



FOSHAN HUAXIN PACKAGING CO., LTD.

SEMI-ANNUAL REPORT 2016

Announcement No. 2016-060W

August 2016

Section I Important Statements, Contents and Terms

The board of directors (the “Board”), the board of supervisors (the “Board of Supervisors”) 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 the Report, and shall be jointly and severally liable for any false representation, misleading statements or material omissions in the Report.

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

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

Any forward-looking statements regarding the future operating environment or plans or the earnings forecast for any investment in the Report shall not be considered as virtual promises of the Company to investors. Therefore, investors are kindly reminded to pay attention to possible investment risks.

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

The 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.

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Terms

Term	Meaning
Company, the Company, our Company	Foshan Huaxin Packaging Co., Ltd.
China Paper	Actual controller of the Company—China Paper Corporation
China Chengtong	Ultimate controller of the Company—China Chengtong Holdings Group Ltd.
Hongta Renheng	Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd.
Zhuhai Huafeng	Zhuhai Huafeng Paper Co., Ltd.
Golden Pheasant Chemical	Zhuhai Golden Pheasant Chemical Co., Ltd.
Foshan Chengtong	Foshan Chengtong Paper Co., Ltd.
Huaxin Color Printing	Huaxin (Foshan) Color Printing Co., Ltd.
Kunshan Focai	Kunshan Focai Packaging & Printing Co., Ltd.
Zhejiang Hongta Renheng	Zhejiang Hongta Renheng Packaging Co., Ltd.
Tetra Foshan	Tetra Pak (Foshan) Co., Ltd.

Section II Corporate Profile

I Corporate information

Stock name	FSHXP B	Stock code	200986
Changed stock name (if any)			
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	Huang Xin		

II Contact information

	Board Secretary	Securities Representative
Name	Liu Hanwen	
Address	20/F, Jinghua Building, No. 18, the 5 th Jihua Road, Foshan, Guangdong Province, P. R. China	
Tel.	0757-83992076	
Fax	0757-83992026	
E-mail	liu_hanwen@htrh-paper.com	

III Other information

1. Ways to contact the Company

Did any change 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

The registered address, office address and their postal codes, website address and email address of the Company did not change during the Reporting Period. The said information can be found in the 2015 Annual Report.

2. About information disclosure and the place where the Report is kept

Did any change occur to information disclosure media and the place where the Report is kept during the Reporting Period?

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Report and the location where the Report is placed did not change during the Reporting Period. The said information can be found in the 2015 Annual Report.

3. Change of the registered information

Did any change occur to the registered information during the Reporting Period?

Applicable Not applicable

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the Reporting Period. The said information can be found in the 2015 Annual Report.

4. Other information

Changes in other information in the Reporting Period

Applicable Not applicable

Section III Highlights of Accounting Data and Financial Indicators

I Major accounting data and financial indicators

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year due to change in accounting policies or correction of accounting errors

Yes No

	Reporting Period	Same period of last year	+/- (%)
Operating revenues (RMB)	1,492,857,427.72	1,579,935,507.49	-5.51%
Net profit attributable to shareholders of the Company (RMB)	15,497,115.93	12,564,179.69	23.34%
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB)	9,911,166.34	7,392,560.12	34.07%
Net cash flows from operating activities (RMB)	-338,363,468.55	303,107,243.51	-211.63%
Basic earnings per share (RMB/share)	0.0307	0.0249	23.29%
Diluted earnings per share (RMB/share)	0.0307	0.0249	23.29%
Weighted average return on equity (%)	0.80%	0.69%	0.11%
	As at the end of the Reporting Period	As at the end of last year	+/- (%)
Total assets (RMB)	6,171,939,740.05	6,059,337,427.41	1.86%
Net assets attributable to shareholders of the Company (RMB)	1,934,568,198.06	1,938,277,232.13	-0.19%

Total shares of the Company at the closure of the last trading session before the disclosure of the Report:

Total shares of the Company at the closure of the last trading session before the disclosure of the Report (share)	505,425,000
Fully diluted earnings per share based on the latest total shares above (RMB/share)	0.0307

II Differences in accounting data under domestic and foreign accounting standards

1. Differences in the net profit and the net assets disclosed in the financial reports prepared under Chinese and international accounting standards

Applicable Not applicable

No such differences for the Reporting Period.

2. Differences in the net profit and the net assets disclosed in the financial reports prepared under Chinese and foreign accounting standards

Applicable Not applicable

No such differences for the Reporting Period.

3. Reasons for the differences in accounting data under domestic and foreign accounting standards

Applicable Not applicable

III Exceptional profit and loss

Applicable Not applicable

Unit: RMB

Item	Reporting Period	Note
Profit/loss on disposal of non-current assets (including offset asset impairment provisions)	88,883.73	
Tax rebates, reductions and exemptions due to approval beyond authority or the lack of official approval documents		
Government grants charged to the profit/loss for the Reporting Period (except for the government grants closely related to the business of the Company and given at a fixed quota or amount in accordance with the State's uniform standards)	13,781,709.78	
Capital occupation charges on non-financial enterprises that are charged to the profit/loss for the Reporting Period		
Profit due to the situation where investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of identifiable net assets of investees when making investments		
Profit/loss on non-monetary asset swap		
Profit/loss on entrusting others with investments or asset management		
Asset impairment provisions due to acts of God such as natural disasters		
Profit/loss on debt restructuring		
Restructuring costs in staff arrangement, integration, etc.		
Profit/loss on the part over the fair value due to transactions with distinctly unfair prices		
Net Reporting Period profit/loss on subsidiaries acquired through business mergers under the same control from the		

period-beginning to merger dates		
Profit/loss on contingencies irrelevant to the Company's normal business activities		
Profit/loss on fair value changes of transactional financial assets and liabilities & investment income from disposal of transactional financial assets and liabilities as well as financial assets available for sale, except for effective hedges related to normal business operations of the Company		
Impairment provision reversal for accounts receivable on which the impairment test is carried out separately		
Profit/loss on entrusted loans		
Profit/loss on fair value changes in investing properties of which the subsequent measurement is carried out adopting the fair value method		
Effect on Reporting Period profit/loss when a one-off adjustment is made to Reporting Period profit/loss according to requirements of taxation, accounting and other relevant laws and regulations		
Custody fee income when entrusted with operations		
Non-operating revenue and expense other than the above	-240,422.75	
Other profit/loss that meet the definition of exceptional profit/loss		
Less: Corporate income tax	356,159.41	
Minority interests (after tax)	7,688,061.76	
Total	5,585,949.59	--

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

Applicable Not applicable

No such cases in the Reporting Period.

Section IV Report by the Board of Directors

I Overview

In the first half of 2016, China's economy was at a key stage of restructuring and transformation. As the restructuring pain continued, it was still hard for the real economy. The white cardboard sector, where the Company is engaged, remained sluggish as the growth of demand for paper was slow while capacity kept growing. It's expected to take a long time to soak up excess capacity and the price competition has become extremely intense. The slow growth of the demand for white cardboard has caused inventories to balloon and massive de-stocking would continue across the sector.

II Analysis of main business

YoY movements in major financial data

Unit: RMB

	Reporting Period	Same period of last year	YoY +/-%	Main reason for movement
Operating revenues	1,492,857,427.72	1,579,935,507.49	-5.51%	
Operating costs	1,304,435,785.58	1,336,208,176.82	-2.38%	
Selling expenses	82,902,898.30	81,590,374.79	1.61%	
Administrative expenses	61,228,627.45	63,849,364.08	-4.10%	
Finance costs	34,425,510.63	69,256,122.46	-50.29%	Decrease in loans and interest
Corporate income tax	1,746,571.89	8,300,959.44	-78.96%	Decreased profit
R&D expenses	61,018,056.00	63,000,611.59	-3.15%	
Net cash flows from operating activities	-338,363,468.55	303,107,243.51	-211.63%	Increase in prepayment for materials
Net cash flows from investing activities	21,917,060.08	34,157,023.82	-35.83%	Decrease in construction in progress
Net cash flows from financing activities	-11,477,552.00	-688,748,493.00	98.33%	Debt repayments decreased as short-term borrowings dropped due to debt restructuring
Net increase in cash and cash equivalents	-331,146,672.33	-352,931,582.51	6.17%	

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

Applicable Not applicable

No such cases in the Reporting Period.

Reporting Period progress of the future development planning in the disclosed documents of the Company such as share-soliciting

prospectuses, offering prospectuses, asset reorganization reports, etc.:

Applicable Not applicable

No such cases in the Reporting Period.

Review the progress of the previously disclosed business plan in the Reporting Period:

1. The Company was taking steps which aimed for solving the historical problems of the B shares. Since 23 June 2015, the Company applied for stocks suspension owing to planning significant events so far and recently the Company was promoting the relevant events with great efforts.
2. The liquidation and shut-down of Foshan Chengtong Paper was completed and the relevant equity transfer had been finished up to 31 December 2015.

III Breakdown of main business

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	Operating revenue: YoY +/-%	Operating cost: YoY +/-%	Gross profit margin: YoY +/-%
By business segment						
Manufacturing	1,341,221,705.06	1,151,775,908.81	14.12%	-12.23%	-10.50%	-1.67%
Others	151,635,722.66	152,659,876.77	-0.68%	192.53%	209.19%	-5.43%
By product						
White cardboard	1,115,601,158.66	968,974,573.66	13.14%	-14.45%	-11.84%	-2.58%
Presswork	124,867,003.01	102,299,782.10	18.07%	5.82%	1.75%	3.27%
Chemicals	100,753,543.39	80,501,553.05	20.10%	-4.98%	-7.72%	2.37%
Others	151,635,722.66	152,659,876.77	-0.68%	192.53%	209.19%	-5.43%
By geographical segment						
Domestic	1,291,529,775.46	1,122,389,619.38	13.10%	-3.38%	1.60%	-4.26%
Overseas	201,327,652.26	182,046,166.20	9.58%	5.22%	-0.03%	4.75%

IV Core competitiveness analysis

During the Reporting Period, there was no any situation of the updating and upgrading of the equipments and the gaining or the losing of the franchise rights.

V Investment analysis

1. Investments in equities of external parties

(1) Investments in external parties

Applicable Not applicable

No such cases in the Reporting Period.

(2) Equity-holdings in financial enterprises

√ Applicable □ Not applicable

Enterprise name	Enterprise type	Initial investment cost (RMB)	Opening equity-holdings (share)	Opening equity-holdings (%)	Closing equity-holdings (share)	Closing equity-holdings (%)	Closing book value (RMB)	Profit/loss in the Reporting Period (RMB)	Accounting title	Equity source
Guangdong Development Bank Co., Ltd.	Commercial bank	288,700.00	50,856	0.00%	50,856	0.00%	288,700.00		Available-for-sale financial asset	
China Chengtong Finance Corporation Ltd.	Other	231,450,200.00		20.00%		20.00%	236,530,887.40	7,025,445.26	Long-term equity investment	
Total		231,738,900.00	50,856	--	50,856	--	236,819,587.40	7,025,445.26	--	--

(3) Securities investments

□ Applicable √ Not applicable

No such cases in the Reporting Period.

(4) Shareholdings in other listed companies

□ Applicable √ Not applicable

No such cases in the Reporting Period.

2. Cash management entrustment, derivative financial instrument investments and entrusted loans**(1) Cash management entrustment**

□ Applicable √ Not applicable

No such cases in the Reporting Period.

(2) Derivative financial instrument investments

□ Applicable √ Not applicable

No such cases in the Reporting Period.

(3) Entrusted loans

Applicable Not applicable

No such cases in the Reporting Period.

3. Use of raised funds

Applicable Not applicable

No such cases in the Reporting Period.

4. Main controlled and joint stock companies

Applicable Not applicable

Main controlled and joint stock companies:

Unit: RMB

Company name	Relationship with the Company	Industry	Main products/services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Zhuhai Hongta Renheng Paper Co., Ltd. (combination)	Subsidiary	Papermaking	Ivory board, packaging base paper for liquid food, latex and calcium carbonate	RMB600 million	5,021,889,393.05	2,684,028,260.66	1,366,131,550.86	7,207,997.62	19,967,736.09
Zhuhai Hongta Renheng Paper Co., Ltd. (monomer enterprise)	Subsidiary	Papermaking	Ivory board, packaging base paper for liquid food	RMB600 million	4,551,512,307.38	2,671,076,776.58	833,798,896.63	718,534.61	3,599,728.83
Zhuhai Huafeng Paper Co., Ltd.	Subsidiary	Papermaking	Ivory board, packaging base paper for liquid food	RMB984.56 million	2,399,728,457.64	992,388,977.54	769,694,025.47	5,135,235.03	16,435,379.08
Zhuhai Golden Pheasant	Subsidiary	Chemical	Latex and calcium carbonate	RMB69.2719 million	216,544,729.58	145,683,811.82	110,260,460.96	10,538,968.85	9,117,369.05

Chemical Co., Ltd.									
Huaxin (Foshan) Color Printing Co., Ltd.	Subsidiary	Printing	Color Packaging and label print	RMB96.895605 million	409,394,943.83	208,081,018.32	128,689,257.91	4,034,179.39	3,261,511.71

5. Significant projects invested with non-raised funds

Applicable Not applicable

No such cases in the Reporting Period.

VI Performance forecast for January-September 2016

Warning of possible loss or considerable YoY movement in the accumulated net profit made during the period-beginning to the end of the next Reporting Period, as well as the reasons

Applicable Not applicable

VII Explanation of the Board of Directors and the Board of Supervisors on the “non-standard” auditor’s report issued by the CPAs firm for the Reporting Period

Applicable Not applicable

VIII Explanation of the Board of Directors on the issues mentioned in the “non-standard” auditor’s report issued by the CPAs firm for last year

Applicable Not applicable

IX Profit distribution in the Reporting Period

Profit distribution plan implemented in the Reporting Period, especially execution and adjustment of any cash dividend plan and any plan for converting capital reserve into share capital

Applicable Not applicable

2015 Dividend proposal: based on 505,425,000 shares to distribute a cash dividend of RMB0.38 (tax included) per 10 shares to our whole shareholders, with 0 share of bonus shares (tax included) and no any plan for converting capital reserve into share capital, which executed during the Reporting Period while the public shareholders’ dividends as well as the corporate shares dividends had not yet completed.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and the resolution of the general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors fulfilled their responsibilities and played their due role.	Yes
Minority shareholders have the chance to fully express their opinion and desire and their legal rights and interests were fully protected.	Yes
In adjustment or alteration of the cash dividend policy, the conditions and procedure were in compliance with regulations and transparent.	Not applicable

The profits distribution of the first half year of the Company was not to distribute cash bonus or bonus shares without any plan for converting capital reserve into share capital.

X Preliminary plan for profit distribution and converting capital reserve into share capital for the Reporting Period

Applicable Not applicable

The Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital for the first half of the year.

XI Visits paid to the Company for purposes of research, communication, interview, etc.

Applicable Not applicable

Date of visit	Place of meeting	Way of visit	Type of visitor	Visitor	Main discussion and materials provided by the Company
21 Jan. 2016	Receiving phone calls	Telephone communication	Individual	Mr. Huang	Inquired the progress of the significant events
3 Mar. 2016	Receiving phone calls	Telephone communication	Individual	Mr. Ma	Inquired the production and operating situation of the Company
22 Mar. 2016	Receiving phone calls	Telephone communication	Individual	Mr. Hu	Inquired the situation of solving the B shares
18 Apr. 2016	Receiving phone calls	Telephone communication	Individual	Mr. Zhang	Inquired the progress of the significant events and put forward the advices on solving the B shares.

