



C&S PAPER CO.,LTD.

2021

**Semi-annual
Report**

Section I Important Notice, Contents and Definitions

The Board of Directors and the Board of Supervisors of the Company and its directors, supervisors and senior management warrant that the information contained in this semi-annual report is true, accurate and complete without any false and misleading statements or material omissions, and severally and jointly accept legal liability thereof.

Liu Peng, the person in charge of the Company, Dong Ye, the person in charge of accounting of the Company, and Xu Xianjing, the person in charge of the accounting department of the Company, have declared that they warrant the truthfulness, accuracy and completeness of the financial statements set out in this semi-annual report.

All directors of the Company attended the Board meeting on which this report was reviewed.

Discrepancies in the sum of decimals in this report are caused by rounding.

The forward-looking statements in this report, including future plans and development strategies, do not constitute substantive commitments of the Company to investors. Investors should be aware of the investment risks.

The Company has described potential risk factors and countermeasures that may exist in its operations in detail in Section III Discussion and Analysis of the Management and Section X Risks Faced by the Company and Countermeasures.

Investors are advised to pay attention to the relevant contents.

The Company plans not to distribute cash dividend, issue bonus share, or transfer capital reserve into share capital.

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Documents Available for Inspection

1. The Semi-annual Report 2021 affixed with the signature of Mr. Liu Peng, the Company's legal representative
2. Financial statements affixed with the signatures and stamps of Mr. Liu Peng, the legal representative of the Company, Mr. Dong Ye, person in charge of accounting, and Ms. Xu Xianjing, person in charge of accounting department of the Company
3. All original copies of the Company's documents and the original drafts of the Company's announcements as disclosed in the newspaper designated by the CSRC during the reporting period
4. Place for document inspection: Office of the Board of Directors

Definitions

Term	Definition
The Company, Company, C&S	C&S Paper Co., Ltd.
Zhongshun Group	Guangdong Zhongshun Paper Group Co., Ltd.
Chung Shun Co.	Chung Shun Co., a Hong Kong-based company
Zhongshan Trading	Zhongshan Zhongshun Trading Co., Ltd.
Zhong Shun International	Zhong Shun International Co., Ltd., a Hong Kong-based company
C&S Hong Kong	C&S Hong Kong Co., Ltd., a Hong Kong-based company
Beijing Trading	Beijing C&S Paper Co., Ltd.
Xiaogan Trading	Xiaogan C&S Trading Co., Ltd.
Chengdu Trading	Chengdu Zhongshun Paper Co., Ltd.
Hangzhou Trading	Hangzhou Jie Rou Trading Co., Ltd.
Shanghai Trading	Shanghai Huicong Paper Co., Ltd.
Sichuan C&S	C&S (Sichuan) Paper Co., Ltd., formerly known as Chengdu Tiantian Paper Co., Ltd.
Jiangmen C&S	Jiangmen Zhongshun Paper Co., Ltd.
Zhejiang C&S	Zhejiang Zhongshun Paper Co., Ltd.
Hubei C&S	C&S (Hubei) Paper Co., Ltd., formerly known as Hubei Zhongshun Hongchang Paper Co., Ltd.
Yunfu C&S	C&S (Yunfu) Paper Co., Ltd.
Yunfu Trading	Yunfu Hengtai Trading Co., Ltd., formerly known as C&S (Yunfu) Trading Co., Ltd.
Tangshan C&S, Tangshan subsidiary	C&S Paper Co., Ltd. Tangshan Branch
Zhongshan Paper	C&S (Zhongshan) Paper Co., Ltd., formerly known as Zhongshan Tongfu Trade Co., Ltd.
Macao C&S	C&S (Macao) Co., Ltd.
Dazhou C&S	C&S (Dazhou) Paper Co., Ltd.
Sun C&S	Sun Daily Necessities Co., Ltd.
Dolemi	Dolemi Sanitary Products Co., Ltd.
Jiangsu C&S	C&S (Jiangsu) Paper Co., Ltd.
Yunnan Dolemi	Yunnan Dolemi Trading Co., Ltd.
Luzhou Dolemi	Luzhou Dolemi Sanitary Products Co., Ltd.
Mianyang Dolemi	Mianyang Dolemi Sanitary Products Co., Ltd.
Mazars	Mazars CPA Limited (LLP)

Section II Company Profile and Key Financial Indicators

I. Company Profile

Stock name	C&S	Stock code	002511
Stock exchange on which the shares are listed	Shenzhen Stock Exchange		
Chinese name of the Company	中顺洁柔纸业股份有限公司		
Abbreviation of Chinese name of the Company (if any)	中顺洁柔		
English name of the Company (if any)	C&S Paper Co., Ltd.		
Abbreviation of English name of the company (if any)	C&S		
Legal representative of the Company	Liu Peng		

II. Contact Persons and Contact Methods

	Sectary to the Board	Representative of securities affairs
Name	Zhang Haijun	Liang Yao
Address	No. 136 Caihong Avenue, West District, Zhongshan City	No. 136 Caihong Avenue, West District, Zhongshan City
Tel	0760-87883333	0760-87883333
Fax	0760-23886886	0760-23886886
Email	Zhhaijun003@163.com	dsh@zsjr.com

III. Other Information

1. Contact information of the Company

Whether there are changes in the Company's registered address, office address and postal code, website, and email address during the reporting period

Applicable Not applicable

Registered address	No. 1 Longcheng Road, Dongsheng Town, Zhongshan City
Postal code of registered address	528414
Office address	No. 136 Caihong Avenue, West District, Zhongshan City
Postal code of office address	528401
Company website	https://www.zsjr.com/
Email	dsh@zsjr.com
Disclosure date on the website on which the temporary announcements are publicized (if any)	April 29, 2021

Search index on the website on which the temporary announcements are publicized (if any)	Announcement on Resolutions of the 4th Meeting of the Fifth Session of the Board of Directors, Articles of Association of the Company (April 2021); for details, please refer to http://www.cninfo.com.cn
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2. Information disclosure and location for inspection of documents

Where there are changes in information disclosure and location for inspection of documents during the reporting period

Applicable Not applicable

There are no changes in the name of the newspaper selected by the Company for information disclosure, website designated by CSRC for publicizing the semi-annual report, and the location for inspection of the semi-annual report during the reporting period. Please refer to the *Annual Report 2020* for details.

IV. Main Accounting Data and Financial Indicators

Whether the Company needs to perform retrospective adjustment or restatement of accounting data for previous years

Yes No

	Current period	Same period of previous year	Changes over same period of previous year
Operating income (RMB)	4,247,641,836.38	3,616,201,399.80	17.46%
Net profit attributable to shareholders of the listed company (RMB)	407,161,317.15	452,699,484.61	-10.06%
Net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss (RMB)	398,988,234.69	446,535,737.96	-10.65%
Net cash flow from operating activities (RMB)	737,865,788.19	504,558,588.33	46.24%
Basic earnings per share (RMB/share)	0.3140	0.3519	-10.77%
Diluted earnings per share (RMB/share)	0.3109	0.3462	-10.20%
Weighted average return on net assets	7.98%	10.46%	-2.48%
	End of current period	End of previous year	Changes over end of previous year
Total assets (RMB)	7,138,935,102.92	7,478,439,747.77	-4.54%
Net assets attributable to shareholders of the listed company (RMB)	4,851,858,577.42	5,042,146,076.42	-3.77%

V. Difference in Accounting Data under Domestic and International Accounting Standards

1. Net profit and net asset differences under International Financial Reporting Standards (IFRS) and Chinese Accounting Standards (CAS)

Applicable Not applicable

No such differences for the reporting period

2. Net profit and net asset differences under foreign accounting standards and Chinese Accounting Standards (CAS)

Applicable Not applicable

No such differences for the reporting period

VI. Non-recurring Items and Amounts

Applicable Not applicable

Unit: RMB

Item	Amount	Description
Profits/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-887,044.27	
Governmental grants reckoned into current profits/losses (not including grants enjoyed in quota or ration according to national standards, which are closely relevant to the company's business)	10,556,600.31	
Profits/losses from assets entrusted to others for investment or management	358,473.15	Returns on principal-protected wealth management products at maturity and reverse repo of treasury bonds
Other non-operating income and expenses except for the aforementioned items	-187,907.30	
Less: Influence of income tax	1,667,039.43	
Total	8,173,082.46	--

Reason shall be provided if the company defines non-recurring profit and loss items as defined or listed in the *No. 1 Explanatory Announcement on Information Disclosure for Companies Offering their Securities to the Public—Non-recurring Profit and Loss* as recurring profit and loss items.

Applicable Not applicable

The Company did not define any non-recurring profit and loss items defined or listed in the *No. 1 Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public—Non-recurring Profit and Loss* as recurring profit and loss items during the reporting period.

Section III Discussion and Analysis of the Management

I. Principal Businesses of the Company during the Reporting Period

Mr. Deng Yingzhong, founder of the Company, initiated his entrepreneurial process in 1978. Starting from intensive paper processing, the Company has developed into a leading household paper enterprise integrating R&D, production and sales after forty-three years of striving. With an adherence to its corporate values of “products need brands, enterprises need brands, and people need brands”, the Company has extended its products from household paper to cross-category household daily necessities including cotton series products, sanitary wipes, baby diapers, etc.

Currently, the Company features three major brands, namely, Jie Rou, Sun, and Dolemi. Main products include paper rolls, coreless rolls, facial tissues, tissue handkerchiefs, wipes, personal care products, baby diapers, cotton tissues, etc. Product series involve Face series, Lotion series, Natural Wood series, Antibacterial Paper series, Jin Zun series, wipes, Sun series, Dolemi series, OKBEBE series, and Cotton Tissue series. Specifics are given in the following:

1. Household paper (Jie Rou brand + Sun brand)

Face Series: Face wettable facial tissue is a feature product of the Company. Through constant quality upgrading, the newly developed four-layer thick facial tissues remain pliable and thick even when they are wet. One piece of this facial tissue is as thick as two pieces of average tissues, which optimizes the products’ user experience and fashion sense. In 2020, in order to better reflect the brand’s image and high-end style, the Company incorporated oil painting elements into its packaging and launched Face oil painting series products, which is called the “artwork of paper tissues”.

Lotion Series: Lotion water retention facial tissues are characterized by the skin-friendly lotion and moisturizing factor. They feel soft and smooth, thanks to the water retention factors. This product is especially suitable for delicate skin and applicable to mothers and infants, people with nasal allergy, and people wearing makeup.

Natural Wood Series: The Company launched the first noble yellow tissues (with low whiteness), “Jie Rou Natural Wood Series” in 2017, based on the consumption concepts of health and safety. Its soft and pliable texture is attributable to 100% imported raw wood pulp. Quality of the whole series is superb.

Antibacterial Series: With the advent of the post-pandemic era in China, the Company introduced the antibacterial

series products in early 2021 in line with changes in consumption habits of consumers. The products contain antibacterial factors and have been proved with experiments to effectively reduce the growth of more than 99% of bacteria on paper tissues. They can effectively inhibit bacteria such as E. coli and staphylococcus aureus, thereby protecting the health of consumers.

Jin Zun Series: Made from 100% imported raw wood pulp, Jin Zun products are thick, pliable, and cost-effective.

Wipes: Wipe products of the Company are diversified, including mother and baby wipes, disinfection wipes, personal care wipes, kitchen wipes, and pure water wipes, which can meet the needs of consumers in different scenarios.

Sun Series: The Company launched the new brand Sun in 2019 in conjunction with the 300,000-ton bamboo-pulp-paper integration project in order to accelerate the coverage of high-, mid- and low-end household paper markets in China and satisfy consumption needs at different levels. This initiated the Company's "dual brand" business strategy. Sun is positioned to be a highly cost-effective product that has good quality yet lower prices. It is the key to raise the market share of the Company in the future.

2. Personal care products (Dolemi brand)

Dolemi Series: In 2019, the Company launched a new personal care brand, Dolemi, to cater for upgrading consumption. The surface of Dolemi pads is made from natural cotton. The products feature two-way air circulation and are elastic, soft, and fit. Thanks to the good air circulation, consumers will feel at ease. They enable women pursuing better quality of life to experience "thin pads and get rid of side leakage".

OKBEBE Series: This care brand for newborn babies was rolled out in early 2021. Products include baby diapers and pull-up pants. With medical level high standards, the products are skin-friendly, breathable, dry and easy to absorb. They are dedicated to providing babies with safer and more comfortable growth experience, having passed the surveillance on six product performance indicators including allergenic microbial inspection and production environment bacteria.

3. Quality health products

Cotton Tissue Series: In 2018, the Company stepped out of the household paper field and introduced the "Cotton Tissue" products. The products feature 100% fresh cotton, complete physical processes, and unbleached. As being natural, healthy, soft, skin-friendly, and dry-wet dual use, they can be used for personal cleaning and care as cotton pads and face towels, especially by infants and women.

Medical surgical masks: In response to the government's call, the Company quickly initiated medical mask production and rolled out medical surgical mask products. The products are characterized by "high efficiency

filtration, low breathing resistance, and comfortable wearing”, and have passed the EU CE and US FDA certifications. Third-party laboratory testing from US, EU and Japan proves the products to have reached the highest quality standards of their kind.

Other quality health products: In line with the Company’s strategic planning and market needs, the Company successively launched personalized products that are fit with consumer needs since 2020, including makeup removal wipes, feminine care wipes, alcohol disinfectant wipes, mouthwashes, disinfectant hand sanitizers, face wash towels, disposable sweat-absorbent wipes, insoles, etc. This enables the Company to form a diversified development pattern on the basis of pursuing high quality and individualization.

Currently, the competition in China’s household paper industry is still fierce and industry concentration is increasing. With strengthened awareness on the concept of healthy living, consumers pay increasing attention to brands. Product quality is still a prominent concern in the industry. Amid all these, the Company has become one of the representative brands of high-end household paper in the market through continuous brand building and quality assurance, and robust production capacity layout and channel expansion. It is ranked among the first echelon in the household paper industry and is well recognized by consumers and capital markets. In addition, with an adherence to the value concept of “Only Care About You”, the Company continues to tap consumer needs and constantly upgrades and optimizes products with leverage on its strong R&D and innovation capabilities. The Company is committed to providing consumers with products of better quality, more comfort, and more tailored to their individual needs. The Company aims to achieve national product coverage which is underpinned by continuously improved product reputation among consumers and strengthened and consolidated brand awareness.

II. Analysis of Core Competitiveness

1. Belonging to the first echelon of the domestic household paper industry

The Company is a top-performing enterprise in the first echelon of the domestic household paper industry. Its products are sold at home and abroad including Southeast Asia, the Middle East, Europe and United States.

2. Constantly optimized product structure

The Company boasts three major brands, namely, Jie Rou, Sun, and Dolemi. Main products include paper rolls, coreless rolls, facial tissues, tissue handkerchiefs, wipes, personal care products, baby diapers, cotton tissues, etc. The Company continuously optimizes its product structure and raises the sales proportion of high-end products, high-gross profit products and non-roll categories. In addition, it has strengthened the sales of major series like Face, Lotion, and Natural Wood, formulated distribution standards for each major channel, raised the market share

in each channel, and continuously improved the gross profit and profitability of products.

3. Stable and effective management team

The R&D, production, procurement, sales, quality control, and operation teams have successively introduced excellent professionals since 2014. At present, the Company boasts the most outstanding R&D, production and sales teams in the industry, and has gradually established the professional manager management system. Excellent and professional management teams have effectively reinforced and improved the Company's new product R&D, product quality and marketing management. The management team of the Company has formulated long-term and strategic plans in line with actual situation of the Company, industry development level, and market demands. Moreover, the management team is capable of making reasonable decisions on operation management issues with relation to R&D, production, marketing, investment, and financing, and effectively implementing such decisions. The excellent management team fundamentally guarantees the Company's competitiveness and sustainable development in the future.

4. Nationwide marketing network

The Company has been building and improving its marketing networks based on its keen and strategic insights and reasonable layout. The Company has enhanced its profitability by expanding its channels from a single dealer channel in 2015 to six channels at present, namely, GT (general trade channels), KA (key account channels), AFH (away from home channels), EC (e-commerce channels), RC (new retail channels), and SC (maternal and infant channels). Its current marketing network covers most of the prefecture-level (and county-level) cities. Products are directly sold to counties and then distributed to towns. This helps achieve segmented and flat market operation and expand the dealer network.

Furthermore, while ensuring the smooth operation of other channels, the Company has established a professional e-commerce operation team, devoted more resources to e-commerce platforms, built and improved the corresponding supply chain system, and intensified its routine operation management. At present, it has reached cooperation with renowned platforms such as Tmall, JD, and Pinduoduo. In addition, it has developed an AFH service team for AFH channels and customer bases to match the growing AFH market. Attributable to a robust sales network plus quality and diversified products, the Company is able to constantly consolidate its market basis, improve consumer experience, and enhance brand reputation, which can help achieve sustainable and stable growth in the future.

5. Nationwide layout of production bases

The Company has developed a production layout covering East China, South China, West China, North China,

and Central China, through its subsidiaries including Jiangmen C&S, Yunfu C&S, Sichuan C&S, Zhejiang C&S, Hubei C&S, and Tangshan Branch. Thanks to the nationwide layout of production bases, the Company has narrowed the distance to customers, reduced transportation costs, and enhanced transportation efficiency.

6. Product quality at an international level

The Company has always regarded product quality as its lifeline of survival and development ever since its incorporation. First-class quality derives from first-class raw materials. Raw materials of the Company have passed the ISO quality management system certification. Besides strict feed inspection procedures, it has introduced HACCP food hygiene and safety management system to control the hygiene and quality of products from the source. Moreover, its products have passed ISO9001 quality management system certification which is the strictest detecting system for product quality. The Company has observed internationally-advanced quality management system standards and utilized advanced processes, formulas, and control procedures in production to ensure each technical performance indicator.

7. Good R&D capabilities

The Company is equipped with a complete product development system and the subordinate R&D department boasts strong independent R&D capabilities and excellent product formula technologies. In recent years, the Company has continuously upgraded and optimized its products, in a bid to provide consumers with products of better quality, more comfort, and more aligned with their individual needs. Products of the Company have extended from household paper to cross-category household daily necessities including cotton series products, sanitary wipes, baby diapers, etc. The Company's speed of bringing forth new products is at the forefront of the industry.

8. First-class production equipment

The Company drives development via technology and has introduced cutting-edge papermaking and processing equipment. Advanced technology and highly automatic equipment have strengthened the Company's efficiency, further satisfied the ever-growing market demands, and served as an unstoppable driving force to development.

9. Outstanding environmental protection awareness and technology

Along with the deepening of industrialization, the concept of environmental protection has been deeply rooted among the people. The Company has adhered to the concept of "seeking green benefits and fulfilling corporate social responsibilities", and utilized advanced environmental protection technologies to pursue its objective of environmental protection. Its waste water and gas emissions are superior to the national standards and industry-leading.

III. Analysis of Principal Businesses

Please refer to relevant contents in “I. Principal Businesses of the Company during the Reporting Period”.

YoY changes in major financial data

Unit: RMB

	Current period	Same period of previous year	YoY changes	Reason of change
Operating income	4,247,641,836.38	3,616,201,399.80	17.46%	
Operating cost	2,562,244,166.21	1,931,406,918.16	32.66%	An increase of RMB630,837,248.05 or 32.66% was recorded in the reporting period over the same period of 2020, mainly owing to 1) increase in operating income; and 2) adjusting transportation expenses of the selling expenses to operating cost as per the New Revenue Standards during the reporting period.
Selling expenses	915,478,651.72	848,071,082.60	7.95%	
Administrative expenses	165,200,078.38	185,701,854.01	-11.04%	
Finance expenses	-1,803,144.04	-1,022,002.23	-76.43%	A reduction of RMB781,141.81 or 76.43% was witnessed in the reporting period compared with the same period of 2020, mainly due to the increase in bank interest income during the reporting period..
Income tax expenses	81,099,520.72	85,783,253.92	-5.46%	
R&D investment	97,414,812.32	90,860,828.24	7.21%	
Net cash flow from operating activities	737,865,788.19	504,558,588.33	46.24%	Net cash flow from operating activities: This item recorded an increase of RMB233,307,199.86 or 46.24% in the reporting period compared with the same period of 2020, mainly due to the increase in sales revenue during the reporting period.
Net cash flow from investing activities	-267,293,095.91	-241,861,919.70	-10.51%	
Net cash flow from financing activities	-815,627,674.59	-45,815,658.83	-1680.24%	Net cash flow from financing activities: This item recorded a decrease of RMB769,812,015.76 or 1680.24% in the reporting period compared with the same period of 2020, mainly due to the decrease in cash received from borrowings and the payment of repurchased shares during the reporting period.
Net increase in cash and cash equivalents	-348,809,933.39	220,436,993.67	-258.24%	

Whether there are significant changes in the profit composition or source of profits of the Company during the reporting period

Applicable Not applicable

There were no significant changes in the profit composition or source of profits of the Company during the reporting period.

Composition of operating income

Unit: RMB

	Current period		Same period of previous year		YoY changes
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	4,247,641,836.38	100%	3,616,201,399.80	100%	17.46%
By industry					
Household paper	4,082,881,792.19	96.12%	3,533,490,254.91	97.71%	15.55%
Personal care	40,295,818.30	0.95%	67,214,587.03	1.86%	-40.05%
Others	124,464,225.89	2.93%	15,496,557.86	0.43%	703.17%
By product					
Finished products	4,116,080,985.46	96.90%	3,595,014,915.99	99.41%	14.49%
Semi-finished products	7,096,625.03	0.17%	5,689,925.95	0.16%	24.72%
Others	124,464,225.89	2.93%	15,496,557.86	0.43%	703.17%
By region					
Domestic	4,149,892,689.00	97.70%	3,522,252,149.36	97.40%	17.82%
Overseas	97,749,147.38	2.30%	93,949,250.44	2.60%	4.04%

Industries, products, or regions that accounted for over 10% of the Company's operating income or operating profit

Applicable Not applicable

Unit: RMB

	Operating income	Operating cost	Gross profit margin	YoY changes of operating income	YoY changes of operating cost	YoY changes of operating gross profit margin
By industry						
Household paper	4,082,881,792.19	2,438,970,899.44	40.26%	15.55%	28.26%	-5.93%
By product						
Finished products	4,116,080,985.46	2,456,914,117.77	40.31%	14.49%	28.40%	-6.46%

By region						
Domestic	4,149,892,689.00	2,505,260,432.09	39.63%	17.82%	33.05%	-6.91%

Where the statistical standards for the Company's principal business data were adjusted in the reporting period, whether principal business data of the Company in the recent period were adjusted as per statistical standards at the end of the reporting period

Applicable Not applicable

Reasons for YoY changes of relevant data over 30%

Applicable Not applicable

IV. Analysis of Non-principal Businesses

Applicable Not applicable

Unit: RMB

	Amount	Proportion in total profit	Explanation of reason	Is it consistently applied?
Investment income	358,473.15	0.07%	Returns on principal-protected wealth management products at maturity and reverse repo of treasury bonds	No
Asset impairment	-2,753,828.11	-0.56%	Provision for impairment of inventories	No
Non-operating income	1,708,366.54	0.35%	Government grants, income from fine and compensation, and others	No
Non-operating expense	3,638,183.86	0.75%	External donations and others	No

V. Analysis of Assets and Liabilities

1. Significant changes in the composition of assets

Unit: RMB

	End of current period		End of previous year		Proportion changes	Explanation of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	788,702,136.99	11.05%	1,125,196,199.56	15.05%	-4.00%	
Accounts receivable	933,313,137.98	13.07%	1,051,423,939.59	14.06%	-0.99%	
Inventory	1,624,309,444.82	22.75%	1,661,274,495.32	22.21%	0.54%	

Investment property	33,856,923.84	0.47%	34,575,365.94	0.46%	0.01%	
Fixed assets	3,182,792,165.52	44.58%	2,792,587,302.21	37.34%	7.24%	
Construction work in progress	55,534,528.69	0.78%	275,904,617.95	3.69%	-2.91%	Construction work in progress: This item recorded a decrease of RMB220,370,089.26 or 79.87% in the reporting period compared with the end of 2020, mainly owing to the fact that certain construction work in progress reached the usable state and were thereby transferred to fixed assets during the reporting period.
Right-of-use assets	11,151,372.57	0.16%			0.16%	Right-of-use assets: This item recorded an increase of RMB11,151,372.57 or 100.00% in the reporting period compared with the end of 2020, mainly owing to the fact that leased assets were confirmed as right-of-use assets upon the adoption of the new lease standards during the reporting period.
Short-term borrowing			142,942,941.34	1.91%	-1.91%	Short-term borrowing: This item recorded a decrease of RMB142,942,941.34 or 100.00% in the reporting period compared with the end of 2020, mainly owing to the decrease in short-term loans from banks during the reporting period.
Contract liabilities	103,501,369.49	1.45%	137,333,617.40	1.84%	-0.39%	
Lease liabilities	5,526,106.56	0.08%			0.08%	Lease liabilities: This item recorded an increase of RMB5,526,106.56 or 100.00% in the reporting period compared with the end of 2020, mainly owing to the confirmation of lease liabilities upon the adoption of the new lease standards during the reporting period.

2. Main overseas assets

Applicable Not applicable

3. Assets and liabilities measured at fair value

Applicable Not applicable

4. Restriction of asset rights as at the end of the reporting period

Item	Book value at the end of the period (RMB)	Reason for restriction
Monetary funds	87,477,934.66	Security deposits for issuing letter of credit and

		notes
Total	87,477,934.66	

VI. Analysis of Investment

1. Overview

Applicable Not applicable

Investment amount during the reporting period (RMB)	Investment amount of previous year (RMB)	Changes
328,193,755.53	401,314,982.57	-18.22%

2. Major equity investment during the reporting period

Applicable Not applicable

3. Major non-equity investment during the reporting period

Applicable Not applicable

4. Financial asset investment

(1) Security investment

Applicable Not applicable

The Company did not invest in securities during the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company did not invest in derivatives during the reporting period.

VII. Major Asset and Equity Sales

1. Sales of major assets

Applicable Not applicable

The Company did not sell major assets during the reporting period.

2. Sales of major equity

Applicable Not applicable

VIII. Analysis of Main Holding and Joint-stock Companies

Applicable Not applicable

Description of main subsidiaries and of joint-stock companies which have influence on the Company's net profit by over 10%

Unit: RMB

Company name	Company type	Principal businesses	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Jiangmen C&S	Subsidiary	R&D, production, and sales (including online sales): household paper, maternal and infant products, cosmetics, wipes, non-woven products, daily necessities, and cleaning supplies; sales (including online sales) of Class I and II medical devices. (The above items do not involve special management measures for the foreign access). (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)	RMB345,985,031	1,778,554,306.27	1,452,371,161.76	747,241,439.87	115,039,007.95	97,876,239.26
Yunfu C&S	Subsidiary	R&D, production, wholesale, retail and online sales: household paper, sanitary products, maternal and infant products, daily necessities, cosmetics, medical devices, sanitary materials, non-woven fabrics and products, polymer materials and products, daily sundries, and disinfection supplies (excluding hazardous chemicals); wholesale, retail and online sales: food; import and export of goods and technologies (excluding the import and export of goods and technologies prohibited by the State or involving administrative approval); warehousing services (limited to warehouses qualified in fire protection without hazardous chemicals). (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by	RMB650 million	2,126,862,446.83	1,244,184,883.95	1,460,190,589.00	157,532,303.17	133,746,121.37

		competent departments.)						
Sichuan C&S	Subsidiary	Licensed items: production of sanitary products and disposable medical supplies; import and export of goods (for items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments, and the specific business items are subject to the approval document or the permit issued by relevant department). General items: sales of sanitary products and disposable medical supplies; sales of personal hygiene products; sales of daily necessities; manufacture of paper products; sales of paper products; manufacture of paper; manufacture of daily chemical products; sales of daily chemical products; sales of Class II medical devices; sales of Class I medical devices; manufacture of industrial textile products; sales of industrial textile products; manufacture of maternal and infant products; sales of maternal and infant products. (The company may carry out business operations independently according to the law based on the business license, except for items that must be licensed according to the law.)	RMB100 million	1,138,234,120.55	834,215,732.60	964,018,416.58	93,193,559.94	78,591,624.35
Hubei C&S	Subsidiary	Licensed items: production of sanitary products and disposable medical supplies; production of cosmetics (for items that must be approved in accordance with the law, companies may carry out business operations upon approval by relevant departments, and the specific business items are subject to the approval document or the permit issued by competent department). General items:	RMB200 million	1,689,435,694.57	444,177,395.36	742,844,886.22	91,690,308.10	69,303,869.68

		sales of sanitary products and disposable medical supplies; retail of cosmetics; wholesale of cosmetics; manufacture of paper; sales of personal hygiene products; sales of knitwear; manufacture of maternal and infant products; sales of maternal and infant products; sales of paper products; manufacture of paper products; sales of daily necessities; sales of daily chemical products; sales of disinfectants (excluding hazardous chemicals); Internet sales (excluding the sales of commodities requiring a permit); sales of Class I medical devices; sales of Class II medical devices; import and export of goods and technologies (excluding the import and export of goods and technologies prohibited by the State or involving administrative approval). (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)						
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Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Description of main holding and joint-stock companies

None

IX. Structured Entities Controlled by the Company

Applicable Not applicable

X. Risks Faced by the Company and Countermeasures

1. Risk of great fluctuations in pulp prices

Pulp is an international bulk raw material and its price is obviously affected by the world economic cycle. Pulp is the primary raw material of the Company's production, accounting for 40%-60% of the total production costs. Therefore, substantial fluctuations in pulp prices pose a risk to the Company.

The Company is equipped with a professional procurement team which, on the premise of ensuring normal production inventory, adjusts the purchase rhythm by professionally evaluating the future trend of pulp prices and coordinating the market conditions of international pulp prices. The Company has cemented long-term supply contracts with pulp suppliers that have large production scale, abundant forest resources and advanced production technologies to ensure stable raw material procurement. It has established a global procurement network with purchases in Europe, North America, South America, etc.

2. Risk of exchange rate

The import of machinery equipment and pulp and the export of products to overseas market of the Company are mainly settled in USD, HKD, and EUR. Since exchange rates fluctuate under the impact of the international economic situation, the Company faces exchange rate risks.

The Company pays close attention to changes in the foreign exchange market on a daily basis and hedges against exchange losses brought by RMB depreciation or two-way fluctuations by adjusting the structure of foreign currency assets and liabilities and reducing overall foreign currency liabilities. In addition, the Company started to adopt the spot selling rate accounting for foreign currency transactions since 2015 in accordance with its actual needs and in compliance with foreign exchange requirements. In this way, the Company may choose to buy foreign currency and pay for the goods at a rate favorable to the Company at an appropriate time.

Furthermore, the Company hedges against and avoids exchange rate risks via centralized management of foreign exchange funds, purchase payment hedging, etc. based on changes in the foreign exchange market and actual development of the Company. With regard to exchange rate risk exposure, the Company also uses hedging and other financial tools to conduct reasonable risk management.

3. Risk of regional market competition

Household paper is a vast market in China in terms of both geography and market space. Given the low unit value, transportation expenses taking up a large part of the sales price, and limitations of the transportation radius, the main competition in the household paper industry lies in regional markets. High-end, mid-end, and low-end products compete in regional markets, with the influence of spending power and consumption habit. Judging from the development trend of the industry, mid- and high-end household paper of national brands has more competitive edge. However, at present, some regional brands have an advantage in some regional markets. Compared with overseas counterparts, China's household paper industry requires continued integration. The Company embraces production bases and a sales network across the country and offers mid- and high-end products under national brands. Nevertheless, it is inescapable from the risk of regional market competition.

After years of development, the Company has become one of the leading companies in the domestic household paper industry. It has built a marketing network covering most prefecture (county) level cities and a production base with national presence. As a result, transportation costs can be effectively reduced and transportation efficiency effectively improved by shorting the distance with consumers. As the Company continues to deepen and expand sales channels, it will gradually cover untapped outlets. In the future, in response to market competition, the Company will strengthen channel sinking, increase market penetration, further expand its scale, and further improve its overall market competitiveness and shares.

4. Risk of industrial policies

Stricter requirements have been raised for the papermaking industry in the aspects of scale, technology, equipment, and environmental protection, as multiple industry plans and supporting policies have been successively issued by relevant departments, including the *Papermaking Industry Development Policy*, the *Notice on the Management of Elevated Source Pollution Discharge Permits in Thermal Power and Papermaking Industries and Pilot Cities of Beijing-Tianjin-Hebei Region*, and the *Opinions of China Paper Association on "Thirteenth Five-year" Development Plan of the Papermaking Industry*. Particularly, a number of measures have been introduced through environmental protection policies to drive the all-round, coordinated, and sustainable development of the household paper industry, including 1) optimizing the industrial distribution to reasonably allocate resources and

promoting clean production to preserve the ecological environment; 2) pushing energy conservation and emission reduction to shut down outdated production facilities, and adjusting product structure and improving product quality; 3) developing resource-saving models to advocate green consumption; and 4) optimizing enterprise structure and driving M&A and restructuring. These policies are designated to strengthen household paper industry concentration, close backward production facilities, and optimize resource allocation. The Company, as an enterprise in the first echelon of the domestic household paper industry, is underpinned by national policies related to the sustainable development of the household paper industry. Precisely because of this, industrial policy adjustment, if any, will impact the production and operations of the Company to some extent.

In the face of increasing stringent environmental protection policies, as a responsible domestic enterprise in the household paper industry, the Company and its subsidiaries strictly abide by environmental protection laws and regulations of the state and local governments. Production bases are equipped with state-of-the-art papermaking equipment, processing equipment and environmental protection treatment equipment and facilities, and adopt advanced environmental protection technologies. With continuous capital and technological inputs and improvement in pollution control of the production process, the Company strives to reduce environmental pollution and ensure green production. The Company will continue to optimize production efficiency in response to requirements of national industrial policies.

5. Risk of safe production

Most of the materials involved in the household paper industry are flammable, including the main raw material of pulp, the main packing materials of plastic-film packing bags and cartons, the semi-finished product of body paper, and finished products. Due to the characteristics of low unit value and large market consumption, household paper manufacturers have to keep a mass of pulp, packing materials, and semi-finished and finished products from the entry of raw materials into the plant to the delivery of products to the market. Thus, fire can cause enormous losses to such manufacturers. In addition, a large number of production lines have been put into use, which may pose certain occupational health hazard and cause harm to the occupational health of employees. Even though the overall safe production risk of the Company is controllable, it still faces certain safe production risks.

In view of this, the Company has formulated strict fire management regulations for raw materials and semi-finished and finished products, established a full-time safety management department, equipped adequate fire protection equipment in production areas, and bought full insurance for risky properties. As such, the Company's fire safety risk is low.

In response to possible occupational health hazards, the Company, at the equipment design and procurement

stages, requires suppliers to carry out intrinsic safety design and fulfill the protection measures during the installation process. At the same time, the Company has passed the ISO45001 occupational health and safety (OHS) management system and continues to maintain its effective operations to reduce the occupational health and safety risks of employees.

6. Risk of logistics transportation

The spread of the COVID-19 pandemic in 2020 has hindered domestic and foreign logistics transportation by sea and land to varying degrees, affecting both the Company's procurement and sales and upstream suppliers and downstream dealers. In other words, the Company has suffered from multiple dimensions. Though impacts of the pandemic are phased and temporary, risks are unavoidable for the Company as being at the mid- and downstream of the household paper industry chain.

The Company has quickly formulated response strategies during the pandemic and actively coordinated supply chain allocation. In terms of supply, the Company flexibly adjusts supply area based on the optimal principle to guarantee adequate goods supply to customers. In terms of logistics, the Company implements integrated management for logistics and warehouses as well as production and sales under the premise of well taking safety precautions. Personnel in all positions are asked to stick to their posts and maintain close communication with sales to assure smooth logistics to the greatest extent.

Section IV Corporate Governance

I. Annual General Meeting and Extraordinary General Meetings Held during the Reporting Period

1. Shareholder meetings during the reporting period

Session of meeting	Type	Ratio of investor participation	Date of convening	Date of disclosure	Resolutions of the meeting
2021 First Extraordinary General Meeting	Extraordinary general meeting of shareholders	53.68%	January 21, 2021	January 22, 2021	<i>Announcement on Resolutions of 2021 First Extraordinary General Meeting of Shareholders</i> (Announcement No.: 2021-18). See <i>Securities Times</i> , <i>Securities Daily</i> , <i>China Securities Journal</i> and CNINFO (www.cninfo.com.cn) for details.
2021 Second Extraordinary General Meeting	Extraordinary general meeting of shareholders	54.85%	January 29, 2021	January 30, 2021	<i>Announcement on Resolutions of 2021 Second Extraordinary General Meeting of Shareholders</i> (Announcement No.: 2021-26). See <i>Securities Times</i> , <i>Securities Daily</i> , <i>China Securities Journal</i> and CNINFO (www.cninfo.com.cn) for details.
2021 Third Extraordinary General Meeting	Extraordinary general meeting of shareholders	54.72%	April 07, 2021	April 08, 2021	<i>Announcement on Resolutions of 2021 Third Extraordinary General Meeting of Shareholders</i> (Announcement No.: 2021-49). See <i>Securities Times</i> , <i>Securities Daily</i> , <i>China Securities Journal</i> and CNINFO (www.cninfo.com.cn) for details.
2020 Annual General Meeting of Shareholders	Annual general meeting	54.78%	May 19, 2021	May 20, 2021	<i>Announcement on Resolutions of 2020 Annual General Meeting of Shareholders</i> (Announcement No.: 2021-72). See <i>Securities Times</i> , <i>Securities Daily</i> , <i>China Securities Journal</i> and CNINFO

					(www.cninfo.com.cn) for details.
2021 Fourth Extraordinary General Meeting	Extraordinary general meeting of shareholders	57.22%	June 07, 2021	June 08, 2021	Announcement on Resolutions of 2021 Fourth Extraordinary General Meeting of Shareholders (Announcement No.: 2021-89). See <i>Securities Times</i> , <i>Securities Daily</i> , <i>China Securities Journal</i> and CNINFO (www.cninfo.com.cn) for details.

2. Extraordinary general meetings of shareholders proposed to be convened by preferred shareholders whose voting rights were resumed

Applicable Not applicable

II. Changes in Directors, Supervisors and Senior Management of the Company

Applicable Not applicable

Name	Position	Type	Date	Reason
Zeng Yi	Director	Resigned upon expiry of term of office	January 21, 2021	Expiry of term of office
Huang Hongyan	Independent Director	Resigned upon expiry of term of office	January 21, 2021	Expiry of term of office
Ge Guangrui	Independent Director	Resigned upon expiry of term of office	January 21, 2021	Expiry of term of office
He Guoquan	Independent Director	Elected	January 21, 2021	Elected upon the change of board of directors
Liu Die	Independent Director	Elected	January 21, 2021	Elected upon the change of board of directors
Yue Yong	Director	Resigned	March 18, 2021	Voluntary resign
Deng Guanbiao	President	Resigned	March 19, 2021	Voluntary resign
Liu Peng	President	Appointed	March 22, 2021	Appointed by the board of directors
Deng Yingzhong	Chairman	Resigned	April 09, 2021	Voluntary resign
Liu Peng	Chairman	Elected	April 12, 2021	Elected by the board of directors
Li Zhaojin	Vice President	Appointed	April 12, 2021	Appointed by the board of directors
Deng Wenxi	Vice President	Appointed	April 27, 2021	Appointed by the board of directors
Dai Zhenji	Director, Joint President	Resigned	April 28, 2021	Voluntary resign
Li Youquan	Supervisor	Resigned	July 12, 2021	Voluntary resign
Zhang Yang	Vice President	Appointed	July 12, 2021	Appointed by the board of directors
Zhou Qichao	Board Secretary,	Resigned	July 29, 2021	Voluntary resign

	Vice President			
Zhang Haijun	Vice President, Board Secretary	Appointed	August 23,2021	Appointed by the board of directors

III. Profit Distribution and Conversion of Capital Reserve to Share Capital during the Reporting Period

Applicable Not applicable

The Company plans not to distribute cash dividend, issue bonus share, or transfer capital reserve into share capital for the half year.

IV. Implementation of the Stock Incentive Plan, Employee Stock Ownership Plan, and Other Employee Incentives of the Company

Applicable Not applicable

1. Implementation of the Phase II stock incentive plan

On May 22, 2021, the Company convened the 5th meeting of the fifth session of the Board of Directors and the 3rd meeting of the fifth session of the Board of Supervisors, which considered and approved the *Proposal on Achieving the Unlock Conditions of the Second Unlock Period for Restricted Stocks Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan*. There were 499 holders of restricted stocks meeting the unlock conditions, and the number of stocks that could be unlocked was 4,809,045. The unlock date of these restricted stocks was June 30, 2021. The above meetings also reviewed and approved the *Proposal on the Repurchase and Deregistration of Partial Restricted Stocks Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan*. The Board of Directors of the Company approved to repurchase and deregister a total of 2,021,305 restricted shares that had been granted but not unlocked. In addition, the aforesaid meetings also deliberated and approved the *Proposal on Achieving the Exercise Conditions of the Second Exercise Period for Stock Options Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan*. There were 2,274 holders of stock options meeting the exercise conditions, and the number of options that could be exercised was 2,948,559. The *Proposal on the Repurchase and Deregistration of Partial Stock Options Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan* was also considered and approved. The Board agreed to deregister 1,294,091 options that had been granted but not exercised.

On May 28, 2021, the Company held the 6th meeting of the fifth session of the Board of Directors and the 4th

meeting of the fifth session of the Board of Supervisors, which reviewed and approved the *Proposal on Adjusting the Exercise Price of Stock Options under the Company's 2018 Stock Option and Restricted Stock Incentive Plan*.

Pursuant to the Company's profit distribution plan in 2020 and relevant provisions of the *2018 Stock Option and Restricted Stock Incentive Plan (Draft)*, the Company adjusted the exercise price of first-granted stock options from RMB8.572/share to RMB8.472/share, and adjusted the exercise price of reserved stock options from RMB13.965/share to RMB13.865/share.

On July 6, 2021, the cancellation procedures for 1,294,091 first-granted stock options that had been granted but not exercised were completed at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Please continue to pay attention to the Company's information disclosure for subsequent implementation progress or changes.

2. Implementation of the Phase II employee stock ownership plan

As of January 5, 2021, all stocks held under the Company's Phase II Employee Stock Ownership Plan, i.e. 11,709,583 shares, had been sold out. As per relevant provisions of the Phase II Employee Stock Ownership Plan, the implementation of the Plan is completed and thus the Plan is terminated.

