



山東晨鳴紙業集團股份有限公司

SHANDONG CHENMING PAPER HOLDINGS LIMITED*

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 1812

2025 INTERIM REPORT



* For identification purposes only

I Important Notice, Table of Contents and Definitions

The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”) and the directors (the “Directors”), supervisors (the “Supervisors”) and senior management (the “Senior Management”) of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the interim report, guarantee that there are no false representations, misleading statements or material omissions contained in this interim report, and are jointly and severally responsible for the liabilities of the Company.

Hu Changqing, head of the Company, Dong Lianming, head in charge of accounting and Zhang Bo, head of the accounting department (Accounting Officer), declare that they warrant the truthfulness, accuracy and completeness of the financial report in the interim report.

All Directors have attended the board meeting to review this report. This interim report has been reviewed by the audit committee of the Company.

The Company is exposed to various risk factors such as macro-economic fluctuation, adjustment of state policy and competition in the industry. Investor should be aware of investment risks. For further details, please refer to the risk exposures of the Company and the measures to be taken to address them as set out in Management Discussion and Analysis.

The Company does not propose distribution of cash dividends or bonus shares, and there will be no increase of share capital from reserves.

I Important Notice, Table of Contents and Definitions

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I Important Notice, Table of Contents and Definitions

Documents Available for Inspection

- (I) The financial statements signed and sealed by the head of the Company, the head in charge of accounting and the head of the accounting department;
- (II) the interim report signed by the legal representative;
- (III) the original copies of all of the documents and announcements of the Company disclosed on the designated website as approved by the China Securities Regulatory Commission during the reporting period;
- (IV) the interim report disclosed on The Stock Exchange of Hong Kong Limited; and
- (V) other relevant information.

I Important Notice, Table of Contents and Definitions

Definitions

Item		Definition
Company, Group, Chenming Group, Chenming Paper or Chenming Paper Company	means	Shandong Chenming Paper Holdings Limited and its subsidiaries
Parent Company or Shouguang Headquarters	means	Shandong Chenming Paper Holdings Limited
Chenming Holdings	means	Chenming Holdings Company Limited
Shenzhen Stock Exchange	means	Shenzhen Stock Exchange
Hong Kong Stock Exchange	means	The Stock Exchange of Hong Kong Limited
CSRC	means	China Securities Regulatory Commission
Shandong CSRC	means	Shandong branch of China Securities Regulatory Commission
Zhanjiang Chenming	means	Zhanjiang Chenming Pulp & Paper Co., Ltd.
Jiangxi Chenming	means	Jiangxi Chenming Paper Co., Ltd.
Huanggang Chenming	means	Huanggang Chenming Pulp & Paper Co., Ltd.
Chenming (HK)	means	Chenming (HK) Limited
Jilin Chenming	means	Jilin Chenming Paper Co., Ltd.
Shouguang Meilun	means	Shouguang Meilun Paper Co., Ltd.
Jiangxi Port	means	Jiangxi Chenming Port Co., Ltd.
Chenming Leasing	means	Shandong Chenming Financial Leasing Co., Ltd. and its subsidiaries
reporting period	means	the period from 1 January 2025 to 30 June 2025
the beginning of the year or the period	means	1 January 2025
the end of the interim period or the period	means	30 June 2025

II Company Profile and Key Financial Indicators

I. Company profile

Stock abbreviation	ST晨鳴	Stock code	000488
	ST晨鳴 B		200488
Stock exchanges on which the shares are listed	Shenzhen Stock Exchange		
Stock abbreviation	Chenming Paper	Stock code	01812
Stock exchanges on which the shares are listed	The Stock Exchange of Hong Kong Limited		
Name in Chinese of the Company	山東晨鳴紙業集團股份有限公司		
Short name in Chinese of the Company	晨鳴紙業		
Name in English of the Company	SHANDONG CHENMING PAPER HOLDINGS LIMITED		
Short name in English of the Company	SCPH		
Legal representative of the Company	Hu Changqing		

II. Contact persons and contact methods

	Secretary to the Board	Representatives for Security Affairs		Hong Kong Company Secretary
Name	Yuan Xikun	Zhang Chuanyong	Chen Lin	Chu Hon Leung
Email address	chenmmingpaper@163.com	friend537@163.com	ZQCL0536@163.com	liamchu@li-partners.com
Correspondence	No. 2199 Nongsheng East Road,	No. 2199 Nongsheng East Road,		22nd Floor, World Wide House,
Address	Shouguang City, Shandong Province	Shouguang City, Shandong Province		Central, Hong Kong
Telephone	0536-2158008	0536-2158008		00852-21629600
Facsimile	0536-2158977	0536-2158977		00852-25010028

III. Other information

1. Contact methods of the Company

Whether the registered address, office address, postal code, website, email and others of the Company changed during the reporting period

☐ Applicable ☒ Not applicable

There was no change of the registered address, office address, postal code, website, email and others of the Company during the reporting period. Please refer to the 2024 annual report for details.

2. Information disclosure and places for inspection

Whether the information disclosure and places for inspection changed during the reporting period

☐ Applicable ☒ Not applicable

There was no change of the websites of the stock exchanges and the names and websites of the media where the Company discloses its interim report, and places for inspection of the Company's interim report during the reporting period. Please refer to the 2024 annual report for details.

3. Other relevant information

Whether other relevant information changed during the reporting period

☐ Applicable ☒ Not applicable

II Company Profile and Key Financial Indicators

IV. Major accounting data and financial indicators

Retrospective adjustment to or restatement of the accounting data for prior years by the Company

☐ Yes ☒ No

	The reporting period	The corresponding period of the prior year	Increase/decrease for the reporting period as compared to the corresponding period of the prior year
Revenue (RMB)	2,106,630,952.30	13,884,731,519.04	-84.83%
Net profit attributable to shareholders of the Company (RMB)	-3,857,953,190.56	28,646,205.42	-13,567.59%
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	-3,645,363,615.81	-270,865,043.51	-1,245.82%
Net cash flows from operating activities (RMB)	785,303,274.19	1,992,499,393.07	-60.59%
Basic earnings per share (RMB per share)	-1.31	0.01	-13,200.00%
Diluted earnings per share (RMB per share)	-1.31	0.01	-13,200.00%
Weighted average return on net assets	-53.39%	0.17%	A decrease of 53.56 percentage points
	As at the end of the reporting period	As at the end of the prior year	Increase/decrease as at the end of the reporting period as compared to the end of the prior year
Total assets (RMB)	54,698,875,991.74	63,509,295,142.08	-13.87%
Net assets attributable to shareholders of the Company (RMB)	5,318,763,216.33	9,156,104,358.91	-41.91%

V. Differences in accounting data under domestic and overseas accounting standards

1. Differences between the net profit and net assets disclosed in accordance with international accounting standards and China accounting standards in the financial report

☐ Applicable ☒ Not applicable

There was no difference between the net profit and net assets disclosed in accordance with international accounting standards and China accounting standards in the financial report during the reporting period.

2. Differences between the net profit and net assets disclosed in accordance with overseas accounting standards and China accounting standards in the financial report

☐ Applicable ☒ Not applicable

There was no difference between the net profit and net assets disclosed in accordance with overseas accounting standards and China accounting standards in the financial report during the reporting period.

II Company Profile and Key Financial Indicators

VI. Items and amounts of extraordinary gains or losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Description
Profit or loss from disposal of non-current assets (including write-off of provision for assets impairment)	-97,049,878.76	
Government grants (except for the government grants closely related to the normal operation of the Company, granted in accordance with an established standard and having an ongoing effect on the Company's profit or loss in compliance with national policies and regulations) accounted for in profit or loss for the current period	25,503,367.73	
Except for effective hedging business conducted in the ordinary course of business of the Company, gain or loss arising from the change in fair value of financial assets and financial liabilities held by a non-financial company, as well as gain or loss arising from disposal of its financial assets and financial liabilities	8,439,571.88	
Reversal of provision for impairment of receivables individually tested for impairment	13,201,496.76	
Profit or loss from debt restructuring	-37,171,293.24	
Profit or loss from changes in the fair value of consumable biological assets subsequently measured at fair value	-129,059,190.34	
Other non-operating income and expenses other than the above items	-18,188,031.78	
Less: Effect of income tax	2,948,680.16	
Effect of minority interests (after tax)	-24,683,063.16	
Total	-212,589,574.75	

Details of other gain or loss items that fall within the definition of extraordinary gain or loss:

☐ Applicable ☒ Not applicable

The Company did not have details of other gain or loss items that fall within the definition of extraordinary gain or loss.

Explanation on the extraordinary gain or loss items as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Extraordinary Gains or Losses defined as its recurring gain or loss items

☒ Applicable ☐ Not applicable

Item	Amount involved (RMB)	Reason
Other income	24,301,996.32	Government grants related to assets that are closely related to the Company's normal operations are subsequently amortised to other income, which has a continuing effect on the Company's profit or loss and is therefore accounted for as recurring profit or loss.

III Management Discussion and Analysis

I. Principal activities of the Company during the reporting period

1. Industry Situation

The paper industry is an important basic industry of the national economy and an industry that guarantees people's livelihood. It has the characteristics of a technology-capital-resource intensive industry. Its product applications penetrate all aspects of social and economic activities. They are deeply integrated into the defence and military industry (special functional materials), cultural communication (publishing and printing), industrial and agricultural production (supporting materials), modern logistics (packaging products) and other key areas of the national economy and are closely related to residents' daily consumption. The paper industry as a typical cyclical industry is closely tied to the overall state of the economy. The paper industry as a typical cyclical industry is closely tied to the overall state of the economy. The consumption level of paper and paperboard has become one of the important indicators to measure a country's level of modernisation and civilised development, and is widely recognised by the international community as a "social and economic barometer".

In recent years, the contradiction between supply and demand has been prominent due to the concentration of new production capacity in the paper industry coming into production, and the weakened support from end-user demand. In the first half of 2025, new production capacity in the paper industry in China gradually came into production, leading to a continuous increase in supply. The structural imbalance between supply and demand persisted, resulting in a significant decline in market prices for machine-made paper products such as culture paper and white cardboard. Meanwhile, although the prices of raw materials such as wood chips and pulp decreased, the decline in operating costs lagged behind the drop in revenue, making it difficult to effectively pass on cost pressures, further squeezing profit margins, leading to growth falling short of expectations. According to the data released by the National Bureau of Statistics, from the perspective of price performance, the producer prices for industrial products (PPI): manufacture of paper and paper products continued its downward trend in June 2025, with a cumulative year-on-year decline of 3.2%. From the perspective of raw material costs, the purchasing price index for manufactured goods: timber and paper pulp stood at 96.9 from January to June 2025, representing a year-on-year decrease of 3.1%, which was smaller than the decline in the producer prices, indicating weakened cost-side support for paper products and further pressure on market prices. From January to June 2025, among industrial enterprises above the designated size nationwide, revenue of the manufacture of paper and paper products amounted to RMB681.21 billion, representing a year-on-year decline of 2.3%, the operating costs amounted to RMB601.73 billion, representing a year-on-year decline of 2.1%, and the total profit amounted to RMB17.57 billion, representing a year-on-year decline of 21.4%. The decline in revenue was greater than the decline in operating costs, and the total profit declined significantly year on year.

In the medium to long term, the outlook for the paper industry is expected to improve, due to the dual forces of the deepening implementation of the "dual carbon" strategic goals and the policy aiming at curbing "rat race competition", coupled with the ongoing improvement of the domestic economic circulation system and the gradual recovery of the domestic market. The new national standard, which has been implemented since May 2025 has strengthened energy consumption restrictions for various types of paper, which significantly raises energy consumption limits for existing production capacity, and includes auxiliary and ancillary production systems within the scope of statistics. The implementation of this standard substantially increases environmental compliance costs for outdated production capacity, and accelerate the phasing out of high energy consuming and inefficient equipment. It is worth noting that, on 25 June 2025, the Shanghai Futures Exchange issued a public consultation announcement regarding the futures contracts, options contracts and business rules for offset paper, and, on 1 July, the sixth meeting of the Central Commission for Financial and Economic Affairs explicitly called for "governing enterprises' disorderly low-price competition in accordance with laws and regulations, guiding enterprises to improve product quality, and promoting the orderly exit of outdated production capacity", which will gradually improve the industry self-discipline mechanism and further optimise the market environment. Under the combined effect of policy guidance and the market mechanism, the paper industry will see accelerated elimination of outdated production capacity, undergo profound supply-side restructuring, sustain capacity structure optimisation and achieve further market concentration. Meanwhile, with the continued implementation of national policies aiming at expanding domestic demand, expectations for improvements in the demand side of the paper industry have strengthened, and overall operating performance is expected to gradually improve.

III Management Discussion and Analysis

I. Principal activities of the Company during the reporting period (Cont'd)

2. Business overview of the Company

The Company is a large modern conglomerate principally engaged in pulp production and paper making and committed itself to implementing a pulp and paper integration strategy. The Company has production bases in Shandong, Guangdong, Hubei, Jiangxi, Jilin and other places, and is the first domestic paper making enterprise that achieves a balance between pulp production and paper making capacity. Its machine-made paper products cover more than 200 types in seven series, including culture paper, coated paper, white cardboard, copy paper, industrial paper, special paper, and household paper. It is the enterprise with the largest variety of products and the most complete products in the domestic paper industry. During the reporting period, the machine-made paper business was the major source of revenue and profit of the Company.

During the reporting period, the Company's certain production lines at Zhanjiang, Jilin and Shouguang production bases were still in shutdown and maintenance, resulting in a year-on-year decline in production and sales volumes, which in turn led to a decrease in revenue and profit. Due to the impact of the shutdown and maintenance, the Company made provisions for impairment and bad debts on certain assets and receivables, which resulted in lower profitability. From January to June 2025, the revenue of the Company amounted to RMB2,107 million, and net loss attributable to shareholders of the Company amounted to RMB3,858 million. During the Reporting Period, the Company proactively took measures to improve its ability to continue as a going concern. By fully leveraging the shutdown period for equipment maintenance and upgrading, equipment integrity and operational efficiency were enhanced. For the production lines that had resumed operation and production, the Company adopted whole process control over the procurement of raw materials, cost savings, quality improvement and many other respects. The Company made huge efforts in cash flow and expense management to gradually restore its profitability. At the same time, the Company actively strengthened communication with financial institutions and implemented relevant work on maturity extension and interest rate reduction to further alleviate the operational burden on the Company. With the strong support of government authorities and financial institutions at all levels, the Company will remain committed to securing working capital through multiple channels, and continue to advance the resumption of operation and production at each production base in line with the capital position and market conditions, thus achieving sustainable and stable operation of the Company.

III Management Discussion and Analysis

I. Principal activities of the Company during the reporting period (Cont'd)

3. Major products and their application

The Company attaches great importance to technology research and development. Focusing on key areas of green papermaking technology, the Company has a number of domestically leading innovative R&D platforms including a national enterprise technology centre, a post-doctoral working station, a collaborative innovation centre for cleaner production and refinery of light industry bio-based products, and the Shandong Pulp and Paper Making Engineering Lab, in order to promote standardised production, optimise its product structure, and increase brand benefits.

Major brands of machine-made paper products of the Company and their applications are set out below:

Category	Major brands and types	Major manufacturing companies	Range of application
Culture paper series	1. "BIYUNTIAN", "CLOUDY MIRROR", "CLOUDY LEOPARD" and "YUNJIN" all-wood pulp offset paper and electrostatic base paper 2. "CLOUDY LION" and "CLOUDY CRANE" original white offset paper 3. "CLOUDY PINE" and "GREEN PINE" light weight paper 4. Blueprint paper, colour offset paper, pure texture paper, non-fluorescent offset paper, PE offset paper 5. Beige and high white book paper 6. Light weight coated paper	Shouguang Headquarters Shouguang Meilun Zhanjiang Chenming Jiangxi Chenming Jilin Chenming	Printing publications, textbooks, magazines, covers, illustrations, notebooks, test papers, teaching materials, reference books, etc.
Coated paper series	1. "SNOW SHARK" and "EAGLE" one-sided coated paper 2. "SNOW SHARK", "EAGLE" and "RABBIT" double-sided coated paper 3. "EAGLE" and "RABBIT" matte coated paper	Shouguang Headquarters Shouguang Meilun	Double-sided coated paper is suitable for high quality printing, such as high-grade picture albums, picture, magazines and so on, promotional materials such as interior pages of high-end books, wall calendars, posters and so on, and suitable for suitable for high-speed sheet printing and high-speed rotary printing; One-sided coated paper is suitable for upscale tobacco package paper, adhesive sticker, shopping bags, slipcases, envelopes, gift wrapping and so on, and suitable for large format printing and commercial printing.

III Management Discussion and Analysis

I. Principal activities of the Company during the reporting period (Cont'd)

3. Major products and their application (Cont'd)

Category	Major brands and types	Major manufacturing companies	Range of application
White cardboard series	- White cardboard of "LIYA" series, white cardboard and ivory cardboard of "LIPIN" and "POPLAR" series, high bulk cardboard and ivory cardboard of "LIZZY" and "BAIYU" series, and super high bulk cardboard of "LIYING" and "BAIYU" series - Food package board of "LIYA" and "LIZZY" series - Coated cattle card and LIYA book card - Playcard paper board - Chenming cigarette cardboard	Shouguang Headquarters Jiangxi Chenming Zhanjiang Chenming	High-end gift boxes, cosmetics boxes, tags, shopping bags, publicity pamphlets, high-end postcards; cigarette package printing of medium and high quality; milk package, beverage package, disposable paper cups, milk tea cups, and noodle bowls.
Copy paper series	"GOLDEN MINGYANG" and "GOLDEN CHENMING" copy paper, "BOYA" and "BIYUNTIAN" copy paper, "MINGYANG", "LUCKY CLOUDS", "BOYANG" and "SHANYIN" copy paper, and "GONGHAO" and "TIANJIAN" copy paper	Shouguang Headquarters Shouguang Meilun Zhanjiang Chenming	Printing and copying business documents, training materials, and writing.
Industrial paper series	High-grade yellow anti-sticking base paper, ordinary yellow/white anti-sticking base paper and PE paper	Shouguang Headquarters Jiangxi Chenming Zhanjiang Chenming	Anti-stick base paper is mainly used for producing the paper base of stripping paper or anti-sticking base paper; Cast coated base paper is suitable for producing adhesive paper or playcard compound paper after coating.
Special paper series	Thermal paper and glassine paper	Shouguang Art Paper	High-grade adhesive backing paper for electronics, medicine, food, washing supplies, supermarket labels, double-sided tapes, etc.
Household paper series	Toilet paper, facial tissue, pocket tissue, napkin, paper towels and "XINGZHILIAN"	Shouguang Meilun	Daily toilet supplies; used in restaurants and other catering industries, and used in public toilets in hotels, guesthouses, and office buildings, and also suitable for home and other environment.

III Management Discussion and Analysis

II. Analysis of liquidity, financial resources and capital structure disclosed in accordance with the listing rules of Hong Kong Stock Exchange

As at 30 June 2025, the Group's current ratio was 23.72%. The quick ratio was 17.34%. The gearing ratio (i.e. total liabilities divided by total assets) was 85.93%.

There was no significant seasonal trend for capital requirements of the Group.

The Group's sources of capital primarily came from cash inflow generated from operating activities, and borrowings from financial institutions.

As at 30 June 2025, the total bank borrowings of the Group were RMB29,103 million (as at the end of the prior year: the total bank borrowings of the Group was RMB32,752 million). As at 30 June 2025, the Group had monetary funds of RMB954 million (as at the end of the prior year: RMB5,910 million) in total (For the breakdown of monetary funds, please refer to VIII. VII. 1 Note on Monetary Funds in this report).

Due to the shutdown and maintenance of certain production bases, the Group's liquidity and solvency were constrained. As of the date of this report, a syndicated loan of RMB2.31 billion specifically for resuming production has been approved. The Company will successively resume production of its production bases based on its cash flow and market conditions. As at 30 June 2025, the Group had 9,095 employees. The total staff remuneration for the first half of 2025 amounted to RMB432.1004 million (The Group had 9,594 employees in 2024. The total staff remuneration for 2024 amounted to RMB1,144.3267 million).

There will be no major investment project of the Company during the second half of 2025.

The Company's existing bank deposits were primarily used for production and operation, equipment maintenance and investment in technology research and developments.

For details of the assets with restricted ownership of the Group as at 30 June 2025, please refer to VIII. VII. 24. Details of assets with restricted ownership or right to use in this report.

III Management Discussion and Analysis

III. Analysis of Core Competitiveness

After innovation and development for more than 60 years, the Company has created a strong brand influence and cultivated a solid comprehensive competitiveness. It promotes product upgrades, enhances R&D strength and improves core competitiveness by creating competitive advantages in an industry chain featured with pulp and paper integration. The details of the core competitiveness of the Company during the reporting period are as follows:

1. Advantages of pulp and paper integration

The Company has unwaveringly implemented a pulp and paper integration strategy. At present, its major production bases located in Shouguang, Zhanjiang, and Huanggang are equipped with chemical pulp production lines. It is the first modern large-scale paper making company that basically realises wood pulp self-sufficiency in China. A complete supply chain not only creates cost advantage for the Company, but also safeguards the safety, stability and quality of upstream raw materials, and renders strong support for the Company to maintain its long-term competitiveness.

2. Scale advantages

The paper industry is a typical capital-intensive and technology-intensive industry that follows the laws of economies of scale. The Company's large-scale production bases can be found in the major markets in Southern, Central, Northern, and Northeast China, where reasonable production scale creates the marginal cost advantage. Meanwhile, by leveraging the scale advantages, the Company has built an international logistics centre and railway dedicated lines and docks, and constructed a comprehensive logistics service platform covering container shipping, bonded warehousing, transfer and storage at stations and terminals, realising the improvement of logistics efficiency and the stability of logistics costs.

3. Product advantages

The Company is an enterprise that offers the widest and the most complete product range in the paper industry in China. The product series include culture paper, white cardboard, coated paper, copy paper, household paper, thermal paper, etc. The Company has attached great importance to technology research and development. By introducing the most advanced pulping and paper making technology and equipment in the world, it persists in technological innovation and work process optimisation, so as to help improve product quality and structure upgrade, continuously improve the brand value of Chenming, and enhance brand benefits.

4. Industry layout advantages

Closely centring on the pulp and paper integration strategy, the Company has integrated resources and established its production bases in the core target market to promote the coordinated development of all regions. Currently, the Company adopts the market-oriented approach and has production bases in Shandong, Guangdong, Hubei, Jiangxi, Jilin and other places. With all products sold at close distances, the Company substantially reduces transportation costs while improving service efficiency, achieving a "win-win" between the Company and its users.

5. Advantages in technical equipment

The Company highly values the introduction and upgrades of technical equipment, actively push equipment and technology upgrade forward and boasts the largest and most advanced pulping and paper making production line in the world. The Company's major production equipment has been imported from internationally renowned manufacturers, including Metso and Valmet of Finland, Voith of Germany, Andritz of Austria, etc. and reached the advanced international level, thus ensuring production efficiency and product quality.

III Management Discussion and Analysis

III. Analysis of Core Competitiveness (Cont'd)

6. Advantages in research and innovation

The Company has scientific research institutions including a national enterprise technology centre, a post-doctoral working station, a collaborative innovation centre for cleaner production and refinery of light industry bio-based products, and the Shandong Pulp and Paper Making Engineering Lab. At the same time, the Company actively carries out in-depth industry-university-research cooperation with prestigious domestic universities and research institutes, continuously improves technical innovation capabilities and scientific research and development levels, and develops a series of new products with high technology contents and high added value as well as proprietary technologies. The Company and its subsidiaries Zhanjiang Chenming, Shouguang Meilun, Jiangxi Chenming, Jilin Chenming and Huanggang Chenming are high and new technology enterprises. As at the end of the reporting period, the Company had obtained more than 480 national patents, including 45 invention patent authorisation, 7 national new products, 16 scientific and technological progress awards above the provincial level, 5 national scientific and technological projects and 75 provincial-level technological innovation projects. The Company took the lead in obtaining the ISO9001 quality system certification, the ISO14001 environmental protection system certification and the FSC-COC international forest system certification among domestic peers.

7. Advantages in environmental governance capacity

The Company has actively upheld the concept of “lucid waters and lush mountains are invaluable assets”, adhered to the development idea of “placing green development and environmental protection as its priority”, always regarded environmental protection as the “life project”, clung to the green development model of clean production and resource recycling, and earnestly shouldered the corporate responsibility for environmental protection. In recent years, the Company and its subsidiaries have invested more than RMB8 billion in total in environmental protection, and have constructed the pollution treatment facilities including the alkali recovery system, reclaimed water treatment system, reclaimed water reuse system, white water recovery system and black liquor comprehensive utilisation system. The environmental protection indicators rank high in China and in the world. At present, the Company adopts the world’s most advanced “ultrafiltration membrane + reverse osmosis membrane” technology to complete the reclaimed water recycling membrane treatment project, which is the largest reclaimed water reuse project in the domestic paper industry. The reclaimed water recycle rate attains the industry-leading level. Meanwhile, in response to the “dual carbon” policy, the Company actively introduces photovoltaic power generation and biomass power generation, continuously optimises the energy structure and improves the level of low-carbon production.

III Management Discussion and Analysis

IV. Analysis of principal operations

Overview

Please see “I. Principal activities of the Company during the Reporting Period” for relevant information

Year-on-year changes in major financial information

Unit: RMB

	The reporting period	The corresponding period of the prior year	Increase/decrease year on year	Reason for the change
Revenue	2,106,630,952.30	13,884,731,519.04	-84.83%	Mainly due to the shutdown and maintenance of certain production bases and a decrease in sales volume of machine-made paper, resulting in a decrease in revenue during the reporting period.
Operating costs	3,727,203,720.24	12,185,505,709.00	-69.41%	Mainly due to the shutdown and maintenance of certain production bases and a decrease in sales volume of machine-made paper, resulting in a year-on-year decrease in cost during the reporting period.
Taxes and surcharges	61,186,804.84	116,747,402.65	-47.59%	Mainly due to the year-on-year decrease in land use tax and stamp duty during the reporting period.
Research and development expense	36,567,185.69	611,914,096.41	-94.02%	Mainly due to the shutdown and maintenance of certain production bases, resulting in a decrease in research and development investment during the reporting period.
Sales and distribution expenses	51,113,266.56	99,303,831.21	-48.53%	Mainly due to the year-on-year decrease in salary and expenses during the reporting period.
Other income	22,794,816.03	159,945,128.64	-85.75%	Mainly due to the year-on-year decrease in additional deduction of value-added input tax and gain on debt restructuring during the reporting period.
Investment income	-430,669,782.44	181,332,096.11	-337.50%	Mainly due to the year-on-year decrease in investment income from investees and investment income from disposal of equity recognised during the reporting period.
Gain on change in fair value	-129,487,561.79	-2,221,596.44	-5,728.58%	Mainly due to the year-on-year increase in the loss on change in fair value of forestry assets during the reporting period.
Credit impairment loss	-506,322,424.22	-124,386,619.66	307.06%	Mainly due to the year-on-year increase in bad debt provisions for receivables during the reporting period.

III Management Discussion and Analysis

IV. Analysis of principal operations (cont'd)

Year-on-year changes in major financial information (cont'd)

	The reporting period	The corresponding period of the prior year	Increase/decrease year on year	Reason for the change
Loss on impairment of assets	-240,561,409.32	-3,041,427.75	7,809.49%	Mainly due to the year-on-year increase in impairment provisions for equipment during the reporting period.
Gain on disposal of assets	-9,814,609.63	19,222,812.60	-151.06%	Mainly due to the year-on-year decrease in the gain on disposal of fixed assets during the reporting period.
Non-operating expenses	26,198,489.55	1,013,551.00	2,484.82%	Mainly due to the increase in litigation expenses and loss on retirement of non-current assets during the reporting period.
Income tax expenses	3,603,600.91	-96,400,954.34	103.74%	Mainly due to the reversal of deferred income tax assets arose from the deductible losses and deductible temporary differences recognised in prior periods by certain companies reversing in the previous period during the reporting period.
Net cash flows from operating activities	785,303,274.19	1,992,499,393.07	-60.59%	Mainly due to the decrease in sales revenue as a result of the decrease in sales volume during the reporting period.
Net cash flows from investing activities	-493,454,488.13	571,305,188.14	-186.37%	Mainly due to the repurchase of a portion of the equity interest in subsidiaries held by minority shareholders during the reporting period and the proceeds received from the sale of the equity interest in subsidiaries in the corresponding period of the prior year.
Net cash flows from financing activities	-379,851,423.55	-2,547,689,483.86	85.09%	Mainly due to the interest rate reductions, extensions and renewals of maturing loans by major financial institutions during the reporting period.

Significant change in structure or source of profit of the Company during the reporting period

☐ Applicable ☒ Not applicable

There was no significant change in structure or source of profit of the Company during the reporting period.