26 May 2016	Receiving phone calls	Telephone communication	Individual	Mr. Wu	Inquired the delisting of the B shares and put forward the advices on combing the actual controller Chengtong Group as the state-owned capital operating platform as the opportunity to promote the share reform.
9 Jun. 2016	Receiving phone calls	Telephone communication	Individual	Mr. Lu	Inquired the operating situation of the first half year of the Company

Section V Significant Events

I Corporate governance

During the Reporting Period, the Company has strictly followed relevant laws and regulations of Company Law, Securities Law, Code of Corporate Governance of Listed Companies and the requirements of Rules of Stock Listing and Standard Operation Guide of Main-board Companies of SZSE, continuously perfected its corporate governance structure, set up the modern enterprise system and specify the operation of the Company. The Board of Directors considered that, the actual situation of the corporate governance had basically met with the requirements of the Code of Corporate Governance of Listed Companies, with the specific contents as follows:

(I) As for the shareholders and the annual general meeting: the Company further specified the parliamentary procedure of the convening of the annual general meeting to ensure the legal rights of the shareholders according to the requirements of Articles of Association and Rules of Procedure of Shareholders Meeting; fully made use of the internet voting instruments to ensure all the shareholders, especially the medium and small shareholders to enjoy the equal position and to ensure all the shareholders could execute their own rights.

(II) As for the relationship of the controlling shareholders and the listed companies: the behaviors of the shareholders were normative that did not directly or indirectly intervene the decision-making and operating activities of the Company surpass the annual general meeting; the Company and the controlling shareholders did the “five independence” in the aspects such as personnel, assets, finance, institutions and business and the Board of Directors, the Board of Supervisors as well as the internal institutions could operate independently; the contractions of between the Company and the controlling shareholders as well as the other related parties were equitable, just and fair.

(III) As for the Directors and the Board of Directors: the Company elected the Directors strictly according to the recruiting procedures stipulated by the Company Law and Articles of Association, and the number as well as the staff composition of the Board of Directors were met with the requirements of the laws and regulations, and each Directors of the Company could attend the Board of Directors with an attitude of careful and responsible according to the institutions such as the Rules of Procedure of the Board.

(IV) As for the supervisors and the Board of Supervisors: the number as well as the staff composition of the Board of Supervisors were met with the requirements of the laws and regulations, and each Supervisors of the Company could carefully carried out their own responsibilities and the Company executed the supervision of the legal and compliance of the obligations execution of the finance staffs, the Directors, the Manager and other Senior Executives.

(V) The Independent Directors exerted significant functions in the decision-making of the Company. The Company paid attention on the functions of the Independent Directors, and in the work of the management, the Independent Directors executed the carefully investigation of the events such as the financial audit, significant related transactions and the engagement of the senior executives as well as published the relevant independent advice.

(VI) As for the performance evaluation and the incentive and restraint mechanism: the Company had set up the fair and transparent performance evaluation and incentive mechanism of the Directors, Supervisors and Senior Executives.

(VIII) As for the information disclosure and the transparency: the Company appointed the Board Secretary take charge of the information disclosure work; truly, accurately, completely and timely disclose the relevant information strictly according to the requirements of the relevant laws and regulations as well as the Information

Disclosure Mechanism and ensure all the shareholders equally receiving the information.

(VIII) As for the relevant interests person: the Company could fully respect and maintain the legal rights of the relevant interests person, to realize the coordinated balance of the interests of each aspect such as the shareholders, the employees and the society and to impel jointly of the sustainable and healthy development of the Company.

(IX) As for the relationship management of the investors: the Company appointed the specially-assigned person to take charge of the relationship management of the investors and set up the platform for mutual communication with the investors: the relevant personnel could detail and carefully reply for the calls as well as letters from the investors and warmly receive their visit.

II Lawsuits

Significant lawsuits and arbitrations events

Applicable Not applicable

There was no any significant lawsuit and arbitration event of the Company during the Reporting Period.

Other lawsuits events

Applicable Not applicable

III Queries raised by media

Applicable Not applicable

There were no such queries as raised by most media against the Company in the Reporting Period.

IV Bankruptcy and restructuring

Applicable Not applicable

No such cases in the Reporting Period.

V Asset transactions

1. Purchase of assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of assets

Applicable Not applicable

No such cases in the Reporting Period.

3. Business mergers

Applicable Not applicable

No such cases in the Reporting Period.

VI Implementation of equity incentive and its influence

Applicable Not applicable

No such cases in the Reporting Period.

VII Significant related transactions

1. Related transactions arising from routine operation

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., Ltd.	Actual controller	Routine related transaction	Purchasing raw materials and power	Being decided through negotiation based on the market value	Market value	11,921	14.09%	28,700	No	Transfer, bank acceptance bill	Not applicable		
China Chengto International Co., Ltd.	Under the ultimate controller	Routine related transaction	Purchase of raw materials	Being decided through negotiation based on the market value	Market value	8,795	10.40%	0	No	Transfer, bank acceptance bill	Not applicable		
China Paper Industry Investment Co., Ltd.	Actual controller	Routine related transaction	Sales of products	Being decided through negotiation based on the market value	Market value	13,346	90.25%	20,300	No	Transfer, bank acceptance bill	Not applicable		

Total	--	--	34062	--	<u>49,000</u>	--	--	--	--	--
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 between the transaction price and the market reference price (if applicable)	Not applicable									

2. Related-party transactions arising from acquisition and sale of assets

Applicable Not applicable

No such cases in the Reporting Period.

3. Related-party transactions arising from joint investment in external parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and liabilities with related parties

Applicable Not applicable

Whether there were non-operating credits and liabilities with related parties

Yes No

Related parties' liabilities payable:

Related parties	Relationship	Reason	Opening balance (RMB'0,000)	Newly increased amount of the Reporting Period (RMB'0,000)	Returned amount of the Reporting Period (RMB'0,000)	Interest rate	Interests of the Reporting Period (RMB'0,000)	Closing balance (RMB'0,000)
Foshan Huaxin Packaging Co., Ltd.	Parent company	Used for supplementing the circulating funds		200		4.35%	3.36	200
Influences of the related parties' liabilities on the	Had less influence							

operating results and the financial conditions of the Company	
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5. Other related transactions

Applicable Not applicable

No such cases in the Reporting Period.

VIII Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties

Applicable Not applicable

No such cases in the Reporting Period.

IX Significant contracts and fulfillment thereof

1. Trusteeship, contracting and leasing

(1) Trusteeship

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. Guarantees provided by the Company

Applicable Not applicable

Unit: RMB'0,000

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of relevant	Amount for guarantee	Actual occurrence date (date of	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related

	announcem ent		agreement)					party or not
Total external guarantee line approved during the Reporting Period (A1)				Total actual occurred amount of external guarantee during the Reporting Period (A2)				
Total external guarantee line that has been approved at the end of the Reporting Period (A3)				Total actual external guarantee balance at the end of the Reporting Period (A4)				
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant announcement on the guarantee amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Zhuhai Renheng Packaging Ltd. Hongta Co., Ltd.	20 May 2014	33,000	7 May 2014	18,833.11	Guarantee of joint liability	2014.05.07-2017.05.06	No	Yes
Zhuhai Renheng Packaging Ltd. Hongta Co., Ltd.	11 Feb. 2015	3,880	13 Mar. 2015	0	Guarantee of joint liability	2015.03.13-2020.03.13	No	Yes
Zhuhai Renheng Packaging Ltd. Hongta Co., Ltd.	27 Apr. 2015	23,000	16 Jun. 2015	23,000	Guarantee of joint liability	2015.06.16-2016.12.16	No	Yes
Zhuhai Renheng Packaging Ltd. Hongta Co., Ltd.	21 Nov. 2015	30,000	15 Dec. 2015	9,931	Guarantee of joint liability	2015.12.15-2016.12.14	No	Yes
Zhuhai Renheng Packaging Ltd. Hongta Co., Ltd.	7 Jan. 2016	10,000	4 Jan. 2016	0	Guarantee of joint liability	2016.1.4-2017.1.4	No	Yes
Zhuhai Renheng Packaging Ltd. Hongta Co., Ltd.	7 Jan. 2016	10,000	14 Jan. 2016	10,000	Guarantee of joint liability	2016.1.14-2017.1.13	No	Yes

Packaging Co., Ltd.									
Zhuhai Renheng Packaging Co., Ltd.	Hongta	9 Jan. 2016	20,000	1 Feb. 2016	10,000	Guarantee of joint liability	2016.2.1-2017.1.21	No	Yes
Zhuhai Renheng Packaging Co., Ltd.	Hongta	19 Feb. 2016	20,000	1 Mar. 2016	603.22	Guarantee of joint liability	2016.3.1-2019.12.31	No	Yes
Zhuhai Renheng Packaging Co., Ltd.	Hongta	29 Apr. 2016	10,000	30 May 2016	10,000	Guarantee of joint liability	2016.5.30-2017.2.2	No	Yes
Zhuhai Renheng Packaging Co., Ltd.	Hongta	2 Jun. 2016	10,000	10 Jun. 2016	5,000	Guarantee of joint liability	2016.6.12-2018.3.31	No	Yes
Zhuhai Paper Co., Ltd.	Huafeng	31 Dec. 2013	35,000	29 Oct. 2013	13,846.92	Guarantee of joint liability	2013.10.29-2016.10.28	No	Yes
Huaxin Color Printing Co., Ltd.	(Foshan)	6 Jun. 2016	6,500	1 Jul. 2013	0	Guarantee of joint liability	2013.07.01-2017.12.31	No	Yes
Huaxin Color Printing Co., Ltd.	(Foshan)	10 Mar. 2014	3,000	29 Jun. 2015	2,180.11	Guarantee of joint liability	2015.06.29-2016.06.28	No	Yes
Total guarantee line approved for the subsidiaries during the Reporting Period (B1)				260,000	Total actual occurred amount of guarantee for the subsidiaries during the Reporting Period (B2)				80,000
Total guarantee line that has been approved for the subsidiaries at the end of the Reporting Period (B3)				214,380	Total actual guarantee balance for the subsidiaries at the end of the Reporting Period (B4)				103,394.36
Guarantees provided by the subsidiaries for their subsidiaries									
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or	

	ent							not
Zhuhai Golden Pheasant Chemical Co., Ltd.	21 Nov. 2015	10,000	31 Aug. 2015	5,000	Guarantee of joint liability	2015.08.31-2016.08.31	No	Yes
Total guarantee line approved for the subsidiaries during the Reporting Period (C1)		40,000			Total actual occurred amount of guarantee for the subsidiaries during the Reporting Period (C2)			0
Total guarantee line that has been approved for the subsidiaries at the end of the Reporting Period (C3)		10,000			Total actual guarantee balance for the subsidiaries at the end of the Reporting Period (C4)			5,000
Total guarantee amount provided by the Company (total of the above-mentioned three kinds of guarantees)								
Total guarantee line approved during the Reporting Period (A1+B1+C1)		300,000			Total actual occurred amount of guarantee during the Reporting Period (A2+B2+C2)			80,000
Total guarantee line that has been approved at the end of the Reporting Period (A3+B3+C3)		224,380			Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)			108,394.36
Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company								56.03%
Of which:								
Amount of guarantee for shareholders, actual controller and related parties (D)								0
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (E)								0
Part of the amount of the total guarantee over 50% of net assets (F)								0
Total amount of the above three guarantees (D+E+F)								0
Explanation on possibility to bear joint liability due to undue guarantees (if any)								
Explanation on the external guarantees in violation of stipulated procedures (if any)								

Explanation on guarantee that adopts complex method

(1) Illegal provision of guarantees for external parties

Applicable Not applicable

The Company did not illegally provide any guarantee for any external party in the Reporting Period.

3. Other significant contracts

Applicable Not applicable

There was no other significant contract of the Company in the Reporting Period.

4. Other significant transactions

Applicable Not applicable

There was no significant transaction in Reporting Period.

X Commitments made by the Company or shareholders holding over 5% of the Company's shares in the Reporting Period or such commitments carried down into the Reporting Period

Applicable Not applicable

There was no significant transaction in Reporting Period.

XI Engagement and disengagement of the CPAs firm

Has the semi-annual financial report been audited?

Yes No

This semi-annual report is not audited.

XII Punishments and rectifications

Applicable Not applicable

No such cases in the Reporting Period.

XIII Delisting risk due to violation of any law or regulation

Applicable Not applicable

No such cases in the Reporting Period.

XIV Other significant events

Applicable Not applicable

No such cases in the Reporting Period.

XV Corporate bonds

Corporate bonds publicly offered and listed on the stock exchange which were undue before the approval date of the Report or were due but could not be redeemed in full

Yes

1. Basic information of the corporate bonds

Name	Abbr.	Code	Issue date	Due date	Balance (RMB'0,000)	Interest rate	Redemption method
Corporate bonds of Foshan Huaxin Packaging Co., Ltd. in 2012	12 HBZ	112130	26 Nov. 2012	26 Nov. 2017	79,715.77	5.80%	Interests paid by year with the principal paid once when expired.
Trading place of the listing or transfer of the corporate bonds	SZSE						
Appropriate arrangement of the investors							
Situation of the interest payment of the corporate bonds during the Reporting Period	Normal						
Execution situation of the relevant regulation during the Reporting Period if the corporate bonds affiliated by the special clauses such as the option clause of the issuers or the investors and the changeable clause (if applicable)	<p>According to the Prospectus of the Public Offering Corporate Bonds of Foshan Huaxin Packaging Co., Ltd. published on 22 November 2012 (hereinafter referred to as "the Prospectus") and the corporate bonds put-back regulations set by the Company among the corporate bonds issued in 2012 (bond code: 112130 and referred to "12 HBZ" for short), the Company published the 1st Indicative Announcement on the Coupon Rate Adjustment of the "12 HBZ" and the Put-back Execution Methods of the Bondholders of Foshan Huaxin Packaging Co., Ltd. (Announcement No.: 2015-042) as well as had respectively disclosed the 2nd, 3rd and 4th indicative announcement on 29 October 2015, 30 October 2015 and 2 November 2015 (Announcement Numbers respectively as 2015-044, 2015-058 and 2015-W13). The investors could choose not to put back, partial put back or wholly put back the holding "12 HBZ" to the Company on the put-back registration date with the put-back price of RMB100/piece. And the put-back registration dates of the "12 HBZ" respectively were 29 October 2015, 30 October 2015 and 2 November 2015. According to the date provided by the Shenzhen Branch of CSDCC, the total put-back number of the "12 HBZ" was of 200 pieces with the total put-back amount of RMB20,000.00 (interests excluded) and the remained hosting amount was 7,999,800 pieces.</p>						

2. List of the bond trustee and the rating organization

Bond trustee:							
Name	Guangzhou	Office address	F19, F20 of	Contact	Liao Jianqiang	Tel	020-88836636

	Securities Co., Ltd.		Guangzhou International Finance Center, No. 5 of Zhujiang West Road, Tianhe District, Guangzhou				
Rating organization executed the tracking rating on the corporate bonds during the Reporting Period:							
Name	United Ratings Co., Ltd.		Office address	F12, PICC Building, No. 2 of Jianguomenwai Avenue, Chaoyang District, Beijing			
Alternation reason, executed process and the influences on the investors' benefits if there was alternation of the d bond trustees, rating organizations engaged by the Company during the Reporting Period (if applicable)			Not applicable				

3. Usage of the raised funds of the corporate bonds

Usage of the raised funds of the corporate bonds and the execution process	Had all used for compensating the bank loans and supplementing the circulating funds according to the regulations
Year-end balance (RMB'0,000)	0
situation of the special account of the raised funds	Raised funds had completed the using with the special accounts had written off.
Whether the application of the raised funds met with the usage, use plan and other agreement committed on the prospectus	Yes

4. Rating situation of the Company bonds information

In May 2016, the United Ratings Co., Ltd. had executed the tracking rating on the corporate bonds of the Reporting Period with the rating results be disclosed on www.cninfo.com.cn.

5. Credit-adding mechanism, repayment plan and other repayment guarantee measures of the Company bonds

The Company committed to pay for the principal and interests on time.

6. Convening situation of the bonds holders meeting during the Reporting Period

No such situation of the Company during the Reporting Period.

