488.98	1,148,693,834.19	40,265,745.95	87,754,105.35	1,647,902,174.47
2. Increased amount of the period	16,825,249.55	54,915,926.41	1,358,962.97	3,945,697.29	77,045,836.22
(1) Withdrawal	16,825,249.55	54,915,926.41	1,358,962.97	3,945,697.29	77,045,836.22
3. Decreased amount of the period	13,349,362.49	10,734,333.26	660,109.12	24,912.12	24,768,716.99
(1) Disposal or Scrap		10,734,333.26	660,109.12	24,912.12	11,419,354.50
Other transfer	13,349,362.49				13,349,362.49
4. Closing balance	374,664,376.04	1,192,875,427.34	40,964,599.80	91,674,890.52	1,700,179,293.70
III. Depreciation reserves					
1. Opening 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. Closing balance		76,679,757.00			76,679,757.00

IV. Book value					
1. Closing book value	779,843,689.41	1,549,011,080.92	7,528,035.20	41,927,432.57	2,378,310,238.10
2. Opening book value	796,157,513.07	1,601,358,337.49	8,858,241.89	45,420,705.46	2,451,794,797.91

(2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original book value	Accumulative depreciation	Impairment provision	Book value	Notes
None					

(3) Fixed Assets Leased in from Financing Lease

Unit: RMB

Item	Original book value	Accumulative depreciation	Impairment provision	Book value
Houses and buildings	12,212,610.00	8,652,323.69		3,560,286.31
Machinery equipment	3,160,000.00	3,002,000.00		158,000.00
Total	15,372,610.00	11,654,323.69		3,718,286.31

(4) Fixed Assets Leased out from Operation Lease

Unit: RMB

Item	Closing book value

(5) Details of Fixed Assets Failed to Accomplish Certification of Property

Unit: RMB

Item	Book value	Reason
Houses and buildings	101,840,516.27	Property right certificate was under processing

Other notes

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

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
BM3 Tetra project	5,001,264.62		5,001,264.62	4,985,121.78		4,985,121.78
Upscale special white cardboard BM4 new project	2,480,438.79		2,480,438.79	2,480,438.79		2,480,438.79
Latex phase II matching raw material tank farm project	11,116,110.45		11,116,110.45	8,835,858.29		8,835,858.29
Advanced wastewater treatment	2,394,735.57		2,394,735.57	2,394,735.57		2,394,735.57
Equipment in the process of installation	2,246,940.70		2,246,940.70	1,951,641.12		1,951,641.12
Others	9,175,077.96		9,175,077.96	3,279,932.27		3,279,932.27
Total	32,414,568.09		32,414,568.09	23,927,727.82		23,927,727.82

(2) Changes of Significant Construction in Progress

Unit: RMB

Name of item	Estimated number	Opening balance	Increase	Amount that transferred to fixed assets of the period	Other decreased amount of the period	Closing balance	Proportion of the project accumulative input	Project progress	Accumulative amount of capitalized interests	Of which: the amount of the capitalized interests of the period	Capitalization rate of the interests of the period	Capital resources
BM3 Tetra project	18,730,000.00	4,985,121.78	16,142.84			5,001,264.62		25.00%				Other
Upscale special white cardboard	700,000.00	2,480,438.79				2,480,438.79		0.22%				Other

d BM4 new project												
Latex phase II matching raw material tank farm project	75,000,0 00.00	8,835,85 8.29	2,280,25 2.16			11,116,1 10.45		15.00%				Other
Advance d wastewat er treatmen t	18,000,0 00.00	2,394,73 5.57				2,394,73 5.57		25.00%				Other
Total	811,730, 000.00	18,696,1 54.43	2,296,39 5.00			20,992,5 49.43	--	--				--

(3) List of the Withdrawal of the Impairment Provision of the Construction in Progress

Unit: RMB

Item	Amount of provision	Reason of provision
------	---------------------	---------------------

Other notes

The current total amount of fixed assets from the transfer of construction in progress was RMB1,618,981.46.

21. Engineering Material

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other notes:

22. Liquidation of Fixed Assets

Unit: RMB

Item	Closing balance	Opening balance
Sales of fixed assets	-77,669.90	
Total	-77,669.90	

Other notes:

23. Productive Biological Assets**(1) Productive Biological Assets Adopted Cost Measurement Mode**

Applicable Not applicable

(2) Productive Biological Assets Adopted Fair Value Measurement Mode

Applicable Not applicable

24. Oil and Gas Assets

Applicable Not applicable

25. Intangible Assets**(1) List of Intangible Assets**

Unit: RMB

Item	Land use right	Patent right	Non-patent right	Software and others	Total
I. Original book value					
1. Opening balance	146,944,298.89		37,784,158.74	8,274,998.81	193,003,456.44
2. Increased amount of the period	25,795.00		7,677,390.06		7,703,185.06
(1) Purchase	25,795.00				25,795.00
(2) Internal R & D			7,677,390.06		7,677,390.06
(3) Increased from enterprise merger					
3. Decreased amount of the period				256,180.80	256,180.80
(1) Disposal				256,180.80	256,180.80
4. Closing balance	146,970,093.89		45,461,548.80	8,018,818.01	200,450,460.70
II. Total accrued amortization					

1. Opening balance	46,626,522.07		15,177,849.69	2,931,352.25	64,735,724.01
2. Increased amount of the period	3,330,246.04		1,629,397.29	463,775.25	5,423,418.58
(1) Withdrawal	3,330,246.04		1,629,397.29	463,775.25	5,423,418.58
3. Decreased amount of the period				82,757.47	82,757.47
(1) Disposal				82,757.47	82,757.47
4. Closing balance	49,956,768.11		16,807,246.98	3,312,370.03	70,076,385.12
III. Depreciation reserves					
1. Opening balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Closing book value	97,013,325.78		28,654,301.82	4,706,447.98	130,374,075.58
2. Opening book value	100,317,776.82		22,606,309.05	5,343,646.56	128,267,732.43

The proportion of the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end was 21.98%.

(2) Details of Fixed Assets Failed to Accomplish Certification of Land Use Right

Unit: RMB

Item	Book value	Reason
------	------------	--------

Other ntes:

26. R&D Expenses

Unit: RMB

Item	Opening balance	Current increased amount			Current decreased amount			Closing balance
LEMEI liquid packing board with white back	3,205,846.39							3,205,846.39
Project of high bulking cup Paper	839,338.16				839,338.16			
Project of Coated whiteboard with aroma and moisture retention for smoke wrapping		948,825.91						948,825.91
Project of white high bulking coated card board (food-grade)		3,012,777.60						3,012,777.60
Total	4,045,184.55	3,961,603.51			839,338.16			7,167,449.90

Other notes

27. Goodwill

(1) Original Book Value of Goodwill

Unit: RMB

Name of the invested units or events generating	Opening balance	Increase	Decrease	Closing balance
---	-----------------	----------	----------	-----------------

goodwill					
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) Impairment Provision of Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Opening balance	Increase	Decrease	Closing balance

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

Other notes:

On June 30, 2009, the Company obtained the control of Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd. through business combination not under the same control, the combination costs was RMB808.4487 million, obtained the fair value of the identifiable net assets of the Company was RMB799.3197 million. Combination cost being large than the fair value of the identifiable net assets balance formed goodwill RMB9129025.01. At the end of the period, combine the analysis of the present value of the expected future cash flow of the assets, the evaluation of assets group of the three production line equipment and recoverable amount; there was no sign of goodwill impairment, thus no provision for impairment loss.

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

28. Long-term Unamortized Expenses

Unit: RMB

Item	Opening balance	Increased amount	Amortization amount	Decreased amount	Closing balance
Decoration expense for rent-in plant	79,966.80		24,199.98		55,766.82

Fee for technical service	320,109.48		43,651.32		276,458.16
Maintaining renovation of construction project	2,899,610.42	56,555.15	560,039.32		2,396,126.25
Total	3,299,686.70	56,555.15	627,890.62		2,728,351.23

Other notes

29. Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	144,181,548.35	21,628,644.75	144,181,548.35	21,628,644.75
Withholding sales agency fee	10,829,370.22	1,624,405.53	10,829,370.22	1,624,405.53
Accrued liabilities	929,802.09	139,470.31	929,802.09	139,470.31
Withholding transportation fee of paper	6,276,223.65	941,433.55	6,276,223.65	941,433.55
Total	162,216,944.31	24,333,954.14	162,216,944.31	24,333,954.14

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

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment of business combination not under the same control	16,622,301.67	2,493,345.25	16,622,301.67	2,493,345.25
Net amount of change in fair value of trading financial assets	1,571,341.66	235,701.25	1,571,341.66	235,701.25

Total	18,193,643.33	2,729,046.50	18,193,643.33	2,729,046.50
-------	---------------	--------------	---------------	--------------

(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	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax assets		24,333,954.14		24,333,954.14
Deferred income tax liabilities		2,729,046.50		2,729,046.50

(4) List of unrecognized deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible losses	105,598,840.28	105,598,840.28
Impairment of fixed assets	201,333.37	201,333.37
Total	105,800,173.65	105,800,173.65

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

Unit: RMB

Years	Closing balance	Opening balance	Notes
Y 2017	17,075,899.85	17,075,899.85	
Y 2018	13,206,217.94	13,206,217.94	
Y 2020	72,934,938.44	72,934,938.44	
Y 2021	2,381,784.05	2,381,784.05	
Total	105,598,840.28	105,598,840.28	--

Other notes:

30. Other Non-current Assets

Unit: RMB

Item	Closing balance	Opening balance
Prepayment for equipment	0.00	5,147,078.23
Total		5,147,078.23

Other notes:

31. Short-term Loans

(1) Category of Short-term Loans

Unit: RMB

Item	Closing balance	Opening balance
Pledge loan	214,604,630.23	158,177,940.16
Guaranteed loan	765,000,000.00	563,722,059.84
Credit loan		100,000,000.00
Trade financing	258,800,000.00	
Total	1,238,404,630.23	821,900,000.00

Notes of short-term loans category:

- (1) The pledge loan was the cash deposit in other monetary capital pledged by the Company.
- (2) The guaranteed loan was the loan gained through the guarantee by the Company for its subsidiary.
- (3) The trade financing was the financing of the Company in the form of trade.