3. Implementation of the Phase III employee stock ownership plan

On May 22, 2021, the Company held the 5th meeting of the fifth session of the Board of Directors and the 3rd meeting of the fifth session of the Board of Supervisors, which considered and approved the *Proposal on Phase III Employee Stock Ownership Plan (Draft) and Its Summary*. In order to improve employee cohesion and corporate competitiveness and ensure the attainment of the Company's future development strategies and business goals, the Company plans to roll out Phase III Employee Stock Ownership Plan; preferred shares and deferred shares are set at a leverage ratio of 1:1, with a cap of 400 million shares and 200 participants.

On June 7, 2021, the Company convened the 2021 Fourth Extraordinary General Meeting, which considered and approved proposals relevant to Phase III Employee Stock Ownership Plan. In order to ensure the Plan's smooth implementation, the shareholders' meeting authorized the Board of Directors to fully handle matters relevant to the Plan.

Please continue to pay attention to the Company's information disclosure for subsequent implementation progress or changes.

Section V Environmental and Social Responsibilities

I. Main Environmental Protection Issues

Whether the listed company and its subsidiaries are the key pollution discharge units published by the environmental protection department

Yes No

Name of company or subsidiary	Main pollutants and particular pollutants	Ways of discharge	Number of discharge outlets	Distribution of discharge outlets	Concentration of discharge	Implemented pollutant discharge standards	Total discharge	Total approved discharge	Excessive discharge
Jiangmen Zhongshun Paper Co., Ltd.	Waste water - COD	After treatment, it is discharged to the sewage treatment plant	1	Centralized processing facilities in the factory	80mg/L	200mg/L	158.95t	335.6 t/a	None
Jiangmen Zhongshun Paper Co., Ltd.	Waste water - Ammonia nitrogen	After treatment, it is discharged to the sewage treatment plant	1	Centralized processing facilities in the factory	1.76mg/L	8mg/L	3.497t	13.4 t/a	None
C&S (Sichuan) Paper Co., Ltd.	Waste water - COD	After treatment, it enters the water purification station through urban sewage pipeline	1	Production waste water discharge (DW001) flows through the channel into the main outlet DW002 (confluent with domestic waste water)	48mg/L	80mg/L	19.6168t	96 t/a	None
C&S (Sichuan) Paper Co., Ltd.	Waste water - Ammonia nitrogen	After treatment, it enters the water purification station through urban sewage pipeline	1	Production waste water discharge (DW001) flows through the channel into the main outlet DW002 (confluent with	0.203mg/L	8mg/L	0.083t	9.6 t/a	None

				domestic waste water)					
C&S (Sichuan) Paper Co., Ltd.	Waste gas - PM (particulate matter)	Discharge directly through the flue	3	Three chimneys (2# boiler is the standby boiler, monitoring when being used)	1# boiler 2.5 mg/m ³ 2# boiler 0 mg/m ³ 3# boiler 2.7 mg/m ³	20 mg/Nm ³	0.156t	/	None
C&S (Sichuan) Paper Co., Ltd.	Waste gas - Nitrogen oxide	Discharge directly through the flue	3	Three chimneys (2# boiler is the standby boiler, monitoring when being used)	1# boiler 27 mg/m ³ 2# boiler 0 mg/m ³ 3# boiler 29 mg/m ³	150 mg/Nm ³	1.8886t	31.35 t/a	None
C&S (Sichuan) Paper Co., Ltd.	Waste gas - Sulfur dioxide	Discharge directly through the flue	3	Three chimneys (2# boiler is the standby boiler, monitoring when being used)	0	50 mg/Nm ³	0	/	None
Zhejiang Zhongshun Paper Co., Ltd.	Waste water - COD	After treatment, it is discharged to Jiaying Industrial Sewage Treatment Plant through municipal pipe	1	Centralized processing facilities in the factory	37.2mg/L	500mg/L	7.7875t	139.7 t/a	None
Zhejiang Zhongshun Paper Co., Ltd.	Waste water - Ammonia nitrogen	After treatment, it is discharged to Jiaying Industrial Sewage Treatment Plant through municipal pipe	1	Centralized processing facilities in the factory	0.4529mg/L	35mg/L	0.1t	9.78 t/a	None
C&S (Hubei) Paper Co., Ltd.	Waste water - COD	After treatment, it is discharged to Biquan Sewage Treatment Plant through municipal pipe	1	After centralized processing facilities in the factory, it is discharged to Biquan Sewage Treatment Plant	109mg/L	400mg/L	45.25t	152.25 t/a	None
C&S (Hubei)	Waste water - Ammonia	After treatment, it	1	After centralized	6.913mg/L	30mg/L	4.52t	15.25 t/a	None

Paper Co., Ltd.	nitrogen	is discharged to Biquan Sewage Treatment Plant through municipal pipe		processing facilities in the factory, it is discharged to Biquan Sewage Treatment Plant					
C&S (Hubei) Paper Co., Ltd.	Waste gas - PM (particulate matter)	Dedusting by bag filter, desulfurization by limestone-gypsum and denitration by SNCR	1	One chimney	13.1 mg/Nm ³	30 mg/Nm ³	6.95t	28.63 t/a	None
C&S (Hubei) Paper Co., Ltd.	Waste gas - Sulfur dioxide	Dedusting by bag filter, desulfurization by limestone-gypsum and denitration by SNCR	1	One chimney	58 mg/Nm ³	200 mg/Nm ³	33.79t	203.87 t/a	None
C&S (Hubei) Paper Co., Ltd.	Waste gas - Nitrogen oxide	Dedusting by bag filter, desulfurization by limestone-gypsum and denitration by SNCR	1	One chimney	109 mg/Nm ³	200 mg/Nm ³	52.26t	239.85 t/a	None
C&S (Yunfu) Paper Co., Ltd.	Waste water - COD	Continuous discharge	1	Sewage treatment station in the factory	32.16mg/L	80mg/L	35.605t	197.1 t/a	None
C&S (Yunfu) Paper Co., Ltd.	Waste water - Ammonia nitrogen	Continuous discharge	1	Sewage treatment station in the factory	1.98mg/L	8mg/L	2.185t	19.76 t/a	None
C&S Paper Co., Ltd. Tangshan Branch	Waste water - COD	After being treated by the plant sewage treatment station, it is discharged to the Lvyuan Sewage Treatment Plant in the zone	1	The main outlet of the zone (Lvyuan Sewage Treatment Plant)	29.19mg/L	50mg/L	3.76t	16.5 t/a	None
C&S Paper Co., Ltd. Tangshan Branch	Waste water - Ammonia nitrogen	After being treated by the plant sewage treatment station, it is discharged	1	The main outlet of the zone (Lvyuan Sewage Treatment Plant)	0.576mg/L	5mg/L	0.078t	1.65 t/a	None

		to the Lyuan Sewage Treatment Plant in the zone							
C&S Paper Co., Ltd. Tangshan Branch	Waste gas - PM (particulate matter)	Discharge directly through the flue	1	One chimney	2.75 mg/Nm ³	5 mg/Nm ³	0.22t	2.46 t/a	None
C&S Paper Co., Ltd. Tangshan Branch	Waste gas - Nitrogen oxide	Discharge directly through the flue	1	One chimney	19.22 mg/Nm ³	30 mg/Nm ³	0.705t	18.46 t/a	None
C&S Paper Co., Ltd. Tangshan Branch	Waste gas - Sulfur dioxide	Discharge directly through the flue	1	One chimney	ND (not detected)	10 mg/Nm ³	0	6.15 t/a	None

Construction and operation of pollution prevention and control facilities

(1) Compliance obligation fulfillment: The Company and its subsidiaries strictly abide by national and local environmental laws and regulations; all new projects strictly implement the environmental impact assessment system and “three simultaneous” system; all production activities strictly comply with the *Environmental Protection Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and the *Action Plan for Prevention and Control of Water Pollution*, and ensure that all pollutant treatment and discharge are in line with the requirements of laws and regulations.

(2) Configuration and operation of water treatment equipment and facilities: Each subsidiary has a complete set of environmental protection treatment equipment and facilities. The main sewage treatment processes are anaerobic, aerobic and subsequent deep treatment processes, which can achieve the discharge standards of various sewage indicators. In addition, each subsidiary is equipped with a recycling water system, in which the reclaimed water that meets the usage standard is used for re-production to reduce the discharge of sewage as far as possible. The sewage of Jiangmen, Zhejiang, Hubei and Tangshan companies is discharged after centralized treatment in the company and treated by the local sewage treatment plants. After centralized treatment in the company, the sewage of Sichuan Company enters water purification station through urban sewage pipeline; the sewage of Yunfu Company, after treated by the company’s sewage treatment station and reaching the standard, is discharged in an organized manner.

(3) Online monitoring and operation of water treatment facilities: Five subsidiaries in Yunfu, Sichuan, Zhejiang, Hubei and Tangshan have all installed online sewage monitoring facilities, which are directly supervised by local environmental protection bureau. For Jiangmen Company, after the centralized treatment within the company, the sewage is discharged to the sewage plant of the local paper industry base; there is no other sewage outlet and no online monitoring facilities; third-party agencies have been invited to conduct monitoring each quarter, and the test data meet all requirements.

(4) Boiler waste gas emission: Sichuan Branch and Tangshan Branch are equipped with natural gas boilers. Hubei Branch is equipped with a coal-fired boiler, and waste gas is emitted uniformly after desulfurization and denitrification. Boiler waste gas emission conforms to GB13271-2014 *Emission Standard of Air Pollutants for Boiler*.

Environmental impact assessment of construction projects and other administrative permits for environmental protection

(1) Administrative permits: According to the Measures for the Administration of Pollutant Discharge Permit of the Ministry of Environmental Protection of the People's Republic of China, the applications were submitted to the Environmental Protection Bureau. All the subsidiaries attained the new pollutant discharge permit in 2017, and completed its renewal and change in May 2020.

(2) Construction projects: the Company has always been strictly in accordance with environmental laws and regulations to implement the control of construction projects. Environmental impact assessment was carried out for all construction projects and environmental protection project construction was arranged according to construction plan, to ensure that the environmental protection facilities and the main project are designed, constructed and put into use at the same time. At present, all construction projects put into production have completed environmental impact assessment and acceptance and approval.

Emergency plan for sudden environmental events

(1) Preparation and reporting of emergency plan for sudden environmental events: The Company strictly implements emergency response rules for sudden environmental events, and, in accordance with the technical requirements in the *Technical Guidelines for Preparation of Emergency Plans for Environmental Pollution Accidents*, employs a professional advisory and guidance organization to formulate the *Emergency Plan for Sudden Environmental Events*, which has been reviewed by and filed with the Environmental Protection Bureau.

(2) Emergency response supplies, training and drill: The Company has matched the corresponding emergency

response supplies according to the requirements of the *Emergency Plan for Sudden Environmental Events*. Emergency response measures for hazardous chemicals have been prepared according to environmental protection requirements, and necessary labor protection supplies and emergency response supplies have been provided in accordance with safety technical instructions, and checked and updated regularly. The Company regularly carries out emergency training and drill and suitability assessment of the emergency plan to ensure the effectiveness and enforceability of the emergency plan.

Environmental self-monitoring program

(1) Self-monitoring ledger: The Company strictly abides by laws and regulations, carries out self-monitoring work in accordance with environmental protection requirements, establishes environmental management ledger and data, and constantly improves it.

(2) Waste water monitoring: At present, self-monitoring is a combination of manual monitoring and automatic monitoring, and qualified units are entrusted to carry out monitoring regularly. Automatic monitoring projects: main discharge outlet of waste water (COD, ammonia nitrogen, flow rate, PH, total nitrogen); Manual monitoring projects: COD, BOD, ammonia nitrogen, SS, chroma, PH, total phosphorus and total nitrogen indicators are monitored daily; for other sewage monitoring items, uncontrolled emissions, solid waste and factory boundary noise, each subsidiary entrusts qualified units to carry out monitoring work monthly or quarterly according to the local environmental protection requirements.

(3) Waste gas monitoring: The main testing items are nitrogen oxide, ringelman emittance, sulfur dioxide and soot. The testing frequency is in compliance with the requirements of regulations.

(4) The self-monitoring data of pollutant discharge and environmental monitoring plans of each subsidiary are disclosed on the national key pollution source information disclosure website and the provincial key pollution source information disclosure website.

Administrative penalties due to environmental issues during the reporting period

Name of company or subsidiary	Reason of penalty	Violation	Penalty result	Impact on production and operation of the listed company	Rectification measures of the Company
None	None	None	None	None	None

Other environmental information that should be disclosed

None

Other relevant information on environmental protection

(1) Energy saving and emission reduction

The Company has always adhered to the concept of green and low-carbon development and integrates environmental protection into corporate development. In the process of production, the Company continuously modifies equipment and innovates in technologies, with power and steam consumption per ton of paper decreasing year by year. This could maximize energy saving and emission reduction on the basis of reducing costs, thereby realizing the win-win of economic and social benefits.

YoY reductions in standard coal converted from power/steam consumption per ton of paper 2017 - 2021 H1					
Item	January-June 2021	2020	2019	2018	2017
Standard coal reduction converted from power consumption per ton of paper	4	9	7	4	6
Standard coal reduction converted from steam consumption per ton of paper	7	16	20	11	20

(2) Carbon emission right trading

China's first emissions trading scheme (ETS) was launched in Shenzhen on June 18, 2013. Since then, Beijing, Tianjin, Shanghai, Guangdong, Hubei, Chongqing and other provinces and cities have rolled out pilot projects for carbon emission trading. Among the seven pilot regions, most of the provinces and cities issue quota to emission control enterprises free of charge. As a result, the primary market for quota trading adopts the method of administrative allocation. Wherein, Guangdong, Shenzhen and Hubei issue certain quotas to emission control enterprises through bidding.

As of December 31, 2020, Jiangmen production base and Yunfu production base have carbon emission quota. Hubei production base conducted budgeting and opened an account in 2020 and is expected to initiate quota and accounting in 2021. The provinces where other subsidiaries are located have not yet started to issue carbon emission quota and accounting.

Carbon trading status of Jiangmen and Yunfu production bases (Unit: 10,000 tons)				
Item	2019	2018	2017	2016
Actual emission of Jiangmen base	13.60	15.30	16.28	15.10
Emission quota of Jiangmen base	16.46	16.24	16.69	13.81
Actual emission of Yunfu base	20.43	14.86	12.13	/
Emission quota of Yunfu base	23.11	14.68	12.02	/

Note: The actual carbon emissions in 2020 will be announced after the audit agency completes calculation; according to actual energy control in production, it is expected that the actual emissions of Jiangmen and Yunfu production bases will be below the quota in 2020.

The actual emission of Jiangmen production base in 2016 was higher than the emission quota. Through

continuous energy saving and emission reduction measures, the base has continuously reduced power, steam and pulp consumption in production. As a result, the actual emissions in 2017, 2018 and 2019 were all below the quota. The actual emission of Yunfu production base in 2017 and 2018 was higher than the emission quota. Through continuous energy saving and emission reduction measures, the base has continuously reduced power, steam and pulp consumption in production. As a result, the actual emission in 2019 was below the quota.

The Company will continue to devote itself to energy-saving, emission-reduction and consumption-reduction actions and implement them simultaneously across the entire group, to fulfill its corporate social responsibilities for environmental protection.

II. Corporate Social Responsibilities

As a nation enterprise with important social influence and a leading enterprise in the household paper industry, the Company has actively fulfilled its corporate social responsibilities. Specifics are as follows:

1. In January 2021, Jiangmen C&S organized party members to visit local elderly in need and donated supplies worth RMB3,200.
2. In February 2021, the Company contributed materials worth more than RMB1 million to front-line pandemic control personnel in Shijiazhuang, Hebei Province. Hubei C&S donated C&S paper products equivalent to a value of RMB10,440 to Xiaonan District Fire Rescue Brigade as a way of respect to fire officers.
3. In March 2021, the Company helped international fight against the pandemic by giving 4 million pieces of medical masks to Russia, Pakistan, Myanmar and other “Belt and Road” countries. Party members of Jiangmen C&S volunteered in the afforestation activities of Yuqian Village and donated 3,000 saplings and supplies worth RMB8,200.
4. In April 2021, in joint efforts with Guangzhou Yuexiu District Center for Disease Control and Prevention, Guangzhou Emergency Broadcast of Guangzhou Traffic Radio FM106.1, and Guangzhou Charity Association, the Company donated 120,000 anti-pandemic kits (medical surgical masks + sterilization sanitary wipes) to Guangzhou.
5. In June 2021, Jiangmen C&S organized party members and visited local widows and lonely elderlies before the Dragon Boat Festival and donated a total of RMB4,182 in supplies. In addition, in order to support the education development of Shuangshui Town, Jiangmen C&S contributed RMB50,000 to Shuangshui Dr. Huang Kejing School for the purchase of smart blackboards.
6. During the period from January to June 2021, charitable funds of the Company provided assistance up to RMB250,000 to employees and people from the society, which helped 21 needy families and individuals.
7. In July 2021, the Company teamed up with several charitable organizations and contributed more than RMB1.6

million to disaster-stricken areas in Henan.

Section VI Significant Events

I. Commitments Completed by Actual Controllers, Shareholders, Related parties, Purchasers, or the Company within the Reporting Period and Commitments Not Fulfilled by the End of the Reporting Period

√ Applicable □ Not applicable

Cause of Commitment	Undertaking Party	Type of commitment	Content of commitment	Time of commitment	Term of commitment	Fulfillment of commitment
Share reform commitment						
Commitments in the acquisition report or the equity change report						
Commitments made during asset restructuring						
Commitments made during the initial public offering or refinancing	Directors, supervisors, and senior management		Directors, supervisors, and senior management promise that they will not transfer more than 25% of the total shares of the Company they hold each year during the term of office. If they leave office before the expiry of the term of office, they promise not to transfer more than 25% of the total shares of the Company they hold each year within the term of office and within six months after the term of office expires (which is agreed when they took office). Moreover, they will not transfer their shares of the Company within half a year after they leave office.	November 25, 2010	Long-term	Strictly observed
Equity incentive commitments	Liu Jinfeng		They promise not to sell all their shares (including shares obtained from exercise and other shares) within six months after the end of the exercise of the last stock options. Besides, they promise to strictly conform to stock trading-related laws and regulations.	November 12, 2020	During the implementation of the equity incentive plan	Strictly observed
	Dong Ye, Ye Longfang		They promise not to sell all their shares (including shares obtained from exercise and other shares)	June 25, 2021	During the implementation of the	Strictly observed

			within six months after the end of the exercise of the last stock options. Besides, they promise to strictly conform to stock trading-related laws and regulations.		equity incentive plan	
Other commitments to minority shareholders	Deng Yingzhong, Deng Guanbiao, Deng Guanjie, and Guangdong Zhongshun Paper Group Co., Ltd.		They promise not to compete with the Company in the same business.	January 1, 2009	Long-term	Strictly observed
	C&S Paper Co., Ltd.		Cash dividends shall be distributed when dividend conditions are met. The Board of Directors of the Company shall comprehensively consider industry characteristics, development stage, business model, profitability, and major capital spending (if any), distinguish the following circumstances, and propose differentiated cash dividend policies in compliance with the procedures stipulated in the <i>Articles of Association</i> .	August 28, 2014	Long-term	Strictly observed
	C&S Paper Co., Ltd.		The 2019 repurchase plan was terminated due to objective reasons. The Company will perform the necessary procedures and immediately restart the repurchase work upon the end of the exercise period.	May 21, 2020	Between the end of the repurchase plan and the start of the next repurchase plan (the Company reviewed and passed the share repurchase plan on January 5, 2021, and will continue the share repurchase plan)	Strictly observed
	Deng Yingzhong		He promises not to reduce any shares of the Company he holds within six months upon the completion of the share increase plan, not to engage in insider trading and short-term trading, and not to trade shares of the Company during sensitive	November 04, 2020	Within six months from the completion of the share increase plan	Strictly observed

			periods.			
	Deng Yingzhong		For all employees who purchase C&S Paper stocks (no less than 1,000 shares) between May 10 and May 31, 2021 and hold them continuously until May 30, 2022 while still serving in the Company by then, any losses incurred from the aforesaid stocks will be fully compensated by Mr. Deng Yingzhong while any profits generated will entirely belong to the employee.	May 07, 2021	May 10, 2021 - June 30, 2022	Strictly observed
	Deng Yingzhong, Deng Guanbiao, Deng Guanjie		They promise not to reduce or pledge any shares they hold directly or indirectly in the Company in any way from May 9, 2021 to May 30, 2022, including new shares added due to the transfer of capital reserve into share capital or distribution of stock dividends for the aforementioned shares during the commitment period. For any violation of the above commitment, all the incurred earnings will belong to the Company.	May 09, 2021	May 09, 2021 - May 30, 2022	Strictly observed
	Liu Peng, Chen Haiyuan, Liang Yongliang, Li Youquan, Yue Yong, Zhou Qichao, Ye Longfang, Dong Ye, Li Zhaojin, and Deng Wenxi		They promise not to reduce or pledge any shares they hold directly or indirectly in the Company from the date when the <i>Letter of Commitment</i> is signed (i.e. May 14, 2021) to December 31, 2021, including new shares added due to the transfer of capital reserve into share capital or distribution of stock dividends for the aforementioned shares during the commitment period. For any violation of the above commitment, all the incurred earnings will belong to the Company.	May 14, 2021	May 14, 2021 - December 31, 2021	Strictly observed
	Zhou Qichao		He promises not to reduce any shares he or his parents, spouse or children hold in the Company directly or indirectly in the Company in any way within 12 months from the last reduction of the Company's shares in 2021 (i.e. February 5, 2021), including new shares added due to the transfer of capital reserve into share capital or distribution of stock dividends for the aforementioned shares during the commitment period.	July 10, 2021	February 05, 2021 - February 4, 2022	Strictly observed

			For any violation of the above commitment, all the incurred earnings will belong to the Company.			
Whether commitments are fulfilled on time	Yes					

II. Appropriation of Funds for Non-operating Purposes by Controlling Shareholder and Its Related Parties

Applicable Not applicable

During the reporting period, the Company did not have any funds appropriated for non-operating purposes by the controlling shareholder and its related parties.

III. External Guarantee in Violation of Prescribed Procedures

Applicable Not applicable

During the reporting period, there was no external guarantee in violation of prescribed procedures.

IV. Engagement and Dismissal of Accounting Firm

Whether the Semi-annual Report has been audited

Yes No

The Semi-annual Report of the Company has not been audited.

V. Explanation by the Board of Directors and the Board of Supervisors of the “Non-standard Audit Report” for the Reporting Period Issued by the Accounting Firm

Applicable Not applicable

VI. Explanation by the Board of Directors of the “Non-standard Audit Report” of the Previous Year

Applicable Not applicable

VII. Matters relating to Bankruptcy and Restructuring

Applicable Not applicable

No bankruptcy and restructuring-related matters of the Company happened during the reporting period.

VIII. Litigations

Material litigations and arbitrations

Applicable Not applicable

There were no material litigations or arbitrations during the reporting period.

Other litigations

Applicable Not applicable

Basic information of the litigation (arbitration)	Amount involved (RMB 10,000)	Whether projected liabilities were incurred	Litigation (arbitration) progress	Hearing results and influences of the litigation (arbitration)	Execution of judgment of the litigation (arbitration)	Date of disclosure	Index of disclosure
Zhongshan Trading sued Shenzhen Yongxinghua Trading Co., Ltd., Feng, & Liang for a sales contract dispute	660.37	No	Both the first instance and the second instance ruled that Zhongshan Trading won the case.	The verdict of second instance came into force. Zhongshan Trading has applied for execution.	Ongoing		
Zhongshan Trading sued Guangzhou Yingjing Trade Co., Ltd. for a sales contract dispute	31.36	No	The first instance supported all the claims by Zhongshan Trading.	The verdict of first instance came into force. Zhongshan Trading has applied for execution.	The first round of execution ended. No properties have been recovered.		
Zhongshan Trading sued Shaoyang Jiahe Trading Co., Ltd. for a sales contract dispute	33.64	No	The first instance supported all the claims by Zhongshan Trading.	The verdict of first instance came into force. Zhongshan Trading has applied for execution.	The execution has been completed. All the payment has been recovered.		
Zhongshan Trading sued Shanghai Tongli Trading Co., Ltd. and eight natural person defendants including Liu for a sales contract dispute	2,932.01	No	Both the first instance and the second instance ruled that Zhongshan Trading won the case.	The verdict of second instance came into force. Zhongshan Trading has applied for execution.	The execution is in progress. RMB71,500 was recovered in June.		
Yin sued C&S Paper for a dispute over the right to health	30.25	No (Note: Whether projected liabilities will be incurred)	The first instance ruled that C&S won the case.	Wait for the verdict of the first instance.	Not applicable		

		cannot be determined prior to the verdict.)	The second instance sent the case back to the first instance court for a retrial. The first instance retrial has been opened. C&S is waiting for the verdict.				
Sichuan C&S sued Xi'an Minsheng Department Store Management Co., Ltd. for a contract dispute	5.65	No	The case was mediated and closed in the first instance.	Xi'an Minsheng has not fulfilled the repayment obligation in line with the paper of civil mediation. Sichuan C&S has applied for legal enforcement.	The first round of enforcement ended; RMB5,000 were recovered.		
Zhongshan Trading sued Guangzhou Jv Se Mai Ke Internet Service Co., Ltd. for a sales contract dispute	28.55	No	The verdict of first instance came into force.	The verdict of first instance came into force. Zhongshan Trading has applied for execution..	First round of execution ended. No fund was recovered.		
Xiaogan C&S sued Wuhan Xincheng Tongda Trading Co., Ltd. for a sales contract dispute	525.16	No	The case was mediated and closed in the first instance (with a mediation amount of RMB4,496,05235).	Xincheng Tongda has not fulfilled obligation in line with the paper of civil mediation. Xiaogan C&S has applied for legal enforcement..	Ongoing		
Sales contract dispute with Yu	31.08	No	The first instance has ruled in favor of the company.	Wait for the verdict to be served to the defendant. After the verdict comes into force, the company will apply for legal enforcement.	Not applicable		

IX. Penalty and Rectification

Applicable Not applicable

No penalties and rectifications of the Company occurred during the reporting period.

X. Integrity Records of the Company and its Controlling Shareholder and Actual Controller

Applicable Not applicable

XI. Material Related Party Transaction

1. Related party transactions relating to daily operations

Applicable Not applicable

Party of related party transaction	Related relationship	Type of related party transaction	Content of related party transaction	Pricing rules of related party transaction	Price of related party transactions	Amount of related party transaction (RMB10,000)	Proportion in the amount of similar transactions	Approved transaction limit (RMB10,000)	Whether to outstrip the approved limit	Settlement of related party transaction	Available market prices for similar transactions	Date of disclosure	Index of disclosure
Deng Yingzhong, Deng Guanbiao, Deng Guanjie	Actual controller of the Company	Lease	Rental	Market fair price	Market fair price	147.4	25.49%	294.81	No	Transfer settlement	Market fair price	December 06, 2019	2019-93
Deng Yingzhong, Deng Guanbiao, Deng Guanjie	Actual controller of the Company	Lease	Rental	Market fair price	Market fair price	16.68	2.88%	33.36	No	Transfer settlement	Market fair price	October 30, 2020	2020-82
Deng Yingzhong, Deng Guanbiao, Deng Guanjie	Actual controller of the Company	Lease	Rental	Market fair price	Market fair price	0.65	0.11%		Yes	Transfer settlement	Market fair price		
Pengzhou Lexiangshenghuo Trading Co., Ltd.	A company where the senior manager Yue Yong's son	Daily operation transaction	Sale of goods	Market fair price	Market fair price	79.64	0.02%	150	No	Transfer settlement	Market fair price	December 16, 2020	2020-99

	holds shares and serves as a supervisor												
Sichuan West Lexiang shenghuo Trading Co., Ltd.	A company where the senior manager Yue Yong's son holds shares and serves as a supervisor	Daily operation transaction	Sale of goods	Market fair price	Market fair price	28.91	0.01%	50	No	Transfer settlement	Market fair price	December 16, 2020	2020-99
Chongqing Qinyue Trading Co., Ltd.	A company where the senior manager Yue Yong's brother holds shares and serves as a supervisor	Daily operation transaction	Sale of goods	Market fair price	Market fair price		0.00%	100	No	Transfer settlement	Market fair price	December 16, 2020	2020-99
Total				--	--	273.28	--	628.17	--	--	--	--	--
Details of returns of large sales				Not applicable									
Where the total amount of daily related-party transactions occurred in the current period is estimated by category, actual performance during the reporting period (if any)				The excessive amounts of related party transaction of RMB6,500 in the reporting period is renting properties from related parties. It falls within the authority of the Chairman of the Company and can be implemented without the approval of the Board of Directors.									
Reason(s) for a large difference between the transaction price and the market reference price (if applicable)				Exercise at fair price									

2. Related party transactions relating to acquisition and sale of assets or equity

Applicable Not applicable

During the reporting period, there was no related party transaction relating to acquisition and sale of assets or equity.

3. Related party transactions relating to joint outbound investment

Applicable Not applicable

During the reporting period, there was no related party transaction relating to joint outbound investment.

4. Related party transactions relating to creditor's rights and debts

Applicable Not applicable

Whether there was non-operating related party transaction relating to creditor's rights and debts

Yes No

During the reporting period, there was no non-operating related party transaction relating to creditor's rights and debts.

5. Transactions with related party financial companies or financial companies controlled by the Company

Applicable Not applicable

The Company did not have deposit, loan, credit or other financial business transactions with financial companies that have related relationship, financial companies controlled by the Company and related parties.

6. Other significant related party transactions

Applicable Not applicable

During the reporting period, there were no other significant related party transactions.

XII. Significant Contracts and Their Performance

1. Custody, contracting and leasing matters

(1) Custody

Applicable Not applicable

During the reporting period, there was no custody.

(2) Contracting

Applicable Not applicable

During the reporting period, there was no contracting.

(3) Leasing

Applicable Not applicable

Description of leasing matters

On December 5, 2019, the Company convened the 19th meeting of the fourth session of the Board of Directors and the 16th meeting of the fourth session of the Board of Supervisors, on which the *Proposal on Daily Related Party Transactions in 2021* was reviewed and approved. Due to the needs of operation and business, the Board of Directors of the Company agreed that the Company and its wholly-owned subsidiary, Zhongshan Zhongshun Trading Co., Ltd., leased the real estate jointly owned by Mr. Deng Yingzhong, Mr. Deng Guanbiao and Mr. Deng Guanjie, the actual controllers of the Company. The lease term is from January 1, 2020 to December 31, 2021, and the total rent involved is RMB5,896,200. During the deliberation of this proposal, the Company's three related directors, Mr. Deng Yingzhong, Mr. Deng Guanbiao and Mr. Deng Guanjie, withdrew from voting, while the remaining six attending directors unanimously approved this related party transaction. The three independent directors of the Company respectively issued *Prior Approval Opinions* and *Opinions of Independent Directors* on the proposal, agreeing to submit the proposal to the Board of Directors for deliberation and agreeing to the related party transaction.

On October 29, 2020, the Company convened the 28th meeting of the fourth session of the Board of Directors and the 22nd meeting of the fourth session of the Board of Supervisors, on which the *Proposal on Adding to Related-Party Leasing Transactions* was reviewed and approved. The Board of Directors of the Company agreed that the Company's wholly-owned subsidiary, C&S (Yunfu) Paper Co., Ltd., leased the real estate jointly owned by the actual controllers of the Company Mr. Deng Yingzhong, Mr. Deng Guanbiao and Mr. Deng Guanjie to be used as its R&D center. The lease term is from November 1, 2020 to December 31, 2021, and the total rent involved is RMB389,300. During the deliberation of this proposal, the Company's three related directors, Mr. Deng Yingzhong, Mr. Deng Guanbiao and Mr. Deng Guanjie, withdrew from voting, while the remaining six attending directors unanimously approved this related party transaction. The three independent directors of the Company respectively issued *Prior Approval Opinions* and *Opinions of Independent Directors* on the proposal, agreeing to submit the proposal to the Board of Directors for deliberation and agreeing to the related party transaction.

The Company's holding subsidiary, Dolemi Sanitary Products Co., Ltd., leased the real estate jointly owned by

actual controllers of the Company Mr. Deng Yingzhong, Mr. Deng Guanbiao and Mr. Deng Guanjie to be used as residence. The lease term is from December 1, 2020 to December 31, 2021, and the total rent involved is RMB14,100. The amount of this related party transaction falls within the approval authority of the Company's Chairman and has been approved by the Chairman.

Projects whose profits or losses brought to the Company reached more than 10% of the total profits of the Company during the reporting period

Applicable Not applicable

During the reporting period, there were no leasing projects whose profits or losses brought to the Company reached more than 10% of the total profits of the Company during the reporting period.

2. Material guarantee

Applicable Not applicable

Unit: RMB10,000

External guarantee of the Company and subsidiaries (excluding guarantee for subsidiaries)										
Name of guarantee object	Disclosure date of relevant announcement on guarantee limit	Guarantee limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it has been completed	Whether it is related party guarantee
Wuhan Jie Rou E-commerce Co., Ltd.	December 06, 2019	8,000	September 23, 2020	4,610	Joint and several liability guarantee	None	Joint and several liability guarantee	2020.9.23-2021.9.4	No	No
Shanghai Junmeng E-commerce Co., Ltd.	December 06, 2019	13,000	October 16, 2020	4,480	Joint and several liability guarantee	None	Joint and several liability guarantee	2020.10.16-2021.9.4	No	No
Total approved amount of external guarantee during the reporting period (A1)				0	Total actual amount of external guarantee during the reporting period (A2)		0			
Total approved amount of external guarantee at the end of the reporting period (A3)				21,000	Total actual guarantee balance at the end of the reporting period (A4)		9,090			
Guarantee of the Company for subsidiaries										
Name of	Disclosure	Guarantee	Actual date	Actual	Guarantee	Collateral	Counter	Guarantee	Whether	Whether

guarantee object	date of relevant announcement on guarantee limit	limit	of occurrence	guarantee amount	type	(if any)	guarantee (if any)	period	it has been completed	it is related party guarantee
Zhongshan Trading	December 05, 2019	15,000	September 15, 2020	12,385.56	Joint and several liability guarantee	None	None	2020.9.15 - 2023.8.31	No	No
Zhongshan Trading	December 15, 2020	13,600	March 02, 2021	0	Joint and several liability guarantee	None	None	2021.3.2-2026.3.1	No	No
Zhongshan Trading	December 05, 2019	3,000	December 30, 2020	0	Joint and several liability guarantee	None	None	2020.12.30-2024.12.31	No	No
Zhongshan Trading	December 05, 2019	25,000	December 15, 2020	0	Joint and several liability guarantee	None	None	2020.12.15-2024.12.9	No	No
Zhongshan Trading	December 19, 2018	9,000	July 12, 2019	4,610	Joint and several liability guarantee	None	None	2019.7.12 - 2024.12.31	No	No
Jiangmen C&S	December 05, 2019	12,000	October 15, 2020	1,943.18	Joint and several liability guarantee	None	None	2020.10.15-2023.8.31	No	No
Jiangmen C&S	December 15, 2017	10,000	March 27, 2018	0	Joint and several liability guarantee	None	None	2018.3.27 - 2023.12.31	No	No
Jiangmen C&S	December 15, 2020	12,000	January 04, 2021	4,648.97	Joint and several liability guarantee	None	None	2021.1.4-2023.11.01	No	No
Jiangmen C&S	December 05, 2019	10,000	November 16, 2020	1,382.68	Joint and several liability guarantee	None	None	2020.11.26-2023.11.25	No	No
Jiangmen C&S	December 15, 2020	15,000	May 13, 2021	0	Joint and several liability guarantee	None	None	2021.5.13 - 2024.3.30	No	No
Jiangmen C&S	December 05, 2019	5,000	December 23, 2020	0	Joint and several liability guarantee	None	None	2020.12.23-2025.12.23	No	No
Jiangmen C&S	December 15, 2017	16,000	May 30, 2018	0	Joint and several liability	None	None	2018.5.30 - 2023.5.30	No	No

					guarantee					
Yunfu C&S	December 05, 2019	8,000	April 14, 2020	0	Joint and several liability guarantee	None	None	2020.4.14 - 2028.4.14	No	No
Yunfu C&S	December 05, 2019	5,000	November 20, 2020	800	Joint and several liability guarantee	None	None	2020.11.20 - 2023.12.31	No	No
Yunfu C&S	December 05, 2019	10,000	October 15, 2020	4,076.71	Joint and several liability guarantee	None	None	2020.10.15 - 2023.8.31	No	No
Yunfu C&S	December 05, 2019	10,000	October 15, 2020	1,160.02	Joint and several liability guarantee	None	None	2020.11.16 - 2023.11.15	No	No
Yunfu C&S	December 15, 2020	15,000	May 13, 2021	0	Joint and several liability guarantee	None	None	2021.5.13 - 2024.3.30	No	No
Yunfu C&S	December 15, 2020	7,000	January 04, 2021	1,722.39	Joint and several liability guarantee	None	None	2021.1.4 - 2023.11.01	No	No
Hubei C&S	December 05, 2019	10,000	February 25, 2020	0	Joint and several liability guarantee	None	None	2020.2.25 - 2025.12.4	No	No
Zhongshan Trading, Hubei C&S, and Macao C&S	December 15, 2020	9,705.6	June 01, 2021	4,906.41	Joint and several liability guarantee	None	None	2021.6.1 - 2023.4.22	No	No
Jiangmen C&S, Yunfu C&S, Hubei C&S	December 19, 2018	25,000	January 08, 2019	19.18	Joint and several liability guarantee	None	None	2019.1.8 - 2022.1.8	No	No
C&S Hong Kong, Zhong Shun International, Macao C&S	December 05, 2019	32,352	July 08, 2020	482.57	Joint and several liability guarantee	None	None	2020.7.8 - 2024.7.31	No	No
C&S Hong Kong, Zhong Shun International	December 05, 2019	16,913.96	March 20, 2020	1,341.23	Joint and several liability guarantee	None	None	2020.3.20 - 2022.9.19	No	No

C&S Hong Kong,, Macao C&S	December 15, 2020	33,328	March 17, 2021	2,523.47	Joint and several liability guarantee	None	None	2021.3.17 - 2025.12.31	No	No
C&S Hong Kong, Zhong Shun International, Macao C&S	December 05, 2019	41,087.04	February 12, 2020	11,396.07	Joint and several liability guarantee	None	None	2020.2.12 - 2022.2.12	No	No
C&S Hong Kong, Macao C&S	December 05, 2019	12,940.8	February 25, 2020	2,463.14	Joint and several liability guarantee	None	None	2020.2.25 - 2022.2.25	No	No
C&S Hong Kong,, Macao C&S	December 05, 2019	6,470.4	November 12, 2020	0	Joint and several liability guarantee	None	None	2020.11.12 - 2024.3.1	No	No
C&S Hong Kong,, Macao C&S	December 05, 2019	15,528.96	March 27, 2020	1,110.43	Joint and several liability guarantee	None	None	2020.3.27 - 2023.2.19	No	No
C&S Hong Kong, Zhong Shun International, Macao C&S	December 15, 2017	17,997.12	September 28, 2018	0	Joint and several liability guarantee	None	None	2018.9.28 - 2022.8.31	No	No
C&S Hong Kong, Zhong Shun International, Macao C&S	December 05, 2019	19,411.2	January 30, 2020	609.5	Joint and several liability guarantee	None	None	2020.1.30 - 2023.1.30	No	No
Macao C&S	December 15, 2017	7,117.44	March 23, 2018	1,553.22	Joint and several liability guarantee	None	None	2018.3.23 - 2022.9.23	No	No
Macao C&S	December 15, 2017	7,000	August 15, 2018	794.98	Joint and several liability guarantee	None	None	2018.8.15 - 2025.8.15	No	No
Macao C&S	December 15, 2020	6,470.4	March 30, 2021	1,009.38	Joint and several liability guarantee	None	None	2021.3.30 - 2024.3.30	No	No
C&S Hong Kong, Zhong Shun International	December 05, 2019	22,646.4	September 01, 2020	2,690.1	Joint and several liability guarantee	None	None	2020.9.1 - 2022.7.9	No	No

I, Macao C&S										
C&S Hong Kong	December 05, 2019	14,105.47	July 01, 2020	11,376.24	Joint and several liability guarantee	None	None	2020.7.1-2022.6.30	No	No
Macao C&S	December 05, 2019	27,046.27	July 01, 2020	8,717.77	Joint and several liability guarantee	None	None	2020.7.1-2022.6.30	No	No
Total approved amount of guarantee for subsidiaries during the reporting period (B1)		112,104		Total actual amount of guarantee for subsidiaries during the reporting period (B2)						14,810.62
Total approved amount of guarantee for subsidiaries at the end of the reporting period (B3)		525,721.06		Total actual guarantee balance to subsidiaries at the end of the reporting period (B4)						83,723.2
Guarantee of subsidiaries to subsidiaries										
Name of guarantee object	Disclosure date of relevant announcement on guarantee limit	Guarantee limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it has been completed	Whether it is related party guarantee
Total amount of the Company's guarantee (the sum of the first three items)										
Total approved amount of guarantee during the reporting period (A1 + B1 + C1)		112,104		Total actual amount of guarantee during the reporting period (A2 + B2 + C2)						14,810.62
Total approved amount of guarantee at the end of the reporting period (A3 + B3 + C3)		546,721.06		Total actual guarantee balance at the end of the reporting period (A4+B4+C4)						92,813.2
Proportion of the total actual amount of guarantee (A4 + B4 + C4) in the net assets of the Company										19.13%
Wherein:										
Balance of guarantee for shareholders, actual controllers and their related parties (D)										0
Balance of debt guarantee provided directly or indirectly for objects whose asset-liability ratio exceeds 70% (E)										0
Amount of guarantees in excess of 50% of net assets (F)										31,011.15
Total amount of the above three guarantees (D + E + F)										31,011.15
Description of situations that the guarantee liability has occurred or there is evidence showing that the Company may be jointly and severally liable for undue guarantee contracts during the reporting period (if any)				None						

Description of providing external guarantee in violation of prescribed procedures (if any)	No
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Detailed description on the guarantees with different types: None

3. Entrusted wealth management

Applicable Not applicable

Unit: RMB10,000

Specific type	Source of entrusted wealth management funds	Incurred amount of entrusted wealth management	Undue balance	Amount overdue but not recovered	Amount overdue but not recovered with impairment having been accrued
Wealth management product of bank	Self-owned fund	1,000	0	0	0
Wealth management product of securities company	Self-owned fund	9,500	0	0	0
Total		10,500	0	0	0

Explanation of high-risk entrusted wealth management with large individual amount or low safety, poor liquidity and no principal guarantee

Applicable Not applicable

Entrusted wealth management is expected to fail to recover the principal or there are other circumstances that may lead to impairment

Applicable Not applicable

4. Significant contracts for daily operation

Applicable Not applicable

5. Other significant contracts

Applicable Not applicable

There were no other significant contracts during the reporting period.