7. List of the duty execution of the bonds trustee during the Reporting Period

No such situation of the Company during the Reporting Period.

8. Major accounting dates and the financial indicators up to the period-end of the Reporting Period and the year-end of last year (or the Reporting Period and the same period of last year)

Unit: RMB'0,000

Item	30 Jun. 2016	31 Dec. 2015	Increase/decrease over the last year-end of the period-end of 2016
Current ratio	1.64%	1.67%	-0.03%
Debt-to-assets ratio	43.00%	42.00%	1.00%
Quick ratio	1.14%	1.21%	-0.07%
	Reporting Period	Same period of last year	Increase/decrease over the same period of last of the Reporting Period
EBITDA times interest earned	3.1	3.22	-3.73%
Loan repayment rate	100%	100%	0
Interest coverage	100%	100%	0

Major reasons about the above accounting data and financial indicators exceeded 30% of the YoY change

Applicable Not applicable

9. Restricted situation of the assets right up to the period-end

Of which, the details of the restricted monetary funds were as follows:

Item	Closing balance	Opening balance
Bank acceptance deposit		57,756,239.27
L/C guarantee deposits	250,000.00	2,858,600.00
Performance bond		20,000,000.00
Fixed term deposits or call deposits used for guarantee	137,374,307.82	243,077,190.17
Other deposits with restricted utilization		54257.39
Total	137,624,307.82	323,746,286.83

10. Overdue outstanding debt of the Company

Applicable Not applicable

No such cases of the Company during the Reporting Period.

11. List of the interests payment for other debts and debt financing instruments during the Reporting Period

The company paid for the principal and interests on time.

12. List of the acquired bank credit lines, usage and the repayment of the bank loans

During the Reporting Period, the Company totally received the bank line of RMB3.83 billion, which actually had used of RMB1.184 billion as well as had paid for the bank loans of RMB0.56 billion for the first half year by all paid on time or in advance.

13. List of the execution of the agreements or the commitments related to the Company bonds raising specification during the Reporting Period

No such situation of the Company during the Reporting Period.

14. Significant events occurred during the Reporting Period

No such situation of the Company during the Reporting Period.

15. Whether there was guarantor of the corporate bonds

Yes No

Section VI Share Changes and Shareholders' Profile

I Changes in shares

Unit: Share

	Before		Increase/decrease (+/-)					After	
	Number	Percentage	New issues	Bonus shares	Increase from capital reserve	Other	Subtotal	Number	Percentage
I. Unlisted shares	333,500,000	65.98%						333,500,000	65.98%
1. Sponsor's shares	333,500,000	65.98%						333,500,000	65.98%
Shares held by domestic corporations	332,930,290	65.87%						332,930,290	65.87%
Other	5,697,101	0.11%						5,697,101	0.11%
II. Listed shares	171,925,000	34.02%						171,925,000	34.02%

	00							00	
2. Domestically listed foreign shares	171,925,000	34.02%						171,925,000	34.02%
III. Total shares	505,425,000	100.00%						505,425,000	100.00%

Reasons for share changes

Applicable Not applicable

Approval for share changes

Applicable Not applicable

Transfer of share ownership

Applicable Not applicable

Effects of share changes on the basic earnings per share, diluted earnings per share, net assets per share attributable to ordinary shareholders of the Company and other financial indicators over last year and the last Reporting Period

Applicable Not applicable

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

Applicable Not applicable

Changes in the total shares, shareholder structure, asset structure and liability structure

Applicable Not applicable

II Total number of shareholders and their shareholdings

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period		14,170	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								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of ordinary shares held at the end of the Reporting Period	Increase/decrease of shares during the Reporting Period	Number of restricted ordinary shares held	Number of non-restricted ordinary shares held	Pledged or frozen shares	
							Status	Number
FOSHAN HUAXIN DEVELOPME	State-owned corporation	65.20%	329,512,030	0	329,512,030	0		

NT CO., LTD.								
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.81%	4,084,905	0	0	4,084,905		
WU HAOYUAN	Foreign individual	0.42%	2,561,991	0	0	2,561,991		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign corporation	0.27%	1,362,902	0	0	1,362,902		
NORGES BANK	Foreign corporation	0.27%	1,352,720	0	0	1,352,720		
ESSENCE INTERNATIONAL SECURITIES (HONG KONG) CO., LTD.	Foreign corporation	0.26%	1,305,152	0	0	1,305,152		
BOCI SECURITIES LIMITED	Foreign corporation	0.25%	1,280,990	0	0	1,280,990		
WU FENQIANG	Domestic individual	0.24%	1,233,901	0	0	1,233,901		
FOSHAN CHAN BEN DE DEVELOPMENT CO., LTD.	State-owned corporation	0.23%	1,139,420	0	1,139,420	0		
MIAO JUN	Domestic individual	0.22%	1,119,200	0	0	1,119,200		
Strategic investor or general corporation becoming a top ten ordinary shareholder due to placing of new shares (if any) (see Note 3)								
Related or act-in-concert parties among the shareholders above	It is unknown to the Company whether there exists associated relationship among the shareholders above or they are acting-in-concert entities as stipulated in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.							

Shareholdings of the top ten non-restricted ordinary shareholders			
Name of shareholder	Number of non-restricted ordinary shares held at the period-end	Type of shares	
		Type	Number
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	4,084,905	Domestically listed shares	4,084,905
Wu Haoyuan	2,561,991	Domestically listed shares	2,561,991
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	136,290	Domestically listed shares	136,290
NORGES BANK	1,352,720	Domestically listed shares	1,352,720
Essence International Securities (Hong Kong) Co., Ltd.	1,305,152	Domestically listed shares	1,305,152
BOCI SECURITIES LIMITED	1,280,990	Domestically listed shares	1,280,990
Wu Fenqiang	1,233,901	Domestically listed shares	1,233,901
Miao Jun	1,119,200	Domestically listed shares	1,119,200
CMS (HK) Co., Ltd.	1,069,410	Domestically listed shares	1,069,410
KGI ASIA LIMITED	1,002,459	Domestically listed shares	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	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.		

top ten common shareholders not subject to trading moratorium and the top ten common shareholders	
Particulars about the common shareholders participating in margin trading (if any) (note 4)	

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.

III Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Change of the actual controller in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

IV Any shareholding increase plan proposed or implemented by any shareholder or its act-in-concert parties during the Reporting Period

Applicable Not applicable

To the best knowledge of the Company, no shareholder or its act-in-concert party proposed or implemented any shareholding increase plan during the Reporting Period.

Section VII Preference Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Section VIII Directors, Supervisors and Senior Management

I Shareholding changes of directors, supervisors and senior management

√ 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 senior management

√ Applicable □ Not applicable

Name	Office title	Type of change	Date	Reason
Yang Yinghui	Board Secretary, CFO	Dismissed	6 May 2016	Career moves
Liu Hanwen	Board Secretary	Engaged	4 Jun. 2016	Engagement
Yang Chenglin	CFO	Appointed and dismissed	6 Jul. 2016	Career moves
Huang Jianrong	Supervisor	Left	22 Mar. 2016	Retirement
Zhang Hong	Supervisor	Engagement	12 Apr. 2016	Election
Yang Chenglin	Employee Supervisor	Appointed and dismissed	30 Jun. 2016	Appointment and dismissal
Tang Liming	Employee Supervisor	Elected	1 Jul. 2016	Election

Section IX Financial Report

I Auditor's report

Has this semi-annual report been audited?

Yes No

This semi-annual financial report has not been audited.

II Financial statements

Currency unit for the statements in the notes to these financial statements: RMB

1. Consolidated balance sheet

Prepared by Foshan Huaxin Packaging Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	316,084,560.15	509,706,611.07
Settlement reserve		
Interbank lendings		
Financial assets at fair value through profit/loss	1,833,310.76	1,741,500.00
Derivative financial assets		
Notes receivable	489,000,280.62	265,679,151.34
Accounts receivable	854,105,070.55	791,325,305.79
Accounts paid in advance	151,149,167.46	116,290,696.98
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserve		
Interest receivable	5,886,291.65	5,233,556.60
Dividends receivable		
Other accounts receivable	74,991,502.08	143,862,308.16
Financial assets purchased under		

agreements to resell		
Inventories	838,189,947.40	712,880,811.93
Assets held for sale		
Non-current assets due within one year		
Other current assets		17,147,074.25
Total current assets	2,731,240,130.67	2,563,867,016.12
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	243,967,674.51	262,089,226.45
Investment property	11,615,764.88	11,945,127.02
Fixed assets	2,470,740,233.37	2,539,372,551.91
Construction in progress	52,030,368.31	28,305,202.78
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	124,203,728.45	108,048,541.44
R&D expenses		
Goodwill	11,547,305.29	11,547,305.29
Long-term deferred expenses	2,551,095.88	2,903,771.31
Deferred tax assets	33,514,138.28	33,209,638.28
Other non-current assets		7,519,746.40
Total non-current assets	3,440,699,609.38	3,495,470,411.29
Total assets	6,171,939,740.05	6,059,337,427.41
Current liabilities:		
Short-term borrowings	1,129,195,129.40	912,724,440.16
Borrowings from the Central Bank		
Money deposits accepted and inter-bank deposits		
Interbank borrowings		
Financial liabilities at fair value through profit/loss		212,689.24

Derivative financial liabilities		
Notes payable	21,801,087.99	127,562,392.61
Accounts payable	348,803,141.94	365,555,758.89
Accounts received in advance	24,164,190.43	9,817,369.72
Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	16,768,326.94	33,391,126.62
Taxes and fares payable	-242,240.52	37,570,856.48
Interest payable	37,335,881.58	10,684,484.26
Dividends payable	49,420,440.88	11,019,644.79
Other accounts payable	38,316,764.72	24,761,471.30
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		
Other current liabilities		
Total current liabilities	1,665,562,723.36	1,533,300,234.07
Non-current liabilities:		
Long-term borrowings		
Bonds payable	996,516,745.91	995,587,962.29
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable	7,137,317.11	7,630,748.49
Long-term payroll payable		
Special payables		
Provisions	1,758,780.68	1,758,780.68
Deferred income	9,515,390.10	9,200,905.88
Deferred tax liabilities	2,875,132.08	2,875,132.08
Other non-current liabilities		
Total non-current liabilities	1,017,803,365.88	1,017,053,529.42

Total liabilities	2,683,366,089.24	2,550,353,763.49
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	187,280,095.40	187,280,095.40
Provisions for general risks		
Retained earnings	984,871,014.85	988,580,048.92
Equity attributable to owners of the Company	1,934,568,198.06	1,938,277,232.13
Minority interests	1,554,005,452.75	1,570,706,431.79
Total owners' equity	3,488,573,650.81	3,508,983,663.92
Total liabilities and owners' equity	6,171,939,740.05	6,059,337,427.41

Legal representative: Huang Xin

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	7,737,492.59	68,234,826.12
Financial assets at fair value through profit/loss		
Derivative financial assets		
Notes receivable		
Accounts receivable		12,775,461.68
Accounts paid in advance	291,839.43	141,509.43
Interest receivable	5,886,291.65	
Dividends receivable	16,988,226.64	
Other accounts receivable	1,008,290,381.96	964,414,178.70

Inventories		
Assets held for sale		
Non-current assets due within one year		
Other current assets		1,432,574.60
Total current assets	1,039,194,232.27	1,046,998,550.53
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	1,306,638,329.54	1,312,361,239.94
Investment property		
Fixed assets	328,409.68	380,975.78
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	388,683.19	433,782.13
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred tax assets		
Other non-current assets		
Total non-current assets	1,797,884,722.82	1,803,705,298.26
Total assets	2,837,078,955.09	2,850,703,848.79
Current liabilities:		
Short-term borrowings	100,000,000.00	100,000,000.00
Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		
Notes payable		45,000,000.00
Accounts payable	284,700.00	12,775,461.68
Accounts received in advance		
Payroll payable	16,124.76	

Taxes and fares payable	-540,356.00	142,128.32
Interest payable	35,750,194.09	9,179,970.44
Dividends payable	12,853,222.45	179,458.65
Other accounts payable	5,873,112.00	5,003,595.00
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	154,236,997.30	172,280,614.09
Non-current liabilities:		
Long-term borrowings		
Bonds payable	996,516,745.91	995,587,962.29
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Special payables		
Provisions		
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	996,516,745.91	995,587,962.29
Total liabilities	1,150,753,743.21	1,167,868,576.38
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	187,280,095.40	187,280,095.40
Retained earnings	743,088,634.48	739,598,695.01
Total owners' equity	1,686,325,211.88	1,682,835,272.41

Total liabilities and owners' equity	2,837,078,955.09	2,850,703,848.79
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3. Consolidated income statement

Unit: RMB

Item	Reporting Period	Same period of last year
1. Operating revenues	1,492,857,427.72	1,579,935,507.49
Including: Sales income	1,492,857,427.72	1,579,935,507.49
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	1,479,326,694.32	1,559,144,101.58
Including: Cost of sales	1,304,435,785.58	1,336,208,176.82
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Business tax and surtaxes	4,373,872.96	8,240,063.43
Selling expenses	82,902,898.30	81,590,374.79
Administrative expenses	61,228,627.45	63,849,364.08
Finance costs	34,425,510.63	69,256,122.46
Asset impairment loss	-8,040,000.60	
Add: Profit on fair value changes ("-" means loss)	304,500.00	
Return on investment ("-" means loss)	3,241,303.72	7,765,856.20
Including: Share of profit/loss of associates and joint ventures	6,626,803.72	7,765,856.20
Foreign exchange profit ("-" means loss)		
3. Operating profit ("-" means loss)	17,076,537.12	28,557,262.11
Add: Non-operating income	14,907,897.95	11,728,439.32
Including: Profit on disposal of non-current assets	250,456.13	2,149,581.60

Less: Non-operating expense	1,277,727.19	329,349.61
Including: Loss on disposal of non-current assets	161,572.40	205,274.73
4. Total profit (“-” means loss)	30,706,707.88	39,956,351.82
Less: Corporate income tax	1,746,571.89	8,300,959.44
5. Net profit (“-” means loss)	28,960,135.99	31,655,392.38
Net profit attributable to owners of the Company	15,497,115.93	12,564,179.69
Minority interests’ income	13,463,020.06	19,091,212.69
6. After-tax net amount of other comprehensive income		
After-tax net amount of other comprehensive income 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		
After-tax net amount of other comprehensive income attributable to minority interests		
7. Total comprehensive income	28,960,135.99	31,655,392.38
Attributable to owners of the Company	15,497,115.93	12,564,179.69
Attributable to minority interests	13,463,020.06	19,091,212.69
8. Earnings per share		
8.1 Basic earnings per share	0.0307	0.0249
8.2 Diluted earnings per share	0.0307	0.0249

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: Huang Xin

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	Reporting Period	Same period of last year
1. Operating revenues	0.00	121,021,010.71
Less: Operating costs	0.00	121,021,010.71
Business tax and surtaxes	39,101.88	104,562.16
Selling expenses		
Administrative expenses	4,329,607.76	5,182,402.87
Finance costs	-3,052,277.21	-4,278,151.77
Asset impairment loss		
Add: profit on fair value changes (“-” means loss)		
Return on investment (“-” means loss)	24,013,671.90	27,710,342.69
Including: Share of profit/loss of associates and joint ventures	7,025,445.26	7,913,559.63
2. Operating profit (“-” means loss)	22,697,239.47	26,701,529.43
Add: Non-operating income		1,108,787.00
Including: Profit on disposal of non-current assets		1,108,787.00
Less: Non-operating expense	1,150.00	

Including: Loss on disposal of non-current assets		
3. Total profit (“-” means loss)	22,696,089.47	27,810,316.43
Less: Corporate income tax		173,669.65
4. Net profit (“-” means loss)	22,696,089.47	27,636,646.78
5. After-tax net amount of other comprehensive income		
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	22,696,089.47	27,636,646.78
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Item	Reporting Period	Same period of last year
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,104,577,756.39	1,496,083,190.62
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	115,664.68	61,348.19
Cash received from other operating activities	62,459,598.83	58,415,735.25
Subtotal of cash inflows from operating activities	1,167,153,019.90	1,554,560,274.06
Cash paid for goods and services	1,288,335,649.93	902,217,909.91
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	103,798,135.36	108,444,671.63