III Management Discussion and Analysis

IV. Analysis of principal operations (cont'd)

Components of revenue

Unit: RMB

Item	The reporting period		The corresponding period of the prior year		Increase/ decrease year on year
	Amount	% of revenue	Amount	% of revenue	
Total revenue	2,106,630,952.30	100%	13,884,731,519.04	100%	-84.83%

By industry

Machine-made paper	1,121,420,145.71	53.23%	12,429,565,296.10	89.52%	-90.98%
Chemical pulp	740,160,267.96	35.13%	676,203,401.45	4.87%	9.46%
Electricity and steam	98,222,594.99	4.66%	123,938,936.52	0.89%	-20.75%
Hotel and property rentals	73,374,807.43	3.48%	93,524,660.28	0.67%	-21.54%
Construction materials	2,779,445.82	0.13%	87,284,048.72	0.63%	-96.82%
Chemicals	104,714.25	0.02%	54,442,131.87	0.39%	-99.81%
Others	70,568,976.14	3.35%	419,773,044.10	3.03%	-83.19%

By product

Coated paper	322,730,071.72	15.32%	2,407,591,953.96	17.34%	-86.60%
White cardboard	260,654,282.46	12.37%	2,926,439,060.82	21.08%	-91.09%
Duplex press paper	213,202,847.01	10.12%	3,710,036,202.61	26.72%	-94.25%
Anti-sticking raw paper	179,939,410.52	8.54%	569,577,140.37	4.10%	-68.41%
Other machine-made paper	144,893,534.00	6.88%	2,815,920,938.34	20.28%	-94.85%
Chemical pulp	740,160,267.96	35.13%	676,203,401.45	4.87%	9.46%
Electricity and steam	98,222,594.99	4.66%	123,938,936.52	0.89%	-20.75%
Hotel and property rentals	73,374,807.43	3.48%	93,524,660.28	0.67%	-21.54%
Construction materials	2,779,445.82	0.13%	87,284,048.72	0.63%	-96.82%
Chemicals	104,714.25	0.02%	54,442,131.87	0.39%	-99.81%
Others	70,568,976.14	3.35%	419,773,044.10	3.03%	-83.19%

By geographical segment

Mainland China	2,075,083,434.21	98.50%	11,052,530,679.12	79.60%	-81.23%
Other countries and regions	31,547,518.09	1.50%	2,832,200,839.92	20.40%	-98.89%

Industries, products or regions accounting for over 10% of revenue or operating profit of the Company

☒ Applicable ☐ Not applicable

III Management Discussion and Analysis

IV. Analysis of principal operations (cont'd)

Components of revenue (cont'd)

Unit: RMB

Item	Revenue	Operating costs	Gross profit margin	Increase/ decrease of revenue as compared to the corresponding period of the prior year	Increase/ decrease of operating costs as compared to the corresponding period of the prior year	Increase/ decrease of gross profit margin as compared to the corresponding period of the prior year
By industry						
Machine-made paper	1,121,420,145.71	2,643,006,731.03	-135.68%	-90.98%	-75.98%	-147.16%
Chemical pulp	740,160,267.96	741,869,112.58	-0.23%	9.46%	32.66%	-17.53%
By product						
Coated paper	322,730,071.72	332,541,676.98	-3.04%	-86.60%	-82.48%	-24.20%
White cardboard	260,654,282.46	290,140,269.06	-11.31%	-91.09%	-90.52%	-6.75%
Duplex press paper	213,202,847.01	248,067,568.05	-16.35%	-94.25%	-92.32%	-29.33%
Chemical pulp	740,160,267.96	741,869,112.58	-0.23%	9.46%	32.66%	-17.53%
By geographical segment						
Mainland China	2,075,083,434.21	3,638,208,196.02	-75.33%	-81.23%	-61.69%	-89.40%

Under the circumstances that the statistics specification for the Company's principal operations data experienced adjustment in the reporting period, the principal activity data upon adjustment of the statistics specification as at the end of the reporting period in the latest year

☐ Applicable ☒ Not applicable

III Management Discussion and Analysis

V. Analysis of non-principal operations

☒ Applicable ☐ Not applicable

Unit: RMB

	Amount	As a percentage of total profit	Reason	Sustainable or not?
Other income	22,794,816.03	-0.55%	Receipt of government grants related to daily business activities and profit or loss from debt restructuring.	Including RMB52 million, the annual amortisation amount of government grants received in prior periods, and sustainable in nature.
Investment income	-430,669,782.44	10.30%	Recognition of external investment income, as well as income from equity disposal and derecognition of financial assets during the reporting period.	No
Gain or loss arising from the change in fair value	-129,487,561.79	3.10%	Fluctuations of fair values of the shares of China Bohai Bank as well as forestry assets.	No
Credit impairment loss	-506,322,424.22	12.11%	Bad debt provisions for receivables.	No
Loss on impairment of assets	-240,561,409.32	5.75%	Impairment provisions for non-current assets.	No
Non-operating expenses	26,198,489.55	-0.63%	All expenses not directly related to the Company's daily production and business operations.	No

III Management Discussion and Analysis

VI. Analysis of assets and liabilities

1. Material changes of asset items

Unit: RMB

	As at the end of the reporting period		As at the end of the prior year		Percentage change	Description
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary funds	953,661,496.60	1.74%	5,909,879,812.18	9.31%	-7.57%	Mainly due to a decrease in guarantee deposits as at the end of the reporting period.
Accounts receivables	930,731,502.52	1.70%	1,384,290,313.70	2.18%	-0.48%	Mainly due to a decrease in receivables from customers as at the end of the reporting period.
Long-term equity investments	3,621,265,404.11	6.62%	3,971,035,411.54	6.25%	0.37%	Mainly due to a decrease in investment income from investees recognised during the reporting period.
Other non-current financial assets	344,266,989.06	0.63%	751,030,454.68	1.18%	-0.55%	Mainly due to the fact that Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership) was included in the scope of consolidation during the reporting period.
Bills payable	107,370,000.00	0.20%	1,423,918,112.99	2.24%	-2.04%	Mainly due to the overdue bills being reclassified to accounts payable and short-term borrowings as at the end of the reporting period.
Accounts payable	8,426,902,071.31	15.41%	7,708,967,406.47	12.14%	3.27%	Mainly due to the overdue commercial paper being reclassified to accounts payable as at the end of the reporting period.
Other payables	3,560,628,293.65	6.51%	2,896,409,953.94	4.56%	1.95%	Mainly due to an increase in trade payables and accrued expenses as at the end of the reporting period compared to the beginning of the year.

III Management Discussion and Analysis

VI. Analysis of assets and liabilities (Cont'd)

1. Material changes of asset items (Cont'd)

	As at the end of the reporting period		As at the end of the prior year		Percentage change	Description
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Non-current liabilities due within one year	2,534,511,114.58	4.63%	1,577,936,964.14	2.48%	2.15%	Mainly due to an increase in long-term liabilities reclassified to due within one year as at the end of the reporting period.
Other current liabilities	844,340,067.04	1.54%	2,680,562,600.58	4.22%	-2.68%	Mainly due to certain equipment finance lease transactions being extended and reclassified to long-term payables as at the end of the reporting period.
Long-term payables	2,544,988,247.10	4.65%	774,965,008.29	1.22%	3.43%	Mainly due to certain equipment finance lease transactions being extended and reclassified to long-term payables as at the end of the reporting period.

2. Major assets overseas

☐ Applicable ☒ Not applicable

3. Assets and liabilities measured at fair value

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Opening balance	Profit or loss from change in fair value during the period	Cumulative fair value change charged to equity	Impairment provided during the period	Amount acquired during the period	Amount disposed of during the period	Other changes	Closing balance
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	37,259,325.70	-428,371.45	-159,902,790.79				-138,544.52	36,692,409.73
2. Other non-current financial assets	751,030,454.68		30,221,725.86				-406,763,465.62	344,266,989.06
3. Consumable biological assets measured at fair value	1,256,379,773.85	-129,059,190.34	-245,710,144.48		12,056,839.46	40,598,820.66		1,098,778,602.31
Total	2,044,669,554.23	-129,487,561.79	-375,391,209.41	-	12,056,839.46	40,598,820.66	-406,902,010.14	1,479,738,001.10

Whether there were any material changes on the measurement attributes of major assets of the Company during the reporting period

☐ Yes ☒ No

III Management Discussion and Analysis

VI. Analysis of assets and liabilities (Cont'd)

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

Unit: RMB

Item	Book balance	As at the end of the period			Book balance	As at the beginning of the period		
		Book value	Type of restriction	Restriction		Book value	Type of restriction	Restriction
Fixed assets	34,753,954,012.60	19,712,891,634.14	Charged	As collateral for bank borrowings and long-term payables	34,375,256,421.29	20,001,586,415.43	Charged	As collateral for bank borrowings and long-term payables
Investment properties	6,556,109,499.47	5,195,027,744.73	Charged	As collateral for bank borrowings	6,742,657,317.44	5,433,525,500.09	Charged	As collateral for bank borrowings
Intangible assets	1,842,713,402.08	1,328,582,983.12	Charged	As collateral for bank borrowings and long-term payables	1,789,243,785.12	1,312,981,381.52	Charged	As collateral for bank borrowings and long-term payables
Long-term equity investments	1,653,602,939.71	1,649,407,876.62	Frozen	Frozen due to being sued for arrears	1,549,103,158.31	1,549,103,158.31	Frozen	Frozen due to being sued for arrears
Monetary funds	875,404,665.38	875,404,665.38	Pledged, frozen	As deposits for bank acceptance bills, letter of credit, loans, deposit reserves or frozen accounts and frozen by litigation, etc.	5,728,747,806.12	5,728,747,806.12	Pledged, frozen	As deposits for bank acceptance bills, letter of credit, letter of guarantee, loans, deposit reserves or frozen accounts and interest receivable, frozen by litigation, etc.
Inventories	20,028,521.46	14,865,436.95	Seized by court	Seized due to being sued for arrears	120,195,864.99	103,566,055.40	Seized by court	Seized due to being sued for arrears
Accounts receivables					207,017,962.56	206,147,426.74	Pledged	As collateral for borrowings
Total	45,701,813,040.70	28,776,180,340.94			50,512,222,315.83	34,335,657,743.61		

III Management Discussion and Analysis

VII. Analysis of investments

1. Overview

☒ Applicable ☐ Not applicable

Investments during the reporting period (RMB)	Investments during the corresponding period of prior year (RMB)	Change
646,248,442.80	18,000,000.00	3,490.27%

2. Material equity investments acquired during the reporting period

☒ Applicable ☐ Not applicable

Unit: RMB

Name of investee	Principal activities	Form of investment	Investment amount	Shareholding	Source of fund	Partner(s)	Period of Investment	Product type	Progress as at the date of balance sheet	Estimated return	Profit or loss from investment for the period	Involvement in lawsuit	Date of disclosure, if any	Disclosure Index, if any
Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)	Engage in investment activities with self-owned funds	Merger and acquisition	512,000,000.00	99.67%	Self-owned funds	Subsidiary	Long-term	Investment	Completed	N/A	626.63	No	N/A	N/A
Shandong Chenming Paper Sales Co., Ltd.	Sales of paper and pulp	Capital increase	98,500,000.00	100.00%	Self-owned funds	Subsidiary	Long-term	Trading	Completed	N/A	-30,348,394.39	No	N/A	N/A
Shouguang Chenming Art Paper Co., Ltd.	Production of machine-made paper	Merger and acquisition	35,748,442.80	100.00%	Self-owned funds	Subsidiary	Long-term	Production	Completed	N/A	-66,979,940.94	No	N/A	N/A
Total	—	—	646,248,442.80	—	—	—	—	—	—	—	-97,327,708.70	—	—	—

3. Material non-equity investments during the reporting period

☐ Applicable ☒ Not applicable

III Management Discussion and Analysis

VII. Analysis of investments (Cont'd)

4. Financial asset investment

(1) Security investments

☒ Applicable ☐ Not applicable

Unit: RMB

Type of security	Stock code	Abbreviation of stock name	Initial investment cost	Accounting measurement model	Book value at the beginning of the reporting period	Profit or loss from change in fair value during the period	Cumulative fair value change charged to equity	Amount acquired during the period	Amount disposed of during the period	Profit or loss during the reporting period	Book value as at the end of the reporting period	Accounting item	Source of fund
Domestic and foreign shares	09668	China Bohai Bank	195,684,817.15	Measured at fair value	37,259,325.70	-428,371.45	-159,902,790.79	0.00	0.00	-566,915.97	36,692,409.73	Held-for-trading financial assets	Self-owned funds
Total			195,684,817.15	—	37,259,325.70	-428,371.45	-159,902,790.79	0.00	0.00	-566,915.97	36,692,409.73	—	—
Disclosure date of announcement in relation to the consideration and approval of securities investments by the Board						20 June 2020							
Disclosure date of announcement in relation to the consideration and approval of securities investments by the shareholders' general meeting (if any)						N/A							

(2) Derivative investments

☐ Applicable ☒ Not applicable

The Company did not have any derivative investments during the reporting period.

5. Use of proceeds

☐ Applicable ☒ Not applicable

The Company did not use any proceeds during the reporting period.

III Management Discussion and Analysis

VIII. Disposal of material assets and equity interest

1. Disposal of material assets

☒ Applicable ☐ Not applicable

Counterparty(ies)	Assets disposed of	Disposal date	Transaction consideration (RMB'0,000)	Net profit contribution to the Company from the beginning of the period up to the disposal date (RMB'0,000)	Effect of disposal on the Company	Net profit contribution to the Company on equity disposal as a percentage of total net profit	Pricing basis of disposal of equity interest	Related party transaction or not	Relationship with counterparty(ies) (applicable to related party transactions)	Relevant asset title fully transferred or not	Relevant creditors' rights and debts fully transferred or not	Carried out on schedule or not, if not, the reasons and measures taken by the Company	Disclosure date	Disclosure index
Zhejiang Exheng Real Estate Co., Ltd.	22 properties in Fatum Apartment	June 2025	8,591.60	-6,514.33	Facilitating the Company to integrate resources, optimising its asset structure, concentrating its strengths, focusing on core business, and improving quality and efficiency.	1.56%	Market price	No	N/A	Yes	Yes	Yes	N/A	N/A

2. Disposal of material equity interest

☐ Applicable ☒ Not applicable

III Management Discussion and Analysis

IX. Analysis of major subsidiaries and investees

☒ Applicable ☐ Not applicable

Major subsidiary and investees accounting for over 10% of the net profit of the Company

Unit: RMB

Name of company	Type of company	Principal activities	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Zhanjiang Chenming Pulp & Paper Co., Ltd.	Subsidiary	Production and sale of duplex press paper, electrostatic paper and white cardboard etc.	6,913,572,423.00	17,837,776,517.63	6,881,696,853.57	143,191,538.56	-956,012,412.30	-844,270,649.67
Shouguang Meilun Paper Co., Ltd.	Subsidiary	Production and sale of coated paper, culture paper, household paper and chemical pulp	4,801,045,519.00	13,489,027,547.87	7,053,307,921.36	805,084,480.98	-836,167,663.19	-677,427,573.67

Acquisition and disposal of subsidiaries during the reporting period

☒ Applicable ☐ Not applicable

Name of company	Methods to acquire and dispose of subsidiaries during the reporting period	Impact on overall production and operation and results
Chenming International Trade Import and Export Co., Limited	Newly established	Nil
Shouguang Wei Yuan Logistics Company Limited	Transfer	Net profit increased by RMB166,400
Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)	Merger and acquisition	Net profit increased by RMB600

III Management Discussion and Analysis

X. Structured entities controlled by the Company

☐ Applicable ☒ Not applicable

XI. Risk factors of the Company and the measures to be taken

1. Macroeconomic and policy risk

The paper industry is a basic raw materials industry, thus is being supported by national industry policies. Relevant competent departments issued a series of relevant policies and regulations, including the Policy on the Development of the Paper Industry, aiming to improve industry structure, enhance product technology standard, energy saving and emission reduction, as well as eliminate outdated production capacity. With the continuous economic development in China, the policies on the paper industry may further adjust in the future. In addition, the fiscal and financial policies, bank interest rate, import and export policy and other policies may be adjusted in the future. All the above industrial policies and related policy adjustments will have an impact on the Company's operation and development.

In response to the above risks, the Company will pay close attention to the national industrial policy, and focus on its principal activities of pulp production and paper making. The Company will strive to its innovation-driven strategy, comprehensively optimise the industrial structure and regional layout, and establish a coordinated and efficient industry system, to respond to the risks arising from industrial policy adjustments. At the same time, the Company will continuously improve its lean management, broaden financing channels, control costs, and optimise its capital structure, thus improving its operating quality to cope with the risks arising from adjustments of other macroeconomic policies such as fiscal and financial policies.

2. Environmental protection risk

Developing a green paper industry has been the strategic direction of transformation and upgrading in the industry. In recent years, guided by the national "double carbon" goal, environmental protection policies have become increasingly stringent. The Guiding Opinions on Accelerating the Establishment and Improvement of a Green, Low-Carbon and Cyclical Economic System, the Opinions on Accelerating the High-Quality Development of the Manufacturing Services Industry, the "14th Five-Year Plan" and the Medium and Long-term High-quality Development Outline of the Paper Industry and other policy documents have been issued one after another. In particular, the Norm of Energy Consumption Per Unit Product of Pulp and Paper (GB31825-2024), which officially came into effect on 1 May 2025, further clarifies the technical standards and requirements for energy conservation and emission reduction in the industry, and encourage the paper industry to pursue circular, low-carbon and green development. With the continuous improvement in environmental protection standards, enterprises have been increasing their investments in pollution control, clean production and other areas, which will lead to a rise in operating costs in the short term.

In response to the aforesaid risks, the Company reinforces the implementation of the national "double carbon" strategy. The Company adheres to the development idea of "placing green development and environmental protection as its priority". The Company widely adopts new technologies for energy saving and emission reduction, conducts clean production, and strives to achieve its waste emission target. The Company adopts the world's most advanced "ultrafiltration membrane + reverse osmosis membrane" technology to complete the reclaimed water recycling membrane treatment project. The reclaimed water recycle rate reaches more than 75%. The reclaimed water quality meets drinking water standards. At the same time, the Company actively explores the comprehensive utilisation of innovative resources and industrial recycling development models, and built a circular economy ecological chain of "resources-products-renewable resources", thereby promoting the coordinated and mutual advancement of corporate sustainable development and ecological environmental protection.

III Management Discussion and Analysis

XI. Risk factors of the Company and the measures to be taken (Cont'd)

3. Risk of price fluctuation of raw materials

The major raw materials of the paper industry are wood pulp and wood chips. China's wood resources are relatively limited, and the dependence on wood pulp and wood chips is high, which makes the development of the paper industry subject to fluctuations in the international price of wood pulp and wood chips. If the price of raw materials fluctuates sharply, it will bring uncertainty to the control of production costs of papermaking enterprises, which will affect the business performance of enterprises.

In response to the aforesaid risks, the Company adheres to the strategic layout of the whole pulp and paper integrated industry chain, and has wood pulp production lines in Shouguang, Zhanjiang, Huanggang and other production bases, ensuring the stability of upstream raw materials. At the same time, the Company has established a more comprehensive supply chain management mechanism, practiced source procurement, closely followed the price trends of the raw materials market, and improved its market research and judgment ability, in order to minimise the impact of fluctuations in raw material prices on the Company.

4. Risk of intensifying market competition

Although the paper industry has accelerated the elimination of outdated production capacity after several rounds of environmental protection policies, the industry structure has been optimised with a further improved concentration. However, there remains the phenomena of a large number of enterprises, structural and staged overcapacity of some products, a large number of mid – and low-end products, and product homogeneity. During the reporting period, affected by factors such as supply shocks and weak demand, the prices of machine-made paper, especially white cardboard, declined year on year, and market competition further intensified.

In response to the aforesaid risks, the Company continues to promote technological innovation, and continuously improves its production equipment, processing design and process levels, in order to realise lean production, improve product quality, and create brand benefits. At the same time, based on the market conditions, the Company produces marketable products to meet the diverse needs, striving to form a high-quality, refined, special, differentiated and personalised product structure, increase the added value of products, and improve the level of corporate profitability.

5. Capital risk

The paper industry is capital-intensive. In recent years, the industry has seen concentrated capacity expansion, insufficient downstream demand, and prominent supply-demand imbalances. The prices of major paper products, especially white cardboard, have continued to decline, leading to reduced profitability for paper enterprises. For enterprises with high debt levels, scenarios such as loan delays by financial institutions or withdrawals of strategic investors during industry downturns may result in temporary liquidity shortages, leading to debt defaults, account freezes, litigations and other issues that could impact their production and operation.

To address these risks, the Company focuses on its principal responsibilities and operations, makes every effort to revitalise and dispose of its existing assets, and strengthens the disposal of assets in its non-principal business and the efforts to recover outstanding debts, striving to improve its liquidity. It actively strengthens communication with financial institutions, pursues debt restructuring, and implements relevant work on maturity extension and interest rate reduction, in order to alleviate the operational burden on the Company. The Company is committed to securing working capital through multiple channels, and continues to advance the normal production at each production base in line with the capital position and market conditions. It accelerates internal management adjustments and optimisations, facilitates corporate reform and innovation, and leverages its basic strengths, in order to achieve sustained and stable operations.

III Management Discussion and Analysis

XI. Risk factors of the Company and the measures to be taken (Cont'd)

6. Risk of the financial leasing business

The Company may suffer from loss if the lessees of its financial leasing business cannot make full rental payment on time due to any reason. The Company will also make bad debt provision as required under its accounting policy. If such amounts cannot be recovered on time, the Company may be exposed to risk of bad debts.

At present, the Company focuses on the development of its principal activities, i.e. pulp production and paper making, and continues to reduce the size of the financial leasing business. As at the end of the reporting period, the balance of financial leases of Chenming Leasing decreased to RMB4.5 billion, of which RMB3.7 billion was overdue principal. The Company made bad debt provisions for certain financial leasing receivables out of prudence, for which provisions of RMB2.0 billion were made in aggregate, with a provision coverage rate of 45%. Certain assets were subject to seizure through litigation. The Company has resorted to, among other things, control of the underlying assets, litigation for seizure, recovery for guarantors and debt reconstruction to mitigate relevant risks.

XII. Development and implementation of a market value management system and a valuation enhancement plan

Whether the Company has developed a market value management system?

☒ Yes ☐ No

To effectively strengthen market value management as a listed company, further standardise market value management practices, fully safeguard the legitimate rights and interests of the Company, investors and other stakeholders, and response to the encouragement under the Guidelines No. 10 for the Regulation of Listed Companies — Market Value Management for listed companies to establish a market value management system, the Company has formulated the Market Value Management System of Shandong Chenming Paper Holdings Limited in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange and other relevant laws and regulations, which was considered and approved at the twelfth meeting of the tenth session of the Board held on 31 March 2025. For details, please refer to the Market Value Management System of Shandong Chenming Paper Holdings Limited disclosed on CNINFO on 1 April 2025 and the overseas regulatory announcement disclosed on the website of Hong Kong Stock Exchange on 31 March 2025.

Whether the Company has disclosed a valuation enhancement plan?

☒ Yes ☐ No

To enhance the Company's investment value and shareholder returns, promote a reasonable reflection of the Company's intrinsic value in investment value, boost investor confidence, safeguard the interests of all shareholders, and facilitate high-quality development of the Company, the Valuation Enhancement Plan of Shandong Chenming Paper Holdings Limited was considered and approved at the twelfth meeting of the tenth session of the Board held by the Company on 31 March 2025. The specific measures under the Valuation Enhancement Plan are as follows:

III Management Discussion and Analysis

XII. Development and implementation of a market value management system and a valuation enhancement plan (Cont'd)

(I) Financial optimisation

1. Debt restructuring: The Company will take the initiative to communicate with its creditors for extension of loan terms and reduction of interest rates, so as to alleviating the pressure on loan repayment in the short term. Provincial debt committees were established to agree on no loan cancellations or delays and further negotiate new credit facilities in the form of a syndicated loan specifically for resumption of operation and production, and interest rate reductions and extensions of debts to ensure sufficient liquidity for operations and production resumption of the Company.
2. Asset disposal: The Company will make every effort to revitalise and dispose of its existing assets. The Company will strengthen the disposal of assets in its non-principal business, establish an asset management centre, adjust and optimise internal management, divide asset disposal management areas by region, and assign responsibilities to individuals to improve the efficiency of asset disposal. The Company will also step up efforts to recover outstanding debts, and pursue debtors with realisable assets through negotiation or legal means. For accounts receivable that are difficult to recover, the Company will resort to judicial channels to resolve the issues, and striving to improve its liquidity.
3. Cost control: The Company will strengthen internal management, streamline production processes, and reduce costs in raw material procurement, energy consumption, and labour. For example, the Company will secure favourable procurement prices via long-term and stable cooperation with suppliers, and adopts advanced production equipment and technology to boost productivity and lower per-unit production costs.

(II) Business optimisation

1. Productivity recovery and adjustment: The Company will accelerate the resumption of production at Shouguang, Zhanjiang, Jilin and other key production bases, striving to achieve resumption of work and production as soon as possible to improve operating cash flow. The Company will adjust its product mix according to changes in market demand by reducing excess production capacity and increasing production focus on high-value-added products such as special paper to improve profitability.
2. Technological innovation and R&D: The Company will increase investment in the R&D of green paper products and special paper production technologies to develop new products with strong market competitiveness. Leveraging its advantages of “pulp and paper integration”, the Company will develop pulp and paper products with greater environmental benefits and high performance, so as to meet the market demand for green and environmentally friendly paper products, and enhance added value and market competitiveness of products.

III Management Discussion and Analysis

XII. Development and implementation of a market value management system and a valuation enhancement plan (Cont'd)

(III) Market and brand development

1. Market expansion: The Company will strengthen market research to gain deeper insights into domestic and international market demands, while expanding into emerging markets. Leveraging its advantages in scale and product quality, the Company will intensify promotional efforts in global markets to increase export share and enhance its international market influence.
2. Brand building: The Company will build a good corporate brand image by improving product quality, enhancing after-sales service, and participating in public welfare initiatives. The Company will actively promote its green and sustainable philosophy as well as technological innovation achievements to enhance its brand awareness and reputation, thereby increasing consumer recognition and loyalty toward its products.
3. Investor relations management: The Company will regularly disclose updates on information including operational performance and development strategies while strengthening communication and engagement with investors. Through investor roadshows, industry seminars and other events, the Company will showcase its growth potential and investment value to bolster investor confidence and attract more long-term investors.
4. Information disclosure optimisation: The Company will ensure the timeliness, accuracy and completeness of information disclosure by releasing operational data, key project progress, strategic plans and other information on a regular basis to meet investor needs to know. Through periodic reports, interim announcements, investor briefings and other channels, the Company will demonstrate its core competitiveness and growth prospects to the market.

(IV) Strategic investment and cooperation

1. Strategic investor introduction: The Company will actively engage with domestic and international strategic investors to introduce capital, technology and management expertise, and optimise its shareholding structure and corporate governance. The introduction of strategic investors will provide additional resource support for the Company, thereby facilitating business development and valuation enhancement of the Company.
2. Industry consolidation and collaboration: The Company will pay attention to high-quality enterprises within the industry and pursue mergers, acquisitions and restructuring as and when appropriate to achieve resource integration and scale expansion, thereby strengthening its competitive position in the industry. The Company will also enhance collaboration with upstream and downstream partners to establish long-term, stable relationships, jointly navigate market changes and realise mutual benefits.

In conclusion, the Company will firmly uphold an investor-centric philosophy, diligently implement its valuation enhancement plan, and remain committed to long-term, sustainable, healthy and high-quality development. By reinforcing accountability, the Company will effectively safeguard the interests of its investors.

XIII. Implementation of the “Quality and Return Enhancement” action plan

Whether the Company has disclosed its “Quality and Return Enhancement” action plan?

☐ Yes ☒ No

IV Corporate Governance, Environment and Society

I. Changes of Directors, Supervisors and Senior Management of the Company

☐ Applicable ☒ Not applicable

There was no change of Directors, Supervisors and Senior Management of the Company during the reporting period. Please see the 2024 annual report for details.

II. Profit distribution and conversion of capital reserves into share capital during the reporting period

☐ Applicable ☒ Not applicable

The Company does not propose distribution of cash dividends and bonus shares, and increase of share capital from reserves for the interim period.

III. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measure of the Company

☒ Applicable ☐ Not applicable

1. Equity incentive

(1) Overview of the 2020 Restricted A Share Incentive Scheme

① Purpose of the Share Incentive Scheme

In order to further improve the corporate governance structure of the Company, promote the establishment and improvement of long-term incentive and restraint mechanisms, fully mobilise the enthusiasm, responsibility and mission of the directors, core technology and business key personnel, and bond the interests of Shareholders, the Company and individual operators together effectively, making all parties to attend to the long-term development of the Company and work together for it; at the same time, in order to further promote the long-term behaviour of decision-makers and operators, promote the sustainable and steady development of the Company, and maximise the value of the Company and shareholders, the 2020 Restricted A Share Incentive Scheme was formulated, on the premise of fully protecting the interests of Shareholders and on the principle of income equivalent to contribution, and in compliance with the relevant requirements under the laws and regulations such as the Company Law and the Securities Law, regulatory documents and the Articles of Association, combined with the existing management systems of the Company, including the remuneration mechanism and performance appraisal system.

② Participants under the Share Incentive Scheme

The number of the participants under the 2020 Restricted A Share Incentive Scheme shall be 111, specifically including:

(i) Directors, senior management members of the Company, (ii) key technical (business) employees of the Company, and (iii) the persons who, in the opinion of the Board, are qualified. The participants under the 2020 Restricted A Share Incentive Scheme exclude independent non-executive Directors, Supervisors and Shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controllers and their spouses, parents or children. Among the above participants, a director or senior management member must have been elected at a general meeting or engaged by the Board. All participants should be engaged, employed or hired by the Company or any of the branch or subsidiary of the Company at the time of granting under the Share Incentive Scheme and during the appraisal period. All of the participants under the Incentive Scheme shall not participate in an incentive scheme of any other listed company concurrently and any of the participants who has participated in an incentive scheme of any other listed company shall not participate in the Incentive Scheme. No other persons who are not Directors, nor employees of the Company are qualified as participants.