XIII. Other Significant Events

Applicable Not applicable

No.	Announcement time	Announcement name	Announcement	Disclosure media
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			number	
1	January 06, 2021	<i>Announcement on Resolutions of the 30th Meeting of the Fourth Session of the Board of Directors</i>	2021-01	Securities Times, Securities Daily, China Securities Journal, and CNINF
2	January 06, 2021	<i>Announcement on Resolutions of the 24th Meeting of the Fourth Session of the Board of Supervisors</i>	2021-02	
3	January 06, 2021	<i>Announcement on the Re-election of the Board of Directors</i>	2021-03	
4	January 06, 2021	<i>Announcement on the Re-election of the Board of Supervisor</i>	2021-04	
5	January 06, 2021	<i>Plan of the Company for Repurchasing Partial Public Shares</i>	2021-05	
6	January 06, 2021	<i>Notice on Convening 2021 First Extraordinary General Meeting</i>	2021-06	
7	January 06, 2021	<i>Announcement on Completion of Stock Sales and Termination of Phase II Employee Stock Ownership Plan</i>	2021-07	
8	January 06, 2021	<i>Announcement on Pre-disclosure of the Share Reduction Plan by Senior Management of the Company</i>	2021-08	
9	January 09, 2021	<i>Announcement on Shareholding Information of the Top Ten Shareholders in Matters Relevant to Share Repurchase</i>	2021-09	
10	January 09, 2021	<i>Share Repurchase Report</i>	2021-10	
11	January 14, 2021	<i>Announcement on Resolutions of the 31st Meeting of the Fourth Session of the Board of Directors</i>	2021-11	
12	January 14, 2021	<i>Announcement on Resolutions of the 25th Meeting of the Fourth Session of the Board of Supervisors</i>	2021-12	
13	January 14, 2021	<i>Announcement of the Company on Building a New 400,000-ton High-grade Household Paper Project</i>	2021-13	
14	January 14, 2021	<i>Announcement on Use of Self-owned Idle Funds for Reverse Repo of Treasury Bonds in 2021</i>	2021-14	
15	January 14, 2021	<i>Notice on Convening 2021 Second Extraordinary General Meeting</i>	2021-15	
16	January 14, 2021	<i>Announcement on the Re-election of the Employee Representative Supervisors</i>	2021-16	
17	January 15, 2021	<i>Announcement on Wholly-owned Subsidiary Obtaining the High-tech Enterprise Certificate (Renewal)</i>	2021-17	
18	January 22, 2021	<i>Announcement on Resolutions of 2021 First Extraordinary General Meeting of Shareholders</i>	2021-18	
19	January 22, 2021	<i>Announcement on Resolutions of the 1st Meeting of the Fifth Session of the Board of Directors</i>	2021-19	
20	January 22, 2021	<i>Announcement on Resolutions of the 1st Meeting of the Fifth Session of the Board of Supervisors</i>	2021-20	
21	January 22, 2021	<i>Announcement on the Appointment of Senior Managers</i>	2021-21	
22	January 22, 2021	<i>Announcement on the Appointment of the Person in Charge of the Audit Dept. and the Representative of Securities Affairs</i>	2021-22	
23	January 22, 2021	<i>Announcement on the Completion of Industrial and Commercial Registration Amendment of Subsidiaries</i>	2021-23	
24	January 28, 2021	<i>Announcement on the First Repurchase of Company Shares</i>	2021-24	
25	January 29, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-25	
26	January 30, 2021	<i>Announcement on Resolutions of 2021 Second Extraordinary General Meeting of Shareholders</i>	2021-26	
27	January 30, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-27	
28	February 03, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-28	
29	February 05, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-29	
30	February 06, 2021	<i>Announcement on Completion of the Share Reduction Plan by Senior Management of the Company</i>	2021-30	
31	February 27, 2021	<i>Announcement on Investment and Establishment of a Wholly-owned</i>	2021-31	

		<i>Subsidiary and Completion of Industrial and Commercial Registration</i>	
32	February 27, 2021	<i>Annual Performance Bulletin 2020</i>	2021-32
33	March 03, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-33
34	March 04, 2021	<i>Announcement on Completion of the Industrial and Commercial Registration Amendment of the Company</i>	2021-34
35	March 04, 2021	<i>Announcement on the Repurchase and Deregistration Completion of Reserved Restricted Stocks Awarded in the First Grant under the 2018 Stock Option and Restricted Stock Incentive Plan</i>	2021-35
36	March 06, 2021	<i>Announcement on Independent Directors Obtaining the Qualification Certificate for Independent Directors</i>	2021-36
37	March 06, 2021	<i>Announcement on the Early Termination of the Share Reduction Plan by Directors and Senior Management of the Company</i>	2021-37
38	March 10, 2021	<i>Announcement on the Completion of Industrial and Commercial Registration Amendment of Wholly-owned Subsidiary</i>	2021-38
39	March 16, 2021	<i>Announcement on the Progress of the New 400,000-ton High-grade Household Paper Project</i>	2021-39
40	March 19, 2021	<i>Announcement on Resignation of the Company's Director</i>	2021-40
41	March 23, 2021	<i>Announcement on Resolutions of the 2nd Meeting of the Fifth Session of the Board of Directors</i>	2021-41
42	March 23, 2021	<i>Announcement on By-election of Non-Independent Directors of the Fifth Session of the Board of Directors</i>	2021-42
43	March 23, 2021	<i>Announcement on Change of President of the Company</i>	2021-43
44	March 23, 2021	<i>Announcement on the Additional Appointment of the Representative of Securities Affairs</i>	2021-44
45	March 23, 2021	<i>Notice on Convening the 2021 Third Extraordinary General Meeting</i>	2021-45
46	March 24, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-46
47	March 25, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-47
48	April 06, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-48
49	April 08, 2021	<i>Announcement on Resolutions of the 2021 Third Extraordinary General Meeting</i>	2021-49
50	April 10, 2021	<i>Announcement on Acceptance Completion of Phase II of Hubei New Project</i>	2021-50
51	April 13, 2021	<i>Announcement on Resolutions of 3rd Meeting of the Fifth Session of the Board of Directors</i>	2021-51
52	April 13, 2021	<i>Announcement on Change of Chairman of the Company</i>	2021-52
53	April 13, 2021	<i>Announcement on Appointment of the Vice President of the Company</i>	2021-53
54	April 29, 2021	<i>Announcement on Resolutions of the 4th Meeting of the Fifth Session of the Board of Directors</i>	2021-54
55	April 29, 2021	<i>Announcement on Resolutions of the 2nd Meeting of the Fifth Session of the Board of Supervisors</i>	2021-55
56	April 29, 2021	<i>Summary of Annual Report 2020</i>	2021-56
57	April 29, 2021	<i>Announcement on the Proposal on 2020 Profit Distribution Plan</i>	2021-57
58	April 29, 2021	<i>Announcement on Appointment of the Vice President of the Company</i>	2021-58
59	April 29, 2021	<i>Notice on Convening 2020 Annual General Meeting</i>	2021-59
60	April 29, 2021	<i>Notice on Convening the Online Performance Presentation for Annual Report 2020</i>	2021-60
61	April 29, 2021	<i>Text of the First Quarter Report 2021</i>	2021-61
62	April 29, 2021	<i>Announcement on Resignation of the Director and Co-president of the</i>	2021-62

		<i>Company</i>	
63	May 06, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-63
64	May 07, 2021	<i>Announcement on Wholly-owned Subsidiary Obtaining the High-tech Enterprise Certificate (Renewal)</i>	2021-64
65	May 08, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-65
66	May 10, 2021	<i>Announcement on the Issuance of a Proposal by Chairman and Actual Controllers of the Company to All Employees for Increasing Shareholding of the Company</i>	2021-66
67	May 10, 2021	<i>Announcement on Commitments by Actual Controllers of the Company of Not Reducing or Pledging Shares of the Company</i>	2021-67
68	May 13, 2021	<i>Announcement on Increase of Company Shares by Senior Management and Supervisors of the Company</i>	2021-68
69	May 14, 2021	<i>Announcement on Increase of Company Shares by Chairman and Senior Management of the Company</i>	2021-69
70	May 19, 2021	<i>Announcement on Increase of Company Shares by Senior Management and Supervisors of the Company</i>	2021-70
71	May 19, 2021	<i>Reply to the Letter of Concern from Shenzhen Stock Exchange</i>	2021-71
72	May 20, 2021	<i>Announcement on Resolutions of 2020 Annual General Meeting of Shareholders</i>	2021-72
73	May 22, 2021	<i>Announcement on Resolutions of the 5th Meeting of the Fifth Session of the Board of Directors</i>	2021-73
74	May 22, 2021	<i>Announcement on Resolutions of the 3rd Meeting of the Fifth Session of the Board of Supervisors</i>	2021-74
75	May 22, 2021	<i>Announcement on Adjusting the Price and Amount of the Company's Share Repurchase</i>	2021-75
76	May 22, 2021	<i>Announcement on Changes to Accounting Policies</i>	2021-76
77	May 22, 2021	<i>Announcement on Change of the Person in Charge of the Audit Dept. of the Company</i>	2021-77
78	May 22, 2021	<i>Announcement on Continued Engagement of the Accounting Firm</i>	2021-78
79	May 22, 2021	<i>Announcement on Amending the Articles of Association of the Company</i>	2021-79
80	May 22, 2021	<i>Announcement on Achieving the Unlock Conditions of the Second Unlock Period for Restricted Stocks Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan</i>	2021-80
81	May 22, 2021	<i>Announcement on Achieving the Exercise Conditions of the Second Exercise Period for Stock Options Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan</i>	2021-81
82	May 22, 2021	<i>Announcement on the Repurchase and Deregistration of Partial Restricted Stocks Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan</i>	2021-82
83	May 22, 2021	<i>Announcement on the Deregistration of Partial Stock Options Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan</i>	2021-83
84	May 22, 2021	<i>Notice on Convening the 2021 Fourth Extraordinary General Meeting</i>	2021-84
85	May 29, 2021	<i>Announcement on Increase of Company Shares by Supervisors of the Company</i>	2021-85
86	June 02, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-86
87	June 03, 2021	<i>Indicative Announcement on Convening the 2021 Fourth Extraordinary General Meeting</i>	2021-87
88	June 05, 2021	<i>Announcement on Completion of the Industrial and Commercial Registration Amendment of the Company</i>	2021-88
89	June 08, 2021	<i>Announcement on Resolutions of the 2021 Fourth Extraordinary</i>	2021-89

		<i>General Meeting</i>		
90	June 08, 2021	<i>Announcement on Capital Reduction</i>	2021-90	
91	June 08, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-91	
92	June 08, 2021	<i>Announcement on Progress of Repurchase of Company Shares</i>	2021-92	
93	June 11, 2021	<i>Announcement on Implementation of 2020 Annual Equity Allocation</i>	2021-93	
94	June 19, 2021	<i>Announcement on Resolutions of the 6th Meeting of the Fifth Session of the Board of Directors</i>	2021-94	
95	June 19, 2021	<i>Announcement on Resolutions of the 4th Meeting of the Fifth Session of the Board of Supervisors</i>	2021-95	
96	June 19, 2021	<i>Announcement on Adjusting the Exercise Price of Stock Options under 2018 Stock Option and Restricted Stock Incentive Plan</i>	2021-96	
97	June 28, 2021	<i>Indicative Announcement on Adopting the Autonomous Exercise Mode in the Second Exercise Period for Stock Options Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan</i>	2021-97	
98	June 28, 2021	<i>Indicative Announcement on Lifting the Sales Restrictions in the Second Unlock Period for Restricted Stocks Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan</i>	2021-98	

XIV. Significant Events of Subsidiaries of the Company

√ Applicable □ Not applicable

No.	Announcement time	Announcement name	Announcement number	Disclosure media
1	January 15, 2021	<i>Announcement on Wholly-owned Subsidiary Obtaining the High-tech Enterprise Certificate (Renewal)</i>	2021-17	<i>Securities Times, Securities Daily, China Securities Journal, and CNINF</i>
2	January 22, 2021	<i>Announcement on the Completion of Industrial and Commercial Registration Amendment of Subsidiaries</i>	2021-23	
3	February 27, 2021	<i>Announcement on Investment and Establishment of a Wholly-owned Subsidiary and Completion of Industrial and Commercial Registration</i>	2021-31	
4	March 10, 2021	<i>Announcement on the Completion of Industrial and Commercial Registration Amendment of Wholly-owned Subsidiary</i>	2021-38	
5	May 07, 2021	<i>Announcement on Wholly-owned Subsidiary Obtaining the High-tech Enterprise Certificate (Renewal)</i>	2021-64	

Section VII Changes in Shareholding and Information of Shareholders

I. Changes in Share Capital

1. Changes in shares

Unit: share

	Before change		Increase/decrease (+, -) of this change					After change	
	Number	Percentage	New shares issued	Bonus shares	Shares transferred from surplus reserve	Others	Subtotal	Number	Percentage
I. Shares subject to selling restrictions	36,858,323	2.81%	75,000			-7,165,895	-7,090,895	29,767,428	2.27%
1. Shares held by the state									
2. Shares held by state-owned legal person									
3. Shares held by other domestic shareholders	34,906,289	2.66%				-7,283,961	-7,283,961	27,622,328	2.11%
Including: Shares held by domestic legal persons									
Shares held by domestic natural persons	34,906,289	2.66%				-7,283,961	-7,283,961	27,622,328	2.11%
4. Shares held by foreign shareholders	1,952,034	0.15%	75,000			118,066	193,066	2,145,100	0.16%
Including: Shares held by foreign legal persons									
Shares held by foreign natural persons	1,952,034	0.15%	75,000			118,066	193,066	2,145,100	0.16%
II. Shares without selling restrictions	1,274,840,644	97.19%	386,478			6,954,005	7,340,483	1,282,181,127	97.73%
1. RMB-denominated ordinary shares	1,274,840,644	97.19%	386,478			6,954,005	7,340,483	1,282,181,127	97.73%
2. Domestic listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of	1,311,698,967	100.00%	461,478			-211,890	249,588	1,311,948,555	100.00%

shares									
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Explanation on changes in shares

Applicable Not applicable

1. During January 1, 2021 and February 28, 2021, vesting incentive recipients of stock options awarded in the first grant and reserved stock options under the *2018 Stock Option and Restricted Stock Incentive Plan* exercised the right of 461,478 shares. As a result, the Company's total share capital increased by 461,478 shares.

2. During the first unlock period for restricted shares awarded in the first grant under the *2018 Stock Option and Restricted Stock Incentive Plan*, 24 incentive recipients were unable to unlock the shares since they left the Company or failed to pass performance appraisal or unable to unlock all the shares since they passed the performance appraisal but failed to get a full mark and therefore could only unlock shares proportioned to their mark. As a result, the Company had to repurchase and cancel a total of 211,890 restricted shares that had been granted but not unlocked. The deregistration procedures for the aforementioned restricted shares had been completed at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited as at March 3, 2021. As a result, the Company's total share capital decreased by 211,890 shares.

Approval of changes in shares

Applicable Not applicable

1. The Board of Directors' disposition of the repurchase and deregistration matters for the first unlocking of reserved restricted shares under the *2018 Stock Option and Restricted Stock Incentive Plan* had been authorized by the 2019 First Extraordinary General Meeting and reviewed and approved by the 28th meeting of the fourth session of the Board of Directors and 22nd meeting of the fourth session of the Board of Supervisors.

2. The Board of Directors' disposition of the exercise matters for the first exercise period of restricted stock options awarded in the first grant and reserved stock options under the *2018 Stock Option and Restricted Stock Incentive Plan* had been authorized by the 2019 First Extraordinary General Meeting and reviewed and approved by the 23rd meeting of the fourth session of the Board of Directors, the 19th meeting of the fourth session of the Board of Supervisors, the 28th meeting of the fourth session of the Board of Directors, and the 22nd meeting of the fourth session of the Board of Supervisors.

Transfer of title of changed shares

Applicable Not applicable

Implementation of share repurchase

Applicable Not applicable

On January 5, 2021, the Company held the 30th meeting of the fourth session of the Board of Directors which reviewed and passed the *Proposal on Share Repurchase of the Company*. The Company plans to repurchase shares of the Company via centralized bidding transaction, with a total amount of RMB180million (inclusive) to RMB360 million (inclusive). The repurchase price shall not outstrip RMB31.515/share (inclusive). All shares to be repurchased will be used for equity incentives or employee stock ownership plans.

On May 21, 2021, the Company held the fifth meeting of the fifth session of the Board of Directors which reviewed and passed the *Proposal on Adjusting the Price and Amount of the Company's Share Repurchase*. Taking into account positive changes in the capital market and the Company's share price and based on confidence in operations and future business development, the Company adjusts the upper price limit of the share repurchase from RMB31.515/share (inclusive) to RMB45/share (inclusive) and the amount range from RMB180-360 million to RMB330-660 million. This could ensure the smooth implementation of the share repurchase and relevant incentive matters in the future.

From January 27 to June 30, 2021, the Company repurchased a total of 18,535,177 shares through its special repurchase securities account, accounting for 1.4128% of its total share capital at the time. The highest and lowest transaction price was RMB34.50/share and RMB23.27/share, respectively, and the total transaction amount was RMB532,605,631.96 (excluding transaction fee).

Implementation of share repurchase by centralized bidding

Applicable Not applicable

Impact of share changes on basic earnings per share and diluted earnings per share, net assets per share attributable to ordinary shareholders of the Company, and other financial indicators in last year and the latest period

Applicable Not applicable

Other contents considered necessary by the Company or required to be disclosed by the securities regulatory authority

Applicable Not applicable

2. Changes in shares subject to selling restrictions

Applicable Not applicable

Unit: share

Shareholder's name	Number of shares subject to selling restrictions at the beginning of the period	Number of shares released from selling restrictions during the period	Increase in shares subject to selling restrictions during the period	Number of shares subject to selling restrictions at the end of the year	Reason for Selling restrictions	Date of release from selling restrictions
Deng Yingzhong	5,064,608			5,064,608	Lock-up shares of senior management	Long-term
Deng Guanbiao	3,718,105			3,718,105	Lock-up shares of senior management	Long-term
Deng Guanjie	900,730			900,730	Lock-up shares of senior management	Long-term
Liu Peng			45,975	45,975	Lock-up shares of senior management; the increase in restricted shares is due to the proportional locking of shareholding increase	Long-term
Liu Jinfeng	1,579,475	527,563		1,051,912	Lock-up shares of senior management	Long-term
Chen Haiyuan			12,675	12,675	Lock-up shares of senior management; the increase in restricted shares is due to the proportional locking of shareholding increase	Long-term
Li Youquan	33,300			33,300	Lock-up shares of senior management	Long-term
Yue Yong	9,261,243	2,127,937	330,000	7,463,305	Lock-up shares of senior management; the increase in restricted shares is due to the proportional locking of unlocked restricted shares	Long-term
Zhou Qichao Zhou Qichao	497,754	123,750		374,004	Lock-up shares of senior management	Long-term
Ye Longfang Ye Longfang	112,500			112,500	Lock-up shares of senior management	Long-term
Dong Ye	119,794	53,250	45,000	111,544	Lock-up shares of senior management; the increase in restricted shares is due to the proportional locking of unlocked restricted shares	Long-term
Li Zhaojin			8,100	8,100	Lock-up shares of senior management; the increase in	Long-term

					restricted shares is due to the proportional locking of shareholding increase	
Deng Wenxi			15,825	15,825	Lock-up shares of senior management; the increase in restricted shares is due to the proportional locking of shareholding increase	Long-term
Dai Zhenji	265,034		304,966	570,000	Lock-up shares of senior management; no share reduction within 6 months upon leaving the post, with all shares being locked	Release of selling restrictions in accordance with relevant regulations
Equity incentive recipients	15,305,780	5,020,935		10,284,845	In accordance with <i>2018 Stock Option and Restricted Stock Incentive Plan (Draft)</i> , the second unlocking was conducted for restricted stocks of some incentive recipients awarded in the first grant, with an unlocking ratio of 30%. The second and third unlocking for reserved stocks has not been conducted.	Pursuant to <i>2018 Stock Option and Restricted Stock Incentive Plan (Draft)</i>
Total	36,858,323	7,853,435	762,541	29,767,428	--	--

II. Issuance and Listing of Securities

Applicable Not applicable

III. Total Number of Shareholders and Shareholding

Unit: share

Total number of ordinary shareholders as at the end of the reporting period		75,430		Total number of preferred shareholders whose voting rights were resumed at the end of the reporting period (if any) (see Note VIII)		0		
Shareholdings of ordinary shareholders with more than 5% or the top 10 ordinary shareholders								
Name of shareholder	Nature of shareholder	Share holding percentage (%)	Number of ordinary shares held at the end of the reporting period	Increase/decrease during the reporting period	Number of ordinary shares held subject to selling restrictions	Number of ordinary shares held without selling restrictions	Pledged, marked or frozen	
							Share status	Number of shares

Guangdong Zhongshun Paper Group Co., Ltd.	Domestic non-state-owned legal person	28.63 %	375,655,958			375,655,958		
Chung Shun Co.	Foreign legal person	20.31 %	266,504,789			266,504,789		
Hong Kong Securities Clearing Co., Ltd.	Foreign legal person	7.12%	93,436,636			93,436,636		
National Social Security Fund Portfolio 406	Others	1.00%	13,112,327			13,112,327		
ICBC - Fuguo Tianhui Select Growth Hybrid Securities Investment Fund (LOF)	Others	0.79%	10,303,557			10,303,557		
Yue Yong	Domestic natural person	0.74%	9,665,241		7,903,305	1,761,936		
CCB - Fuguo Value Creation Hybrid Securities Investment Fund	Others	0.74%	9,664,807			9,664,807		
CITIC Securities - CITIC Bank - CITIC Securities Outstanding Growth Two-Year Holding Period Hybrid Collective Asset Management Plan	Others	0.68%	8,958,645			8,958,645		
Taikang Life Insurance - Unit-linked - Innovation Power	Others	0.67%	8,773,968			8,773,968		
National Social Security Fund Portfolio 101	Others	0.59%	7,749,378			7,749,378		
Description on the related relationship or parties acting-in-concert arrangements among the above shareholders	<p>1. Among the top ten shareholders mentioned above, Guangdong Zhongshun Paper Group Co., Ltd. and Chung Shun Co. are the enterprises controlled by actual controllers of the Company, i.e. Deng Yingzhong, Deng Guanbiao and Deng Guanjie. That is, Guangdong Zhongshun Paper Group Co., Ltd. and Chung Shun Co. are related parties. Mr. Yue Yong is an incumbent senior manager of the Company.</p> <p>2. It is unknown to the Company whether there is related party relationship among other shareholders, or whether there is acting-in-concert among other shareholders as stipulated in the <i>Administrative Measures for the Disclosure of Information on Changes</i></p>							

	<i>in Shareholders' Shareholding of Listed Companies.</i>		
Description on entrusting/being entrusted with voting rights and waiver of voting rights by the aforementioned shareholders:	None		
Description on special repurchase account among top 10 shareholders (if any) (see note 11)	There is a special repurchase account "C&S Paper Special Repurchase Securities Account" among the top 10 shareholders. As of the end of the reporting period, this repurchase account held 20,431,077 shares, with a shareholding ratio of 1.56%. Pursuant to relevant regulations, it is not included in the list of top 10 shareholders.		
Shareholdings of top 10 ordinary shareholders not subject to selling restrictions			
Name of shareholder	Number of ordinary shares held at the end of the reporting period not subject to selling restrictions	Type of shares	
		Type of shares	Number of shares
Guangdong Zhongshun Paper Group Co., Ltd.	375,655,958	RMB-denominated ordinary shares	375,655,958
Chung Shun Co.	266,504,789	RMB-denominated ordinary shares	266,504,789
Hong Kong Securities Clearing Co., Ltd.	93,436,636	RMB-denominated ordinary shares	93,436,636
National Social Security Fund Portfolio 406	13,112,327	RMB-denominated ordinary shares	13,112,327
ICBC - Fuguo Tianhui Select Growth Hybrid Securities Investment Fund (LOF)	10,303,557	RMB-denominated ordinary shares	10,303,557
CCB - Fuguo Value Creation Hybrid Securities Investment Fund	9,664,807	RMB-denominated ordinary shares	9,664,807
CITIC Securities - CITIC Bank - CITIC Securities Outstanding Growth Two-Year Holding Period Hybrid Collective Asset Management Plan	8,958,645	RMB-denominated ordinary shares	8,958,645
Taikang Life Insurance - Unit-linked - Innovation Power	8,773,968	RMB-denominated ordinary shares	8,773,968
National Social Security Fund Portfolio 101	7,749,378	RMB-denominated ordinary shares	7,749,378
Yue Yong	1,761,936	RMB-denominated ordinary shares	1,761,936
Description on the related relationship or parties acting-in-concert among the top ten ordinary shareholders without selling restrictions and between the top ten ordinary shareholders without selling restrictions and the top ten ordinary shareholders	<p>1. Among the top ten shareholders mentioned above, Guangdong Zhongshun Paper Group Co., Ltd. and Chung Shun Co. are the enterprises controlled by actual controllers of the Company, i.e. Deng Yingzhong, Deng Guanbiao and Deng Guanjie. That is, Guangdong Zhongshun Paper Group Co., Ltd. and Chung Shun Co. are related parties. Mr. Yue Yong is an incumbent senior manager of the Company.</p> <p>2. It is unknown to the Company whether there is related party relationship among other shareholders, or whether there is acting-in-concert among other shareholders as stipulated in the <i>Administrative Measures for the Disclosure of Information on Changes</i></p>		

	<i>in Shareholders' Shareholding of Listed Companies.</i>
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Whether the top ten ordinary shareholders and the top ten shareholders without selling restrictions conducted the agreed repurchase transaction during the reporting period

Yes No

The Company's top ten ordinary shareholders and top ten ordinary shareholders without selling restrictions did not conduct agreed repurchase transactions during the reporting period.

IV. Changes in Shareholding of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Position	Position status	Number of shares held at the beginning of the year	Increase of shares during the year	Decrease of shares during the year	Number of shares held at the end of the year	Number of shares subject to selling restrictions granted at the beginning of the period	Number of shares subject to selling restrictions granted in the period	Number of shares subject to selling restrictions granted at the end of the period
Deng Yingzhong	Director	Incumbent	6,752,811			6,752,811			
Liu Peng	Chairman, President	Incumbent		61,300		61,300			
Deng Guanbiao	Vice Chairman	Incumbent	4,957,473			4,957,473			
Deng Guanjie	Vice Chairman	Incumbent	1,200,974			1,200,974			
Liu Jinfeng	Director, Vice President	Incumbent	2,410,550		601,200	1,809,350			
He Haidi	Independent Director	Incumbent							
He Guoquan	Independent Director	Incumbent							
Liu Die	Independent Director	Incumbent							
Yue Yong	Vice President	Incumbent	10,537,741		872,500	9,665,241			
Ye Longfang	Vice President	Incumbent	150,000			150,000			
Li Zhaojin	Vice President	Incumbent		10,800		10,800			
Deng Wenxi	Vice President	Incumbent		21,100		21,100			
Zhang Yang	Vice President	Incumbent							
Dong Ye	Chief	Incumbent	228,725			228,725			

	Financial Officer								
Chen Haiyuan	Chairman of the Board of Supervisors	Incumbent		5,000		5,000			
Liang Yongliang	Supervisor	Incumbent							
Li Youquan	Supervisor	Resigned	62,280	3,000		65,280			
Dai Zhenji	Director, Joint President	Resigned	1,670,000	300,000		1,970,000			
Deng Yingzhong	Chairman	Resigned							
Deng Guanbiao	President	Resigned							
Zhou Qichao	Board Secretary, Vice President	Resigned	498,672		124,600	374,072			
Yue Yong	Director	Resigned							
Zeng Yi	Director	Resigned							
Huang Hongyan	Independent Director	Resigned							
Ge Guangrui	Independent Director	Resigned							
Total	--	--	28,469,226	401,200	1,598,300	27,272,126	0	0	0

V. Changes of Shareholders and Actual Controllers

Changes of controlling shareholders during the reporting period

Applicable Not applicable

There was no change of the Company's controlling shareholder during the reporting period.

Changes of actual controllers during the reporting period

Applicable Not applicable

There was no change of the Company's actual controllers during the reporting period.

Section VIII Particulars of Preference Shares

Applicable Not applicable

The Company had no preference shares during the reporting period.

Section IX Corporate Bonds

Applicable Not applicable

Section X Financial Report

I. Audit Report

Whether the Semi-annual Report has been audited

Yes No

The Semi-annual Report of the Company has not been audited.

II. Financial Statements

Unit of financial statements: RMB

1. Consolidated balance sheet

Prepared by: C&S Paper Co., Ltd.

June 30, 2021

Unit: RMB

Item	June 30, 2021	December 31, 2020
Current assets:		
Monetary funds	788,702,136.99	1,125,196,199.56
Settlement reserve		
Lending to banks and other financial institutions		
Tradable financial assets		
Derivative financial assets		
Notes receivable	1,513,142.38	724,419.74
Accounts receivable	933,313,137.98	1,051,423,939.59
Accounts receivable financing		
Prepayments	12,834,587.00	26,819,108.57
Premium receivable		
Reinsurance payables		
Reinsurance contract reserves receivable		
Other receivables	21,117,810.56	15,824,945.56
Including: Interest receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventory	1,624,309,444.82	1,661,274,495.32

Contract assets		
Assets held for sale	57,073,059.69	57,073,059.69
Non-current assets due within one year		
Other current assets	34,666,236.56	101,584,569.30
Total current assets	3,473,529,555.98	4,039,920,737.33
Non-current assets:		
Loans and advances to customers		
Investments in creditor's rights		
Investments in other creditor's rights		
Long-term receivable		
Long-term equity investment		
Investment in other equity instruments		
Other non-current financial assets		
Investment property	33,856,923.84	34,575,365.94
Fixed assets	3,182,792,165.52	2,792,587,302.21
Construction work in progress	55,534,528.69	275,904,617.95
Productive biological assets		
Oil & gas assets		
Right-of-use assets	11,151,372.57	
Intangible assets	169,199,442.04	169,355,772.24
Development expenses		
Goodwill	64,654.15	64,654.15
Long-term deferred expenses	22,695,522.53	26,635,983.14
Deferred income tax assets	145,176,431.76	111,367,362.66
Other non-current assets	44,934,505.84	28,027,952.15
Total non-current assets	3,665,405,546.94	3,438,519,010.44
Total assets	7,138,935,102.92	7,478,439,747.77
Current liabilities:		
Short-term borrowings		142,942,941.34
Borrowings from PBC		
Placements from banks and other financial institutions		
Tradable financial liabilities		
Derivative financial liabilities		
Notes payable	289,707,176.43	234,887,563.22
Accounts payable	723,033,087.39	761,519,389.26
Payments received in advance		
Contract liabilities	103,501,369.49	137,333,617.40
Proceeds from financial assets sold under repo		

Customer bank deposits and due to banks and other financial institutions		
Funds from securities trading agency		
Funds from securities underwriting agency		
Employee remuneration payable	111,500,389.45	123,524,627.11
Tax and fees payable	77,697,704.37	112,608,054.87
Other payables	796,391,000.45	754,844,580.09
Including: Interests payable		
Dividends payable	1,594,446.41	1,437,466.77
Transaction fee and commission receivable		
Reinsurance payable		
Liabilities held for sale		
Non-current liabilities due within one year	6,038,594.62	
Other current liabilities	13,400,882.00	17,628,086.63
Total current liabilities	2,121,270,204.20	2,285,288,859.92
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	5,526,106.56	
Long-term payable		
Long-term employee remuneration payable		
Provision		
Deferred income	112,092,990.63	115,101,158.13
Deferred income tax liabilities	47,103,893.91	35,903,653.30
Other non-current liabilities		
Total non-current liabilities	164,722,991.10	151,004,811.43
Total liabilities	2,285,993,195.30	2,436,293,671.35
Owner's equity:		
Share capital	1,311,043,971.00	1,311,487,077.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	941,625,561.08	907,006,505.05
Less: Treasury shares	599,354,148.06	96,480,911.29
Other comprehensive income		
Special reserves		

Surplus reserves	61,469,258.27	61,469,258.27
General reserves		
Retained earnings	3,137,073,935.13	2,858,664,147.39
Total equity attributable to owners of the parent company	4,851,858,577.42	5,042,146,076.42
Equities of minority shareholders	1,083,330.20	
Total owner's equity	4,852,941,907.62	5,042,146,076.42
Total liabilities and owners' equities	7,138,935,102.92	7,478,439,747.77

Legal representative: Liu Peng
department: Xu Xianjing

Person in charge of accounting: Dong Ye

Person in charge of accounting

2. Balance sheet of the Parent Company

Unit: RMB

Item	June 30, 2021	December 31, 2020
Current assets:		
Monetary funds	83,716,953.94	170,229,178.13
Tradable financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	180,374,886.52	92,647,372.33
Accounts receivable financing		
Prepayments	9,452,593.95	7,940,396.34
Other receivables	114,345,050.47	136,987,584.64
Including: Interest receivable		
Dividends receivable		
Inventory	172,205,617.01	156,605,546.36
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	2,287,198.40	52,517,725.87
Total current assets	562,382,300.29	616,927,803.67
Non-current assets:		
Investments in creditor's rights		
Investments in other creditor's rights		
Long-term receivable		
Long-term equity investment	1,939,122,205.28	1,928,113,219.50
Investment in other equity instruments		
Other non-current financial assets		

Investment property	17,549,963.77	17,939,329.51
Fixed assets	248,258,276.83	257,354,688.59
Construction work in progress	544,254.89	
Productive biological assets		
Oil & gas assets		
Right-of-use assets	2,054,171.93	
Intangible assets	26,626,212.20	25,205,232.21
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	65,222,700.02	46,811,106.77
Other non-current assets	16,107,417.95	2,619,959.27
Total non-current assets	2,315,485,202.87	2,278,043,535.85
Total assets	2,877,867,503.16	2,894,971,339.52
Current liabilities:		
Short-term borrowings		
Tradable financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	552,768,863.59	420,061,168.44
Payments received in advance		
Contract liabilities	43,205,322.20	17,388,431.01
Employee remuneration payable	37,443,890.70	44,678,713.21
Tax and fees payable	5,413,588.15	5,995,417.05
Other payables	93,744,117.45	126,072,040.24
Including: Interests payable		
Dividends payable	1,594,446.41	1,437,466.77
Liabilities held for sale		
Non-current liabilities due within one year	733,541.13	
Other current liabilities	5,616,691.89	2,260,496.03
Total current liabilities	738,926,015.11	616,456,265.98
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	1,331,461.99	
Long-term payable		
Long-term employee remuneration payable		
Provision		
Deferred income	5,251,791.53	5,855,467.25

Deferred income tax liabilities	7,250,149.26	7,202,336.33
Other non-current liabilities		
Total non-current liabilities	13,833,402.78	13,057,803.58
Total liabilities	752,759,417.89	629,514,069.56
Owner's equity:		
Share capital	1,311,043,971.00	1,311,487,077.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	861,277,099.91	831,693,206.19
Less: Treasury shares	599,354,148.06	96,480,911.29
Other comprehensive income		
Special reserves		
Surplus reserves	61,347,923.99	61,347,923.99
Retained earnings	490,793,238.43	157,409,974.07
Total owner's equity	2,125,108,085.27	2,265,457,269.96
Total liabilities and owners' equities	2,877,867,503.16	2,894,971,339.52

3. Consolidated income statement

Unit: RMB

Item	Half-Year of 2021	Half-Year of 2020
I. Total Operating Income	4,247,641,836.38	3,616,201,399.80
Including: Operating income	4,247,641,836.38	3,616,201,399.80
Interest income		
Gross earned premiums		
Service charge and commission income		
II. Total Operating Cost	3,767,785,569.02	3,081,938,688.14
Including: Operating costs	2,562,244,166.21	1,931,406,918.16
Interest expenses		
Service charge and commission expenses		
Surrender value		
Net compensation expenses		
Net appropriation of insurance reserve		
Policy dividends expenses		
Reinsurance costs		
Tax and surcharges	29,251,004.43	26,920,007.36
Selling expenses	915,478,651.72	848,071,082.60
Administrative expenses	165,200,078.38	185,701,854.01
R&D expenses	97,414,812.32	90,860,828.24

Finance expenses	-1,803,144.04	-1,022,002.23
Including: Interest fees	975,546.01	1,140,788.29
Interest income	6,623,270.61	4,060,998.02
Plus: Other income	11,671,362.52	15,174,645.20
Return on investment (“-” indicates loss)	358,473.15	2,287,274.87
Including: Return on investment in associates and joint ventures		
Income from the derecognition of financial assets measured at amortized cost		
Exchange gains (“-” indicates loss)		
Gains from net exposure hedging (“-” indicates loss)		
Gains from changes in fair value (“-” indicates loss)		
Credit impairment losses (“-” indicates loss)	1,301,606.93	-1,423,699.75
Asset impairment losses (“-” indicates loss)	-2,753,828.11	-850,381.40
Return on disposal of assets (“-” indicates loss)	-259,896.46	-896,870.05
III. Operating Profit (“-” indicates loss)	490,173,985.39	548,553,680.53
Plus: Non-operating income	1,708,366.54	3,169,241.16
Less: Non-operating expenditure	3,638,183.86	13,240,183.16
IV. Total Profit (“-” indicates total loss)	488,244,168.07	538,482,738.53
Less: Income tax expense	81,099,520.72	85,783,253.92
V. Net Profit (“-” indicates net loss)	407,144,647.35	452,699,484.61
i. Classified by operation continuity		
1. Net profit from continued operation (“-” indicates net loss)	407,144,647.35	452,699,484.61
2. Net profit from discontinued operation (“-” indicates net loss)		
ii. Classified by attribution of ownership		
1. Net profit attributable to owners of the parent company	407,161,317.15	452,699,484.61
2. Minority shareholders’ profits and losses	-16,669.80	
VI. Net Amount of Other Comprehensive Income after Tax		
Total other comprehensive after-tax net income attributable to owners of the parent company		
i. Other comprehensive income not able to be reclassified into the profit or		

loss		
1. Changes of re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred into the profit or loss under equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of credit risk of the enterprise		
5. Others		
ii. Other comprehensive income reclassified into the profit or loss		
1. Other comprehensive income to be transferred into the profit or loss under equity method		
2. Changes in fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Impairment provision for credit of investment in other creditor's rights		
5. Reserve of cash flow hedge		
6. Converted difference in foreign currency financial statements		
7. Others		
Total other comprehensive after-tax net income attributable to minority shareholders		
VII. Total Comprehensive Income	407,144,647.35	452,699,484.61
Total comprehensive income attributable to owners of the parent company	407,161,317.15	452,699,484.61
Total comprehensive income attributable to minority shareholders	-16,669.80	
VIII. Earnings per Share:		
i. Basic earnings per share	0.3140	0.3519
ii. Diluted earnings per share	0.3109	0.3462

For business combinations of the current period under common control, the net profit realized by the combined party before the combination is: RMB0.00; the net profit realized by the combined party in last period is: RMB0.00.