Taxes and fares paid	69,613,734.62	110,024,376.30
Cash paid for other operating activities	43,768,968.54	130,766,072.71
Subtotal of cash outflows from operating activities	1,505,516,488.45	1,251,453,030.55
Net cash flows from operating activities	-338,363,468.55	303,107,243.51
2. Cash flows from investing activities:		
Cash received from retraction of investments	1,944,757.86	
Cash received as return on investments	22,803,597.80	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	277,000.00	67,896,804.00
Net cash received from disposal of subsidiaries or other business units	45,000,000.00	
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	70,025,355.66	67,896,804.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	48,108,295.58	33,739,780.18
Cash paid for investment		
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	48,108,295.58	33,739,780.18
Net cash flows from investing activities	21,917,060.08	34,157,023.82
3. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings	807,760,258.44	1,364,846,686.46
Cash received from issuance of bonds		

Cash received from other financing activities		
Subtotal of cash inflows from financing activities	807,760,258.44	1,364,846,686.46
Repayment of borrowings	590,797,119.97	1,616,590,737.88
Cash paid for interest expenses and distribution of dividends or profit	30,916,069.06	81,904,725.67
Including: dividends or profit paid by subsidiaries to minority interests	3,403,378.35	34,216,094.81
Cash paid for other financing activities	197,524,621.41	355,099,715.91
Sub-total of cash outflows from financing activities	819,237,810.44	2,053,595,179.46
Net cash flows from financing activities	-11,477,552.00	-688,748,493.00
4. Effect of foreign exchange rate changes on cash and cash equivalents	-3,222,711.86	-1,447,356.84
5. Net increase in cash and cash equivalents	-331,146,672.33	-352,931,582.51
Add: Opening balance of cash and cash equivalents	509,706,611.07	474,549,403.56
6. Closing balance of cash and cash equivalents	178,559,938.74	121,617,821.05

6. Cash flow statement of the Company

Unit: RMB

Item	Reporting Period	Same period of last year
Current Assets:		
Monetary funds	12,775,461.68	160,127,769.38
Financial assets measured by fair value with the changes be included in the current gains and losses		
Derivative financial assets	165,062,923.67	416,758,372.36
Notes receivable	177,838,385.35	576,886,141.74
Accounts receivable	57,775,461.68	160,127,769.38
Accounts paid in advance	2,628,847.01	3,335,793.24
Interest receivable	147,128.32	2,703,491.36
Dividend receivable	227,912,033.93	192,228,998.07
Other accounts receivable	288,463,470.94	358,396,052.05
Inventories	-110,625,085.59	218,490,089.69

Assets divided available for sale		
Non-current assets due within 1 year	1,944,757.86	
Other current assets	22,803,597.80	
Total current assets		65,607,787.00
Non-current assets:	45,000,000.00	
Available-for-sale financial assets		
Held-to-maturity investments	69,748,355.66	65,607,787.00
Long-term accounts receivable		
Long-term equity investment	12,000,000.00	
Investing property		
Fixed assets		
Construction in progress	12,000,000.00	
Engineering materials	57,748,355.66	65,607,787.00
Disposal of fixed assets		
Production biological assets		
Oil-gas assets	100,000,000.00	150,000,000.00
Intangible assets	100,000,000.00	418,750,000.00
R&D expense	7,620,603.60	22,177,583.32
Goodwill	100,000,000.00	150,000,000.00
Long-term deferred expenses	100,000,000.00	
Deferred income tax assets	7,620,603.60	418,750,000.00
Other non-current assets		22,177,583.32
Total of non-current assets	107,620,603.60	440,927,583.32
Total assets	-7,620,603.60	-290,927,583.32
Current liabilities:		
Short-term borrowings	-60,497,333.53	-6,829,706.63
Financial liabilities measured by fair value with the changes be included in the current gains and losses	68,234,826.12	10,063,979.96
Derivative financial liabilities	7,737,492.59	3,234,273.33

7. Consolidated statement of changes in owners' equity

Reporting Period

Unit: RMB

Item	Reporting Period
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	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	505,425,000.00				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	505,425,000.00				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
3. Increase/decrease in the period ("-" means decrease)											-3,709,034.07	-16,700,979.04	-20,410,013.11
3.1 Total comprehensive income											15,497,115.93	13,463,020.06	28,960,135.99
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									-19,206,150.00	-30,163,999.10	-49,370,149.10	
3.3.1 Appropriation to surplus reserve												
3.3.2 Appropriation to general risk provisions												
3.3.3 Appropriation to owners (or shareholders)									-19,206,150.00	-30,163,999.10	-49,370,149.10	
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	505,42				256,822	169,714	187,280		984,871	1,554,0	3,488,5	

	5,000.00				,373.42		.39		,095.40		,014.85	05,452.75	73,650.81
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Same period of last year

Unit: RMB

Item	Same period of last year												Minority interests	Total owners' equity
	Equity attributable to owners of the Company													
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Specific 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		863,066,727.26	1,609,955,356.23	3,422,719,266.70	
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	505,425,000.00				256,822,373.42		169,714.39		187,280,095.40		863,066,727.26	1,609,955,356.23	3,422,719,266.70	
3. Increase/decrease in the period ("-" means decrease)											125,513,321.66	-39,248,924.44	86,264,397.22	
3.1 Total comprehensive income											133,094,696.66	37,821,045.68	170,915,742.34	
3.2 Capital increased and reduced by owners												-12,343,394.48	-12,343,394.48	
3.2.1 Ordinary shares increased by shareholders												-12,343,394.48	-12,343,394.48	
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										-7,581,375.00	-64,726,575.64	-72,307,950.64	
3.3.1 Appropriation to surplus reserve													
3.3.2 Appropriation to general risk provisions													
3.3.3 Appropriation to owners (or shareholders)										-7,581,375.00	-60,332,548.87	-67,913,923.87	
3.3.4 Other											-4,394,026.77	-4,394,026.77	
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		187,280,095.40		988,580,048.92	1,570,706,431.79	3,508,983,663.92

8. Statement of changes in owners' equity of the Company

Reporting Period

Unit: RMB

Item	Reporting Period										
	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)										3,489,939.47	3,489,939.47
3.1 Total comprehensive income										22,696,089.47	22,696,089.47
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										-19,206,150.00	-19,206,150.00
3.3.1 Appropriation to surplus reserve											
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				187,280,095.40	743,088,634.48	1,686,325,211.88

Same period of last year

Unit: RMB

Item	Same period of last year										
	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	784,829,738.75	1,728,066,316.15
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	784,829,738.75	1,728,066,316.15
3. Increase/decrease in the period ("-" means decrease)										20,055,271.78	20,055,271.78
3.1 Total comprehensive income										27,636,646.78	27,636,646.78
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										-7,581,375.00	-7,581,375.00
3.3.1 Appropriation to surplus reserve											
3.3.2 Appropriation to owners (or shareholders)										-7,581,375.00	-7,581,375.00
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				250,531,4 82.00				187,280,0 95.40	804,885 ,010.53	1,748,121 ,587.93

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 30 June 2016, the Company accumulatively issued 505,425,000 shares in number and the registered capital stood at RMB505,425,000 and the registered address: No. 18; Jihua 5th Rd., Foshan, Guangdong, and the office address of headquarter is 19/F, Jinghua Bldg., Jihua Rd., Foshan, 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 belongs to the papermaking, paper-based packaging and printing industry with the operating scope: mainly manufactures (operated by subsidiary companies under the Company) and sells packaging materials, and packaging products, materials for decoration and aluminum and plastic compound materials; sells and maintains package machinery; invests in industry in terms of package and printing. Main products include high-grade coated white paperboard, color packages printing products and chemical products and so on.

There were 7 main bodies included in the consolidated financial statement scope of the Reporting Period, which specifically including:

Name of the subsidiaries	Type	Level	Shareholding proportion (%)	Voting right proportion (%)
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.,	Wholly-owned	Level 1	100%	100%

Ltd.	subsidiary			
Foshan Chancheng Zhujiang Color Printing 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 30 June 2009, the Company required 40.176% equities of Hongta Renheng through capital increase and share expansion method. There were 5 members of the Board of Directors of Hongta Renheng, of which 3 of them were sent by the Company, 1 from Yunnan 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 1 February 2010, Hongta Renheng completed the industrial and commercial alternation procedures of the capital increase with the equities of Hongta Renheng that held by the Company increased to 41.9653%, and at the same time according to the resolution of the Board of Directors held on 25 February 2010 by Hongta Renheng, the contracts, articles of Hongta Renheng had altered with the Board members changed from 5 to 7 Directors, of which 4 of them (originally were 3) sent by the Company. 2 of them by Yunnan 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 consoldated 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 suspicion 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.

1. 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.

2. 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.

3. 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.

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

2. Disposal of the subsidiaries or business

1) General disposing method

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

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

2) Step by step disposing the subsidiaries

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

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

When disposing each transaction of the Company losses control on its subsidiaries due to disposal of equity investments belonging to a package deal, should be considered as a transaction and conduct accounting treatment.

However, Before losing control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated financial statements, which together transferred into the current profits and losses in the loss of control , when the Company losing control on its subsidiary.

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

3. Purchasing minority equities of the subsidiaries

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

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

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

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

8. Recognition standard for cash and cash equivalents

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

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

1. Business of foreign currencies

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

2. Translation for foreign currency financial statements

All the assets and liabilities items should be translated as CNY according to the basic rate of the spot rate on the balance sheet date; All the equity item except " Undistributed profits" item, other item adopt spot exchange rate to exchange. Income and cost item in profit statement, adopt average exchange rate of opening period and closing period. The translation balance of foreign financial statement incurred in line with the aforesaid translation, recorded into other comprehensive income.

When disposing an overseas business, the Company shall shift the balance, which is presented under the items of the owner's equities in the balance sheet and arises from the translation of foreign currency financial statements related to this overseas business, into the disposal profits and losses of the current period. When disposing part of equity investment or the decrease of holding of overseas operating share equity proportion but not losing control of the overseas operation due to other reason, the translation reserve related to disposal part of overseas operation will belong to the translation balance of minority shareholders, and not transfer into current profits or losses. When disposing part of equity of joint venture or association enterprise overseas operation, the translation reserve related to the overseas operation will transfer into current profits or losses in line with the disposal proportion

10. Financial instruments

Financial instruments include financial assets and liabilities and equity instruments.

1. Categorization of financial instruments

The Management team shall divide 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; loans and the account receivables; 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

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. 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 form 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.

4. 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 Company's financial assets and liabilities measured at their fair values, where there is an active market, the closing quoted prices in the active market shall be used to determine the fair values thereof. Initially obtained or derivative financial assets or the market transaction price of bared financial liabilities was considered as the basis of fair value; 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. Testing method of impairment and 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 executes individually inspection on each available-for-sale financial statement, 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. "fair value" recognized through the closing price of Securities Exchange at period end unless the investment of available for sale equity instrument was in the restricted stock trade period. For investment of available for sale equity instrument was in the restricted stock trade period, recognized in line with the closing price of Securities Exchange at period end deducting the risk of market player cannot sell the equity instrument, thus, require compensation.

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.

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, or another account receivable exceeds five million
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.
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(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
Within 1 year (including 1 year)	0.00%	0.00%
1-3 months	0.00%	0.00%
4-12 months	5.00%	5.00%
1-2 years	10.00%	10.00%
2-3 years	20.00%	20.00%
Over 3 years	50.00%	50.00%

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

Applicable Not applicable

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

Applicable Not applicable

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

Reason of individually withdrawing bad debt provision:	There existing evidence that the Company unable to recover the account receivable in line with the original items.
Withdrawing bad debt provision method	Where there is objective evidence proving that an account receivable may have been impaired, the account receivable shall be separated from the relevant group and an independent impairment test shall be conducted on the account receivable so as to recognize the impairment loss.

12. Inventory

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, 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 Packaging articles

1. Adopting one-off amortization method for the low-value consumption goods
2. Adopting one-off amortization method for the packaging articles

13. Divided as assets held for sale

1. Recognition judgment of divided as assets held for sale

The company recognizes the components of the enterprise (or non-current assets) that meet all of the following conditions as the assets held for sales:

- (1) The component must be available for immediate sale under the current situations according to the commonly used provisions for the component;
- (2) The enterprise has made a resolution about the disposal of the component, and if the dispose requires the approval from shareholders as specified, the approval has been obtained from the shareholders; meeting or relevant power authority;
- (3) The enterprise has signed in irrevocable transfer agreement with the transferee.
- (4) The transfer can be finished within one year.

2. Accounting of assets classified as held-for-sale assets

For the fixed assets held for sale, the company will adjust the expected net salvage of the fixed assets to reflect the amount of the fair value minus the costs of disposal, but it shall not exceed the original carrying value of the fixed assets when it meets the conditions for held-for-sales conditions, and the difference between the original carrying value and the adjusted expected net salvage shall be charged against the current profit or loss as the impairment losses of the asset. No depreciation or amortization will be recorded for the fixed assets held for sale. Instead, it shall be measured by the carrying value or the fair value minus the costs of disposal, whichever is lower.

The other non-current assets that meet the held-for-sale conditions such as the equity investment or intangible assets shall be accounted following the above-stated principle, but not including the deferred tax assets, the financial assets specified in No. 22 of ASBE—Recognition and Measurement of Financial Instrument, the investment real estate and biological assets measured by fair value and the contract rights arising from insurance contract.

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 Note. V, (V) Accounting disposal method of the enterprise merger under or not under the same control

(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: (1) offset book value of long-term equity investment; (2) 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 (3) 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. Fair value measurement items at level 1

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

4. Disposal of long-term equity investment

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

comprehensive income in line with relevant proportion.

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

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

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

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

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

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

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

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

5. Judgment standard of joint control and significant influences

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

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

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

15. Investment property

Measurement mode of investment real estates

Measurement of cost method

Depreciation or amortization method

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
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(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. 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. The Construction in progress is calculated in project classification.

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;
- (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

1. Initial measurement of intangible assets

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

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

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

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

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

2. Subsequent measurement

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

1. Intangible assets with limited service life

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

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

The Company shall, at the end of every year, check the useful life and the amortization method of the said intangible assets with limited service life.

If there is any difference between the expected useful life and the previously estimated data, the expected useful life shall be adjusted.

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

2. Intangible assets with uncertain service life

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

The Company shall, at the end of every year, check the useful life and does not conduct the amortization method of the said intangible assets with uncertain service life.

If after check, useful life of the said intangible assets remained in uncertainty, the Company shall make an impairment test at the end of year.

(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.

1. 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

The amortization period of the long-term deferred expenses shall be decided by the 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.

(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:

- (1) The obligation is a current obligation of the company;
- (2) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation;
- (3) 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

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:

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;

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

The government subsidies pertinent to assets mean the government assets that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways.

Accounting treatment: recognized as deferred income and be included in the non-operating income respectively according to the service life of the constructed or purchased assets by stages;

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

The government subsidies pertinent to income refer to all the government subsidies except those pertinent to assets.

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 the non-operating income 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 the non-operating income of the 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

1. 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.

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.