IV Corporate Governance, Environment and Society

III. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measure of the Company (Cont'd)

1. Equity incentive (Cont'd)

(1) Overview of the 2020 Restricted A Share Incentive Scheme (Cont'd)

③ *Number of shares granted and the grant price*

The Company issued and granted 79.6 million restricted A shares to 111 participants on 29 May 2020 under the 2020 Restricted A Share Incentive Scheme (Draft) of the Company. This grant shall be one-off in nature without reserved portion. The grant price of the restricted shares shall be RMB2.85 per share. A participant may purchase the restricted shares of the Company issued by the Company to the Participants at RMB2.85 per share. During the reporting period, the total shares to be issued under the Scheme represented approximately 0% of the shares in issue (excluding the treasury shares) of the Company.

④ *Basis of determination of the grant price*

The grant price of the restricted shares granted by the Company via means of issuing additional shares under the Incentive Scheme shall be determined according to principle of fair market price, and shall be the higher of the followings:

- (i) 60% of the closing price of the shares of the Company on the last trading day before the date of the announcement of the Incentive Scheme;
- (ii) 60% of the average closing prices of the shares of the Company on the last 30 trading days before the date of the announcement of the Incentive Scheme;
- (iii) 60% of the average trading prices (the total transaction value for the last trading days divided by the total transaction volume for the last trading days) of the shares of the Company on the last trading day before the date of the announcement of the Incentive Scheme;
- (iv) 60% of the average trading price (the total transaction value for the last 20 trading days divided by the total transaction volume for the last 20 trading days) of the shares of the Company on the last 20 trading days before the date of the announcement of the Incentive Scheme; or
- (v) the nominal value of the shares of Company, being RMB1 per share.

Based on the above pricing principles, the grant price of the restricted shares to be granted under the Incentive Scheme shall be RMB2.85 per share.

The restricted shares granted to the participants shall be funded by themselves. The Company shall undertake not to provide loans, loan guarantee and any other form of financial assistance to the participants for the acquisition of the restricted shares under the Incentive Scheme.

⑤ *Validity period and lock-up periods of the Share Incentive Scheme*

The validity period of the Incentive Scheme shall commence on the date on which the registration of the grant of the restricted shares is completed and end on the date on which all the restricted shares granted to the participants are unlocked or repurchased and cancelled, which shall not exceed 60 months. On 14 July 2020, the Company completed the registration of the restricted shares granted under the Scheme with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The Incentive Scheme is valid until 14 July 2025. The lock-up periods of the restricted shares granted under the Incentive Scheme shall be 24 months, 36 months and 48 months from the date of registration of the restricted shares under the grant.

IV Corporate Governance, Environment and Society

III. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measure of the Company (Cont'd)

1. Equity incentive (Cont'd)

(1) Overview of the 2020 Restricted A Share Incentive Scheme (Cont'd)

⑤ *Validity period and lock-up periods of the Share Incentive Scheme (Cont'd)*

The share awards granted under the Scheme do not have a vesting period. After 24 months from the date of completion of the registration of the grant of restricted shares granted under the Scheme, if the unlocking conditions of the restricted shares are satisfied, the participants will unlock in three phases within the next 36 months. Upon expiry of each lock-up period, the Company shall proceed with the unlocking for the participants who satisfy the unlocking conditions, and the restricted shares held by participants who do not satisfy the unlocking conditions shall be repurchased and cancelled by the Company. The table below sets out the unlocking period and unlocking schedule for the restricted shares under each grant:

Unlocking period	Description of the unlocking period	Percentage of the restricted shares to be unlocked of total number of the restricted shares granted
First unlocking Period	Commencing from the first trading day after expiry of the 24-month period from the date on which the registration of the grant of the restricted shares is completed and ending on the last trading day of the 36-month period from the date on which the registration of the grant of the restricted shares is completed	40%
Second unlocking Period	Commencing from the first trading day after expiry of the 36-month period from the date on which the registration of the grant of the restricted shares is completed and ending on the last trading day of the 48-month period from the date on which the registration of the grant of the restricted Shares is completed	30%
Third unlocking Period	Commencing from the first trading day after expiry of the 48-month period from the date on which the registration of the grant of the restricted shares is completed and ending on the last trading day of the 60-month period from the date on which the registration of the grant of the restricted shares is completed	30%

Note: The completion date of registration of the grant of the restricted A shares is 14 July 2020.

The participants correspond to the restricted shares that cannot be unlocked during the unlocking period, and cannot be deferred to the future years to unlock the restricted shares. These restricted shares shall be repurchased and cancelled by the Company. The repurchase price is the price granted for the restricted shares plus the bank loan interest rate for the same period.

IV Corporate Governance, Environment and Society

III. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measure of the Company (Cont'd)

1. Equity incentive (Cont'd)

(1) Overview of the 2020 Restricted A Share Incentive Scheme (Cont'd)

⑥ *The maximum number of the shares to be granted to a participant*

The total number of shares to be issued and granted under the Incentive Scheme during the validity period shall not exceed 10% of the total issued share capital of the Company and the total number of the restricted shares to be granted under the Incentive Scheme during the validity period to the participant shall not exceed 1% of the total issued share capital of the Company.

⑦ *The period for the exercise of the share options by a participant under the scheme*

Not applicable

⑧ *The amount, if any, payable on application for or acceptance of an award and the period within which payment or notification of payment is to be made or the loan on application for an award is to be repaid*

No payment is to be made on acceptance of an award.

(2) Relevant procedures performed under the 2020 Restricted A Share Incentive Scheme

- ① On 30 March 2020, the Company convened the ninth extraordinary meeting of the ninth session of the Board, at which the Company considered and approved the Resolution in Relation to the 2020 Restricted Share Incentive Scheme of Shandong Chenming Paper Holdings Limited (Draft) and Its Summary and other resolutions. On the same date, the fourth extraordinary meeting of the ninth session of the Supervisory Committee of the Company considered and approved the above resolutions and verified the list of proposed participants of the incentive scheme. Independent Directors of the Company issued independent opinions on the incentive scheme.
- ② On 3 April 2020, the Company announced the list of participants through the Company's internal website for a period from 3 April 2020 to 12 April 2020. During the period, the Supervisory Committee of the Company and relevant departments did not receive any objection against the proposed participants. The Supervisory Committee verified the list of participants under the grant of the incentive scheme.
- ③ On 15 May 2020, the Company convened the 2020 second extraordinary general meeting, the 2020 first class meeting for holders of domestic-listed shares and the 2020 first class meeting for holders of overseas-listed shares, at which the Company considered and approved the Resolution in Relation to the 2020 Restricted Share Incentive Scheme of Shandong Chenming Paper Holdings Limited (Draft) and Its Summary and other resolutions. On 16 May 2020, the Company disclosed the Self-Examination Report for the Trading of Shares of the Company by Insiders and Participants of the 2020 Restricted A Share Incentive Scheme.
- ④ On 29 May 2020, the Company convened the tenth extraordinary meeting of ninth session of the Board and the fifth extraordinary meeting of the ninth session of the Supervisory Committee, at which the Company considered and approved the Resolution on the Matters Relating to Adjustments to the 2020 Restricted A Share Incentive Scheme of the Company and the Resolution in Relation to the Grant of Restricted Shares to the Participants, approving the issue of 79,600,000 restricted A shares to 111 participants at the price of RMB2.85 per share on 29 May 2020.
- ⑤ On 15 July 2020, the 79,600,000 restricted A shares granted to the participants were listed.
- ⑥ On 18 July 2022, the Company convened the second extraordinary meeting of the tenth session of the Board and the first extraordinary meeting of the tenth session of the Supervisory Committee, at which the Company considered and approved the Resolution on the Fulfilment of the Unlocking Conditions of the Restricted Shares Granted under the 2020 Restricted A Share Incentive Scheme during the First Unlocking Period and the Resolution on the Adjustment to the Repurchase Price of the 2020 Restricted A Share Incentive Scheme and Repurchase and Cancellation of Certain Restricted Shares. The independent Directors of the Company issued independent opinions to agree with such resolutions.

IV Corporate Governance, Environment and Society

III. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measure of the Company (Cont'd)

1. Equity incentive (Cont'd)

(2) Relevant procedures performed under the 2020 Restricted A Share Incentive Scheme (Cont'd)

⑥ (Cont'd)

96 participants fulfilled the unlocking conditions for the first unlocking period under the 2020 Restricted A Share Incentive Scheme with 29,948,000 restricted shares being eligible for unlocking. 15 participants had resigned, had changed duty, and had been removed from office, which failed to comply with the unlocking conditions. The total number of restricted shares granted to and held by the participants and not yet been unlocked was 4,466,000 with a repurchase price of RMB2.5184172 per share (excluding the bank loan interest rate for the same term). On 27 July 2022, 29,948,000 restricted A shares that were unlocked were listed for trading.

On 9 October 2022, Grant Thornton (Special General Partnership) issued a Capital Verification Report (Zhi Tong Yan Zi (2022) No. 371C000576), in which they verified the change in the registered capital and paid-in capital (share capital) of the Company as of 30 September 2022. Verification result: As of 30 September 2022, the registered capital and paid-in capital (share capital) of the Company upon the change amounted to RMB2,979,742,200.00 and RMB2,979,742,200.00, respectively.

On 18 October 2022, the Company completed the procedures for the repurchase and cancellation of 4,466,000 restricted A shares with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

⑦ On 17 July 2023, the Company convened the ninth extraordinary meeting of the tenth session of the Board and the fifth extraordinary meeting of the tenth session of the Supervisory Committee, at which the Resolution on the Failure Fulfilment of the Unlocking Conditions for the Second Unlocking Period under the 2020 Restricted A Share Incentive Scheme and Repurchase and Cancellation of Certain Restricted Shares was considered and approved. The independent Directors of the Company issued independent opinions to agree with such resolutions. The results for 2022 of the Company failed to pass the performance appraisal targets at company level set for the second unlocking period. Meanwhile, 5 participants lost their incentive qualification due to their resignation. The Board of the Company repurchased and cancelled 22,929,000 restricted A shares which had been granted to participants but not yet unlocked for the second unlocking period at a repurchase price of RMB2.5184172 per share (excluding the bank loan interest rate for the same term).

On 10 November 2023, Grant Thornton (Special General Partnership) issued a Capital Verification Report (Zhi Tong Yan Zi (2023) No. 371C000518), in which they verified the change in the registered capital and paid-in capital (share capital) of the Company as of 18 October 2023. Verification result: As of 18 October 2023, the registered capital and paid-in capital (share capital) of the Company upon the change amounted to RMB2,956,813,200.00 and RMB2,956,813,200.00, respectively.

On 20 November 2023, the Company completed the procedures for the repurchase and cancellation of 22,929,000 restricted A shares with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

⑧ On 31 July 2024, the Company convened the first special meeting of independent Directors of the tenth session of the Board, the fifteenth extraordinary meeting of the tenth session of the Board and the sixth extraordinary meeting of the tenth session of the Supervisory Committee, at which the Resolution on the Failure Fulfilment of the Unlocking Conditions for the Third Unlocking Period under the 2020 Restricted A Share Incentive Scheme and Repurchase and Cancellation of Restricted Shares was considered and approved. The results for 2023 of the Company failed to pass the performance appraisal targets at company level set for the third unlocking period. The Board of the Company repurchased and cancelled 22,257,000 restricted A shares that had been granted to 93 participants but not yet unlocked at a repurchase price of RMB2.5184172 per share (excluding the bank loan interest rate for the same term).

On 15 November 2024, Grant Thornton (Special General Partnership) issued a Capital Verification Report (Zhi Tong Yan Zi (2024) No. 371C000421), in which they verified the change in the registered capital and paid-in capital (share capital) of the Company as of 6 November 2024. Verification result: As of 6 November 2024, the registered capital and paid-in capital (share capital) of the Company upon the change amounted to RMB2,934,556,200.00 and RMB2,934,556,200.00, respectively.

IV Corporate Governance, Environment and Society

III. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measure of the Company (Cont'd)

1. Equity incentive (Cont'd)

(2) Relevant procedures performed under the 2020 Restricted A Share Incentive Scheme (Cont'd)

⑧ (Cont'd)

On 18 December 2024, the Company completed the procedures for the repurchase and cancellation of the 15,357,000 restricted A shares held by 91 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The procedures for the share repurchase, transfer and cancellation of the 6,900,000 restricted A shares held by 2 participants (both of whom have resigned) were still not completed as they were subject to judicial freeze.

(3) Implementation of the equity incentive plan during the reporting period

As at the beginning and the end of the reporting period, the number of awards to be granted under authority of the Scheme was 0. During the reporting period, the Company did not grant any awards, and accordingly, the number of shares that may be issued in respect of awards granted under all schemes during the reporting period divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the reporting period is not applicable.

In November 2024, pursuant to the 2020 Restricted A Share Incentive Scheme (Draft), the Company made payments to all participants for the repurchase of restricted shares not yet unlocked for the third unlocking period under the 2020 Restricted A Share Incentive Scheme, and handled the share repurchase and cancellation procedures in accordance with the procedures. As at the end of the reporting period, the procedures for the share repurchase, transfer and cancellation of the 6,900,000 restricted A shares held by 2 participants (both of whom have resigned) with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were still not completed as they were subject to judicial freeze. Save as disclosed above, during the reporting period, no other participants held any options or awards under the scheme.

2. Implementation of the employee shareholding plan

☐ Applicable ☒ Not applicable

3. Other employee incentive measure

☐ Applicable ☒ Not applicable

IV Corporate Governance, Environment and Society

IV. Disclosure of environmental information

Whether the listed company and its major subsidiaries are included in the list of enterprises subject to mandatory environmental information disclosure?

☒ Yes ☐ No

Number of enterprises included in the list of enterprises subject to mandatory environmental information disclosure (entities)

7

No.	Name of enterprise	Index for mandatory disclosure reports on environmental information
1	Shandong Chenming Paper Holdings Limited	Mandatory Corporate Environmental Information Disclosure System (Shandong) http://221.214.62.226:8090/EnvironmentDisclosure/
2	Shouguang Meilun Paper Co., Ltd.	Mandatory Corporate Environmental Information Disclosure System (Shandong) http://221.214.62.226:8090/EnvironmentDisclosure/
3	Shouguang Chenming Art Paper Co., Ltd.	Mandatory Corporate Environmental Information Disclosure System (Shandong) http://221.214.62.226:8090/EnvironmentDisclosure/
4	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Mandatory Corporate Environmental Information Disclosure System (Guangdong) https://www-app.gdee.cn/gdeepub/front/dal/report/list?entName=%E6%99%A8%E9%B8%A3&reportType=&areaCode=440800&entType=zdpw&reportDateStartStr=&reportDateEndStr=
5	Huanggang Chenming Pulp & Paper Co., Ltd.	Mandatory Corporate Environmental Information Disclosure System (Hubei) http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=142b6735-b868-4369-b7bc-30f0f5b5ac68&XH=1677749944758009244672
6	Jiangxi Chenming Paper Co., Ltd.	Mandatory Corporate Environmental Information Disclosure System (Jiangxi) http://qyhjxyfpl.sthjt.jiangxi.gov.cn:15004/pilouxiangqing?id=90205301bb6147c9ae47291303f803fe
7	Jilin Chenming Paper Co., Ltd.	Mandatory Corporate Environmental Information Disclosure System (Jilin) http://36.135.7.198:9015/index

IV Corporate Governance, Environment and Society

V. Social responsibility

During the reporting period, the Company adhered to its corporate mission of “Creating Value, Contributing to Society” as always, continued to focus on protecting the rights and interests of shareholders, employees, customers, suppliers and other stakeholders, put the concept of low-carbon and green development into practice, and fulfilled its social responsibilities.

1. Protecting the rights and interests of shareholders and creditors

The Company continued to optimise its corporate governance structure, improved its internal control system, strictly implemented the insider information registration and management system, and diligently fulfilled its information disclosure obligations to ensure the truthfulness, accuracy, timeliness, completeness and fairness of information disclosure, thereby continuously enhancing the transparency and quality of information disclosure. At the same time, the Company established diverse communication channels, including an investor hotline, the EasyIR platform of the Shenzhen Stock Exchange, an email, and results briefings. During the reporting period, the Company hosted the 2024 Online Results Briefing via the Panorama • Interactive Platform for Investors Relationship, and actively participated in the “2025 Online Collective Reception Day for Investors of Listed Companies in Shandong”, such that investors were able fully understand the operating results and financial position of the Company. General meetings were held both on-site and online, while counting the votes of minority shareholders separately on all resolutions to ensure their rights to information and voting on major matters of the Company. Besides, in response to certain overdue debts, the Company took the initiative to communicate with its creditors to negotiate reasonable debt repayment solutions, such as loan term extensions and adjusted repayment plans. The Company made every effort to secure working capital through multiple channels and promoted resumption of work and production, striving to protect the legitimate rights and interests of its creditors.

2. Protecting the rights and interests of employees

In strict compliance with the Labour Law, the Labour Contract Law and other laws and regulations, the Company upheld its employment philosophy of “Cultivating Talents, Retaining Talents, and Making Good Use of Talents” to strengthen humanistic care, emphasise employee empowerment and skill development, and enhance the sense of happiness, fulfilment and belonging among employees. The Company fully implemented the production safety accountability system, promoted awareness of laws and regulations related to production safety, organised regular training sessions on production safety, and conducted emergency drills to improve safety awareness among all employees. The trade union committee fully played a role as a bridge, enriched the cultural and sports activities for employees, facilitated communication channels for employees, and enabled flat and efficient management to boost productivity and satisfaction of employees. The Company valued the career development and personal growth of employees, and implemented training programs by levels and types. It established the Cadre Management Measures, the Recruitment Standards and Onboarding Management Measures, the Implementation Rules for Seniority and Professional Title Allowances and other policies and systems to optimise hiring mechanisms and performance appraisal systems so as to ensure fair and reasonable compensation for employees and foster their mutual growth with the Company.

3. Protecting the rights and interests of customers and suppliers

The Company upheld its core values of “Integrity, Win-Win and Sharing” as always by placing high importance on protecting the rights and interests of customers and suppliers while striving to maintain harmonious partnerships with customers and suppliers. In protecting the rights and interests of customers, the Company adhered to its marketing philosophy of “Integrity, Mutual Benefit and Better Future for All”. It was customer-centred and market demand-oriented, and constantly improved service quality to meet customer demand and create benefits of branding. At the same time, it highly regarded follow-up services for customers, optimised complaint handling procedures, and improved service quality to constantly increase customer satisfaction. In protecting the rights and interests of suppliers, the Company followed the principles of fairness and mutual benefit, and continued to refine supply chain management. By improving the Procurement and Tender Management System, the Company enhanced transparency in procurement processes, and thus created a level playing field for suppliers. Meanwhile, the Company also prioritised strategic cooperation with high-quality suppliers, and fostered long-term collaboration to improve supply chain quality, efficiency and stability, achieving cost reduction and efficiency enhancement. During the reporting period, the Company revised various systems, including the Commodity Pulp Procurement Standards and Process Control Management System and the Coal Procurement, Sampling and Testing Management Standards, which further reinforced supply chain management and improved the supply chain management standard.

IV Corporate Governance, Environment and Society

V. Social responsibility (Cont'd)

4. Protecting the ecological environment

The Company steadfastly put the development philosophy of “lucid waters and lush mountains are invaluable assets” into practice, was guided by the principle of “green development, eco-friendly Chenming”, and resolutely pursued the high quality development path of giving priority to the ecology and adopting a green and low-carbon policy, achieving a “win-win” situation in terms of economic benefits and environmental benefits. During the reporting period, the Company fully implemented local environmental policies across its production bases in response to the national “Dual Carbon” strategic goal and in strict compliance with the Environmental Protection Law of the People’s Republic of China, the Law on the Prevention and Control of Air Pollution of the People’s Republic of China, the Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People’s Republic of China, the Law on the Prevention and Control of Water Pollution of the People’s Republic of China, and other environmental laws and regulations. By introducing clean production, strengthening “three wastes” management, and reinforcing energy-saving and emission-reduction measures, the Company established a comprehensive environmental governance system. Advanced pollution treatment facilities, including the alkali recovery system, reclaimed water treatment system, reclaimed water reuse system, and black liquor comprehensive utilisation system, were installed to ensure all emission indicators met national environmental protection standards. Meanwhile, the Company placed strong emphasis on technological innovation, integrated eco-design principles into product processes, and actively developed green products, so as to earnestly assume its social responsibility to protect the ecological environment, and facilitate harmonious and mutually beneficial development for both the enterprise and society.

VI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited

(I) Compliance with the Code on Corporate Governance

The Company maintained high standards of corporate governance practices through various internal controls. The Board reviews the corporate governance practices of the Company from time to time to enhance the corporate governance standards of the Company. The Company had fully complied with all the principles and code provisions of the Code on Corporate Governance as set out in Appendix C1 to the Hong Kong Listing Rules during the reporting period, except for the following:

Code provision B.2.2 of the Code on Corporate Governance stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The terms of office of the tenth session of the Board of Directors and the Supervisory Committee of the Company have expired on 15 June 2025. Given that the election of new sessions of the Board of Directors and the Supervisory Committee of the Company has not yet been completed, the terms of office of the Board of Directors its special committees, the Supervisory Committee, and senior management will be extended accordingly. For details, please refer to the relevant announcement disclosed by the Company on CNINFO on 14 June 2025 (Announcement No.: 2025-045) and the announcement disclosed by the Company on the website of Hong Kong Stock Exchange on 13 June 2025.

(II) Securities transactions by Directors

The Directors of the Company confirmed that the Company had adopted the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 to the Hong Kong Listing Rules. Having made adequate enquiries with all Directors and Supervisors of the Company, the Company was not aware of any information that reasonably suggested that the Directors and Supervisors had not complied with the requirements as stipulated in this code during the reporting period.

V Material Matters

I. Undertakings made by parties involved in undertakings including the Company's beneficial controllers, shareholders, related parties, bidders and the Company fulfilled during the reporting period and not yet fulfilled within the prescribed time period as at the end of the reporting period

☐ Applicable ☒ Not applicable

During the reporting period, there were no such undertakings in respect of the Company as those made by parties involved in undertakings including the Company's beneficial controllers, shareholders, related parties, bidders and the Company fulfilled during the reporting period and not yet fulfilled within the prescribed time period as at the end of the reporting period.

II. Appropriation of funds of the Company by the controlling shareholder and other related parties for non-operating purposes

☐ Applicable ☒ Not applicable

There was no appropriation of funds of the Company by the controlling shareholder and other related parties for non-operating purposes during the reporting period.

III. External guarantees against the rules and regulations

☐ Applicable ☒ Not applicable

There was no external guarantee provided by the Company which was against the rules and regulations during the reporting period.

IV. Engagement or dismissal of accounting firms

Has the interim financial report been audited?

☐ Yes ☒ No

The interim report of the Company is unaudited.

V. Opinions of the Board and the Supervisory Committee regarding the "modified auditor's report" for the reporting period issued by the accountants

☐ Applicable ☒ Not applicable

V Material Matters

VI. Opinions of the Board regarding the “modified auditor’s report” for the prior year

☒ Applicable ☐ Not applicable

Grant Thornton (Special General Partnership) issued an audit report with a qualified opinion on the 2024 financial report of the Company. The Board of the Company had provided a special statement on the relevant matters. For details, please refer to the Special Statement of the Board of Directors on Matters Related to the 2024 Annual Audit Report disclosed on CNINFO on 1 April 2025 and the overseas regulatory announcement disclosed on the website of Hong Kong Stock Exchange on 31 March 2025 by the Company.

During the reporting period, the Company attached great importance to the matters covered in the audit report with a qualified opinion. With the support of government authorities at all levels, the Company actively promoted the implementation of various tasks such as resumption of operation and production, grant of syndicated loan, debt restructuring, introduction of strategic investments and asset disposal. It also took various measures to raise liquidity and strove to improve its ability to continue as a going concern with a view to eliminating the relevant matters and their effect as soon as possible and effectively safeguarding the interests of the Company and all its shareholders. As of the end of the reporting period, the production of certain production lines of the Huanggang production base, the Jiangxi production base and Shouguang production base of the Company was normal. By fully leveraging the shutdown period for equipment maintenance and upgrading, equipment integrity and operational efficiency were enhanced. For the production lines that had resumed operation and production, the Company adopted whole process control over the procurement of raw materials, cost savings, quality improvement and many other respects. The Company made huge efforts in cash flow and cost management and control to gradually restore its profitability. At the same time, the Company actively strengthened communication with financial institutions, and implemented relevant work on maturity extension, interest rate reduction and interest settlement cycle extension, and the syndicated loan of RMB2.31 billion specifically for the resumption of operation and production with the support of government authorities and financial institutions. As at the disclosure date of this report, the syndicated loan of RMB2.31 billion was approved. In addition, the Company was actively introducing strategic investments by engaging and negotiating with interested strategic investors and strong companies. The Company strengthened its communication with creditors to negotiate solutions such as extension of loan terms, interest rate reduction and adjustment of repayment plans. The Company revitalised and disposed of its existing assets by strengthening the disposal of assets in its non-principal business and establishing an asset management centre, thus improving the efficiency of asset disposal. As at the end of the reporting period, the Company disposed of idle and non-core assets worth RMB587.7304 million. The Company stepped up efforts to recover outstanding debts to enhance its liquidity. The Company made every effort to secure its liquidity, and advanced resumption of operation and production as soon as possible, thus achieving sustainable and stable operation of the Company, restoring its profitability and solvency, effectively mitigating debt risks and safeguarding the interests of public investors.

VII. Matters related to bankruptcy and reorganisation

☐ Applicable ☒ Not applicable

There was no matter related to bankruptcy and reorganisation during the reporting period.

V Material Matters

VIII. Litigation

Material litigation and arbitration

☒ Applicable ☐ Not applicable

General information on the litigation (arbitration)	Amount involved	Whether provisions are made	Progress	Trial results and impact	Enforcement of judgment	Disclosure date	Disclosure index
Statutory demand and winding-up petition	HK\$389,112,432.44	No	On 15 May 2025, an application was made by Arjowiggins HKK2 Limited ("HKK2") to the court by way of a summons (the "Petitioner's Summons") for an order that the stay of the winding-up petition be lifted and to restore the hearing of the winding-up petition. On 13 June 2025, the Company and HKK2 jointly applied to dismiss the Petitioner's Summons by way of consent summons.	On 20 June 2025, the Company received the order made by the Court of First Instance dismissing the Petitioner's Summons and the winding-up petition.	The judgment was enforced.	28 June 2025 27 June 2025	http://www.cninfo.com.cn (Announcement No. 2025-046) http://www.hkex.com.hk

Other litigations

☒ Applicable ☐ Not applicable

General information on the litigation (arbitration)	Amount involved (RMB'0,000)	Whether provisions are made	Progress	Trial results and impact	Enforcement of judgment	Disclosure date	Disclosure index
Summary of matters subject to litigation (arbitration) in which Chenming Leasing is the plaintiff	46,432.83	No	The amount involved in ongoing cases was RMB62.9575 million; the amount involved in resolved cases was RMB401.3708 million.	For resolved litigations, the court ordered relevant defendant and guarantor to settle outstanding loans to the Company, in line with the request of the Company and would not have any significant impact on the operations and financial position of the Company.	The judgment is being enforced.	24 January 2025, 1 March 2025, 12 April 2025, 24 May 2025, and 23 January 2025, 28 February 2025, 11 April 2025, and 23 May 2025	http://www.cninfo.com.cn (Announcements No. 2025-003, 2025-008, 2025-034 and 2025-044) and http://www.hkex.com.hk
Summary of matters subject to litigation (arbitration) in which the Company and other subsidiaries of the Company are the plaintiffs	43,406.09	No	The amount involved in ongoing cases was RMB139.3753 million; the amount involved in resolved cases was RMB294.6856 million.	The cases had no significant impact on the operations and financial position of the Company.	The judgment is being enforced.		
Summary of matters subject to litigation (arbitration) in which the Company and other subsidiaries of the Company are the defendants	777,818.36	Provision of RMB5.935 million	The amount involved in ongoing cases was RMB4,979.8001 million; the amount involved in resolved cases was RMB2,798.3835 million.	The cases were properly resolved through communication and negotiation, an active defence, and reaching settlements with creditors.	The judgment is being enforced.		

V Material Matters

IX. Punishment and rectification

☐ Applicable ☒ Not applicable

During the reporting period, there was no punishment and rectification against the Company.

X. Credibility of the Company, its controlling shareholders and beneficial controllers

☒ Applicable ☐ Not applicable

According to information disclosed on the China Enforcement Information Online, during the reporting period, the Company and Zhanjiang Chenming were listed as dishonest persons subject to enforcement for failing to fulfil obligations as determined by effective legal documents issued by the court, which involved two cases of dishonesty. Neither the Company's controlling shareholder nor its actual controller is listed as a dishonest person subject to enforcement.