(2) List of the Short-term Loans Overdue but Not Return

The amount of the overdue unpaid short-term loans at the period-end was of RMB000, of which the significant overdue unpaid short-term loans are as follows:

Unit: RMB

Borrower	Closing balance	Lending rate	Overdue time	Overdue rate

Other notes:

32. Financial Liabilities Measured by Fair Value and the Changes Included in the Current Gains and Losses

Unit: RMB

Item	Closing balance	Opening balance

Other notes:

33. Derivative Financial Liabilities

Applicable Not applicable

34. Notes Payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance bill	110,898,753.68	217,381,869.35
Total	110,898,753.68	217,381,869.35

The total amount of the due but not pay notes payable at the period-end was of RMB000.

35. Accounts Payable

(1) List of Accounts Payable

Unit: RMB

Item	Closing balance	Opening balance
Payment of materials	231,265,820.79	328,808,851.45
Payment of equipment	3,945,372.12	16,512,842.23
Others	71,144,189.78	38,061,471.37
Total	306,355,382.69	383,383,165.05

(2) Notes of the Accounts Payable Aging over One Year

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
TEMBEL INC.	3,633,295.06	Unsettled
Marubeni Corporation	2,318,665.50	Unsettled
Total	5,951,960.56	--

Other notes:

36. Advance from Customers

(1) List of Advance from Customers

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	50,761,718.12	38,345,372.77
1 to 2 years	16,681.49	580,149.32
2-3years	10,000.00	308,888.09
Over 3 years	4,000.00	565,572.21
Total	50,792,399.61	39,799,982.39

(2) Significant Advance from Customers Aging over One Year

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
------	-----------------	------------------------------

(3) Particulars of Settled but Unfinished Projects Formed by Construction Contract at Period-end.

Unit: RMB

Item	Amount
------	--------

Other notes:

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

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term salary	28,332,211.67	84,101,918.10	94,136,098.69	18,298,031.08
II. Post-employment benefit-defined contribution plans		8,877,876.64	8,770,265.69	107,610.95
III. Termination benefits		3,446,005.25	3,446,005.25	
Total	28,332,211.67	96,425,799.99	106,352,369.63	18,405,642.03

(2) List of Short-term Salary

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	20,163,839.67	72,918,695.93	83,925,630.82	9,156,904.78
2. Employee welfare		3,116,010.99	3,110,034.99	5,976.00
3. Social insurance		3,557,673.24	3,557,673.24	
Of which: 1. Medical insurance premiums		3,065,535.18	3,065,535.18	
Work-related injury insurance		241,983.24	241,983.24	
Maternity insurance		250,094.82	250,094.82	
4. Housing fund	114,394.00	2,535,631.46	2,505,422.10	144,603.36

5. Labor union budget and employee education budget	8,053,978.00	1,973,906.48	1,037,337.54	8,990,546.94
Total	28,332,211.67	84,101,918.10	94,136,098.69	18,298,031.08

(3) List of Drawing Scheme

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension benefits		6,343,342.79	6,343,342.79	
2. Unemployment insurance		190,037.80	190,037.80	
3. Annuity		2,344,496.05	2,236,885.10	107,610.95
Total		8,877,876.64	8,770,265.69	107,610.95

Other notes:

38. Taxes Payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	-34,079,226.01	16,754,326.63
Corporate income tax	1,126,997.73	8,941,924.35
Personal income tax	362,837.01	172,153.74
Urban maintenance and construction tax	455,061.13	902,485.46
Property tax	2,631,787.02	6,286,965.76
Education Surcharge	325,457.75	644,860.36
Stamp duty	99,956.17	107,199.04
Land use tax	989,547.19	2,277,941.49
Total	-28,087,582.01	36,087,856.83

Other notes:

39. Interest Payable

Unit: RMB

Item	Closing balance	Opening balance
Long-term loan interest of installment payment of interest and repay the due capital	420,404.04	

Enterprise bond interest	35,716,602.43	9,031,776.01
Interest paid for short-term loans	4,073,246.93	2,414,317.93
Total	40,210,253.40	11,446,093.94

Particulars of significant overdue unpaid interest:

Unit: RMB

Borrower	Overdue amount	Overdue reasons
----------	----------------	-----------------

Other notes:

40. Dividends Payable

Unit: RMB

Item	Closing balance	Opening balance
Common stock dividends	9,842,334.10	3,468,350.84
Total	9,842,334.10	3,468,350.84

Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

41. Other Accounts Payable

(1) Other Accounts Payable Listed by Nature of the Account

Unit: RMB

Item	Closing balance	Opening balance
The cash pledge and guarantee	10,572,469.55	7,469,278.11
Accrued expenses	8,926,569.76	6,530,702.85
Capital of related parties	1,110,384.98	570,384.98
Final payment of engineering	2,180,719.10	1,433,095.30
Others	1,363,972.09	2,422,821.83
Total	24,154,115.48	18,426,283.07

(2) Other Significant Accounts Payable with Aging over One Year

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
Yunan Yuxi Tengyin Logistics Co., Ltd.	1,050,000.00	Logistics margin, transaction is under processing
Guangdong Chengtong Logistics Co., Ltd.	570,384.98	margin, transaction is under processing
Eastern Sunday Logistics Co., Ltd.	500,000.00	Logistics margin, transaction is under processing

Total	2,120,384.98	--
-------	--------------	----

Other notes

42. Liabilities Classified as Holding for Sale

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other notes:

43. Non-current Liabilities Due within 1 Year

Unit: RMB

Item	Closing balance	Opening balance
Bonds payable due within 1 year	798,907,164.76	798,066,823.66
Total	798,907,164.76	798,066,823.66

Other notes:

1. Increase/Decrease of Non-current Liabilities Due within One Year

Bonds name	Face value	Issuing date	Bonds maturity	Amount	Opening balance
12 HBZ	800,000,000.00	2012/11/26	5 years	791,700,000.00	798,066,823.66
Total	800,000,000.00	2012/11/26	5 years	791,700,000.00	798,066,823.66

Continued:

Name of bond	The current issue	Withdraw interest by face value	Overflow discount amortization	Pay in current period	Closing balance
12 HBZ		21,737,538.75	840,341.10		798,907,164.76
Total		21,737,538.75	840,341.10		798,907,164.76

2. Notes of Non-current Liability due within 1 year:

In accordance with the Resolution Made at the 6th meeting of the 5th Board of Directors on Dec. 16, 2012, and the Resolution Made at the First Special Shareholders' General Meeting for 2012 on Jan. 4, 2012, as well as the approval of CSRC with the Reply on Approving the Public Issuance of Corporate Bonds for Foshan Huaxin Packaging Co., Ltd. (ZJXK [2012] No. 725) on May 28, 2012, the Company publicly issued 8 million pieces of corporate bonds with the par value of RMB100 per piece by adopting the way of online public issuance for the public investors and off-line inquiry placing for the institution investors, with the nominal rate of 5.8%, and the term of bonds was five years from the date of issuance, and the raised capital after deducting the bond issuance underwriting fees and custodian fees was RMB791,700,000.00. The bonds using simple interest shall be paid on yearly basis without the compound interest. The final phase of interest was paid together with the principal redemption, and the interest period started from Nov. 26, 2012.

44. Other Current Liabilities

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Increase/decrease of the short-term bonds payable:

Unit: RMB

Bonds name	Face value	Issuing date	Bonds maturity	Amount	Opening balance	The current issue	Withdraw interest by face value	Overflow discount amortization	Pay in current period		Closing balance
------------	------------	--------------	----------------	--------	-----------------	-------------------	---------------------------------	--------------------------------	-----------------------	--	-----------------

Other notes:

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

Unit: RMB

Item	Closing balance	Opening balance
Guaranteed loan	200,000,000.00	
Total	200,000,000.00	

Notes of long-term loans category:

Other notes including interest rate range:

46. Bonds Payable**(1) Bonds Payable**

Unit: RMB

Item	Closing balance	Opening balance
Medium-term notes of the bank	199,664,134.08	199,520,397.22
Total	199,664,134.08	199,520,397.22

(2) Increase/Decrease of Bonds Payable (Excluding the Other Financial Instruments Classified as the Preference Shares, Perpetual Capital Securities of the Financial Liabilities)

Unit: RMB

15HBZM TN001	200,000,000.00	2015-7-31	Three-year	199,100,000.00	199,520,397.22		4,947,287.67	143,736.86			199,664,134.08
Total	--	--	--	199,100,000.00	199,520,397.22		4,947,287.67	143,736.86			199,664,134.08

(3) Notes to the Conditions and Time of the Shares Transfer of the Convertible Corporate Bonds**(4) Notes to the Other Financial Instruments Classified as Financial Liabilities**

Basic situation of outstanding preferred stock, perpetual capital securities and other financial instrument at the period-end

Change in outstanding preferred stock, perpetual capital securities and other financial instrument at the period-end

Unit: RMB

Outstanding financial instrument	Opening period		Increase		Decrease		Closing period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Note to judgment of other financial instrument classified as financial liabilities

Other notes

In line with the Company held the Second Special Meeting of the General Shareholders in 2014 on November 10, 2014, the meeting reviewed and approved the Proposal of the Issue of Medium-Term Notes which agreed to issue no more than RMB five hundred million of the medium-term notes. The Company received the Acceptance of Registration Notice ZSXZ [2015] No. MTN253 on June 12, 2015 which agreed to the Company's registration of Medium-Term Notes, which issued by NAFMII. The Company's total issue amount was RMB200,000,000.00, coupon rate 5.28%, the limitation of Medium-Term Notes was 3 years, and the raised capital after deducting the bond issuance underwriting fees and custodian fees was RMB199,100,000.00, the bonds using simple interest on yearly basis, regardless of the compound interest e. which been paid once a year, the final phase of interest is paid together with the principal redemption, and the interest period started from July 31, 2015.