(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. Changes in other significant accounting policies and estimates

Not applicable

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	Income of sale of goods and rendering labor services	17%
Business tax	Taxable turnover	5%
Urban maintenance and construction tax	Turnover tax actually paid	7%
Enterprise income tax	Income tax payable	25%

Property tax	70% of the original value of the property considered as tax base	
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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 Jinji Chemicals Co., Ltd.	15%
Pearl River Color Printing Co., Ltd. of Chancheng District, Foshan	Authorize the taxable income of 7% of the total amount of the income and the income tax rate is still 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) which issued by Science & Technology Department of Guangdong Province, the Company's shareholding subsidiary company Zhuhai S.E.Z Hongta Renheng Paper Co., Ltd. passed First Batch of Hi-tech Enterprise in Guangdong Province for Y2015, and gained Certificate for Hi-tech Enterprise (Certificate No.: GR201544000238) with the issue date on 30 September 2015 and three years of validity. The preferential policy was enjoyed by Zhuhai Hongta Renheng Packaging Co., Ltd. after the share reform with the corporate income tax in Y2016 be calculated according to 15% of the taxable income.

2. According to the Circular on issuing the Second Name List of Hi-tech Enterprise in Guangdong Province for Y2013 (YKGZi [2014] Document No. 1362) 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) and was applying for the Hi-tech enterprise reexamination in 2016, with the corporate income tax temporarily be calculated according to 15% of the taxable income.

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 the second name list of high-tech enterprise of 2015 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. had been enjoyed the relevant preferential policies of the high-tech enterprise of the state for continuous three years since 2015 (including 2015) with the corporate income tax be calculated according to 15% of the taxable income.

4. According to business income tax rate of sub-subsidiary Pearl River Color Printing Co., Ltd. of Chancheng District, Foshan as at 7% of total revenue, income tax rate remained 25%.

3. Other**VII. Notes on major items in consolidated financial statements of the Company****1. Monetary funds**

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	510,937.69	312,658.48
Bank deposits	177,949,314.64	185,647,665.76
Other monetary funds	137,624,307.82	323,746,286.83
Total	316,084,560.15	509,706,611.07

Other notes:

Of which the lists of restricted monetary capital were as followed:

Item	Closing balance	Opening balance
Deposit of bank acceptance		57,756,239.27
L/C Guarantee deposits	250,000.00	2,858,600.00
Performance bond		20,000,000.00
Fixed time deposit or call deposits used for guarantee	137,374,307.82	243,077,190.17
Other use restricted deposits		54257.39
Total	137,624,307.82	323,746,286.83

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

Unit: RMB

Item	Closing balance	Opening balance
Transactional financial assets	1,833,310.76	1,741,500.00
Total	1,833,310.76	1,741,500.00

Other notes:

The Company's subsidiary, Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd. signed Forward Exchange Rate Contract with the bank, considering 30 June 2016 as the fair value of exchange rate calculation.

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	481,303,851.12	265,679,151.34
LC	7,696,429.50	
Total	489,000,280.62	265,679,151.34

(2) Notes receivable pledged by the Company at the period-end Applicable Not applicable**(3) Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end**

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	452,318,070.93	
Total	452,318,070.93	

(4) Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement Applicable Not applicable**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	856,927,	95.67%	6,249,28	0.73%	850,678,0	793,480	95.26%	6,249,280	0.79%	787,230,95
withdrawal of bad	351.98		0.00		71.98	,231.46		.00		1.46

debt provision of by credit risks characteristics:										
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	38,799,097.58	4.33%	35,372,099.01	91.17%	3,426,998.57	39,491,772.33	4.74%	35,397,418.00	89.63%	4,094,354.33
Total	895,726,449.56	100.00%	41,621,379.01	4.65%	854,105,070.55	832,972,003.79	100.00%	41,646,698.00	5.00%	791,325,305.79

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

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Account receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
1-3 months	759,010,233.18		
4-12 months	83,760,762.38	2,938,624.28	3.51%
Subtotal of within 1 year	842,770,995.56	2,938,624.28	0.35%
1 to 2 years	3,246,411.71	339,610.24	10.46%
2 to 3 years	8,174,060.61	1,528,103.43	18.69%
Over 3 years	2,735,884.10	1,442,942.05	52.74%
Total	856,927,351.98	6,249,280.00	0.73%

Notes of the basis of recognizing the group:

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) 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 RMBXXX; the amount of the reversed or collected part during the Reporting Period was of RMBXXX.

Significant amount of reversed or recovered bad debt provision

(3) Particulars of the actual verification of accounts receivable during the Reporting Period**(4) Top five of account receivable of closing balance collected by arrears party**

Name of the entity	Closing balance	Proportion%	Bad debt provision withdrawn
Customer 1	Related party	92,113,614.17	Within 1 year
Customer 2	Non-related party	52,324,845.29	Within 1 year
Customer 3	Non-related party	29,154,886.43	Within 1 year
Customer 4	Non-related party	29,113,715.67	Within 1 year
Customer 5	Non-related party	25,688,341.19	Within 1 year
Total	--	228,395,402.75	--

(5) Derecogniton of account receivable due to the transfer of financial assets**(6) The amount of the assets and liabilities formed by the transfer and the continues 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	146,182,091.43	96.71%	100,305,038.17	86.25%
1 to 2 years	4,422,169.53	2.93%	14,339,162.73	12.33%
2 to 3 years	394,004.00	0.26%	1,295,593.58	1.12%
Over 3 years	150,902.50	0.10%	350,902.50	0.30%
Total	151,149,167.46	--	116,290,696.98	--

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

Name of the entity	Closing balance	Aging	Reason
Guangzhou Devotion Heat Energy Technology Co., Ltd.	2,181,008.20	1-2 years	Payment in advance of trading in installment deduction

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

Name of the entity	Amount	Time	Reason
Customer 1	32,484,741.73	1-3 months	Did not arrived in the

			settlement period
Customer 2	20,474,745.25	1-4 months	Did not arrived in the settlement period
Customer 3	16,257,319.40	1-5 months	Did not arrived in the settlement period
Customer 4	8,220,453.20	1-6 months	Did not arrived in the settlement period
Customer 5	7,837,857.08	1-7 months	Did not arrived in the settlement period
Total	85,275,116.66	--	--

Other notes:

7. Interest receivable

(1) Category of interest receivable

Unit: RMB

Item	Closing balance	Opening balance
Fixed time deposits		5,233,556.60
Other	5,886,291.65	
Total	5,886,291.65	5,233,556.60

(2) Significant overdue interest

Other notes:

8. Dividend receivable

(1) Dividend receivable

(2) Significant dividend receivable aged over 1 year

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	Book balance	Bad debt provision	Book value

	Amount	Proportion	Amount	Withdrawal proportion	value	Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	18,864,864.89	18.60%	18,610,629.25	98.65%	254,235.64	18,610,629.25	10.93%	18,610,629.25	100.00%	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	77,407,189.87	76.30%	2,669,923.43	3.45%	74,737,266.44	146,532,231.59	86.03%	2,669,923.43	1.83%	143,862,308.16
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	5,178,290.54	5.10%	5,178,290.54	100.00%		5,178,290.54	3.04%	5,178,290.54	100.00%	
Total	101,450,345.30	100.00%	26,458,843.22	26.08%	74,991,502.08	170,321,151.38	100.00%	26,458,843.22	15.53%	143,862,308.16

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

Applicable Not applicable

Unit: RMB

Other accounts receivable (by units)	Closing balance			
	Other accounts receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Hong Kong Hang Fung Holdings Limited Co., Ltd.	12,864,864.89	12,610,629.25	98.02%	Not expected to recover
Zhuhai Yidesheng Industrial Co., Ltd.	6,000,000.00	6,000,000.00	100.00%	Not expected to recover
Total	18,864,864.89	18,610,629.25	--	--

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			
1-3 months	65,254,121.65		
4-12 months	5,655,741.87	1,283,632.34	22.70%
Subtotal of within 1 year	70,909,863.52	1,283,632.34	1.81%
1 to 2 years	3,982,492.92	369,683.70	9.28%
2 to 3 years	827,281.06	174,456.21	21.09%
Over 3 years	1,687,552.37	842,151.19	49.90%
Total	77,407,189.87	2,669,923.43	3.45%

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) 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 RMBXXX; the amount of the reversed or collected part during the Reporting Period was of RMBXXX/

Significant amount of reversed or recovered bad debt provision:

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

(4) Other account receivable classified by account nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Margin	2,859,337.62	4,341,696.10
Pretty cash	1,212,469.99	1,862,991.83
Advance money	5,429,913.46	3,036,100.63
Accounts receivable of the debt reorganization		25,209,797.91
Amount of equity transfer	60,000,000.00	105,000,000.00
Other intercourse funds	31,948,624.23	30,870,564.91
Total	101,450,345.30	170,321,151.38

(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
No. 1	Amount of equity transfer	60,000,000.00	Within 1 year	59.14%	
No. 2	Intercourse funds	12,864,864.89	Over 3 years	12.68%	12,610,629.25
No. 3	Intercourse funds	6,000,000.00	Over 3 years	5.91%	6,000,000.00
No. 4	Intercourse funds	2,000,000.00	Over 3 years	1.97%	2,000,000.00
No. 5	Engineering refunds	1,130,000.00	Within 1 year	1.11%	
Total	--	81,994,864.89	--	80.82%	20,610,629.25

(6) Account receivable involving government subsidies**(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**(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	387,235,966.93	5,718,651.10	381,517,315.83	216,300,558.09	13,733,332.71	202,567,225.38
Goods in process	43,328,578.19		43,328,578.19	68,497,349.74		68,497,349.74
Inventory goods	424,927,902.24	11,583,848.86	413,344,053.38	453,400,085.67	11,583,848.86	441,816,236.81
Total	855,492,447.36	17,302,499.96	838,189,947.40	738,197,993.50	25,317,181.57	712,880,811.93

(2) Falling price reserves of inventory

Unit: RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	13,733,332.71			8,014,681.61		5,718,651.10

Inventory goods	11,583,848.86					11,583,848.86
Total	25,317,181.57			8,014,681.61		17,302,499.96

(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 period-end

11. Assets divided as held-to-sold

12. Non-current assets due within 1 year

13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
The VAT deduction		17,147,074.25
Total		17,147,074.25

Other notes:

At the end of June 2016, the VAT deduction should be reflected in the taxation payable without any re-classification.

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 period-end

(3) Available-for-sale financial assets measured by cost at the period-end

Unit: RMB

Investee	Book balance				Depreciation reserves				Shareholding proportion	Cash bonus of the
	Opening	Increase	Decrease	Closing	Opening	Increase	Decrease	Closing		

	period			period	period			period	among the investees	Reporting 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

(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

15. Investment held-to-maturity

16. Long-term accounts receivable

(1) Long-term accounts receivable

Unit: RMB

Item	Closing balance			Opening balance			Discount rate range
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Loans	490,240,600.41		490,240,600.41	490,240,600.41		490,240,600.41	
Total	490,240,600.41		490,240,600.41	490,240,600.41		490,240,600.41	--

(2) Long-term accounts receivable which terminate the recognition owing to the transfer of the financial assets

(3) The amount of the assets and liabilities formed by the transfer and the continues involvement of long-term accounts receivable

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 31 December 2019.

17. Long-term equity investment

Unit: RMB

Investee	Opening balance	Increase/decrease in Reporting Period								Closing balance	Closing balance of impairment provision
		Additional investment	Negative investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profits	Withdrawal impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Guangdong Chengtong Logistics Co., Ltd.	7,835,428.65			-398,641.54						7,436,787.11	
Chengtong Finance Co., Ltd.	254,253,797.80			7,025,445.26			24,748,355.66			236,530,887.40	
Subtotal	262,089,226.45			6,626,803.72			24,748,355.66			243,967,674.51	
Total	262,089,226.45			6,626,803.72			24,748,355.66			243,967,674.51	

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 31 March 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 23 December 2013, the Company reviewed and approved Proposal on the Related Transaction of Purchasing 20% Equity of Chengtong Finance Co., Ltd. held by China Project Ltd. in 2013, of which the company had signed the Equity Transfer Agreement with China Paper Industry Co., Ltd., 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 23 June 2014. Thus, since July 2014, Chengtong financial Co., Ltd. held equity proportion was 20%, calculated at equity method. Thus the Company held 20% equity of Chengtong

Finance Co., Ltd. since July 2014 and be measured by equity method. In April 2016, the cash bonus of Chengtong Finance Co., Ltd. was of RMB24,748,355.66.

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	20,444,648.02			20,444,648.02
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	20,444,648.02			20,444,648.02
II. Accumulative depreciation and accumulative amortization				
1. Opening balance	8,499,521.00			8,499,521.00
2. Increased amount of the period	329,362.14			329,362.14
(1) Withdrawal or amortization	329,362.14			329,362.14
3. Decreased				

amount of the Period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	8,828,883.14			8,828,883.14
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	11,615,764.88			11,615,764.88
2. Opening book value	11,945,127.02			11,945,127.02

(2) Investment property adopted fair value measurement mode

√ Applicable □ Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Opening balance				11,945,127.02
II. Increase/decrease of the Period				
Add: outsourcing				
Transferred from inventories\fixed assets\construction in progress				
Business				

merger increase				
Less: disposal				
Other roll out				
Changes in fair value				
III. Closing balance				11,615,764.88

(3) Details of investment property failed to accomplish certification of property

Other notes:

19. Fixed assets

(1) List of fixed assets

Unit: RMB

Item	House and buildings	Machinery equipment	Transportation	Other electronic equipment	Total
I. Original book value					
1. Opening balance	1,199,530,571.75	2,761,436,368.89	54,796,625.06	100,099,188.75	4,115,862,754.45
2. Increased amount of the Period	1,541,311.65	2,905,559.03	1,157,833.90	1,644,870.71	7,249,575.29
(1) Purchase			1,157,833.90	1,644,870.71	2,802,704.61
(2) Transfer of project under construction	1,541,311.65	2,905,559.03			4,446,870.68
(3) Increased from enterprise merger					
3. Decreased amount of the Period		368,000.00	6,530,486.55	66,909.82	6,965,396.37
(1) Disposal or Scrap		368,000.00	6,530,486.55	66,909.82	6,965,396.37
4. Closing balance	1,201,071,883.40	2,763,973,927.92	49,423,972.41	101,677,149.64	4,116,146,933.37

II. Accumulative depreciation					
1. Opening balance	338,904,428.09	1,049,430,134.46	43,025,451.48	68,450,431.51	1,499,810,445.54
2. Increased amount of the period	17,339,887.84	45,131,105.85	1,956,143.32	10,933,507.07	75,360,644.08
(1) Withdrawal	17,339,887.84	45,131,105.85	1,956,143.32	10,933,507.07	75,360,644.08
3. Decreased amount of the period		368,000.00	6,012,582.29	63,564.33	6,444,146.62
(1) Disposal or Scrap		368,000.00	6,012,582.29	63,564.33	6,444,146.62
4. Closing balance	356,244,315.93	1,094,193,240.31	38,969,012.51	79,320,374.25	1,568,726,943.00
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	844,827,567.47	1,593,100,930.61	10,454,959.90	22,356,775.39	2,470,740,233.37
2. Opening book value	860,626,143.66	1,635,326,477.43	11,771,173.58	31,648,757.24	2,539,372,551.91

(2) List of temporarily idle fixed assets**(3) Fixed assets leased in from financing lease**

Unit: RMB

Item	Original book value	Accumulative depreciation	Impairment provision	Book value
Houses and buildings	5,920,010.95			5,920,010.95
Machinery equipment	732,851.06			732,851.06
Total	6,652,862.01			6,652,862.01

(4) Fixed assets leased out from operation lease**(5) Details of fixed assets failed to accomplish certification of property**

Unit: RMB

Item	Book value	Reason
Houses and buildings	123,343,609.47	Property right certificate was under processing

Other notes:

1. Zhuhai Jinji Chemicals Co., Ltd. under control of the Company, apply to the court for property attachment prior to lawsuit, required close down the inventory of RMB0.75 million of respondent, and all comprehensive buildings (Property right certificate No. YFDZZ No.C5229601) as guarantee.

2. Zhuhai Huafeng Paper Co., Ltd. under control of the Company, apply to the court for property attachment prior to lawsuit, required to frozen the bank deposits of the respondent, and close down the land and machinery equipments, Zhuhai Hongta Renheng Paper Co., Ltd. mortgaged its warehouse locate at Qianshan Jinji Road No. 508 (QZ No.C5617917).