XI. Significant related party transactions

1. Related party transactions associated with day-to-day operation

☒ Applicable ☐ Not applicable

Related party	Relationship with the Company	Types of the related party transactions	Subject matter of the related party transactions	Pricing basis of the related party transaction	Related party transaction price	Amount of related party transactions (RMB'0,000)	Percentage as the amount of similar transactions	Amount of transactions approved (RMB'0,000)	Whether exceeding approved cap	Settlement of related party transactions	Market price of available similar transaction	Disclosure date	Disclosure index
Weifang Port Area Wood Chip Port Co., Ltd	Joint venture	Labour services	Port miscellaneous fees	Market price	Market price	233.33	3.88%	11,000.00	No	Bank acceptance and telegraphic transfer	N/A	1 April 2025	http://www.cninfo.com.cn
Total				—	—	233.33	—	11,000.00	—	—	—	—	—
Particulars on refund of bulk sale							No						
Estimated total amount for day-to-day related party transactions to be conducted during the period (by types of transactions) and their actual implementing during the reporting period (if any)							No						
Reasons for large differences between transaction price and market reference price (if applicable)							N/A						

2. Related party transaction in connection with purchase or sale of assets or equity interest

☐ Applicable ☒ Not applicable

There was no related party transaction of the Company in connection with purchase or sale of assets or equity interest during the reporting period.

3. Related party transaction connected to joint external investment

☐ Applicable ☒ Not applicable

There was no related party transaction of the Company connected to joint external investment during the reporting period.

V Material Matters

XI. Significant related party transactions (Cont'd)

4. Related creditors' rights and debts transactions

☒ Applicable ☐ Not applicable

Was there any non-operating related creditors' rights and debts transaction

☒ Yes ☐ No

Creditor's rights receivable from any related party

Related party	Relationship with the Company	Reason	Was there any non-operating capital occupation	Opening balance (RMB'0,000)	Amount increased during the current period (RMB'0,000)	Amount recovered during the current period (RMB'0,000)	Interest rate	Interest for the current period (RMB'0,000)	Closing balance (RMB'0,000)
Shouguang Meite Environmental Technology Co., Ltd.	Joint venture	Financial support	No	1,106.33			6.00%	31.46	1,137.78
Weifang Port Area Wood Chip Port Co., Ltd	Joint venture	Financial support	No	7,939.77			6.00%	190.05	8,129.82
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	An associate	Financial support	No	23,809.34		6,548.31	4.75%	536.11	17,797.13
Effect of related creditors' rights on the operating results and financial position of the Company			The above creditors' rights did not affect the ordinary operation of the Company. Moreover, they catered to the needs for development of existing businesses of the above entities, as well as lowered the finance costs.						

Debts payable to any related party

Related party	Relationship with the Company	Reason	Opening balance (RMB'0,000)	Amount increased during the current period (RMB'0,000)	Amount repaid during the current period (RMB'0,000)	Interest rate	Interest for the current period (RMB'0,000)	Closing balance (RMB'0,000)
Chenming Holdings Company Limited	Controlling shareholder	Financial support	3,850.00		248.98	Market interest rate	82.96	3,683.98
Guangdong Nanyue Bank Co., Ltd.	An associate	Borrowing	85,789.00		9,960.00	Market interest rate	4,742.23	75,829.00
Effect of related debts on the operating results and financial position of the Company			Financial support was provided by Chenming Holdings without requiring any pledge or guarantee, which was a testament to its support for the future development of the Company, and helped the Company promote project construction and satisfy its needs for working capital.					

V Material Matters

XI. Significant related party transactions (Cont'd)

5. Deals with related financial companies

☐ Applicable ☒ Not applicable

There were no deposits, loans, credits, or other financial services between the Company, its related financial companies and the related parties.

6. Deals between financial companies controlled by the company and related parties

☐ Applicable ☒ Not applicable

There were no deposits, loans, credits, or other financial services between the financial companies controlled by the Company and the related parties.

7. Other significant related party transactions

☐ Applicable ☒ Not applicable

There was no other significant related party transaction of the Company during the reporting period.

XII. Material contracts and implementation

1. Custody, contracting and leasing

(1) Custody

☐ Applicable ☒ Not applicable

There was no custody of the Company during the reporting period.

(2) Contracting

☒ Applicable ☐ Not applicable

Contracting description

In April 2023, Jiangxi Chenming, a subsidiary, acquired equity interest in Jiangxi Port, which was included in the scope of consolidation. The principal activities of Jiangxi Port is goods loading and transportation at wharf. In order to revitalise Jiangxi Port and enhance economic benefits to the Company, Jiangxi Chenming has contracted the businesses of Jiangxi Port to Jiangxi Yirong Investment Co., Ltd. for 5 years, and receives fixed contracting fees of RMB4.00 million per year on quarterly basis.

A project which generates profit or loss for the Company representing more than 10% of the Company's total profit during the reporting period

☐ Applicable ☒ Not applicable

The Company did not have any contracting project that brought profit or loss to the Company amounting to more than 10% of the total profit of the Company during the reporting period.

V Material Matters

XII. Material contracts and implementation (Cont'd)

1. Custody, contracting and leasing (Cont'd)

(3) Leasing

☒ Applicable ☐ Not applicable

Leasing description:

As a lessee

The Company has simplified the treatment of short-term leases and leases of low-value assets by not recognising right-of-use assets and lease liabilities. The charges to expense for short-term leases, low-value assets and variable lease payments not included in the measurement of lease liabilities during the current period are as follows:

Unit: RMB

Item	First half of 2025
Low-value leases	2,220,927.78
Total	2,220,927.78

As a lessor

Where an operating lease is formed:

According to paragraph 58 of the new lease standard, the lessor shall disclose in the notes the following information related to operating leases:

- ① Lease income, and make separate disclosure of income related to variable lease payments not included in lease receipts

Unit: RMB

Item	First half of 2025
Lease income	60,638,854.58

- ② The amount of undiscounted lease receipts to be received in each of the five consecutive fiscal years after the balance sheet date and the total amount of undiscounted lease receipts to be received in the remaining years

Unit: RMB

Year	30 June 2025
Within 1 year after the balance sheet date	113,444,741.22
1 to 2 years after the balance sheet date	116,223,430.35
2 to 3 years after the balance sheet date	124,807,602.90
3 to 4 years after the balance sheet date	134,385,334.75
4 to 5 years after the balance sheet date	141,878,129.24
More than 5 years after the balance sheet date	140,844,716.92
Total	771,583,955.38

V Material Matters

XII. Material contracts and implementation (Cont'd)

1. Custody, contracting and leasing (Cont'd)

(3) Leasing (Cont'd)

② (Cont'd)

A project which generates profit or loss for the Company representing more than 10% of the Company's total profit during the reporting period

☐ Applicable ☒ Not applicable

The Company did not have any leasing project that brought profit or loss to the Company amounting to more than 10% of the total profit of the Company during the reporting period.

2. Significant guarantees

☒ Applicable ☐ Not applicable

(1) Guarantees

During the reporting period, the Company provided guarantee to subsidiaries and the guarantee amount incurred was RMB4,329.6553 million. As at 30 June 2025, the balance of the external guarantee provided by the Company (including the guarantee to its subsidiaries by the Company and the guarantee provided to subsidiaries by subsidiaries) amounted to RMB19,754.8803 million, representing 371.42% of the equity attributable to shareholders of the Company as at the end of June 2025, of which overdue guarantees amounted to RMB1,978.7067 million.

Unit: RMB'0,000

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Weifang Port Area Wood Chip Port Co., Ltd	24 July 2017	17,500.00	20 December 2017	7,840.00	Joint and several liability	Credit guarantee	No	10 years	No	Yes
Zhanjiang Runbao Trading Co., Ltd.	28 March 2024	16,000.00	25 April 2024	16,000.00	Pledged	34.64% equity interest in Wuhan Chenming Properties	Equity transfer payment of RMB160 million	2 years	No	No
Zhanjiang Dingjin Trading Co., Ltd.	7 December 2022	13,558.19	7 December 2022	13,558.19	Charged	Properties	Remaining equity transfer payment of RMB136 million	3 years	No	No
Shanghai Shuilian Trading Co., Ltd.	7 December 2022	45,700.00	7 December 2022	45,000.00	Pledged	100% equity interest in Shanghai Chongmin	80% equity interest in Taixing Port held by Shanghai Huahao	3 years	No	No
Weifang Xingchen Trading Co., Ltd.	25 April 2025	550,000.00	-	-	-	-	-	6 years	No	No
Total external guarantees approved during the reporting period (A1)				550,000.00	Total actual external guarantees during the reporting period (A2)				-	
Total external guarantees approved at the end of the reporting period (A3)				642,758.19	Balance of total actual guarantees at the end of the reporting period (A4)				82,398.19	

V Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Guarantees between the Company and its subsidiaries								
		Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2016	27,500.00	14 March 2016	27,500.00	Joint and several liability guarantee	No	No	12 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	27 October 2017	94,000.00	26 March 2018	94,000.00	Joint and several liability guarantee	No	No	11 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2022	24,154.03	17 June 2022	24,154.03	Joint and several liability guarantee	No	No	3 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2023	98,007.23	2 June 2023	98,007.23	Joint and several liability guarantee	No	No	3 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	28 March 2024	314,226.55	16 May 2024	314,226.55	Joint and several liability guarantee	No	No	2 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	31 March 2025	1,070,000.00	20 May 2025	33,778.00	Joint and several liability guarantee	No	No	1 year	No	No
Shouguang Meilun Paper Co., Ltd.	28 March 2020	45,341.50	9 September 2021	45,341.50	Joint and several liability guarantee	No	No	5 years	No	No
Shouguang Meilun Paper Co., Ltd.	30 March 2022	42,322.79	24 May 2022	42,322.79	Joint and several liability guarantee	No	No	5 years	No	No
Shouguang Meilun Paper Co., Ltd.	30 March 2023	84,814.78	9 June 2023	84,814.78	Joint and several liability guarantee	No	No	7 years	No	No
Shouguang Meilun Paper Co., Ltd.	28 March 2024	111,121.49	24 May 2024	111,121.49	Joint and several liability guarantee	No	No	4 years	No	No

V Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Guarantees between the Company and its subsidiaries										
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Shouguang Meilun Paper Co., Ltd.	31 March 2025	470,000.00	20 May 2025	37,643.37	Joint and several liability guarantee	No	No	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	27 March 2018	11,594.74	28 February 2022	11,594.74	Joint and several liability guarantee	No	No	5 years	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2022	9,609.49	23 May 2023	9,609.49	Joint and several liability guarantee	No	No	3 years	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2023	9,533.46	8 September 2023	9,533.46	Joint and several liability guarantee	No	No	3 years	No	No
Jiangxi Chenming Paper Co., Ltd.	28 March 2024	175,412.16	31 May 2024	175,412.16	Joint and several liability guarantee	No	No	1.5 years	No	No
Jiangxi Chenming Paper Co., Ltd.	31 March 2025	300,000.00	22 May 2025	8,195.00	Joint and several liability guarantee	No	No	1 year	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2016	75,364.00	16 December 2019	75,364.00	Joint and several liability guarantee	No	No	12 years	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2022	25,385.32	20 May 2022	25,385.32	Joint and several liability guarantee	No	No	4 years	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2023	26,412.69	18 July 2023	26,412.69	Joint and several liability guarantee	No	No	4 years	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	28 March 2024	34,748.06	19 July 2024	34,748.06	Joint and several liability guarantee	No	No	1 year	No	No

V Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Guarantees between the Company and its subsidiaries								
		Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Huanggang Chenming Pulp & Paper Co., Ltd.	31 March 2025	260,000.00	20 May 2025	9,000.00	Joint and several liability guarantee	No	No	1 year	No	No
Huanggang Chenming Paper Technology Co., Ltd.	31 March 2025	20,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Chenming (HK) Limited	30 March 2023	3,774.46	4 January 2024	3,774.46	Joint and several liability guarantee	No	No	6 years	No	No
Chenming (HK) Limited	28 March 2024	9,126.09	7 May 2025	9,126.09	Joint and several liability guarantee	No	No	1 year	No	No
Chenming (HK) Limited	31 March 2025	250,000.00	3 June 2025	1,354.83	Joint and several liability guarantee	No	No	1 year	No	No
Zhanjiang Chenming Arboriculture Development Co., Ltd.	30 March 2023	4,416.00	29 March 2024	4,416.00	Joint and several liability guarantee	No	No	2 years	No	No
Zhanjiang Chenming Arboriculture Development Co., Ltd.	31 March 2025	10,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Jilin Chenming Paper Co., Ltd.	30 March 2023	18,000.00	15 December 2023	18,000.00	Joint and several liability guarantee	No	No	2 years	No	No
Jilin Chenming Paper Co., Ltd.	28 March 2024	36,901.28	19 June 2024	36,901.28	Joint and several liability guarantee	No	No	2 years	No	No
Jilin Chenming Paper Co., Ltd.	31 March 2025	100,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No

V Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Guarantees between the Company and its subsidiaries										
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Shouguang Chenming Art Paper Co., Ltd.	31 March 2025	5,000.00	–	–	Joint and several liability guarantee	No	No	1 year	No	No
Chenming (Singapore) Co., Ltd.	31 March 2025	50,000.00	–	–	Joint and several liability guarantee	No	No	1 year	No	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	30 March 2023	15,000.00	8 February 2024	15,000.00	Joint and several liability guarantee	No	No	1 year	No	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	28 March 2024	144,982.19	14 August 2024	144,982.19	Joint and several liability guarantee	No	No	1 year	No	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	31 March 2025	185,000.00	–	–	Joint and several liability guarantee	No	No	1 year	No	No
Shanghai Hongtai Property Management Co., Ltd.	19 April 2023	199,954.55	2 June 2023	199,954.55	Joint and several liability guarantee	No	No	15 years	No	No
Shanghai Hongtai Property Management Co., Ltd.	31 March 2025	210,000.00	–	–	Joint and several liability guarantee	No	No	1 year	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	30 March 2022	899.62	13 February 2023	899.62	Joint and several liability guarantee	No	No	3 years	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	28 March 2024	57,080.00	4 June 2024	57,080.00	Joint and several liability guarantee	No	No	1 year	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	31 March 2025	80,000.00	–	–	Joint and several liability guarantee	No	No	1 year	No	No

V Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Guarantees between the Company and its subsidiaries										
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Shanghai Heruiming Property Management Co., Ltd.	19 June 2024	7,998.00	23 May 2024	7,998.00	Joint and several liability guarantee	No	No	1 year	No	No
Shanghai Heruiming Property Management Co., Ltd.	31 March 2025	10,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Jilin Chenming Pulp & Fiber Trading Co., Ltd.	28 March 2024	1,000.00	24 September 2024	1,000.00	Joint and several liability guarantee	No	No	1 year	No	No
Jilin Chenming Pulp & Fiber Trading Co., Ltd.	31 March 2025	5,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Shouguang Chenming Import and Export Trade Co., Ltd.	28 March 2024	43,999.30	25 August 2024	43,999.30	Joint and several liability guarantee	No	No	1 year	No	No
Shouguang Chenming Import and Export Trade Co., Ltd.	31 March 2025	100,000.00	27 June 2025	3,000.00	Joint and several liability guarantee	No	No	1 year	No	No
Hainan Chenming Technology Co., Ltd.	30 March 2023	5,000.00	10 April 2024	5,000.00	Joint and several liability guarantee	No	No	1 year	No	No
Hainan Chenming Technology Co., Ltd.	28 March 2024	36,380.85	15 October 2024	36,380.85	Joint and several liability guarantee	No	No	1 year	No	No
Hainan Chenming Technology Co., Ltd.	31 March 2025	80,000.00	10 June 2025	3,960.00	Joint and several liability guarantee	No	No	1 year	No	No
Shandong Chenming Paper Sales Co., Ltd.	31 March 2025	200,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No

V Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Guarantees between the Company and its subsidiaries										
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Shandong Chenming Paper Co., Ltd.	31 March 2025	150,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Chenming (Overseas) Co., Ltd.	31 March 2025	30,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Nanchang Chenming Arboriculture Development Co., Ltd.	31 March 2025	3,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Jiangxi Chenming Logistics Co., Ltd.	31 March 2025	3,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Shouguang Chenming Papermaking Machine Co., Ltd.	31 March 2025	3,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Shouguang Hongxiang Printing and Packaging Co., Ltd.	31 March 2025	3,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Shouguang Hongyi Decorative Packaging Co., Ltd.	31 March 2025	3,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Shouguang Chenming Modern Logistic Co., Ltd.	31 March 2025	3,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Shandong Grand View Hotel Co., Ltd.	31 March 2025	5,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Foshan Chenming Import and Export Trade Co., Ltd.	31 March 2025	30,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No

V Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Guarantees between the Company and its subsidiaries										
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Shanghai Hongtai Property Management Co., Ltd.	31 March 2025	10,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Zhanjiang Chenming Technology Development Co., Ltd.	31 March 2025	20,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Total amount of guarantee provided for subsidiaries approved during the reporting period (B1)		3,668,000.00	Total amount of guarantee provided for subsidiaries during the reporting period (B2)		432,965.53					
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (B3)		5,462,060.64	Total balance of guarantee provided for subsidiaries as at the end of the reporting period (B4)		1,890,991.84					

Guarantees between subsidiaries										
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Shouguang Meilun Paper Co., Ltd.	31 March 2025	60,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Shouguang Meilun Paper Co., Ltd.	31 March 2025	30,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	31 March 2025	70,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	31 March 2025	20,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No
Huanggang Chenming Port Service Co., Ltd.	31 March 2025	3,000.00	15 May 2025	600.00	Joint and several liability guarantee	No	No	1 year	No	No
Hubei Chenming Technology Industrial Co., Ltd.	31 March 2025	50,000.00	-	-	Joint and several liability guarantee	No	No	1 year	No	No

V Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantees between subsidiaries					Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
			Guarantee date	Guarantee provided	Type of guarantee	Collateral					
Jilin Chenming Pulp & Fiber Trading Co., Ltd.	31 March 2025	3,000.00	15 May 2025	1,000.00	Joint and several liability guarantee	No	No	1 year	No	No	
Zhanjiang Chenming Arboriculture Development Co., Ltd.	31 March 2025	5,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Foshan Chenming Import and Export Trade Co., Ltd.	31 March 2025	3,000.00	15 May 2025	498.00	Joint and several liability guarantee	No	No	1 year	No	No	
Hainan Chenming Technology Co., Ltd.	31 March 2025	10,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Jiangxi Chenming Paper Co., Ltd.	31 March 2025	1,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Jiangxi Chenming Paper Co., Ltd.	31 March 2025	1,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Jiangxi Chenming Paper Co., Ltd.	31 March 2025	1,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Shandong Chenming Paper Co., Ltd.	31 March 2025	5,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Shandong Chenming Paper Co., Ltd.	31 March 2025	50,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Shandong Chenming Paper Co., Ltd.	31 March 2025	20,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Shandong Chenming Paper Co., Ltd.	31 March 2025	15,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Shandong Chenming Paper Co., Ltd.	31 March 2025	20,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Zhanjiang Chenming Technology Development Co., Ltd.	31 March 2025	120,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	
Zhanjiang Chenming Technology Development Co., Ltd.	31 March 2025	20,000.00	—	—	Joint and several liability guarantee	No	No	1 year	No	No	

V Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantees between subsidiaries							Guarantee to related parties or not
			Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	
Nanchang Shengheng Trading Co., Ltd.	31 March 2025	70,000.00	–	–	Joint and several liability guarantee	No	No	1 year	No	No
Nanchang Shengheng Trading Co., Ltd.	31 March 2025	20,000.00	–	–	Joint and several liability guarantee	No	No	1 year	No	No
Jilin Chenming Logistics Co., Ltd.	31 March 2025	30,000.00	–	–	Joint and several liability guarantee	No	No	1 year	No	No
Jilin Chenming Logistics Co., Ltd.	31 March 2025	10,000.00	–	–	Joint and several liability guarantee	No	No	1 year	No	No
Huanggang Chenming Paper Technology Co., Ltd.	25 April 2025	43,915.77	–	–	Joint and several liability guarantee	No	No	3 years	No	No
Total amount of guarantee provided for subsidiaries approved during the reporting period (C1)			680,915.77	Total amount of guarantee provided for subsidiaries during the reporting period (C2)						2,098.00
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (C3)			680,915.77	Total balance of guarantee provided for subsidiaries as at the end of the reporting period (C4)						2,098.00

Total amount of guarantee provided (i.e. sum of the above three guarantee amount)				
Total amount of guarantee approved during the reporting period (A1+B1+C1)	4,898,915.77	Total amount of guarantee during the reporting period (A2+B2+C2)		435,063.53
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)	6,785,734.60	Total balance of guarantee as at the end of the reporting period (A4+B4+C4)		1,975,488.03
The percentage of total amount of guarantee provided (i.e. A4+B4+C4) to the net assets of the Company				371.42%
Of which:				
Balance of guarantee provided for shareholders, beneficial controllers and its related parties (D)				-
Balance of guarantee directly or indirectly provided for obligors with gearing ratio over 70% (E)				741,439.35
Total amount of guarantee provided in excess of 50% of net assets (F)				1,709,549.87
Sum of the above three amount of guarantee (D+E+F)				2,450,989.22
For the unexpired guarantee contract, the guarantee liability has occurred during the reporting period or there is evidence showing that it is possible to bear joint liability for repayment (if any)				No
Providing external guarantees in violation of prescribed procedures (if any)				No

Details of composite guarantees

The Company and its subsidiaries jointly provided composite guarantees of RMB5,679.5011 million for the subsidiaries. To avoid duplicated calculation, such amount was only listed and calculated in the guarantees provided by the Company to its subsidiaries.

V Material Matters

XII. Material contracts and implementation (Cont'd)

3. Entrusted wealth management

☐ Applicable ☒ Not applicable

The Company did not have any entrusted wealth management during the reporting period.

4. Other material contracts

☐ Applicable ☒ Not applicable

The Company did not have any other material contracts during the reporting period.

XIII. Other matters of significance

☒ Applicable ☐ Not applicable

1. Overdue of some of the debts, freezing of some of the bank accounts and shutdown of production bases

In recent years, the contradiction between supply and demand in the short term has been prominent due to the concentration of new production capacity in the paper industry coming into production. The prices of the Company's major paper products, in particular the price of white cardboard, have declined significantly under the influence of the supply-demand contradiction. Subsequently, the profit level of the Company has been continuously decreasing, and the Company has even turned from profits into losses; coupled with the situation where some financial institutions have downsized the loan scale, the Company and its subsidiaries have, during certain phases, faced issues of failing to repay some debts as scheduled. In response, some creditors have filed lawsuits against these debts in the court and simultaneously applied for property preservation, and the court has made a ruling to freeze some of the bank accounts of the Company and its subsidiaries. In addition, since the fourth quarter of 2024, certain production lines of the Company have been shut down and maintained. The Company has disclosed the aforementioned matters in accordance with the relevant requirements of the Rules Governing Listing of Stocks on Shenzhen Stock Exchange. As at the end of the reporting period, the Company's cumulative overdue debts amounted to RMB3.821 billion, with 332 bank accounts frozen. The cumulative frozen amount of the frozen bank accounts amounted to RMB39.3805 million (excluding deposits). Certain production lines of the Company were still shut down and maintained.

For details, please refer to the relevant announcements disclosed by the Company on CNINFO on 20 November 2024, 21 December 2024, 24 January 2025 and 1 April 2025 (Announcements No.: 2024-073, 2024-079, 2025-003 and 2025-031) and the announcements disclosed by the Company on the website of Hong Kong Stock Exchange on 19 November 2024, 20 December 2024, 23 January 2025 and 31 March 2025.

XIII. Other matters of significance (Cont'd)

2. Postponement of the elections of the new sessions of the Board and the Supervisory Committee

The terms of office of the tenth sessions of the Board and the Supervisory Committee of the Company expired on 15 June 2025. In the light of, among others, the requirements of the Guidelines for the Articles of Association of Listed Companies and the Transitional Arrangements for the Implementation of the Supporting Rules of the New Company Law issued by the China Securities Regulatory Commission, and the amended supporting rules of Shenzhen Stock Exchange, the Company proposed to systematically amend its Articles of Association and the related internal system, and to hold elections of the new sessions. In order to ensure the continuity and stability of the work of the Board and the Supervisory Committee of the Company, the re-election of the tenth sessions of the Board and the Supervisory Committee of the Company was postponed, and the terms of office of various special committees under the Board and the Senior Management were extended accordingly. Before the completion of the elections of the new sessions, all members of the tenth sessions of the Board and the Supervisory Committee, and special committees under the Board of the Company, and the Senior Management continue to perform their respective duties and obligations in accordance with, among others, relevant laws and regulations, as well as the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, and the Articles of Association. As of the end of the reporting period, the Company was actively preparing the amendments to the relevant systems of the Company and the elections of the new sessions.

For details, please refer to the relevant announcement disclosed by the Company on CNINFO on 14 June 2025 (Announcement No.: 2025-045) and the announcement disclosed by the Company on the website of Hong Kong Stock Exchange on 13 June 2025.

3. Information disclosure index for 2025 Interim Report

Announcement No.	Subject matter	Date of publication	Publication website and index
2025-001	Announcement on Partial Release of Pledge of Shares and Re-Pledge of Shares of Shareholder	3 January 2025	http://www.cninfo.com.cn
2025-002	Announcement on Partial Release of Pledge of Shares and Pledge and Freezing of Shares of Shareholder	24 January 2025	http://www.cninfo.com.cn
2025-003	Announcement in Relation to, Among Others, the Progress in Temporary Shutdown and Maintenance of Certain Production Bases and Cumulative Litigation	24 January 2025	http://www.cninfo.com.cn
2025-004	2024 Annual Results Forecast	24 January 2025	http://www.cninfo.com.cn
2025-005	Announcement on Progress of Dissolution of Shandong Chenming Group Finance Co., Ltd.	15 February 2025	http://www.cninfo.com.cn
2025-006	Announcement on Imposition of Other Risk Warnings in Respect of Shares of the Company and Suspension of Trading in Shares of the Company	20 February 2025	http://www.cninfo.com.cn
2025-007	Announcement on Unusual Price Movement of Shares of the Company	26 February 2025	http://www.cninfo.com.cn

V Material Matters

XIII. Other matters of significance (Cont'd)

3. Information disclosure index for 2025 Interim Report (Cont'd)

Announcement No.	Subject matter	Date of publication	Publication website and index
2025-008	Announcement on New Cumulative Litigation	1 March 2025	http://www.cninfo.com.cn
2025-009	Announcement on Progress of Equity Transfer of Subsidiary and Related Party Transaction	15 March 2025	http://www.cninfo.com.cn
2025-010	Announcement on Judicial Freeze and Waiting Freeze of Shares Held by Shareholders	15 March 2025	http://www.cninfo.com.cn
2025-011	2024 Annual Report Summary	1 April 2025	http://www.cninfo.com.cn
2025-012	Announcement on Resolutions of the Twelfth Meeting of the Ten Session of the Board of Directors	1 April 2025	http://www.cninfo.com.cn
2025-013	Announcement on Resolutions of the Twelfth Meeting of the Ten Session of the Supervisory Committee	1 April 2025	http://www.cninfo.com.cn
2025-014	Notice of 2024 Annual General Meeting	1 April 2025	http://www.cninfo.com.cn
2025-015	Announcement on the 2024 Annual Online Performance Briefing	1 April 2025	http://www.cninfo.com.cn
2025-016	Special Statement on Securities Investment in 2024	1 April 2025	http://www.cninfo.com.cn
2025-017	Announcement on Proposed Non-distribution of Profit for 2024	1 April 2025	http://www.cninfo.com.cn
2025-018	Announcement on Carrying out Factoring Business of Accounts Receivable	1 April 2025	http://www.cninfo.com.cn
2025-019	Announcement on Development of Equipment Financing Business	1 April 2025	http://www.cninfo.com.cn
2025-020	Announcement on Expected Provision of Guarantees to Subsidiaries for 2025	1 April 2025	http://www.cninfo.com.cn
2025-021	Announcement on Re-appointment of Auditor for 2025	1 April 2025	http://www.cninfo.com.cn
2025-022	Announcement on Estimated Day-to-day Related Party Transactions for 2025	1 April 2025	http://www.cninfo.com.cn
2025-023	Announcement on Changes in Accounting Policies	1 April 2025	http://www.cninfo.com.cn
2025-024	Special Statement of the Board of Directors on Matters Related to the 2024 Audit Report	1 April 2025	http://www.cninfo.com.cn
2025-025	Special Statement of the Board of Directors on Matters Related to the 2024 Internal Control Audit Report	1 April 2025	http://www.cninfo.com.cn
2025-026	The Opinion of the Supervisory Committee on the Special Statement of the Board of Directors on Matters Related to the 2024 Audit Report	1 April 2025	http://www.cninfo.com.cn
2025-027	The Opinion of the Supervisory Committee on the Special Statement of the Board of Directors on Matters Related to the 2024 Internal Control Audit Report	1 April 2025	http://www.cninfo.com.cn

V Material Matters

XIII. Other matters of significance (Cont'd)

3. Information disclosure index for 2025 Interim Report (Cont'd)

Announcement No.	Subject matter	Date of publication	Publication website and index
2025-028	Announcement on Imposition of Other Risk Warnings in Respect of Shares of the Company	1 April 2025	http://www.cninfo.com.cn
2025-029	Valuation Enhancement Plan	1 April 2025	http://www.cninfo.com.cn
2025-030	Announcement on the Waiting Freeze of Shares Held by Shareholders	1 April 2025	http://www.cninfo.com.cn
2025-031	Announcement on Cumulative Newly Overdue Debts	1 April 2025	http://www.cninfo.com.cn
2025-032	Indicative Announcement on Change in Shareholding of Controlling Shareholder	12 April 2025	http://www.cninfo.com.cn
2025-033	Announcement on the Partial Release of Pledge of Shares of Shareholder and the New Waiting Freeze	12 April 2025	http://www.cninfo.com.cn
2025-034	Announcement on New Cumulated Litigation	12 April 2025	http://www.cninfo.com.cn
2025-035	Announcement on Resolutions of the Twentieth Extraordinary Meeting of the Tenth Session of the Board of Directors	26 April 2025	http://www.cninfo.com.cn
2025-036	Announcement on External Guarantees Provided by the Company and its Majority-owned Subsidiaries	26 April 2025	http://www.cninfo.com.cn
2025-037	Announcement on the Termination of Construction of Huanggang Chenming Phase II Project	26 April 2025	http://www.cninfo.com.cn
2025-038	Announcement on the Transfer of Non-Controlling Shareholding in a Subsidiary of the Company to Huanggang Technology and the Provision of Guarantee by Huanggang Chenming	26 April 2025	http://www.cninfo.com.cn
2025-039	Announcement on the Addition of Temporary Proposals to the 2024 Annual General Meeting and Supplementary Notice of the General Meeting	26 April 2025	http://www.cninfo.com.cn
2025-040	2025 First Quarterly Report	30 April 2025	http://www.cninfo.com.cn
2025-041	Announcement on Participating in the 2025 Online Collective Reception Day for Investors of Listed Companies in Shandong	14 May 2025	http://www.cninfo.com.cn
2025-042	Results of the 2024 Annual General Meeting	16 May 2025	http://www.cninfo.com.cn
2025-043	Announcement on Progress of Provision of Guarantee to a Subsidiary	16 May 2025	http://www.cninfo.com.cn
2025-044	Announcement on New Cumulated Litigation	24 May 2025	http://www.cninfo.com.cn
2025-045	Indicative Announcement on Postponement of Election of the Board of Directors and the Supervisory Committee	14 June 2025	http://www.cninfo.com.cn
2025-046	Announcement on Progress of Litigation	28 June 2025	http://www.cninfo.com.cn

V Material Matters

XIV. Matters of significant of subsidiaries of the Company

☒ Applicable ☐ Not applicable

1. Dissolution of Shandong Chenming Group Finance Co., Ltd.

On 14 August 2024, the Resolution on Dissolution of Shandong Chenming Group Finance Co., Ltd. was considered and approved at the tenth meeting of the tenth session of the Board convened by the Company, pursuant to which the Board of the Company agreed to authorise the management of the Company to deal with the matters relating to the dissolution of Shandong Chenming Group Finance Co., Ltd.