Legal representative: Liu Peng
department: Xu Xianjing

Person in charge of accounting: Dong Ye

Person in charge of accounting

4. Income statement of the Parent Company

Unit: RMB

Item	Half-Year of 2021	Half-Year of 2020
I. Operating Income	916,066,342.46	853,891,264.03
Less: Operating cost	788,799,370.03	712,614,977.74
Tax and surcharges	2,176,306.49	2,631,659.04
Selling expenses	87,176,883.65	66,501,515.28
Administrative expenses	65,964,350.45	91,173,785.60
R&D expenses		
Finance expenses	-884,099.85	672,377.63
Including: Interest fees	26,220.26	
Interest income	809,358.94	1,722,164.19
Plus: Other income	1,516,457.89	1,098,835.80
Return on investment (“-” indicates loss)	482,704,072.79	142,109,515.77
Including: Return on investment in associates and joint ventures		
Profits from derecognition of financial assets at amortized cost		
Gains from net exposure hedging (“-” indicates loss)		
Gains from changes in fair value (“-” indicates loss)		
Credit impairment losses (“-” indicates loss)	-573,774.23	-1,477,826.65
Asset impairment losses (“-” indicates loss)	-15,126.42	-235,210.66
Return on disposal of assets (“-” indicates loss)		-613,479.84
II. Operating Profit (“-” indicates loss)	456,465,161.72	121,178,783.16
Plus: Non-operating income	204,390.14	367,540.33
Less: Non-operating expenditure	1,457,600.53	11,762,151.77
III. Total Profit (“-” indicates total loss)	455,211,951.33	109,784,171.72
Less: Income tax expense	-6,922,842.44	-3,727,647.46
IV. Net Profit (“-” indicates net loss)	462,134,793.77	113,511,819.18
i. Net profit from continued operation (“-” indicates net loss)	462,134,793.77	113,511,819.18
ii. Net profit from discontinued operation (“-” indicates net loss)		
V. Net Amount of Other Comprehensive Income after Tax		
i. Other comprehensive income not able to be reclassified into the profit or		

loss		
1. Changes of re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred into the profit or loss under equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of credit risk of the enterprise		
5. Others		
ii. Other comprehensive income reclassified into the profit or loss		
1. Other comprehensive income to be transferred into the profit or loss under equity method		
2. Changes in fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Impairment provision for credit of investment in other creditor's rights		
5. Reserve of cash flow hedge		
6. Converted difference in foreign currency financial statements		
7. Others		
VI. Total Comprehensive Income	462,134,793.77	113,511,819.18
VII. Earnings per Share:		
i. Basic earnings per share		
ii. Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Item	Half-Year of 2021	Half-Year of 2020
I. Cash Flows from Operating Activities:		
Cash received from sale of goods or rendering of services	4,360,141,241.09	3,613,430,926.28
Net increase in deposits from customers, banks and non-bank financial institutions		
Net increase in due to central banks		
Net increase in placements from other financial institutions		

Cash received from the premium of direct insurance contracts		
Net cash from reinsurance business		
Net increase in deposits and investment of the insured		
Cash obtained from interest, net fee and commission		
Net increase in placements from banks and other financial institutions		
Net increase in repo service fund		
Net cash from agent securities trading		
Tax rebates		120,214.00
Cash received related to other operating activities	38,362,676.67	76,989,647.10
Sub-total of cash inflow from operating activities	4,398,503,917.76	3,690,540,787.38
Cash paid for goods purchased and services rendered	2,487,866,757.79	2,226,834,895.97
Net loans and advances to customers		
Net increase in deposits with the central bank, banks and non-bank financial institutions		
Cash paid for claims of direct insurance contracts		
Net increase in placements with banks and non-bank financial institutions		
Cash paid for interest, fee and commission		
Cash paid for dividends of the insured		
Cash paid to and on behalf of employees	435,057,207.01	340,957,388.41
Tax payments	310,071,504.86	259,738,653.85
Cash payments related to other operating activities	427,642,659.91	358,451,260.82
Sub-total of cash outflow from operating activities	3,660,638,129.57	3,185,982,199.05
Net cash flows from operating activities	737,865,788.19	504,558,588.33
II. Cash Flows from Investing Activities:		
Cash from realization of investment		
Cash received from the return on investments	358,473.15	2,287,274.87
Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets	10,542,186.47	30,060,788.00
Net amount of cash received from the disposal of subsidiaries and other operating organizations		
Cash received related to other	50,000,000.00	127,105,000.00

investing activities		
Sub-total of cash inflow from investing activities	60,900,659.62	159,453,062.87
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	328,193,755.53	188,914,982.57
Cash paid for investments		
Net increase in pledged loans		
Net amount of cash paid for acquisition of subsidiaries and other operating organizations		
Cash payments related to other investing activities		212,400,000.00
Sub-total of cash outflow from investing activities	328,193,755.53	401,314,982.57
Net cash flows from investing activities	-267,293,095.91	-241,861,919.70
III. Cash Flows from Financing Activities:		
Cash received from capital contribution	11,355,276.29	
Including: Proceeds received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	13,042,460.23	257,722,148.28
Cash received related to other financing activities		
Sub-total of cash inflow from financing activities	24,397,736.52	257,722,148.28
Cash paid for repayments of borrowings	155,939,151.58	164,917,045.18
Cash payment for interest expenses and distribution of dividends or profits	129,388,592.82	98,173,895.03
Including: Dividend and profit paid by subsidiaries to minority shareholders		
Cash payments related to other financing activities	554,697,666.71	40,446,866.90
Sub-total of cash outflow from financing activities	840,025,411.11	303,537,807.11
Net cash flows from financing activities	-815,627,674.59	-45,815,658.83
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-3,754,951.08	3,555,983.87
V. Net Increase in Cash and Cash Equivalents	-348,809,933.39	220,436,993.67
Plus: Opening balance of cash and cash equivalents	1,050,034,135.72	675,996,852.97
VI. Closing Balance of Cash and Cash Equivalents	701,224,202.33	896,433,846.64

6. Cash flow statement of the Parent Company

Unit: RMB

Item	Half-Year of 2021	Half-Year of 2020
I. Cash Flows from Operating Activities:		
Cash received from sale of goods or rendering of services	825,204,668.76	746,412,698.39
Tax rebates		120,214.00
Cash received related to other operating activities	350,780,128.27	987,204,013.79
Sub-total of cash inflow from operating activities	1,175,984,797.03	1,733,736,926.18
Cash paid for goods purchased and services rendered	628,652,955.42	491,197,761.73
Cash paid to and on behalf of employees	105,969,767.52	66,675,479.70
Tax payments	12,714,786.96	21,863,845.36
Cash payments related to other operating activities	361,078,648.58	428,397,315.97
Sub-total of cash outflow from operating activities	1,108,416,158.48	1,008,134,402.76
Net cash flows from operating activities	67,568,638.55	725,602,523.42
II. Cash Flows from Investing Activities:		
Cash from realization of investment		
Cash received from the return on investments	482,704,072.79	141,992,629.47
Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets		
Net amount of cash received from the disposal of subsidiaries and other operating organizations		
Cash received related to other investing activities	50,000,000.00	127,105,000.00
Sub-total of cash inflow from investing activities	532,704,072.79	269,097,629.47
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	21,866,189.95	18,608,797.77
Cash paid for investments	5,000,000.00	665,600,000.00
Net amount of cash paid for acquisition of subsidiaries and other operating organizations		
Cash payments related to other investing activities		152,400,000.00
Sub-total of cash outflow from investing activities	26,866,189.95	836,608,797.77
Net cash flows from investing activities	505,837,882.84	-567,511,168.30
III. Cash Flows from Financing Activities:		

Cash received from capital contribution	10,255,276.29	
Cash received from borrowings		
Cash received related to other financing activities		
Sub-total of cash inflow from financing activities	10,255,276.29	
Cash paid for repayments of borrowings		
Cash payment for interest expenses and distribution of dividends or profits	128,594,549.77	96,955,934.28
Cash payments related to other financing activities	574,898,356.02	31,482,661.04
Sub-total of cash outflow from financing activities	703,492,905.79	128,438,595.32
Net cash flows from financing activities	-693,237,629.50	-128,438,595.32
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-783.27	259,845.46
V. Net Increase in Cash and Cash Equivalents	-119,831,891.38	29,912,605.26
Plus: Opening balance of cash and cash equivalents	169,851,203.76	156,151,560.82
VI. Closing Balance of Cash and Cash Equivalents	50,019,312.38	186,064,166.08

7. Consolidated statement of changes in owner's equity

Amount of the current period

Unit: RMB

Item	Half-Year of 2021													Equity of minority shareholders	Total owner's equity
	Owner's equity attributable to the Parent Company														
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General reserves	Retained earnings	Others	Subtotal		
	Preference shares	Perpetual bonds	Others												
I. Balance at the End of Last Year	1,311,487,077.00				907,006,505.05	96,480,911.29			61,469,258.27		2,858,664,147.39		5,042,146,076.42		5,042,146,076.42
Plus: Alternation to accounting policies															
Correction to previous errors															
Business combinations involving enterprises under common															

control															
Others															
II. Balance at the Beginning of the Year	1,311,487,077.00				907,006,505.05	96,480,911.29			61,469,258.27		2,858,664,147.39		5,042,146,076.42		5,042,146,076.42
III. Changes in the Period (“-” Indicates Decrease)	-443,106.00				34,619,056.03	502,873,236.77					278,409,787.74		-190,287,499.00	1,083,330.20	-189,204,168.80
i. Total comprehensive income											407,161,317.15		407,161,317.15	-16,669.80	407,144,647.35
ii. Capital contributed or decreased by owner	-443,106.00				34,619,056.03	502,873,236.77							-468,697,286.74	1,100,000.00	-467,597,286.74
1 Ordinary shares contributed by owners	1,578,199.00				15,730,354.61								17,308,553.61	1,100,000.00	18,408,553.61
2 Capital contributed by owners of other equity instruments															
3 Share based payments recognized as owner’s equity	-2,021,305.00				18,888,701.42	-29,732,395.14							46,599,791.56		46,599,791.56
4 Others						532,605,631.91							-532,605,631.91		-532,605,631.91

iii. Profit distribution											-128,751,529.41		-128,751,529.41		-128,751,529.41
1 Appropriation of surplus reserves															
2 Appropriation of general risk reserves															
3 Distribution to owners (or shareholders)											-128,751,529.41		-128,751,529.41		-128,751,529.41
4 Others															
iv. Interior balance from owner's equity															
1 Added capital (or share capital) from capital reserves															
2 Added capital (or share capital) from surplus reserves															
3 Compensation of loss with surplus reserves															

4 Retained earnings of carry-over of the defined benefit plan															
5 Retained earnings of carry-over of other comprehensive income															
6 Others															
v. Special reserves															
1 Appropriation for the period															
2 Use for the period															
vi. Others															
IV. Closing Balance of the Period	1,311,043,971.00				941,625,561.08	599,354,148.06			61,469,258.27		3,137,073,935.13		4,851,858,577.42	1,083,330.20	4,852,941,907.62

Amount of last period

Unit: RMB

Item	Half-Year of 2020														
	Owner's equity attributable to the Parent Company												Equity of minority shareholders	Total owner's equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General reserves	Retained earnings	Others			Subtotal
Preference shares		Perpetual bonds	Others												
I. Balance at the End of Last Year	1,308,891,273.00				760,731,416.57	104,792,649.00			53,205,582.86		2,058,968,835.80		4,077,004,459.23		4,077,004,459.23
Plus: Alternation to accounting policies															
Correction to previous errors															
Business combinations involving enterprises under common control															

Others														
II. Balance at the Beginning of the Year	1,308,891,273.00				760,731,416.57	104,792,649.00			53,205,582.86		2,058,968,835.80		4,077,004,459.23	4,077,004,459.23
III. Changes in the Period (“-” Indicates Decrease)	1,788,786.00				97,621,072.22	-1,072,825.04					354,753,498.45		455,236,181.71	455,236,181.71
i. Total comprehensive income											452,699,484.61		452,699,484.61	452,699,484.61
ii. Capital contributed or decreased by owner	1,788,786.00				97,621,072.22	-1,072,825.04							100,482,683.26	100,482,683.26
1 Ordinary shares contributed by owners	2,591,508.00				19,622,899.06								22,214,407.06	22,214,407.06
2 Capital contributed by owners of other equity instruments														
3 Share based payments recognized as owner’s equity	-802,722.00				77,998,173.16	-28,753,546.80							105,948,997.96	105,948,997.96
4 Others						27,680,721.76							-27,680,721.76	-27,680,721.76
iii. Profit distribution											-97,945,986.16		-97,945,986.16	-97,945,986.16
1														

Appropriation of surplus reserves															
2 Appropriation of general risk reserves															
3 Distribution to owners (or shareholders)											-97,945,986.16		-97,945,986.16		-97,945,986.16
4 Others															
iv. Interior balance from owner's equity															
1 Added capital (or share capital) from capital reserves															
2 Added capital (or share capital) from surplus reserves															
3 Compensation of loss with surplus reserves															
4 Retained earnings of carry-over of															

the defined benefit plan															
5 Retained earnings of carry-over of other comprehensive income															
6 Others															
v. Special reserves															
1 Appropriation for the period															
2 Use for the period															
vi. Others															
IV. Closing Balance of the Period	1,310,680,059.00				858,352,488.79	103,719,823.96			53,205,582.86		2,413,722,334.25		4,532,240,640.94		4,532,240,640.94

8. Statement of changes in owner's equity of the Parent Company

Amount of the current period

Unit: RMB

Item	Half-Year of 2021											Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	
		Preference	Perpetual bonds	Others								

		shares									
I. Balance at the End of Last Year	1,311,487,077.00				831,693,206.19	96,480,911.29			61,347,923.99	157,409,974.07	2,265,457,269.96
Plus: Alternation to accounting policies											
Correction to previous errors											
Others											
II. Balance at the Beginning of the Year	1,311,487,077.00				831,693,206.19	96,480,911.29			61,347,923.99	157,409,974.07	2,265,457,269.96
III. Changes in the Period (“-” Indicates Decrease)	-443,106.00				29,583,893.72	502,873,236.77				333,383,264.36	-140,349,184.69
i. Total comprehensive income										462,134,793.77	462,134,793.77
ii. Capital contributed or decreased by owner	-443,106.00				29,583,893.72	502,873,236.77					-473,732,449.05
1 Ordinary shares contributed by owners	1,578,199.00				15,730,354.61						17,308,553.61
2 Capital contributed by owners of other equity instruments											
3 Share based payments recognized as owner’s equity	-2,021,305.00				13,853,539.11	-29,732,395.14					41,564,629.25
4 Others						532,605,631.91					-532,605,631.91
iii. Profit distribution										-128,751,529.41	-128,751,529.41
1 Appropriation of surplus reserves											
2 Distribution to owners (or shareholders)										-128,751,529.41	-128,751,529.41

3 Others												
iv. Interior balance from owner's equity												
1 Added capital (or share capital) from capital reserves												
2 Added capital (or share capital) from surplus reserves												
3 Compensation of loss with surplus reserves												
4 Retained earnings of carry-over of the defined benefit plan												
5 Retained earnings of carry-over of other comprehensive income												
6 Others												
v. Special reserves												
1 Appropriation for the period												
2 Use for the period												
vi. Others												
IV. Closing Balance of the Period	1,311,043,971.00				861,277,099.91	599,354,148.06			61,347,923.99	490,793,238.43		2,125,108,085.27

Amount of last period

Unit: RMB

Item	Half-Year of 2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owner's equity
		Preference shares	Perpetual bonds	Others								
I. Balance at the End of Last Year	1,308,891,273.00				690,241,724.38	104,792,649.00			53,084,248.58	180,966,989.79		2,128,391,586.75
Plus: Alternation to accounting policies												
Correction to previous errors												
Others												
II. Balance at the Beginning of the Year	1,308,891,273.00				690,241,724.38	104,792,649.00			53,084,248.58	180,966,989.79		2,128,391,586.75
III. Changes in the Period (“-” Indicates Decrease)	1,788,786.00				91,049,055.52	-1,072,825.04				15,565,833.02		109,476,499.58
i. Total comprehensive income										113,511,819.18		113,511,819.18
ii. Capital contributed or decreased by owner	1,788,786.00				91,049,055.52	-1,072,825.04						93,910,666.56
1 Ordinary shares contributed by owners	2,591,508.00				19,622,899.06							22,214,407.06

2 Capital contributed by owners of other equity instruments												
3 Share based payments recognized as owner's equity	-802,722.00				71,426,156.46	-28,753,546.80						99,376,981.26
4 Others						27,680,721.76						-27,680,721.76
iii. Profit distribution										-97,945,986.16		-97,945,986.16
1 Appropriation of surplus reserves												
2 Distribution to owners (or shareholders)										-97,945,986.16		-97,945,986.16
3 Others												
iv. Interior balance from owner's equity												
1 Added capital (or share capital) from capital reserves												
2 Added capital (or share capital) from surplus reserves												
3 Compensation of loss with surplus reserves												
4 Retained earnings of carry-over of the defined benefit plan												
5 Retained earnings of carry-over of												

other comprehensive income												
6 Others												
v. Special reserves												
1 Appropriation for the period												
2 Use for the period												
vi. Others												
IV. Closing Balance of the Period	1,310,680,059.00				781,290,779.90	103,719,823.96			53,084,248.58	196,532,822.81		2,237,868,086.33

III. Basic Information of the Company

1. Development history of the Company

C&S Paper Co., Ltd. (hereinafter referred to as “the Company”) is a joint stock limited company restructured from Zhongshan Zhongshun Paper Manufacturing Co., Ltd., with all shareholders of the original company as its initiators. The Company has obtained a business license of enterprise legal person with the registration number of 442000400013713 issued by Guangdong Province Administration for Industry and Commerce on December 31, 2008.

In November 2010, under the approval of the *Notice on the Approval of the Initial Public Offering of Shares of C&S Paper Co., Ltd.* (CSRC Xu Ke [2010] No. 1539) issued by China Securities Regulatory Commission, the Company issued 40,000,000 RMB-denominated ordinary shares (A shares) to the public, each having a par value of RMB1. The share capital after the public offering was RMB160,000,000.00.

On May 22, 2012, the Company held the 2011 Annual General Meeting of Shareholders and approved the *Proposal on the 2011 Profit Distribution Plan*, applying for an increase of registered capital by RMB48,000,000.00. With the base number of 160,000,000.00 total shares as at the end of 2011, the Company planned to convert capital reserve into new shares on the basis of three shares for every ten existing shares. The registered capital after the change was RMB208,000,000.00.

On June 3, 2013, the Company held the 2012 Annual General Meeting of Shareholders and approved the *Proposal on the 2012 Profit Distribution Plan*, applying for an increase of registered capital by RMB104,000,000.00. With the base number of 208,000,000.00 total shares as at the end of 2012, the Company planned to convert capital reserve into new shares on the basis of five shares for every ten existing shares. The registered capital after the change was RMB312,000,000.00.

On May 8, 2014, the Company held the 2013 Annual General Meeting of Shareholders and approved the *Proposal on the 2013 Profit Distribution Plan*, applying for an increase of registered capital by RMB93,600,000.00. With the base number of 312,000,000.00 total shares as at the end of 2013, the Company planned to convert capital reserve into new shares on the basis of three shares for every ten existing shares. The registered capital after the change was RMB405,600,000.00.

On May 8, 2015, the Company held the 2014 Annual General Meeting of Shareholders and approved the *Proposal on the 2014 Profit Distribution Plan*, applying for an increase of registered capital by RMB81,120,000.00. With the base number of 405,600,000 total shares as at the end of 2014, the Company planned to convert capital reserve

into new shares on the basis of two shares for every ten existing shares. The registered capital after the change was RMB486,720,000.00.

Pursuant to the resolutions of the 7th meeting of the third session of the Board of Directors, the 9th meeting of the third session of the Board of Directors, the third extraordinary general meeting of 2015 and the 10th meeting of the third session of the Board of Directors, the Company planned to grant 17,133,000 restricted RMB-denominated ordinary shares (A shares) to 242 incentive recipients including Liu Jinfeng through private placement, with a par value of RMB1 per share and a grant price of RMB4.25 per share. Upon completion, 16,957,000 restricted RMB-denominated ordinary shares (A shares) were actually granted to a total of 199 incentive recipients with 43 employees withdrawing from the plan. The registered capital after the change was RMB503,677,000.00.

Pursuant to the resolutions of the third extraordinary general meeting of 2015, the 11th meeting of the third session of the Board of Directors and the 9th meeting of the third session of the Board of Supervisors, the Company planned to grant 1,867,000 restricted RMB-denominated ordinary shares (A shares) to 68 incentive recipients including Duan Xianglei through private placement, with a par value of RMB1 per share and a grant price of RMB4.80 per share. Upon completion, 1,847,000 restricted RMB-denominated ordinary shares (A shares) were granted to a total of 54 incentive recipients with 14 employees withdrawing from the plan. The registered capital after the change was RMB505,524,000.00.

On October 24, 2016, at the 15th meeting of the third session of the Board of Directors, the *Proposal on the Repurchase and Deregistration of Partial Restricted Stocks under the Company's Restricted Stock Incentive Plan* and *Proposal on Changing the Registered Capital and Amending the Articles of Association of the Company* were reviewed and approved. Pursuant to the resolution of the meeting of the Board of Directors, the Company applied for the repurchase and deregistration of 266,000 restricted stocks. Among them, the repurchase price of restricted stocks awarded in the first grant was RMB4.25 per share, the repurchase price of reserved restricted stocks was RMB4.80 per share, and the registered capital after the change was RMB505,258,000.00.

On May 10, 2017, the Company held the 2016 Annual General Meeting of Shareholders and approved the *Proposal on the 2016 Profit Distribution Plan*, applying for an increase of registered capital by RMB252,629,000.00. With the base number of 505,258,000 total shares as at the end of 2016, the Company planned to convert capital reserve into new shares on the basis of five shares for every ten existing shares. The registered capital after the change was RMB757,887,000.00.

Pursuant to the resolutions of the 22nd and 24th meeting of the third session of the Board of Directors in 2017, as

some incentive recipients were disqualified to hold incentive stocks after leaving the Company or failing the appraisal, the Company planned to repurchase and deregister the restricted stocks of 35 incentive recipients. Among them, 25 incentive recipients were granted in the first period with 382,462.50 restricted stocks and ten incentive recipients were granted with 39,997.50 reserved restricted stocks. A total of 422,460 shares were repurchased and deregistered. The registered capital after the reduction was RMB757,464,540.00.

On May 8, 2018, the Company held the 2017 Annual General Meeting of Shareholders and approved the *Proposal on the 2017 Profit Distribution Plan*, applying for an increase of registered capital by RMB530,225,178.00. With the base number of 757,464,540 total shares as at the end of 2016, the Company planned to convert capital reserve into new shares on the basis of seven shares for every ten existing shares. The registered capital after the change was RMB1,287,689,718.00.

Pursuant to the resolution of the 5th meeting of the fourth session of the Board of Directors in 2018, as some incentive recipients were disqualified to hold incentive stocks after leaving the Company or failing the appraisal at the second unlocking period under the *Restricted Stock Incentive Plan*, the Company planned to repurchase and deregister the restricted stocks of 46 incentive recipients. Among them, 38 incentive recipients were granted in the first period with 985,426 restricted stocks and ten incentive recipients were granted with 11,551 reserved restricted stocks. A total of 996,977 shares were repurchased and deregistered. The registered capital after the reduction was RMB1,286,692,741.00.

Pursuant to the resolutions of the 9th meeting of the fourth session of the Board of Directors and the first extraordinary general meeting in 2019, the Company planned to grant 21,717,500 restricted RMB-denominated ordinary shares (A shares) to 671 incentive recipients including Dong Ye through private placement, with a par value of RMB1 per share. Wherein, 19,675,500 restricted RMB-denominated ordinary shares (A shares) were granted to a total of 569 incentive recipients at the price of RMB4.33, with 102 employees withdrawing from the plan. The registered capital after the change was RMB1,306,368,241.00.

Pursuant to the resolutions of the 12th and 13th meeting of the fourth session of the Board of Directors, as some incentive recipients were disqualified to hold incentive stocks after leaving the Company or failing the appraisal, the Company planned to repurchase and deregister the restricted stocks of 32 incentive recipients. Among them, 22 incentive recipients were granted in the first period with 211,803 restricted stocks and ten incentive recipients were granted with 56,865 reserved restricted stocks. A total of 268,668 shares were repurchased and deregistered. The registered capital after the reduction was RMB1,306,099,573.00.

Pursuant to the *Proposal on Granting Reserved Stock Options and Restricted Stocks to Incentive Recipients*

reviewed and approved at the 16th meeting of the fourth session of the Board of Directors in 2019, the Company planned to grant 64 incentive recipients with 3,500,000 restricted stocks with a grant price of RMB7.02 per share. The incentive plan actually granted 46 incentive recipients with 2,791,700 restricted ordinary shares as 18 incentive recipients did not subscribe for the restricted stocks due to resignation or voluntary abandonment and 13 incentive recipients did not fully pay for the subscribed restricted stocks. The registered capital after the grant was RMB1,308,891,273.00.

The 23rd meeting of the fourth session of the Board of Directors and the second extraordinary general meeting of 2020 reviewed and approved the *Proposal on the Repurchase and Deregistration of Partial Restricted Stocks Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan*. Pursuant to the proposal, as some incentive recipients were disqualified to hold incentive stocks after leaving the Company or failing the appraisal or some recipients passed the appraisal but did not attain a full score and hence could not unlock all the stocks, the Company decided to repurchase and deregister total 802,722 restricted shares of 241 incentive recipients. The registered capital after the reduction was RMB1,308,088,551.00.

The 28th meeting of the fourth session of the Board of Directors and the fifth extraordinary general meeting of 2020 reviewed and approved the *Proposal on the Repurchase and Deregistration of Partial Reserved Restricted Stocks under the Company's 2018 Stock Option and Restricted Stock Incentive Plan*. Pursuant to the proposal, as some incentive recipients were disqualified to hold incentive stocks after leaving the Company or failing the appraisal or some recipients passed the appraisal but did not attain a full score and hence could not unlock all the stocks, the Company decided to repurchase and deregister total 211,890 restricted shares of 24 incentive recipients. The registered capital after the reduction was RMB1,307,876,661.00.

At the 23rd meeting of the fourth session of the Board of Directors, the *Proposal on Achieving the Exercise Conditions of the First Exercise Period for Stock Options Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan* was reviewed and approved. The proposal agreed that the exercise conditions under the first exercise period for the stock options awarded in the first grant had been met as set out in the *2018 Stock Option and Restricted Stock Incentive Plan (Draft)*, and the exercise method was independent exercise. The number of incentive recipients in conformity with the exercise conditions reached 2,522 and the number of stock options that had met exercise conditions was 3,431,505. The exercise period was from June 10, 2020 to February 26, 2021. At the 28th meeting of the fourth session of the Board of Directors, the *Proposal on Achieving the Exercise Conditions of the First Exercise Period for Reserved Stock Options under the Company's 2018 Stock Option and Restricted Stock Incentive Plan* was reviewed and approved. The proposal

agreed that the exercise conditions under the first exercise period for the reserved stock options had been met as set out in the *2018 Stock Option and Restricted Stock Incentive Plan (Draft)*, and the exercise method was independent exercise. The number of incentive recipients in conformity with the exercise conditions reached 88 and the number of stock options that have met exercise conditions was 640,389. The exercise period was from November 17, 2020 to September 10, 2021. As of December 31, 2020, the incentive recipients who had met the above exercise conditions have successively begun to exercise their rights, and a total of 3,610,416 shares have been subscribed.

As at December 31, 2020, the Company has had a registered capital of RMB1,311,487,077.00 and a share capital of RMB1,311,487,077.00.

At the 5th meeting of the fifth session of the Board of Directors and the third meeting of the fifth session of the Board of Supervisors, the *Proposal on Achieving the Exercise Conditions of the Second Exercise Period for Stock Options Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan* was reviewed and approved. The proposal agreed that the exercise conditions under the second exercise period for the stock options awarded in the first grant had been met as set out in the *2018 Stock Option and Restricted Stock Incentive Plan (Draft)*, and the exercise method was independent exercise. The number of incentive recipients in conformity with the exercise conditions reached 2,274 and the number of stock options that had met exercise conditions was 2,948,559. The exercise period was from June 30, 2021 to February 28, 2022. As of December 31, 2021, the incentive recipients who had met the above exercise conditions have successively begun to exercise their rights, and a total of 1,578,199 shares have been subscribed.

The 5th meeting of the fifth session of the Board of Directors and the fourth extraordinary general meeting of 2021 reviewed and approved the *Proposal on the Repurchase and Deregistration of Partial Restricted Stocks Awarded in the First Grant under the Company's 2018 Stock Option and Restricted Stock Incentive Plan*. At the second unlock period for restricted shares awarded in the first grant under the *2018 Stock Option and Restricted Stock Incentive Plan*, 35 incentive recipients were disqualified since they left the Company before the unlock, with 1,993,600 restricted shares that had been granted but unlocked; 61 incentive recipients passed the personal appraisal but did not attain a full score and hence could not unlock all the stocks, with 27,705 shares unable to be locked. In June 2021, repurchase and deregistration payments were made to relevant personnel whose shares needed to be repurchased and deregistered, and the follow-up repurchase and deregistration procedures and procedures for changing with the industrial and commercial department are in process.

2. Registered address, form of organization, and headquarters of the Company

Form of organization: Company limited by shares

Registered address: No. 1 Longcheng Road, Dongsheng Town, Zhongshan City

Office address of the headquarters of the Company: No. 136 Caihong Avenue, West District, Zhongshan City

3. Business nature and main business activities of the Company

C&S Paper Co., Ltd. and its subsidiaries (hereafter generally referred to as “the Company”) are in the household paper industry. The Company mainly engages in the following: R&D, production, processing and sales (including online sales): high-end household paper series products, tissue boxes, sanitary products, cosmetics, non-woven products, daily necessities (limited to daily plastic products, daily metal products, daily rubber products, and daily ceramic products), daily chemical products (excluding hazardous chemicals), and Class I medical devices; operation and production of Class II and Class III medical devices.

4. Actual controller of the Company

The actual controllers of the Company are Deng Yingzhong, Deng Guanbiao, and Deng Guanjie (Deng Yingzhong is the other two’s father).

5. Approver for the issue of the financial statements and date of approval

The financial statements were approved for issue by the Board of Directors of the Company on August 30, 2021.

6. Scope of the consolidation of financial statements

As of June 30, 2021, the Company has 23 subsidiaries which are included in the consolidated scope, as detailed in “Note IX. Equities in Other Entities”. Compared with last year, four subsidiaries have been newly added into the consolidated scope during the reporting period. For details, see “Note VIII. Changes in Consolidated Scope”.

IV. Preparation Basis for Financial Statements

1. Basis of preparation

The financial statements of the Company have been prepared on a going concern basis based on actual transactions and events and according to the *Accounting Standards for Business Enterprises - Basic Standards*

promulgated by the Ministry of Finance (MOF No. 33 Document and No. 76 Revision), the 42 accounting standards, *Guidelines for the Application of the Accounting Standards for Business Enterprises*, interpretation to the accounting standards for business enterprises and other relevant regulations that are successively promulgated on or after February 15, 2006 (hereinafter collectively referred to as “Accounting Standards for Business Enterprises”), and rules set out in *No. 15 Preparation and Reporting Rules of Information Disclosure of Public Offering Companies - General Rules for Financial Statements* (2014 Revision) issued by China Securities Regulatory Commission based on actual transactions and events.

In accordance with the relevant rules of Accounting Standards for Business Enterprises, the financial accounting of the Company is based on accrual basis. Apart from some financial tools, the accounting measurement of the financial statements is based on historical cost method. Provision for impairment of asset is set aside if it is recognized.

2. Going concern

The Company shall be a going concern for at least 12 months following the end of the reporting period. There are no major events that will affect the Company’s operational ability; therefore the assumption on which the financial statements are based is reasonable.

V. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates:

C&S Paper Co., Ltd. and all its subsidiaries have set out several specific accounting policies and accounting estimates for transactions and events with relation to the recognition of incomes and income taxes in accordance with the Accounting Standards for Business Enterprises and their own operational characteristics. Please refer to “Note V (39) Revenue” for details. As for explanations of significant accounting judgments and estimates made by the management, please refer to “Note V (44) Significant changes of accounting policies and accounting estimates”.

1. Statement of compliance with the accounting standards for business enterprises

The financial statements of the Company conform to the requirements set out in the Accounting Standards for Business Enterprises. The statements truthfully and completely reflect the financial status, operating results, cash

flow, and other relevant information of the Company. In addition, the financial statements of the Company are also in accordance with disclosure requirements for financial statements and notes in *No. 15 Preparation and Reporting Rules of Information Disclosure of Public Offering Companies - General Rules for Financial Statements of the China Securities Regulatory Commission (2014 Revision)* in all material aspects

2. Accounting period

The accounting year of the Company is from January 1 to December 31 of each calendar year.

3. Operating cycle

The operating cycle of the Company normally refers to the periods during which the Company purchases assets for processing and then gets cash or cash equivalents from the processed items. Normally, the operating cycle of a company is shorter than a year. The Company sets 12 months as a full operating cycle and uses the 12-month period as a standard for the liquidity of assets and liabilities.

4. Standard currency for accounting

RMB is the main currency in the main economic environments in which the Company and its domestic subsidiaries operate. Therefore, the Company and its subsidiaries use RMB as the standard currency for bookkeeping. The currency for accounting used in the Company's financial statements is RMB.

5. Accounting treatment measures of business combinations involving enterprises under common control and business combinations involving enterprises not under common control

Business combinations refer to the combination of two or more independent enterprises to form a reporting entity of transactions or events. Business combination can be classified as business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

(1) Business combinations involving enterprises under common control

Business combinations under common control means enterprises involved in the business combination are under ultimate control by one party or the same multi-parties before and after combination, and such control is not temporary. For business combinations under common control, those who obtain control of enterprises involved in the business combination on the combination date are the acquirer while other enterprises involved in the business combination are the acquiree. Combination date is the date that the combining party actually obtains control of the

combined party.

Assets and liabilities that the acquirer gets from the acquiree are calculated and measured at the book values on the combination date. If there are differences between the book values of the net assets the acquirer receives and the book values of the combination consideration it pays (or the face values of the issued shares), the differences will be used to adjust capital reserves (share premium). Where capital reserves (share premium) are insufficient to offset, retained earnings shall be adjusted.

All direct expenses related to the business combinations paid by the acquirer shall be included in current profits and losses upon occurrence.

(2) Business combinations involving enterprises not under common control

Business combinations not under common control means enterprises involved in the business combination are not under ultimate control by one party or the same multi-parties before and after combination. For business combinations not under common control, those who obtain control of enterprises involved in the business combination on the acquisition date are the acquirer, while other enterprises involved in the business combination are the acquiree. Acquisition date is the date that the acquirer actually obtains control of the acquiree.

For business combinations not under common control, the costs of combination include the assets the acquirer pays, liabilities the acquirer bears, and the fair value of the equity securities issued on the date of combination for the acquisition of control over the acquiree. The costs of auditing, legal services, evaluation consulting, other intermediary expenses and other management fees incurred for business combination shall be included in current profits and losses. The transaction costs of the equity securities and debt securities issued by the acquirer shall be included in the initially confirmed amounts of equity securities and debt securities. The contingent consideration involved shall be included in the costs of business combination based on its fair value at the acquisition date. If, within 12 months after the acquisition, there is new or further evidence for conditions that have already existed on the acquisition date and the contingent consideration shall be re-adjusted, the combination goodwill shall be adjusted accordingly. The acquirer's costs of business combinations and its identifiable net assets obtained from business combinations shall be assessed at the fair values on the acquisition date. If the costs of business combinations are higher than the identifiable net assets of the acquiree on the acquisition date, the gap between them shall be confirmed as goodwill. If the costs of business combinations are lower than the fair values of the identifiable net assets of the acquiree on the acquisition date, the fair values of identifiable assets, liabilities and contingent liabilities as well as the measurement of combination costs shall be reassessed; if, upon reassessment,

the business combination costs are still lower than the fair values of the identifiable net assets of the acquiree, the difference shall be included in profits and losses of the current period.

If the deductible temporary differences the acquirer gets from the acquiree are not eligible to be confirmed as deferred tax asset on the acquisition date, and within 12 months of the acquisition, there are new or further evidence for the conditions that have already existed on the acquisition date that the economic profits brought by the deductible temporary differences of the acquiree could be achieved, such differences shall be confirmed as deferred tax asset. At the same time, the goodwill shall be reduced. Where the goodwill is insufficient to be deducted, the gap between them shall be included in current profits and losses. Apart from the aforementioned situations, all deductible temporary differences confirmed to be relevant to the business combination shall be recorded in current profits and losses.

For business combinations not under common control that are achieved through multiple steps, whether they can be regarded as package deals shall be judged in accordance with *Notice No.5 of the Interpretation of Accounting Standards for Business Enterprises of the Ministry of Finance* (C.K. [2012] No.19), and the standards of “package deals” set out in Article 51 of the *Accounting Standard for Business Enterprises No. 33 – Consolidated Financial Statements* (please refer to Note V (6) “methods for preparation of consolidated financial statements” (2)). In the event that the combination is regarded as “package deals”, accounting treatment shall be done by referring to the descriptions in previous paragraphs of this section and “Note V (22) Long-term equity investments” herein; if not, accounting treatment shall be done by distinguishing individual financial statements from consolidated financial statements::

In individual financial statements, the initial investment costs shall be the sum of the book value of the equity investment of the acquiree held before the acquisition date and the new investment costs on the acquisition date; if other comprehensive income is involved in the equities of the acquiree before the acquisition date, accounting processing shall be done for the comprehensive income related to this investment by adopting the same basis for directly disposing of relevant assets or liabilities of the acquiree during the disposal of this investment (that is, except for the corresponding shares of the changes caused by re-measurement of the net liabilities or net assets of the defined benefit plan by the acquiree, which are accounted by the equity method, others shall be transferred to the return on investment of the current period).

In consolidated financial statements, the equities of the acquiree held before the acquisition date shall be re-measured at the fair value of the equities on the acquisition date, and the difference between the fair value and the

book value shall be recognized as the return on investment of the current period; if other comprehensive income is involved in the equities of the acquiree before the acquisition date, accounting processing shall be done for the comprehensive income related to this investment by adopting the same basis for directly disposing of relevant assets or liabilities of the acquiree (that is, except for the corresponding shares of the changes caused by re-measurement of the net liabilities or net assets of the defined benefit plan by the acquiree, which are accounted by the equity method, others shall be transferred to the return on investment of the current period).

6. Methods for preparation of consolidated financial statements

(1) Principles of determining the scope of consolidated financial statements

The scope of consolidation of consolidated financial statements shall be subject to the basis of control. Control refers to the power the investor owns against the investee, which allows the investor to enjoy the variable return by attending relevant activities held by the investee, and to be capable of using such power to affect the amount of return. The scope of consolidation is the Company and all of its subsidiaries. Subsidiaries refer to entities controlled by the Company.

The Company shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to the relevant elements of control as defined above.

(2) Methods for preparation of consolidated financial statements

The Company shall include the subsidiaries in the scope of consolidation from the date it acquires the actual control over the net assets and the decision-making of production and operations of such subsidiaries; accordingly, the Company shall terminate including them in the scope of consolidation from the date it loses the actual control. In terms of subsidiaries already disposed of, the operating results and cash flows before the disposal date have been included in the consolidated income statements and the consolidated cash flow statements appropriately; as for subsidiaries disposed in the current period, the opening balance in the consolidated balance sheet shall not be adjusted. In case of subsidiaries added through business combinations not under the same control, the operating results and cash flows after the acquisition date have been included in the consolidated income statements and the consolidated cash flow statements appropriately, and the opening and comparative balance in the consolidated balance sheet shall not be adjusted. In case of subsidiaries added through business combinations under the same control among which the Company absorbs the combined party, the operating results and cash flows of the combined party from the beginning of the period in which the combination happens to the combination date have

been included in the consolidated income statements and the consolidated cash flow statements appropriately, and the comparative balance in the consolidated balance sheet shall be adjusted simultaneously.

In case of inconsistencies in the accounting policies or periods between subsidiaries and the Company during preparation of consolidated financial statements, financial statements of subsidiaries shall be adjusted according to the accounting policies and periods adopted by the Company. For subsidiaries acquired by business combinations not under the same control, their financial statements shall be adjusted based on the fair value of the identifiable net assets on the acquisition date.

All major business transaction balance, transactions, and unrealized profit of the Company shall be offset during preparation of consolidated financial statements.

Shareholders' equities of subsidiaries and the part of the net profit and loss of the current period not attributable to the Company shall be presented separately under the shareholders' equities and the net profit in the consolidated financial statements as equities of minority shareholders and minority shareholders' profits and losses. Shares of equities of minority shareholders in the net profit and loss of the current period of subsidiaries shall be presented under the "minority shareholders' profits and losses" in the consolidated income statement. If the loss of a subsidiary which is shared by its minority shareholders exceeds the minority shareholders' share in the opening balance of the subsidiary, the minority interest shall be reduced.

If the Parent Company loses control of a subsidiary due to partial disposal of equity investment or other reasons, it shall re-measure the remaining equity at fair value on the date of loss of control. The sum of consideration obtained from equity disposal and fair value of the remaining equity, minus the difference between the Parent Company's share of the subsidiary's net assets that is continuously calculated from the acquisition date, shall be recognized as investment income for the reporting period when the loss of control takes place. Accounting processing shall be done for the other comprehensive income related to this investment in the subsidiary's equities by adopting the same basis for directly disposing of relevant assets or liabilities of the acquiree during the loss of control (that is, except for the changes caused by re-measurement of the net liabilities or net assets of the defined benefit plan by the previous subsidiary, others shall be transferred to the return on investment of the current period). After that, subsequent measurement shall be done for the remaining equity of this part as per relevant provisions in the *Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment* or the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*. See "Note V (22)" or "Note V (10)" for details.

If the Company disposes of investments in a subsidiary's equities by steps via transactions until it loses control, it shall check whether these transactions from disposal of the investments in the subsidiary's equities to the loss of control are package deals. If the terms, conditions, and economic effects of transactions on disposing of equity investment in the subsidiary conform to one or more of the following circumstances, that means these multiple transactions should be treated as package deals in accounting processing: 1) Those transactions are reached at the same time or after taking into consideration the influence of each other; 2) those transactions together produce a complete commercial outcome; 3) the occurrence of one transaction depends on the occurrence of at least one other transaction; 4) one transaction alone does not seem to be economical, but all those transactions are economical when are considered as a whole. If those transactions are package deals, each transaction shall be treated as a transaction that results in loss of control of the subsidiary in accounting processing. However, the difference between each disposal price before loss of control and the Parent Company's share of the subsidiary's net assets corresponding to the disposal investment shall be recognized as other comprehensive income in the consolidated financial statements and, upon loss of control, transferred to the profit and loss of the current reporting period.

**7. Classification of joint operation arrangements and accounting treatment methods for joint operations:
None**

8. Criteria for recognition of cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits that can be used for payment at any time, and short-term (due within three months from the acquisition date) investment held by the Company with high liquidity, easy to convert to cash in a known amount, and small risk of value changes.

9. Translation of transactions and financial statements denominated in foreign currencies

(1) Methods for translation of transactions denominated in foreign currencies

At the initial recognition of foreign currency transactions of the Company, foreign currency will be translated into the amount of standard currency for accounting at the spot exchange rate or its approximate exchange rate on the transaction date. However, the business of exchange of foreign currencies or transactions related to the exchange of foreign currencies, foreign currency will be translated into the amount of standard currency for accounting at the exchange rate actually adopted.

(2) Methods for translation of monetary and non-monetary items in foreign currencies

On the balance sheet date, the foreign currency monetary items are translated at the spot exchange rate on that date. Exchange difference resulting from the difference between the spot exchange rate on the balance sheet date and that at the initial recognition or on the previous balance sheet date shall be recognized as the profit and loss of the current period.

Non-monetary items that are measured at historical cost in foreign currencies shall still be converted at the spot exchange rate on the transaction date with the amount of standard currency for accounting unchanged. Non-monetary items that are measured at fair value in foreign currencies are translated using the foreign exchange rate at the date the fair value is recognized. The difference between the amount of standard currency for accounting after translation and the original amount of the standard currency for accounting shall be treated as a change in fair value (including the change in the exchange rate) and recognized as the profit and loss of the current period or other comprehensive income.

(3) Methods for translation of foreign-currency financial statements

Foreign-currency financial statements of overseas operations shall be translated into RMB financial statements by the following methods: The assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date; except “undistributed profits”, all the other owner’s equity items are converted at the spot exchange rate at the time of occurrence. Income and expense items in the income statement shall be translated using the foreign exchange rates ruling at the dates of the transactions. Difference resulting from translation of foreign-currency financial statements by the above methods shall be recognized as other comprehensive income. Translation of comparative financial statements shall be subject to the above provisions.

10. Financial instruments

When the Company becomes a party to a financial instrument contract, the financial instrument is confirmed to be either financial assets or financial liabilities.

(1) Classification, recognition, and measurement of financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company classified financial assets into the following categories: financial assets measured at the amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit and loss of the current period.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit and loss of the current period, transaction costs are directly included in profit and loss of the current

period. For other types of financial assets, related transaction costs are included in their initial recognized amounts. In terms of the accounts receivable or notes receivable arising from selling products or providing labor service without or not considering major financing component, the Company shall regard the expected consideration amount that it has rights to charge as the initial recognition amount.