20. Construction in progress**(1) List of construction in progress**

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
BM1 transmission actuator renovation	40,396.58		40,396.58	3,099,922.32		3,099,922.32

BM3 Tetra project	4,827,511.97		4,827,511.97	4,651,150.58		4,651,150.58
Upscale special white cardboard BM4 new project	2,480,438.79		2,480,438.79	2,272,891.62		2,272,891.62
Huafeng OARS library	10,396,120.39		10,396,120.39	3,032,611.11		3,032,611.11
BM3 energy management center construction	1,440,699.64		1,440,699.64	1,364,476.46		1,364,476.46
BM3 vacuum pump energy saving renovation project	4,674,962.41		4,674,962.41	2,228,316.18		2,228,316.18
Automatic packaging line renovation project	6,433,603.05		6,433,603.05	7,357,259.18		7,357,259.18
Latex phase II matching raw material tank farm project	3,095,515.43		3,095,515.43	1,025,703.02		1,025,703.02
PP diaphragm filter press project	1,184,117.01		1,184,117.01	1,043,219.59		1,043,219.59
BM3 coated hot air chamber nozzle modification (HFJ2013001)	3,100,068.67		3,100,068.67			
BM2 energy management center project	2,914,538.54		2,914,538.54			
BM1 QCS renovation project	1,138,074.34		1,138,074.34			
Other	10,304,321.49		10,304,321.49	2,229,652.72		2,229,652.72
Total	52,030,368.31		52,030,368.31	28,305,202.78		28,305,202.78

(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 decrease amount of the period	Closing balance	Proportion estimated 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
Upscale special white cardboard BM4 new project	700,000.00	2,272,891.62	207,547.17			2,480,438.79	0.40%	0.4%				Other
BM3 energy management center construction	2,572,000.00	1,364,476.46	76,223.18			1,440,699.64	56.01%	56%				Other
Automatic packaging line renovation project	7,003,000.00	7,357,259.18	181,249.52	1,104,905.65		6,433,603.05	93.68%	94%				Other
BM3 vacuum pump energy saving renovation project	2,600,000.00	2,228,316.18	2,446,646.23			4,674,962.41	179.81%	100%				Other

BM3 Tetra project	18,730,000.00	4,651,150.58	176,361.39			4,827,511.97	25.77%	26%				Other
BM1 transmission actuator renovation	2,600,000.00	3,099,922.32	40,396.58	3,099,922.32		40,396.58	120.78%	99%				Other
PP diaphragm filter press project	1,400,000.00	1,043,219.59	140,897.42			1,184,117.01	84.58%	85%				Other
Huafeng OARS library	26,339,100.00	3,032,611.11	7,363,509.28			10,396,120.39	39.47%	39%				
Total	761,244,100.00	25,049,847.04	10,632,830.77	4,204,827.97		31,477,849.84	--	--				--

(3) List of the withdrawal of the impairment provision of the construction in progress

21. Engineering material

Applicable Not applicable

22. Liquidation of fixed assets

Applicable Not applicable

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	131,683,573.11		26,753,152.05	8,187,286.12	166,624,011.28
2. Increased amount of the period	15,175,505.12		6,738,932.55	426,464.42	21,758,255.41
(1) Purchase	15,175,505.12			426,464.42	15,601,969.54
(2) Internal R &D			6,541,938.32		6,541,938.32
(3) Increased from enterprise merger					
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	146,859,078.23		33,492,084.60	8,031,103.86	188,382,266.69
II. Total accrued amortization					
1. Opening balance	43,293,838.13		12,731,330.10	2,550,301.61	58,575,469.84
2. Increased amount of the period	4,156,688.50		976,832.83	469,547.07	5,603,068.40
(1) Withdrawal	4,156,688.50		976,832.83	469,547.07	5,603,068.40
3. Decreased amount of the period					
(1) Disposal					

4. Closing balance	47,450,526.63		13,708,162.93	3,019,848.68	64,178,538.24
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	99,408,551.60		19,586,927.44	5,208,249.41	124,203,728.45
2. Opening book value	88,389,734.98		14,021,821.95	5,636,984.51	108,048,541.44

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 16.56%.

(2) Details of fixed assets failed to accomplish certification of land use right

26. R&D expenses

Applicable Not applicable

27. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
		Formed from the business combination		Dispose		

Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd.	9,129,025.01					9,129,025.01
Zhuhai Jinji Chemicals 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 investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
		Withdrawal		Dispose		

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

Other notes:

On 30 June 2009, the Company obtained the control of Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd. through business combination not under the same control, the combination costs was RMN808.4487 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 two production line equipment and recoverable amount; there was no sign of goodwill impairment, thus no provision for impairment loss.

On 1 July 2012, the Company obtained the control of Zhuhai Jinji Chemicals 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 two 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	Decrease	Closing balance
Decoration expense for rent-in plant	239,490.03		135,323.25		104,166.78
Fee for technical service	407,412.12		43,651.32		363,760.80

Maintaining renovation of construction project	2,256,869.16	185,384.48	359,085.34		2,083,168.30
Total	2,903,771.31	185,384.48	538,059.91		2,551,095.88

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	159,371,305.68	27,822,494.18	159,371,305.68	27,822,494.18
Unrealized internal sales gain and loss	2,953,255.99	632,811.37	2,953,255.99	632,811.37
Estimated unpaid salary	1,218,000.00	304,500.00		
Withholding sales agency fee	9,155,596.07	1,373,339.41	9,155,596.07	1,373,339.41
Accrued liabilities	837,738.20	125,660.73	837,738.20	125,660.73
Withholding transportation fee of paper	21,702,217.24	3,255,332.59	21,702,217.24	3,255,332.59
Total	195,238,113.18	33,514,138.28	194,020,113.18	33,209,638.28

(2) Deferred income tax liabilities had not been off-set

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Asset evaluation increment of business combination not under the same control	17,756,549.66	2,645,810.47	17,756,549.66	2,645,810.47
Net amount of change in fair value of trading	1,528,810.76	229,321.61	1,528,810.76	229,321.61

financial assets				
Total	19,285,360.42	2,875,132.08	19,285,360.42	2,875,132.08

(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 at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax assets		33,514,138.28		33,209,638.28
Deferred income tax liabilities		2,875,132.08		2,875,132.08

(4) List of unrecognized deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible losses	88,387,629.70	88,387,629.70
Total	88,387,629.70	88,387,629.70

The list of aforesaid due to the uncertainty of whether acquire sufficient taxable income in future, thus, it didn't recognize as deductible temporary differences and deductible losses of deferred income tax assets.

(5) Deductible losses of unrecognized deferred income tax assets will due the following years

Unit: RMB

Years	Closing amount	Opening amount	Notes
2017	75,181,411.76		
2018	13,206,217.94		
Total	88,387,629.70		--

Other notes:

30. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Prepayment for equipment		7,519,746.40
Total		7,519,746.40

Other notes:

31. Short-term loans

(1) Category of short-term loans

Unit: RMB

Item	Closing balance	Opening balance
Pledge loan	243,505,129.40	272,724,440.16
Guaranteed loan	729,900,000.00	510,000,000.00
Credit loan	100,000,000.00	130,000,000.00
Trade financing	55,790,000.00	
Total	1,129,195,129.40	912,724,440.16

Notes of short-term loans category

(2) List of the short-term loans overdue but not return

The total amount of the overdue but not return short-term borrowings at the period-end was of RMB000, of which the situation of the significant overdue but not return short-term borrowings as follows:

Unit: RMB

Entity	Closing balance	Borrowing 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
Financial liabilities specified as measured by fair value and the changes included in the current gains and losses		212,689.24
Total		212,689.24

Other notes:

Financial liabilities measured by fair value and the changes included in the current gains and losses was the Company's subsidiary, Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd. signed Forward Exchange Rate Contract with the bank, considering 31 December 2015 as the fair value of exchange rate calculation.

33. Derivative financial liabilities

Applicable Not applicable

34. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance bill	21,801,087.99	127,562,392.61
Total	21,801,087.99	127,562,392.61

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 material	258,367,141.94	271,218,660.09
Payment of equipment	22,377,759.07	25,102,687.10
Others	68,058,240.93	69,234,411.70
Total	348,803,141.94	365,555,758.89

(2) Notes of the accounts payable aging over one year

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
Qingdao Shuncheng Investments Co., Ltd.	2,639,208.85	Unsettled
Total	2,639,208.85	--

Other notes:

36. Advance from customers**(1) List of advance from customers**

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	24,164,190.43	8,449,921.92
1-2years		727,234.35
2-3years		640,213.45
Total	24,164,190.43	9,817,369.72

(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	33,391,126.62	80,271,943.87	96,894,743.55	16,768,326.94
II. Post-employment benefit-defined contribution plans		6,543,573.60	6,543,573.60	
III. Termination benefits		247,583.00	247,583.00	
Total	33,391,126.62	87,063,100.47	103,685,900.15	16,768,326.94

(2) List of Short-term salary

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	25,749,217.27	67,947,197.39	85,002,090.91	8,694,323.75
2. Employee welfare		4,384,088.47	4,384,221.47	-133.00
3. Social insurance		3,539,540.42	3,539,540.42	
Of which: 1. Medical insurance premiums		3,002,985.17	3,002,985.17	
Work-related injury insurance		284,466.03	284,466.03	
Maternity insurance		252,089.22	252,089.22	
4. Housing fund	292,844.00	2,473,968.60	2,652,383.60	114,429.00

5. Labor union budget and employee education budget	7,349,065.35	1,927,148.99	1,316,507.15	7,959,707.19
6. Short-term absence with payment				
7. Short-term profit sharing plan				
Total	33,391,126.62	80,271,943.87	96,894,743.55	16,768,326.94

(3) List of drawing scheme

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension benefits		6,207,225.53	6,207,225.53	
2. Unemployment insurance		336,348.07	336,348.07	
Annuity				
Total		6,543,573.60	6,543,573.60	

Other notes:

38. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	-6,292,431.18	22,744,304.43
Consumption tax		
Business tax		2,205.00
Corporate income tax	511,191.69	6,341,081.18
Personal income tax	353,491.39	172,648.12
Urban maintenance and construction tax	831,483.95	1,718,019.44
Property tax	2,612,445.13	3,646,294.99
Education Surcharge	595,051.44	1,228,217.17
Levee fee	16,779.32	154,587.98
Stamp tax	61,312.94	287,791.21
Land use tax	1,068,434.80	1,275,706.96
Total	-242,240.52	37,570,856.48

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		
Enterprise bond interest	35,750,194.09	9,031,776.00
Interest paid for short-term loans	1,585,687.49	1,652,708.26
Preferred stock\sustainable debt interest classified as financial liabilities		
Others		
Total	37,335,881.58	10,684,484.26

Particulars of significant overdue unpaid interest:

Unit: RMB

Entity	Overdue amount	Overdue reason

Other notes:

40. Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Common stock dividends	49,420,440.88	11,019,644.79
Preferred stock\sustainable debt interest classified as equity instrument		
Others		
Total	49,420,440.88	11,019,644.79

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	6,837,478.10	10,042,416.81
Accrued expenses	5,871,971.92	5,569,221.82
Capital of related parties	5,850,000.00	5,000,000.00

Final payment of engineering	1,875,761.03	1,155,901.59
Others	17,881,553.67	2,993,931.08
Total	38,316,764.72	24,761,471.30

(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	Magin and payment on behalf
Eastern Sunday Logistics Co., Ltd.	500,000.00	Logistics margin, transaction is under processing
Total	2,120,384.98	--

Other notes:

42. Non-current liabilities due within 1 year

Unit: RMB

Item	Closing balance	Opening balance
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Other notes:

43. Other current-liabilities

Unit: RMB

Item	Closing balance	Opening balance
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Changes on short term bonds payable:

Unit: RMB

Name of the bond	Book value	Issue date	Period	Issue amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amortization	Pay in current period		Closing balance
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Other notes:

44. Long-term loan**(1) Category of long-term loan**

Unit: RMB

Item	Closing balance	Opening balance
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Notes of short-term loans category:

Other notes including interest rate range:

45. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Corporation bonds	797,157,680.86	796,365,205.30
Medium-term notes of the bank	199,359,065.05	199,222,756.99
Total	996,516,745.91	995,587,962.29

(2) Increase /decrease of bonds payable (excluding other financial instruments classified as preferred stock, perpetual capital securities and others of financial liabilities)

Unit: RMB

Name of the bond	Book value	Issue date	Period	Issue amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amortization	Pay in current period		Closing balance
12HBZ	800,000,000.00	2012/11/26	5 years	791,700,000.00	796,365,205.30		21,737,538.75	792,475.56			797,157,680.86
15HBMT N001	200,000,000.00	2015/7/31	3 years	199,100,000.00	199,222,756.99		4,947,287.67	136,308.06			199,359,065.05
Total	--	--	--	990,800,000.00	995,587,962.29		26,684,826.42	928,783.62			996,516,745.91

(3) Explanation of convertible conditions, time for convertible company bonds

(4) Explanation of 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

1. In accordance with the Resolution Made at the 6th Session of the 5th Board of Directors on 16 December 2012,

and the Resolution Made at the First Special Shareholders' General Meeting for 2012 on 4 January 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 28 May 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, and the raised capital after deducting the bond issuance underwriting fees and custodian fees was RMB791,700,000.00, the bonds using simple interest on yearly basis, regardless of the compound interest which been paid once a year, the final phase of interest is paid together with the principal redemption, and the interest period started from 26 November 2012.

2. In line with the Company held the Second Special Meeting of the General Shareholds on 10 November 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 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 31 July 2015.

46. Long-term payable

(1) Long-term payable listed by nature of the account

Unit: RMB

Item	Closing balance	Opening balance
Accrued financial lease outlay	7,137,317.11	7,630,748.49

Other notes:

47. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Formed reason
Product quality assurance	1,758,780.68	1,758,780.68	Claim due to the quality problem in sale of product
Total	1,758,780.68	1,758,780.68	--

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

48. Deferred revenue

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Formed reason
Government	9,200,905.88	1,040,000.00	725,515.78	9,515,390.10	

subsidies					
Total	9,200,905.88	1,040,000.00	725,515.78	9,515,390.10	--

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
Renovation project of the information system of paper-making enterprise energy management center	784,000.00		16,000.00		768,000.00	Related to the assets
Project of the information system of paper-making enterprise energy management center	700,000.00		175,000.00		525,000.00	Related to the assets
No. 1 paper machine update & renovation project	240,000.00				240,000.00	Related to the assets
Liquid paper renovation project	303,333.28		17,500.02		285,833.26	Related to the assets
Funds for energy-saving and emission-reduction	600,000.00		150,000.00		450,000.00	Related to the assets
Renovation project of the information system of energy management	1,400,000.00				1,400,000.00	Related to the assets

center						
Steam condensation water recycling and energy saving projects	1,920,000.00				1,920,000.00	Related to the assets
Subsidy of improvement of Zhuhai motor efficiency	2,797,572.60		349,682.41		2,447,890.19	Related to the assets
Subsidy of latex phase II production line technological transformation	456,000.00				456,000.00	Related to the assets
Equipment update (Robotic Application) special funds		1,040,000.00	17,333.35		1,022,666.65	Related to the assets
Total	9,200,905.88	1,040,000.00	725,515.78		9,515,390.10	--

Other notes:

49. 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:

50. 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:

51. 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 cannot be reclassified into profits and losses in future	169,714.39						169,714.39
Of which: changes in net assets and liabilities of recalculated defined benefit plans							
Share of other comprehensive income of investees measured by the equity method not reclassifiable to profit or loss	169,714.39						169,714.39
II. Other comprehensive reclassified into profits or losses							
Of which: other comprehensive income as per equity method recognized into profit and loss in future							
Profits or losses of change in fair value of available-for-sale financial assets							
Of which: other comprehensive income as per equity method recognized into profit and loss in future							
Effective hedging gains and losses on cash flows							
Converted difference of the foreign							

currency financial statement							
Total	169,714.39						169,714.39

Closing balance + comprehensive income AT attributable to the parent company = closing balance. Amount in Reporting Period and corresponding other comprehensive in income statement, Amount before tax in Reporting Period-recorded into other comprehensive income in previous period transferred into current profits or losses - income tax expense = other comprehensive income AT attributable to the parent company + other comprehensive income AT attributable to minority shareholder.