On 12 February 2025, Shandong Chenming Group Finance Co., Ltd. received the Approval of the National Financial Regulatory Administration on the Dissolution of Shandong Chenming Group Finance Co., Ltd. (Jin Fu [2025] No. 86), which approved the dissolution of Shandong Chenming Group Finance Co., Ltd. Shandong Chenming Group Finance Co., Ltd. will complete the relevant procedures in accordance with the requirements of relevant laws and regulations.

For relevant details, please refer to the relevant announcements disclosed by the Company on CNINFO on 15 August 2024 and 15 February 2025 (announcement number: 2024-047 and 2025-005) and the announcements disclosed by the Company on the website of Hong Kong Stock Exchange on 14 August 2024 and 14 February 2025.

2. Termination of construction of Huanggang Chenming Phase II Project

On 25 April 2025 and 15 May 2025, the Resolution on Termination of Construction of Huanggang Chenming Phase II Project was considered and approved at the twentieth extraordinary meeting of the tenth session of the Board and the 2024 annual general meeting, respectively. In view of market changes and its current operations, in order to avoid further impact of capital expenditures on liquidity and to effectively safeguard the interests of the Company and all shareholders, based on the principle of prudence, the Company terminated the construction of the Huanggang Chenming Phase II Project.

For relevant details, please refer to the relevant announcements disclosed by the Company on CNINFO on 26 April 2025 and 16 May 2025 (announcement number: 2025-037 and 2025-042) and the announcements disclosed by the Company on the website of Hong Kong Stock Exchange on 25 April 2025 and 15 May 2025.

VI Changes in Share Capital and Shareholders

I. Changes in shares

1. Changes in shares

Unit: share

	Opening balance		Change during the reporting period (+/-)					Closing balance	
	Amount	Percentage	New issue	Bonus issue	Shares converted from reserves	Others	Subtotal	Amount	Percentage
I. Restricted shares	30,941,154	1.05%	0	0	0	-5,562,842	-5,562,842	25,378,312	0.86%
1. Shares held by other domestic investors	30,941,154	1.05%	0	0	0	-5,562,842	-5,562,842	25,378,312	0.86%
Including: Shares held by domestic natural persons	30,941,154	1.05%	0	0	0	-5,562,842	-5,562,842	25,378,312	0.86%
II. Non-restricted shares	2,910,515,046	98.95%	0	0	0	5,562,842	5,562,842	2,916,077,888	99.14%
1. RMB ordinary shares	1,675,824,530	56.97%	0	0	0	5,562,842	5,562,842	1,681,387,372	57.16%
2. Domestic listed foreign shares	706,385,266	24.01%	0	0	0	0	0	706,385,266	24.01%
3. Overseas listed foreign shares	528,305,250	17.96%	0	0	0	0	0	528,305,250	17.96%
III. Total number of shares	2,941,456,200	100.00%	0	0	0	0	0	2,941,456,200	100.00%

The reasons for such changes

☒ Applicable ☐ Not applicable

The Shenzhen Branch of China Securities Depository and Clearing Corporation Limited recalculated the statutory quota of transferable shares for the Directors, Supervisors and Senior Management of the Company this year at 25% on the first trading day of this year based on the shares of the Company registered under the names of its Directors, Supervisors and Senior Management on the last trading day of the previous year. Besides, certain Directors and Senior Management of the Company have resigned for more than 6 months, resulting in a change in the locked-up shares of Senior Management. Hence, restricted shares decreased by 5,562,842 RMB ordinary shares in aggregate, while non-restricted shares increased by 5,562,842 RMB ordinary shares in aggregate.

Approval of changes in shareholding

☐ Applicable ☒ Not applicable

Transfer of shares arising from changes in shareholding

☐ Applicable ☒ Not applicable

Progress of share repurchase

☐ Applicable ☒ Not applicable

Progress of decrease in the holding of repurchased shares by way of bidding

☐ Applicable ☒ Not applicable

The effects of changes in shareholding on financial indicators such as basic earnings per share, diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company for the latest year and the latest period

☐ Applicable ☒ Not applicable

Other information considered necessary by the Company or required by the securities regulatory authorities to be disclosed

☐ Applicable ☒ Not applicable

VI Changes in Share Capital and Shareholders

I. Changes in shares (Cont'd)

2. Changes in restricted shares

☒ Applicable ☐ Not applicable

Unit: share

Name of shareholder	Restricted shares at the beginning of the period	Restricted shares released during the period	Restricted shares increased during the period	Restricted shares at the end of the period	Reason for restriction	Date of release from restriction
Hu Changqing	219,643	0	375,000	594,643	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Xingchun	1,125,000	0	375,000	1,500,000	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Weixian	121,575	0	150,000	271,575	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Feng	792,020	0	225,000	1,017,020	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Kang	111,975	0	0	111,975	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Zhenzhong	409,800	0	150,000	559,800	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Mingtang	37,500	0	75,000	112,500	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
Dong Lianming	37,500	0	75,000	112,500	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
Yuan Xikun	44,775	0	22,500	67,275	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
Chen Hongguo	19,080,044	6,270,011	0	12,810,033	Locked-up shares of Directors, Supervisors and Senior Management	On 6 May 2025, the lock-up ratio was adjusted from 100% to 75%.

VI Changes in Share Capital and Shareholders

I. Changes in shares (Cont'd)

2. Changes in restricted shares (Cont'd)

Name of shareholder	Restricted shares at the beginning of the period	Restricted shares released during the period	Restricted shares increased during the period	Restricted shares at the end of the period	Reason for restriction	Date of release from restriction
	6,000,000	0	0	6,000,000	Restricted shares of the participants of the Share Incentive Scheme	The Company made payment for the repurchase of 6,000,000 restricted shares under the Share Incentive Scheme on 1 November 2024. The share repurchase, transfer and cancellation of such restricted shares with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed by the Company as they were subject to judicial freeze.
Li Xueqin	2,061,322	740,331	0	1,320,991	Locked-up shares of Directors, Supervisors and Senior Management	On 6 May 2025, the lock-up ratio was adjusted from 100% to 75%.
	900,000	0	0	900,000	Restricted shares of the participants of the Share Incentive Scheme	The Company made payment for the repurchase of 900,000 restricted shares under the Share Incentive Scheme on 1 November 2024. The share repurchase, transfer and cancellation of such restricted shares with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed by the Company as they were subject to judicial freeze.
Total	30,941,154	7,010,342	1,447,500	25,378,312	—	—

II. Issuance and listing of securities

☐ Applicable ☒ Not applicable

VI Changes in Share Capital and Shareholders

III. Total number of shareholders and shareholdings

Unit: share

Total number of ordinary shareholders as at the end of the reporting period	117,668, of which 99,783 were holders of A shares, 17,568 were holders of B shares and 317 were holders of H shares	Total number of holders of preference shares with restored voting right as at the end of the reporting period	0
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Shareholdings of shareholders interested in more than 5% of the shares of the Company or Top 10 shareholders (excluding the shares lent under refinancing business)

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares held at the end of the reporting period	Changes (increase or decrease) during the reporting period	Number of restricted shares held	Number of non-restricted shares held	Share pledged, marked or frozen Status of shares	Number
CHENMING HOLDINGS COMPANY LIMITED	State-owned legal person	15.50%	455,781,319	0	0	455,781,319	Pledged Frozen	386,811,546 409,956,441
HKSCC NOMINEES LIMITED	Overseas legal person	12.69%	373,409,775	43,750	0	373,409,775	N/A	0
CHENMING HOLDINGS (HONG KONG) LIMITED (Note 1)	Overseas legal person	12.38%	364,131,563	0	0	364,131,563	N/A	0
Jin Xing	Domestic natural person	1.27%	37,385,427	23,347,631	0	37,385,427	N/A	0
Chen Hongguo (Note 2)	Domestic natural person	0.65%	19,080,044	0	12,810,033	6,270,011	Frozen	19,080,044
Ji Zhongqiu	Domestic natural person	0.23%	6,887,174	679,000	0	6,887,174	N/A	0
Xu Hekun	Domestic natural person	0.23%	6,789,900	0	0	6,789,900	N/A	0
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	Overseas legal person	0.20%	5,961,570	-449,000	0	5,961,570	N/A	0
Zou Shilin	Domestic natural person	0.20%	5,908,307	3,412,407	0	5,908,307	N/A	0
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.19%	5,533,559	-9,238,386	0	5,533,559	N/A	0

Strategic investors or general legal persons who become the top ten shareholders due to the placement of new shares

Nil

Related party relationship or acting in concert among the above shareholders

A shareholder, Chenming Holdings (Hong Kong) Limited, which is an overseas legal person, is a wholly-owned subsidiary of a shareholder, Chenming Holdings Company Limited, which is a state-owned legal person. Save for the above, it is not aware that any other shareholders of tradable shares are persons acting in concert. It is also not aware that any other shareholders of tradable shares are related to each other.

Explanation of the aforementioned shareholders' entrusted/entrusted voting rights and waiver of voting rights

Nil

Special explanation for designated repurchase accounts among the top ten shareholders

In November 2024, pursuant to the 2020 Restricted A Share Incentive Scheme (Draft), the Company made payments for the repurchase of restricted shares not yet unlocked for the third unlocking period under the 2020 Restricted A Share Incentive Scheme. In the process of completing the procedures for the share transfer and cancellation, the 6,000,000 restricted shares held by Mr. Chen Hongguo were judicially frozen. Hence, the procedures for the transfer and cancellation of such restricted shares were not yet completed with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The 19,080,044 shares held by Mr. Chen Hongguo, being a domestic natural person, excludes the 6,000,000 restricted shares under the share incentive scheme.

VI Changes in Share Capital and Shareholders

III. Total number of shareholders and shareholdings (Cont'd)

Shareholdings of the top ten non-restricted shareholders
(excluding the shares lent under refinancing business and the locked-up shares of the Senior Management)

Name of shareholder	Number of non-restricted shares held as at the end of the reporting period	Class of shares	Number
CHENMING HOLDINGS COMPANY LIMITED	455,781,319	RMB ordinary shares	455,781,319
HKSCC NOMINEES LIMITED	373,409,775	Overseas listed foreign shares	373,409,775
CHENMING HOLDINGS (HONG KONG) LIMITED (Note 1)	364,131,563	Domestic listed foreign shares Overseas listed foreign shares	210,717,563 153,414,000
Jin Xing	37,385,427	Domestic listed foreign shares	37,385,427
Ji Zhongqiu	6,887,174	RMB ordinary shares	6,887,174
Xu Hekun	6,789,900	Domestic listed foreign shares	6,789,900
Chen Hongguo (Note 2)	6,270,011	RMB ordinary shares	6,270,011
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	5,961,570	Domestic listed foreign shares	5,961,570
Zou Shilin	5,908,307	Domestic listed foreign shares	5,908,307
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	5,533,559	Domestic listed foreign shares	5,533,559

Related party relationship or acting in concert among the top ten shareholders of non-restricted shares, and between the top ten shareholders of non-restricted shares and the top ten shareholders

A shareholder, Chenming Holdings (Hong Kong) Limited, which is an overseas legal person, is a wholly-owned subsidiary of a shareholder, Chenming Holdings Company Limited, which is a state-owned legal person. Save for the above, it is not aware that any other shareholders of tradable shares are persons acting in concert. It is also not aware that any other shareholders of tradable shares are related to each other.

Securities margin trading of top ten ordinary Shareholders

Chenming Holdings Company Limited held 455,781,319 RMB ordinary shares, of which 409,956,441 shares were held through ordinary account and 45,824,878 shares were held through credit guarantee security account.

Note 1: In order to meet its own capital needs, Chenming Holdings (Hong Kong) Limited conducted share financing business with overseas institutions, entrusting 210,717,563 B shares and 153,414,000 H shares of the Company held by it to the custody brokerage designated by overseas institutions. The aforesaid shares were subject to the risk of not to be recovered, which may lead to a reduction in the Company's shareholding, but does not affect Chenming Holdings' position as the largest shareholder, and does not affect the Company's control. For details, please refer to the announcement disclosed by the Company on CNINFO on 18 July 2023 (announcement no.: 2023-058) and the insider information disclosed by the Company on the website of Hong Kong Stock Exchange on 18 July 2023.

Note 2: On 1 November 2024, pursuant to the 2020 Restricted A Share Incentive Scheme (Draft), the Company made payments to the participants for the repurchase of restricted shares not yet unlocked for the third unlocking period under the 2020 Restricted A Share Incentive Scheme. In the process of completing the procedures for the share transfer and cancellation, the 6,000,000 restricted shares held by Mr. Chen Hongguo were judicially frozen. Hence, the procedures for the transfer and cancellation of such restricted shares were not yet completed with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The 19,080,044 shares held by Mr. Chen Hongguo, being a domestic natural person, excludes the 6,000,000 restricted shares to be cancelled under the share incentive scheme.

VI Changes in Share Capital and Shareholders

III. Total number of shareholders and shareholdings (Cont'd)

Share lending by shareholders interested in more than 5%, top 10 shareholders and top 10 shareholders of non-restricted shares under refinancing business

☐ Applicable ☒ Not applicable

Changes of top 10 shareholders and top 10 shareholders of non-restricted shares due to lending/returning of shares under refinancing business as compared to prior period

☐ Applicable ☒ Not applicable

Whether an agreed repurchase transaction was entered into during the reporting period by the top 10 ordinary shareholders and top 10 non-restricted ordinary shareholders of the Company

☐ Yes ☒ No

The top 10 ordinary shareholders and top 10 non-restricted ordinary shareholders of the Company did not enter into any agreed repurchase transaction during the reporting period.

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

☐ Applicable ☒ Not applicable

There was no change in the shareholding of the Directors, Supervisors and Senior Management of the Company during the reporting period. Please see the 2024 annual report for details.

V. Change of controlling shareholders or beneficial controllers

Change of controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

There was no change of controlling shareholders of the Company during the reporting period.

Change of beneficial controllers during the reporting period

☐ Applicable ☒ Not applicable

There was no change of beneficial controllers of the Company during the reporting period.

VI. Preference shares

☐ Applicable ☒ Not applicable

The Company had no preference shares during the reporting period.

VI Changes in Share Capital and Shareholders

VII. Securities interests held by Directors, Supervisors and chief executives disclosed in accordance with the Listing Rules of Hong Kong Stock Exchange

As at 30 June 2025, the interests and short positions held by each of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept under section 352 of the SFO, are set out as follows:

Company

Name	Position	Number of shares (A shares) held as at the end of the reporting period (shares)	As a percentage of the total shares of the Company
Directors			
Hu Changqing	Chairman	792,857	0.03%
Li Xingchun	Executive Director and vice chairman	2,000,000	0.07%
Li Weixian	Executive Director and general manager	362,100	0.01%
Li Feng	Executive Director and deputy general manager	1,356,027	0.05%
Han Tingde	Non-executive Director	—	—
Li Chuanxuan	Non-executive Director	—	—
Sun Jianfei	Independent non-executive Director	—	—
Yin Meiqun	Independent non-executive Director	—	—
Yang Biao	Independent non-executive Director	—	—
Li Zhihui	Independent non-executive Director	—	—
Supervisors			
Li Kang	Chairman of the Supervisory Committee	149,300	0.01%
Pan Ailing	Supervisor	—	—
Zhang Hong	Supervisor	—	—
Sang Ailing	Supervisor	—	—
Qiu Lanju	Supervisor	—	—

Save as disclosed above, as at 30 June 2025, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be filed in the register of the Company required to be maintained pursuant to section 352 of the SFO or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules of Hong Kong Stock Exchange.

As at 30 June 2025, none of the Directors, Supervisors or chief executives or their respective spouses or children under the age of 18 held or exercised any rights to subscribe for the share capital or debentures of the Company or its associated corporations.

VI Changes in Share Capital and Shareholders

VIII. Interests and short position of substantial shareholders in shares and underlying shares disclosed in accordance with the Listing Rules of Hong Kong Stock Exchange

As at 30 June 2025, the following shareholders (other than the Directors, Supervisors or chief executives of the Company) had interests or short positions in the Company's shares and underlying shares as shown in the share register maintained by the Company in accordance with Section 336 of the SFO:

Name	Number of shares held (shares)	Approximate shareholding as a percentage of	
		Total share capital (%)	Class of shares (%)
Chenming Holdings Company Limited	455,781,319 A shares (L)	15.50	26.70
Chenming Holdings (Hong Kong) Limited	210,717,563 B shares (L)	7.16	29.83
Chenming Holdings (Hong Kong) Limited	153,414,000 H shares (L)	5.22	29.04

(L) – Long position (S) – Short position (P) – Lending pool

Save as disclosed above, as at 30 June 2025, no other person had interests or short positions in the Company's shares and underlying shares as recorded in the register maintained under section 336 of the SFO.

VII Bonds

☐ Applicable ☒ Not applicable

VIII Financial Report

I. Auditors' Report

Is the interim report audited

☐ Yes ☒ No

The interim financial report is unaudited.

II. Financial Statements

The unit in the notes to the financial statements is: RMB

1. Consolidated Balance Sheet

Prepared by: Shandong Chenming Paper Holdings Limited

30 June 2025

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	953,661,496.60	5,909,879,812.18
Financial assets held for trading	36,692,409.73	37,259,325.70
Bills receivable	765,000,567.09	506,605,701.74
Accounts receivable	930,731,502.52	1,384,290,313.70
Accounts receivable financing	92,166,113.62	100,730,797.32
Prepayments	514,712,024.36	631,893,495.14
Other receivables	826,493,097.36	1,084,651,870.94
Including: Interest receivable	—	—
Dividend receivable	—	22,659,149.81
Inventories	2,522,316,388.43	2,835,388,802.15
Including: Data resources	—	—
Non-current assets due within one year	2,393,909,142.54	2,840,365,519.48
Other current assets	337,591,186.03	559,911,202.83
Total current assets	9,373,273,928.28	15,890,976,841.18
NON-CURRENT ASSETS:		
Long-term receivables	385,116,643.83	280,291,802.55
Long-term equity investments	3,621,265,404.11	3,971,035,411.54
Other non-current financial assets	344,266,989.06	751,030,454.68
Investment property	5,502,917,303.30	5,743,235,268.46
Fixed assets	30,486,711,545.01	31,855,069,324.04
Construction in progress	610,870,896.53	593,838,603.87
Bearer biological assets	9,383,299.52	9,352,071.80
Right-of-use assets	256,595,832.65	266,024,312.87
Intangible assets	1,626,560,950.12	1,652,267,783.57
Including: Data resources	—	—
Long-term prepaid expenses	262,077,437.53	289,677,546.87
Deferred income tax assets	1,786,515,436.57	1,790,639,019.23
Other non-current assets	433,320,325.23	415,856,701.42
Total non-current assets	45,325,602,063.46	47,618,318,300.90
Total assets	54,698,875,991.74	63,509,295,142.08

VIII Financial Report

II. Financial Statements (Cont'd)

1. Consolidated Balance Sheet (Cont'd)

Item	Closing balance	Opening balance
CURRENT LIABILITIES:		
Short-term borrowings	23,326,218,453.95	26,780,358,809.11
Bills payable	107,370,000.00	1,423,918,112.99
Accounts payable	8,426,902,071.31	7,708,967,406.47
Receipts in advance	48,105,994.72	54,538,940.24
Contract liabilities	189,324,752.36	274,829,824.35
Employee benefits payable	314,062,480.34	251,387,660.00
Taxes payable	168,781,787.11	193,424,339.67
Other payables	3,560,628,293.65	2,896,409,953.94
Including: Interest payable	248,725,295.32	63,042,283.31
Dividend payable	97,493,880.88	123,000,000.00
Non-current liabilities due within one year	2,534,511,114.58	1,577,936,964.14
Other current liabilities	844,340,067.04	2,680,562,600.58
Total current liabilities	39,520,245,015.06	43,842,334,611.49
NON-CURRENT LIABILITIES:		
Long-term borrowings	3,701,926,679.84	4,763,662,194.24
Lease liabilities	36,460,994.21	37,092,473.06
Long-term payables	2,544,988,247.10	774,965,008.29
Provisions	5,935,000.00	5,935,000.00
Deferred income	1,189,563,716.54	1,240,939,485.52
Deferred income tax liabilities	4,702,287.70	8,595,744.33
Total non-current liabilities	7,483,576,925.39	6,831,189,905.44
Total liabilities	47,003,821,940.45	50,673,524,516.93
SHAREHOLDERS' EQUITY:		
Share capital	2,934,556,200.00	2,934,556,200.00
Capital reserves	5,241,279,229.79	5,207,678,622.75
Less: Treasury shares	—	—
Other comprehensive income	-929,728,593.54	-913,708,670.15
Special reserves	29,831,855.86	26,800,491.53
Surplus reserves	1,212,009,109.97	1,212,009,109.97
General risk provisions	80,950,584.11	80,950,584.11
Retained profit	-3,250,135,169.86	607,818,020.70
Total equity attributable to shareholders of the Company	5,318,763,216.33	9,156,104,358.91
Minority interest	2,376,290,834.96	3,679,666,266.24
Total shareholders' (or owners') equity	7,695,054,051.29	12,835,770,625.15
Total liabilities and shareholders' (or owners') equity	54,698,875,991.74	63,509,295,142.08

Legal Representative:
Hu Changqing

Financial controller:
Dong Lianming

Head of the financial department:
Zhang Bo

VIII Financial Report

II. Financial Statements (Cont'd)

2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	255,089,103.39	1,599,326,584.12
Bills receivable	356,030.64	275,500,130.56
Accounts receivable	2,130,011,722.06	240,787,940.24
Prepayments	343,788,881.62	1,221,574,612.38
Other receivables	5,728,847,164.46	8,459,731,199.92
Including: Interest receivable	—	—
Dividend receivable	142,500,000.00	—
Inventories	237,170,049.31	279,754,637.58
Including: Data resources	—	—
Other current assets	13,034,342.76	38,776,511.95
Total current assets	8,708,297,294.24	12,115,451,616.75
NON-CURRENT ASSETS:		
Long-term equity investments	16,703,749,202.44	18,587,172,933.97
Other non-current financial assets	101,028,728.82	101,028,728.82
Fixed assets	3,119,164,860.74	3,286,823,373.00
Construction in progress	7,884,948.09	6,526,025.52
Right-of-use assets	99,375,000.00	103,125,000.00
Intangible assets	454,942,655.32	462,060,836.20
Including: Data resources	—	—
Deferred income tax assets	638,718,747.44	587,532,690.79
Other non-current assets	12,021,421.38	12,030,680.01
Total non-current assets	21,136,885,564.23	23,146,300,268.31
Total assets	29,845,182,858.47	35,261,751,885.06
CURRENT LIABILITIES:		
Short-term borrowings	11,107,038,759.41	8,760,304,513.03
Bills payable	28,199,999.92	4,776,895,581.73
Accounts payable	1,500,416,791.08	1,494,669,551.89
Contract liabilities	708,458,794.41	1,795,549,425.10
Employee benefits payable	90,391,584.10	83,931,485.87
Taxes payable	30,222,353.27	40,921,701.99
Other payables	3,208,515,881.54	3,679,222,270.99
Including: Interest payable	117,545,476.66	22,581,097.56
Dividend payable	—	—
Non-current liabilities due within one year	1,112,509,117.39	1,329,838,949.85
Other current liabilities	—	59,111,611.53
Total current liabilities	17,785,753,281.12	22,020,445,091.98

VIII Financial Report

II. Financial Statements (Cont'd)

2. Balance sheet of the Company (Cont'd)

Item	Closing balance	Opening balance
NON-CURRENT LIABILITIES:		
Long-term borrowings	432,370,925.96	1,548,277,044.45
Long-term payables	71,921,255.93	8,106,807.57
Provisions	5,935,000.00	5,935,000.00
Deferred income	32,925,098.44	34,010,344.36
Total non-current liabilities	543,152,280.33	1,596,329,196.38
Total liabilities	18,328,905,561.45	23,616,774,288.36
SHAREHOLDERS' EQUITY:		
Share capital	2,934,556,200.00	2,934,556,200.00
Capital reserves	5,005,865,917.53	5,032,163,419.19
Less: Treasury shares	—	—
Special reserves	7,405,266.87	7,405,266.87
Surplus reserves	1,199,819,528.06	1,199,819,528.06
Retained profit	2,368,630,384.56	2,471,033,182.58
Total shareholders' (or owners') equity	11,516,277,297.02	11,644,977,596.70
Total liabilities and shareholders' (or owners') equity	29,845,182,858.47	35,261,751,885.06

VIII Financial Report

II. Financial Statements (Cont'd)

3. Consolidated Income Statement

Unit: RMB

Item	First half of 2025	First half of 2024
I. Total revenue	2,106,630,952.30	13,884,731,519.04
Including: Revenue	2,106,630,952.30	13,884,731,519.04
II. Total operating costs	4,968,507,848.84	14,187,361,954.59
Including: Operating costs	3,727,203,720.24	12,185,505,709.00
Taxes and surcharges	61,186,804.84	116,747,402.65
Sales and distribution expenses	51,113,266.56	99,303,831.21
General and administrative expenses	287,771,131.26	317,435,416.15
Research and development expense	36,567,185.69	611,914,096.41
Finance expenses	804,665,740.25	856,455,499.17
Including: Interest expenses	774,744,373.14	854,610,967.90
Interest income	26,462,669.15	104,024,655.22
Add: Other income	22,794,816.03	159,945,128.64
Investment income ("-" denotes loss)	-430,669,782.44	181,332,096.11
Including: Investment income from associates and joint ventures	-345,974,520.50	-38,682,172.19
Gains on derecognition of financial assets measured at amortised cost ("-" denotes loss)	-84,861,658.28	-23,412,008.23
Gain on change in fair value ("-" denotes loss)	-129,487,561.79	-2,221,596.44
Credit impairment loss ("-" denotes loss)	-506,322,424.22	-124,386,619.66
Loss on impairment of assets ("-" denotes loss)	-240,561,409.32	-3,041,427.75
Gain on disposal of assets ("-" denotes loss)	-9,814,609.63	19,222,812.60
III. Operating profit ("-" denotes loss)	-4,155,937,867.91	-71,780,042.05
Add: Non-operating income	1,069,763.18	2,751,486.93
Less: Non-operating expenses	26,198,489.55	1,013,551.00
IV. Total profit ("-" denotes total loss)	-4,181,066,594.28	-70,042,106.12
Less: Income tax expenses	3,603,600.91	-96,400,954.34
V. Net profit ("-" denotes net loss)	-4,184,670,195.19	26,358,848.22
(i) Classification according to the continuity of operation:	-	-
1. Net profit from continuing operations ("-" denotes net loss)	-4,184,670,195.19	26,358,848.22
2. Net profit from discontinued operations ("-" denotes net loss)	-	-
(ii) Classification according to ownership:	-	-
1. Net profit attributable to shareholders of the Company ("-" denotes net loss)	-3,857,953,190.56	28,646,205.42
2. Profit or loss of minority interest ("-" denotes net loss)	-326,717,004.63	-2,287,357.20
VI. Net other comprehensive income after tax	-16,019,923.39	-15,535,759.27
Net other comprehensive income after tax attributable to shareholders of the Company	-16,019,923.39	-15,535,759.27
(i) Other comprehensive income that cannot be reclassified to profit and loss	-	-
(ii) Other comprehensive income that will be reclassified to profit and loss	-16,019,923.39	-15,535,759.27
1. Other comprehensive income that may be reclassified to profit and loss under the equity method	-3,795,486.93	-19,208,272.66
2. Exchange differences arising from translation of financial statements denominated in foreign currencies	-12,224,436.46	3,672,513.39
Other comprehensive income, net of tax attributable to minority interest	-	-