47. Long-term Payables**(1) Long-term Payables Listed by the Nature of the Account**

Unit: RMB

Item	Closing balance	Opening balance
Accrued financial lease outlay	3,137,995.76	3,137,995.76
Other intercourse	16,000,000.00	
Total	19,137,995.76	3,137,995.76

Other notes:

48. Long-term Payroll Payable**(1) Long-term Payroll Payable Chart**

Unit: RMB

Item	Closing balance	Opening balance

(2) List of the Changes of Defined Benefit Plans

Obligation present value of defined benefit plans

Unit: RMB

Item	Reporting period	Same period of last year
------	------------------	--------------------------

Plan assets

Unit: RMB

Item	Reporting period	Same period of last year
------	------------------	--------------------------

Liabilities (net assets) of defined benefit plans

Unit: RMB

Item	Reporting period	Same period of last year
------	------------------	--------------------------

Notes of influence of content of defined benefit plans and its relevant risks to the future cash flow, time and uncertainty of the Company:

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

Other notes:

49. Special Payable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reasons
------	-----------------	----------	----------	-----------------	---------

Other notes:

50. Accrued Liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reasons
Pending action		425,523.53	
Product quality assurance	1,691,834.27	1,691,834.27	Accrued losses due to the quality problem of products
Total	1,691,834.27	2,117,357.80	--

Other notes, including significant assumptions, valuation explanation related to significant accrued liabilities:

51. Deferred Revenue

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidies	18,225,377.45		1,359,634.62	16,865,742.83	
Total	18,225,377.45		1,359,634.62	16,865,742.83	--

Item involving government subsidies:

Unit: RMB

Item	Opening balance	Amount of newly subsidy	Amount recorded into non-operating income in report period	Other changes	Closing balance	Related to assets/related income
Special fund for energy management	752,000.00		16,000.00		736,000.00	Related to the assets
Special fund for energy-saving	350,000.00		175,000.00		175,000.00	Related to the assets
Special fund for No. 1 paper machine update & renovation project	233,600.00		4,800.00		228,800.00	Related to the assets
Tetra Liquid paper renovation project	268,333.24		17,500.02		250,833.22	Related to the assets
Energy-saving renovation of air conditioning systems and energy systems	300,000.00		150,000.00		150,000.00	Related to the assets
Special fund for energy-saving (Construction of BM3 Energy Management Center)	1,376,666.67		139,999.98		1,236,666.69	Related to the assets
Special fund for Steam condensation water recycling and energy saving projects	1,920,000.00		192,000.00		1,728,000.00	Related to the assets
Subsidy of improvement of motor efficiency	2,098,191.57		349,698.62		1,748,492.95	Related to the assets
Subsidy of latex	342,000.00				342,000.00	Related to the

phase II production line technological transformation						assets
Upgrading of BM1 code spraying machine system and driving system and comprehensive technical modification	7,907,152.67		168,836.00		7,738,316.67	Related to the assets
Equipment update (Robotic Application) special funds	1,001,866.63		20,800.02		981,066.61	Related to the assets
Supporting fund for technical innovation for energy-saving of Energy Management Center	1,119,426.67		113,839.98		1,005,586.69	Related to the assets
Post municipal appropriation for technical innovation of automatic packing line	556,140.00		11,160.00		544,980.00	Related to the assets
Total	18,225,377.45		1,359,634.62		16,865,742.83	--

Other notes:

52. Other Non-current Liabilities

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other notes:

53. Share Capital

Unit: RMB

	Opening balance	Increase/decrease (+/-)					Closing balance
		New shares issued	Bonus shares	Capitalized Capital reserves	Others	Subtotal	
The sum of shares	505,425,000.00						505,425,000.00

Other notes:

54. Other Equity Instruments

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

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

Unit: RMB

Outstanding financial instruments	The beginning of the period		Increase		Decrease		The end of the period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

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

Other notes:

55. Capital Surplus

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	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 Stock

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
------	-----------------	----------	----------	-----------------

Other notes, including changes and reason of change:

57. Other Comprehensive Income

Unit: RMB

Item	Opening balance	Reporting period					Closing balance
		Amount before income tax in current period	Less: recorded in other comprehensive income in prior period and transferred to profit or loss in current period	Less: Income tax expense	Attributable to owners of the Company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income can not be reclassified into profits and losses in future	169,714.39						169,714.39
Share of other comprehensive income of investees measured by the equity method not reclassified into profit or loss	169,714.39						169,714.39
Total of other comprehensive income	169,714.39						169,714.39

Other explanation, including the active part of the hedging gains/losses of cash flow transferred to initial reorganization adjustment for the arbitrated items:

58. Special Reserves

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
------	-----------------	----------	----------	-----------------

Other notes, including changes and reason of change:

59. Surplus Reserves

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	190,275,071.84			190,275,071.84
Total	190,275,071.84			190,275,071.84

Other note, including changes and reason of change

60. Retained Earnings

Unit: RMB

Item	Reporting Period	Last period
Opening balance of retained profits before adjustments	1,027,703,010.59	988,580,048.92
Opening balance of retained profits after adjustments	1,027,703,010.59	988,580,048.92
Add: Net profit attributable to owners of the Company	12,487,648.99	15,497,115.93
Dividend of common stock payable	22,821,841.15	19,206,150.00
Closing retained profits	1,017,368,818.43	984,871,014.85

List of adjustment of opening retained profits:

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

61. Revenues and Operating Costs

Unit: RMB

Item	Reporting Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main operations	1,523,112,335.30	1,340,382,118.18	1,341,221,705.06	1,151,775,908.81
Other operations	44,086,866.92	35,834,516.23	151,635,722.66	152,659,876.77
Total	1,567,199,202.22	1,376,216,634.41	1,492,857,427.72	1,304,435,785.58

62. Business Tax and Surcharges

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	3,328,884.81	2,404,969.73
Education Surcharge	2,262,235.79	1,724,512.27
Embankment protection fees		244,390.96
Others	4,807,140.78	
Total	10,398,261.38	4,373,872.96

Other notes:

63. Sale Expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Salary and benefits	6,721,431.29	6,138,469.79
Freight and miscellaneous charges	59,110,703.87	56,515,165.95
Business entertainment fees	3,006,468.08	2,348,042.83
Storage charge/rental charge	1,480,042.06	2,111,913.62
Packaging charges	4,021,497.51	4,168,559.04
Others	2,455,914.12	11,620,747.07
Total	76,796,056.93	82,902,898.30

Other notes:

64. Administration Expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Salary	17,141,761.15	14,531,646.38
Social security charges	10,409,625.10	8,604,318.94
Taxes	713.76	4,359,135.70
Depreciation	5,280,229.08	7,525,368.92
Office expenses	1,198,518.53	863,950.49
Business entertainment fees	815,729.67	988,556.12
Others	26,602,933.18	24,355,650.90
Total	61,449,510.47	61,228,627.45

Other notes:

65. Financial Expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expenses	60,706,032.85	53,368,065.73
Less: Interest income	14,169,653.48	13,323,384.60
Exchange gains and losses	2,874,650.33	-5,752,616.82
Others	58,671.56	133,446.32
Total	49,469,701.26	34,425,510.63

Other notes:

The current financial expenses increased 43.7% compared to that of the last period, which was mainly generated from the increase of interest expenses of financial institutions and the increase of exchange losses in the reporting period.

66. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
II. Inventory falling price loss		-8,040,000.60
Total		-8,040,000.60

Other notes:

The asset impairment loss increased 100% compared to that of last period, which was mainly generated from the write-back of inventory falling price reserves of last period.

67. Gains and Losses from Changes in Fair Value

Unit: RMB

Sources of changes in fair value gains	Reporting period	Same period of last year
Financial assets measured by fair value and the changes be included in the current profits and losses		304,500.00
Total		304,500.00

Other notes:

68. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	16,267,328.42	6,626,803.72
Investment income received from disposal of financial assets measured by fair value and the changes be included in the current profits and losses during holding period		-3,385,500.00
Total	16,267,328.42	3,241,303.72

Other notes:

The investment income increased 401.88% compared to that of last period, which was mainly generated from the increase of net profits of invested companies in the reporting period.

69. Other Income

Unit: RMB

Sources of other income	Reporting period	Same period of last year
-------------------------	------------------	--------------------------

70. Non-operating Gains

Unit: RMB

Item	Reporting Period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Total gains from disposal of non-current assets	211,852.98	250,456.13	211,852.98
Including: Gains from disposal of fixed assets	211,852.98	250,456.13	211,852.98
Government subsidies	4,179,991.97	13,781,709.78	4,179,991.97
Others	1,919,795.31	875,732.04	1,919,795.31
Total	6,311,640.26	14,907,897.95	6,311,640.26

Government subsidies recorded into current profits and losses

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether subsidies influence the current profits and losses or not	Special subsidy or not	Reporting Period	Same period of last year	Related to assets/related income
Amortization of government subsidies in deferred revenue	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	1,359,634.62	725,515.78	Related to the assets
Enterprise R&D Expenses Subsidy	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy from R&D Technical updating and transformation, etc.	Yes	No	530,700.00	147,600.00	Related to the income
Technology Reform Project Fund	Zhuhai Municipal Finance	Subsidy	Subsidy from R&D Technical	Yes	No		240,000.00	Related to the income

in 2015	Bureau		updating and transformation, etc.					
High-tech Enterprise Project Subsidy	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy from R&D Technical updating and transformation, etc.	Yes	No	302,000.00	105,000.00	Related to the income
Science & Technology R&D Fund in 2016	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy from R&D Technical updating and transformation, etc.	Yes	No		200,000.00	Related to the income
Special Fund for Standardize Strategy	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy from R&D Technical updating and transformation, etc.	Yes	No	80,000.00	170,000.00	Related to the income
Import discount interest funds	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		334,485.00	Related to the income
Expending unemployment insurance	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		405,956.10	Related to the income
Enterprise	Zhuhai	Award	Subsidy	Yes	No		200,000.00	Related to the

Listing Award	Municipal Finance Bureau		gained due to confirming with local government attracting investment and local supportive policy etc.					income
Sinosure capital	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		3,600.00	Related to the income
Special funds of promoting import discount interest project subsidy in 2015	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		1,525,240.00	Related to the income
Employment promotion special fund (social security type) subsidy	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	14,557.35	39,900.00	Related to the income
Industrial Boiler Renovation Award in	Zhuhai Municipal Finance Bureau	Award	Subsidy gained due to confirming with local	Yes	No		3,000,000.00	Related to the income

2015			government attracting investment and local supportive policy etc.					
The special matching funds for expending import from July to December 2015	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		387,925.00	Related to the income
Undergraduate Social Security Subsidy	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		6,087.90	Related to the income
Central Air Pollution Prevention Special Fund Subsidy in 2015	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		1,500,000.00	Related to the income
Elimination of old equipment special capital subsidy	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment	Yes	No		36,600.00	Related to the income

			and local supportive policy etc.					
Industrial water price difference subsidy	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		4,745,800.00	Related to the income
Hi-tech Enterprise Cultivating Prize	Zhuhai Municipal Finance Bureau	Award	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		3,000.00	Related to the income
Special Supporting Subsidy	Finance Bureau of Foshan	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	38,400.00	5,000.00	Related to the income
Government subsidy from Zhuhai International Container Terminals (Gaolan) Limited	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	493,500.00		Related to the income

Special fund for Science & Technology development	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	805,000.00		Related to the income
Subsidy for balance of funds of Guangdong Project of Clearing all waste	Foshan Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	450,000.00		Related to the income
Subsidy for performance improvement of electromechanics	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	106,200.00		Related to the income
Total	--	--	--	--	--	4,179,991.97	13,781,709.78	--

Other notes:

71. Non-operating Expenses

Unit: RMB

Item	Reporting Period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Loss on disposal of non-current assets	77,657.88	161,572.40	77,657.88
Including: Loss on disposal of	77,657.88	161,572.40	77,657.88

fixed assets			
Donation	29,750.00		29,750.00
Others	11,867.20	1,116,154.79	11,867.20
Total	119,275.08	1,277,727.19	119,275.08

Other notes:

The current non-operating expenses decreased 90.67% compared to that of last period, which was mainly generated from the decrease of losses in asset disposal and scrap of raw materials.