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

52. Special reserves

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
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Other notes, including changes and reason of change:

53. Surplus reserves

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	187,280,095.40			187,280,095.40
Total	187,280,095.40			187,280,095.40

Other note, including changes and reason of change

54. Retained profits

Unit: RMB

Item	Reporting Period	Last period
Opening balance of retained profits before adjustments	988,580,048.92	863,066,727.26
Opening balance of retained profits after adjustments	988,580,048.92	863,066,727.26
Add: Net profit attributable to owners of the Company	15,497,115.93	12,564,179.69
Dividend of common stock payable	19,206,150.00	7,581,375.00
Closing retained profits	984,871,014.85	868,049,531.95

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.

55. Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main operations	1,341,221,705.06	1,151,775,908.81	1,528,098,680.60	1,286,834,530.82
Other operations	151,635,722.66	152,659,876.77	51,836,826.89	49,373,646.00
Total	1,492,857,427.72	1,304,435,785.58	1,579,935,507.49	1,336,208,176.82

56. Business tax and surcharges

Unit: RMB

Item	Reporting Period	Same period of last year
Business tax		299,194.21
Urban maintenance and construction tax	2,404,969.73	4,365,586.45
Education Surcharge	1,724,512.27	3,084,496.12
Levee fee	244,390.96	479,762.49
Others		11,024.16
Total	4,373,872.96	8,240,063.43

Other notes:

57. Sales expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Salary and benefits	6,138,469.79	4,903,467.27
Freight and miscellaneous charges	56,515,165.95	59,193,581.24
Business entertainment fees	2,348,042.83	2,822,750.71
Storage charge/rental charge	2,111,913.62	2,128,340.74
Packaging charges	4,168,559.04	4,386,118.21
Others	11,620,747.07	8,156,116.62
Total	82,902,898.30	81,590,374.79

Other notes:

58. Administrative expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Salary	14,531,646.38	16,766,939.91
Social security charges	8,604,318.94	8,813,586.81
Taxes	4,359,135.70	5,034,307.48
Depreciation	7,525,368.92	4,763,525.76
Office expenses	863,950.49	1,887,616.52
Business entertainment fees	988,556.12	944,475.18
Others	24,355,650.90	25,638,912.42
Total	61,228,627.45	63,849,364.08

Other notes:

59. Financial expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expenses	53,368,065.73	83,215,112.40
Less: Interest income	13,323,384.60	33,849,038.23
Exchange gains and losses	-5,752,616.82	16,199,332.52
Others	133,446.32	3,690,715.77
Total	34,425,510.63	69,256,122.46

Other notes:

60. 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:

Disposal of inventory, write back the original withdrawn inventory falling price losses

61. Gains and losses from changes in fair value

Unit: RMB

Sources	Reporting Period	Same period of last year
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2. 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:

Profits from change in fair value was the Company's subsidiary, Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd. signed Forward Exchange Rate Contract with the bank, locking the exchange rate and the closing rate differences.

62. Investment income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	6,626,803.72	7,765,856.20
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	3,241,303.72	7,765,856.20

Other notes:

63. 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	250,456.13	2,149,581.60	250,456.13
Including: Gains from disposal of fixed assets	250,456.13	1,040,794.60	250,456.13
Gains from disposal of intangible assets		1,108,787.00	
Government subsidies	13,781,709.78	8,444,906.02	13,781,709.78
Others	875,732.04		875,732.04
Total	14,907,897.95	11,728,439.32	14,907,897.95

Government subsidies recorded into current profits and losses

Unit: RMB

Item	Distribution	Distribution	Nature/type	Whether	Special	Reporting	Same period	Related to
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	subject	reason		subsidies influence the current profits and losses or not	subsidy or not	Period	of last year	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	725,515.78	17,500.02	Related to the assets
Enterprise R&D Expenses Subsidy in 2014	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy from R&D Technical updating and transformation, etc.	Yes	No	147,600.00		Related to the income
Technology Reform Project Fund in 2015	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy from R&D Technical updating and transformation, etc.	Yes	No	240,000.00		Related to the income
High-tech Enterprise Project Subsidy in 2015	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy from R&D Technical updating and transformation, etc.	Yes	No	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	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy from R&D Technical	Yes	No	170,000.00		Related to the income

Strategy	Bureau		updating and transformation, etc.					
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	2,567,357.00	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 Listing Award	Zhuhai Municipal Finance Bureau	Award	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	200,000.00		Related to the 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	39,900.00	67,686.00	Related to the income
Industrial Boiler Renovation Award in 2015	Zhuhai Municipal Finance Bureau	Award	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No	3,000,000.00		Related to the income
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	793,529.00	Related to the income
Undergraduate Social Security	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming	Yes	No	6,087.90		Related to the income

Subsidy	Bureau		with local government attracting investment and local supportive policy etc.					
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 and local supportive policy etc.	Yes	No	36,600.00		Related to the income
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	3,977,454.00	Related to the income
Hi-tech Enterprise Cultivating Prize	Zhuhai Municipal Finance Bureau	Award	Subsidy gained due to confirming with local government attracting	Yes	No	3,000.00		Related to the income

			investment and local supportive policy etc.					
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	5,000.00		Related to the income
Yellow Label Car subsidy	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		25,200.00	Related to the income
Enterprise R&D Expenses Subsidy	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		231,000.00	Related to the income
Consign subsidy	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive	Yes	No		65,180.00	Related to the income

			policy etc.					
Enterprise Transformation on Updating Transformation on Capital	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		200,000.00	Related to the income
Special fund for cooperation of industry, university and research	Zhuhai Municipal Finance Bureau	Subsidy	Subsidy gained due to confirming with local government attracting investment and local supportive policy etc.	Yes	No		500,000.00	Related to the income
Total	--	--	--	--	--	13,781,709.78	8,444,906.02	--

Other notes:

64. 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	161,572.40	190,338.08	161,572.40
Including: Loss on disposal of fixed assets	161,572.40	205,274.73	161,572.40
Others	1,116,154.79	124,074.88	1,116,154.79
Total	1,277,727.19	329,349.61	

Other notes:

65. Income tax expense**(1) Lists of income tax expense**

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	1,746,571.89	8,300,959.44
Total	1,746,571.89	8,300,959.44

(2) Adjustment process of accounting profit and income tax expense:

Unit: RMB

Item	Reporting Period
Total profits	30,706,707.88
Current income tax expense accounted by tax and relevant regulations	7,676,676.97
Influence of different tax rate suitable to subsidiary	1,696,395.06
Influence of income tax before adjustment	-1,531,835.68
Influence of non taxable income	1,656,700.93
Influence of deductible losses of deferred income tax assets derecognized used in previous period	4,108,844.77
Income tax expense	1,746,571.89

Other notes:

66. Other comprehensive income

See notes.

67. Supplementary information to 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	14,096,794.00	8,447,406.00
Interest income from bank deposits	6,456,053.73	1,454,271.04
Cash pledge	1,449,400.00	36,000.00
Intercourse funds	37,372,159.63	
Income from waste	15,288.00	140,866.32

Insurance indemnity income	962,102.79	249,780.71
Others	2,107,800.68	48,087,411.18
Total	62,459,598.83	58,415,735.25

Notes 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	256,960.60	1,039,067.55
Repair charge	3,081,784.27	534,044.47
Transport fees	1,899,000.76	256,392.51
Business entertainment fees	2,849,455.03	3,152,523.45
Rental charges	1,050,124.57	900,296.54
Business travel charges	2,917,455.04	2,347,502.01
Sewage charge	1,338,524.09	1,218,561.27
Bank service charges	1,323,539.11	3,685,512.75
Premium	5,106,438.31	5,715,859.29
Employ agency fee	4,520,231.44	1,900,159.64
Intercourse funds	10,065,655.73	30,021,541.90
Communication expense	754,823.00	631,753.82
Car expense	1,372,878.84	1,067,376.60
Others	7,232,097.75	78,295,480.91
Total	43,768,968.54	130,766,072.71

Notes to other cash paid relevant to operating activities:

(3) Other cash paid relevant to financing activities

Unit: RMB

Item	Reporting Period	Same period of last year
Margin	197,524,621.41	355,099,715.91
Total	197,524,621.41	355,099,715.91

Notes to other cash paid relevant to financing activities:

68. Supplemental information for Cash Flow Statement**(1) Information of net profit to net cash flows generated from operating activities**

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	28,960,135.99	31,655,392.38
Add: Provision for impairment of assets	-8,040,000.60	
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	75,360,644.08	69,118,782.14
Amortization of intangible assets	5,603,068.40	3,836,227.45
Long-term unamortized expenses	538,059.91	135,323.34
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-88,883.73	-1,944,606.87
Loss on retirement of fixed assets (gains: negative)		
Losses from variation of fair value (gains: negative)	-304,500.00	
Financial cost (gains: negative)	53,368,065.73	69,256,122.46
Investment loss (gains: negative)	-3,241,303.72	-7,765,856.20
Decrease in deferred income tax assets (gains: negative)	-304,500.00	
Increase in deferred income tax liabilities (“-” means decrease)		
Decrease in inventory (gains: negative)	-125,309,135.47	119,529,033.39
Decrease in accounts receivable from operating activities (gains: negative)	-233,004,489.27	166,281,080.41
Increase in payables from operating activities (decrease: negative)	-131,900,629.87	-146,994,254.99
Others		
Net cash flows generated from operating activities	-338,363,468.55	303,107,243.51
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--

3. Change of cash and cash equivalent:	--	--
Closing balance of cash	178,559,938.74	121,617,821.05
Less: Opening balance of cash	509,706,611.07	474,549,403.56
Net increase in cash and cash equivalents	-331,146,672.33	-352,931,582.51

(2) Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	178,559,938.74	509,706,611.07
Including: Cash on hand	510,937.69	312,658.48
Bank deposit on demand	178,049,001.05	185,647,665.76
Other monetary funds on demand		323,746,286.83
III. Closing balance of cash and cash equivalents	178,559,938.74	509,706,611.07

Other notes:

69. Notes to items of changes in owner's equity

Note to name of "other" item adjusted closing balance and the adjustment amount:

70. The assets with the ownership or use right restricted

Unit: RMB

Item	Closing book value	Restricted reason
Monetary capital	137,624,307.82	Note, credit margin, deposit as the loan mortgage
Notes receivable	112,995,103.27	Obtained bank loan by mortgage the note
Fixed assets	15,411,432.68	
Total	266,030,843.77	--

Other notes:

71. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
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Monetary capital	--	--	
Including: USD	16,799,310.73	6.6312	111,399,589.31
EUR			
HKD	105,281.33	0.8547	89,983.95
Other accounts receivable			
Of which: HKD	15,052,435.31	0.8547	12,864,864.89
Short-term loans			
Including: USD	10,000,000.00	6.6312	66,312,000.00

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

72. Arbitrage

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

73. Other

VIII. Changes of merge scope

1. The disposal of subsidiary

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

Yes No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in Reporting Period

Yes No

2. Other reasons for the changes in combination scope

Note to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information:

3. 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 S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	Zhuhai	Zhuhai	Manufacturing industry	41.97%		Business combination not under the same control
Pearl River Color Printing Co., Ltd. of Chancheng District, Foshan	Foshan	Foshan	Manufacturing industry		100.00%	Set-up
Kunshan Focai Packaging & Printing Co., Ltd.	Suzhou	Suzhou	Manufacturing industry	100.00%		Set-up
Zhuhai Jinji Chemicals Co., Ltd.	Zhuhai	Zhuhai	Manufacturing industry		51.00%	Business combination not under the same control
Zhejiang S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	Jiaxing	Jiaxing	Manufacturing industry	100.00%		Set-up

Notes: holding proportion in subsidiary different from voting proportion:

1. On acquisition date as 30 June 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 1 February 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 25 February 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 S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	58.03%	8,995,509.23	23,493,377.54	1,512,069,923.22

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 liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co.,	2,539.54	2,482.34	5,021.88	1,491.12	846,735.	2,337.86	2,247.65	2,524.64	4,772.30	1,298.18	762,913.	2,061.09
	4,596.54	4,796.51	9,393.05	6,080.72	051.67	1,132.39	9,971.76	8,275.64	8,247.40	1,498.26	998.83	5,497.09

Ltd.												
------	--	--	--	--	--	--	--	--	--	--	--	--

Unit: RMB

Name	Reporting Period				Same period of last year			
	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	1,366,131,550.86	19,967,736.09	19,967,736.09	-286,016,752.34	1,460,396,075.42	36,930,342.10	36,930,342.10	299,697,922.96

Other notes:

(4) Significant restrictions of using enterprise group assets and pay 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) Note to owner's equity share changed in subsidiary****(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company**

Unit: RMB

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Other notes:

3. Equity in joint venture arrangement or associated enterprise**(1) Significant joint venture arrangement or associated enterprise**

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

						enterprise
Chengtong Finance Co., Ltd.	Beijing	Beijing	Financial industry	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) Main financial information of significant joint venture

Unit: RMB

	Closing balance/ Reporting Period	Opening balance /last period

Other notes:

(3) Main financial information of significant associated enterprise

Unit: RMB

	Closing balance/ Reporting Period	Opening balance /last period
Current assets	10,473,938,943.13	7,216,204,389.99
Non-current assets	5,675,218.49	6,659,691.42
Total assets	10,479,614,161.62	7,222,864,081.41
Current liabilities	9,409,616,580.35	6,064,250,674.62
Non-current liability	0.00	
Total liabilities	9,409,616,580.35	6,064,250,674.62
Equity attributable to owners of the Company	1,069,997,581.27	1,158,613,406.79
Portion of net assets calculated according to proportion of shareholdings	213,999,516.25	231,722,681.36
Book value of equity investment to associated venture	236,530,887.40	254,253,797.80
Operation revenue	52,877,312.63	67,198,031.08
Net profit	35,125,952.79	39,567,814.88

Other notes:

(4) Summary financial information of insignificant joint venture or associated enterprise

Unit: RMB

	Closing balance/ Reporting Period	Opening balance /last period
Joint venture:	--	--
The total of following items according to the shareholding proportions		
Associated enterprise:	--	--
The total of following items according to the shareholding proportions	--	--

Other notes:

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

(6) The excess loss of joint venture or associated enterprise

Unit: RMB

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

Other notes:

(7) The unrecognized commitment related to joint venture investment

(8) Contingent liabilities related to joint venture or associated enterprise investment

4. Significant common operation

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

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

Basis of common operation as a single entity, classify as common operation

Other notes:

5. Equity of structure entity not including in the scope of consolidated financial statements

Related notes to structure entity not including in the scope of 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	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(I) Financial assets calculated by fair value and changes record into current profits or losses	1,833,310.76			1,833,310.76
1. Trading financial assets	1,833,310.76			1,833,310.76

2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

The first level, the unadjusted offer of same assets or liabilities in active market on calculation date

3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2

4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3

5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3

6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels

7. Changes in the valuation technique in the current period and the reason for change

8. Fair value of financial assets and 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 company against the Company (%)	Proportion of voting rights owned by parent company against the Company (%)
Foshan Huaxin Development Co., Ltd.	Foshan	Manufacturing industry	457,930,000	65.20%	65.20%
China National Paper Industry Investment Corp.	Beijing	Comprehensive	5,033,000,000	65.31%	65.31%
China Chengtong Holding Group Co., Ltd.	Beijing	Comprehensive	7,480,165,600	65.31%	65.31%

Notes: Information on the parent company:

Foshan Huaxin Development Co., Ltd.