VIII Financial Report

II. Financial Statements (Cont'd)

3. Consolidated Income Statement (Cont'd)

Item	First half of 2025	First half of 2024
VII. Total comprehensive income	-4,200,690,118.58	10,823,088.95
Total comprehensive income attributable to shareholders of the Company	-3,873,973,113.95	13,110,446.15
Total comprehensive income attributable to minority interest	-326,717,004.63	-2,287,357.20
VIII. Earnings per share:	—	—
(i) Basic earnings per share	-1.31	0.01
(ii) Diluted earnings per share	-1.31	0.01

Legal Representative:
Hu Changqing

Financial controller:
Dong Lianming

Head of the financial department:
Zhang Bo

VIII Financial Report

II. Financial Statements (Cont'd)

4. Income statement of the Parent Company

Unit: RMB

Item	First half of 2025	First half of 2024
I. Revenue	239,501,119.75	4,405,643,431.81
Less: Operating costs	263,902,147.07	4,045,995,379.91
Taxes and surcharges	8,073,550.14	24,633,366.92
Sales and distribution expenses	3,835,197.64	4,006,101.04
General and administrative expenses	53,315,461.23	87,291,113.29
Research and development expense	7,832,614.00	125,852,983.90
Finance expenses	216,106,623.08	122,304,383.31
Including: Interest expenses	276,973,038.79	215,154,909.24
Interest income	81,057,423.14	151,576,285.23
Add: Other income	28,614,313.82	29,945,854.40
Investment income ("-" denotes loss)	231,495,721.27	-54,484,706.48
Including: Investment income from associates and joint ventures	-5,404,278.73	-36,830,257.52
Gains on derecognition of financial assets measured at amortised cost ("-" denotes loss)	-	-10,845,725.80
Credit impairment loss ("-" denotes loss)	-23,927,394.33	-1,228,938.13
Loss on impairment of assets ("-" denotes loss)	-62,106,811.37	-673,567.00
Gain on disposal of assets ("-" denotes loss)	4,766,089.03	18,393,499.78
II. Operating profit ("-" denotes loss)	-134,722,554.99	-12,487,753.99
Add: Non-operating income	167,528.01	1,065,964.61
Less: Non-operating expenses	19,033,827.69	594,860.21
III. Total profit ("-" denotes total loss)	-153,588,854.67	-12,016,649.59
Less: Income tax expenses	-51,186,056.65	-24,640,162.19
IV. Net profit ("-" denotes net loss)	-102,402,798.02	12,623,512.60
(i) Net profit from continuing operations ("-" denotes net loss)	-102,402,798.02	12,623,512.60
(ii) Net profit from discontinued operations ("-" denotes net loss)	-	-
V. Total comprehensive income	-102,402,798.02	12,623,512.60

VIII Financial Report

II. Financial Statements (Cont'd)

5. Consolidated cash flow statement

Unit: RMB

Item	First half of 2025	First half of 2024
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	2,454,250,322.21	14,231,647,331.45
Tax rebates received	—	8,107,525.70
Cash received relating to other operating activities	342,606,805.59	150,658,134.92
Subtotal of cash inflows from operating activities	2,796,857,127.80	14,390,412,992.07
Cash paid for goods and services	1,310,359,147.70	10,553,832,290.81
Cash paid to and for employees	432,100,405.57	657,515,276.65
Payments of taxes and surcharges	113,625,874.01	242,371,386.74
Cash paid relating to other operating activities	155,468,426.33	944,194,644.80
Subtotal of cash outflows from operating activities	2,011,553,853.61	12,397,913,599.00
Net cash flows from operating activities	785,303,274.19	1,992,499,393.07
II. Cash flows from investing activities:		
Cash received from investments	—	1,483,295.37
Cash received from investment income	—	1,298,463.59
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	17,583,570.00	14,657,469.09
Net cash received from disposal of subsidiaries and other business units	650,000.00	610,107,490.67
Cash received relating to other investing activities	—	—
Subtotal of cash inflows from investing activities	18,233,570.00	627,546,718.72
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	2,732,142.00	56,241,530.58
Cash paid for investment	—	—
Net cash paid for acquisition of subsidiaries and other business units	508,955,916.13	—
Cash paid relating to other investing activities	—	—
Subtotal of cash outflows from investing activities	511,688,058.13	56,241,530.58
Net cash flows from investing activities	-493,454,488.13	571,305,188.14

VIII Financial Report

II. Financial Statements (Cont'd)

5. Consolidated cash flow statement (Cont'd)

Item	First half of 2025	First half of 2024
III. Cash flows from financing activities:		
Cash received from investments	—	—
Cash received from borrowings	12,289,124,127.60	15,651,271,993.47
Cash received relating to other financing activities	4,853,343,140.74	1,852,785,703.00
Subtotal of cash inflows from financing activities	17,142,467,268.34	17,504,057,696.47
Cash repayments of amounts borrowed	16,908,452,033.18	17,359,068,511.55
Cash paid for dividend and profit distribution or interest payment	479,202,789.04	905,617,475.65
Including: Dividend and profit paid by subsidiaries to minority shareholders	—	—
Cash paid relating to other financing activities	134,663,869.67	1,787,061,193.13
Subtotal of cash outflows from financing activities	17,522,318,691.89	20,051,747,180.33
Net cash flows from financing activities	-379,851,423.55	-2,547,689,483.86
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-961,270.77	22,481,244.59
V. Net increase in cash and cash equivalents	-88,963,908.26	38,596,341.94
Add: Balance of cash and cash equivalents as at the beginning of the period	151,943,246.31	764,233,742.61
VI. Balance of cash and cash equivalents as at the end of the period	62,979,338.05	802,830,084.55

VIII Financial Report

II. Financial Statements (Cont'd)

6. Cash flow statement of the Parent Company

Unit: RMB

Item	First half of 2025	First half of 2024
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	368,739,278.31	4,389,348,030.24
Tax rebates received	—	—
Cash received relating to other operating activities	7,896,986.34	159,626,585.94
Subtotal of cash inflows from operating activities	376,636,264.65	4,548,974,616.18
Cash paid for goods and services	157,337,634.27	3,833,931,092.64
Cash paid to and for employees	113,495,613.54	152,875,362.26
Payments of taxes and surcharges	25,245,395.18	23,260,283.18
Cash paid relating to other operating activities	17,316,970.73	185,450,974.46
Subtotal of cash outflows from operating activities	313,395,613.72	4,195,517,712.54
Net cash flows from operating activities	63,240,650.93	353,456,903.64
II. Cash flows from investing activities:		
Cash received from investments	—	488,776,095.37
Cash received from investment income	—	110,698,463.59
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	12,091,460.00	14,521,469.09
Net cash received from disposal of subsidiaries and other business units	—	—
Cash received relating to other investing activities	—	—
Subtotal of cash inflows from investing activities	12,091,460.00	613,996,028.05
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	—	5,342,093.92
Cash paid for investment	—	—
Net cash paid for acquisition of subsidiaries and other business units	—	—
Cash paid relating to other investing activities	—	—
Subtotal of cash outflows from investing activities	—	5,342,093.92
Net cash flows from investing activities	12,091,460.00	608,653,934.13

VIII Financial Report

II. Financial Statements (Cont'd)

6. Cash flow statement of the Parent Company (Cont'd)

Item	First half of 2025	First half of 2024
III. Cash flows from financing activities:		
Cash received from investments	—	—
Cash received from borrowings	5,450,190,140.83	10,107,406,194.25
Cash received relating to other financing activities	1,344,321,473.63	757,331,971.66
Subtotal of cash inflows from financing activities	6,794,511,614.46	10,864,738,165.91
Cash repayments of amounts borrowed	6,722,974,722.24	11,078,908,500.08
Cash paid for dividend and profit distribution or interest payment	143,049,448.89	207,045,676.09
Cash paid relating to other financing activities	3,710,625.20	464,307,395.90
Subtotal of cash outflows from financing activities	6,869,734,796.33	11,750,261,572.07
Net cash flows from financing activities	-75,223,181.87	-885,523,406.16
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-24,936.16	1,254,926.56
V. Net increase in cash and cash equivalents	83,992.90	77,842,358.17
Add: Balance of cash and cash equivalents as at the beginning of the period	268,719.28	350,786,839.40
VI. Balance of cash and cash equivalents as at the end of the period	352,712.18	428,629,197.57

II. Financial Statements (Cont'd)

7. Consolidated statement of changes in owners' equity

Amount for the period

Unit: RMB

First half of 2025															
Equity attributable to owners of the Parent Company															
Item	Share capital	Other equity instruments			Less: comprehensive income			General risk provisions	Retained profit	Subtotal	Minority interest	Total owners' equity			
		Preference shares	Perpetual bonds	Others	Capital reserves	Treasury shares	Other						Special reserves	Surplus reserves	
I. Balance as at the end of the prior year	2,334,556,200.00	-	-	-	-	5,207,678,822.75	-	-913,708,670.15	26,800,491.53	1,212,003,109.97	80,950,584.11	607,818,020.70	9,156,104,569.91	3,679,666,266.24	12,835,770,825.15
II. Balance as at the beginning of the year	2,334,556,200.00	-	-	-	-	5,207,678,822.75	-	-913,708,670.15	26,800,491.53	1,212,003,109.97	80,950,584.11	607,818,020.70	9,156,104,569.91	3,679,666,266.24	12,835,770,825.15
III. Changes in the period ("+" denotes increase)	-	-	-	-	-	33,600,607.04	-	-16,019,923.39	3,031,364.33	-	-	-3,857,933,190.56	-3,837,941,142.58	-1,303,375,431.28	-5,140,716,573.86
(i) Total comprehensive income	-	-	-	-	-	-	-	-16,019,923.39	-	-	-	-3,857,933,190.56	-3,873,973,119.95	-4,200,690,118.58	-9,455,082,212.55
(ii) Capital paid in and reduced by shareholders (or owners)	-	-	-	-	-	33,600,607.04	-	-	-	-	-	33,600,607.04	-	-978,882,819.39	-978,882,819.39
1. Ordinary shares paid by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Amount of share-based payments recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	33,600,607.04	-	-	-	-	-	33,600,607.04	-	-	33,600,607.04
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	2,024,382.94	2,024,382.94
(v) Special reserves	-	-	-	-	-	-	-	-	3,031,364.33	-	-	3,031,364.33	-	-	3,031,364.33
1. Withdrawn in the period	-	-	-	-	-	-	-	-	3,633,487.86	-	-	3,633,487.86	-	-	3,633,487.86
2. Used in the period (denotes in "-")	-	-	-	-	-	-	-	-	-602,123.53	-	-	-	-602,123.53	-	-602,123.53
(vi) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance as at the end of the year	2,334,556,200.00	-	-	-	-	5,241,279,229.79	-	-429,728,593.54	29,831,855.86	1,212,003,109.97	80,950,584.11	-3,250,135,169.86	5,318,763,216.33	2,376,290,834.96	7,695,054,051.29

II. Financial Statements (Cont'd)

7. Consolidated statement of changes in owners' equity (Cont'd)

Amounts for the prior year

Unit: RMB

Item	First half of 2024										Unit: RMB		
	Equity attributable to owners of the Parent Company												
	Share capital	Other equity instruments		Other		Equity attributable to owners of the Parent Company		Retained		Minority interest	Total owners' equity		
		Preference shares	Perpetual bonds	Capital reserves	Treasury shares	Less: comprehensive income	Special reserves	Surplus reserves	General risk provisions			Others	Subtotal
I. Balance as at the end of the prior year	2,956,813,200.00	-	-	-	5,323,790,889.61	63,432,450.00	-864,881,489.08	23,322,829.57	1,212,009,109.97	79,370,294.91	8,020,182,801.55	-	16,892,175,196.53
II. Balance as at the beginning of the year	2,956,813,200.00	-	-	-	5,323,790,889.61	63,432,450.00	-864,881,489.08	23,322,829.57	1,212,009,109.97	79,370,294.91	8,020,182,801.55	-	16,892,175,196.53
III. Changes in the period ("-" denotes decrease)	-	-	-	-	-78,482,755.95	-	-15,535,759.27	2,126,139.35	-	13,361.84	28,632,843.58	-	-63,246,170.45
(i) Total comprehensive income	-	-	-	-	-	-	-15,535,759.27	-	-	-	28,632,843.58	-	13,110,446.15
(ii) Capital paid in and reduced by owners	-	-	-	-	-78,482,755.95	-	-	-	-	-	-	-	-78,482,755.95
1. Ordinary shares paid by owners	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Others	-	-	-	-	-78,482,755.95	-	-	-	-	-	-	-	-78,482,755.95
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawn in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Used in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance as at the end of the period	2,956,813,200.00	-	-	-	5,250,008,143.66	63,432,450.00	-880,417,248.35	25,448,968.92	1,212,009,109.97	79,383,656.75	8,048,815,645.13	-	16,828,925,026.08

II. Financial Statements (Cont'd)

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

Amount for the period

Unit: RMB

Item	Share capital	Other equity instruments				First half of 2025				Total owners' equity		
		Preference shares	Perpetual bonds	Others	Capital reserves	Treasury shares	Less:	Other comprehensive income	Special reserves	Surplus reserves	Retained profit	
I. Balance as at the end of the prior year	2,934,556,200.00	-	-	-	5,032,163,419.19	-	-	-	7,405,266.87	1,199,819,528.06	2,471,033,182.58	11,644,977,596.70
II. Balance as at the beginning of the year	2,934,556,200.00	-	-	-	5,032,163,419.19	-	-	-	7,405,266.87	1,199,819,528.06	2,471,033,182.58	11,644,977,596.70
III. Changes in the period ("-" denotes decrease)		-	-	-	-26,297,501.66	-	-	-	-	-	-102,402,798.02	-128,700,299.68
(i) Total comprehensive income		-	-	-	-	-	-	-	-	-	-102,402,798.02	-102,402,798.02
(ii) Capital paid in and reduced by shareholders (or owners)		-	-	-	-26,297,501.66	-	-	-	-	-	-	-26,297,501.66
1. Amount of share-based payments recognised in shareholders' equity		-	-	-					-	-	-	-
2. Others					-26,297,501.66					-	-	-26,297,501.66
(iii) Special reserves		-	-	-						-	-	-
1. Withdrawn in the period		-	-	-						-	-	-
2. Used in the period (denotes in "-")		-	-	-						-	-	-
IV. Balance as at the end of the year	2,934,556,200.00	-	-	-	5,005,865,917.53	-	-	-	7,405,266.87	1,199,819,528.06	2,368,630,384.56	11,516,277,297.02

II. Financial Statements (Cont'd)

8. Statement of changes in owners' equity of the Parent Company (Cont'd)

Amounts for the prior year

Unit: RMB

Item	Share capital	Preference shares	Other equity instruments	First half of 2024					Retained profit	Surplus reserves	Special reserves	Other comprehensive income	Treasury shares	Less: capital reserves	Others	Total owners' equity
				Perpetual bonds	Other comprehensive income	Less: capital reserves	Special reserves	Surplus reserves								
I. Balance as at the end of the prior year	2,956,813,200.00	-	-	-	-	63,432,450.00	4,612,641.99	1,199,819,528.06	3,139,783,314.72	-	-	-	-	-	-	12,309,935,103.96
II. Balance as at the beginning of the year	2,956,813,200.00	-	-	-	-	63,432,450.00	4,612,641.99	1,199,819,528.06	3,139,783,314.72	-	-	-	-	-	-	12,309,935,103.96
III. Changes in the period ("-" denotes decrease)	-	-	-	-	-	-	1,396,312.44	-	12,623,512.60	-	-	-	-	-	-	14,019,825.04
(i) Total comprehensive income	-	-	-	-	-	-	-	-	12,623,512.60	-	-	-	-	-	-	12,623,512.60
(ii) Special reserves	-	-	-	-	-	-	1,396,312.44	-	-	-	-	-	-	-	-	1,396,312.44
1. Withdrawn in the period	-	-	-	-	-	-	1,396,312.44	-	-	-	-	-	-	-	-	1,396,312.44
IV. Balance as at the end of the period	2,956,813,200.00	-	-	-	-	63,432,450.00	6,008,954.43	1,199,819,528.06	3,151,406,827.32	-	-	-	-	-	-	12,323,954,929.00

III. General Information of the Company

1. Company overview

The predecessor of Shandong Chenming Paper Holdings Limited (hereinafter referred to as the “Company”, a joint-stock company incorporated in Shouguang City, Shandong Province) was Shandong Shouguang Paper Mill Corporation, which was changed as a joint stock company with limited liability through offering to specific investors in May 1993. In December 1996, with approval by Lu Gai Zi [1996] No. 270 issued by the People’s Government of Shandong Province and Zheng Wei [1996] No. 59 of the Securities Committee of the State Council, the Company was changed as a joint stock company with limited liability established by share offer. The Company’s headquarters is located at No. 2199 Nongsheng East Road, Shouguang City, Shandong Province.

In May 1997, with approval by Zheng Wei Fa [1997] No. 26 issued by the Securities Committee of the State Council, the Company issued 115,000,000 domestic listed foreign shares (B shares) under public offering, which were listed and traded on Shenzhen Stock Exchange from 26 May 1997.

In September 2000, with approval by Zheng Jian Gong Si Zi [2000] No. 151 issued by the China Securities Regulatory Commission, the Company issued additional 70,000,000 RMB ordinary shares (A shares), which were listed and traded on Shenzhen Stock Exchange from 20 November 2000.

In June 2008, with approval by the Stock Exchange of Hong Kong Limited, the Company issued 355,700,000 H shares. At the same time, 35,570,000 H shares were allocated to the National Council for Social Security Fund by our relevant state-owned shareholder and converted into overseas listed foreign shares (H shares) for the purpose of reducing the number of state-owned shares. The additionally issued H shares were listed and traded on Hong Kong Stock Exchange on 18 June 2008.

As at 30 June 2025, the total share capital of the Company was 2,934,556,200 shares. For details, please refer to Note VII. 40.

Principal business activities: the Company is principally engaged in, among other things, processing and sale of paper products (including machine-made paper and paper board), paper making raw materials, machinery and chemicals; generation and sale of electric power and thermal power; forestry, saplings growing, processing and sale of timber and construction materials; manufacturing, processing and sale of wood products; and hotel service, and equipment financial and operating leasing, investment properties and property service etc.

The financial statements and notes thereto were approved at the fourteenth meeting of the tenth session of the board of directors of the Company (the “Board”) on 29 August 2025.

2. Scope of consolidation

Subsidiaries of the Company included in the scope of consolidation in 2025 totalled 77. For details, please refer to Note X “Interest in other entities”. The scope of consolidation of the Company during the year had two more companies included and one company less compared to the prior year. For details, please refer to Note IX “Change in scope of consolidation”.

IV. Basis of Preparation of the Financial Statements

1. Basis of preparation

These financial statements are prepared in accordance with the accounting standards for business enterprises, the application guidelines thereof, interpretations and other related rules (collectively referred to as “ASBEs”) promulgated by the Ministry of Finance. In addition, the Company also discloses relevant financial information in accordance with the “Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports” (revised in 2023) of the CSRC.

The financial statements are presented on a going concern.

2. Going concern

No facts or circumstances comprise a material uncertainty about the Company’s going concern basis within 12 months since the end of the reporting period.

V. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates are indicated as follows:

The Company and its subsidiaries are engaged in the business of machine-made paper, electricity and heat, building materials, paper chemicals, hotel management, etc. The Company and its subsidiaries have formulated a number of specific accounting policies and accounting estimates for transactions and matters such as revenue recognition, determination of performance progress, and R&D expenses based on their actual production and operation characteristics in accordance with the requirements of the relevant ASBEs. For details, please refer to the descriptions under Note V.30 “Revenue”. For an explanation of the critical accounting judgments and estimates made by the management, please refer to Note 39 “Critical accounting judgments and estimates”.

1. Statement of compliance with the Accounting Standards for Business Enterprises

These financial statements have been prepared in conformity with the ASBEs, which truly and fully reflect the financial position of the consolidated entity and the Company as at 30 June 2025 and relevant information such as the operating results and cash flows of the consolidated entity and the Company for the first half of 2025.

2. Accounting period

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

3. Operating cycle

The operating cycle of the Company lasts for 12 months.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

4. Functional currency

The functional currency of the Company and its domestic subsidiaries is Renminbi ("RMB"). Overseas subsidiaries of the Company recognise U.S. dollar ("USD" or "US\$"), Japanese yen ("JPY"), Euro ("EUR") and South Korean Won ("KRW") as their respective functional currency according to the general economic environment in which these subsidiaries operate. The Company prepares the financial statements in RMB.

5. Determination method and selection basis of importance standards

Item	Importance standards
Significant accounts receivable with single provision for bad debt provisions	Overdue accounts receivable and the amount of a single receivable exceeds 0.5% of total assets
Write-off of significant accounts receivable during the period	The amount of a single write-off exceeds 0.5% of net assets
Significant prepayments aged more than one year	Aged more than one year and the single amount exceeds 0.5% of total assets
Significant receipts in advance aged more than one year	Aged more than one year and the single amount exceeds 0.5% of total assets
Significant other payables aged more than one year	Aged more than one year and the single amount exceeds 0.5% of total assets
Significant accounts payable aged more than one year	Aged more than one year and the single amount exceeds 0.5% of total assets
Bad debt provisions with significant amounts reversed or recovered during the current period	Individually identified or classified into the third stage, the amount transferred or recovered exceeds 0.5% of total assets
Significant construction in progress	Projects with budgets exceeding 0.5% of total assets
Significant non-wholly owned subsidiaries	The total assets of the subsidiary exceed 10% of the Company on a consolidated basis and the revenue or pre-tax profit exceeds 10%
Significant investing activities	Investment amount exceeds 0.5% of total assets
Significant joint ventures and associates	The joint venture or associate operates normally with an accounting amount exceeding 0.5% of total assets
Significant debt restructuring	The restructuring amount exceeds 0.5% of total assets

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

6. Accounting treatment of business combinations under common control and not under common control

(1) Business combination under common control

For the business combination involving entities under common control, the assets and liabilities of the party being merged that are obtained in the business combination by the absorbing party shall be measured at the carrying amounts as recorded by the ultimate controlling party in the consolidated financial statements at the combination date. The difference between the carrying amount of the consideration paid for the combination and the carrying amount of the net assets obtained in the combination is charged to the capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations involving entities under common control and achieved in stages

The assets and liabilities of the party being merged that are obtained at the combination by the absorbing party shall be measured at the carrying value as recorded by the ultimate controlling party in the consolidated financial statements at combination date. The difference between the sum of the carrying value from original shareholding portion and the new investment cost incurred at combination date and the carrying value of net assets obtained at combination date shall be adjusted to capital reserve (share premium/capital premium), if the balance of capital reserve is not sufficient to absorb the differences, any excess is adjusted to retained earnings. The long-term investment prior to the absorbing party obtaining the control of the party being merged, the recognised profit or loss, comprehensive income and other change of owners' equity at the closer date of the acquisition date and combination date under common control shall separately offset the opening balance of retained earnings and profit or loss during comparative statements.

(2) Business combination not under common control

For business combinations involving entities not under common control, the cost for each combination is measured at the aggregate fair value at acquisition date, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. At acquisition date, the acquired assets, liabilities or contingent liabilities of acquiree are measured at their fair value.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

6. Accounting treatment of business combinations under common control and not under common control (Cont'd)

(2) Business combination not under common control (Cont'd)

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill, and subsequently measured on the basis of its cost minus accumulative impairment provision; Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period after reassessment.

Business combinations involving entities not under common control and achieved in stages

The combination cost is the sum of consideration paid at acquisition date and fair value of the acquiree's equity investment held prior to acquisition date. The cost of equity of the acquiree held prior to acquisition date shall be remeasured at the fair value at acquisition date, and the difference between the fair value and carrying amount shall be recognised as investment income or loss for the current period. Other comprehensive income and changes of other owners' equity related with acquiree's equity held prior to acquisition date shall be transferred to investment profit or loss for current period at acquisition date, except for the other comprehensive income incurred by the changes of net assets or net liabilities due to the remeasurement of defined benefit plans and the other comprehensive income related to investments in non-trading equity instruments that were previously designated as at fair value through other comprehensive income.

(3) Transaction fees attribution during business combination

The audit, legal, valuation advisory and other intermediary fees and other relevant administrative expenses arising from business combinations are recognised in profit or loss when incurred. Transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amounts.

7. Judgment criteria for control and preparation of consolidated financial statements

(1) Judgment criteria for control

The scope of consolidation of the consolidated financial statements is determined on the basis of control. The term "control" refers to the fact that the Company has power over the investee and is entitled to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns. The Company will reassess when changes in relevant facts and circumstances result in changes in the relevant elements involved in the definition of control.

When judging whether to include a structured entity into the scope of consolidation, the Company comprehensively considers all facts and circumstances, including assessing the purpose and design of the structured entity, identifying the types of variable returns, and assessing whether to control the structured entity on the basis of whether it bears part or all of the return variability by participating in its related activities.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

7. Judgment criteria for control and preparation of consolidated financial statements (Cont'd)

(2) Basis for preparation of the consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. In preparing the consolidated financial statements, the accounting policies and accounting periods of the Company and its subsidiaries shall be consistent, and intra-company significant transactions and balances are eliminated.

A subsidiary and its business acquired through a business combination involving entities under common control during the reporting period shall be included in the scope of the consolidation of the Company from the date of being controlled by the ultimate controlling party, and its operating results and cash flows from the date of being controlled by the ultimate controlling party are included in the consolidated income statement and the consolidated cash flow statement, respectively.

For a subsidiary and its business acquired through a business combination involving entities not under common control during the reporting period, its income, expenses and profits are included in the consolidated income statement, and cash flows are included in the consolidated cash flow statement from the acquisition date to the end of the reporting period.

The shareholders' equity of the subsidiaries that is not attributable to the Company is presented under shareholders' equity in the consolidated balance sheet as minority interest. The portion of net profit or loss of subsidiaries for the period attributable to minority interest is presented in the consolidated income statement under the "profit or loss of minority interest". When the amount of loss attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount shall be allocated against minority interest.

(3) Acquisition of non-controlling interests in subsidiaries

The difference between the long-term equity investments costs acquired by the acquisition of non-controlling interests and the share of the net assets from subsidiaries from the date of acquisition or the date of combination based on the new shareholding ratio, as well as the difference between the proceeds from the partial disposal of the equity investment without losing control over its subsidiary and the disposal of the long-term equity investment corresponding to the share of the net assets of the subsidiaries from the date of acquisition or the date of combination, is adjusted to the capital reserve. If the capital reserve is not sufficient, any excess is adjusted to retained earnings.

(4) Accounting treatment for loss of control over subsidiaries

For the loss of control over a subsidiary due to disposal of a portion of the equity investment or other reasons, the remaining equity is measured at fair value on the date when the control is lost. The difference arising from the sum of consideration received for disposal of equity interest and the fair value of remaining equity interest over the sum of the share of the carrying amount of net assets of the former subsidiary calculated continuously from the purchase date based on the shareholding percentage before disposal and the goodwill is recognised as investment income in the period when the control is lost.

Other comprehensive income related to equity investment in the former subsidiary shall be accounted for on the same basis as the former subsidiary's direct disposal of relevant assets or liabilities when the control is lost. Other changes in owners' equity related to the former subsidiary that are accounted for using the equity method shall be transferred to current profit or loss at the time when the control is lost.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

8. Classification of joint arrangements and accounting treatment for joint operations

A joint arrangement refers to an arrangement of two or more parties have joint control. The joint arrangements of the Company comprise joint operations and joint ventures.

(1) Joint operations

Joint operations refer to a joint arrangement during which the Company is entitled to relevant assets and obligations of this arrangement.

The Company recognises the following items in relation to its interest in a joint operation and accounts for them in accordance with the relevant ASBEs:

- A. the assets held solely by it and assets held jointly according to its share;
- B. the liabilities assumed solely by it and liabilities assumed jointly according to its share;
- C. the revenue from sale of output from joint operations;
- D. the revenue from sale of output from joint operations according to its share;
- E. the fees solely incurred by it and fees incurred from joint operations according to its share.

(2) Joint ventures

Joint ventures refer to a joint arrangement during which the Company only is entitled to net assets of this arrangement.

The Company accounts for its investments in joint ventures in accordance with the requirements relating to accounting treatment using equity method for long-term equity investments.

9. Standards for recognising cash and cash equivalents

Cash refers to cash on hand and deposits readily available for payment purpose. Cash equivalents refer to short-term and highly liquid investments held by the Company which are readily convertible into known amount of cash and which are subject to insignificant risk of value change.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

10. Foreign currency operations and translation of statements denominated in foreign currency

(1) Foreign currency operations

The foreign currency operations of the Company are translated into the functional currency at the prevailing spot exchange rate on the date of exchange.

On the balance sheet date, foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate upon initial recognition or the last balance sheet date will be recognised in profit or loss for the period. The foreign currency non-monetary items measured at historical cost shall still be measured by the functional currency translated at the spot exchange rate on the date of the transaction. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date of determination of the fair value. The difference between the amounts of the functional currency before and after the translation will be recognised in profit or loss or other comprehensive income for the period based on the nature of the non-monetary items.