72. Income Tax Expense

(1) Lists of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	96,393.17	1,746,571.89
Total	96,393.17	1,746,571.89

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

Unit: RMB

Item	Reporting Period
Total profits	15,328,721.37
Current income tax expense accounted by tax and relevant regulations	3,806,367.25
Influence of different tax rate suitable to subsidiary	-2,054,702.69
Influence of income tax before adjustment	-3,005,863.91
Influence of deductible temporary difference or deductible losses of deferred income tax assets derecognized in Reporting Period	1,350,592.52
Income tax expense	96,393.17

Other notes

73. Other Comprehensive Income

For more details, please refer to Note 57.

74. Information of Cash Flow Statement

(1) Other Cash Received Relevant to Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Income from government subsidy	2,575,107.35	14,096,794.00
Interest income from bank deposits	3,786,417.17	6,456,053.73
Cash pledge	2,995,438.82	1,449,400.00
Intercourse funds	31,078,254.27	37,372,159.63
Income from waste	0.00	15,288.00
Insurance indemnity income	534,498.77	962,102.79
Others	4,265,511.43	2,107,800.68
Total	45,235,227.81	62,459,598.83

Note to other cash received relevant to operating activities:

(2) Other Cash Paid Relevant to Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Utilities fees	2,131,962.95	256,960.60
Repair charge	1,039,174.01	3,081,784.27
Transport fees	304,173.31	1,899,000.76
Business entertainment fees	3,312,259.55	2,849,455.03
Rental charges	1,001,934.70	1,050,124.57
Business travel charges	2,639,391.15	2,917,455.04
Sewage charge	2,081,949.73	1,338,524.09
Bank service charges	1,294,501.90	1,323,539.11
Premium	3,429,623.26	5,106,438.31
Employ agency fee	3,122,993.34	4,520,231.44
Intercourse funds	3,182,689.06	10,065,655.73
Communication expense	612,765.17	754,823.00
Car expense	1,872,359.74	1,372,878.84
Others	19,893,889.09	7,232,097.75
Total	45,919,666.96	43,768,968.54

Note to other cash paid relevant to operating activities:

(3) Other Cash Received Relevant to Investment Activities

Unit: RMB

Item	Reporting Period	Same period of last year
------	------------------	--------------------------

Note to other cash received relevant to investment activities:

(4) Other Cash Paid Relevant to Investment Activity

Unit: RMB

Item	Reporting Period	Same period of last year
------	------------------	--------------------------

Note to other cash paid relevant to investment activities:

(5) Other Cash Received Relevant to Financing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Restricted monetary capital served as cash deposit or pledge	109,000,000.00	
Total	109,000,000.00	

Note to other cash received relevant to financing activities:

(6) Other Cash Paid Relevant to Financing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Restricted monetary capital served as cash deposit or pledge	129,018,017.46	197,524,621.41
Total	129,018,017.46	197,524,621.41

Note to other cash paid relevant to financing activities:

75. 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	15,232,328.20	28,960,135.99
Add: Provision for impairment of assets	0.00	-8,040,000.60
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	77,045,836.22	75,360,644.08
Amortization of intangible assets	5,423,418.58	5,603,068.40

Long-term unamortized expenses	627,890.62	538,059.91
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-134,195.10	-88,883.73
Losses from variation of fair value (gains: negative)		-304,500.00
Financial cost (gains: negative)	49,469,701.26	53,368,065.73
Investment loss (gains: negative)	-16,267,328.42	-3,241,303.72
Decrease in deferred income tax assets (gains: negative)	0.00	-304,500.00
Increase in deferred income tax liabilities (“-” means decrease)	0.00	
Decrease in inventory (gains: negative)	-41,167,407.70	-125,309,135.47
Decrease in accounts receivable from operating activities (gains: negative)	-456,470,884.35	-233,004,489.27
Increase in payables from operating activities (decrease: negative)	-240,892,656.88	-131,900,629.87
Net cash flows generated from operating activities	-607,133,297.57	-338,363,468.55
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of cash	464,981,711.09	178,559,938.74
Less: Opening balance of cash	533,995,466.41	509,706,611.07
Net increase in cash and cash equivalents	-69,013,755.32	-331,146,672.33

(2) Net Cash Paid of Obtaining the Subsidiary

Unit: RMB

	Amount
Including:	--
Including:	--
Including:	--

Other notes:

(3) Net Cash Receive from Disposal of the Subsidiary

Unit: RMB

	Amount
Including:	--
Including:	--
Including:	--

Other notes:

(4) Cash and Cash Equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	464,981,711.09	533,995,466.41
Including: Cash on hand	344,266.59	137,530.97
Bank deposit on demand	464,054,996.78	356,966,169.85
Other monetary funds on demand	582,447.72	176,891,765.59
III. Closing balance of cash and cash equivalents	464,981,711.09	533,995,466.41

Other notes:

76. Note to Items in the Statement of Change in Equity

Particulars about the name of the item of "Other" adjusting last closing balance and the adjustment amount:

77. Assets with Restricted Ownership and Right to Use

Unit: RMB

Item	Closing book value	Restricted reason
Monetary capital	129,018,017.46	Fixed time deposit and notice deposit for guarantee
Total	129,018,017.46	--

Other notes:

The restricted assets were mainly fixed time deposit and notice deposit used for guarantee without influence on the normal operation of the Company.

78. Foreign Currency Monetary Items**(1) Foreign Currency Monetary Items**

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Including: USD	52,915,495.20	6.87	363,290,465.85
HKD	16,568.93	0.87	14,423.71
GBP	65.50	8.80	576.30
Including: USD	4,365,519.87	6.84	29,840,353.14
HKD	2,983,512.93	0.88	2,627,728.99
GBP	247,872.80	8.80	2,180,908.83
Short-term loan			
Including: USD	14,914,783.01	6.86	102,364,630.23
Payment in advance			
Including: USD	32,187,333.08	6.87	221,216,175.12
EUR	301,508.70	7.68	2,316,564.20
Other accounts receivable			
Including: HKD	15,052,435.31	0.88	13,257,432.40

Other notes:

(2) Note to Oversea Entities Including: for Significant Oversea Entities, Shall Disclose Main Operating Place, Recording Currency and Selection Basis, if there Are Changes into Recording Currency, Shall Also Disclose the Reason.

Applicable Not applicable

79. Arbitrage

Disclosure of arbitrage items according to the category of arbitrage and the qualitative and quantitative information of related arbitrage tools and hedging risk:

80. Other**VIII. Change 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 the acquiree	Time of the acquisition of the stock	Cost of the acquisition of the stock	Proportion of the acquisition of the stock	Way of the acquisition of the stock	Date of acquisition	The determination basis of acquisition date	The income of the acquiree from the acquisition date to the end of the period	The net profit of the acquiree from the acquisition date to the end of the period

Other notes:

(2) Combination Cost and Goodwill

Unit: RMB

Cost of business combination	
------------------------------	--

The explanations on the contingent consideration and its changes as well as the determination method of the fair value of the cost of business combination:

The main reason for the formation of large goodwill:

Other notes:

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

Unit: RMB

	The fair value of the Purchase date	The book value of the purchase date

The determination method of the fair value of the recognizable assets and liabilities:

The contingent liabilities of the acquiree undertaken in business combination:

Other notes:

(4) The Profit or Loss from Equity Held by the Date before Acquisition in Accordance with the Fair Value Measured Again

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

Yes No

(5) The Explanations on the Situation in which the Merger Price Cannot Be determined Rationally at the Date of Acquisition or the End of the Period of Merger and Explanations on the Fair Value of the Acquiree's Recognizable Assets and Liabilities

(6) Other Notes

2. Business Combination under the Same Control

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

Unit: RMB

Name of the merged party	Proportion of equity acquired in business combination	Basis of the enterprise merger under the same control	Date of merger	Determination basis of the date of merger	Income of the merged party from the beginning of the period of merger to the date of merger	Net profits of the merged party from the beginning of the period of merger to the date of merger	Income of the merged party during the period of comparison	Net profits of the merged party during the period of comparison

Other notes:

(2) Combination Cost

Unit: RMB

Combination cost	
------------------	--

Explanations on contingent consideration and its changes:

Other notes:

(3) The Book Value of the Assets and Liabilities of the Combined Party at Combining Date

Unit: RMB

	At combining date	At the end of last period

The contingent liabilities of the merged party undertaken in enterprise merger:

Other notes:

3. Counter Purchase

The basic information of transactions, the constitutive basis of counter purchase, whether the retained assets and liabilities of listed companies constitute the business or not and the relevant basis, the determination of the cost of merger, the amount and accounting of the equity adjusted when treated as equity transaction:

4. The Disposal of Subsidiary

Whether there is such a situation where the control power of the subsidiary is lost for a single disposal of the investment to the subsidiary

Applicable Not applicable

Whether there is such a situation where many transactions are made to dispose the investment to the subsidiary in phases losing the control power of it during the report period

Applicable Not applicable

5. Other Reasons for the Changes in Combination Scope

Explanations on changes in consolidation scope caused by other reasons (such as the establishment of new subsidiary and liquidation of subsidiary) and the relevant information:

6. Other

IX. Equity in Other Entities

1. Equity in Subsidiary

(1) The Structure of the Enterprise Group

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Huaxin (Foshan) Color Printing Co., Ltd.	Foshan	Foshan	Manufacturing industry	100.00%		Business combination under the same control
Zhuhai Huafeng Paper Co., Ltd.	Zhuhai	Zhuhai	Manufacturing industry		100.00%	Business combination under the same control
Zhuhai Hongta Renheng Packaging Co., Ltd.	Zhuhai	Zhuhai	Manufacturing industry	41.97%		Business combination not under the same control
Foshan Hongta Liyan Material Technology Co., Ltd.	Foshan	Foshan	Manufacturing industry		100.00%	Set-up
Kunshan Focai Packaging &	Suzhou	Suzhou	Manufacturing industry	100.00%		Set-up

Printing Co., Ltd.						
Zhuhai Golden Pheasant Chemical Co., Ltd.	Zhuhai	Zhuhai	Manufacturing industry		51.00%	Business combination not under the same control
Zhejiang Hongta Renheng Packaging Technology Co., Ltd.	Jiaxing	Jiaxing	Manufacturing industry		100.00%	Set-up

Notes: holding proportion in subsidiary different from voting proportion:

On acquisition date as June 30, 2009, the Company gained 40.176% shares of Hongta Renheng by the ways of capital and share increase, there were five directors in the Board of Directors of Hongta Renheng, of which the Company sent three directors, Yunnan Hongta Group Co., Ltd and Renheng Industrial Co., Ltd. sent one director respectively. The Chairman of the Board (Legal representative) was sent by the Company, General Manager and Chief Financial Officer were also sent by the Company, so as to control the routine producing and operating activities of Hongta Renheng, and thus consolidated into the consolidated statement of the Company since July 2009. On February 1, 2010, Hongta Renheng finished the changes procedures for capital increase in industry and commerce, so shares of Hongta Renheng held by the Company increased to 41.9653%, meanwhile, revised the contract and Articles of Association of Hongta Renheng according to the resolutions of the Board of Directors of Hongta Renheng on February 25, 2010, after which the directors of the Board of Directors changed from five to seven, as the Company sent four directors (originally three), Yunnan Hongta Group Co., Ltd. sent two directors (originally one), Renheng Industrial Co., Ltd. sent one, Dragon State International Limited didn't send any directors. The Company still can decide the financial and operating policies of Hongta Renheng, so continued to consolidate it to the consolidated scope.

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

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

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

Other notes:

(2) Significant Not Wholly Owned Subsidiary

Unit: RMB

Name	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period
Zhuhai Hongta Renheng Packaging Co., Ltd.	58.03%	7,718,514.93	6,648,241.15	93,321,759.11

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

Other notes:

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

Unit: RMB

Name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Zhuhai Hongta Renheng Packaging Co., Ltd.	3,092,02	2,390,90	5,482,93	1,679,87	1,025,83	2,705,71	2,625,95	2,445,34	5,071,29	1,388,15	893,624,	2,281,77
	9,195.97	2,283.50	1,479.47	9,382.47	9,041.51	8,423.98	1,940.55	4,768.25	6,708.80	1,886.13	199.66	6,085.79

Unit: RMB

Name	Reporting period				The same period of last year			
	Operation revenue	Net profit	Total consolidated income	Cash flow from operating activities	Operation revenue	Net profit	Total consolidated income	Cash flow from operating activities
Zhuhai Hongta Renheng Packaging Co., Ltd.	1,440,879,206.84	-851,936.40	-851,936.40	-612,704,117.80	1,366,131,550.86	19,967,736.09	19,967,736.09	-286,016,752.34

Other notes:

(4) Significant Restrictions of Using Enterprise Group Assets and Paying Off Enterprise Group Debt**(5) Provide Financial Support or Other Support for Structure Entities Incorporate 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) Explanations on Changes of Owner's Equity in the Subsidiary****(2) The Effects of Transactions on Minority Equity and Owner's Equity Attributable to the Parent Company**

Unit: RMB

--	--

Other notes

3. Equity in Joint Venture Arrangement or Associated Enterprise

(1) List of Significant Joint Ventures or Associated Enterprises

Name of the joint venture or associated enterprise	Main place of business	Place of registration	Nature of business	Proportion of shareholding (%)		Accounting treatment method of the investment to the joint venture or associated enterprise
				Directly	Indirectly	
China Chengtong Finance Corporation Ltd.	Beijing	Beijing	Financial sector	20.00%		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:

(2) The Main Financial Information of Significant Joint Ventures

Unit: RMB

	Closing balance/amount incurred in the current period	Opening balance/amount incurred in last period

Other notes

(3) The Main Financial Information of Significant Associated Enterprises

Unit: RMB

	Closing balance/amount incurred in the current period	Opening balance/amount incurred in last period
	China Chengtong Finance Corporation Ltd.	China Chengtong Finance Corporation Ltd.
Current assets	12,407,394,556.81	25,321,260,369.06
Non-current assets	18,089,419.88	3,988,760.19
Total assets	12,425,483,976.69	25,325,249,129.25
Current liabilities	11,299,433,028.48	24,215,863,455.13

Total liabilities	11,299,433,028.48	24,215,863,455.13
Equity attributable to owners of the Company	1,126,050,948.21	1,109,385,674.11
Portion of net assets calculated according to proportion of shareholdings	225,210,189.64	221,877,134.82
Book value of equity investment to associated venture	247,670,306.38	244,408,251.27
Operation revenue	129,429,871.12	52,877,312.63
Net profit	82,092,088.64	35,125,952.79
Total of comprehensive income	82,092,088.64	35,125,952.79
Bonus received from associated enterprises of the year	13,053,110.23	22,803,597.80

Other notes

(4) The Summarized Financial Information of Unimportant Joint Ventures and Associated Enterprises

Unit: RMB

	Closing balance/amount incurred in the current period	Opening balance/amount incurred in last period
Joint ventures:	--	--
The total of the following items calculated on the basis of shareholding proportion	--	--
Associated enterprises:	--	--
The total of the following items calculated on the basis of shareholding proportion	--	--

Other notes

(5) Explanations on Great Limitation of the Ability to Transfer Funds to the Company by Joint Ventures or Associated Enterprises**(6) Excess Loss Incurred in Joint Ventures or Associated Enterprises**

Unit: RMB

Name of joint venture or associated enterprise	The accumulated unconfirmed losses before the report period	The unconfirmed losses of the report period (or the net profits shared by the current period)	The accumulated unconfirmed losses at the end of the report period

Other notes

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

Name of joint operation	Main places of business	Registration	Nature of business	Proportion of shareholding/shares possessed (%)	
				Directly	Indirectly

Explanations on the difference between the proportion of shareholding or shares possessed and the proportion of voting right in joint operation:

The basis of the classification as joint operation when the joint operation performs as a separated subject:

Other notes

5. Equity of Structure Entity Not Including in the Scope of Consolidated Financial Statements

Explanations on the structured entity not included in the scope of the consolidated financial statements:

6. Other**X. The Risk Related Financial Instruments****XI. The Disclosure of the Fair Value****1. Closing Fair Value of Assets and Liabilities Calculated by Fair Value**

Unit: RMB

Item	Fair value at the end of the reporting period			
	First level Fair value measurement	Second level Fair value measurement	Third level Fair value measurement	Total
I. Consistent fair value measurement	--	--	--	--
(I) Financial assets calculated by fair value and changes recorded into current profits or losses	1,265,972.22			1,265,972.22
1. Trading financial assets	1,265,972.22			1,265,972.22
(III) Derivative financial assets	1,265,972.22			1,265,972.22
II. Non-Sustaining fair	--	--	--	--

value measurement				
-------------------	--	--	--	--

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

The Company listed the book value of financial assets instruments measured at fair value on Dec. 31, 2016 according to three levels of fair value. When the overall fair value classified in three levels, it's in line with the first level of three levels of each significant input value used in the calculation of fair value. Definitions of three levels were as follows:

The first level, the non-adjustable offer of the same assets or liabilities in the active market on the calculation date;

The second level, the directly or indirectly observable input value of related assets or liabilities except the input value on the first level;

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

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

3. Consistent and Inconsistent Fair value Measurement Items at Level 2, Valuation Techniques Adopted, the Qualitative and Quantitative Information of Important Parameters

4. Consistent and Inconsistent Fair Value Measurement Items at Level 3, Valuation Techniques Adopted, the Qualitative and Quantitative Information of Important Parameters

5. Consistent Fair Value Measurement Items at Level 3, the Adjustment Information of the Opening and Closing Book Value, and the Sensitivity Analysis of Unobservable Parameters

6. Consistent Fair Value Measurement Items, Conversion between All Levels during the Reporting Period, the Reasons for Conversion and Policies at the Time of Determination of Conversion

7. Change and Change Reason of Valuation Techniques in the Reporting Period

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

9. Other

XII. Related Party and Related Transaction

1. Information Related to Parent Company of the Company

Name of parent company	Registration place	Nature of business	Registered capital	Proportion of share held by parent	Proportion of voting rights owned by
------------------------	--------------------	--------------------	--------------------	------------------------------------	--------------------------------------

				company against the Company (%)	parent company against the Company (%)
Foshan Huaxin Development Co., Ltd.	Foshan	Manufacturing industry	457,930,000.00	65.20%	65.20%
China National Paper Industry Investment Corp.	Beijing	Comprehensive	5,033,000,000.00	65.31%	65.31%
China Chengtong Holding Group Co., Ltd.	Beijing	Comprehensive	9,380,165,000.00	65.31%	65.31%

Notes: Information on the parent company:

Foshan Huaxin Development Co., Ltd.

On June 28, 2005, Foshan Gongying Investment Holding Co., Ltd. transferred 62.1142% shares (capital contribution was RMB284,440,000) of Foshan Huaxin Development Co., Ltd. to China National Materials Development & Investment Corporation, which has changed its name to China National Paper-industry Investment Corporation. Foshan Huaxin Development Co., Ltd is the parent company and holds 65.20% shares of the Company.

China National Paper Industry Investment Corp.;

China National Paper-industry Investment Corporation originally holds 0.11% shares of the Company, so that China National Paper-industry Investment Corporation held 65.31% shares of the Company directly and indirectly and becomes actual controller of the Company.

China Chengtong Holding Group Co., Ltd.;

China Chengtong Holding Group Co., Ltd. holds 100% shares of China National Paper-industry Investment Corporation and has become the ultimate controller of the Company.