On 28 June 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

See details to Notes IX. Equity in other entities,

3. Information on the joint ventures and associated enterprises of the Company

The details of significant joint venture and associated enterprise of the Company, please refer to Notes IX. Equity in other entities.

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in Reporting Period, or form balance due to related party transactions in previous period:

Name	Relationship
Guangdong Chengtong Logistics Co., Ltd.	Subsidiary of joint venture
Chengtong Finance 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 Guanhao 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 Guanhao 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

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 material	119,209,971.14	287,000,000.00	No	204,823,355.85
Tianjin Port Free Trade Zone Zhongwu Investment Development Co., Ltd.	Purchase of raw material	0.00	37,000,000.00	No	21,844,699.66
Guangdong Chengtong Logistics Co., Ltd.	Purchase of raw material	7,307,997.65	21,000,000.00	No	9,242,605.55
China Chengtong International Co., Ltd.	Purchase of raw material	87,948,935.09	0.00	No	
Guangdong Guan hao High-tech Co., Ltd.	Purchase of raw material	207,019.02	680,940.17	No	276,348.35

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	133,464,587.60	0.00
Guangdong Guan hao High-tech Co., Ltd.	Sale of products and raw materials	2,587,396.43	319,461.54
Yueyang Forest & Paper Co., Ltd.	Sales of raw materials	10,198,268.83	8,839,226.80
Yuanjian Paper Co., Ltd.	Sales of raw materials		3,924,986.64

Notes:

Due to the bank credit limit from China National Paper Industry Investment Corp., during Reporting Period, the original part of wood

pulp purchased by the China National Paper Industry Investment Corp. on behalf of Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd. transfer to China Chengtong International Co., Ltd..The transaction amount with China Chengtong International Co., Ltd. took in that of China National Paper Industry Investment Corp.

(2) Related trusteeship/contract

Lists of related trusteeship/contract:

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Initial date	Due date	Pricing basis	Income recognized in the Reporting Period

Notes:

Lists of entrust/contractee

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Initial date	Due date	Pricing basis	Charge recognized in the Reporting Period

Notes:

(3) Information of related lease

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in this year	The lease income confirmed in last year
Guangdong Chengtong Logistics Co., Ltd.	Houses and buildings	187,040.00	203,976.00

The Company was lessee:

Unit: RMB

lessor	Category of leased assets	The lease income confirmed in this year	Category of leased assets
Foshan Huaxin Development Co., Ltd.	Office	284,700.00	284,700.00

Notes:

(4) Related-party guarantee

The Company was guarantor:

Unit: RMB

Secured party	Guarantee amount	Start date	End date	Execution accomplished

				or not
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	33,000.00	Wednesday, May 07, 2014	Saturday, May 06, 2017	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	3,880.00	13 March 2015	Friday, March 13, 2020	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	23,000.00	Tuesday, June 16, 2015	Friday, December 16, 2016	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	30,000.00	Tuesday, December 15, 2015	Wednesday, December 14, 2016	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	10,000.00	Monday, January 04, 2016	Wednesday, January 04, 2017	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	10,000.00	Thursday, January 14, 2016	Friday, January 13, 2017	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	20,000.00	1 February 2016	Saturday, January 21, 2017	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	20,000.00	Tuesday, March 01, 2016	Tuesday, December 31, 2019	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	10,000.00	Monday, May 30, 2016	Thursday, February 02, 2017	No
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	10,000.00	Friday, June 10, 2016	Saturday, March 31, 2018	No
Zhuhai Huafeng Paper Co., Ltd.	35,000.00	Tuesday, October 29, 2013	Friday, October 28, 2016	No
Huaxin (Foshan) Color Printing Co., Ltd.	6,500.00	1 Jul. 2013	Sunday, December 31, 2017	No
Huaxin (Foshan) Color Printing Co., Ltd.	3,000.00	Monday, June 29, 2015	Tuesday, June 28, 2016	No

The Company was Secured party

Unit: RMB

Guarantor:	Guarantee amount	Start date	End date	Execution accomplished
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				or not
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Notes:

(5) Inter-bank lending of capital of related parties:

Unit: RMB

Related party	Amount borrowed and loaned	Initial date	Due date	Explanation
Borrowed				
Foshan Huaxin Development Co., Ltd.	2,000,000.00	Wednesday, February 03, 2016	Saturday, December 31, 2016	
Loaned				

(6) Related party asset transfer and debt restructuring

Unit: RMB

Related party	Content	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**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
Account receivable	China National Paper Industry Investment Corp.	92,113,614.17		20,275,925.21	
Account receivable	Guangdong Guanbao High-tech Co., Ltd.	298,638.97	267.32	5,973.80	267.32
Account receivable	Yueyang Forest & Paper Co., Ltd.	3,346,270.71		839,714.61	
Account receivable	Yueyang Antai	5,302.10	1,590.62	5,302.10	1,590.63

	industrial Co., Ltd				
Account receivable	Foshan Huaxin Import & Export Co., Ltd.	726,513.19	72,651.32	726,513.19	72,651.32
Account receivable	Guangdong Chengtong Logistics Co., Ltd.	252,199.10	75,659.73	252,199.10	75,659.73
Account receivable	Long Bond Investment Development Co., Ltd.	168.21	8.41	168.21	8.41
Prepayment	China National Paper Industry Investment Corp.	8,220,453.20		27,884,562.96	
Prepayment	China Chengtong International Co., Ltd.	2,358,546.97			
Other accounts receivable	China National Paper Industry Investment Corp.	5,600.00		264,600.00	
Other accounts receivable	Guangdong Chengtong Logistics Co., Ltd.	486,633.81	91,912.67	1,167,236.74	91,912.67

(2) Payables

Unit: RMB

Name of item	Related party	Closing book balance	Opening book balance
Accounts payable	China National Paper Industry Investment Corp.	70,580,226.72	5,727,471.54
Accounts payable	Guangdong Chengtong Logistics Co., Ltd.	2,899,632.76	3,257,342.93
Accounts payable	Guangdong Guanhao High-tech Co., Ltd.	76,167.22	109,865.03
Accounts payable	Foshan Huaxin Development Co., Ltd.	284,700.00	0
Other account payable	Guangdong Chengtong Logistics Co., Ltd.	570,384.98	570,384.98
Interest payable	Chengtong Finance Co., Ltd.		44,458.33

7. Related party commitment

8. Other

XIII. Commitments and contingency

1. Significant commitments

Significant commitments at balance sheet date

As of 30 June 2016, there were no significant commitments to be disclosed.

2. Contingency

(1) Significant contingency at balance sheet date

(1) The Company's sub-subsidiary Zhuhai Jinji Chemical Co., Ltd. signed a loan contract with Guangzhou Hong He Gu Kang Ti Leisure Co., Ltd. (hereinafter referred to as "Hong He Gu Company") on 12 December 2011, the contract agree that Hong He Gu Company borrowed RMB 500000 from Zhuhai Jinji Chemical Co., Ltd. the term of the loan was from 12 December 2011 to 31 May 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. On 12 Dec. 2012, 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 the Company and Wang Renhe should bare the joint liquidated liability. Zhuhai Jinji Chemical Co., Ltd. had individually withdrawn 100% bad debt provision for the said other account receivable of RMB500000 of Hong He Gu Company.

(2) As of 30 June 2016, 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 28 March 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 15 May 2008. However, Regall Group has not accomplished the execution according to the said agreement. Up until 31 October 2008, only RMB3,099,200.00 had been executed as consideration for the debt. On 29 October 2008, Hongta Renheng sent a Notice on Terminating Agreement to Regall Group, but Regall Group asked to continue the execution of the Agreement. On 6 December 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 28 June 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 12 June 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 25 November 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 the date of this Report, 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 30 June 2016, Zhuhai Eastern Zhengtai Power Equipment Co., Ltd. owed a goods payment of RMB2,925,825.54 to 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 12 October 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 90% 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 30 June 2016, 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 90% bad debt provision for the said account receivable at period-end.

(5) As of 30 June 2016, 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 50% bad debt provision for the said account receivable.

(6) As of 30 June 2016, 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 30 June 2016, 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. In 2014, through negotiation, Hongta Renheng withdrew RMB1.5 million, and the balance was RMB3,402,239.70, withdrew 85.59% bad debt provision for the said account receivable at period-end. so it continued to withdraw 85.59% bad debt provision for the said account receivable.

(8) As of 30 June 2016, Kaifeng Boke Printing Co.,Ltd owned good payment of 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, estimated fully recovered the payment of good. As of 30 June 2016, the aforesaid account receivable withdraw bad debt provision measured by aging, the income of interest was derecognized.

(2) The Company have no significant contingency to disclose, also should be stated

There was no significant contingency in the Company.

3. Other**XIV. Events after balance sheet date****1. Significant events had not adjusted**

Unit: RMB

Item	Content	Influence number to the financial position and operating results	Reason of unable to estimate influence number

2. Profit distribution**3. Sales return****4. Notes of other significant events****XV. Other significant events****1. The accounting errors correction in previous period****(1) Retrospective restatement**

Unit: RMB

Content	Processing program	Name of the influenced report items during comparison period	Cumulative impact

(2) Prospective application

Content	Processing program	Reason of adopting prospective application

2. Debt restructuring**3. Replacement of assets****(1) Non-monetary assets exchange****(2) Other assets replacement****4. Pension plan****5. Discontinuing operation**

Unit: RMB

Item	Sales revenue	Expense	Total profits	Income tax expense	Net profit	Termination of the business profits attributable to the parent company owner
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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 in segment	Total
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(3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

(4) Other notes

7. Other important transactions and events have an impact on investors decision-making

1. In accordance with the Resolution Made at the 6th Session of the 5th Board of Directors on 16 December 2012, and the Resolution Made at the First Special Shareholders' General Meeting for 2012 on 4 January 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 28 May 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 29 November 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.

2. In line with the Company held the Second Special Meeting of the General Shareholds on 10 November 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 note used for the supplement of the Company's cash flow and working capital. On 12 June 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 29 July 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.

8. Other

XVI. Notes of main items in the financial statements of the Company

1. Accounts receivable

(1) Accounts receivable disclosed 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 of by credit risks characteristics:						12,775,461.68	100.00%			12,775,461.68
Total						12,775,461.68	100.00%			12,775,461.68

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

Notes:

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

Applicable Not applicable

(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 RMBXXX; the amount of the reversed or collected part during the Reporting Period was of RMBXXX.

Significant amount of reversed or recovered bad debt provision:

Unit: RMB

Name of the entity	Amount	Method
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(3) The actual write-off accounts receivable

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
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Notes:

(4) Top five of account receivable of closing balance collected by arrears party**(5) Derecognition of account receivable due to the transfer of financial assets****(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable**

Other notes:

2. Other accounts receivable**(1) Other accounts receivable disclosed 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 bad debt provision according to credit risks characteristics	1,008,290,381.96	100.00%			1,008,290,381.96	964,414,178.70	100.00%			964,414,178.70
Total	1,008,290,381.96	100.00%			1,008,290,381.96	964,414,178.70	100.00%			964,414,178.70

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period:

Applicable Not applicable

Unit: RMB

Other accounts receivable (unit)	Closing balance			
	Other accounts receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason

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			
1-3 months	423,219.99		
4-12 months	60,000,000.00		
Subtotal within 1 year	60,423,219.99		
Total	60,423,219.99		

Notes:

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

Applicable Not applicable

Unit: RMB

Name of the group	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion

Notes:

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

Applicable Not applicable

(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 RMBXXX; the amount of the reversed or collected part during the Reporting Period was of RMBXXX.

Of which the significant amount of the reversed or collected part during the Reporting Period:

Unit: RMB

Name of the entity	Reversed or collected amount	Method
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(3) The actual write-off other accounts receivable

Unit: RMB

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

Unit: RMB

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

(4) Other accounts receivable classified by the nature of accounts

Unit: RMB

Nature	Closing book balance	Opening book balance
Pretty cash, etc	316,779.99	457,276.86
Payment on behalf	106,440.00	163,917.24
Amount of equity transfer	60,000,000.00	105,000,000.00
Intercourse fund in consolidated scope	947,867,161.97	858,792,984.60
Total	1,008,290,381.96	964,414,178.70

(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
Zhuhai S.E.Z. Hongta Renheng Paper Co., Ltd.	Intercourse funds	736,514,088.40	1-3years	73.05%	
Huaxin (Foshan) Color Printing Co., Ltd.	Intercourse funds	132,132,105.94	1-3years	13.10%	
Zhuhai Huafeng Paper Co., Ltd.	Intercourse funds	77,193,326.12	1-3years	7.66%	
Lion Fund Management Co., Ltd.	Amount of equity transfer	60,000,000.00	Within 1 year	5.95%	
Zhejiang S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	Intercourse funds	2,027,641.51	Within 1 year	0.20%	
Total	--	1,007,867,161.97	--	99.96%	

(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
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(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:

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment to the subsidiary	1,070,107,442.14		1,070,107,442.14	1,058,107,442.14		1,058,107,442.14
Investment to joint ventures and associated enterprises	236,530,887.40		236,530,887.40	254,253,797.80		254,253,797.80
Total	1,306,638,329.54		1,306,638,329.54	1,312,361,239.94		1,312,361,239.94

(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
Zhuhai S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	927,570,697.11			927,570,697.11		
Huaxin (Foshan) Color Printing Co., Ltd.	122,536,745.03			122,536,745.03		
Kunshan Focai Packaging & Printing Co., Ltd.	5,000,000.00			5,000,000.00		

Zhejiang S.E.Z. Hongta Renheng Paper Packaging Co., Ltd.	3,000,000.00	12,000,000.00		15,000,000.00		
Total	1,058,107,442.14	12,000,000.00		1,070,107,442.14		

(2) Investment to joint ventures and associated enterprises

Unit: RMB

Investee	Opening balance	Increase/decrease in Reporting Period								Closing balance	Closing balance of impairment provision
		Additional investment	Negative investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profits	Withdrawal impairment provision	Others		
I. Joint ventures											
Subtotal											
II. Associated enterprises											
Chengtong Finance Co., Ltd.	254,253,797.80			7,025,445.26			24,748,355.66		-1,944,757.86	236,530,887.40	
Subtotal	254,253,797.80			7,025,445.26			24,748,355.66		-1,944,757.86	236,530,887.40	
Total	254,253,797.80			7,025,445.26			24,748,355.66		-1,944,757.86	236,530,887.40	

(3) Other notes**4. Revenue and Cost of Sales**

Unit: RMB

Item	Reporting Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main operations			121,021,010.71	121,021,010.71
Total			121,021,010.71	121,021,010.71

Other notes:

5. Investment income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by cost method	16,988,226.64	19,796,783.06
Long-term equity investment income accounted by equity method	7,025,445.26	7,913,559.63
Total	24,013,671.90	27,710,342.69

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	88,883.73	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents	13,781,709.78	
Other non-operating income and expenses other than the above	-240,422.75	
Project confirmed with the definition of non-recurring gains and losses and losses		
Less: Income tax effects	356,159.41	
Minority interests effects	7,688,061.76	
Total	5,585,949.59	--

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 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	0.80%	0.0307	0.0307
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	0.51%	0.0196	0.0196

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

Unit: RMB

	Net profit		Net assets	
	Reporting Period	Same period of last year	Closing balance	Opening balance
Chinese accounting standards	15,497,115.93	12,564,179.69	1,934,568,198.06	1,938,277,232.13
Items and amounts adjusted in accordance with international accounting standards				
International accounting standards				

(2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Applicable Not applicable

Name of foreign accounting standards:

Unit: RMB

	Net profit		Net assets	
	Reporting Period	Same period of last year	Closing balance	Opening balance
Chinese accounting standards	15,497,115.93	12,564,179.69	1,934,568,198.06	1,938,277,232.13
Items and amounts adjusted in accordance with foreign accounting standards				
Foreign accounting standards:				

(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 X 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.