(2) Translation of financial statements denominated in foreign currency

When translating the financial statements denominated in foreign currency of overseas subsidiaries, assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; owner's equity items except for "retained profit" are translated at the spot exchange rates at the dates on which such items arose.

Income and expenses items in the income statement are translated at the prevailing spot exchange rate on the transaction date.

All items in the cash flow statements shall be translated at the prevailing spot exchange rate on the date that the cash flow transaction occurred. Effects arising from changes of exchange rate on cash shall be presented separately as the "effect of foreign exchange rate changes on cash and cash equivalents" item in the cash flow statements.

The differences arising from translation of financial statements shall be included in the "other comprehensive income" item in owners' equity in the balance sheet.

On disposal of foreign operations and loss of control, exchange differences arising from the translation of financial statements denominated in foreign currencies related to the disposed foreign operations which has been included in shareholders' equity in the balance sheet, shall be transferred to profit or loss in whole or in proportionate share in the period in which the disposal took place.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

11. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

(1) Recognition and derecognition of financial instruments

Financial asset or financial liability will be recognised when the Company became one of the parties under a financial instrument contract.

Financial asset that satisfied any of the following criteria shall be derecognised:

- ① the contract right to receive the cash flows of the financial asset has terminated;
- ② the financial asset has been transferred and meets the derecognition criteria for the transfer of financial asset as described below.

A financial liability (or a part thereof) is derecognised only when the present obligation is discharged in full or in part. If an agreement is entered between the Company (debtor) and a creditor to replace the existing financial liabilities with new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be derecognised and the new financial liabilities shall be recognised.

Conventionally traded financial assets shall be recognised and derecognised at the trading date.

(2) Classification and measurement of financial assets

The Company classifies the financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the current period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Accounts receivable arising from sales of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Company.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The Company's business model for managing such financial assets is to collect contractual cash flows;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss for the current period when the financial asset is derecognised, amortised using the effective interest method or with impairment recognised.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

11. Financial instruments (Cont'd)

(2) *Classification and measurement of financial assets (Cont'd)*

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The Company's business model for managing such financial assets is achieved both by collecting contractual cash flows and selling such financial assets;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and foreign exchange gains and losses are recognised in profit or loss for the current period, and other gains or losses are recognised in other comprehensive income. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Financial assets measured at fair value through profit or loss

The Company classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. Upon initial recognition, the Company irrevocably designates certain financial assets that are required to be measured at amortised cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatch.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognised in the profit or loss for the current period.

The business model for managing financial assets refers to how the Company manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets determined by key management personnel.

The Company assesses the characteristics of the contractual cash flows of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Company evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

11. Financial instruments (Cont'd)

(2) Classification and measurement of financial assets (Cont'd)

Financial assets measured at fair value through profit or loss (Cont'd)

All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Company changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

(3) Classification and measurement of financial liabilities

At initial recognition, financial liabilities of the Company are classified as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost. For financial liabilities not classified as measured at fair value through profit or loss, relevant transaction costs are included in the amount initially recognised.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss comprise held-for-trading financial liabilities and financial liabilities designated at fair value through profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, and the gains or losses from the change in fair value and the dividend or interest expenses related to the financial liabilities are included in the profit or loss of the current period.

Financial liabilities measured at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, and the gains or losses arising from derecognition or amortisation are recognised in profit or loss for the current period.

Classification between financial liabilities and equity instruments

A financial liability is a liability if:

- ① it has a contractual obligation to pay in cash or other financial assets to other parties.
- ② it has a contractual obligation to exchange financial assets or financial liabilities under potential adverse condition with other parties.
- ③ it is a non-derivative instrument contract which will or may be settled with the entity's own equity instruments, and the entity will deliver a variable number of its own equity instruments according to such contract.
- ④ it is a derivative instrument contract which will or may be settled with the entity's own equity instruments, except for a derivative instrument contract that exchanges a fixed amount of cash or other financial asset with a fixed number of its own equity instruments.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

11. Financial instruments (Cont'd)

(3) Classification and measurement of financial liabilities (Cont'd)

Classification between financial liabilities and equity instruments (Cont'd)

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company cannot unconditionally avoid the performance of a contractual obligation by paying cash or delivering other financial assets, the contractual obligation meets the definition of financial liabilities.

Where a financial instrument must or may be settled with the Company's own equity instruments, the Company's own equity instruments used to settle such instrument should be considered as to whether it is as a substitute for cash or other financial assets or for the purpose of enabling the holder of the instrument to be entitled to the remaining interest in the assets of the issuer after deducting all of its liabilities. For the former, it is a financial liability of the Company; for the latter, it is the Company's own equity instruments.

(4) Fair value of financial instruments

The methods for determining the fair value of the financial assets or financial liabilities are set out in Note V. 12.

(5) Impairment of financial assets

The Company makes provision for impairment based on expected credit losses (ECLs) on the following items:

- Financial assets measured at amortised cost;
- Receivables and investment in debt instruments measured at fair value through other comprehensive income;
- Contract assets as defined in the Accounting Standards for Business Enterprises No. 14 – Revenue;
- Lease receivables;
- Financial guarantee contracts (except those measured at fair value through profit or loss or formed by continuing involvement of transferred financial assets or the transfer does not qualify for derecognition).

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

11. Financial instruments (Cont'd)

(5) Impairment of financial assets (Cont'd)

Measurement of ECLs

ECLs are the weighted average of credit losses of financial instruments weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received, i.e. the present value of all cash shortages.

The Company takes into account reasonable and well-founded information such as past events, current conditions and forecasts of future economic conditions, and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received weighted by the risk of default.

The Company measures ECLs of financial instruments at different stages. If the credit risk of the financial instrument did not increase significantly upon initial recognition, it is at the first stage, and the Company makes provision for impairment based on the ECLs within the next 12 months; if the credit risk of a financial instrument increased significantly upon initial recognition but has not yet incurred credit impairment, it is at the second stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument; if the financial instrument incurred credit impairment upon initial recognition, it is at the third stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that the credit risk did not increase significantly upon initial recognition, and makes provision for impairment based on the ECLs within the next 12 months.

Lifetime ECLs represent the ECLs resulting from all possible default events over the expected life of a financial instrument. The 12-month ECLs are the ECLs resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime ECLs.

The maximum period to be considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk, including renewal options.

For the financial instruments at the first and second stages and with low credit risks, the Company calculates the interest income based on the book balance and the effective interest rate before deducting the impairment provisions. For financial instruments at the third stage, interest income is calculated based on the amortised cost after deducting impairment provisions made from the book balance and the effective interest rate.

For receivables such as bills receivable, accounts receivable, accounts receivable financing, and other receivables, if the credit risk characteristics of a customer are significantly different from other customers in the portfolio, or the credit risk characteristics of such customer change significantly, the Company will make a separate provision for bad debts for such receivables. In addition to the receivables for which bad debt provisions are made individually, the Company divides the receivables into portfolios based on credit risk characteristics and calculates bad debt provisions on a combined basis.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

11. Financial instruments (Cont'd)

(5) Impairment of financial assets (Cont'd)

Bills receivable and accounts receivable

For bills receivable, accounts receivable and contract assets, regardless of whether there is a significant financing component, the Company always makes provision for impairment at an amount equal to lifetime ECLs.

When the Company is unable to assess the information of ECLs for an individual financial asset or contract assets at a reasonable cost, it classifies bills receivable, accounts receivable and contract assets into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

A. Bills receivable

- Bills receivable portfolio 1: Bank acceptance bills
- Bills receivable portfolio 2: Commercial acceptance bills

B. Accounts receivable

- Accounts receivable portfolio 1: Due from related party customers
- Accounts receivable portfolio 2: Due from non-related party customers
- Accounts receivable portfolio 3: Factoring receivables

For bills receivable classified as a portfolio, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to calculate the ECLs based on default risk exposure and lifetime ECL rate.

For accounts receivable classified as a portfolio, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to prepare a comparison table of the ageing of accounts receivable and the lifetime ECL rate to calculate the ECLs. The ageing of accounts receivable is calculated from the date of recognition.

Other receivables

The Company classifies other receivables into portfolios based on credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

- Other receivables portfolio 1: Amount due from government authorities
- Other receivables portfolio 2: Amount due from related parties
- Other receivables portfolio 3: Other receivables

For other receivables classified as a portfolio, the Company calculates the ECLs based on default risk exposure and the ECL rate over the next 12 months or the entire lifetime. For other receivables grouped by aging, the aging is calculated from the date of recognition.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

11. Financial instruments (Cont'd)

(5) Impairment of financial assets (Cont'd)

Long-term receivables

The Company's long-term receivables include finance lease receivables and deposits receivable.

The Company classifies the finance lease receivables and deposits receivable into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

A. Finance lease receivables

- Finance lease receivables portfolio 1: Receivables not past due
- Finance lease receivables portfolio 2: Overdue receivables

B. Other long-term receivables

- Other long-term receivables portfolio 1: Deposits receivable
- Other long-term receivables portfolio 2: Other receivables

For accounts receivable financing and deposits receivable, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, and calculates the ECLs based on default risk exposure and lifetime ECL rate.

Except for those of finance lease receivables and deposits receivable, the ECLs of other receivables and long-term receivables classified as a portfolio are measured based on default risk exposure and ECL rate over the next 12 months or the entire lifetime.

Debt investments and other debt investments

For debt investments and other debt investments, the Company measures the ECLs based on the nature of the investment, the types of counterparty and risk exposure, and default risk exposure and ECL rate within the next 12 months or the entire lifetime.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

11. Financial instruments (Cont'd)

(5) Impairment of financial assets (Cont'd)

Assessment of significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly upon initial recognition, the Company compares the risk of default of the financial instrument at the balance sheet date with that at the date of initial recognition to determine the relative change in risk of default within the expected lifetime of the financial instrument.

In determining whether the credit risk has increased significantly upon initial recognition, the Company considers reasonable and well-founded information, including forward-looking information, which can be obtained without unnecessary extra costs or efforts. Information considered by the Company includes:

- The debtor's failure to make payments of principal and interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any);
- An actual or expected significant deterioration in the operating results of the debtor;
- Existing or expected changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the Company assesses whether there has been a significant increase in credit risk on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on their common credit risk characteristics, such as past due information and credit risk ratings.

The Company determines that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Credit-impaired financial assets

At balance sheet date, the Company assesses whether financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- For economic or contractual reasons relating to the debtor's financial difficulty, the Company having granted to the debtor a concession that would not otherwise consider;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

11. Financial instruments (Cont'd)

(5) Impairment of financial assets (Cont'd)

Presentation of provisions for ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk upon initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss for the current period. For financial assets measured at amortised cost, the provisions of impairment is deducted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Company makes provisions of impairment in other comprehensive income without reducing the carrying amount of the financial asset.

Write-offs

The book balance of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full). Such write-off constitutes derecognition of such financial asset. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

If a write-off of financial assets is subsequently recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.

(6) Transfer of financial assets

Transfer of financial assets refers to the transfer or delivery of financial assets to another party other than the issuer of such financial assets (the transferee).

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the financial asset shall be derecognised. If the Company retains substantially all the risks and rewards of ownership of a financial asset, the financial asset shall not be derecognised.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transaction as follows: if the Company does not retain control, it derecognises the financial asset and recognises any resulting assets or liabilities; if the control over the financial asset is not waived, the relevant financial asset is recognised according to the extent of its continuing involvement in the transferred financial asset and the relevant liability is recognised accordingly.

(7) Offset of financial assets and financial liabilities

If the Company owns the legitimate rights of offsetting the recognised financial assets and financial liabilities, which are enforceable currently, and the Company plans to realise the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be presented in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

12. Fair value measurement

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.

The Company measures the relevant asset and liability at fair value, based on the presumption that the orderly transaction to sell the asset or transfer the liability takes place either in the principal market for the relevant asset or liability, or in the absence of a principal market, in the most advantageous market for relevant the asset or liability. The principal or the most advantageous market must be a trading market accessible by the Company at the measurement date. The Company adopts the presumption that market participants would use when pricing the asset or liability in their best economic interest.

If there exists an active market for a financial asset or financial liability, the Company uses the quotation on the active market as its fair value. If the market for a financial instrument is inactive, the Company uses valuation technique to recognise its fair value.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its best use or by selling it to another market participant that would use the asset in its best use.

The Company adopts valuation techniques that are appropriate in the current circumstance and for which sufficient data and other information are available, prioritises the use of relevant observable inputs and uses unobservable inputs only under the circumstances where such relevant observable inputs cannot be obtained or practicably obtained.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities obtainable at the measurement date. Level 2: observable inputs for the relevant asset or liability, either directly or indirectly, except for Level 1 input. Level 3: unobservable inputs for the relevant assets or liability.

At each balance sheet date, the Company reassesses assets and liabilities measured at fair value that are recognised in the financial statements on a recurring basis to determine whether transfers have occurred between fair value measurement hierarchy levels.

13. Inventories

(1) Classification of inventories

Inventories of the Company mainly include raw materials, work in progress, goods in stock, development products and consumable biological assets, etc.

(2) Pricing of inventories dispatched

Inventories of the Company are measured at their actual cost when obtained. Cost of raw materials, goods in stock and others will be calculated with weighted average method when being dispatched.

Consumable biological assets refer to biological assets held-for-sale which include growing timber. Consumable biological assets without a stock are stated at historical cost at initial recognition, and subsequently measured at fair value when there is a stock. Changes in fair values shall be recognised as profit or loss in the current period. The cost of self-planting, self-cultivating consumable biological assets is the necessary expenses directly attributable to such assets prior to canopy closure, including borrowing costs eligible for capitalisation. Subsequent expenses such as maintenance cost incurred after canopy closure shall be included in profit or loss for the current period.

The cost of consumable biological assets shall, at the time of harvest or disposal, be carried forward at carrying amount using the stock volume proportion method.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

13. Inventories (Cont'd)

(3) Recognition of and provision for inventory impairment

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for inventory impairment is made.

Net realisable value refers to the amount of the estimated price of inventories less the estimated cost incurred upon completion, estimated sales expenses and taxes and levies. The realisable value of inventories shall be determined on the basis of definite evidence, purpose of holding the inventories and effect of after-balance-sheet-date events.

The Company usually makes provisions for inventory impairment on the basis of individual inventory items; however, for inventories with large quantities and lower unit prices, these inventories are accrued impairment according to inventory categories.

(4) Inventory stock taking system

The Company implements permanent inventory system as its inventory stock taking system.

(5) Amortisation of low-value consumables and packaging materials

The low-value consumables of the Company are amortised when issued for use.

Packaging materials for turnover are amortised when issued for use.

14. Long-term equity investments

Long-term equity investments include the equity investments in subsidiaries, joint ventures and associates. Associates of the Company are those investees that the Company imposes significant influence over.

(1) Determination of initial investment cost

Long-term equity investments acquired through business combinations: for a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of the owners' equity under the consolidated financial statements of the ultimate controlling party on the date of combination. For a long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost of the long-term equity investment shall be the cost of combination.

Long-term equity investments acquired through other means: for a long-term equity investment acquired by cash payment, the initial investment cost shall be the purchase cost actually paid; for a long-term equity investment acquired by issuing equity securities, the initial investment cost shall be the fair value of equity securities issued.

(2) Subsequent measurement and method for profit or loss recognition

Investments in subsidiaries shall be accounted for using the cost method. Except for the investments which meet the conditions of holding for sale, investments in associates and joint ventures shall be accounted for using the equity method.

For a long-term equity investment accounted for using the cost method, the cash dividends or profits declared by the investees for distribution shall be recognised as investment gains and included in profit or loss for the current period, except the case of receiving the actual consideration paid for the investment or the declared but not yet distributed cash dividends or profits which is included in the consideration.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

14. Long-term equity investments (Cont'd)

(2) Subsequent measurement and method for profit or loss recognition (Cont'd)

For a long-term equity investment accounted for using the equity method, where the initial investment cost exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the investment cost of the long-term equity investment. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, adjustment shall be made to the carrying amount of the long-term equity investment, and the difference shall be charged to profit or loss for the current period.

Under the equity method, investment gain and other comprehensive income shall be recognised based on the Company's share of the net profits or losses and other comprehensive income made by the investee, respectively. Meanwhile, the carrying amount of long-term equity investment shall be adjusted. The carrying amount of long-term equity investment shall be reduced based on the Group's share of profit or cash dividend distributed by the investee. In respect of the other movement of net profit or loss, other comprehensive income and profit distribution of investee, the carrying amount of long-term equity investment shall be adjusted and included in the capital reserves (other capital reserves). The Group shall recognise its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto according to the accounting policies and accounting periods of the Company.

For additional equity investment made in order to obtain significant influence or common control over investee without resulted in control, the initial investment cost under the equity method shall be the aggregate of fair value of previously held equity investment and additional investment cost on the date of transfer. For investments in non-trading equity instruments that were previously classified as at fair value through other comprehensive income, the cumulative fair value changes associated with them that were previously included in other comprehensive income are transferred to retained earnings upon the change to the equity method of accounting.

In the event of loss of common control or significant influence over investee due to partial disposal of equity investment, the remaining equity interest after disposal shall be accounted for according to the Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments. The difference between its fair value and carrying amount shall be included in profit or loss for the current period. In respect of other comprehensive income recognised under previous equity investment using equity method, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee at the time when equity method was ceased to be used. Movement of other owners' equity related to the previous equity investment shall be transferred to profit or loss for the current period.

In the event of loss of control over investee due to partial disposal of equity investment, the remaining equity interest which can apply common control or impose significant influence over the investee after disposal shall be accounted for using equity method. Such remaining equity interest shall be treated as accounting for using equity method since it is obtained and adjustment was made accordingly. For the remaining equity interest which cannot apply common control or impose significant influence over the investee after disposal, it shall be accounted for using the Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments. The difference between its fair value and carrying amount as at the date of losing control shall be included in profit or loss for the current period.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

14. Long-term equity investments (Cont'd)

(2) Subsequent measurement and method for profit or loss recognition (Cont'd)

If the shareholding ratio of the Company is reduced due to the capital increase of other investors, and as a result, the Company loses the control of but still can apply common control or impose significant influence over the investee, the net asset increase due to the capital increase of the investee attributable to the Company shall be recognised according to the new shareholding ratio, and the difference with the original carrying amount of the long-term equity investment corresponding to the shareholding ratio reduction part that should be carried forward shall be recorded in the profit or loss for the current period; and then it shall be adjusted according to the new shareholding ratio as if equity method is used for accounting when acquiring the investment.

In respect of the transactions between the Company and its associates and joint ventures, the share of unrealised gain or loss arising from internal transactions shall be eliminated by the portion attributable to the Company. Investment gain or loss shall be recognised accordingly. However, any unrealised loss arising from internal transactions between the Company and an investee is not eliminated to the extent that the loss is impairment loss of the transferred assets.

(3) Basis for determining the common control and significant influence on the investee

Common control is the contractually agreed sharing of control over an arrangement, which relevant activities of such arrangement must be decided by unanimously agreement from parties who share control. When determining if there is any common control, it should first be identified if the arrangement is controlled by all the participants or the group consisting of the participants, and then determined if the decision on the arranged activity can be made only with the unanimous consent of the participants sharing the control. If all the participants or a group of participants can only decide the relevant activities of certain arrangement through concerted action, it can be considered that all the participants or a group of participants share common control on the arrangement. If there are two or more participant groups that can collectively control certain arrangement, it does not constitute common control. When determining if there is any common control, the relevant protection rights will not be taken into account.

Significant influence is the power of the investor to participate in the financial and operating policy decisions of an investee, but to fail to control or joint control the formulation of such policies together with other parties. When determining if there is any significant influence on the investee, the influence of the voting shares of the investee held by the investor directly and indirectly and the potential voting rights held by the investor and other parties which are exercisable in the current period and converted to the equity of the investee, including the warrants, stock options and convertible bonds that are issued by the investee and can be converted in the current period, shall be taken into account.

When the Company holds directly or indirectly through the subsidiary 20% (inclusive) to 50% of the voting shares of the investee, it is generally considered to have significant influence on the investee, unless there is concrete evidence to prove that it cannot participate in the production and operation decision-making of the investee and cannot pose significant influence in this situation. When the Company owns less than 20% (exclusive) of the voting shares of the investee, it is generally considered that it has not significantly influenced on the investee, unless there is concrete evidence to prove that it can participate in the production and operation decision-making of the investee and can impose significant influence in this situation.

(4) Impairment test method and impairment provision

For the method for making impairment provision for the investment in subsidiaries, associates and joint ventures, please refer to Note V. 23.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

15. Investment property

Investment property refers to real estate held to earn rentals or for capital appreciation, or both. The investment property of the Company includes leased land use rights, land use rights held for sale after appreciation, and leased buildings.

The investment property of the Company is measured initially at cost upon acquisition, and subject to depreciation or amortisation in the relevant periods according to the relevant provisions on fixed assets or intangible assets.

For the method for making impairment provision for the investment property adopted cost method for subsequent measurement, please refer to Note V. 23.

When an investment property is sold, transferred, retired or damaged, the amount of proceeds on disposal of the property net of the carrying amount and related tax and surcharges is recognised in profit or loss for the current period.

16. Fixed assets

(1) Conditions for recognition of fixed assets

Fixed assets represent the tangible assets held by the Company using in the production of goods, rendering of services and for operation and administrative purposes with useful life over one year.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Company and the costs can be reliably measured.

The Company's fixed assets are initially measured at the actual cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the related cost can be reliably measured. The cost of routine repairs of fixed assets that do not qualify as capitalised subsequent expenditure is charged to current profit or loss or included in the cost of the related assets in accordance with the beneficiary object when incurred. The carrying amount of the replaced part is derecognised.

(2) Depreciation method of fixed assets

The Company adopts the straight-line method for depreciation. Provision for depreciation will be started when the fixed asset reaches its expected usable state, and stopped when the fixed asset is derecognised or classified as a non-current asset held for sale. Without regard to the depreciation provision, the Company determines the annual depreciation rate by category, estimated useful lives and estimated residual value of the fixed assets as below:

Category	Year of depreciation (year)	Estimated residual value (%)	Annual depreciation rate (%)
Housing and building structure	20-40	5-10	2.25-4.75
Machinery and equipment	8-20	5-10	4.50-11.88
Transportation equipment	5-8	5-10	11.25-19.00
Electronic equipment and others	5	5-10	18.00-19.00

Where, for the fixed assets for which impairment provision is made, to determine the depreciation rate, the accumulated amount of the fixed asset impairment provision that has been made shall be deducted.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

16. Fixed assets (Cont'd)

- (3) The impairment test method and impairment provision method of the fixed assets are set out in Note V. 23.
- (4) The Company will review the useful lives, estimated net residual value and depreciation method of the fixed assets at the end of each year.

When there is any difference between the useful lives estimate and the originally estimated value, the useful lives of the fixed asset shall be adjusted. When there is any difference between the estimated net residual value estimate and the originally estimated value, the estimated net residual value shall be adjusted.

(5) Disposal of fixed assets

A fixed asset is derecognised on disposal or when it is expected that there shall be no economic benefit arising from using or after disposal. Where the fixed assets are sold, transferred, retired or damaged, the income received after disposal after deducting the carrying amount and related taxes are recognised in profit or loss for the current period.

17. Construction in progress

Construction in progress of the Company is recognised based on the actual construction cost, including all necessary expenditures incurred for construction projects, capitalised borrowing costs for the construction in progress before it has reached the working condition for its intended use, and other related expenses during the construction period.

A construction in progress is reclassified to fixed assets when it has reached the working condition for its intended use. For technological transformation or new machine-made paper projects, the projects will be put into trial operation for a period of time (usually three months) upon completion of construction. After the internal acceptance is completed during the trial operation period, the construction in progress will be transferred to fixed assets.

The method for impairment provision of construction in progress is set out in Note V. 23.

18. Materials for project

The materials for project of the Group refer to various materials prepared for construction in progress, including construction materials, equipment not yet installed and tools for production.

The purchased materials for project are measured at cost, and the planning materials for project are transferred to construction in progress. After the completion of the project, the remaining materials for project are transferred to inventory.

The method for impairment provision of materials for project is set out in Note V. 23.

The closing balance of materials for project is presented as “construction in progress” item in the balance sheet.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

19. Borrowing costs

(1) Recognition principle for the capitalisation of the borrowing costs

The borrowing costs incurred by the Company directly attributable to the acquisition, construction or production of a qualifying asset will be capitalised and included in the cost of relevant asset. Other borrowing costs will be recognised as expenses when incurred according to the incurred amount, and included in the profit or loss for the current period. When the borrowing costs meet all the following conditions, capitalisation shall be started:

- ① The capital expenditure has been incurred, which includes the expenditure incurred by paying cash, transferring non-cash assets or undertaking interest-bearing liabilities for acquiring, constructing or producing the qualifying assets;
- ② the borrowing costs have been incurred; and
- ③ the acquisition, construction or production activity necessary for the asset to be ready for its intended use or sale has been started.

(2) Capitalisation period of borrowing costs

When a qualifying asset acquired, constructed or produced by the Company is ready for its intended use or sale, the capitalisation of the borrowing costs shall discontinue. The borrowing costs incurred after a qualifying asset is ready for its intended use or sale shall be recognised as expenses when incurred according to the incurred amount, and included in the profit or loss for the current period.

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. The capitalisation of the borrowing costs shall be continued in the normal interruption period.

(3) Calculation methods for capitalisation rate and capitalised amount of the borrowing costs

Where funds are borrowed for a specific purpose, the amount of interest to be capitalised shall be the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. Where funds are borrowed for general purpose, the Company shall determine the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalisation rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalisation period, exchange differences on a specific purpose borrowing denominated in foreign currency shall be capitalised. Exchange differences related to general-purpose borrowings denominated in foreign currency shall be included in profit or loss for the current period.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

20. Bearer biological assets

(1) Standards for recognising bearer biological assets

Bearer biological assets refer to biological assets held for the purpose of producing agricultural products, providing labour services or renting. The Company's bearer biological assets are mainly tea trees. Bearer biological assets are initially measured at cost. The cost of a planted or propagated bearer biological asset includes the expenses directly attributable to the asset and necessarily incurred before the asset is ready for its intended production and operation, including the borrowing costs that are eligible for capitalisation.

The management, protection and feeding costs of a biological asset subsequent to crown closure or after the asset is ready for its intended production and operation are expensed and recognised in profit or loss as incurred. According to experience, the tea trees grown by the Company generally take 7 years to reach the crown closure stage.

Depreciation of bearer biological assets is calculated using the straight-line method over the estimated useful life of each biological asset less its residual value as follows:

Type of bearer biological assets	Useful life (year)	Estimated residual value (%)	Annual depreciation rate (%)
Tea tree	20		5.00

The Company reviews the useful life and estimated net residual value of a bearer biological asset and the depreciation method applied at least at each financial year-end. A change in the useful life or estimated net residual value of a fixed asset or the depreciation method used shall be accounted for as a change in accounting estimate.

The difference between the disposal income of the sale, loss, death or damage of a bearer biological asset, net of its carrying amount and related taxes, is recognised in profit or loss for the current period.

(2) Treatment of impairment of bearer biological assets

The method for impairment provision of bearer biological assets is set out in Note V. 23.

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V. Significant Accounting Policies and Accounting Estimates (Cont'd)

21. Intangible assets

The intangible assets of the Company include land use rights, software, patents and certificates of third party right.

The intangible asset is initially measured at cost, and its useful life is determined upon acquisition. If the useful life is finite, the intangible asset will be amortised over the estimated useful life using the amortisation method that can reflect the estimated realisation of the economic benefits related to the asset, starting from the time when it is available for use. If it is unable to reliably determine the estimated realisation, straight-line method shall be adopted for amortisation. The intangible assets with uncertain useful life will not be amortised.

The amortisation methods for the intangible assets with finite useful life are as follows:

Category	Useful life	The basis for determining useful life	Method of amortisation	Remark
Land use rights	50-70	Years of certificate	Straight-line method	
Software	5-10	Estimated years for software replacement	Straight-line method	
Patents	5-20	Useful life of purchase	Straight-line method	
Certificates of third party right	3	Useful life of purchase	Straight-line method	

The Company reviews the useful life and amortisation method of the intangible assets with finite useful life at the end of each year. If it is different from the previous estimates, the original estimates will be adjusted, and will be treated as a change in accounting estimate.

If it is estimated on the balance sheet date that certain intangible asset can no longer bring future economic benefit to the company, the carrying amount of the intangible asset will be entirely transferred into the profit or loss for the current period.

The impairment method for the intangible assets is set out in Note V. 23.

22. R&D expenses

The R&D expenses of the Company are expenses directly related to the R&D activities of the Company, including the wages R&D staff, direct investment costs, depreciation expenses and long-term prepaid expenses, design expenses, equipment testing expenses, amortisation expenses of intangible assets, and outsourced R&D expenses, and other expenses. Among them, the wages of R&D staff are included in R&D expenses based on working hours of related projects. Equipment, production lines, and sites shared between R&D activities and other production and operation activities are included in R&D expenses according to the proportion of working hours and the proportion of area.

The Company divides the expenses on internal R&D projects into expenses in the research phase and expenses in the development phase. All R&D expenses of the Company are included in the current profits and losses when incurred.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

23. Asset impairment

Impairment of long-term equity investments in subsidiaries, associates and joint ventures, asset impairment on investment property, fixed assets, construction in progress, bearer biological assets measured at cost, right-of-use assets, intangible assets, goodwill and others (excluding inventories, deferred tax assets and financial assets) subsequently measured at cost is determined as follows:

The Company determines if there is any indication of asset impairment as at the balance sheet date. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for impairment test. Goodwill arising from business combinations, intangible assets with an indefinite useful life and intangible assets not ready for intended use will be tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. The Company estimates the recoverable amount of an individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The determination of an asset group is based on whether major cash inflows generated by the asset group are independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction amount is charged to profit or loss and an impairment provision is made accordingly.