The ultimate controller of the Company was China Chengtong Holding Group Co., Ltd..

Other notes:

2. Subsidiaries of the Company

For more details, please refer to Note IX, Equity in Other Entities

3. Information on the Joint Ventures and Associated Enterprises of the Company

Information of the major joint ventures or associated enterprises of the Company refers to Note IX. Equity in Other Entities.

List of other joint ventures and associated enterprises that made related-party transactions with the Company generating balance during or before the report period:

Name of the joint venture or associated enterprise	Relationship with the Company
China Chengtong Finance Corporation Ltd.	Subsidiary of joint venture
Guangdong Chengtong Logistics Co., Ltd.	Subsidiary of joint venture

Other notes

4. Information on Other Related Parties of the Company

Name	Relationship
Foshan Huaxin Import & Export Co., Ltd.	Under the control of the same actual controller
Guangdong Guan hao High-tech Co., Ltd.	Under the control of the same actual controller
Dragon State International Limited	Under the control of the same ultimate controller
Tianjin Port Free Trade Zone Zhongwu Investment Development Co., Ltd.	Under the control of the same actual controller
Yueyang Forest & Paper Co., Ltd.	Under the control of the same actual controller
Yueyang Antai Industrial Co., Ltd	Under the control of the same actual controller
Yuanjian Paper Co., Ltd.	Under the control of the same actual controller
Hunan Juntai Pulp Paper Co., Ltd.	Under the control of the same actual controller
Guangdong Guan hao High-tech Co., Ltd.	Under the control of the same ultimate controller
Long Bond Investment Development Co., Ltd.	Under the control of the same ultimate controller
China Chengtong International Co., Ltd.	Under the control of the same ultimate controller
HONG KONG DRAGON STATE YAN WING INTERNATIONAL COMPANY	Under the control of the same ultimate controller
Zhanjiang Guan hao Paper 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 (Unit: Ten Thousand Yuan)**

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
China National Paper Industry Investment Corp.	Purchase of raw materials	40,655,817.71	1,006,080,800.00	No	119,209,971.14
Guangdong Guan hao High-tech Co., Ltd.	Purchase of raw materials	110,607.52	700,000.00	No	207,019.02
Tianjin Port Free Trade Zone Zhongwu	Purchase of raw materials	1,054,621.78	30,000,000.00	No	

Investment Development Co., Ltd.					
China Chengtong International Co., Ltd.	Purchase of raw materials			No	87,948,935.09
Yueyang Antai Industrial Co., Ltd.	Purchase of raw materials	183,809.40	1,500,000.00	No	
Guangdong Chengtong Logistics Co., Ltd.	Providing logistics service	8,826,501.22	19,350,000.00	No	7,307,997.65

Information of sales of goods and provision of labor service

Unit: RMB

Related-party	Content	Reporting Period	Same period of last year
China National Paper Industry Investment Corp.	Sales of raw materials	21,362,968.18	133,464,587.60
Yueyang Forest & Paper Co., Ltd.	Sales of products	14,220,555.35	10,198,268.83
Guangdong Guanhao High-tech Co., Ltd.	Sales of products and raw materials	5,826,618.90	2,587,396.43
Zhanjiang Guanhao Paper Co., Ltd.	Sales of products	65,290.60	

Information on related-party transactions of sales of goods and provision and reception of labor service

(2) Relating Commissioned Management/Contract and Entrusted Management/Outsourcing

List of commissioned management/contract of the Company:

Unit: RMB

Name of the entrusting party/contract-out party	Name of the commissioned party/contractor	Type of the commissioned/contracted assets	Start date of commissioned management/contract	End date of commissioned management/contract	Pricing basis of commissioned management revenue/contract revenue	Revenue from commissioned management/contract confirmed in the report period
---	---	--	--	--	---	--

Explanations on relating commissioned management/contract

List of entrusted management/outsourcing:

Unit: RMB

Name of the entrusting party/contract-out party	Name of the commissioned party/contractor	Type of the entrusted/outsourced assets	Start date of entrusted management/outsourcing	End date of entrusted management/outsourcing	Pricing basis of trustee fee/expense on outsourcing	Trustee fee/expense on outsourcing confirmed in the
---	---	---	--	--	---	---

						report period
--	--	--	--	--	--	---------------

Explanations on relating management/outsourcing

(3) Information of Related Lease

The Company serves as the lessor:

Unit: RMB

Name of leasee	Type of leased assets	Rental income confirmed in the Report period	Rental income confirmed in the same period of last year
Guangdong Chengtong Logistics Co., Ltd.	Houses and buildings	267,988.57	187,040.00

The Company serves as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Rental expense confirmed in the report period	Rental expense confirmed in the same period of last year

Explanations on related-party lease

(4) Related-party Guarantee

The Company serves as the guarantee

Unit: RMB

Secured party	Amount	Start date	Maturity date	Fulfill or not
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	38,800,000.00	03/13/2015	03/13/2020	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	200,000,000.00	03/01/2016	12/31/2019	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	100,000,000.00	06/12/2016	03/31/2018	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	150,000,000.00	07/01/2016	07/01/2018	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	180,000,000.00	03/01/2017	10/28/2017	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	100,000,000.00	02/24/2017	02/24/2018	No

Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	200,000,000.00	02/28/2017	02/28/2019	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	330,000,000.00	05/23/2017	05/22/2020	No
Zhuhai Huafeng Paper Co., Ltd.	350,000,000.00	10/29/2016	10/28/2019	No
Huaxin (Foshan) Color Printing Co., Ltd.	60,000,000.00	01/01/2016	12/31/2020	No
Huaxin (Foshan) Color Printing Co., Ltd.	20,000,000.00	12/23/2016	10/23/2017	No

The Company serves as the secured party

Unit: RMB

Guarantee	Amount	Start date	Maturity date	Fulfill or not
-----------	--------	------------	---------------	----------------

Explanations on related-party guarantee

(5) Borrowing and Lending of Related Parties

Unit: RMB

Related party	Amount	Start date	Maturity date	notes
Borrowing				
Lending				

(6) Related Party Asset Transfer and Debt Restructuring

Unit: RMB

Related party	Contents of related-party transactions	Reporting period	Same period of last year
---------------	--	------------------	--------------------------

(7) Rewards for the Key Management Personnel

Unit: RMB

Item	Reporting period	Same period of last year
------	------------------	--------------------------

(8) Other Related-party Transactions

According to the 1st Meeting of the 5th Board of Directors of 2013 on Apr. 18, 2013 and 2012 Annual General Meeting on May 15, 2013, Financial Services Agreement signed by this Company and Chengtong Finance Co., Ltd. and related transaction bills for financial services were discussed and approved to conduct relevant financial

services. The sum of daily maximum outstanding of deposits and interests on deposit of this Company in Chengtong Finance Co., Ltd. shall not be higher than 5% of the total assets audited last year (outstanding of deposits excluding loans or settlement amount); the sum of credit extension and interests shall not be higher than RMB600,000,000; relevant settlement businesses shall also be conducted as required. Up to Jun.30, 2017, outstanding of deposits of the Company in Chengtong Finance Co., Ltd. was RMB96,857,541.76.

6. Receivables and Payables of Related Parties

(1) Receivables

Unit: RMB

Name of item	Related-party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Guangdong Guanhao High-tech Co., Ltd.	3,188,358.24	95.85	2,990,446.69	95.85
Accounts receivable	Yueyang Forest & Paper Co., Ltd.	7,061,160.79		5,321,659.50	
Accounts receivable	Yueyang Antai industrial Co., Ltd.	5,302.10	2,651.05	5,302.10	2,651.05
Accounts receivable	China National Paper Industry Investment Corp.			33,263.08	102.86
Accounts receivable	Foshan Huaxin Import & Export Co., Ltd.	549,882.60	201,380.64	549,882.60	201,380.64
Accounts receivable	Long Bond Investment Development Co., Ltd.	184.55		2,755,688.24	
Accounts receivable	Zhanjiang Guanhao Paper Co., Ltd.	76,390.00		1,545.27	
Payment in advance	China National Paper Industry Investment Corp.	186,423,046.49			
Other accounts receivable	China National Paper Industry Investment Corp.	245,250.00			
Other accounts receivable	Guangdong Chengtong Logistics Co., Ltd.	600,025.07	22,847.25	893,243.15	22,847.25

(2) Payables

Unit: RMB

Name of item	Related-party	Closing book balance	Opening book balance
Accounts payable	China National Paper Industry Investment Corp.	4,364,267.17	87,600,898.59
Accounts payable	Guangdong Chengtong Logistics Co., Ltd.	3,504,552.93	1,973,769.75
Accounts payable	Guangdong Guanhao High-tech Industry Co., Ltd.		102,183.57
Accounts payable	Guangdong Guanhao High-tech Co., Ltd.		3,483.37
Accounts payable	Yueyang Antai Industrial Co., Ltd	90,843.59	127,312.00
Other accounts payable	Guangdong Chengtong Logistics Co., Ltd.	1,110,384.98	570,384.98
Dividends payable	Dragon State International Limited	1,196,246.26	

7. Related Party Commitment**8. Other****XIII. Share-based Payment****1. General Share-based Payment**

Applicable Not applicable

2. Shared-based Payment Settled by Equity

Applicable Not applicable

3. Shared-based Payment Settled by Cash

Applicable Not applicable

4. Modification and Termination on Share-based Payment

Naught

5. Other

XIV. Commitments and Contingencies

Significant commitments at balance sheet date

As of June 30, 2017, there were no significant commitments to be disclosed.

2. Contingencies

(1) Significant Contingencies at Balance Sheet Date

Pending action, contingency formed by arbitration and its financial influence

(1) The Company's sub-subsidiary Golden Pheasant Chemical Co., Ltd. signed a loan contract with Guangzhou Hong He Gu Kang Ti Leisure Co., Ltd. (hereinafter referred to as "Hong He Gu Company") on December 12, 2011, the contract agree that Hong He Gu Company borrowed RMB 500000 from Golden Pheasant Chemical Co., Ltd. the term of the loan was from December 12, 2011 to May 31, 2012. When the contract expired, Hong He Gu Company should take the initiative to repay the loan principal and interest. The legal representative Wang Renhe should be the guarantee of Hong He Gu Company. When the Contract was maturity, Hong He Gu Company did not paid the loan as agreed. In line with Civil Judgment (2015) ZJFPMCZ No. 20, the Hong He Gu Company should repay RMB500,000 to Golden Pheasant Chemical Co., Ltd. and Wang Renhe should bare the joint liquidated liability. As of June 30, 2017, Golden Pheasant Chemical Co., Ltd. had withdrawn 100% bad debt provision for the said other account receivable of RMB500000 of Hong He Gu Company.