1) Financial assets measured at amortized cost

For the business model where the Company manages the financial assets carried at amortized cost, the Company aims to charge the contract cash flows, and the characteristics of the contract cash flows of this kind of financial assets are consistent with the basic lending arrangements. That is, cash flows generated on specified dates are solely payments of principal and interest on the principal amount outstanding. This kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from amortization or impairment is recognized in profit and loss of the current period.

2) Financial assets measured at fair value through other comprehensive income

The business model for the Company to manage this type of financial assets aims at both obtaining the contract cash flows and selling the financial assets, and the characteristics of the contract cash flows of this kind of financial assets are consistent with the basic lending arrangements. The Company measures this kind of financial assets at fair value through other comprehensive income, but recognizes the impairment losses or gains, exchange profit and loss, and interest income calculated by the effective interest method as the profit and loss of the current period.

Additionally, the Company designates some non-tradable equity instruments as financial assets at fair value through other comprehensive income. The Company recognizes relevant dividend income from such financial assets as the profit and loss of the current period, and changes in fair value as other comprehensive income. When such financial assets are derecognized, the accumulated gains or losses previously recognized as other comprehensive income shall be transferred from other comprehensive income to retained earnings and not recognized as the profit and loss of the current period.

3) Financial assets measured at fair value through profit and loss of the current period

All financial assets other than the other two preceding types are classified as financial assets measured at fair value through profit and loss of the current period. Moreover, at initial recognition, to eliminate or significantly reduce accounting mismatches, the Company may designate some financial assets as financial assets measured at fair value through profit and loss of the current period.

Such financial assets shall be measured at fair value, and changes in fair value are recognized as the profit and

loss of the current period.

(2) Classification, recognition, and measurement of financial liabilities

At initial recognition, financial liabilities are classified into financial liabilities measured at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit and loss of the current period, transaction costs are directly included in profit and loss of the current period. For other types of financial liabilities, related transaction costs are included in their initial recognized amounts.

1) Financial liabilities measured at fair value through profit and loss of the current period

Financial liabilities measured at fair value through profit and loss of the current period include tradable financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated to be measured at fair value through profit and loss of the current period at initial recognition.

Tradable financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, and changes in fair value -- except for those related to hedging accounting -- are recognized as profit and loss of the current period.

For those that are designated as financial liabilities measured at fair value through profit or loss, the changes in fair value resulting from changes in the credit risk of the Company shall be recognized as other comprehensive income; besides, when such liabilities are derecognized, the amount of accumulative changes in fair value resulting from credit risk changes that are recognized as other comprehensive income shall be transferred to retained earnings. Other changes in fair value shall be recognized as the profit and loss of the current period. If the treatment of the credit risk changes in such financial liabilities by the above methods will result in expansion of the accounting mismatch in the profit and loss, the Company shall recognize all gains or losses in such financial liabilities (including the amount subject to the credit risk changes of the Company) as the profit and loss of the current period.

2) Other financial liabilities

Except for financial liabilities resulting from financial asset transfers not meeting the conditions for derecognition or the continuous involvement in the transferred financial asset, or financial guarantee contracts, other financial liabilities shall be classified into the financial liabilities measured at amortized cost, which shall be subsequently measured at amortized cost, and the gains or losses resulting from derecognition or amortization shall be recognized as the profit and loss of the current period.

(3) Recognition basis and measurement method of financial asset transfer

Once one of the following conditions is met, the financial assets shall be derecognized:

1) The contract right to charge the cash flows of the financial assets is terminated; 2) the financial assets have been transferred, and almost all the risks and rewards of the ownership of the financial assets are transferred to the transferee; 3) the financial assets have been transferred, and the Company has given up the control over the financial assets although it does not transfer or retain almost all the risks and rewards of the ownership of the financial assets.

If the Company has neither transferred nor retained almost all the risks and rewards of the ownership of the financial assets, and the Company does not waive its control of the financial assets, it shall recognize the relevant financial assets within the extent of its continuous involvement in the transferred financial assets and recognize the relevant liabilities. The continuous involvement in the transferred financial assets refers to the level of risk with which the Company is faced due to changes in the financial asset values.

When overall transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets and the difference between the consideration received due to transfer and the accumulative changes in fair value that is originally recognized as other comprehensive income shall be recognized as the profit and loss of the current period.

When partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets shall be apportioned to the fair value between the derecognized part and the recognized part, and the consideration received due to transfer and the difference between the accumulative changes in fair value that is originally recognized as other comprehensive income, which shall be apportioned to the derecognized part, and the apportioned book value as mentioned above shall be recognized as the profit and loss of the current period.

When the Company sells financial assets with additional recourse or transfers the endorsed financial assets held, it shall check whether almost all the risks and rewards of the ownership of the financial assets are transferred. If the Company has transferred almost all the risks and rewards of the ownership of the financial assets to the transferee, it shall derecognize the financial assets; if the Company retains almost all the risks and rewards of the ownership of the financial assets, it shall not derecognize the financial assets; if the Company neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, it shall judge whether it has retained control over the assets and conduct accounting processing following the principles described in previous paragraphs.

(4) Derecognition of financial liabilities

If current obligations of the financial liabilities (or some of the liabilities) have been released, the Company shall

derecognize the financial liabilities (or some of the liabilities). Where the Company (borrower) and a lender sign an agreement to replace the existing financial liability by way of assumption of new financial liability with the terms of the new financial liability substantially different from those of the existing financial liability, it derecognizes the existing financial liability while recognizing the new financial liability. If the contract terms of the existing financial liability are materially changed in whole (or in part), the existing financial liability will be derecognized, and the financial liability after changes of terms will be recognized as a new financial liability.

If a financial liability is derecognized in whole (or in part), the difference between the book value of the derecognized portion and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) is recognized as the profit and loss of the current period.

(5) Offsetting financial assets and financial liabilities

When the Company has the statutory right to offset the recognized amount of financial assets and financial liabilities, and this statutory right is currently enforceable, and the Company plans to net the financial assets or simultaneously realize the financial assets and pay off the financial liabilities, the financial assets and financial liabilities are presented in the balance sheet at the net amount after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

(6) Methods for determining the fair value of financial assets and financial liabilities

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If there are active markets for a financial instrument, the Company establishes its fair value by using quotes in the active markets. Quotes in active markets refer to prices that are readily available on a regular basis from exchanges, brokers, trade associations, pricing service institutions, etc., and represent the prices of market transactions that actually occur in a fair trade. If there is no active market, the Company establishes fair value by using valuation techniques.

Valuation techniques include reference to price used in recent market transactions between knowledgeable, willing parties, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow analysis, option pricing models, etc. During valuation, the Company adopts the valuation techniques that are applicable under current circumstances and supported by sufficient available data and other information, selects the input values that are consistent with the characteristics of the assets or liabilities considered by the market participants in the transaction of the relevant assets or liabilities, and preferentially uses the relevant observable inputs. Unobservable input values are used where the relevant observable input values are not available or are not practicable.

(7) Equity instruments

An equity instrument refers to a contract that can prove the Company owns the remaining equity in the assets after deducting all liabilities. The Company's issuance (including refinancing), repurchase, sales or cancellation of equity instruments are treated as changes in equities, and transaction costs related to equity transactions are deducted from equities. The Company does not recognize changes in the fair value of equity instruments.

The distribution of dividends by equity instruments (including "interests" generated by instruments that are classified as equity instruments) during their period existence shall be treated as profit distribution.

(8) Impairment of financial assets

The financial assets for which the Company needs to recognize impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, and lease receivables, mainly including notes receivable, accounts receivable, and other receivables. In addition, for some financial guarantee contracts, impairment reserves are set aside and credit impairment losses are recognized as per the accounting policies described in this section.

1) Methods for recognizing impairment reserves

Based on the expected credit loss, the Company sets aside provisions for impairment of the above items by methods (general method or simplified method) for measuring expected credit loss applicable to them and recognizes credit impairment loss.

Credit loss refers to the difference between all contract cash flow receivables discounted at the original effective interest rate under the contract and all expected cash flow receivables, i.e., the present value of all cash shortages. Specifically, for financial assets that have been credit-impaired at the time of purchase or origin, the Company discounts the financial assets at the credit-adjusted actual interest rate.

The general method for measuring expected credit loss means that the Company assesses on each balance sheet date whether the credit risk of financial assets has increased significantly since the initial recognition. If yes, the Company measures loss reserves at an amount equivalent to the expected credit loss in the entire duration; if not, the Company measures loss reserves at an amount equivalent to the expected credit loss in the next 12 months. The Company considers all reasonable and evidence-based information, including forward-looking information, when assessing expected credit loss;

As for financial instruments with low credit risk on the balance sheet date, the Company measures the loss reserves according to the expected credit loss in the future 12 months, assuming that its credit risk has had no significant increase since its initial recognition. The Company chooses to measure loss reserves according to the

expected credit loss in the next 12 months or in the entire duration based on whether the credit risk has increased significantly since initial recognition.

2) Standards for judging whether credit risk has increased significantly since initial recognition

If the probability of default (PD) of a financial asset in the expected duration recognized on the balance sheet date is significantly higher than that in the expected duration recognized at the time of initial recognition, the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company determines whether credit risk has increased significantly since initial recognition by reasonably assessing the changes in the PD in the entire duration with the changes in the coming 12 months.

3) Portfolio method for assessing expected credit risk based on portfolios

The Company assesses individual credit risk of financial assets with significantly different credit risks. Examples include the following: receivables from related parties; receivables that have disputes with counterparties or those involved in litigation or arbitration; there are obvious signs that the debtor is very unlikely to fulfill the repayment obligation.

In addition to financial assets whose individual credit risk is assessed, the Company divides financial assets into different groups based on common risk characteristics, and assesses credit risk on a portfolio basis.

4) Accounting treatment methods for impairment of financial assets

At the end of the reporting period, the Company calculates the expected credit loss of financial assets. If the expected credit loss is greater than the book value of its current impairment provisions, the difference is recognized as an impairment loss; if it is less than the current book value of the impairment provisions, the difference is recognized as impairment gains.

5) Methods for recognizing credit losses of financial assets

a. Notes receivable

The Company measures loss reserves for notes receivable at an amount equivalent to expected credit loss in the entire duration. The Company divides notes receivable into different portfolios based on their credit risk characteristics:

Item	Basis for determining the portfolio
Banker's acceptance	Acceptors are banks with low credit risks.
Trade acceptance	The aging of trade acceptance is used as credit risk characteristics.

b. Accounts receivable

The Company measures loss reserves for accounts receivable without major financing component at an amount equivalent to expected credit loss in the entire duration.

The Company measures loss reserves for accounts receivable and lease receivables with major financing component at an amount equivalent to expected credit loss in the duration.

Except for accounts receivable whose individual credit risk is assessed, the Company divides accounts receivable into different portfolios based on their credit risk characteristics:

Item	Basis for determining the portfolio
Aging portfolio	This portfolio uses aging of accounts receivable as credit risk characteristics.
Related party portfolio	This portfolio comprises amounts of related parties within the consolidated scope.

c. Other receivables

The Company adopts the amount equivalent to the expected credit loss in the coming 12 months or in the entire duration to measure impairment losses based on whether the credit risk of other receivables has increased significantly since initial recognition. Except for other receivables whose individual credit risk is assessed, the Company divides other receivables into different portfolios based on their credit risk characteristics:

Item	Basis for determining the portfolio
Aging portfolio	This portfolio uses aging of other receivables as credit risk characteristics.
Related party portfolio	This portfolio comprises amounts of related parties within the consolidated scope.

11. Notes receivable

For details, please refer to 10. Financial instruments in V. Significant Accounting Policies and Accounting Estimates of Section X.

12. Accounts receivable

For details, please refer to 10. Financial instruments in V. Significant Accounting Policies and Accounting Estimates of Section X.

13. Accounts receivable financing: None

14. Other receivables

Recognition methods and accounting treatment methods for expected credit loss in other receivables

For details, please refer to 10. Financial instruments in V. Significant Accounting Policies and Accounting Estimates of Section X.

15. Inventories

(1) Classification of inventories

Inventories mainly include raw materials, goods in process, materials for consigned processing, commodity stocks, packages, and low-value consumables.

(2) Pricing methods for inventory acquisition and delivery

Inventories are priced at actual cost when they are acquired. Inventory costs include procurement costs, processing cost, and other costs. Inventories are priced by the weighted average method during receipt and delivery.

(3) Methods for recognition of the net realizable value of inventories and the provisions for impairment of inventories

The net realizable value refers to the amount of the estimated selling price of the inventory minus the estimated cost, estimated selling expenses, and related taxes and fees at the time of completion in daily activities. When recognizing the net realizable value of inventories based on the substantial evidence obtained, the Company also considers the purpose of holding the inventories and the impact on matters after the balance sheet date.

On the balance sheet date, inventories are measured at the lower of costs and the net realizable value. When the net realizable value is lower than costs, the Company sets aside provisions for inventory impairment. Provisions for inventory impairment are set aside based on the difference between the cost of individual inventory item and its net realizable value.

After provisions for the inventory impairment are set aside, if the influencing factors in previous write-down of the inventory value disappear, causing the net realizable value of the inventory to be higher than its book value, it shall be reversed within the amount of the provisions for inventory impairment that have been set aside and recognized as the profit and loss of the current period.

(4) The perpetual inventory system is adopted for the inventories.

(5) Amortization method for low-value consumables and packages

The one-time amortization method is adopted for low-value consumables and packages upon receipt.

16. Contract assets: None

17. Contract costs: None

18. Assets held for sale

The Company classifies non-current assets or a disposal group as held for sale (including exchange of non-monetary assets with commercial substance, the same below) if their book values are recovered principally

through disposal rather than through continuing use. Specifically, the following conditions shall be met simultaneously: A certain non-current asset or disposal group can be sold immediately under the current conditions according to the practice of selling such assets or disposal groups in similar transactions; the Company has made a resolution of an offer and obtained the purchase commitment; the sale is expected to be completed within one year. Among them, the disposal group refers to a group of assets that are disposed of as a whole through sale or other means in a transaction, and the liabilities directly related to these assets that are transferred in the transaction. If the asset group or the combination of asset groups to which the goodwill (obtained from business combination) has been allocated in accordance with the *Accounting Standards for Business Enterprises No. 8 -- Impairment of Assets*, the disposal group shall include the goodwill allocated to it.

During initial measurement or re-measurement of the non-current assets and disposal groups classified into held-for-sale assets on the balance sheet date, if the book value of such assets is higher than the net value deducting the cost of offer, the book value is written down to the recoverable amount by the Company, the written-down amount is recognized as profit and loss of the current period and impairment provisions are set aside at the same time. For the disposal group, the recognized asset impairment loss is first deducted from the book value of the goodwill in the disposal group, and then deducted in proportion from the book value of non-current assets specified in the applicable *Accounting Standards for Business Enterprises No. 42 - Non-Current Assets and Disposal Groups Held for Sale and Discontinued Operations* (hereinafter referred to as the “Standards for Assets Held for Sale”). If the fair value of the disposal group held for sale on the subsequent balance sheet date increases after deducting the selling expenses, the previously written down amount shall be restored, and reversed within the amount of the asset impairment losses recognized for non-current assets as per the Standards for Assets Held for Sale applicable after the assets are classified into those held for sale, and the reversed amount shall be recognized as the profit and loss of the current period. Besides, the book value of the reversed amount shall be increased in proportion according to the proportion of the book value of the non-current assets specified in the Standards for Assets Held for Sale applicable to those except for the goodwill in the disposal group. The book value of the goodwill that has been deducted, and the asset impairment losses recognized before the non-current assets are classified into assets held for sale as per the Standards for Assets Held for Sale shall not be reversed.

Non-current assets held for sale and non-current assets in the disposal group are not subject to depreciation or amortization. Interest and other expenses on liabilities in the disposal group held for sale continue to be recognized.

When the non-current assets or disposal group no longer meets the conditions for classification into the assets held

for sale, the Company no longer classifies them into the category or removes the non-current assets from the disposal group held for sale, and measures them at the lower of the following two: (1) in terms of the book value before classification into assets held for sale, for which the measurement standard is the amount after adjustment according to the depreciation, amortization, or impairment that should have been recognized under the assumption that they are not classified into assets held for sale; and (2) the recoverable amount.

19. Investments in creditor's rights: None

20. Other investments in creditor's rights: None

21. Long-term receivables: None

22. Long-term equity investments

The long-term equity investments herein refer to the long-term equity investments in which the Company has control, joint control, or significant influence on the investee. Long-term equity investments where the Company has no control, joint control, or significant influence on the investee are accounted as financial assets measured at fair value through profit and loss of the current period. Among them, for those that are non-tradable, the Company may choose to designate them as the financial assets measured at fair value through other comprehensive income for accounting during initial recognition. See "Note V (10)" for their detailed accounting policies.

Joint control refers to the common control over a particular arrangement according to relevant agreement, and that the decisions on relevant activities under such arrangement are subject to the unanimous consent from the parties sharing the joint control. Significant influence means having the power to participate in the financial and operating policy decision-making of the investee, but cannot control or, together with other parties, jointly control the formulation of these policies.

(1) Determination of investment cost

For long-term equity investments obtained from combination of enterprises under common control, the share of the combined party's owner's equity in the book value of the consolidated financial statements of the final controlling party which is acquired on the combination date shall be regarded as the initial investment cost for long-term equity investments. The capital reserves shall be adjusted if there is difference between the initial investment cost of long-term equity investment and the cash paid, the transferred non-cash assets, and the book value of the debts assumed; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the equity securities issued are used as the combination consideration, the share of the combined party's owner's

equity in the book value of the consolidated financial statements of the final controlling party which is acquired on the combination date shall be regarded as the initial investment cost for long-term equity investments; the total book value of the shares issued shall be the share capital; the capital reserves shall be adjusted if there is difference between the initial investment cost of long-term equity investments and the total book value of the shares issued; if the capital reserves are insufficient to balance the difference, retained earnings shall be adjusted.

For long-term equity investments obtained from combination of enterprises under different control, the combination costs on the acquisition date shall be used as the initial investment costs of the long-term equity investment; the combination costs include the sum of the assets paid by the acquirer, the liabilities incurred or assumed, and the fair value of the equity securities issued.

Intermediary expenses such as auditing, legal services, assessment and consulting and other related management expenses incurred by the combining party or acquirer for the business combination shall be recognized as the profit and loss of the current period.

Other equity investments except for long-term equity investments formed via business combination are initially measured at cost. Subject to the way the long-term equity investments are obtained, the costs shall be recognized based on the cash actually paid by the Company for acquisition, the fair value of the equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or original book value of the assets swapped out in a non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself. Expenses, taxes, and other necessary expenditures directly related to acquisition of long-term equity investments are also recognized as investment costs.

(2) Subsequent measurement and recognition of profit and loss

If the Company has common control or significant influence over the investee (except for constituting coproprietors), the long-term equity investment shall be accounted for by using the equity method. Additionally, the Company's financial statements apply the cost method for long-term equity investments that can make control in the investee

1) Long-term equity investments accounted for using the cost method

When the cost method is used, the long-term equity investments are calculated according to the initial investment cost. In the event that the investment is added or recovered, the cost of the long-term equity investments shall be adjusted. With the exception of the price actually paid at the acquisition of investment or cash dividends or profits included in consideration, declared but not issued yet, the return on investment of the current period shall be recognized according to the cash dividends or profits declared to be issued by the investee.

2) Long-term equity investments accounted for using the equity method

When using equity method, if the initial investment cost of long-term equity investments is greater than the fair value share of the identifiable net assets entitled of the investee at the time of investment, the initial investment of the long-term equity investments shall not be adjusted. If the initial investment cost of long-term equity investments is lower than the fair value share of the identifiable net assets entitled of the investee at the time of investment, the difference shall be recognized as profit and loss of the current period and the cost of the long-term equity investments shall be adjusted at the same time.

When the equity method is used, return on investment and other comprehensive income shall be respectively determined based on the share of net profit or loss and other comprehensive income realized by the investee that shall be attributable or assumed, and the book value of long-term equity investments shall be adjusted at the same time. Attributable share shall be calculated based on the profit or cash dividends declared by the investee and the book value of long-term equity investments shall be accordingly decreased. In respect to other changes of owner's equity of the investee in addition to net profit or loss, other comprehensive income and profit distribution, the book value of long-term equity investments shall be adjusted and recognized as capital surplus. When confirming the share of the investee's net profit and loss, the Company shall confirm the investee's net profit after adjustment based on the fair value of the identifiable net assets of the investee at the acquisition of the investment. Where the accounting policy and accounting period adopted by the investee differs from those of the Company, the investee's financial statements shall be adjusted according to the Company's accounting policy and accounting period, and the return on investment and other comprehensive income shall be recognized accordingly. Where the transactions are between the Company and the associates and joint ventures, and the assets that are invested or sold do not constitute business, unrealized internal transaction profits and losses incurred between the Company and the associates and joint ventures shall be offset with the part attributable to the Company which is calculated on a due pro-rata basis, and the return on investment shall be recognized on this basis. However, unrealized internal transaction losses incurred between the Company and the investees shall not be offset if they fall under the impairment losses on assets transferred.

When confirming the limit of net loss incurred by the investee, the limit is the extent that the book value of the long-term equity investments and other long-term equity that substantially constitutes a net investment in the investment target is written down to zero. Additionally, if the Company has obligations to assume additional losses of the investee, provisions are recognized according to the expected obligation, and recognized as investment losses for the period. Where the investee records net profit in the future, the Company resumes and

recognizes the profit-sharing amount after such amount makes up the unrecognized loss-sharing amount.

23. Investment property

Measurement model for investment property

Measurement by the cost method

Depreciation or amortization method

Investment properties are real estate held to generate rental income or earn capital gains or both. Investment properties include land use rights leased out, land use rights held for transfer after appreciation, buildings leased out, etc.

Investment property is initially measured at cost. Subsequent costs are included in the investment property's cost only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent costs are recognized as profit and loss of the current period when incurred.

The Company adopts the cost model for subsequent measurement of investment property, and depreciates or amortizes it according to policies consistent with those for buildings or land use rights.

Impairment test method and impairment provision method for investment property are detailed in "Note V (31)".

Investment properties are derecognized when they are disposed of or permanently withdrawn from use and it is expected that no economic benefit can be generated from its disposal. The income from selling, transferring, writing off or destroying investment property, less its book value and relevant taxes and fees, is recognized as profit and loss of the current period.

24. Fixed assets

(1) Recognition conditions

Fixed assets are tangible assets with a useful life of more than one accounting year that are held for production or supply of goods or labor services, for rental to third parties, or for use in the organizations. Fixed assets shall only be recognized when relevant economic interest may flow into the Company and costs thereof can be reliably measured. Fixed assets shall be initially measured at cost and by taking into account the impact of estimated disposal expense.

(2) Depreciation method

Type	Depreciation method	Depreciation life	Residual value rate	Annual depreciation rate
Properties and buildings	Straight-line depreciation	10 to 30 years	5%. 10%	3.00%, 3.17% to 9.00%, 9.50%
Equipment	Straight-line depreciation	2 to 20 years	5%. 10%	4.50%, 4.75% to 45.00%, 47.50%
Motor vehicles	Straight-line depreciation	5 to 14 years	5%. 10%	6.43%, 6.79% to 18.00%, 19.00%
Office equipment	Straight-line depreciation	3 to 8 years	5%. 10%	11.25%, 11.88% to 30.00%, 31.67%
Production equipment	Straight-line depreciation	2 to 5 years	5%. 10%	18.00%, 19.00% to 45.00%, 47.50%

Estimated residual value refers to the current amount where, supposed the service life of a fixed asset has expired and it is in the expected status of such expiration, the Company obtains from the disposal of such asset after the estimated disposal expense is deducted.

(3) Determination basis, pricing method and depreciation method of fixed assets acquired under finance leases

Leases of assets where substantially all the risks and rewards of ownership have been transferred are classified as finance leases. Title may or may not eventually be transferred. The fixed asset leased in through finance leases adopts the same depreciation policy self-owned fixed assets. If it can be reasonably ascertained that the ownership of the asset leased can be obtained by the expiration of the tenancy, the asset is depreciated over its service life; if not, the asset is depreciated over the shorter of the tenancy and the service life of the leased asset.

25. Construction work in process

Construction work in progress is measured at actual project expenditure, comprising project expenditure incurred during construction and other necessary cost incurred.

The Company's Construction work in progress is transferred to fixed assets when the assets are ready for their intended use. If the fixed assets under construction have reached the expected usable status but have not yet completed the final account for completed project, they shall be recognized as fixed assets according to the estimated value, and accrue depreciation. After the completion of the final account for completed project, the original estimated value is adjusted according to the actual cost, but the original accrued depreciation amount is not adjusted.

Impairment test method and impairment provision method for Construction work in progress are detailed in "Note V (31)".

26. Borrowing costs

Borrowing costs include interest on borrowings, amortizations of discounts or premiums, incidental expenses,

exchange difference resulting from foreign-currency borrowings, etc. The borrowing costs that can be directly attributable to the acquisition, construction or production of an asset eligible for capitalization shall be capitalized if the capital expenditures have been incurred, the borrowing costs have been incurred, or the necessary purchase, construction or production activities to make the asset reach the expected available or marketable state have begun. When the assets with the purchase, construction or production meeting the capitalization conditions reach the expected available or marketable state, they cease to be capitalized. Any other borrowing costs are recognized as an expense in the period when they are incurred.

The amount of interest that shall be capitalized is determined based on the interest expenses incurred in the period when a specifically borrowed fund is obtained less any income earned on the unused borrowing fund as a deposit in a bank or as a temporary investment. Where funds are borrowed for a general purpose, the amount of interest that shall be capitalized is determined by multiplying the part of the accumulative asset disbursements in excess of the weighted average asset disbursement for the specifically borrowed fund by the capitalization rate of the general borrowing used. The capitalization rate is the weighted average interest rates applicable to the general-purpose borrowings.

During the capitalization, all exchange differences arising from earmarked foreign-currency borrowings shall be capitalized; exchange differences arising from general-purpose foreign-currency borrowings shall be recognized as profit and loss of the current period.

Assets eligible for capitalization refer to assets such as fixed assets, investment real estates and inventories that can reach the expected available or marketable status after a long period of purchase, construction or production activities.

If the acquisition, construction or production of an asset eligible for capitalization is continuously suspended for over three months for abnormal reasons, capitalization of the borrowing costs shall be suspended, until the acquisition, construction or production of the asset is resumed.

27. Biological assets: None

28. Oil & gas assets: None

29. Right-of-use assets

(1) Recognition methods

Under the new lease standards, except for short-term leases and low-value asset leases, the lessee will no longer distinguish financial leases and operating leases. All leases adopt the same accounting methods, and right-of-use assets and lease liabilities need to be recognized.

Right-of-use assets refer to the right of the Company as the lessee to use the leased assets during the term of lease.

(2) Accounting treatment methods

The right-of-use asset is measured at cost at the commencement date. The cost of right-of-use asset comprises: the amount equal to the lease liability at its initial recognition; lease payments made at or before the commencement of the lease, less any lease incentives received; any initial direct costs incurred by the lessee; an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company as the lessee recognizes and measures the aforementioned dismantling, restoration and other costs in accordance with *Accounting Standard for Business Enterprises No. 13 - Contingencies*. Subsequent adjustments are made for any remeasurement of lease liabilities.

The straight-line method is used to accrue depreciation. For right-of-use assets, if it is reasonably ascertained that the ownership of the asset will be transferred to the lessee at the end of the lease term, then depreciation period runs to the end of the useful life of the lease asset. If it cannot be reasonably ascertain that the ownership of the asset leased will be transferred to the lessee at the end of the lease term, then depreciation period runs to the earlier of the end of the useful life of the asset or the end of the lease term.

Impairment test method and impairment provision method for right-of-use assets are detailed in “Note V (31)”.

For short-term leases and low-value asset leases, the Company may choose not to recognize as right-of-use assets but as the cost of the related asset or as profit and loss of the current period in accordance with the straight-line method or other systematically reasonable methods during each period of the lease.

30. Intangible assets

(1) Pricing method, service life, and impairment test

Intangible assets refer to identifiable non-monetary assets without physical substance owned or controlled by the Company.

Intangible assets are initially measured at cost. Costs of intangible assets are included in intangible assets' book value, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other costs of intangible assets are recognized as profit and loss of the current period when incurred.

Land use rights acquired are generally accounted for as intangible assets. With respect to self-built buildings including plants, the relevant land use right expenses and buildings' construction costs are accounted for as

intangible assets and fixed assets, respectively. For purchased houses and buildings, the price paid is distributed between the land use right and the building. If it is difficult to distribute, it shall all be included in fixed assets.

From the beginning of use of intangible assets with finite service life, the accumulated amount of the original value less estimated net residual value and the provisions for asset impairment set aside shall be amortized evenly in stages by straight-line method over their service life. Intangible assets with uncertain service lives are not amortized.

The Company reviews the service life and amortization method of intangible asset with finite service life at the end of the reporting period, and a change therein (if any) shall be accounted for as a change in accounting estimates. Additionally, the Company reviews the service life and amortization method of intangible asset with uncertain service life. If there is evidence that the period when it brings economic benefits to the enterprise is foreseeable, its service life shall be estimated and it is amortized according to the amortization policy for intangible assets with finite service life.

Impairment test method and impairment provision method for intangible assets are detailed in “Note V (31)”.

(2) Accounting policy for expenditure on internal research and development

The Company classifies the expenditure on an internal research and development project into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recognized as profit and loss of the current period when incurred.

Expenditure on the development phase is recognized as intangible asset when all the following criteria are met, while expenditure in the development phase that does not meet the following criteria is recognized as profit and loss of the current period when incurred:

- 1) technically feasible to complete the intangible asset so that it will be available for use or sale;
- 2) the intention to complete the intangible asset and use or sell it;
- 3) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- 4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- 5) the ability to measure reliably the expenditure attributable to the intangible asset during the development.

Where the expenditure on research and development incurred cannot be classified into the expenditure on research

phase or the expenditure on development phase, it shall be recognized as profit and loss of the current period when incurred.

31. Long-term asset impairment

The Company determines on the balance sheet date whether there is any indication that the non-current and non-financial assets may have been impaired, including fixed assets, construction work in progress, intangible assets with limited service life, and investment properties measured using the cost model, and long-term equity investments in subsidiaries, joint ventures and associates. If there is any indication that the asset is likely to be impaired, the Company will estimate the recoverable amount and carry out the impairment test. Impairment tests shall be conducted each year for goodwill and intangible assets with uncertain service life and not yet in use, whether or not there is any indication of impairment.

If an impairment test shows that the recoverable amount of an asset is lower than its book value, the difference is recognized as a provision for impairment and recognized as the impairment loss. The recoverable amount is determined based on the higher of the net amount of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset. The fair value of asset is determined according to the price of the sales agreement in fair trade. If there is no sales agreement but an active market for the asset, the fair value is determined according to the price offered by the buyer for the asset. If there is neither sales agreement nor active market for the asset, the fair value of the asset shall be estimated based on the best information available. The disposal costs include legal fees, relevant taxes and fees, as well as handling fees related to the disposal of asset, and the direct costs incurred to ensure the asset reaches the marketable state. The present value of the expected future cash flow of an asset shall be determined by the discounted cash at an appropriate discount rate, on the basis of the expected future cash flow generated during the continuous use or final disposal of an asset. Provisions for asset impairment are calculated and recognized on an individual basis. If it is difficult to estimate the recoverable amount of individual assets, the Company will determine the recoverable amount of the asset group on the basis of the asset group to which the asset belongs. Asset group refers to the smallest asset portfolio which can independently generate cash inflows.

When an impairment test is performed on the goodwill separately listed in the financial statement, book value of such goodwill is apportioned to the asset group or combination of asset groups that can benefit from the synergy effect of business combination. If the test result shows that the recoverable amount of the asset group or combination of asset groups is lower than their book value, corresponding impairment losses on goodwill will be

recognized. The impairment loss shall first offset against the book value of goodwill that is apportioned to asset group or a combination of asset groups, and then offset against the book value of assets excluding goodwill in the asset group or the combination of asset groups on a pro-rata basis according to the proportion of their book value. Once the aforementioned asset impairment loss is recognized, it will not be reversed in subsequent accounting periods even if the value can be recovered.

32. Long-term unamortized expenses

Long-term unamortized expenses are expenses which have been incurred but shall be amortized over a period longer than one year, including the reporting period and the future periods. Long-term unamortized expenses shall be amortized based on the straight-line method over the expected benefit period.

33. Contract liabilities

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

Contract assets and liabilities within a single contract should be presented on a net basis. If the net amount is debit balance, it shall be presented in the item of "contract assets" or "other non-current assets" based on its liquidity. If the net amount is credit balance, it shall be presented in the item of "contract liabilities" or "other non-current liabilities" based on its liquidity.

34. Employee remuneration

(1) Accounting treatment method for short-term remuneration

Short-term remuneration includes salaries, bonuses, allowances and subsidies, employee welfare, medical insurance fees, maternity insurance fees, employment injury insurance fees, housing provident funds, labor union fees, staff education funds, and non-monetary welfare. The Company shall, within the accounting period when its employees provide service, recognize actual short-term remuneration as liabilities which shall be recognized as profit and loss of the current period or relevant asset costs. Wherein, non-monetary benefits are measured at fair value.

(2) Accounting treatment method for post-employment benefits

Post-employment benefit includes basic endowment insurance, unemployment insurance, etc. It also includes defined contribution plans. Where defined contribution plans are adopted, the corresponding amount payable shall be recognized as profit and loss of the current period or relevant asset costs in which it is incurred.

(3) Accounting treatment method for dismissal benefits

If the Company terminates the labor relationship with an employee before the employee's labor contract expires, or proposes to give the employee compensation for encouraging the employee to voluntarily accept dismissal, the liabilities arising from the compensation giving to the employee for the termination of the labor relationship with the employee shall be recognized as profit and loss of the current period, when the Company cannot unilaterally withdraw the termination of the labor relationship plan or the dismissal proposal, or when it recognizes the costs related to the restructuring of the payment of the dismissal benefits, whichever is earlier. However, if it is expected that the dismissal benefits cannot be paid in full within twelve months after the end of the annual reporting period, they shall be accounted for according to other long-term employee remunerations.

Internal retirement schemes for employees shall be accounted for following the same principles of the above dismissal benefits. Where the salaries and social insurance fees of early retirees to be paid by the Company from the date when employees stop providing services to the normal retirement date meet the recognition conditions for projected liabilities, they shall be recognized as profit and loss of the current period.

(4) Accounting treatment method for other long-term employee benefits

Other long-term benefits provided by the Company to employees that meet the conditions of the defined contribution plan are accounted for in accordance with the defined contribution plan; other long-term benefits are accounted for in accordance with the defined benefit plan.

35. Lease liabilities**(1) Recognition methods**

Under the new lease standards, except for short-term leases and low-value asset leases, the lessee will no longer distinguish financial leases and operating leases. All leases adopt the same accounting methods, and right-of-use

assets and lease liabilities need to be recognized.

(2) Accounting treatment methods

1) The lessee shall calculate the interest expenses of the lease liability in each period of the lease term and include them in the profit and loss of the current period.

2) For short-term leases and low-value asset leases, the lessee may choose not to recognize as right-of-use assets but as the cost of the related asset or as profit and loss of the current period in accordance with the straight-line method or other systematically reasonable methods during each period of the lease term;

Pursuant to requirements of the new lease standards, the Company recognizes lease liabilities for all leased assets based on the present value of the minimum lease payment of future rent payable (except for short-term leases and low-value asset leases that have been handled with the simplified method), and confirm depreciation and unrecognized financing expenses separately from January 1, 2021. Information of the comparable period is not adjusted.

36. Provision

An obligation related to contingent issues and meeting the following conditions shall be deemed a provision: (1) such an obligation is a current one assumed by the Company; (2) fulfilling such an obligation might cause economic benefits to flow out of the Company; and (3) the amount of such an obligation is measurable reliably.

On the balance sheet date, a provision is measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency.

A provision is separately recognized as an asset and the recognized compensation amount shall not exceed the book value of the provision, when all or part of the expenses required to pay off the provision are expected to be compensated by a third party and the amount of compensation is basically determined to be receivable.

37. Share-based payment

Share-based payment is the transaction made through granting equity instruments or bearing the liabilities recognized based on such instruments in exchange for services rendered by employees or other parties. The Company's share-based payment includes equity-settled share-based payment and cash-settled share-based payment.

(1) Equity-settled share-based payment

Where the share payment is settled through equity for acquisition of service from employees, it shall be measured at the fair value of the equity instruments granted to the employees. If the right cannot be exercised until the vesting period ends or until the prescribed performance conditions are met, the amount of such fair value shall, based on the best estimate of the number of vested equity instruments, be recognized as the relevant costs or expenses by straight-line method; if the right can be exercised immediately following the grant, the amount of such fair value shall be recognized as the relevant costs or expenses on the grant date, and the capital reserve shall be increased accordingly.

On each balance sheet date within the vesting period, the Company carries out the best estimation based on such follow-up information such as the variation of the number of vested staff acquired recently, and revises the number of estimated vested equity instruments. The impact of the above estimates shall be recognized as the relevant costs or expenses of the current period, and the capital reserve shall be adjusted accordingly.

For an equity-settled share-based payment in return for the service of any other party, if the fair value of the service of any other party can be reliably measured, it shall be measured at the fair value of the service of any other party on the acquisition date; if the fair value of the service of any other party cannot be reliably measured, but the fair value of the equity instruments can be reliably measured, it shall be measured at the fair value of the equity instruments on the acquisition date and included in the relevant costs or expenses, and the shareholders' equity shall be increased correspondingly.

(2) Cash-settled share payment

The cash-settled share-based payment shall be measured at the fair value of the Company's liabilities determined based on shares or other equity instruments. If the right may be exercised immediately after the grant, relevant costs or expenses shall be recognized the grant date, and the liabilities shall be increased accordingly. If the right may not be exercised until the vesting period ends or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be recognized as the relevant costs or expenses at the fair value of the liability undertaken by the Company, and liabilities shall be increased accordingly.

The fair value of liabilities is re-measured and any change thereto is recognized as profit and loss of the current period on each balance sheet date and settlement date prior to settlement of the relevant liabilities.

38. Preference shares, perpetual bonds and other financial instruments: None**39. Revenue**

Accounting policy for recognition and measurement of revenue

The revenue is recognized when the customers take control of the relevant goods or services if the contract between the Company and the customers meet all the following conditions: 1) the parties to the contract have approved such contract and undertake to perform their respective obligations; 2) the contract has specified the rights and obligations of the parties thereto and in connection with the transfer of goods or provision of labor services; 3) the contract sets out clear payment terms related to the transfer of goods; 4) the contract has commercial substance, meaning that the performance thereof will change the risk, time distribution or amount of the Company's future cash flow; 5) the Company is very likely to recover the consideration obtained by transferring goods to customers.

On the enforcing date of the contract, the Company identifies all individual performance obligations in the contract, and apportions the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods. When determining the transaction price, the Company has considered the impact of such factors including variable consideration, major financing component of the contract, non-cash consideration, and consideration payable to the customer.

With respect to each individual performance obligation of the contract, the Company will recognize the transaction price apportioned to such obligation as revenue based on the progress of performance during the relevant performance periods, if any of the following conditions is met: 1) the customer obtains and consumes the economic benefits brought by the Company's performance during such performance; 2) the customer can control the goods in progress during the Company's performance; 3) the goods produced from the Company's performance has irreplaceable use, and in respect of the portion of revenue arising from the Company's performance completed to date, the Company is entitled to collect revenue during the entire validity period of the contract. The progress of performance is determined according to the nature of the transferred goods using the input or output method. When such progress cannot be reasonably determined, if the costs incurred are expected to be compensated, the Company recognizes revenue based on the amount of costs incurred, until the progress of performance can be reasonably determined.

If none of the aforesaid conditions is met, the Company will recognize the transaction price apportioned to such individual performance obligation when the customer obtains the control over relevant goods. To decide whether

the customer has obtained the control over goods, the Company takes into account the following indications: 1) the enterprise has the present right to collection for the goods, meaning the customer bears the present obligation to payment for the goods; 2) the enterprise has passed the legal title to the goods to the customer, meaning the customer has had the legal title to the goods; 3) the enterprise has transferred the physical possession of the goods to the customer, meaning the customer has had the physical possession of the goods; 4) the enterprise has transferred the major risks and remunerations concerning the title to the goods to the customer, meaning the customer has obtained the major risks and remunerations concerning the title to the goods; 5) the customer has accepted the goods; 6) other indications to show that the customer has obtained the control over the goods.

Generally, the Company's business of goods selling only comprises the performance obligation of transferring the goods. The control of the goods is transferred when they are sent out and the Company receives the signed receipt and other documents from the customer, so the Company confirms the realization of revenue at that point in time.

The discounts, rewards and other arrangements in some contracts between the Company and customers constitute variable consideration. The Company uses the expected value method or the most likely amount to determine the best estimates for variable consideration, but the transaction price containing variable consideration shall not exceed the amount of cumulatively recognized revenue that is unlikely to have major reversals when the relevant uncertainties are eliminated.

Situations where different business models are adopted for different businesses, which may lead to the differences in the accounting policy for recognition of revenue: None

40. Government grants

Government grants are monetary or non-monetary assets acquired by the Company from the government free of charge, excluding the capital invested by the government as an investor and granted corresponding owner's equity. Government grants are classified into government grants related to assets and government grants related to income. The Company defines the government grants for purchasing or constructing or otherwise forming long-term assets as asset-related government grants; other government grants are defined as the income-related government grants. Government grants shall be measured at the amount received or receivable if they are monetary assets. Non-monetary government grants shall be measured at fair value; if the fair value cannot be reliably obtained, they shall be measured at the nominal amount. The government grants measured at the nominal amount shall be directly recognized as the profit and loss of the current period.

Asset-related government grants are recognized as deferred income, and included in the profit and loss of the

current period in stages according to a reasonable and systematic method over the service life of the relevant assets. The income-related government grants shall be recognized as deferred income if they are used to compensate relevant expenses or losses in subsequent periods, and shall be recognized as profit and loss of the current period during the recognition of related expenses; the grants used to compensate related expenses or losses already incurred shall be directly recognized as profit and loss of the current period.

The government grants related to both assets and income shall be accounted for by distinguishing different parts; if it is difficult to distinguish, they shall be, as a whole, classified as income-related government grants.

Government grants related to the Company's daily activities shall be recognized as other profit and loss or write down relevant costs according to the essence of economic business; those unrelated to the Company's daily activities shall be recognized as non-operating income and expenditure.

If the recognized government grants need to be returned and there is relevant deferred income balance, the book balance of relevant deferred income shall be written off, and the excess shall be recognized as profit and loss of the current period; otherwise, government grants shall be directly recognized as profit and loss of the current period.

41. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the Company measures a current tax liability (or asset) arising from the current and prior periods based on the amount of income tax expected to be paid by the Company (or returned by tax authority) calculated by related tax laws. The taxable income which is the basis for calculation of the current income tax is calculated after appropriate adjustments to the pretax accounting profits for the reporting period.

(2) Deferred income tax assets and deferred income tax liabilities

For the difference between the book value of certain assets and liabilities and their tax bases, and the temporary differences between the book values and the tax bases of items, of which the tax bases can be determined for tax purposes according to the tax laws but which have not been recognized as assets and liabilities, the Company recognizes deferred income tax assets and deferred income tax liabilities using the balance sheet debt method.

Where the taxable temporary differences arise from the initial recognition of goodwill and the initial recognition of an asset or liability arising from the transaction that is not a business combination, nor, at the time of the

transaction, affects neither accounting profit and taxable profit (or deductible loss), the relevant deferred income tax liability shall not be recognized. Additionally, in respect of taxable temporary difference associated with investments in subsidiaries, joint ventures and associates, where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future, the relevant deferred income tax liability shall not be recognized. Other than the above exceptions, the Company shall recognize deferred income tax liabilities arising out from all other taxable temporary differences.

Where the deductible temporary differences arise from the initial recognition of an asset or liability arising from the transaction that is not a business combination, nor, at the time of the transaction, affects neither accounting profit and taxable profit (or deductible loss), the relevant deferred income tax liability shall not be recognized. Additionally, in respect of deductible temporary difference associated with investments in subsidiaries, joint ventures and associates, where it is probable that the temporary differences will not be reversed in the foreseeable future or taxable profit will not be available against which the deductible temporary differences can be utilized in the future, the relevant deferred income tax liability shall not be recognized. Other than the above exceptions, the Company recognizes a deferred tax asset for other deductible temporary differences, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

The tax effects of deductible losses and taxes available for carrying over are recognized as an asset when it is probable that future taxable profits would be available against which these losses can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws.

The book value of deferred tax assets is reviewed at the balance sheet date and written down to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilized. Such write-down is reversed when it becomes probable that sufficient taxable profits will be available.

(3) Income tax expenses

Income taxes comprise current income tax and deferred income tax.

The current income tax and deferred income tax expense or income is recognized as the profit and loss of the

current period except that the current income tax and deferred income tax is related to transactions or events, which are recognized as other comprehensive income or directly recognized as shareholders' equity, and thus recognized as other comprehensive income or shareholders' equity, and that the book value of goodwill is adjusted due to deferred income tax arising from business combination.

42. Leases

(1) Accounting treatment method for operating lease

1) Assets rented through operating lease

Under the new lease standards, except for short-term leases and low-value asset leases, the lessee will no longer distinguish financial leases and operating leases. All leases adopt the same accounting methods, and right-of-use assets and lease liabilities need to be recognized.

For right-of-use assets, if it is reasonably ascertained that the ownership of the asset will be transferred to the lessee at the end of the lease term, then depreciation period runs to the end of the useful life of the lease asset. If it cannot be reasonably ascertained that the ownership of the leased asset will be transferred to the lessee at the end of the lease term, then depreciation period runs to the earlier of the end of the useful life of the asset or the end of the lease term. Meanwhile, the lessee needs to determine whether the right-of-use asset is impaired and account for the identified impairment loss.

For short-term leases and low-value asset leases, the Company may choose not to recognize as right-of-use assets but as the cost of the related asset or as profit and loss of the current period in accordance with the straight-line method or other systematically reasonable methods during each period of the lease.

2) Assets leased out through operating lease

Lease payments collected by the Company for leasing out assets are amortized on a straight-line basis during the entire lease term without deducting the rent-free period and recognized as lease income. The initial direct costs paid by the Company relevant to the lease transaction shall be included in the current expenses; if the amount is large, it shall be capitalized, and recognized as profit and loss of the current period on the same basis as the recognized lease income over the lease term.

For lease-related expenses that should be borne by the lessee but borne by the Company instead, the Company should deduct them from the total rental income, and the amount after deduction is allocated within the lease term.

(2) Accounting treatment method for finance lease

1) Assets rented through finance lease

The Company takes the lower of the fair value of the rented asset and the present value of the minimum lease payments as the entry value of the rented asset, the minimum lease payments as the entry value of the long-term payable, and the difference as unrecognized financing cost.

For details on the determination basis, pricing method and depreciation method of assets rented through finance leases, please refer to “Note V (24)”.

The Company uses the effective interest method to amortize unrecognized financing cost during the lease term of the asset and include them in finance expenses.

2) Assets leased out through finance lease

The Company recognizes the difference between the sum of financing lease receivable and unguaranteed residual value and their present value as unrealized financing income on the lease start date, and recognizes as lease income during each period when the rent is received in the future. Initial direct costs incurred to the Company relevant to the lease transaction are included in the initial measurement of the financing lease receivable, and the amount of revenue recognized during the lease period is reduced at the same time.

43. Other important accounting policies and accounting estimates: None**44. Significant changes of accounting policies and accounting estimates****(1) Significant changes of accounting policies**

Applicable Not applicable

Contents and reasons for changes to accounting policies	Approval procedure	Remarks
On December 12, 2018, the Ministry of Finance issued the revised <i>Accounting Standards for Business Enterprises No. 21 -- Leases</i> (C.K. [2018] No. 35) (hereinafter referred to as the “New Lease Standards”), requiring that enterprises listed both within the borders and abroad as well as enterprises listed abroad and adopting IFRS or Accounting Standards for Business Enterprises to prepare financial statements should implement these revised Standards from January 1, 2019; other enterprises listed within China shall implement these revised Standards from	On May 21, 2021, the Company convened the 5th meeting of the fifth session of the Board of Directors and the 3rd meeting of the fifth session of the Board of Supervisors, and approved the <i>Proposal on Changes to Accounting Policies</i> .	Details can be found in the <i>Announcement on Changes to Accounting Policies</i> (Announcement No.: 2021-76) dated May 22, 2021 on CNINFO (http://www.cninfo.com.cn) .

January 1, 2021.		
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(2) Significant changes of accounting estimates

Applicable Not applicable

(3) Description on the adjustment of relevant items in the financial statements at the beginning of the year for the first time adoption of the new leasing standards since 2021

Applicable

Whether to adjust the subjects of the balance sheet at the beginning of the year

Yes No

Consolidated balance sheet

Unit: RMB

Item	December 31, 2020	January 01, 2021	Adjustment number
Current assets:			
Monetary funds	1,125,196,199.56	1,125,196,199.56	
Settlement reserve			
Lending to banks and other financial institutions			
Tradable financial assets			
Derivative financial assets			
Notes receivable	724,419.74	724,419.74	
Accounts receivable	1,051,423,939.59	1,051,423,939.59	
Accounts receivable financing			
Prepayments	26,819,108.57	26,819,108.57	
Premium receivable			
Reinsurance payables			
Reinsurance contract reserves receivable			
Other receivables	15,824,945.56	15,824,945.56	
Including: Interest receivable			
Dividends receivable			
Financial assets held under resale agreements			
Inventory	1,661,274,495.32	1,661,274,495.32	
Contract assets			
Assets held for sale	57,073,059.69	57,073,059.69	
Non-current assets due			

within one year			
Other current assets	101,584,569.30	101,584,569.30	
Total current assets	4,039,920,737.33	4,039,920,737.33	
Non-current assets:			
Loans and advances to customers			
Investments in creditor's rights			
Investments in other creditor's rights			
Long-term receivable			
Long-term equity investment			
Investment in other equity instruments			
Other non-current financial assets			
Investment property	34,575,365.94	34,575,365.94	
Fixed assets	2,792,587,302.21	2,792,587,302.21	
Construction work in progress	275,904,617.95	275,904,617.95	
Productive biological assets			
Oil & gas assets			
Right-of-use assets		10,611,654.31	10,611,654.31
Intangible assets	169,355,772.24	169,355,772.24	
Development expenses			
Goodwill	64,654.15	64,654.15	
Long-term deferred expenses	26,635,983.14	26,635,983.14	
Deferred income tax assets	111,367,362.66	111,367,362.66	
Other non-current assets	28,027,952.15	28,027,952.15	
Total non-current assets	3,438,519,010.44	3,449,130,664.75	10,611,654.31
Total assets	7,478,439,747.77	7,489,051,402.08	10,611,654.31
Current liabilities:			
Short-term borrowings	142,942,941.34	142,942,941.34	
Borrowings from PBC			
Placements from banks and other financial institutions			
Tradable financial liabilities			
Derivative financial liabilities			
Notes payable	234,887,563.22	234,887,563.22	

Accounts payable	761,519,389.26	761,519,389.26	
Payments received in advance			
Contract liabilities	137,333,617.40	137,333,617.40	
Proceeds from financial assets sold under repo			
Customer bank deposits and due to banks and other financial institutions			
Funds from securities trading agency			
Funds from securities underwriting agency			
Employee remuneration payable	123,524,627.11	123,524,627.11	
Tax and fees payable	112,608,054.87	112,608,054.87	
Other payables	754,844,580.09	754,844,580.09	
Including: Interests payable			
Dividends payable	1,437,466.77	1,437,466.77	
Transaction fee and commission receivable			
Reinsurance payable			
Liabilities held for sale			
Non-current liabilities due within one year		3,472,854.73	3,472,854.73
Other current liabilities	17,628,086.63	17,628,086.63	
Total current liabilities	2,285,288,859.92	2,288,761,714.65	3,472,854.73
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		7,138,799.58	7,138,799.58
Long-term payable			
Long-term employee remuneration payable			
Provision			
Deferred income	115,101,158.13	115,101,158.13	
Deferred income tax liabilities	35,903,653.30	35,903,653.30	

Other non-current liabilities			
Total non-current liabilities	151,004,811.43	158,143,611.01	7,138,799.58
Total liabilities	2,436,293,671.35	2,446,905,325.66	10,611,654.31
Owner's equity:			
Share capital	1,311,487,077.00	1,311,487,077.00	
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	907,006,505.05	907,006,505.05	
Less: Treasury shares	96,480,911.29	96,480,911.29	
Other comprehensive income			
Special reserves			
Surplus reserves	61,469,258.27	61,469,258.27	
General reserves			
Retained earnings	2,858,664,147.39	2,858,664,147.39	
Total equity attributable to owners of the parent company	5,042,146,076.42	5,042,146,076.42	
Equities of minority shareholders			
Total owner's equity	5,042,146,076.42	5,042,146,076.42	
Total liabilities and owners' equities	7,478,439,747.77	7,489,051,402.08	10,611,654.31

Explanation of adjustment

The Company started to adopt the New Lease Standards from January 1, 2021.

Balance sheet of the Parent Company

Unit: RMB

Item	December 31, 2020	January 01, 2021	Adjustment number
Current assets:			
Monetary funds	170,229,178.13	170,229,178.13	
Tradable financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	92,647,372.33	92,647,372.33	
Accounts receivable financing			
Prepayments	7,940,396.34	7,940,396.34	
Other receivables	136,987,584.64	136,987,584.64	

Including: Interest receivable			
Dividends receivable			
Inventory	156,605,546.36	156,605,546.36	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	52,517,725.87	52,517,725.87	
Total current assets	616,927,803.67	616,927,803.67	
Non-current assets:			
Investments in creditor's rights			
Investments in other creditor's rights			
Long-term receivable			
Long-term equity investment	1,928,113,219.50	1,928,113,219.50	
Investment in other equity instruments			
Other non-current financial assets			
Investment property	17,939,329.51	17,939,329.51	
Fixed assets	257,354,688.59	257,354,688.59	
Construction work in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets		2,649,675.09	2,649,675.09
Intangible assets	25,205,232.21	25,205,232.21	
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets	46,811,106.77	46,811,106.77	
Other non-current assets	2,619,959.27	2,619,959.27	
Total non-current assets	2,278,043,535.85	2,280,693,210.94	2,649,675.09
Total assets	2,894,971,339.52	2,897,621,014.61	2,649,675.09
Current liabilities:			
Short-term borrowings			
Tradable financial liabilities			
Derivative financial			

liabilities			
Notes payable			
Accounts payable	420,061,168.44	420,061,168.44	
Payments received in advance			
Contract liabilities	17,388,431.01	17,388,431.01	
Employee remuneration payable	44,678,713.21	44,678,713.21	
Tax and fees payable	5,995,417.05	5,995,417.05	
Other payables	126,072,040.24	126,072,040.24	
Including: Interests payable			
Dividends payable	1,437,466.77	1,437,466.77	
Liabilities held for sale			
Non-current liabilities due within one year		967,707.49	967,707.49
Other current liabilities	2,260,496.03	2,260,496.03	
Total current liabilities	616,456,265.98	617,423,973.47	967,707.49
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		1,681,967.60	1,681,967.60
Long-term payable			
Long-term employee remuneration payable			
Provision			
Deferred income	5,855,467.25	5,855,467.25	
Deferred income tax liabilities	7,202,336.33	7,202,336.33	
Other non-current liabilities			
Total non-current liabilities	13,057,803.58	14,739,771.18	1,681,967.60
Total liabilities	629,514,069.56	632,163,744.65	2,649,675.09
Owner's equity:			
Share capital	1,311,487,077.00	1,311,487,077.00	
Other equity instruments			
Including: Preference shares			
Perpetual bonds			

Capital reserve	831,693,206.19	831,693,206.19	
Less: Treasury shares	96,480,911.29	96,480,911.29	
Other comprehensive income			
Special reserves			
Surplus reserves	61,347,923.99	61,347,923.99	
Retained earnings	157,409,974.07	157,409,974.07	
Total owner's equity	2,265,457,269.96	2,265,457,269.96	
Total liabilities and owners' equities	2,894,971,339.52	2,897,621,014.61	2,649,675.09

Explanation of adjustment

The Company started to adopt the New Lease Standards from January 1, 2021.

(4) Description on the retrospective adjustment of previous comparable data at the first time adoption of the new leasing standards in 2021

Applicable Not applicable

45. Others: None

VI. Taxes

1. Main tax types and tax rates

Tax	Tax basis	Tax rate
Value-added tax	Taxable VAT (calculated based on the difference of deducting the amount of input tax which is allowed to be deducted in the current period from the result of multiplying taxable sales by applicable tax rate)	13%
City construction and maintenance tax	Turnover tax paid	5%. 7%
Corporate income tax	Taxable income	15%, 16.5%, 20%, 25%, progressive rate
Education surcharges	Turnover tax paid	3%
Local education surcharges	Turnover tax paid	2%

Description of disclosure if different income tax rates apply to different corporate taxpayers

Name of taxpayer	Income tax rate
C&S Paper Co., Ltd., Zhongshan Zhongshun Trading Co., Ltd., C&S (Hubei) Paper Co., Ltd., Xiaogan C&S Trading Co., Ltd., Zhejiang Zhongshun Paper Co., Ltd., Chengdu Zhongshun Paper Co., Ltd., Hangzhou Jie Rou Trading Co., Ltd., Beijing C&S Paper Co., Ltd., Sun Daily Necessities Co., Ltd., Shanghai Huicong Paper Co., Ltd., Yunfu Hengtai Trading Co., Ltd., C&S (Dazhou) Paper Co., Ltd., Dolemi Sanitary Products Co., Ltd.,	25%

C&S (Jiangsu) Paper Co., Ltd., Yunnan Dolemi Trading Co., Ltd., Luzhou Dolemi Sanitary Products Co., Ltd., and Mianyang Dolemi Sanitary Products Co., Ltd.	
C&S (Zhongshan) Paper Co., Ltd.	20%
Zhong Shun International Co., Ltd., and C&S Hong Kong Co., Ltd. (Note 1)	16.50%
Jiangmen Zhongshun Paper Co., Ltd., C&S (Sichuan) Paper Co., Ltd., and C&S (Yunfu) Paper Co., Ltd.	15%
C&S (Macao) Co., Ltd. (Note 2)	Progressive rate

2. Tax incentive

Jiangmen Zhongshun Paper Co., Ltd. was certified as a high-tech enterprise of Guangdong Province in 2018, and was awarded the *Certificate of High-tech Enterprise* (No. GR201844008474) on November 28, 2018, with a valid term of three years. Therefore, the corporate income tax is calculated at a tax rate of 15% during the reporting period.

C&S (Sichuan) Paper Co., Ltd. was certified as a high-tech enterprise of Sichuan Province in 2020, and was awarded the *Certificate of High-tech Enterprise* (No. GR202051001193) on September 11, 2020, with a valid term of three years. Therefore, the corporate income tax is calculated at a tax rate of 15% during the reporting period.

C&S (Yunfu) Paper Co., Ltd. was certified as a high-tech enterprise of Guangdong Province in 2020, and was awarded the *Certificate of High-tech Enterprise* (No. GR202044006774) on December 9, 2020, with a valid term of three years. Therefore, the corporate income tax is calculated at a tax rate of 15% during the reporting period.

Pursuant to relevant provisions of the *Announcement of the State Administration of Taxation and the Ministry of Finance on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households* (MOF and SAT Doc. No. 2021 [012]) and the *Announcement of the State Administration of Taxation on Issues Concerning the Implementation of Inclusive Income Tax Reduction and Exemption Policies for Small and Low-profit Enterprises* (SAT Doc. No. 2019 [002]), C&S (Zhongshan) Paper Co., Ltd. is entitled to the inclusive income tax reduction and exemption policy for small and low-profit enterprises in 2021. Specifically, if the annual taxable income does not exceed RMB1 million, the taxable income is calculated at a reduced rate of 12.5% with a corporate income tax rate of 20%; if the annual taxable income is over RMB1 million but less than RMB3 million, the taxable income is calculated at a reduced rate of 50% while the corporate income tax rate is levied at 20%.

3. Others

Note 1: C&S Hong Kong Co., Ltd. is a Hong Kong-based company incorporated according to the laws of Hong Kong, and adopts the tax laws thereof. The tax rate for its income tax is 16.50%;

Note 2: C&S (Macao) Co., Ltd. is a Macao-based company incorporated according to the laws of Macao. Its complementary tax adopts a progressive rate (tax on taxable income that is less than MOP300,000 is exempted, and the taxable income that is more than MOP300,000 is taxed at 12%).

VII. Notes to Items of the Consolidated Financial Statements

1. Monetary fund

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Cash on hand	56,626.99	36,349.55
Bank deposits	694,226,698.05	1,047,785,634.71
Other monetary funds	94,418,811.95	77,374,215.30
Total	788,702,136.99	1,125,196,199.56
Including: Total deposits in overseas banks	30,091,357.87	99,311,423.25

Other description

Balance of other monetary funds at the end of the reporting period is the security deposit for issuing letters of credit and bank acceptance bill and balance of Alipay. Refer to “Note VII (81)” for circumstances where ownership of monetary funds is restricted.

2. Transactional financial assets: None

3. Derivative financial assets: None

4. Notes receivable

(1) Notes receivable presentation by category

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Bank acceptance bill	190,080.00	724,419.74
Trade acceptance bill	1,323,062.38	0.00
Total	1,513,142.38	724,419.74

Provision of bad debt reserve by portfolio: None

Provision of bad debt reserve by portfolio: None

Provision of bad debt reserve by portfolio

Description of reason for the portfolio:

If the bad debt reserve of notes receivable is set aside according to general model of expected credit loss, please refer to the disclosure method of other receivables to disclose relevant information on bad debt reserve:

Applicable Not applicable

(2) Bad debt reserve that is set aside, recovered or transferred back in the reporting period: None

(3) Notes receivable that the Company has pledged at the end of the reporting period: None

(4) Notes receivable that the Company has endorsed or discounted at the end of the reporting period and are not due on the balance sheet date: None

(5) Notes that are transferred to notes receivable because the drawer does not perform the contract at the end of the reporting period: None

Other descriptions:

(1) The Company has no pledged notes receivable as at June 30, 2021.

(2) The Company has no derecognized notes receivable that are endorsed or discounted but not due as at June 30, 2021.

(3) The Company has no notes that are transferred to notes receivable because the drawer does not perform the contract as at June 30, 2021.

(6) Notes receivable actually written off in the reporting period: None

5. Accounts receivable

(1) Accounts receivable disclosure by category

Unit: RMB

Type	Balance at the end of the year					Balance at the beginning of the year				
	Book balance		Impairment provision		Book value	Book balance		Impairment provision		Book value
	Amount	Percentage	Amount	Provision ratio		Amount	Percentage	Amount	Provision ratio	

Accounts receivable for which bad debt reserve is set aside individually	34,324,676.68	3.54%	10,681,068.59	31.12%	23,643,608.09	34,567,651.21	3.17%	10,681,068.59	30.90%	23,886,582.62
Including:										
Accounts receivable for which bad debt reserve is set aside in portfolios	935,319,040.34	96.46%	25,649,510.45	2.74%	909,669,529.89	1,054,953,298.93	96.83%	27,415,941.96	2.60%	1,027,537,356.97
Including:										
Portfolio based on aging	935,319,040.34	96.46%	25,649,510.45	2.74%	909,669,529.89	1,054,953,298.93	96.83%	27,415,941.96	2.60%	1,027,537,356.97
Total	969,643,717.02	100.00%	36,330,579.04	3.75%	933,313,137.98	1,089,520,950.14	100.00%	38,097,010.55	3.50%	1,051,423,939.59

Bad debt reserve set aside individually: 10,681,068.59

Unit: RMB

Name	Balance at the end of the period			
	Book balance	Impairment provision	Ratio of provision	Reason for provision
Institution 1	6,116,636.66	2,462,996.13	40.27%	It is difficult to recover all goods payments due to the poor business performance of the customer.
Institution 2	28,208,040.02	8,218,072.46	29.13%	It is difficult to recover all goods payments due to the poor business performance of the customer.
Total	34,324,676.68	10,681,068.59	--	--

Bad debt reserve set aside in portfolios: 25,649,510.45

Unit: RMB

Name	Balance at the end of the period		
	Book balance	Impairment provision	Ratio of provision
Within the credit period	760,706,754.96	15,214,135.10	2.00%
Credit period - 1 year	168,688,133.48	8,434,406.67	5.00%
Subtotal of those within 1 year	929,394,888.44	23,648,541.77	2.54%
1 to 2 years	563,198.16	84,479.72	15.00%
2 to 3 years	4,732,949.69	1,419,884.91	30.00%
Over 3 years	628,004.05	496,604.05	79.08%
Total	935,319,040.34	25,649,510.45	--

Description of reason for the portfolio: Accounts receivable with the same aging have similar credit risk characteristics.

Provision of bad debt reserve by portfolio: None

Description of reason for the portfolio:

If the bad debt reserve of accounts receivable is set aside according to general model of expected credit loss,

please refer to the disclosure method of other receivables to disclose relevant information on bad debt reserve:

Applicable Not applicable

Disclose by aging

Unit: RMB

Aging	Balance at the end of the period
Within 1 year (inclusive)	929,394,888.44
1 to 2 years	563,198.16
2 to 3 years	4,732,949.69
Over 3 years	34,952,680.73
3 to 4 years	14,481,101.38
4 to 5 years	13,989,738.64
Over 5 years	6,481,840.71
Total	969,643,717.02

(2) Bad debt reserve that is set aside, recovered or transferred back in the reporting period

Provision of bad debt reserve of the reporting period:

Unit: RMB

Type	Balance at the beginning of the period	Amount of change in the reporting period				Balance at the end of the period
		Provision	Recovery or reversal	Write-off	Others	
Accounts receivable	38,097,010.55	-1,766,431.51				36,330,579.04
Total	38,097,010.55	-1,766,431.51				36,330,579.04

Wherein, the amount of recovered or transferred back bad debt reserve in the reporting period is important: None

(3) Accounts receivable actually written off in the reporting period: None

(4) Top five debtors in closing balance of accounts receivable

Unit: RMB

Name of institution	Balance of accounts receivable at the end of the period	Percentage in total balance of accounts receivable at the end of the period	Balance for bad debt reserve at the end of the period
1st	240,902,755.98	24.84%	4,819,486.05
2nd	101,975,148.19	10.52%	3,063,592.00
3rd	54,259,924.13	5.60%	1,325,376.26
4th	31,518,078.02	3.25%	972,258.60
5th	28,969,449.44	2.99%	1,184,244.29
Total	457,625,355.76	47.20%	

(5) Accounts receivable derecognized due to transfer of financial assets

The Company has no accounts receivable derecognized due to the transfer of financial assets as at the end of the reporting period

(6) Amounts of assets and liabilities that are formed by the transfer and ongoing involvement of accounts receivable

The Company has no amounts of assets and liabilities that are formed by the transfer and ongoing involvement of accounts receivable as at the end of the reporting period.

Other description: None

6. Accounts receivable financing

Increase and decrease of accounts receivable financing and changes in fair value in the reporting period

Applicable Not applicable

If the provisions for asset impairment of accounts receivable financing are set aside according to general model of expected credit loss, please refer to the disclosure method of other receivables to disclose relevant information on provisions for asset impairment:

Applicable Not applicable

Other description: None

7. Prepayments**(1) Prepayments presentation by aging**

Unit: RMB

Aging	Balance at the end of the period		Balance at the beginning of the period	
	Amount	Percentage	Amount	Percentage
Within 1 year	12,804,377.00	99.76%	26,819,108.57	100.00%
1 to 2 years	30,210.00	0.24%		
Total	12,834,587.00	--	26,819,108.57	--

Explanation on the reason of untimely settlement of prepayments whose age exceeds one year with significant amount: None

(2) Top five payees in closing balance of prepayment

The Company's total prepayment amount of the top five payees in closing balance of prepayment is

RMB8,196,395.68, accounting for 63.86% of closing balance of prepayment.

Other description: None

8. Other receivables

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Other receivables	21,117,810.56	15,824,945.56
Total	21,117,810.56	15,824,945.56

(1) Interest receivable

1) Classification of interest receivable: None

2) Significant overdue interest: None

3) Provision of bad debt reserve

Applicable Not applicable

(2) Dividends receivable

1) Classification of dividends receivable: None

2) Significant dividends receivable exceeding one year: None

3) Provision of bad debt reserve

Applicable Not applicable

Other description: None

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature	Book balance at the end of the period	Book balance at the beginning of the period
Margins and deposits	4,398,979.17	4,621,457.93
Current accounts	5,255,892.23	5,350,546.55
Reserve	1,778,041.01	1,704,120.13
Others	12,000,234.22	5,999,332.44

Total	23,433,146.63	17,675,457.05
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2) Provision of bad debt reserve

Unit: RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit losses in the whole duration (without credit impairment)	Expected credit losses in the whole duration (with credit impairment)	
Balance as at January 1, 2021	1,850,511.49			1,850,511.49
Balance as at January 1, 2021 in the reporting period	—	—	—	—
Provision in the reporting period	464,824.58			464,824.58
Balance as at June 30, 2021	2,315,336.07			2,315,336.07

Description of changes in the book balance where there are significant changes in provision for the current period

Applicable Not applicable

Disclose by aging

Unit: RMB

Aging	Balance at the end of the period
Within 1 year (inclusive)	19,339,617.17
1 to 2 years	852,567.91
2 to 3 years	2,110,636.86
Over 3 years	1,130,324.69
3 to 4 years	1,058,637.44
4 to 5 years	27,454.05
Over 5 years	44,233.20
Total	23,433,146.63

3) Bad debt reserve that is set aside, recovered or transferred back in the reporting period

Provision of bad debt reserve of the reporting period:

Unit: RMB

Type	Balance at the beginning of the period	Amount of change in the reporting period				Balance at the end of the period
		Provision	Recovery or reversal	Write-off	Others	
Other receivables	1,850,511.49	464,824.58				2,315,336.07
Total	1,850,511.49	464,824.58				2,315,336.07

Where the amount of recovered or reversed bad debt reserve in the reporting period is important: None

4) Other receivables actually written off in the reporting period: None

5) Top five debtors in closing balance of other accounts receivable

Unit: RMB

Name of institution	Nature of the amount	Balance at the end of the period	Aging	Percentage in total balance of other receivables at the end of the period	Balance of bad debt reserve at the end of the period
1st	Others	9,460,860.30	Within 1 year	40.37%	473,043.02
2nd	Margins and deposits	1,100,000.00	2-3 years	4.69%	330,000.00
3rd	Margins and deposits	600,000.00	2-3 years	2.56%	180,000.00
4th	Margins and deposits	600,000.00	3-4 years	2.56%	300,000.00
5th	Margins and deposits	560,000.00	Within 1 year, 1-2 years, 2- 3 years, 3-4 years	2.39%	162,500.00
Total	--	12,320,860.30	--	52.57%	1,445,543.02

6) Receivables involving government grants: None

7) Other receivables derecognized due to the transfer of financial assets: None

8) Amount of assets and liabilities that are formed by the transfer and ongoing involvement of other receivables: None

9. Inventory

Whether the Company needs to comply with requirements for disclosure in the real estate industry: No

(1) Classification of inventories

Unit: RMB

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Provision for impairment of inventories or provision for contract performance cost	Book value	Book balance	Provision for impairment of inventories or provision for contract performance cost	Book value
Raw materials	1,070,227,399.23	185,609.86	1,070,041,789.37	1,148,312,808.05	133,039.11	1,148,179,768.94
Work-in-process products	49,416,644.06	422,448.32	48,994,195.74	40,777,441.76	306,847.08	40,470,594.68
Commodity	435,922,026.80	2,524,005.70	433,398,021.10	410,313,722.29	2,738,280.52	407,575,441.77

stocks						
Packages	33,282,071.36	284,363.42	32,997,707.94	32,644,525.84	145,489.07	32,499,036.77
Low-value consumables	23,001,401.72	617,506.21	22,383,895.51	13,889,922.62	529,767.94	13,360,154.68
Materials for consigned processing	16,493,835.16	0.00	16,493,835.16	19,189,498.48		19,189,498.48
Total	1,628,343,378.33	4,033,933.51	1,624,309,444.82	1,665,127,919.04	3,853,423.72	1,661,274,495.32

(2) Provision for impairment of inventories or provision for contract performance cost

Unit: RMB

Item	Balance at the beginning of the period	Increase in the current period		Decrease in the current period		Balance at the end of the period
		Provision	Others	Reversal or written off	Others	
Raw materials	133,039.11	208,273.26		155,702.51		185,609.86
Work-in-process products	306,847.08	288,779.68		173,178.44		422,448.32
Commodity stocks	2,738,280.52	997,462.20		1,211,737.02		2,524,005.70
Packages	145,489.07	210,502.25		71,627.90		284,363.42
Low-value consumables	529,767.94	313,992.36		226,254.09		617,506.21
Total	3,853,423.72	2,019,009.75		1,838,499.96		4,033,933.51

(3) Explanation that balance of inventory at the end of the reporting period includes amount of capitalization of borrowing costs: None

(4) Explanation on amortized amount of contract performance cost in the reporting period: None

10. Contract assets

If the bad debt reserve of contract assets is set aside according to general model of expected credit loss, please refer to the disclosure method of other receivables to disclose relevant information on bad debt reserve:

Applicable Not applicable

Provision for impairment of contract assets in the reporting period: None

11. Assets held for sale

Unit: RMB

Item	Book balance at the end of the period	Impairment provision	Book value at the end of the period	Fair value	Estimated disposal fee	Estimated disposal time
Immovable assets of the old factory	57,073,059.69		57,073,059.69	66,285,118.00		December 31, 2021

of Hubei C&S (including land use rights)						
Total	57,073,059.69		57,073,059.69	66,285,118.00		--

Other description:

In December 2019, in order to boost the investment and construction of Phase II of the high-end household paper project in the industrial zone in the Economic Development Area of Xiaonan District, Xiaogan City, the Company signed an agreement on the acquisition of the immovable assets in the old factory of Hubei C&S (including land use rights) upon consultation with Xiaonan District People's Government of Xiaogan City. The Company believed that the immovable assets of the old factory of Hubei C&S (including land use rights) could be sold immediately in the current situation, according to similar transactions where such assets were sold. The Company signed a binding purchase agreement with Xiaogan Changxing Investment Co., Ltd. and Xiaonan District People's Government of Xiaogan City regarding the transfer of such assets in December 2019. The Agreement contained important terms and conditions including the price and time of the transaction as well as penalty for breach of contract that was strict enough. Therefore, there is little possibility for the agreement to be significantly changed or canceled. The Company originally estimated that the ultimate transfer would be completed before December 2020. However, under the impact of the Covid-19 pandemic in 2020, the government shifted its focus to anti-pandemic work with people's interests above everything else. Especially, Xiaogan City of Hubei Province was one of the hardest-hit areas, so the government has put all efforts in the fight against the virus and post-pandemic economic rejuvenation. As a result, it was unable to pay all asset transfer amount within the agreed period. The Company has received most of the asset transfer payment as of the reporting date (RMB58.14 million).

12. Non-current assets due within one year: None

13. Other current assets

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Wealth management products		50,000,000.00
Input VAT to be deducted	33,611,344.77	51,550,834.13
Prepaid corporate income tax	1,054,891.79	33,735.17
Total	34,666,236.56	101,584,569.30

Other description: None

14. Investments in creditor's rights

Description of changes in the book balance where there are significant changes in provision for the current period

Applicable Not applicable

Other description: None

15. Other investments in creditor's rights

Description of changes in the book balance where there are significant changes in provision for the current period

Applicable Not applicable

Other description: None

16. Long-term receivables**(1) Long-term receivables**

Description of changes in the book balance where there are significant changes in provision for the current period

Applicable Not applicable

(2) Long-term receivables derecognized due to the transfer of financial assets: None

(3) Amounts of assets and liabilities that are formed by the transfer and ongoing involvement of long-term receivables: None

17. Long-term equity investment: None

18. Investment in other equity instruments: None

19. Other non-current financial assets: None

20. Investment property**(1) Investment property measured at cost**

Applicable Not applicable

Unit: RMB

Item	Properties and buildings	Land use rights	Construction work in progress	Total
I. Original Book Value				

1. Balance at the beginning of the period	31,072,632.92	21,661,131.29		52,733,764.21
2. Increase in the current period				
(1) External purchase				
(2) Inventory\fixed assets\transfer from construction work in progress				
(3) Increase in business combination				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfers out				
4. Balance at the end of the period	31,072,632.92	21,661,131.29		52,733,764.21
II. Accumulated Depreciation and Amortization				
1. Balance at the beginning of the period	12,995,477.31	5,162,920.96		18,158,398.27
2. Increase in the current period	486,421.32	232,020.78		718,442.10
(1) Provision or amortization	486,421.32	232,020.78		718,442.10
3. Decrease in the current period				
(1) Disposal				
(2) Other transfers out				
4. Balance at the end of the period	13,481,898.63	5,394,941.74		18,876,840.37
III. Impairment Provision				
1. Balance at the beginning of the period				
2. Increase in the current period				
(1) Provision				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfers out				
4. Balance at the end of the period				
IV. Book Value				
1. Book value at the end of the period	17,590,734.29	16,266,189.55		33,856,923.84
2. Book value at the	18,077,155.61	16,498,210.33		34,575,365.94

beginning of the period				
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(2) Investment property measured at fair value

Applicable Not applicable

(3) Investment property that the certificate of title has not been issued

The Company does not have investment property that the certificate of title has not been issued as at June 30, 2021.

21. Fixed assets

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Fixed assets	3,182,792,165.52	2,792,587,302.21
Total	3,182,792,165.52	2,792,587,302.21

(1) Information on fixed assets

Unit: RMB

Item	Properties and buildings	Equipment	Office equipment	Motor vehicles	Production equipment	Total
I. Original Book Value						
1. Balance at the beginning of the period	1,120,022,374.29	3,014,753,086.43	54,682,544.73	17,187,070.95	79,292,109.05	4,285,937,185.45
2. Increase in the current period	212,097,885.51	330,616,989.41	3,206,098.62	2,207,607.08	14,719,985.94	562,848,566.56
(1) Purchase		207,340.70	2,356,163.74	2,207,607.08	5,605,888.51	10,377,000.03
(2) Inventory\fixed assets\transfer from construction work in progress	212,097,885.51	330,409,648.71	849,934.88		9,114,097.43	552,471,566.53
(3) Increase in business combination						
3. Decrease in the current period	6,500.00	24,662,638.49	151,431.82		498,872.65	25,319,442.96
(1) Disposal	6,500.00	24,662,638.49	151,431.82		498,872.65	25,319,442.96

or scrap						
4. Balance at the end of the period	1,332,113,759.80	3,320,707,437.35	57,737,211.53	19,394,678.03	93,513,222.34	4,823,466,309.05
II. Accumulated Depreciation						
1. Balance at the beginning of the period	230,627,030.94	1,170,141,702.77	26,023,963.29	8,459,387.08	41,628,743.42	1,476,880,827.50
2. Increase in the current period	23,017,434.76	128,699,060.47	4,229,425.08	833,983.50	5,604,732.32	162,384,636.13
(1) Provision	23,017,434.76	128,699,060.47	4,229,425.08	833,983.50	5,604,732.32	162,384,636.13
3. Decrease in the current period	5,850.00	11,822,474.99	132,384.81		310,523.79	12,271,233.59
(1) Disposal or scrap	5,850.00	11,822,474.99	132,384.81		310,523.79	12,271,233.59
4. Balance at the end of the period	253,638,615.70	1,287,018,288.25	30,121,003.56	9,293,370.58	46,922,951.95	1,626,994,230.04
III. Impairment Provision						
1. Balance at the beginning of the period		16,415,970.27	1,219.51		51,865.96	16,469,055.74
2. Increase in the current period		2,285,297.81				2,285,297.81
(1) Provision		2,285,297.81				2,285,297.81
3. Decrease in the current period		5,021,354.59	1,219.51		51,865.96	5,074,440.06
(1) Disposal or scrap		5,021,354.59	1,219.51		51,865.96	5,074,440.06
4. Balance at the end of the period		13,679,913.49				13,679,913.49
IV. Book Value						
1. Book value at the end of the period	1,078,475,144.10	2,020,009,235.61	27,616,207.97	10,101,307.45	46,590,270.39	3,182,792,165.52
2. Book value at the beginning of the period	889,395,343.35	1,828,195,413.39	28,657,361.93	8,727,683.87	37,611,499.67	2,792,587,302.21

(2) Information on temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Remarks
Equipment	25,446,420.81	10,971,916.85	13,679,913.49	794,590.47	
Total	25,446,420.81	10,971,916.85	13,679,913.49	794,590.47	

(3) Fixed assets leased through operating

Unit: RMB

Item	Book value at the end of the period
Machinery and equipment leased out through operating lease	574,633.12
Total	574,633.12

(4) Fixed assets that the certificate of title has not been issued

Unit: RMB

Item	Book value	Reasons for the certificate of title having not been issued
Workshops of Zhejiang C&S	3,680,024.54	Processing
Plants and warehouses of Tangshan Branch	46,484,957.02	Processing
Workshops, warehouses, dormitories and boilers of Hubei C&S Phase II project	155,491,394.59	Processing
Warehouse of Yunfu C&S	21,164,864.85	Processing
Total	226,821,241.00	

Other description: There was no limitation on the ownership of fixed assets of the Company at the end of the reporting period.

(5) Disposal of fixed assets: None**22. Construction work in process**

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Construction work in process	55,534,528.69	275,904,617.95
Total	55,534,528.69	275,904,617.95

(1) Construction work in progress

Unit: RMB

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction work of C&S Paper	443,396.21		443,396.21			
Construction work of Jiangmen C&S	5,431,119.88		5,431,119.88	1,028,646.43		1,028,646.43
Construction work of Zhejiang C&S	5,309,309.84		5,309,309.84	249,608.17		249,608.17
Construction work of Sichuan C&S				5,760,144.05		5,760,144.05
Construction work of Tangshan Branch	100,858.68		100,858.68			
Construction work of Hubei C&S	38,447,658.15		38,447,658.15	244,523,934.15		244,523,934.15
Construction work of Yunfu C&S	5,271,603.86		5,271,603.86	24,342,285.15		24,342,285.15
Construction work of Jiangsu C&S	530,582.07		530,582.07			
Total	55,534,528.69		55,534,528.69	275,904,617.95		275,904,617.95

(2) Changes of significant construction work in progress in the current period

Unit: RMB

Item	Budget number	Balance at the beginning of the year	Increase in the current period	Amount of fixed assets transferred in the current period	Decrease in the current period	Balance at the end of the year	Proportion of the cumulative construction input in budget	Construction progress	Accumulative amount of interest capitalization	Including: Amount of interest capitalization in the period	Interest capitalization rate in the current period	Source of fund
Construction work of C&S Paper	470,000.00		443,396.21			443,396.21	95.00%	95.00%				Others
Construction	22,376,5	1,028,64	20,641,8	16,239,3		5,431,11	96.84%	96.84%				Others

work of Jiangmen C&S	05.11	6.43	13.10	39.65		9.88						
Construction work of Zhejiang C&S	10,980,543.94	249,608.17	10,040,725.49	4,981,023.82		5,309,309.84	93.71%	93.71%				Others
Construction work of Sichuan C&S	13,386,563.41	5,760,144.05	6,086,372.24	11,846,516.29			100.00%	100.00%				Others
Construction work of Tangshan Branch	306,200,000.00		3,122,520.35	3,021,661.67		100,858.68	19.80%	19.80%				Others
Construction work of Hubei C&S	1,353,000,000.00	244,523,934.15	273,668,529.01	479,744,805.01		38,447,658.15	94.24%	94.24%				Others
Construction work of Yunfu C&S	60,035,157.05	24,342,285.15	17,567,538.80	36,638,220.09		5,271,603.86	85.59%	85.59%				Others
Construction work of Jiangsu C&S	695,600,000.00		530,582.07			530,582.07	0.08%	0.08%				Others
Total	2,462,048,769.51	275,904,617.95	332,101,477.27	552,471,566.53		55,534,528.69	--	--				--

(3) Construction-in-progress provision set aside in the current period

There was no situation where the recoverable amount of the construction work in progress is lower than the book value which required provisions in the Company in the reporting period.