(2) As of June 30, 2017, Guangdong Regall Group Co., Ltd. (hereinafter referred to as "Regall Group") owed a goods payment of RMB9,919,562.58 to the Company's subsidiary Zhuhai S.E.Z Hongta Renheng Paper Co., Ltd. (hereinafter referred to as "Hongta Renheng") (with an account age over three years). On March 28, 2008, the said two parties signed an agreement on repayment with wood pulp. According to the said agreement, Regall Group should repay with wood pulp as the consideration, which should be executed before May 15, 2008. However, Regall Group has not accomplished the execution according to the said agreement. Up until October 31, 2008, only RMB3,099,200.00 had been executed as consideration for the debt. On October 29, 2008, Hongta Renheng sent a Notice on Terminating Agreement to Regall Group, but Regall Group asked to continue the execution of the Agreement. On December 6, 2008, Hongta Renheng submitted a bill of compliant on the goods payment dispute to Guangzhou Huangfu People's Court, requesting the Court to terminate the agreement on repayment with wood pulp and asking Regall Group to repay the goods payment of RMB 10,047,398.58 and take the responsibilities thus caused. On June 28, 2009, the Court issued the Civil Judgment Letter (2009) HMEC Zi No.72, deciding to declare the Company's Notice on Terminating Agreement legally null. Hongta Renheng appealed to Guangzhou Intermediate People's Court against the decision and Guangzhou Intermediate People's Court ruled that the case should be remanded for retrial in the Court of the first instance. On June 12, 2010, the Court issued the Civil Judgment Letter (2010) HMEC Zi No.1, deciding to declare the Agreement on Set Debt off with Pulp Payment legal and effective. However, as Regall Group wasn't able to fulfill liability of supplying pulp, it should pay RMB9,786, 596.96 back to Hongta Renheng. Regall Group appealed to Guangzhou Intermediate People's Court against the decision. On November 25, 2010, in accordance with the Civil Judgment Letter (2010) SZFMEZ Zi No. 1851, the Court rejected the appeal and maintained the original judgment. Up until June 30, 2017, RMB127,836.00 of executed account was received. Hongta Renheng has withdrawn 100% bad debt provision for

the said account receivable at full amount.

(3) As of June 30, 2017, Zhuhai Eastern Zhengtai Power Equipment Co., Ltd. owed a goods payment of RMB2,925,825.54 to the Company's subsidiary Hongta Renheng. In line with Civil Judgment (2010) XMEC Zi No.641, Hongta Renheng won the appeal and Zhuhai East Zhengtai Power Equipment Co., Ltd. should pay loans of RMB2,405,789.44 and its penalty back to Hongta Renheng as a result. Zhuhai East Zhengtai Power Equipment Co., Ltd. filed an appeal against the sentence. The court dismissed the appeal in the second trial and the decision was upheld on October 12, 2010. As Zhuhai East Zhengtai Power Equipment Co., Ltd. hasn't executed the verdict yet, Hongta Renheng has applied to the court for enforcement. Hongta Renheng withdrew 100% bad debt provision for the said account receivable in 2010, yet didn't change the ratio of bad debt provision due to uncertainty of receiving goods payment.

(4) As of June 30, 2017, Zhuhai Gongbei Ronghui Trade Co., Ltd. owed a goods payment of RMB1,016,655.73 to Hongta Renheng. Hongta Renheng won the appeal at the first instance in accordance with the Civil Judgment Letter (2009) XMEC Zi No. 2174. Hongta Renheng withdrew 90% bad debt provision for the said account receivable in 2010, but Zhuhai Gongbei Ronghui Trade Co., Ltd. has no properties to execute the judgment, so it continued to withdraw 100% bad debt provision for the said account receivable at period-end.

(5) As of June 30, 2017, Shenzhen Xieji Industry Co., Ltd. owed a goods payment of RMB 3,760,350.10 to Hongta Renheng, in accordance with Civil Judgment Letter (2011) SZFMEZ Zi No. 1318, Hongta Renheng won the appeal. Hongta Renheng withdrew 50% bad debt provision for the said account receivable in 2010. Up until the date of this Report, Hongta Renheng was preparing to appeal to the Court for executing the judgment, so it continued to withdraw 100% bad debt provision for the said account receivable.

(6) As of June 30, 2017, Qingdao Donglu Packaging Development Co., Ltd. owed a goods payment of RMB450,000.00 to Hongta Renheng. Hongta Renheng won the appeal at the first instance in accordance with the Civil Judgment Letter (2010) NSC Zi No. 20678. And Hongta Renheng has won the first instance; however there were no properties to execute the judgment, so it continued to withdraw 100% bad debt provision for the said account receivable at period-end.

(7) As of June 30, 2017, Foshan Jiahe Paper Trading Co., Ltd. owed a goods payment of RMB4,902,239.70 to Hongta Renheng. Hongta Renheng won the appeal at the first instance in accordance with the Civil Judgment Letter (2011) FCFMEC Zi No. 852. Hongta Renheng had cumulatively withdrawn RMB1.75 million, and the balance was RMB3,152,239.70, withdrew 85.59% bad debt provision for the said account receivable at period-end. so it continued to withdraw 100% bad debt provision for the said account receivable.

(8) As of June 30, 2017, Kaifeng Boke Printing Co.,Ltd owned good payment of the Company's subsidiary Zhuhai Huafeng Paper Co., Ltd. RMB4,635,249.60. In line with Civil Judgment (2015) ZJFMECZ No. 609, Kaifeng Boke Printing Co.,Ltd should repay RMB4,635,249.60 and relevant interest. Zhuhai Huafeng Paper Co., Ltd. had applied to the court for property attachment prior to lawsuit, and frozen bank deposit of respondent, closed down his land and equipment. As of June 30, 2017, Zhuhai Huafeng Paper Co., Ltd. had cumulatively withdrawn RMB1.75 million. As estimated, the payment of good could be fully recovered. The accounts receivable withdraw bad debt provision measured by aging.

(9) Zhuhai Bidao Energy Co., Ltd. occupied an area covering 3,535.34 m² of the company's subsidiary Hongta Renheng, and ignored the notice issued by Hongta Renheng about its infringement act. In 2016, Hongta Renheng prosecuted Zhuhai Baidao Energy Co., Ltd. in Zhuhai Xiangzhou District People's Court, requiring the other party to stop its infringement act and pay RMB 2.68 million as the land occupation fee. Up to Dec. 31, 2016, the court put it on record, pending for trial.

(10) Hengyang Feier Cultural Goods (Electrical Appliances) Co., Ltd. prosecuted Zhuhai Huafeng due to the dispute in product quality in Zhuhai Jinwan District People's Court, requiring the compensation of RMB 2.96

million. According to (2016) Y0404MC No. 1227 Civil Judgment, such claim was rejected.

(11) The company's subsidiary Jinji Chemicals and Hunan Henghan Hi-tech Co., Ltd. (hereinafter referred to as Hunan Henghan) developed mutual business relationship in October 2013. However, Hunan Henghan delayed the payment for goods. According to (2015) NMCZi No. 05988 Civil Mediation Document, Hunan Henghan agreed to pay RMB 290,500.00 for goods and RMB 10,000.00 as the penalty for overdue payment at one time to Jinji Chemicals before April 30, 2016. Up to Dec. 31, 2016, Hunan Henghan paid RMB 50,000.00, but the rest payment for goods amounting to RMB 240,500.00 and RMB 10,000.00 as the penalty for overdue payment remained unpaid. Jinji Chemicals has withdrawn 20% bad debt provision based on the aging for RMB 240,500.00 that shall be paid by Hunan Henghan.

(2) If the Company Has No Significant Contingency to Disclose, Relevant Explanations Should Also Be Given

The company has no significant contingency to disclose.

3. Other

XV. Events after Balance Sheet Date

1. Significant Non-adjusting Events

Unit: RMB

Item	Content	Effects on financial condition and operating result	Reason for inability to estimate the influence number

2. Profit Distribution

Unit: RMB

3. Sales Return

4. Notes of Other Events after Balance Sheet Date

XVI. Other Significant Events

1. The Accounting Errors Correction in Previous Period

(1) Retroactive Restatement

Unit: RMB

Contents of the correction of accounting errors	Procedures of processing	Name of each affected item of statement during the period of comparison	Cumulative effects

(2) Prospective Application

Contents of the correction of accounting errors	Procedures of approval	Reason for adopting method of prospective application
---	------------------------	---

2. Debt Restructuring**3. Assets Replacement****(1) Exchange of Non-monetary Assets****(2) Replacement of Other Assets****4. Annuity Plan****5. Discontinued Operation**

Unit: RMB

Item	Income	Expense	Total profits	Income tax expense	Net profits	Profits generated from discontinued operation attributable to owners' of the Company

Other notes

6. Segment Information**(1) Recognition Basis and Accounting Policies of Reportable Segment****(2) The Financial Information of Reportable Segment**

Unit: RMB

Item		Offset between segments	Total

(3) If There Is No Reportable Segment, or the Total Amount of Assets and Liabilities of Each Part of Reportable Segment Cannot Be Disclosed, the Relevant Reasons Should Be Given**(4) Other Notes****7. Other Important Transactions and Events that Have an Impact on Investors' Decision-making**

(I) In accordance with the Resolution Made at the 6th Session of the 5th Board of Directors on December 16, 2012, and the Resolution Made at the First Special Shareholders' General Meeting for 2012 on January 4, 2012, as well as the approval of CSRC with the Reply on Approving the Public Issuance of Corporate Bonds for Foshan Huaxin Packaging Co., Ltd. (ZJXK [2012] No. 725) on May 28, 2012, the Company publicly issued 8 million pieces of corporate bonds with the par value of RMB100 per piece by adopting the ways of online public issuance for the public investors and off-line inquiry placing for the institution investors, with the nominal rate of 5.8%, and the term of bonds was five years from the date of issuance. The issue amount of bond pre-set online and offline were RMB100,000,000.00 and 700,000,000.00. Up to November 29, 2012, the total raised capital from the public issuance of corporate bonds in this time was RMB800,000,000.00, and the actual raised capital after deducting the bond issuance underwriting fees and custodian fees was RMB791,700,000.00.

(II) The 4th Meeting of the 6th Board of Directors held on October 22, 2014 and the Second Special Meeting of the General Shareholders in 2014 held on November 10, 2014, the meeting reviewed and approved the Proposal of the Issue of Medium-Term Notes which agreed to issue no more than RMB500 hundred million of the medium-term note used for the supplement of the Company's cash flow and working capital. On June 12, 2015, the Company received the Acceptance of Registration Notice ZSXZ[2015] No. MTN253 which agreed to the Company's registration of Medium-Term Notes, which issued by NAFMII. On July 29, 2015, the Company's total issue amount was RMB200,000,000.00, coupon rate 5.28%, the limitation of Medium-Term Notes was 3 years, and the raised capital after deducting the bond issuance underwriting fees and custodian fees was RMB199,100,000.00.

(3) On Dec. 29, 2015, the company disposed 75% stock equity held by Foshan Chengtong Paper Co., Ltd., and Japanese company shall collect RMB 490,240,600.41 from Foshan Chengtong Paper Co., Ltd.. On Dec. 31, 2015, the company signed Credit and Debt Settlement Agreement with the transferee that shall become effective from Jan.1, 2016 on. Meanwhile, based on the benchmark interest rate for the 3-year fixed loan, corresponding capital occupation interest shall be collected from Foshan Chengtong Paper Co., Ltd., and be paid quarterly. Before Dec. 31, 2019, the principal and interest shall be completely settled. Up to the date of report, Japanese company

collected all interests back based on the agreement, but the principal RMB 490,240,600.41 was not returned.

8. Other

XVII. Notes of Main Items in the Financial Statements of the Company

1. Accounts Receivable

(1) Accounts Receivable Classified by Category

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	

Accounts receivable with single significant amount and withdrawal bad debt provision separately at end of period

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

(2) Accounts Receivable Withdraw, Reversed or Collected during the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB000; the amount of the reversed or collected part during the Reporting Period was of RMB000.

Significant amount of reversed or recovered bad debt provision:

Unit: RMB

Name of unit	Collected or reversed amount	Way
--------------	------------------------------	-----

(3) Particulars about Accounts Receivable Actually Verified during the Reporting Period

Unit: RMB

Item	Amount of verification
------	------------------------

The verification of significant accounts receivable:

Unit: RMB

Name of unit	Nature of other accounts receivable	Amount of verification	Reason for verification	Procedures of verification	Whether the accounts are
--------------	-------------------------------------	------------------------	-------------------------	----------------------------	--------------------------

				performed	generated from related-party transactions or not
--	--	--	--	-----------	--

Notes of the verification of accounts receivable:

(4) Accounts Receivable of the Top 5 of the Closing Balance Collected According to the Arrears Party

(5) Accounts Receivable Derecognized for the Transfer of Financial Assets

(6) Amount of Assets and Liabilities Generated from the Transfer of Accounts Receivable and Continued Involvement

Other notes:

2. Other Accounts Receivable

(1) Other Accounts Receivable Classified by Category

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable withdrawn according to credit risks characteristics	896,523,135.93	100.00%			896,523,135.93	979,766,646.61	100.00%			979,766,646.61
Total	896,523,135.93	100.00%			896,523,135.93	979,766,646.61	100.00%			979,766,646.61

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period:

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 3 months	219,024.31		

Subtotal within 1 year	219,024.31		
Total	219,024.31		

Notes:

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Not applicable

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

Applicable Not applicable

(2) The Bad-debt Provision Withdrew, Reversed or Collected during the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB000; the amount of the reversed or collected part during the Reporting Period was of RMB000.

Of which the significant amount of the reversed or collected part during the Reporting Period:

Unit: RMB

Name of unit	Collected or reversed amount	Way
--------------	------------------------------	-----

(3) Other Accounts Receivable Actually Verified during the Reporting Period

Unit: RMB

Item	Amount of verification
------	------------------------

The verification of significant other accounts receivable:

Unit: RMB

Name of unit	Nature of other accounts receivable	Amount of verification	Reason for verification	Procedures of verification performed	Whether the accounts are generated from related-party transactions or not
--------------	-------------------------------------	------------------------	-------------------------	--------------------------------------	---

Notes of the verification of other accounts receivable:

(4) Other Accounts Receivable Classified by Account Nature

Unit: RMB

Nature of accounts	Closing book balance	Opening book balance
Petty cash	219,024.31	21,131.24
Intercourse fund in consolidated scope	896,304,111.62	979,745,515.37
Total	896,523,135.93	979,766,646.61

(5) The Top Five Other Account Receivable Classified by Debtor at Period-end

Unit: RMB

Name of unit	Nature of accounts	Closing balance	Account-age at the end of the period	Proportion to the total of closing balance of other accounts receivable	Closing balance of bad-debt provision
Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd.	Loan and interest	718,232,764.80	1 to 3 years	80.13%	
Zhuhai Huafeng Paper Co., Ltd.	Loan and interest	79,287,978.35	1 to 3 years	8.85%	
Huaxin (Foshan) Color Printing Co., Ltd.	Loan and interest	96,435,729.96	1 to 3 years	10.76%	
Zhejiang S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	Loan and interest	2,347,638.51	Within 1 year	0.26%	
Total	--	896,304,111.62	--	100.00%	

(6) Account Receivable Involving Government Subsidies

Unit: RMB

Name of unit	Name of the government subsidy item	Closing balance	Account-age at the end of the period	Estimated time, amount and basis of charge

(7) Other Account Receivable Derecognized Due To the Transfer of Financial Assets

(8) Amount of Assets and Liabilities Generated from the Transfer of Other Accounts Receivable and Continued Involvement

Other notes:

3. Long-term Equity Investment

Unit: RMB

Category	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment to the subsidiary	1,070,107,442.14		1,070,107,442.14	1,070,107,442.14		1,070,107,442.14
Investment to joint ventures and	247,773,558.77		247,773,558.77	244,408,251.27		244,408,251.27

associated enterprises						
Total	1,317,881,000.91		1,317,881,000.91	1,314,515,693.41		1,314,515,693.41

(1) Investment to the Subsidiary

Unit: RMB

Investee	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the Reporting Period	Closing balance of impairment provision
Huaxin (Foshan) Color Printing Co., Ltd.	122,536,745.03			122,536,745.03		
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	927,570,697.11			927,570,697.11		
Kunshan Focai Packaging & Printing Co., Ltd.	5,000,000.00			5,000,000.00		
Zhejiang S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	15,000,000.00			15,000,000.00		
Total	1,070,107,442.14			1,070,107,442.14		

(2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

The investor	Opening balance	Increase/decrease								Closing balance	Closing balance for impairment provisions
		Additional investments	Reduced investments	Profit and loss on investments confirmed according to equity law	Adjustment of other comprehensive income	Changes in other equity	Cash, dividends and profits declared to issue	Impairment provisions	Others		
I. Joint ventures											
II. Associated enterprises											

China Chengtong Finance Corporati on Ltd.	244,408,2 51.27			16,418,41 7.73			13,053,11 0.23			247,773,5 58.77	
Subtotal	244,408,2 51.27			16,418,41 7.73			13,053,11 0.23			247,773,5 58.77	
Total	244,408,2 51.27			16,418,41 7.73			13,053,11 0.23			247,773,5 58.77	

(3) Other Notes

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

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

(2) According to the 4th meeting of the 5th Board of Directors held on Jun. 28, 2013, which received and approved the Proposal on Related Transaction of Purchasing Equity of Huaxin (Foshan) Color Printing Co., Ltd. Owned by Longbon International Co., Ltd., the Company purchased 25% equity of Huaxin (Foshan) Color Printing Co., Ltd. owned by Longbon International Co., Ltd. through the Equity Transfer Agreement with the base day of the equity protocol transfer on Jun. 30, 2013. The transfer price took the net assets through assessment of Huaxin (Foshan) Color Printing Co., Ltd. of RMB 199,450,300 as reference, and both parties agreed to transfer 25% equity with the price of RMB 49,862,600. Relevant equity alternation procedures were completed in September 2013. In October 2013, the Company had completely paid the equity purchasing account of RMB 49,862,600. After the equity transfer, Huaxin (Foshan) Color Printing Co., Ltd. became the wholly-owned subsidiary of the Company.

(3) On Dec. 23, 2013, the Company reviewed and approved Proposal on the Related Transaction of Purchasing 20% Equity of Chengtong Finance Co., Ltd. held by China Investment Ltd. in 2013. The company had signed the Equity Transfer Agreement with China Paper Industry Co., Ltd., planing to transfer 20% equity of Chengtong Finance Co., Ltd. held by China Paper Industry Investment Co., Ltd. with the equity transfer price of RMB 231,450,200 after the negotiation by both parties. Chengtong Finance Co., Ltd. had changed its shareholder registration on Jun. 23, 2014. Therefore, from July 2014 on, the Company held 20% equity of Chengtong Finance Co., Ltd., and the equity method shall be applied.

4. Revenues and Operating Costs

Unit: RMB

Item	Reporting Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales

Other notes:

5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by cost method	4,807,389.97	16,988,226.64
Long-term equity investment income accounted by equity method	16,418,417.73	7,025,445.26
Total	21,225,807.70	24,013,671.90

6. Other**XVIII. Supplementary Materials****1. Items and Amounts of Extraordinary Gains and Losses**

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets	134,195.10	
Government subsidies recorded into the current gains and losses (excluding the government subsidies that are closely relative to business and enjoyed in normed way or quantitatively in accordance with the national standards)	4,179,991.97	
Other non-operating income and expenses other than the above	1,878,178.11	
Less: Income tax effects	943,940.17	
Minority interests effects	2,840,617.71	
Total	2,407,807.30	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory

Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary 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 Net Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	0.63%	0.0247	0.0247
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	0.51%	0.0199	0.0199

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 Audit Data Adjusting Differences Had Been Foreign Audited, Should Indicate the Name of the Foreign Institutions

4. Other

Section XI Documents Available for Reference

Investors and relevant departments can refer to the following materials in office of secretary to the Board in office building of the Company:

1. Financial statements signed and sealed by legal representative, principal of accounting work, and manager of finance department;
2. In the Reporting Period, originals of all documents of the Company ever disclosed publicly in media designated by China Securities Regulatory Commission and the originals of all the public notices.