(4) Construction materials: None

23. Productive biological assets

(1) Productive biological assets measured at cost

Applicable Not applicable

(2) Productive biological assets measured at fair value

Applicable Not applicable

24. Oil & gas assets

Applicable Not applicable

25. Right-of-use assets

Unit: RMB

Item	Housing	Total
I. Original Book Value		-
1. Balance at the beginning of the period	10,611,654.31	10,611,654.31
2. Increase in the current period	2,720,964.20	2,720,964.20
3. Decrease in the current period		-
4. Balance at the end of the period	13,332,618.51	13,332,618.51
II. Accumulated Depreciation		-
1. Balance at the beginning of the period		-
2. Increase in the current period	2,181,245.94	2,181,245.94
(1) Provision	2,181,245.94	2,181,245.94
3. Decrease in the current period		-
(1) Disposal		-
4. Balance at the end of the period	2,181,245.94	2,181,245.94
IV. Book Value		-
1. Book value at the end of the period	11,151,372.57	11,151,372.57
2. Book value at the beginning of the period	10,611,654.31	10,611,654.31

Other description: None

26. Intangible assets**(1) Intangible assets**

Unit: RMB

Item	Land use right	Patent right	Non-patented technology	Application software	Trademark right	Total
I. Original Book Value						
1. Balance at the beginning of the period	189,064,322.15	1,342,721.84		18,819,434.67	168,370.83	209,394,849.49
2. Increase in the current		208,301.89		2,961,517.07		3,169,818.96

period						
(1) Purchase		208,301.89		2,961,517.07		3,169,818.96
(2) Internal R&D						
(3) Increase in business combination						
3. Decrease in the current period						
(1) Disposal						
4. Balance at the end of the period	189,064,322.15	1,551,023.73		21,780,951.74	168,370.83	212,564,668.45
II. Accumulated Amortization						
1. Balance at the beginning of the period	29,450,960.14	885,237.05		9,534,509.23	168,370.83	40,039,077.25
2. Increase in the current period	1,898,651.76	52,125.56		1,375,371.84		3,326,149.16
(1) Provision	1,898,651.76	52,125.56		1,375,371.84		3,326,149.16
3. Decrease in the current period						
(1) Disposal						
4. Balance at the end of the period	31,349,611.90	937,362.61		10,909,881.07	168,370.83	43,365,226.41
III. Impairment Provision						
1. Balance at the beginning of the period						
2. Increase in the current period						
(1) Provision						

3. Decrease in the current period						
(1) Disposal						
4. Balance at the end of the period						
IV. Book Value						
1. Book value at the end of the period	157,714,710.25	613,661.12		10,871,070.67		169,199,442.04
2. Book value at the beginning of the period	159,613,362.01	457,484.79		9,284,925.44		169,355,772.24

The intangible assets generated other than internal R&D of the Company at the end of the period occupy 0.00% of the balance of intangible assets.

(2) Information on the land use rights that the certificate of title has not been issued: None

27. Development expenses: None

28. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of investee or the matters forming goodwill	Balance at the beginning of the period	Increase in the current period		Decrease in the current period		Balance at the end of the period
		Formed by business combination		Disposal		
Merger of Zhongshan Paper involving enterprises not under common control	64,654.15					64,654.15
Total	64,654.15					64,654.15

(2) Provision for impairment of goodwill

Relevant information on the asset group or asset group portfolio in which the goodwill is located

Explain the method to confirm the process of goodwill impairment test, key parameters (e.g. the growth rate in the predictive period when predicting the present value of future cash flow, the growth rate in the stable period, profit

rate, discount rate, and predictive period), and the goodwill impairment loss:

After conducting the asset impairment test by combining the goodwill with corresponding asset groups, there was no impairment as at June 30, 2021, and provisions at the end of the reporting period were not set aside.

Influence of the goodwill impairment test

Other description: None

29. Long-term unamortized expenses

Unit: RMB

Item	Balance at the beginning of the period	Increase in the current period	Amortized amount of the current period	Other decreases	Balance at the end of the period
Use rights of sewage discharge	2,308,598.93		692,579.70		1,616,019.23
Decoration fees of office buildings	22,365,634.21	996,330.31	4,847,261.22		18,514,703.30
Electricity use rights	1,961,750.00	855,750.00	252,700.00		2,564,800.00
Total	26,635,983.14	1,852,080.31	5,792,540.92		22,695,522.53

Other description: None

30. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets that were not offset

Unit: RMB

Item	Balance at the end of the period		Balance at the beginning of the period	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	37,974,366.81	8,317,385.82	37,236,661.77	8,048,641.53
Unrealized profit in internal transaction	57,005,616.36	11,349,710.74	59,038,241.84	11,427,908.55
Deductible loss	189,732,725.24	47,433,181.31	157,221,067.56	39,305,266.89
Accrued expenses	60,267,582.48	15,066,895.62	60,267,582.48	15,066,895.62
Provision for impairment of fixed assets	13,679,913.49	2,339,937.78	16,469,055.74	2,795,038.08
Provision for impairment of inventories	4,033,933.51	723,165.58	3,853,423.72	702,165.91
Equity incentive cost	212,634,286.41	51,669,774.75	136,647,479.87	33,312,991.30
Deferred income	33,105,520.64	8,276,380.16	2,833,819.12	708,454.78
Total	608,433,944.94	145,176,431.76	473,567,332.10	111,367,362.66

(2) Deferred income tax liabilities that were not offset

Unit: RMB

Item	Balance at the end of the period		Balance at the beginning of the period	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Pre-tax deduction of fixed assets at one time as stipulated in the tax law	242,603,626.84	47,103,893.91	190,069,258.27	35,903,653.30
Total	242,603,626.84	47,103,893.91	190,069,258.27	35,903,653.30

(3) Presentation of deferred income tax assets or liabilities by the net amount after offset

Unit: RMB

Item	Offset amount of the deferred income tax assets and liabilities at the end of the reporting period	Balance of the deferred income tax assets or liabilities after offset at the end of the reporting period	Offset amount of the deferred income tax assets and liabilities at the beginning of the reporting period	Balance of the deferred income tax assets or liabilities after offset at the beginning of the reporting period
Deferred income tax assets		145,176,431.76		111,367,362.66
Deferred income tax liabilities		47,103,893.91		35,903,653.30

(4) Breakdown of unconfirmed deferred income tax assets

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Deductible temporary differences	671,548.30	2,710,860.27
Total	671,548.30	2,710,860.27

(5) Deductible losses of the unconfirmed deferred income tax assets due in the next year: None**31. Other non-current assets**

Unit: RMB

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepayment for software	1,192,660.18		1,192,660.18	2,027,042.24		2,027,042.24
Prepayment for engineering equipment	43,741,845.66		43,741,845.66	26,000,909.91		26,000,909.91
Total	44,934,505.84		44,934,505.84	28,027,952.15		28,027,952.15

Other description: None

32. Short-term borrowings**(1) Classification of short-term borrowings**

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Guaranteed borrowings		142,942,941.34
Total		142,942,941.34

Description of classification of short-term borrowings: None

(2) Short-term borrowings overdue but unpaid

Other description: There were no short-term borrowings overdue but unpaid in the Company at the end of the reporting period.

33. Tradable financial liabilities: None**34. Derivative financial liabilities: None****35. Notes payable**

Unit: RMB

Category	Balance at the end of the period	Balance at the beginning of the period
Banker's acceptance	289,707,176.43	234,887,563.22
Total	289,707,176.43	234,887,563.22

The total amount of the notes payable due but unpaid at the end of the reporting period is RMB0.00.

36. Accounts payable**(1) List of accounts payable**

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Accounts payable	723,033,087.39	761,519,389.26
Total	723,033,087.39	761,519,389.26

(2) Significant accounts payable with aging over one year

Other description: The Company has no significant accounts payable with aging over one year at the end of the reporting period.

37. Payments received in advance**(1) List of payments received in advance: None****(2) Significant payments received in advance with aging over one year**

The Company has no significant payments received in advance with aging over one year at the end of the reporting period.

38. Contract liabilities

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Advances on sales	103,501,369.49	137,333,617.40
Total	103,501,369.49	137,333,617.40

Amount with significant changes in book value during the reporting period and reason: None

39. Employee remuneration payable**(1) List of employee remuneration payable**

Unit: RMB

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Balance at the end of the period
I. Short-term Compensation	123,506,119.43	397,444,239.77	409,820,099.96	111,130,259.24
II. Post-employment Benefits - Defined Contribution Plan	18,507.68	25,494,529.67	25,142,907.14	370,130.21
III. Dismissal Benefits		156,259.98	156,259.98	
Total	123,524,627.11	423,095,029.42	435,119,267.08	111,500,389.45

(2) List of short-term remuneration

Unit: RMB

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Balance at the end of the period
1. Salary, bonus and subsidy	122,595,782.24	361,113,483.15	375,743,596.02	107,965,669.37
2. Employee welfare		13,078,772.04	11,949,297.53	1,129,474.51
3. Social insurance premiums	252,766.51	12,926,746.92	12,344,203.08	835,310.35
Including: Medical	250,105.53	10,975,075.83	10,409,117.65	816,063.71

insurance				
Employment injury insurance	167.06	1,142,952.97	1,125,343.83	17,776.20
Maternity insurance	2,493.92	808,718.12	809,741.60	1,470.44
4. Housing provident fund	374,311.00	8,527,072.24	8,542,073.24	359,310.00
5. Labor union fee and staff education fee	283,259.68	1,798,165.42	1,240,930.09	840,495.01
Total	123,506,119.43	397,444,239.77	409,820,099.96	111,130,259.24

(3) List of defined contribution plans

Unit: RMB

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Balance at the end of the period
1. Basic endowment insurance	17,927.54	24,671,585.74	24,331,167.43	358,345.85
2. Unemployment insurance	580.14	822,943.93	811,739.71	11,784.36
Total	18,507.68	25,494,529.67	25,142,907.14	370,130.21

Other description: There was no delinquency of employee remuneration payable in the Company at the end of the reporting period.

40. Tax and fees payable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Value-added tax	29,179,356.47	25,574,167.63
Corporate income tax	36,669,532.30	79,266,423.94
Individual income tax	2,196,145.64	1,840,329.83
City construction and maintenance tax	1,837,733.39	1,593,768.94
Property tax	3,958,770.37	1,087,129.90
Education surcharges	877,842.66	829,794.94
Local education surcharges	585,228.48	524,068.91
Land use tax	821,151.63	796,430.89
Stamp tax	692,502.21	596,629.80
Security fund for the disabled	680,567.93	334,989.76
Environmental protection tax	132,841.63	97,465.13
Resource tax	66,031.66	66,855.20
Total	77,697,704.37	112,608,054.87

Other description: None

41. Other payables

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Dividend payable	1,594,446.41	1,437,466.77
Other payables	794,796,554.04	753,407,113.32
Total	796,391,000.45	754,844,580.09

(1) Interest payable: None

(2) Dividends payable

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Dividends for restricted shares	1,594,446.41	1,437,466.77
Total	1,594,446.41	1,437,466.77

Other descriptions, including important dividends payable exceeding one year, and the reasons for non-payment that should be disclosed: None

(3) Other payables

1) Other payables based on amount nature

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Margins and deposits	22,073,998.74	20,964,424.40
Unpaid fees	731,510,591.33	658,391,225.24
Others	2,144,169.58	2,373,791.75
Repurchase obligation of restricted shares	39,067,794.39	68,800,189.53
Authorized collection and payment of individual income tax under the equity incentive		2,877,482.40
Total	794,796,554.04	753,407,113.32

2) Other important payables with aging exceeding one year

Unit: RMB

Item	Balance at the end of the period	Reason for unsettlement or not carry-over
1st	6,323,465.21	Not yet settled

Total	6,323,465.21	--
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Other description: None

42. Liabilities held for sale: None

43. Non-current liabilities due within one year

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Lease liabilities due within one year	6,038,594.62	3,472,854.73
Total	6,038,594.62	3,472,854.73

Other description: None

44. Other current liabilities

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Tax pending changeover	13,400,882.00	17,628,086.63
Total	13,400,882.00	17,628,086.63

Changes in short-term bonds payable: None

45. Long-term borrowings

(1) List of long-term borrowings

Description of classification of long-term borrowings: None

Other descriptions, including the interval of interest rate: None

46. Bonds payable

(1) Bonds payable: None

(2) Changes in the increase and decrease of the bonds payable (excluding other financial instruments such as preference shares and perpetual bonds that are divided into financial liabilities): None

(3) Descriptions of the conditions for converting conditions and time of converting bonds: None

(4) Descriptions of other financial instruments that are divided into financial liabilities: None

Basic information on other financial instruments in issue at the end of the reporting period, such as the preference shares and perpetual bonds: None

Table of changes in other financial instruments in issue at the end of the reporting period, such as the preference shares and perpetual bonds: None

47. Lease liabilities

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Housing rent	5,526,106.56	7,138,799.58
Total	5,526,106.56	7,138,799.58

Other description: None

48. Long-term payables: None

(1) Long-term payables listed based on amount nature: None

(2) Special payables: None

49. Long-term employee remuneration payable

(1) Table of long-term employee remuneration payable: None

(2) Changes of the defined benefit plan

Description of content and associated risk of defined benefit plan and the impact on the Company's future cash flow, time and uncertainty: None

Description of major actuarial assumptions and sensitivity analysis results of defined benefit plan: None

Other description: None

50. Projected liabilities: None

51. Deferred income

Unit: RMB

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Balance at the end of the period	Reason
Government grants	115,101,158.13	4,000,000.00	7,008,167.50	112,092,990.63	Government grants related to assets
Total	115,101,158.13	4,000,000.00	7,008,167.50	112,092,990.63	--

Projects involving government grants:

Unit: RMB

Liability item	Balance at the beginning of the period	Increased amount of grants in the current period	Amount included in non-operating income in the current period	Amount included in other income in the current period	Amount of offset costs in the current period	Other changes	Balance at the end of the period	Related to asset/income
Support funds for sewage centralized water treatment project	972,000.00			60,750.00			911,250.00	Related to asset
Ex-post funds awarded to the first batch of the union enterprises for technical transformation in 2017	4,081,579.34			317,293.32			3,764,286.02	Related to asset
Support funds for the technical transformation of equipment production line	3,640,736.00			403,311.72			3,237,424.28	Related to asset
Support funds for enterprise technical upgrading	3,219,688.10			396,187.14			2,823,500.96	Related to asset
Subsidies for the infrastructure construction of new factory in Hubei	30,535,934.00			535,718.16			30,000,215.84	Related to asset
Provincial funds for traditional industry transformation projects	910,714.30			53,571.42			857,142.88	Related to asset
Subsidies for the expansion of the high-grade household paper project with an annual output of 25,000 tons	1,906,666.83			79,999.98			1,826,666.85	Related to asset
Discount interest funds for imported	2,439,593.75			96,937.50			2,342,656.25	Related to asset

equipment								
Financial support funds for construction expansion of 25,000-ton high-grade household paper project	7,453,253.75			312,723.90			7,140,529.85	Related to asset
Subsidies for construction of the water treatment project	1,369,861.36			77,539.32			1,292,322.04	Related to asset
Subsidies for sewage treatment station	2,664,772.67			238,636.38			2,426,136.29	Related to asset
Special funds for capacity expansion of 25,000-ton high-grade household paper project	1,820,833.22			287,500.02			1,533,333.20	Related to asset
Support funds for the construction of environmental protection facilities	3,032,539.79			159,523.80			2,873,015.99	Related to asset
Support funds for equipment of Phase II project	9,467,571.00			985,624.08			8,481,946.92	Related to asset
Support funds for the transformation of Phase I project	16,172,657.65			1,125,711.24			15,046,946.41	Related to asset
Support funds for the construction of Automated Storage & Retrieval System	21,188,970.58			780,882.36			20,408,088.22	Related to asset
Funds for reconstruction project of automatic production lines	1,389,966.67			510,600.00			879,366.67	Related to asset
Subsidy funds for the smart factory project	2,833,819.12	4,000,000.00		585,657.16			6,248,161.96	Related to asset
Total	115,101,158.13	4,000,000.00		7,008,167.50			112,092,990.63	

52. Other non-current liabilities: None**53. Share capital**

Unit: RMB

	Balance at the beginning of the period	Increase and decrease of this change (+ and -)					Balance at the end of the period
		Issuance of additional shares	Bonus shares	Shares transferred from surplus reserve	Others	Subtotal	
Total number of shares	1,311,487,077.00	1,578,199.00			-2,021,305.00	-443,106.00	1,311,043,971.00

Other description: For details about changes in the Company's share capital in the reporting period, please refer to "1. Development history of the Company in III. Basic Information of the Company of Section X" for details.

54. Other equity instruments

(1) Basic information on other financial instruments in issue at the end of the reporting period, such as the preference shares and perpetual bonds: None

(2) Table of changes in other financial instruments in issue at the end of the reporting period, such as the preference shares and perpetual bonds

Description of increase/decrease of other equity instruments in the reporting period, reasons of change, and accounting basis: **None**

Other description: None

55. Capital reserve

Unit: RMB

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Balance at the end of the period
Capital premium (share premium)	626,797,181.97	15,730,354.61	6,730,945.65	635,796,590.93
Other capital reserve	280,209,323.08	28,643,935.91	3,024,288.84	305,828,970.15
Total	907,006,505.05	44,374,290.52	9,755,234.49	941,625,561.08

Other descriptions, including increase/decrease in the reporting period and reasons of change:

(1) The exercise of stock options awarded in the first grant and the exercise of reserved stock options as per the *2018 Stock Option and Restricted Stock Incentive Plan* increased "capital reserve-share premium" by RMB15,730,354.61 and decreased "capital reserve-other capital reserve" by RMB3,024,288.84. The repurchase and deregistration of incentive stocks decreased "capital reserve-other capital reserve" by RMB6,730,945.65.

(2) The Company set aside provision for equity incentive costs and fees in the reporting period and RMB12,167,835.66 was included in “capital reserve - other capital reserve”. Difference between the deductible amount before tax under the *2018 Stock Option and Restricted Stock Incentive Plan* and recognized book expense was confirmed as deferred income tax asset and RMB16,476,100.25 was included in “capital reserve - other capital reserve”.

56. Treasury shares

Unit: RMB

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Balance at the end of the period
Restricted shares	68,800,189.53	1,352,409.36	31,084,804.50	39,067,794.39
Ordinary shares	27,680,721.76	532,605,631.91		560,286,353.67
Total	96,480,911.29	533,958,041.27	31,084,804.50	599,354,148.06

Other descriptions, including increase/decrease in the reporting period and reasons of change:

Notes: (1) The second unlock period unlocked 4,809,045 shares of first-grant stock options at RMB4.33/share granted under the *2018 Stock Option and Restricted Stock Incentive Plan*. Totally RMB20,823,164.85 was included in the decrease of the current period. As some incentive recipients for stocks awarded in the first grant left the Company or failed to pass the appraisal, the Company repurchased and deregistered 2,021,305 shares with RMB4.33 per share and a total amount of RMB8,752,250.65, which was included in the decrease of the current period. Cash dividends waiting to be issued to holders of restricted shares can be withdrawn. For holders of restricted shares that are expected to be unlocked in the future, RMB1,509,389.00 was included in the decrease of the current period.

(2) A cash dividend of RMB400,218.39 was withdrawn for shares originally held by repurchase and deregistration recipients and therefore included in the increase of the current period; a cash dividend of RMB952,190.97 for shares unlocked in the second unlock period was included in the increase of the current period.

(3) The Company has carried out share repurchase with a special securities repurchase account via centralized bidding, with a total transaction amount of RMB532,605,631.91.

57. Other comprehensive income: None**58. Special reserves: None****59. Surplus reserve**

Unit: RMB

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Balance at the end of the period
Statutory surplus reserve	61,469,258.27			61,469,258.27
Total	61,469,258.27			61,469,258.27

Explanation of surplus reserves, including increase/decrease in the reporting period and reasons of change: None

60. Retained earnings

Unit: RMB

Item	Current period	Last period
Retained earnings before adjustment at the end of the last period	2,858,664,147.39	2,058,968,835.80
Retained earnings at the beginning of the period after adjustment	2,858,664,147.39	2,058,968,835.80
Plus: Net profit attributable to owners of the parent company of the current period	407,161,317.15	452,699,484.61
Dividends on ordinary shares payable	128,751,529.41	97,945,986.16
Retained earnings at the end of the period	3,137,073,935.13	2,413,722,334.25

Details on adjusting retained earnings at the beginning of the period:

- (1) As a result of retrospective adjustments according to the Accounting Standards for Business Enterprises and its related new provisions, the impact on retained earnings at the beginning of the period was RMB0.00.
- (2) Due to the changes in accounting policies, the impact on retained earnings at the beginning of the period was RMB0.00.
- (3) Due to the correction of material accounting errors, the impact on retained earnings at the beginning of the period was RMB0.00.
- (4) Due to the changes in the scope of combination caused by the same control, the impact on retained earnings at the beginning of the period was RMB0.00.
- (5) Other adjustments affected retained earnings at the beginning of the period by a total of RMB0.00.

61. Operating income and operating cost

Unit: RMB

Item	Incurred in the current period		Incurred in the prior period	
	Income	Cost	Income	Cost
Principal business	4,123,177,610.49	2,462,562,811.28	3,600,704,841.94	1,918,216,266.98
Other businesses	124,464,225.89	99,681,354.93	15,496,557.86	13,190,651.18
Total	4,247,641,836.38	2,562,244,166.21	3,616,201,399.80	1,931,406,918.16

Information related to income:

Unit: RMB

Contract classification	Branch 1	Branch 2	Total
By product type	4,247,641,836.38		4,247,641,836.38
Including:			
Household paper	4,082,881,792.19		4,082,881,792.19
Personal care	40,295,818.30		40,295,818.30
Others	124,464,225.89		124,464,225.89
By operating region	4,247,641,836.38		4,247,641,836.38
Including:			
Domestic	4,149,892,689.00		4,149,892,689.00
Abroad	97,749,147.38		97,749,147.38
Including:			
Including:			
Including:			
Including:			
Including:			
Total	4,247,641,836.38		4,247,641,836.38

Information related to performance obligation: None

Information related to the transaction price apportioned to the remaining performance obligation:

The amount of income corresponding to the obligations of contract performance with an executed contract that is not performed or fully performed at the end of the reporting period is RMB10,852,118.31, of which the income of RMB10,852,118.31 is expected to be confirmed as income in the year of 2021.

Other description: None

62. Tax and surcharges

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
City construction and maintenance tax	10,406,083.91	9,361,201.41

Education surcharges	4,922,998.46	4,706,053.57
Resource tax	55,344.16	
Property tax	5,361,355.73	4,767,707.05
Land use tax	1,364,954.29	1,746,360.26
Vehicle and vessel tax	9,030.00	12,360.00
Stamp tax	3,544,054.89	3,007,283.02
Local education surcharges	3,281,999.30	3,137,369.06
Environmental protection tax	305,183.69	181,672.99
Total	29,251,004.43	26,920,007.36

Other description: None

63. Selling expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Employee remuneration	188,440,219.32	134,986,732.37
Advertising expenses	136,856,089.50	74,270,803.62
Product promotion fees	486,488,574.50	411,196,541.39
Shopping mall management fees	42,603,638.54	48,753,624.04
Transportation expenses	44,766,089.36	165,690,045.64
Traveling expenses	9,543,610.64	4,940,998.20
Business entertainment expenses	899,984.09	436,080.12
Rental fees	4,279,089.03	3,183,544.55
Others	1,601,356.74	4,612,712.67
Total	915,478,651.72	848,071,082.60

Other description: None

64. Administrative expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Employee remuneration	74,061,162.35	70,379,157.38
Equity incentive cost	12,167,835.66	52,983,211.08
Depreciation and amortization fees	34,639,880.19	31,544,768.00
Office allowance	12,660,998.77	10,475,476.21
Consulting service fees	8,688,604.92	4,773,171.55
Outsourcing warehouse management fees	8,791,106.82	5,349,303.92
Business entertainment expenses	2,582,730.40	1,580,927.02
Traveling expenses	950,329.72	393,381.65
Environmental protection fees	1,244,274.84	1,251,298.69
Rental fees	3,679,190.64	1,475,930.22

Others	5,733,964.07	5,495,228.29
Total	165,200,078.38	185,701,854.01

Other description: None

65. R&D expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Employee remuneration	18,956,073.80	17,174,899.12
Direct investment	62,873,043.34	59,534,214.24
Depreciation and amortization fees	13,685,779.13	12,202,630.08
Others	1,899,916.05	1,949,084.80
Total	97,414,812.32	90,860,828.24

Other description: None

66. Finance expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Interest fees	975,546.01	1,140,788.29
Less: Interest income	6,623,270.61	4,060,998.02
Exchange profit and loss	1,346,250.22	-993,705.23
Plus: Transaction fee	2,498,330.34	2,891,912.73
Total	-1,803,144.04	-1,022,002.23

Other description: None

67. Other income

Unit: RMB

Sources of other income	Incurred in the current period	Incurred in the prior period
Refund of individual income tax	1,137,762.21	696,845.15
Support funds for the transformation of Phase I project	1,125,711.24	224,780.22
Subsidies for R&D, famous-brand and high-quality products, and income/efficiency increase	1,020,000.00	
Support funds for equipment of Phase II project	985,624.08	985,624.08
Support funds for the construction of Automated Storage & Retrieval System	780,882.36	192,647.06
Support funds for technical upgrading project 2020	700,000.00	
Subsidy funds for the smart factory project	585,657.16	

Subsidies for the infrastructure construction of new factory in Hubei	535,718.16	535,718.16
Funds for reconstruction project of automatic production lines	510,600.00	
Subsidies for internship, employment, job stabilization and training	489,780.86	
VAT exemption for employment of retired soldiers and poor population	411,700.00	438,350.00
Support funds for the technical transformation of equipment production line	403,311.72	403,311.72
Provincial support funds for enterprise technical upgrading	396,187.14	264,124.76
Ex-post funds awarded to the first batch of the union enterprises for the technical transformation in 2017	317,293.32	317,293.32
Financial support funds for construction expansion of 25,000-ton high-grade household paper project	312,723.90	312,723.90
Special funds for capacity expansion of 25,000-ton high-grade household paper project	287,500.02	287,500.02
Technical demonstration fee for water intake points	280,000.00	
Subsidies for sewage treatment station	238,636.38	238,636.38
Special award funds for the restructuring of industrial enterprises	210,900.00	
Support funds for the construction of environmental protection facilities	159,523.80	159,523.80
Tax contribution reward	100,000.00	
Subsidies for job creation for the poor	97,995.00	
Discount interest funds for imported equipment	96,937.50	96,937.50
Subsidies for the expansion of the high-grade household paper project with an annual output of 25,000 tons	79,999.98	79,999.98
Subsidies for construction of the water treatment project	77,539.32	77,539.32
Rewards for creation of odor-free enterprise	62,752.29	
Support funds for sewage centralized water treatment project	60,750.00	60,750.00
Provincial funds for traditional industry transformation projects	53,571.42	35,714.28
Financial rewards for cleaner production transformation	50,000.00	
Rewards for demonstration enterprise of informatization and industrialization integration	50,000.00	

Subsidies for employment and entrepreneurship	31,604.66	
Subsidies for encouraging scaled development of enterprises	20,000.00	
Subsidies for new exports of exporting enterprises	700.00	
Awards for breakthroughs with increases in business revenues		300,000.00
Subsidies for photovoltaic power rooftop		224,640.00
Financial support funds for industry collaboration		7,892,985.55
Support policy rewards of 2018 from the Bureau of Economy and Information Technology Pengzhou City		1,310,000.00
Energy efficiency special fund 2019 of the Science, Industry and Commerce Bureau (cleaner production enterprise)		20,000.00
Management system certification rewards 2018 of Pengzhou Administration for Market Regulation		10,000.00
Subsidies for pandemic prevention system construction of enterprises by Bureau of Economy and Information Technology Pengzhou City		9,000.00
Total	11,671,362.52	15,174,645.20

68. Return on investment

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Others	358,473.15	2,287,274.87
Total	358,473.15	2,287,274.87

Other description: "Others" refer to returns on principal-protected wealth management products at maturity and reverse repo of treasury bonds of the Company.

69. Profit of net exposure hedging: None

70. Income from changes in fair value: None

71. Credit impairment loss

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Bad debt loss from other receivables	-464,824.58	-1,502,718.88
Bad debt loss from accounts receivable	1,766,431.51	79,019.13

Total	1,301,606.93	-1,423,699.75
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Other description: None

72. Asset impairment loss

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
II. Impairment Loss of Inventories and Contract Performance Cost	-468,530.30	-850,381.40
V. Impairment Loss of Fixed Assets	-2,285,297.81	
Total	-2,753,828.11	-850,381.40

Other description: None

73. Return on disposal of assets

Unit: RMB

Source	Incurred in the current period	Incurred in the prior period
Disposal of fixed assets	-259,896.46	-896,870.05
Total	-259,896.46	-896,870.05

74. Non-operating income

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period	Amount recognized as profit or loss of the current period
Government grants	23,000.00	1,997,067.57	23,000.00
Income from fine and compensation	907,005.44	640,155.42	907,005.44
Profit from damage and retirement of non-current assets	98,166.07	1,758.21	98,166.07
Including: Fixed assets	98,166.07	1,758.21	98,166.07
Others	680,195.03	530,259.96	680,195.03
Total	1,708,366.54	3,169,241.16	1,708,366.54

Government grants recognized as profit and loss of the current period:

Unit: RMB

Grants	Issuer	Reason	Nature and type	Whether the grant affected the profit and loss of the year	Whether a special grant	Amount incurred in the current period	Amount incurred in the last period	Related to asset/income
Rewards for advanced party organizations and	People's Government of Shuangshui Town, Xinhui	Grant	Grants received for the performance of the State's	No	No	2,000.00		Related to income

individuals 2020	District, Jiangmen City		function of ensuring the supply or price control of a public utility or socially necessary product					
Subsidies for enterprises' employee training for job adaptation	Human Resources and Social Security Bureau of Yunfu City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No	21,000.00		Related to income
Subsidies for job stabilization	Labor and Employment Administratio n of Xiaonan District, Xiaogan City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		291,200.00	Related to income
Subsidies for job stabilization	Labor and Employment Administratio n of Xiaonan District, Xiaogan City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		27,200.00	Related to income
Social security subsidies for enterprises	Labor and Employment Administratio n of Xiaonan District,	Grant	Grants received for the performance of the State's function of	No	No		37,332.00	Related to income

	Xiaogan City		ensuring the supply or price control of a public utility or socially necessary product					
Special award funds for the restructuring of industrial enterprises	Central Treasury Payment Center of Xiaogan City, Xiaonan District	Reward	Grants received as a result of compliance with local government policies such as investment attraction and other local support policies	No	No		410,000.00	Related to income
Subsidies for job stabilization	Labor and Employment Administration of Pengzhou City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		29,142.57	Related to income
Job stabilization subsidy from the Unemployment Insurance Fund	Hangzhou Municipal Employment Service Center	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		887.00	Related to income
Job stabilization subsidy from the Unemployment Insurance Fund	Employment Management Service Office of Pinghu City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control	No	No		389,857.30	Related to income

			of a public utility or socially necessary product					
Subsidies for job stabilization	Social Insurance Fund Administration of Chengdu City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		245,515.30	Related to income
One-off employment subsidy	Human Resources and Social Security Bureau of Luoding City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		238,317.87	Related to income
Subsidies for job stabilization	Social Insurance Bureau of Yutian County	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		87,935.77	Related to income
Job stabilization subsidy from the Unemployment Insurance Fund	Human Resources and Social Security Bureau of Yunfu City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public	No	No		72,684.00	Related to income

			utility or socially necessary product					
Job stabilization subsidy from the Unemployment Insurance Fund	Social Insurance Fund Administration of Zhongshan City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		50,801.57	Related to income
Employee subsidies for enterprises with work and production resumption	Dongsheng Branch of the Human Resources and Social Security Bureau of Zhongshan City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		40,400.00	Related to income
Enterprise training subsidy from the Fourth Technical School of Xiaogan City	Fourth Technical School of Xiaogan City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		33,000.00	Related to income
Subsidies for Covid-19 prevention and control	Financial Payment (Accounting) Center of Jiaxing Port District	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or	No	No		19,750.00	Related to income

			socially necessary product					
Job stabilization subsidy from the Unemployment Insurance Fund	Social Insurance Fund Administration of Yunfu City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		16,343.00	Related to income
Security social services	Development and Construction Management Committee of Port District, Jiaxing City	Grant	Grants received as a result of compliance with local government policies such as investment attraction and other local support policies	No	No		5,000.00	Related to income
Job stabilization subsidy from the Unemployment Insurance Fund	Human Resources and Social Security Bureau of Luoding City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary product	No	No		1,500.00	Related to income
Job stabilization subsidy from the Unemployment Insurance Fund	Dongsheng Branch of the Human Resources and Social Security Bureau of Zhongshan City	Grant	Grants received for the performance of the State's function of ensuring the supply or price control of a public utility or socially necessary	No	No		118.16	Related to income

			product					
Funds for promoting industrial development	Finance Bureau of Yunfu City	Grant	Grants received as a result of compliance with local government policies such as investment attraction and other local support policies	No	No		83.03	Related to income
Total						23,000.00	1,997,067.57	

Other description: None

75. Non-operating expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period	Amount recognized as profit or loss of the current period
External donations	1,760,851.30	11,952,705.59	1,760,851.30
Others	1,152,018.68	1,267,171.07	1,152,018.68
Loss from damage and retirement of non-current assets	725,313.88	20,306.50	725,313.88
Including: Fixed assets	725,313.88	20,306.50	725,313.88
Total	3,638,183.86	13,240,183.16	3,638,183.86

Other description: None

76. Income tax expenses

(1) Table of income tax expenses

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Current income tax expense	87,232,248.96	76,953,980.75
Deferred income tax expense	-6,132,728.24	8,829,273.17
Total	81,099,520.72	85,783,253.92

(2) Adjustment process of accounting profits and income tax expenses

Unit: RMB

Item	Incurred in the current period
Total profit	488,244,168.07
Income tax expenses calculated at the statutory/applicable tax	122,061,042.02

rate	
Impacts of different tax rates applied to subsidiaries	-40,492,083.06
Impacts of adjustments to income taxes during the prior period	-1,905,505.90
Impacts of non-deductible costs, expenses and losses	1,436,067.66
Income tax expenses	81,099,520.72

Other description: None

77. Other comprehensive income

Please refer to the notes for details.

78. Items of the cash flow statement

(1) Cash received related to other operating activities

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Current accounts	10,003,853.92	12,564,390.63
Fiscal appropriation	7,136,732.81	36,365,077.82
Interest income	6,623,270.61	4,060,998.02
Authorized collection of individual income tax under the equity incentive	9,395,040.46	17,943,967.78
Others	5,203,778.87	6,055,212.85
Total	38,362,676.67	76,989,647.10

Explanation of cash received related to other operating activities: None

(2) Cash payments related to other operating activities

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Expenses paid	409,369,512.68	316,942,453.60
Current accounts	6,431,125.10	2,335,741.67
Authorized payment of individual income tax under the equity incentive	10,715,472.44	28,191,169.72
Others	1,126,549.69	10,981,895.83
Total	427,642,659.91	358,451,260.82

Explanation of cash paid related to other operating activities: None

(3) Cash received related to other investing activities

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Principal repayment on maturity of wealth management products	50,000,000.00	40,000,000.00
Principal repayment on maturity of treasury bonds reverse repo		87,105,000.00
Total	50,000,000.00	127,105,000.00

Explanation of cash received related to other investment activities: None

(4) Cash payments related to other investing activities

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Purchasing wealth management products		212,400,000.00
Total		212,400,000.00

Explanation of cash paid related to other investment activities: None

(5) Cash received related to other financing activities: None

(6) Cash payments related to other financing activities

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Repurchase and deregistration of equity incentives	8,752,250.65	3,475,786.26
Share repurchase	532,605,631.91	27,680,721.76
Deposits of security deposits for bills, letters of guarantee and letters of credit	12,315,870.82	9,290,358.88
Repayment of principal and interests of lease liabilities under the new lease standards	1,023,913.33	
Total	554,697,666.71	40,446,866.90

Explanation of cash paid related to other financing activities: None

79. Supplementary information to cash flow statement

(1) Supplementary information to cash flow statement

Unit: RMB

Supplementary information	Amount of the current period	Amount of last period
1 Reconciliation of net profit to cash flows from operating activities:	--	--
Net Profit	407,144,647.35	452,699,484.61
Plus: Provisions for asset impairment	1,452,221.18	2,274,081.15

Depreciation of fixed assets, oil and gas assets and productive biological assets	163,103,078.23	145,151,634.15
Depreciation of use right assets	2,181,245.94	
Intangible asset amortization	3,326,149.16	2,901,377.36
Long-term unamortized expenses	5,792,540.92	3,200,058.79
Losses from disposal of fixed assets, intangible assets and other long-term assets (“-” indicates income)	259,896.46	896,870.05
Losses from fixed assets write-off (“-” indicates income)	627,147.81	18,548.29
Losses from changes in fair value (“-” indicates income)		
Finance expenses (“-” indicates income)	4,730,497.09	-2,415,195.58
Investment losses (“-” indicates income)	-358,473.15	-2,287,274.87
Decrease in deferred income tax assets (“-” indicates increase)	-17,332,968.85	1,306,113.02
Increase in deferred income tax liabilities (“-” indicates decrease)	11,200,240.61	7,523,160.15
Decrease in inventories (“-” indicates increase)	36,965,050.50	-192,512,816.22
Decrease in operating receivables (“-” indicates increase)	78,196,966.06	-100,988,107.49
Increase in operating payables (“-” indicates decrease)	40,577,548.88	186,790,654.92
Others		
Net cash flows from operating activities	737,865,788.19	504,558,588.33
2 Significant investment and financing activities not involving cash:	--	--
Conversion of debt to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3 Net changes in cash and cash equivalents:	--	--
Balance of cash at the end of the period	701,224,202.33	896,433,846.64
Less: Balance of cash at the beginning of the period	1,050,034,135.72	675,996,852.97
Plus: Balance of cash equivalents at the end of the period		
Less: Balance of cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	-348,809,933.39	220,436,993.67

(2) Net cash paid to acquire subsidiaries during the period: None

(3) Net cash received from the disposal of subsidiaries during the period: None

(4) Constitution of cash and cash equivalents

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
I. Cash	701,224,202.33	1,050,034,135.72
Including: Cash on hand	56,626.99	36,349.55
Bank deposits always available for payment	694,226,698.05	1,047,785,634.71
Other monetary funds always available for payment	6,940,877.29	2,212,151.46
III. Balance of Cash and Cash Equivalents at the End of the Period	701,224,202.33	1,050,034,135.72

Other description: None

80. Notes to items in the statement of changes in owner's equity

Description on the name and amount of items under "Others" whose closing balance in last year was adjusted and other relevant issues: None

81. Assets with restricted right to use or ownership

Unit: RMB

Item	Book value at the end of the period	Reason for restriction
Other monetary funds	87,477,934.66	Security deposits for issuing letter of credit and notes
Total	87,477,934.66	--

Other description: None

82. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Balance of foreign currency at the end of the period	Conversion rate	Balance of converted RMB at the end of the period
Monetary funds	--	--	170,188,998.60
Including: USD	25,368,909.56	6.4704	164,146,992.42
EUR			
HKD	7,251,567.67	0.8332	6,042,006.18

Accounts receivable	--	--	29,765,127.44
Including: USD	1,052.88	6.4704	6,812.55
EUR			
HKD	35,715,692.38	0.8332	29,758,314.89
Long-term borrowings	--	--	
Including: USD			
EUR			
HKD			
Other receivables			1,509,084.28
Including: HKD	1,811,190.93	0.8332	1,509,084.28
Accounts payable			173,342,875.75
Including: USD	26,774,200.70	6.4704	173,239,788.21
EUR	13,400.00	7.6931	103,087.54
Other payables			5,664,414.41
Including: HKD	6,790,466.58	0.8332	5,657,816.75
USD	1,013.42	6.4704	6,557.23
MOP	50.00	0.8086	40.43

Other description: None

(2) For overseas business entities, especially important ones, disclose their main overseas business address, the standard currency for accounting and selection basis. If there are changes in the standard currency for accounting, reasons shall be also provided

Applicable Not applicable

Overseas business entity	Business address	Standard currency for accounting
Zhong Shun International Co., Ltd.	Hong Kong	RMB
C&S Hong Kong Co., Ltd.	Hong Kong	RMB
C&S (Macao) Co., Ltd.	Macao	RMB

83. Hedges

Disclosure of hedged items and related hedging instruments and qualitative and quantitative information about hedged risks according to the type of hedging: None

84. Government grants

(1) Basic information on government grants

Unit: RMB

Category	Amount	Reporting items	Amount recognized as profit or loss for the current period
Related to asset	4,000,000.00	Deferred income	

Related to asset	7,008,167.50	Other income	7,008,167.50
Related to income	3,525,432.81	Other income	3,525,432.81
Related to income	23,000.00	Non-operating income	23,000.00
Total	14,556,600.31		10,556,600.31

(2) Return of government grants

Applicable Not applicable

Other description:

Please refer to Note VII (51), (67) and (74) for details.

85. Others: None

VIII. Changes in the Consolidated Scope

1. Business combinations of enterprises not under common control

(1) Business combinations of enterprises not under common control in the reporting period: None

(2) Combination costs and goodwill

Method of determining the fair value of combination costs and descriptions of contingent consideration and its changes: None

Main reasons for the formation of huge goodwill: None

Other description: None

(3) Acquiree's identifiable assets and liabilities on the acquisition date

Method of determining the fair value of identifiable assets and liabilities: None

Acquiree's contingent liabilities assumed in a business combination: None

Other description: None

(4) Profit or loss arising from the recalculation based on fair value of equities held before the acquisition date

Whether there are transactions through which business combination is achieved in stages while control is obtained within the reporting period

Yes No

(5) Descriptions of being unable to determine the consideration or the fair value of acquiree's identifiable assets and liabilities on the acquisition date or at the end of the current period of combination

None

(6) Other descriptions

None

2. Business combinations of enterprises under common control

(1) Business combinations of enterprises under common control in the current period: None

(2) Combination costs

Description on contingent consideration and its changes: None

Other description: None

(3) Book value of assets and liabilities of the combined party on the date of combination

Contingent liabilities of the combined party assumed in a business combination: None

Other description: None

3. Reverse purchase

Basic information of transactions, basis for transactions constituting reverse purchase, whether assets and liabilities retained by listed companies constitute a business and its basis, determination of combination costs, adjustment of equity amount and calculation when dealing as equity transactions: None

4. Disposal of subsidiaries

Whether there is situation that one disposal of investment in a subsidiary results in a loss of control

Yes No

Whether there is situation that the disposal of investment in a subsidiary is achieved in stages through multiple transactions while the control is lost in the reporting period

Yes No

5. Changes in the scope of consolidation due to other reasons

Description of changes in the scope of combination due to other reasons (establishment or liquidation of subsidiaries, etc.) and related situations:

The Company invested and founded C&S (Jiangsu) Paper Co., Ltd. on February 25, 2021, with a registered capital of RMB200 million. C&S Paper Co., Ltd. holds 100% of its stakes. C&S (Jiangsu) Paper Co., Ltd. was incorporated into the scope of consolidated statements from February. Currently, C&S (Jiangsu) Paper has started operating activities.

On May 19, 2021, Dolemi Sanitary Products Co., Ltd., a wholly owned subsidiary of the Company, and Yunnan Jiaqu Trading Co., Ltd. jointly invested and established Yunnan Dolemi Trading Co., Ltd., with a registered capital of RMB4 million. Dolemi Sanitary Products holds 60% of the shares while Yunnan Jiaqu holds 40% of the shares. The Company has incorporated Yunnan Dolemi Trading Co., Ltd. into the scope of its consolidated statements since May 2021. Currently, Yunnan Dolemi has started operating activities.

On May 20, 2021, Dolemi Sanitary Products Co., Ltd., a wholly owned subsidiary of the Company, and Luzhou Longmatan District Jisheng Trading Co., Ltd. jointly invested and established Luzhou Dolemi Sanitary Products Co., Ltd., with a registered capital of RMB1.5 million. Dolemi Sanitary Products holds 60% of the shares while Jisheng Trading holds 40% of the shares. The Company has incorporated Luzhou Dolemi Sanitary Products Co., Ltd. into the scope of its consolidated statements since May 2021. Currently, Luzhou Dolemi has started operating activities.

On June 08, 2021, Dolemi Sanitary Products Co., Ltd., a wholly owned subsidiary of the Company, and Sichuan Zhong'en Liancheng Technology Co., Ltd. jointly invested and established Mianyang Dolemi Sanitary Products Co., Ltd., with a registered capital of RMB1.5 million. Dolemi Sanitary Products holds 60% of the shares while Zhong'en Liancheng holds 40% of the shares. The Company has incorporated Mianyang Dolemi Sanitary Products Co., Ltd. into the scope of its consolidated statements since May 2021. Currently, Mianyang Dolemi has no operating activities.

6. Others: None

IX. Equities in Other Entities

1. Equities in subsidiaries

(1) Composition of the enterprise group

Name of subsidiary	Main business address	Registered address	Principal businesses	Shareholding percentage		Obtaining method
				Direct	Indirect	
Jiangmen Zhongshun Paper Co., Ltd.	Jiangmen, Guangdong	Jiangmen, Guangdong	R&D, production, and sales (including online sales): household paper, maternal and infant products, cosmetics, wipes, non-woven products, daily necessities, and cleaning supplies; sales (including online sales) of Class I and II medical devices. (The above items do not involve special management measures for the access of foreign investment.) (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)	88.25%	11.75%	Capital contribution for establishment
Zhejiang Zhongshun Paper Co., Ltd.	Jiaxing, Zhejiang	Jiaxing, Zhejiang	General items: manufacture of paper products; sales of paper products; sales of paper pulp; sales of personal hygiene products; sales of hygiene products and disposable medical products; sales of disinfectants (excluding hazardous chemicals); sales of Class I medical devices; retail of Class I medical devices; sales of Class II medical devices; retail of class II medical devices; wholesale of medical face masks; retail of medical face masks; sales of general merchandise; retail of daily necessities; sales of maternal and infant products; wholesale of kitchenware, sanitary ware and daily sundries; wholesale of cosmetics; retail of cosmetics; wholesale of needle textiles and raw materials; sales of needle textiles; sales of chemical industry products (excluding chemical products that need to be licensed); Internet sales (excluding the sales of commodities requiring a permit) (The company may carry out business operations independently according to the law based on the business license, except for items that must be licensed according to the law.) (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)	75.00%	25.00%	Capital contribution for establishment
C&S Hong Kong Co., Ltd.	Hong Kong	Hong Kong	Purchase of pulp		100.00%	Capital contribution for establishment
C&S (Yunfu) Paper Co., Ltd.	Yunfu, Guangdong	Yunfu, Guangdong	R&D, production, wholesale, retail and online sales: household paper, sanitary products, maternal and infant products, daily necessities, cosmetics, medical devices, sanitary materials, non-woven fabrics and products, polymer materials and products, daily sundries, and disinfectant products (excluding hazardous chemicals); wholesale, retail and online sales: food; import and export of goods and technologies (excluding the import and export of goods and technologies prohibited by the State or involving administrative approval); warehousing services (limited to warehouses qualified in fire	100.00%		Capital contribution for establishment

			protection without hazardous chemicals). (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)			
Yunfu Hengtai Trading Co., Ltd. (note)	Yunfu, Guangdong	Yunfu, Guangdong	Wholesale, retain and online sales: paper, wood pulp, sanitary products, maternal and infant products, cosmetics, daily necessities, medical equipment, daily sundries, disinfection supplies (excluding dangerous chemicals); import and export of goods or technologies (excluding the import and export of goods and technologies prohibited by the State or involving administrative approval). (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)	100.00%		Capital contribution for establishment
C&S (Macao) Co., Ltd.	Macao	Macao	Wholesale, trade		100.00%	Capital contribution for establishment
Zhongshan Zhongshun Trading Co., Ltd.	Zhongshan, Guangdong	Zhongshan, Guangdong	Wholesale, retail and online sales (sales only on third-party platforms) of paper supplies, paper products (excluding printing products), wood pulp, general merchandise, hygiene products, cosmetics, nonwoven products, chemical products for daily use, Class I medical devices and food; warehousing (excluding hazardous chemicals and precursor chemicals); import and export of goods and technologies; operations of Class II and Class III medical devices. (The above business scope involves food operations, import and export of goods, and import and export of technologies.) (Exclude items prohibited by laws and administrative regulations; items whose operations are restricted by laws and administrative regulations shall not be carried out unless the permit has been obtained.) (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)	100.00%		Business combinations involving enterprises under common control
Xiaogan C&S Trading Co., Ltd.	Xiaogan, Hubei	Xiaogan, Hubei	Import, export and sales of paper products, general merchandise and pulp boards; sales of cosmetics, shower gel and sanitary pads; sales of baby products (excluding food). (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)		100.00%	Business combinations involving enterprises under common control
Beijing C&S Paper Co., Ltd.	Beijing	Beijing	Sales of paper products, daily necessities, paper pulp, and pulp boards; import and export of goods. (The company may independently select business items and carry out business activities in accordance with the law; for items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments based on contents of the approval; it is prohibited to engage in business activities of items prohibited and restricted by the city's industrial policies.)		100.00%	Business combinations involving enterprises under common

						control
Chengdu Zhongshun Paper Co., Ltd.	Pengzhou, Sichuan	Pengzhou, Sichuan	Sales of household paper, cleaning products, general merchandise, hygiene products, baby products, cosmetics, nonwoven products, feminine hygiene products, chemical products for daily use, daily necessities, medical devices, medical supplies and disinfectant products (excluding hazardous chemicals); e-commerce (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)		100.00%	Business combinations involving enterprises under common control
Hangzhou Jie Rou Trading Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Wholesale, retail: paper products, paper pulp, general merchandise; import and export of goods and technologies (exclude items prohibited by laws and administrative regulations; items whose operations are restricted by laws and administrative regulations shall not be carried out unless the permit has been obtained); other legitimate items that do not need approval according to the law) (for items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments)		100.00%	Business combinations involving enterprises under common control
Shanghai Huicong Paper Co., Ltd.	Shanghai	Shanghai	Household paper, paper pulp, pulp boards, import and export of goods and technologies. (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)		100.00%	Business combinations involving enterprises under common control
C&S (Hubei) Paper Co., Ltd.	Xiaogan, Hubei	Xiaogan, Hubei	Licensed items: production of sanitary products and disposable medical supplies; production of cosmetics (for items that must be approved in accordance with the law, companies may carry out business operations upon approval by relevant departments, and the specific business items are subject to the approval document or the permit issued by competent department). General items: sales of sanitary products and disposable medical supplies; retail of cosmetics; wholesale of cosmetics; manufacture of paper; sales of personal hygiene products; sales of knitwear; manufacture of maternal and infant products; sales of maternal and infant products; sales of paper products; manufacture of paper products; sales of daily necessities; sales of daily chemical products; sales of disinfectants (excluding hazardous chemicals); Internet sales (excluding the sales of commodities requiring a permit); sales of Class I medical devices; sales of Class II medical devices; import and export of goods and technologies (excluding the import and export of goods and technologies prohibited by the State or involving administrative approval). (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)	93.375%	6.625%	Business combinations involving enterprises under common control

Zhong Shun International Co., Ltd.	Hong Kong, China	Hong Kong, China	Sales of paper products		100.00%	Business combinations involving enterprises under common control
C&S (Sichuan) Paper Co., Ltd.	Pengzhou, Sichuan	Pengzhou, Sichuan	Licensed items: production of sanitary products and disposable medical supplies; import and export of goods (for items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments, and the specific business items are subject to the approval document or the permit issued by relevant department). General items: sales of sanitary products and disposable medical supplies; sales of personal hygiene products; sales of daily necessities; manufacture of paper products; sales of paper products; manufacture of paper; manufacture of daily chemical products; sales of daily chemical products; sales of Class II medical devices; sales of Class I medical devices; manufacture of industrial textile products; sales of industrial textile products; manufacture of maternal and infant products; sales of maternal and infant products. (The company may carry out business operations independently according to the law based on the business license, except for items that must be licensed according to the law.)	100.00%		Business combinations involving enterprises under common control
C&S (Zhongshan) Paper Co., Ltd.	Zhongshan, Guangdong	Zhongshan, Guangdong	Production, processing and sales: high-class household paper products (excluding printing process); import and export of pulp boards (exclude items prohibited by laws and administrative regulations; items whose operations are restricted by laws and administrative regulations shall not be carried out unless the permit has been obtained). (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)	100.00%		Business combinations involving enterprises under common control
C&S (Dazhou) Paper Co., Ltd.	Dazhou, Sichuan	Dazhou, Sichuan	R&D, production, processing, and sales (including online sales): household paper, tissue boxes, hygiene products, cosmetics, non-woven products, plastic products, metalware, rubber products, ceramics, baby products, feminine hygiene products and daily necessities; bamboo and forest trees planting; acquisition of raw materials of bamboo and wood for paper making; R&D, production and sales of bamboo pulp, wood pulp, bamboo chips and wood chips; combined heat and power and sales; warehouse leasing; processing and sales of lime and limestone; processing of industrial wastewater and gray water reuse; general import and export business; sales of construction materials, hardware and electrical products, and chemical products (excluding hazardous products). (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)	100.00%		Capital contribution for establishment
Sun Daily	Yunfu,	Yunfu,	R&D, production, processing, and online sales: paper products, hygiene products, cosmetics,	50.00%	50.00%	Capital

Necessities Co., Ltd.	Guangdong	Guangdong	nonwoven products, plastic products for daily use, chemical products for daily use, metalware for daily use, rubber products for daily use, and ceramics for daily use; import and export of goods or technologies (excluding the import and export of goods and technologies prohibited by the State or involving administrative approval). (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)			contribution for establishment
Dolemi Sanitary Products Co., Ltd.	Zhongshan, Guangdong	Zhongshan, Guangdong	General items: manufacture of paper products; Internet sales (sales only on third-party platforms) (excluding the sales of commodities requiring a permit); sales of personal hygiene products; sales of household products, sales of hygiene products and disposable medical products; retail of cosmetics; sales of general merchandise; sales of plastic products; sales of metal products; sales of rubber products; manufacture of daily-use ceramic products. (The company may carry out business operations independently according to the law based on the business license, except for items that must be licensed according to the law.) (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)	60.00%	40.00%	Capital contribution for establishment
Yunnan Dolemi Trading Co., Ltd.	Kunming, Yunnan	Kunming, Yunnan	Sales of hygiene products, household products, cosmetics, daily necessities, plastic products, metal products, and rubber products; manufacture of ceramic products and paper products (For items that must be approved in accordance with the law, the company may carry out business operations upon approval by competent departments.)		60.00%	Capital contribution for establishment
Luzhou Dolemi Sanitary Products Co., Ltd.	Luzhou, Sichuan	Luzhou, Sichuan	General items: sales of personal hygiene products; sales of paper products; Internet sales (excluding the sales of commodities requiring a permit); sales of household products; sales of sanitary products and disposable medical products; sales of daily necessities; sales of plastic products; sales of metal products; sales of rubber products; manufacture of daily-use ceramic products (the company may carry out business operations independently according to the law based on the business license, except for items that must be licensed according to the law)		60.00%	Capital contribution for establishment
Mianyang Dolemi Sanitary Products Co., Ltd.	Mianyang, Sichuan	Mianyang, Sichuan	General items: wholesale of cosmetics; sales of personal hygiene products; manufacture of paper products; Internet sales (excluding the sales of commodities requiring a permit); sales of household products; sales of sanitary products and disposable medical products; retail of cosmetics; sales of daily necessities; sales of plastic products; sales of metal products; sales of rubber products; manufacture of daily-use ceramic products (the company may carry out business operations independently according to the law based on the business license, except for items that must be licensed according to the law).		60.00%	Capital contribution for establishment
C&S (Jiangsu) Paper Co., Ltd.	Suqian, Jiangsu	Suqian, Jiangsu	Licensed items: manufacture of Class II medical devices; import and export of goods; import and export of technologies; manufacture of Class III medical devices; operation of Class III medical devices (for items that must be approved in accordance with the law, companies may carry out business operations upon approval by relevant departments, and the specific business items are subject to approval result). General items: manufacture of paper products; sales of plastic products; sales of paper products; Internet sales (excluding the sales of commodities requiring a permit); sales of daily necessities; sales of personal hygiene products; sales of household products; sales of sanitary products and disposable medical products; retail of cosmetics; wholesale of cosmetics; sales of knitwear;	100.00%		Capital contribution for establishment

		wholesale of kitchen utensils and daily groceries; sales of metal products; sales of rubber products; manufacture of daily-sue ceramic products; R&D of kitchen utensils and daily groceries; retail of kitchen utensils and daily groceries; sewage treatment and recycling; manufacture of Class I medical devices; sales of Class I medical devices; sales of Class II medical devices; sales of disinfectants (excluding hazardous chemicals). (The company may carry out business operations independently according to the law based on the business license, except for items that must be licensed according to the law)			
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Description of the difference between the percentage of shares held in a subsidiary and the percentage of voting rights: None

Basis for holding 50% or less than of the voting rights but controlling the investee, or holding 50% or more of the voting rights but not controlling the investee: None

Basis for controlling the important consolidated structured entities: None Basis for determining whether the Company is an agent or a principal: None

Other descriptions: All shares held indirectly belong to the shares held by wholly-owned subsidiaries of the Company.

(2) Important non-wholly-owned subsidiaries

Description that the percentage of shares held by minority shareholders in a subsidiary is different from the percentage of their voting rights: None

Other description: The Company does not have important non-wholly-owned subsidiaries.

(3) Main financial information of important non-wholly-owned subsidiaries: None

(4) Significant restrictions on the use of the assets and the repayment of the debts of the enterprise group: None

(5) Financial or other support provided to consolidated structured entities: None

Other description:

Note: C&S (Yunfu) Co., Ltd. was changed to Yunfu Hengtai Trading Co., Ltd. in March 2021.

2. Transactions in which the share of owner's equity in a subsidiary changes while control of the subsidiary is still retained

(1) Description of changes in the share of owner's equity in the subsidiary: None

(2) Impact of the transaction on the equity of minority shareholders and the equity attributable to owners of the Parent Company

Other description: There are no transactions of the Company in which the share of owner's equity in a subsidiary changes and control of the subsidiary is retained.

3. Interests in joint arrangements or associates

(1) Important joint ventures or associates

Description that the percentage of shares in joint ventures or associates is different from the percentage of voting rights: None

Basis for holding less than 20% of the voting rights but with significant influence, or holding 20% or more of the voting rights but without significant influence: None

(2) Main financial information of important joint ventures: None

(3) Main financial information of important associates: None

(4) Summary financial information of unimportant joint ventures and associates: None

(5) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company: None

(6) Excess losses incurred by joint ventures or associates: None

(7) Unconfirmed commitments related to the investment in joint ventures: None

(8) Contingent liabilities related to the investment in joint ventures or associates: None

4. Important joint operation

The Company does not have important joint operations.

5. Interests in unconsolidated structured entities

Description of unconsolidated structured entities:

The Company does not have interests in unconsolidated structured entities.

6. Others: None

X. Risks Associated with Financial Instruments

The main financial instruments of the Company include monetary funds, notes receivable, accounts receivable, notes payable, accounts payable, other payables, loans, etc. Please refer to relevant items of “Note VII” for detailed information of all financial instruments. The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are as follows. The management of the Company manages and monitors these risk exposures to ensure that the above risks are kept within control.

The Company adopts the sensitivity analysis method to analyze the possible impact of reasonable and possible changes in risk variables on the profit and loss or shareholder equities in the current period. Since any risk variable rarely changes in isolation and the correlation between the variables will have a significant effect on the ultimate financial impact of changes in a certain risk variable, the following contents are under the consumption that changes of a variable are independent.

The goal of the Company's risk management is to strike a proper balance between risks and gains and to minimize the negative impact of risks on the business performance of the Company while maximizing the interests of shareholders and other equity investors. Based on this risk management goal, the basic strategy of the Company's risk management is to determine and analyze all kinds of risks faced by the Company, clarify the minimum of risk acceptance and conduct risk management, and monitor risks of all kinds in a timely and reliable manner to control risks within the limits.

1. Credit risk

Credit risk refers to the risk of financial losses of one party caused by the failure of the other party to perform its obligations. As of June 30, 2021, the largest credit exposure that may cause financial losses to the Company mainly comes from the losses of the Company's financial assets due to failure of the other contractual party to perform its obligations.

In order to reduce credit risk, the Company only conducts transactions with recognized customers with good credit status, and continuously monitors the accounts receivable through credit monitoring of existing customers and aging analysis to ensure that the Company does not face the risk of bad debts and keep the overall credit risk within control.

Liquid funds of the Company are deposited in banks with high credit ratings, so the credit risk of liquid funds is low.

2. Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market interest rates. The interest rate risk faced by the Company mainly comes from bank borrowings (please refer to "Note VII (32), (43) and (45)" for details). By developing a good relationship with banks and carrying out proper design of credit lines, types of credits, and credit terms, the Company ensures sufficient bank credit lines to meet its various financing needs. The risk of interest rate fluctuation can be reasonably reduced by shortening the term of a single loan and specially stipulating early prepayment terms.

3. Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in foreign exchange rates. The Company tries its best to match foreign currency income with foreign currency expenditure to reduce foreign exchange risks.

Foreign exchange risks borne by the Company are mainly related to USD and HKD. Except for purchasing and selling in USD and HKD by its overseas subsidiaries, other major business activities of the Company are priced

and settled in RMB. See “Note VII (82)” for the conversion of foreign currency financial assets and liabilities into RMB as of June 30, 2021. During the reporting period, the Company generated exchange profit and loss of RMB1,346,250.22.

Sensitivity analysis of foreign exchange risk:

Analysis assumption: On the basis that all other variables remain constant on the balance sheet date, the possible, reasonable changes of foreign exchange rate will have the following pre-tax effects on the Company’s profit and loss and shareholders’ equity in the current period:

Unit: RMB

Item	Current period	
	Impact on profit	Impact on shareholders’ equity
Depreciation of RMB against foreign currency by 1.00%	-214073.94	-214073.94
Appreciation of RMB against foreign currency by 1.00%	214073.94	214073.94

4. Liquidity risk

Liquidity risk refers to the risk of capital shortage when an enterprise fulfills its obligation to settle accounts by delivering cash or other financial assets. The Company’s policy is to ensure that it has sufficient cash to repay mature debts. Liquidity risk is centrally controlled by the financial departments of the Company. The financial departments monitor cash balances, negotiable securities that can be cashed in at any time, and carry out rolling forecasts on cash flows in the next six months to ensure that the Company has sufficient funds to repay debts under all reasonable forecasts.

Financial liabilities held by the Company as of June 30, 2021 analyzed based on the maturity period of undiscounted remaining contractual obligations are as follows:

Unit: RMB

Item	Within 1 year	Over 1 year	Total
Notes payable	289,707,176.43		289,707,176.43
Accounts payable	711,941,179.23	11,091,908.16	723,033,087.39
Other payables	784,298,181.50	12,092,818.95	796,391,000.45
Total	1,785,946,537.16	23,184,727.11	1,809,131,264.27

XI. Disclosure of Fair Value

1. Fair value of assets and liabilities measured at fair value at the end of the reporting period: None
2. Basis for determining the market price of recurring and non-recurring fair value measurement items in Level 1: None
3. Qualitative and quantitative information on important parameters and valuation techniques used for recurring and non-recurring fair value measurement items in Level 2: None
4. Qualitative and quantitative information on important parameters and valuation techniques used for recurring and non-recurring fair value measurement items in Level 3: None
5. Adjustment information and sensitivity analysis of unobservable parameters between the opening and closing book values of recurring fair value measurement items of Level 3: None
6. For recurring fair value measurement items with transfer between different levels, reasons for such transfer and policies for determining the time of conversion: None
7. Changes in valuation techniques within the reporting period and reasons for such changes: None
8. Fair value of financial assets and financial liabilities not measured at fair value: None
9. Others: None

XII. Related Parties and Related Party Transactions

1. Information on the Parent Company of the Company

Name of Parent Company	Registered address	Principal businesses	Registered capital	Shareholding percentage of the Parent Company to the Company	Percentage of voting right of the Parent Company to the Company
Guangdong Zhongshun Paper Group Co., Ltd.	Zhongshan, Guangdong	External investment; consulting of information on commodities circulation (exclusive of real estate, labor services, financial futures, and studying abroad)	RMB30 million	28.63%	28.63%

Information on the Company's Parent Company

The ultimate controller of the Company is Mr. Deng Yingzhong, the father, and Mr. Deng Guanbiao and Mr. Deng

Guanjie, whose two sons.

Other description: None

2. Information on subsidiaries of the Company

See Note IX Equities in Other Entities for detailed information on the subsidiaries of the Company.

3. Information on the joint ventures and associates of the Company

For important joint ventures or associates, please refer to the notes for details.

Other description: The Company does not have interests in joint venture arrangements or associates.

4. Information on other related parties

Name of other related parties	Relationship between other related parties and the Company
Chung Shun Co.	The second-largest shareholder of the Company, with 20.31% of the Company's shares
Guangzhou Zhongshun Trade Co., Ltd.	A company controlled by the nephew and the husband of the niece of Mr. Deng Yingzhong, director of the Company
Bama Zhongshun Health Products Co., Ltd.	A company controlled by Guangdong Zhongshun Paper Group Co., Ltd., the Company's controlling shareholder
Yantai Zhongshun Network Technology Co., Ltd.	The partially-owned subsidiary of Bama Zhongshun Health Products Co., Ltd. controlled by the Company's controlling shareholders
Shenzhen Zhongshun Caizhi Investment Co., Ltd.	Formerly known as Zhongshun Industrial Investment (Shenzhen) Co., Ltd., a company controlled by the Company's actually controllers, i.e. Mr. Deng Yingzhong, Mr. Deng Guanbiao and Mr. Deng Guanjie
Pengzhou Lexiangshenghuo Trading Co., Ltd.	A company where the senior manager Yue Yong's son holds shares and serves as a supervisor
Sichuan West Lexiangshenghuo Trading Co., Ltd.	A company where the senior manager Yue Yong's son holds shares and serves as a supervisor
Chongqing Qinyue Trading Co., Ltd.	A company where the senior manager Yue Yong's brother holds shares and serves as a supervisor

Other description: The Company's directors, supervisors, senior managers and their close family members are related parties of the company.

5. Information on related party transactions

(1) Related party transactions for purchase and sale of goods, and provision and acceptance of labor services: None

Table of sale of goods/provision of labor services

Unit: RMB

Related party	Content of related party	Incurred in the current period	Incurred in the prior period
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	transactions		
Pengzhou Lexiangshenghuo Trading Co., Ltd.	Sale of goods	796,449.56	828,658.05
Sichuan West Lexiangshenghuo Trading Co., Ltd.	Sale of goods	289,094.73	180,809.75
Chongqing Qinyue Trading Co., Ltd.	Sale of goods		247,979.83
Guangdong Zhongshun Paper Group Co., Ltd.	Sale of goods		56,637.17

Explanation of the related party transactions for purchase and sale of goods, and provision and acceptance of labor services: None

(2) Related entrusted management/contracting and entrusting management/contracting out: None

(3) Related lease

The Company as the lessee: None

The Company as the lessor:

Unit: RMB

Name of lessor	Type of leased assets	Lease fee confirmed in the current period	Lease fee confirmed in the last period
Mr. Deng Yingzhong, Mr. Deng Guanbiao and Mr. Deng Guanjie	Housing lease	1,459,590.68	1,474,047.18

Explanation of related lease: None

(4) Related guarantee: None

(5) Interbank borrowing between related parties: None

(6) Asset transfer and debt reorganization between related parties: None

(7) Remuneration for key managers

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Remuneration for key managers	11,500,854.16	8,140,753.70

(8) Other related party transactions: None**6. Receivables from and payables to related parties****(1) Receivables**

Unit: RMB

Item	Related party	Balance at the end of the period		Balance at the beginning of the period	
		Book balance	Impairment provision	Book balance	Impairment provision
Accounts receivable	Chongqing Qinyue Trading Co., Ltd.			60,876.03	3,043.80
Other receivables	Chongqing Qinyue Trading Co., Ltd.			44.63	2.23

(2) Payables

Unit: RMB

Item	Related party	Book balance at the end of the period	Book balance at the beginning of the period
Contract liabilities	Sichuan West Lexiangshenghuo Trading Co., Ltd.	23,518.90	195.90
Contract liabilities	Pengzhou Lexiangshenghuo Trading Co., Ltd.	13.67	1.67
Other payables	Chongqing Qinyue Trading Co., Ltd.	0.77	

7. Commitments of related parties: None**8. Others****XIII. Share-based Payment****1. Overall information on share-based payment**

√ Applicable □ Not applicable

Unit: RMB

The Company's total amount of all equity instruments granted in the current period	0.00
The Company's total amount of all equity instruments exercised in the current period	6,387,244.00
The Company's total amount of all equity instruments expired in the current period	3,315,396.00
Scope of exercise prices and remaining contractual term of the Company's stock options issued as at the end of the reporting period	The exercise price in the first exercise period for stock options awarded by the Company in the first grant period as at the end of reporting period is RMB8.572/share, the exercise price in the first exercise period for reserved stock options is RMB13.965/share,

	and the exercise price in the second exercise period for first-grant stock options is RMB8.472/share. The validity period is from the grant date of the stock options to the date when all stock options are exercised or canceled, with a maximum period of 60 months.
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Other description: None

2. Equity-settled share-based payment

Applicable Not applicable

Unit: RMB

Method of determining the fair value of equity instruments at the grant date	1. Restricted shares: the stock closing prices at the grant date 2. Stock options: Black-Scholes model for option pricing 3. Employee stock ownership plan: the stock closing prices at the grant date
Basis for determining the number of vested equity instruments	Upon approval of the general meeting of shareholders
Reasons for significant differences between current estimates and previous estimates	None
Cumulative amount of equity-settled share-based payments recognized as capital surplus	171,552,833.56
Total fees confirmed by the equity-settled share-based payment in the current period	12,167,835.66

Other description: None

3. Cash-settled share-based payment

Applicable Not applicable

4. Revision and termination of share-based payment

There was no revision and termination of share-based payment of the Company during the reporting period.

5. Others: None

XIV. Commitments and Contingencies

1. Significant commitments

Significant commitments on the balance sheet date

As at June 30, 2021, the Company had no significant commitments that should have been disclosed but are not disclosed.

2. Contingencies

(1) Significant contingent matters on the balance sheet date

As at June 30, 2021, the Company had no significant contingent matters that should have been disclosed but are not disclosed.

(2) Explanations are also necessary if the Company has no significant contingent matters to be disclosed

There are no significant contingent matters to be disclosed in the Company.

3. Others: None

XV. Events after Balance Sheet Date

1. Significant non-adjusting events: None

2. Profit distribution: None

3. Sales return: None

4. Explanation on other events after the balance sheet date: None

XVI. Other Significant Matters

1. Corrections to previous accounting errors

(1) Retroactive restatement approach: None

(2) Prospective approach: None

2. Debt restructuring: None

3. Assets replacing

(1) Exchange of non-monetary assets: None

(2) Other asset replacing: None

4. Annuities plan: None

5. Operation discontinuation: None

6. Segment information

(1) Determination basis and accounting policies of reporting segments

The Company does not have operating segments with different economic features and hence has not identified operating segments according to internal organization structure, management requirements and internal reporting policies. Therefore, there was no information on reporting segments based on operating segments to be disclosed.

(2) Financial information on reporting segments: None

(3) Explanation on reasons if the Company has no reporting segments or is unable to disclose the total assets and liabilities of the reporting segments: None

(4) Other description: None

7. Other important transactions and matters that may affect the decisions of investors: None

8. Others

In 2020, the Company signed the *XIAOYIDA Business Cooperation Agreement* with Bank of China Limited Zhongshan Branch and Shanghai Junmeng E-commerce Co., Ltd. (No. 2020-XYDXY-33725001), under which the bank offers a credit line of XIAOYIDA service up to RMB130 million to Shanghai Junmeng and the Company provides a joint and several liability guarantee. The line of credit is valid until June 4, 2021 and the financing period does not exceed 90 days. As of June 30, 2021, Shanghai Junmeng had a financing balance of the XIAOYIDA service at RMB44.8 million.

In 2020, Zhongshan Zhongshun Trading Co., Ltd., a subsidiary of the Company, signed the *XIAOYIDA Business Cooperation Agreement* with Bank of China Limited Zhongshan Branch and Wuhan Jie Rou E-commerce Co., Ltd. (No. 2020-XYDXY-33725002), under which the bank offers a credit line of XIAOYIDA service up to RMB80 million to Wuhan Jie Rou and the Company provides a joint and several liability guarantee. The line of

credit is valid until June 4, 2021 and the financing period does not exceed 90 days. As of June 30, 2021, Wuhan Jie Rou had a financing balance of the XIAOYIDA service at RMB46.1 million.

XVII. Notes to Major Items of Financial Statements of the Parent Company

1. Accounts receivable

(1) Accounts receivable disclosure by category

Unit: RMB

Type	Balance at the end of the year					Balance at the beginning of the year				
	Book balance		Impairment provision		Book value	Book balance		Impairment provision		Book value
	Amount	Percentage	Amount	Provision ratio		Amount	Percentage	Amount	Provision ratio	
Including:										
Accounts receivable for which bad debt reserve is set aside in portfolios	182,140,196.12	100.00%	1,765,309.60	0.97%	180,374,886.52	94,047,365.99	100.00%	1,399,993.66	1.49%	92,647,372.33
Including:										
Portfolio based on aging	69,802,798.34	38.32%	1,765,309.60	2.53%	68,037,488.74	56,099,681.03	59.65%	1,399,993.66	2.50%	54,699,687.37
Portfolio based on related parties	112,337,397.78	61.68%			112,337,397.78	37,947,684.96	40.35%			37,947,684.96
Total	182,140,196.12	100.00%	1,765,309.60	0.97%	180,374,886.52	94,047,365.99	100.00%	1,399,993.66	1.49%	92,647,372.33

Bad debt reserve set aside individually: None

Bad debt reserve set aside individually: None

Bad debt reserve set aside individually: None

Bad debt reserve set aside in portfolios: 1,765,309.60

Unit: RMB

Name	Balance at the end of the period		
	Book balance	Impairment provision	Ratio of provision
Within the credit period	58,724,778.36	1,174,495.57	2.00%
Credit period - 1 year	10,925,833.41	546,291.67	5.00%
Subtotal of those within 1 year	69,650,611.77	1,720,787.24	2.47%
1 to 2 years	7,557.36	1,133.60	15.00%
2 to 3 years	144,629.21	43,388.76	30.00%
3 to 5 years			50.00%
Over 5 years			100.00%

Total	69,802,798.34	1,765,309.60	--
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Description of reason for the portfolio:

Accounts receivable with the same aging have similar credit risk characteristics.

Provision of bad debt reserve by portfolio: None

Description of reason for the portfolio: None

Provision of bad debt reserve by portfolio: None

Description of reason for the portfolio: None

Provision of bad debt reserve by portfolio: None

Description of reason for the portfolio:

If the bad debt reserve of accounts receivable is set aside according to general model of expected credit loss, please refer to the disclosure method of other receivables to disclose relevant information on bad debt reserve:

Applicable Not applicable

Disclose by aging

Unit: RMB

Aging	Balance at the end of the period
Within 1 year (inclusive)	181,988,009.55
1 to 2 years	7,557.36
2 to 3 years	144,629.21
Total	182,140,196.12

(2) Bad debt reserve that is set aside, recovered or transferred back in the reporting period

Provision of bad debt reserve of the reporting period:

Unit: RMB

Type	Balance at the beginning of the period	Amount of change in the reporting period				Balance at the end of the period
		Provision	Recovery or reversal	Write-off	Others	
Accounts receivable	1,399,993.66	365,315.94				1,765,309.60
Total	1,399,993.66	365,315.94				1,765,309.60

Wherein, the amount of recovered or transferred back bad debt reserve in the reporting period is important: None

(3) Accounts receivable actually written off in the reporting period: None

Description of write-offs of important accounts receivable: None

Description on the write-offs of accounts receivables:

The Company did not have written-off accounts receivable in the reporting period.

(4) Top five debtors in closing balance of accounts receivable

Unit: RMB

Name of institution	Balance of accounts receivable at the end of the period	Percentage in total balance of accounts receivable at the end of the period	Balance for bad debt reserve at the end of the period
1st	112,301,902.68	61.66%	
2nd	12,935,492.71	7.10%	258,709.85
3rd	10,164,016.37	5.58%	305,546.90
4th	7,919,065.93	4.35%	220,220.10
5th	7,534,401.58	4.14%	
Total	150,854,879.27	82.83%	

(5) Accounts receivable derecognized due to transfer of financial assets

The Company has no accounts receivable derecognized due to the transfer of financial assets as at the end of the reporting period.

(6) Amounts of assets and liabilities that are formed by the transfer and ongoing involvement of accounts receivable

The Company has no amounts of assets and liabilities that are formed by the transfer and ongoing involvement of accounts receivable as at the end of the reporting period.

Other description: None

2. Other receivables

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Other receivables	114,345,050.47	136,987,584.64
Total	114,345,050.47	136,987,584.64

(1) Interest receivable

1) Classification of interest receivable: None

2) Significant overdue interest: None

3) Provision of bad debt reserve

 Applicable Not applicable**(2) Dividends receivable**

1) Classification of dividends receivable: None

2) Significant dividends receivable exceeding one year: None

3) Provision of bad debt reserve

 Applicable Not applicable

Other description: None

(3) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature	Book balance at the end of the period	Book balance at the beginning of the period
Margins and deposits	261,812.00	113,606.00
Current accounts	103,687,258.75	131,125,900.41
Reserve	950,342.06	639,681.19
Others	10,040,119.85	5,494,420.94
Total	114,939,532.66	137,373,608.54

2) Provision of bad debt reserve

Unit: RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit losses in the whole duration (without credit impairment)	Expected credit losses in the whole duration (with credit impairment)	
Balance as at January 1, 2021	386,023.90			386,023.90
Balance as at January 1,	—	—	—	—

2021 in the reporting period				
Provision in the reporting period	208,458.29			208,458.29
Balance as at June 30, 2021	594,482.19			594,482.19

Description of changes in the book balance where there are significant changes in provision for the current period

Applicable Not applicable

Disclose by aging

Unit: RMB

Aging	Balance at the end of the period
Within 1 year (inclusive)	114,903,178.61
1 to 2 years	28,000.00
Over 3 years	8,354.05
4 to 5 years	8,354.05
Total	114,939,532.66

3) Bad debt reserve that is set aside, recovered or transferred back in the reporting period

Provision of bad debt reserve of the reporting period:

Unit: RMB

Type	Balance at the beginning of the period	Amount of change in the reporting period				Balance at the end of the period
		Provision	Recovery or reversal	Write-off	Others	
Other receivables	386,023.90	208,458.29				594,482.19
Total	386,023.90	208,458.29				594,482.19

The Company did not have other receivables that were not written off in the reporting period.

Where the amount of recovered or reversed bad debt reserve in the reporting period is important: None

4) Other receivables actually written off in the reporting period: None

Description of write-offs of important other receivables: None

Description on the write-offs of other receivables: None

5) Top five debtors in closing balance of other accounts receivable

Unit: RMB

Name of institution	Nature of the amount	Balance at the end of the period	Aging	Percentage in total balance of other receivables at the end	Balance of bad debt reserve at the end of
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				of the period	the period
1st	Current accounts	103,243,400.98	Within 1 year	89.82%	
2nd	Current accounts	9,460,860.30	Within 1 year	8.23%	473,043.02
3rd	Current accounts	163,112.43	Within 1 year	0.14%	8,155.62
4th	Current accounts	88,661.21	Within 1 year	0.08%	
5th	Current accounts	50,000.00	Within 1 year	0.04%	2,500.00
Total	--	113,006,034.92	--	98.31%	483,698.64

6) Receivables involving government grants: None

7) Other receivables derecognized due to the transfer of financial assets: None

8) Amount of assets and liabilities that are formed by the transfer and ongoing involvement of other receivables: None

3. Long-term equity investment

Unit: RMB

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	1,939,122,205.28		1,939,122,205.28	1,928,113,219.50		1,928,113,219.50
Total	1,939,122,205.28		1,939,122,205.28	1,928,113,219.50		1,928,113,219.50

(1) Investment in subsidiaries

Unit: RMB

Investee	Opening balance (book value)	Increase/decrease in the period				Closing balance (book value)	Closing balance of impairment provision
		Increase in investment	Decrease in investment	Impairment Provision	Others		
Zhongshan Zhongshun Trading Co., Ltd.	94,817,296.68				1,159,775.82	95,977,072.50	
C&S (Sichuan) Paper Co., Ltd.	173,385,439.98				1,761,963.00	175,147,402.98	
Zhejiang Zhongshun Paper Co., Ltd.	56,524,520.15				802,495.02	57,327,015.17	
C&S (Zhongshan) Paper Co., Ltd.	12,683,100.00					12,683,100.00	
Jiangmen Zhongshun Paper Co., Ltd.	698,614,821.47				340,178.52	698,954,999.99	

C&S (Hubei) Paper Co., Ltd.	196,016,245.13				951,367.92	196,967,613.05	
C&S (Yunfu) Paper Co., Ltd.	657,837,465.42				791,191.08	658,628,656.50	
Yunfu Hengtai Trading Co., Ltd.	30,200,274.51					30,200,274.51	
Chengdu Zhongshun Paper Co., Ltd.	627,524.58				21,634.32	649,158.90	
Xiaogan C&S Trading Co., Ltd.	311,467.66				119,344.02	430,811.68	
Huicong Paper Co., Ltd.	5,926.18				1,086.90	7,013.08	
Hangzhou Jie Rou Trading Co., Ltd.	104,095.00				11,326.26	115,421.26	
Zhong Shun International Co., Ltd.	785,042.74				48,622.92	833,665.66	
Sun Daily Necessities Co., Ltd.	200,000.00					200,000.00	
C&S (Dazhou) Paper Co., Ltd.	6,000,000.00					6,000,000.00	
C&S (Jiangsu) Paper Co., Ltd.		5,000,000.00				5,000,000.00	
Total	1,928,113,219.50	5,000,000.00			6,008,985.78	1,939,122,205.28	

(2) Investment in associates and joint ventures: None

(3) Other description: None

4. Operating income and operating cost

Unit: RMB

Item	Incurred in the current period		Incurred in the prior period	
	Income	Cost	Income	Cost
Principal business	506,782,115.67	414,158,999.43	493,288,414.96	377,715,003.73
Other businesses	409,284,226.79	374,640,370.60	360,602,849.07	334,899,974.01
Total	916,066,342.46	788,799,370.03	853,891,264.03	712,614,977.74

Information related to income:

Unit: RMB

Contract classification	Branch 1	Branch 2	Total
By product type	916,066,342.46		916,066,342.46

Household paper	502,779,375.26			502,779,375.26
Personal care	4,002,740.41			4,002,740.41
Others	409,284,226.79			409,284,226.79
By operating region	916,066,342.46			916,066,342.46
Domestic	916,066,342.46			916,066,342.46
Total	916,066,342.46			916,066,342.46

Information related to performance obligation: None

Information related to the transaction price apportioned to the remaining performance obligation:

The amount of income corresponding to the obligations of contract performance with an executed contract that is not performed or fully performed at the end of the reporting period is RMB1,063,051.14, of which the income of RMB1,063,051.14 is expected to be confirmed as income in the year of 2021.

Other description: None

5. Return on investment

Unit: RMB

Item	Incurred in the current period	Incurred in the prior period
Income from long-term equity-based investment accounted for using the cost method	482,375,000.00	140,000,000.00
Others	329,072.79	2,109,515.77
Total	482,704,072.79	142,109,515.77

6. Others: None

XVIII. Supplementary Information

1. List of non-recurring profits and losses of the reporting period

Applicable Not applicable

Unit: RMB

Item	Amount	Description
Profits/losses from the disposal of non-current asset	-887,044.27	
Governmental grants reckoned into current profits/losses (not including grants enjoyed in quota or ration according to national standards, which are closely relevant to the company's business)	10,556,600.31	
Profits/losses from assets entrusted to others for investment or management	358,473.15	Returns on principal-protected wealth management products at maturity and

		reverse repo of treasury bonds
Other non-operating income and expenses except for the aforementioned items	-187,907.30	
Less: Influence of income tax	1,667,039.43	
Total	8,173,082.46	--

Reason shall be provided if the company defines non-recurring profit and loss items as defined or listed in the *No. 1 Explanatory Announcement on Information Disclosure for Companies Offering their Securities to the Public—Non-recurring Profit and Loss* as recurring profit and loss items.

Applicable Not applicable

2. Return on net assets and earnings per share

Profit in the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to the ordinary shareholders of the Company	7.98%	0.3140	0.3109
Net profit attributable to the ordinary shareholders of the Company after excluding non-recurring profit and loss	7.82%	0.3077	0.3046

3. Difference in accounting data under domestic and international accounting standards

(1) Net profit and net asset differences under International Financial Reporting Standards (IFRS) and Chinese Accounting Standards (CAS)

Applicable Not applicable

(2) Net profit and net asset differences under foreign accounting standards and Chinese Accounting Standards (CAS)

Applicable Not applicable

(3) Explanation of reasons for the differences between accounting data disclosed under domestic and overseas accounting standards. If differences are adjusted based on data audited by overseas audit institutions, the name of the institution should be noted.

4. Others

If there are any ambiguities, the Chinese version shall prevail.