For the purpose of impairment test of goodwill, the carrying amount of goodwill acquired in a business combination is allocated to the relevant asset groups on a reasonable basis from the acquisition date; where it is difficult to allocate to the related asset groups, it is allocated to the combination of related asset groups. The related asset groups or combination of asset groups are those which can benefit from the synergies of the business combination and are not larger than the reportable segments identified by the Company.

In the impairment test, if there is any indication that an asset group or a combination of asset groups related to goodwill may be impaired, the Company first tests the asset group or set of asset groups excluding goodwill for impairment, calculates the recoverable amount and recognises the corresponding impairment loss. An impairment test is then carried out on the asset group or combination of asset groups containing goodwill by comparing its carrying amount with its recoverable amount. If the recoverable amount is lower than the carrying amount, an impairment loss is recognised for goodwill.

An impairment loss recognised shall not be reversed in a subsequent period.

24. Long-term prepaid expenses

The long-term prepaid expenses incurred by the Company shall be recognised based on the actual cost, and evenly amortised over the estimated benefit period. For the long-term prepaid expense that cannot benefit the subsequent accounting periods, its value after amortisation shall be entirely included in the profit or loss for the current period.

25. Contract liabilities

A contract liability represents the Company's obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer has already paid the contract consideration before the Company transfers goods to the customer or the Company has obtained the unconditional collection right, the Company will recognise such amount received or receivable as contract liabilities at earlier of the actual payment by the customer or the amount payable becoming due. Contract assets and contract liabilities under the same contract are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

26. Employee benefits

(1) Scope of employee benefits

Employee benefits are all forms of considerations or compensation given by an entity in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term staff remuneration, post-employment benefits, termination benefits and other long-term employee benefits. Employee benefits include benefits provided to employees' spouses, children, other dependants, survivors of the deceased employees or other beneficiaries.

Employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" in the balance sheet, respectively, according to liquidity.

(2) Short-term staff remuneration

Employee wages or salaries actually incurred, bonuses, and social insurance contributions such as medical insurance, work injury insurance, maternity insurance, and housing fund, contributed at the applicable benchmarks and rates, are recognised as a liability as the employees provide services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(3) Post-employment benefits

Post-employment benefit plans include defined contribution plans and defined benefit plans. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate fund and the Company has no further obligations for payment. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Defined contribution plans

Defined contribution plans include basic pension insurance, unemployment insurance and enterprise annuity plan (if any).

During the accounting period in which an employee provides service, the amount payable calculated according to the defined contribution plan is recognised as a liability and included in the profit or loss for the current period or the cost of relevant assets.

(4) Termination benefits

When the Company provides termination benefits to employees, employee benefits liabilities arising from termination benefits are recognised in profit or loss for the current period at the earlier of the following dates: when the Company cannot revoke unilaterally compensation for dismissal due to the cancellation of labour relationship plans and employee redundant proposals; the Company recognises cost and expenses related to payment of compensation for dismissal and restructuring.

For the early retirement plans, economic compensations before the actual retirement date were classified as termination benefits. During the period from the date of cease of render of services to the actual retirement date, relevant wages and contribution to social insurance for the employees proposed to be paid are recognised in profit or loss on a one-off basis. Economic compensation after the official retirement date, such as normal pension, is accounted for as post-employment benefits.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

26. Employee benefits (Cont'd)

(5) Other long-term benefits

Other long-term employee benefits provided by the Group to employees that meet the conditions for defined contribution plans are accounted for in accordance with the relevant provisions relating to defined contribution plans as stated above. If the conditions for defined benefit plans are met, the benefits shall be accounted for in accordance with the relevant provisions relating to defined benefit plans, but the “changes arising from the remeasurement of net liabilities or net assets of defined benefit plans” in the relevant employee benefits shall be included in the current profit and loss or the relevant costs of assets.

27. Provisions

Obligations pertinent to the contingencies which satisfy the following conditions are recognised by the Company as provisions:

- (1) the obligation is a current obligation borne by the Company;
- (2) it is likely that an outflow of economic benefits from the Company will be resulted from the performance of the obligation;
- (3) the amount of the obligation can be reliably measured.

The provisions shall be initially measured based on the best estimate for the expenditure required for the performance of the current obligation, after taking into account relevant risks, uncertainties, time value of money and other factors pertinent to the contingencies. If the time value of money has significant influence, the best estimates shall be determined after discounting the relevant future cash outflow. The Company reviews the carrying amount of the provisions on the balance sheet date and adjust the carrying amount to reflect the current best estimates.

If all or some expenses incurred for settlement of recognised provisions are expected to be borne by the third party, the compensation amount shall, on a recoverable basis, be recognised as asset separately, and compensation amount recognised shall not be more than the carrying amount of provisions.

28. Share-based payments and equity instruments

(1) Category of share-based payment

The Company's share-based payment is either equity-settled or cash-settled.

(2) Determination of fair value of equity instruments

For the existence of an active market for options and other equity instruments granted by the Company, the fair value is determined at the quoted price in the active market. For options and other equity instruments with no active market, option pricing model shall be used to estimate the fair value of the equity instruments. The following factors shall be taken into account using option pricing models: A. the exercise price of the option; B. the validity period of the option; C. the current market price of the share; D. the expected volatility of the share price; E. predicted dividend of the share; and F. risk-free rate of the option within the validity period.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

28. Share-based payments and equity instruments (Cont'd)

(3) Recognition of vesting of equity instruments based on the best estimate

On each balance sheet date within the vesting period, the estimated number of equity instruments expected to vest is revised based on the best estimate made by the Company according to the latest available subsequent information as to changes in the number of employees with exercisable rights. On the vesting date, the final estimated number of equity instruments expected to vest should equal the actual number of equity instruments expected to vest.

(4) Accounting treatment of implementation, modification and termination of share-based payment

Equity-settled share-based payment shall be measured at the fair value of the equity instruments granted to employees. For those may immediately vest after the grant, the fair value of equity instrument at the grant date shall be included in the relevant costs or expenses, and the capital reserve shall be increased accordingly. If the right may not be exercised until the vesting period comes to an end 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 number of vested equity instruments, be included in the relevant costs or expenses and the capital reserve at the fair value of the equity instrument at the grant date. After the vesting period, relevant costs or expenses and total shareholders' equity which have been recognised will not be adjusted.

Cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and recognised based on the shares or other equity instruments undertaken by the Company. For those may immediately vest after the grant, the fair value of the liability undertaken by the Company shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the right may not be exercised until the vesting period comes to an end 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 included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company. For each of the balance sheet date and settlement date before the settlement of the relevant liabilities, fair value of the liabilities shall be remeasured and the changes will be included in the profit or loss for the current period.

When there are changes in Company's share-based payment plans, if the modification increases the fair value of the equity instruments granted, corresponding recognition of service increase in accordance with the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the increase in fair value of the equity instruments is recognised as a corresponding increase in service achieved. An increase in the fair value of equity instruments refers to the difference between the fair values of the modified date. If the modification reduces the total fair value of shares paid or not conducive to the use of other employees share-based payment plans to modify the terms and conditions of service, it will continue to be accounted for in the accounting treatment, as if the change had not occurred, unless the Company cancelled some or all of the equity instruments granted.

During the vesting period, if the cancelled equity instruments (except for failure to meet the conditions of the non-market vesting conditions) granted by the Company to cancel the equity instruments granted amount treated as accelerated vesting of the remaining period should be recognised immediately in profit or loss, while recognising capital reserves. If employees or other parties can choose to meet non-vesting conditions but they are not met in the vesting period, the Company will treat them as cancelled equity instruments granted.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

28. Share-based payments and equity instruments (Cont'd)

(5) Restricted shares

If the Company grants the restricted shares to incentive participants under an equity incentive plan, the incentive participants shall subscribe for the shares first. If the unlocking conditions stipulated in the equity incentive plan cannot be fulfilled subsequently, the Company repurchase the shares at the predetermined price. If the registration and other capital increase procedures for the restricted shares issued to employees are completed in accordance with relevant regulations, the Company recognises share capital and capital reserve (or capital premium) based on the subscription money received from the employees on the grant date; and recognises treasury shares and other payables for repurchase obligation.

29. Other financial instruments such as preference shares and Perpetual Bonds

(1) Classification of financial liabilities and equity instruments

Financial instruments issued by the Company are classified into financial assets, financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial asset, financial liability and equity instruments on initial recognition.

(2) Accounting treatment of other financial instruments such as preference shares and Perpetual Bonds

Financial instruments issued by the Company are initially recognised and measured in accordance with the financial instrument standards; thereafter, interest or dividends are accrued on each balance sheet date and accounted for in accordance with relevant specific ASBEs, i.e. to determine the accounting treatment for interest expenditure or dividend distribution of the instrument based on the classification of the financial instrument issued. For financial instruments classified as equity instruments, their interest expenses or dividend distributions are treated as profit distribution of the Company, and their repurchases and cancellations are treated as changes in equity; for financial instruments classified as financial liabilities, their interest expenses or dividend distribution are in principle accounted for with reference to borrowing costs, and the gains or losses arising from their repurchases or redemption are included in the profit or loss for the current period.

For the transaction costs such as fees and commissions incurred by the Company for issuing financial instruments, if such financial instruments are classified as debt instruments and measured at amortised cost, they are included in the initial measured amount of the instruments issued; if such financial instruments are classified as equity instruments, they are deducted from equity.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

30. Revenue

(1) General principles

The Company recognises revenue when it satisfies a performance obligation in the contract, i.e. when the customer obtains control of the relevant goods or services.

Where a contract has two or more performance obligations, the Company allocates the transaction price to each performance obligation based on the percentage of respective unit price of goods or services guaranteed by each performance obligation, and recognises as revenue based on the transaction price that is allocated to each performance obligation.

If one of the following conditions is fulfilled, the Company performs its performance obligation within a certain period; otherwise, it performs its performance obligation at a point of time:

- ① when the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract;
- ② when the customer is able to control the goods in progress in the course of performance by the Company under the contract;
- ③ when the goods produced by the Company under the contract are irreplaceable and the Company has the right to payment for performance completed to date during the whole contract term.

For performance obligations performed within a certain period, the Company recognises revenue by measuring the progress towards complete of that performance obligation within that certain period. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue shall be recognised at the amount of costs incurred until the progress of performance can be reasonably determined.

For performance obligation performed at a point of time, the Company recognises revenue at the point of time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indications:

- ① The Company has the current right to receive payment for the goods, which is when the customer has the current payment obligations for the goods.
- ② The Company has transferred the legal title of the goods to the customer, which is when the client possesses the legal title of the goods.
- ③ The Company has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods.
- ④ The Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtain all of the substantial risks and rewards of ownership of the goods to the customer.
- ⑤ The customer has accepted the goods or services.
- ⑥ Other information indicates that the customer has obtained control of the goods.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

30. Revenue (Cont'd)

(2) Specific methods

The Company's revenue mainly comes from the following types of business: sales of goods, provision of hotel and property services, and provision of financial leasing and factoring services.

Sales of goods

The Company produces and sells machine-made paper and raw materials, electricity and steam, construction materials, papermaking chemicals, plastic automobile accessories, moulds and other products.

In terms of domestic sales, revenue is recognised at a point in time when the control over the goods is transferred after the Company has delivered the goods (other than electricity and steam) sold to the location as specified in the contract and the customer has accepted the goods.

In terms of overseas sales, revenue is recognised on the day when the goods (other than electricity and steam) sold are loaded on board and declared.

The sales of electricity and steam by the Company are performance obligations performed within a certain period. For sales of electricity, the Company recognises revenue from sales of electricity based on the quantity of electricity delivered to customers every month at a price agreed in the contract. For sales of steam, the Company recognises revenue from sales of steam based on the amount of steam delivered to customers every month at a price agreed in the contract.

The credit periods granted by the Company to customers in various industries are consistent with the practices of various industries, therefore, there is no significant financing component.

The Company provides product quality assurance for the sales of products and recognises corresponding provisions. The Company does not provide any additional services or additional quality assurance, so the product quality assurance does not constitute a separate fulfilment obligation.

The Company's cooperation model with distributors is outright sales, and the recognition of sales revenue under the distribution model is consistent with the direct sales model.

Certain contracts between the Company and its customers contain arrangements on sales rebates which will give rise to variable consideration. Where a contract contains variable consideration, the Company determines the best estimates on the variable consideration based on expected values or the most probable amount, provided that transaction prices including variable consideration shall not exceed the cumulative amount of recognised revenue upon the removal of relevant uncertainties in connection with which a significant reversal is highly unlikely.

For sales of machine-made paper with sales return clauses, the revenue recognised is subject to the cumulative amount of recognised revenue in connection with which a significant reversal is highly unlikely. The Company recognises the liabilities according to the expected amount of refund, and recognises the carrying amount of the goods returned at the time of transfer deducting the estimated cost of recovering the goods as an asset (including the loss of the value of the returned goods).

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

30. Revenue (Cont'd)

(2) Specific methods (Cont'd)

Provision of hotel and property services

The Company provides hotel and property services to external parties. Since the customers obtain and consume the economic benefits brought by the Company's performance of the contract while the Company performs the contract, the Company recognises revenue according to the progress of the contract performance. Since the performance progress occurs evenly, the Company recognises revenue by amortising on a straight-line basis over the service period.

Provision of financial leasing and factoring services

The Company recognises revenue from external financial leasing and factoring services according to the effective interest rate.

For assets that have not experienced credit impairment, the Company determines its interest income based on the amount of the book balance of the financial asset (i.e. without considering the impact of impairment) multiplied by the effective interest rate.

There are two cases for financial assets with credit impairment:

For financial assets that are not credit-impaired when purchased or originated, but are credit-impaired in subsequent periods, the Company shall, in the subsequent periods when impairment occurs, determine its income based on the amount of the amortised cost of the financial asset (i.e. the book balance minus the accrued impairment) multiplied by the effective interest rate (the effective interest rate determined at the time of initial recognition, which does not change due to the occurrence of impairment).

For financial assets that are credit-impaired when purchased or originated, the Company shall, upon initial recognition, determine its income based on the amount of the amortised cost of the financial asset multiplied by the credit-adjusted effective interest rate (i.e. the interest rate at which the projected future cash flows after impairment are discounted to the amortised cost at the time of purchase or origination).

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

31. Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. sales commission. The Company recognises the incremental costs of obtaining a contract with a customer as an asset if it expects to recover those costs. Other costs of obtaining a contract, other than incremental costs that are expected to be recovered, are recognised in profit or loss in the period in which they are incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other ASBEs, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- ① the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;
- ② the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
- ③ the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. If the amortisation period does not exceed one year, it shall be recognised in profit or loss for the current period.

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- ① remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;
- ② the cost estimated to be happened for the transfer of related goods or services.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

32. Government grants

A government grant is recognised when the grant will be received and that the Company will comply with the conditions attaching to the grant.

If a government grant is in the form of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of non-monetary asset, it is measured at fair value; if the fair value cannot be obtained in a reliable way, it is measured at the nominal amount of RMB1.

Government grants obtained for acquisition or construction of long-term assets or other forms of long-term asset formation are classified as government grants related to assets, while the remaining government grants are classified as government grants related to revenue.

Regarding the government grant not clearly defined in the official documents and can form long-term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related to revenue. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to revenue.

A government grant related to an asset shall be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the asset in a reasonable and systematic manner. For a government grant related to revenue, if the grant is a compensation for related costs, expenses or losses incurred, the grant shall be recognised in profit or loss for the current period or used to offset related costs; if the grant is a compensation for related costs, expenses or losses to be incurred in subsequent periods, the grant shall be recognised as deferred income, and recognised in profit or loss over the periods in which the related costs, expenses or losses are recognised, or used to offset related costs. A government grant measured at nominal amount is directly included in profit or loss for the current period. The Company adopts a consistent approach to the same or similar government grants.

A government grant related to daily activities is recognised in other gains or used to offset related costs relying on the essence of economic business; otherwise, recognised in non-operating income or used to offset non-operating expenses.

For the repayment of a government grant already recognised, if the carrying amount of relevant assets was written off at initial recognition, the carrying amount of the assets shall be adjusted; if there is any related deferred income, the repayment shall be offset against the carrying amount of the deferred income, and any excess shall be recognised in profit or loss for the current period; otherwise, the repayment shall be recognised immediately in profit or loss for the current period.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

33. Deferred income tax assets/deferred income tax liabilities

Income tax comprises current income tax expense and deferred income tax expense, which are included in profit or loss for the current period as income tax expenses, except for deferred tax related to transactions or events that are directly recognised in owners' equity which are recognised in owners' equity, and deferred tax arising from a business combination, which is adjusted against the carrying amount of goodwill.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base at the balance sheet date of the Company shall be recognised as deferred income tax using the balance sheet liability method.

All the taxable temporary differences are recognised as deferred income tax liabilities except for those incurred in the following transactions:

- (1) The initial recognition of goodwill, and the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs (other than a single transaction that the initially recognised assets and liabilities result in an equal amount of taxable temporary differences and deductible temporary differences);
- (2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognises a deferred income tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

- (1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs (other than a single transaction that the initially recognised assets and liabilities result in an equal amount of taxable temporary differences and deductible temporary differences);
- (2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred income tax asset is recognised when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future, and it is probable that taxable profits will be available in the future, against which the temporary difference can be utilised.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their tax effect is reflected accordingly.

At the balance sheet date, the Company reviews the carrying amount of a deferred income tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

33. Deferred income tax assets/deferred income tax liabilities (Cont'd)

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented as the net amount after offsetting when the following conditions are met at the same time:

- (1) The tax payer within the Company has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- (2) Deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax collection and administration authority on the same taxpayer within the Company.

34. Leases

(1) Identification of leases

On the beginning date of the contract, the Company (as a lessee or lessor) assesses whether the customer in the contract has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use of the identified asset throughout the period of use. If a contract conveys the right to control the use of an identified asset and multiple identified assets for a period of time in exchange for consideration, the Company identifies such contract is, or contains, a lease.

(2) The Company as lessee

On the beginning date of the lease, the Company recognises right-of-use assets and lease liabilities for all leases, except for short-term lease and low-value asset lease with simplified approach.

The accounting policy for right-of-use assets is set out in Note V. 35.

The lease liability is initially measured at the present value of the lease payments that are not paid at the beginning date of the lease using the interest rate implicit in the lease. Where the interest rate implicit in the lease cannot be determined, the incremental borrowing rate is used as the discount rate. Lease payments include fixed payments and in-substance fixed payments, less any lease incentives receivable; variable lease payments that are based on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments for terminating the lease, if the lease term reflects the lessee exercising that option of terminating; and amounts expected to be payable by the lessee under residual value guarantees. Subsequently, the interest expense on the lease liability for each period during the lease term is calculated using a constant periodic rate of interest and is recognised in profit or loss for the current period. Variable lease payments not included in the measurement of lease liabilities are recognised in profit or loss for the period in which they actually arise.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

34. Leases (Cont'd)

(2) The Company as lessee (Cont'd)

Short-term lease

Short-term leases refer to leases with a lease term of less than 12 months from the commencement date, except for those with a purchase option.

Lease payments on short-term leases are recognised in the cost of related assets or current profit or loss on a straight-line basis over the lease term.

For short-term leases, the Company chooses to adopt the above simplified approach for the following types of assets that meet the conditions of short-term lease according to the classification of leased assets.

- Low-value equipment
- Transportation vehicles

Low-value asset lease

A low-value asset lease is a lease that the value of a single leased asset is below RMB40,000 when it is a new asset.

Lease payments on low-value asset leases are recognised on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period.

For a low-value asset lease, the Company chooses the above simplified approach based on the specific circumstances of each lease.

Lease modification

The Company accounts for a lease modification as a separate lease when the modification occurs and the following conditions are met: ① the lease modification expands the scope of lease by adding the right to use one or more of the leased assets; and ② the increase in consideration is equivalent to the separate price for the expanded scope of lease adjusted for that contractual situation.

Where a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Company reallocates the consideration of the modified contract, redetermines the lease term and remeasures the lease liability based on the present value of the lease payments after the modification and the revised discount rate.

If a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying amount of the right-of-use asset accordingly and includes in the profit or loss for the period the gain or loss associated with the partial or complete termination of the lease.

Where other lease modifications result in a remeasurement of the lease liability, the Company adjusts the carrying amount of the right-of-use asset accordingly.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

34. Leases (Cont'd)

(3) The Company as lessor

When the Company is a lessor, a lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of asset ownership to the lessee. All leases other than financial leases are classified as operating leases.

Finance leases

Under finance leases, the Company accounts for finance lease receivables at the beginning of the lease term at the net lease investment, which is the sum of the unsecured residual value and the present value of the lease receipts outstanding at the commencement date of the lease, discounted at the interest rate implicit in the lease. The Company as lessor calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate. Variable lease payments acquired by the Company as lessor that are not included in the net measurement of lease investments are included in profit or loss for the period when they are actually incurred.

Derecognition and impairment of finance lease receivables are accounted for in accordance with the requirements under the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

Operating lease

Lease payments on short-term leases are recognised in the cost of related assets or current profit or loss on a straight-line basis over the lease term. Lease payments under operating leases are recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in relation to operating leases are capitalised and amortised over the lease term on the same basis as rental income and recognised in profit or loss for the current period. The variable lease payments obtained in relation to operating leases that are not included in the lease payments are recognised in profit or loss in the period in which they actually incurred.

Lease modification

The Company accounts for a modification in an operating lease as a new lease from the effective date of the modification and the amount of lease receipts received in advance or receivable in respect of the lease prior to the modification is treated as a receipt under the new lease.

The Company accounts for a modification in a finance lease as a separate lease when the change occurs and the following conditions are met: ① the modification expands the scope of lease by adding the right to use one or more of the leased assets; and ② the increase in consideration is equivalent to the separate price for the expanded scope of lease adjusted for that contractual situation.

Where a finance lease is modified and not accounted for as a separate lease, the Company accounts for the modified lease in the following circumstances: ① If the modification takes effect on the lease commencement date, the lease will be classified as an operating lease, the Company will account for it as a new lease from the effective date of the lease modification, and use the net lease investment before the effective date of the lease modification; ② If the modification takes effect on the lease commencement date, the lease will be classified as a finance lease, and the Company will conduct accounting treatment in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments on modifying or renegotiating contracts.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

34. Leases (Cont'd)

(4) Sublease

When the Company is an intermediate lessor, the sublease is classified with reference to the right-of-use assets arising from the head lease. If the head lease is a short-term lease for which the Company adopts a simplified approach, then the Company classifies the sublease as an operating lease.

(5) Sale and leaseback

The lessee and the lessor shall assess and determine whether the transfer of assets in a sale and leaseback transaction is a sale in accordance with the requirements of the Accounting Standard for Business Enterprises No. 14 – Revenue.

Where asset transfer under the sale and leaseback transactions is a sale, the lessee shall measure the right-of-use assets created by the sale and leaseback based on the portion of carrying amount of the original assets related to right of use obtained upon leaseback, and only recognise relevant profit or loss for the right transferred to the lessor. The lessor shall account for the purchase of assets in accordance with other applicable ASBEs and account for the lease of assets in accordance with this standard.

Where asset transfer under the sale and leaseback transactions is not a sale, the lessee shall continue to recognise the transferred assets while recognising a financial liability equal to the transfer income and account for such liability according to the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments; or not to recognise the transferred assets but recognise a financial asset equal to the transfer income and account for such asset according to the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

35. Right-of-use assets

(1) Conditions for recognition of right-of-use assets

Right-of-use assets are defined as the right of underlying assets in the lease term for the Company as a lessee.

Right-of-use assets are initially measured at cost at the commencement date of the lease. The cost includes the amount of the initial measurement of lease liability; lease payments made at or before the inception of the lease less any lease incentives enjoyed; initial direct costs incurred by the Company as lessee; costs to be incurred in dismantling and removing the underlying assets, 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 incurred by the Company as lessee. As a lessee, the Company recognises and measures the costs of dismantling and restoration in accordance with the Accounting Standard for Business Enterprises No. 13 – Contingencies. Subsequently, the lease liability is adjusted for any remeasurement of the lease liability.

(2) Depreciation method of right-of-use assets

The Company uses the straight-line method for depreciation. Where the Company, as a lessee, is reasonably certain to obtain ownership of the leased asset at the end of the lease term, such asset is depreciated over the remaining useful life of the leased asset. Where ownership of the lease assets during the lease term cannot be reasonably determined, right-of-use assets are depreciated over the lease term or the remainder of useful lives of the lease assets, whichever is shorter.

(3) For the methods of impairment test and impairment provision of right-of-use assets, please refer to Note V. 23.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

36. Production safety expenses and maintenance costs

According to relevant provisions, the Company makes provisions for production safety expenses based on the revenue of the power plant in the previous year and the prescribed percentages. The specific provisions are as follows: ① if the revenue of the previous year did not exceed RMB10 million, provisions would be made at 3%; ② if the revenue of the previous year exceeded RMB10 million but did not exceed RMB100 million, provisions would be made at 1.5%; ③ if the revenue of the previous year exceeded RMB100 million but did not exceed RMB1,000 million, provisions would be made at 1%; ④ if the revenue of the previous year exceeded RMB1,000 million but did not exceed RMB5,000 million, provisions would be made at 0.8%; ⑤ if the revenue of the previous year exceeded RMB5,000 million but did not exceed RMB10,000 million, provisions would be made at 0.6%; ⑥ if the revenue of the previous year exceeded RMB10,000 million, provisions would be made at 0.2%.

Provisions for production safety expenses are included in the cost of related products or profit or loss of the current period and included in “special reserves” correspondingly.

When the provisions for production safety expenses and maintenance costs are utilised within the prescribed scope, if such production safety expenses are applied and related to revenue expenditures, specific reserve is directly offset. When fixed assets are incurred, they are included in the “construction in progress” item and transferred to fixed assets when the status of the assets is ready for intended use. They are then offset against specific reserve based on the amount included in fixed assets while corresponding amount is recognised in accumulated depreciation. Such fixed assets are no longer depreciated in subsequent periods.

37. Repurchase of shares

Prior to cancellation or transfer of shares repurchased, the Company recognises all expenditures arising from share repurchase as cost of treasury shares in the treasury share account. Considerations and transaction fee incurred from the repurchase of shares shall lead to the elimination of owners' equity and does not recognise profit or loss when shares of the Company are repurchased, transferred or cancelled.

The difference between the actual amount received and the carrying amount of the treasury shares are recognised as capital reserve when the treasury shares are transferred, if the capital reserve is not sufficient to be offset, the excess amount shall be recognised to offset surplus reserve and retained profit. When the treasury shares are cancelled, the capital shall be eliminated according to the number of shares and par value of cancelled shares, the difference between the actual amount received and the carrying amount of the treasury shares are recognised as capital reserve, if the capital reserve is not sufficient to be offset, the excess amount shall be recognised to offset surplus reserve and retained profit.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

38. Debt restructuring

(1) The Company as the debtor

The debt is derecognised when the current obligation of the debt is discharged. Specifically, when the uncertainty about the execution process and results of the debt restructuring agreement is eliminated, the gains and losses related to the debt restructuring are recognised.

If debt restructuring is carried out by repaying debts with assets, the Company shall derecognise the relevant assets and the debts paid off when they meet the conditions for derecognition, and the difference between the book value of the debts paid off and the book value of the transferred assets shall be included in the current profit and loss.

If the debt is converted into equity instruments for debt restructuring, the Company shall derecognise the debts paid off when they meet the conditions for derecognition. When the Company initially recognises an equity instrument, it is measured based on the fair value of the equity instrument. If the fair value of the equity instrument cannot be measured reliably, it is measured based on the fair value of the debt paid off. The difference between the book value of the debts paid off and the recognised amount of the equity instrument shall be included in the current profit and loss.

When a debt restructuring involves the modification of other terms of a debt, the Company shall recognise and measure the restructured debts in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments.

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Company shall recognise and measure the equity instruments and restructured debts in accordance with the aforementioned methods, and the difference between the book value of the debts paid off and the sum of the book value of the transferred assets and the recognised amount of the equity instruments and restructured debts shall be included in the current profit and loss.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

38. Debt restructuring (Cont'd)

(2) The Company as the creditor

The debt receivable are derecognised when the contractual rights to receive the cash flows under the debt receivable expire. Specifically, when the uncertainty about the execution process and results of the debt restructuring agreement is eliminated, the gains and losses related to the debt restructuring are recognised.

If debt restructuring is carried out by repaying debts with assets, the Company shall initially recognise assets other than the transferred financial assets at cost. In particular, the cost of inventories includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, insurance and other costs, for bringing the assets to the current position and condition; the cost of investment in associates or joint ventures includes the fair value of the debt receivable and any directly attributable taxes and other costs; the cost of investment property includes the fair value of the debt receivable and any directly attributable taxes and other costs; the cost of fixed assets includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, installation costs, professional service fees and other costs, for bringing the assets to the status for intended use; the cost of intangible assets includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, for bringing the assets to the status for intended use. The difference between the fair value and the book value of the debt receivable is included in the current profit and loss.

When the debt restructuring causes the Company to convert the debt receivable to an equity investment of joint ventures or associates, the Company shall measure the equity investment based on the sum of the fair value of debt receivable, and any directly attributable taxes and other costs of the investment. The difference between the fair value and the book value of the debt receivable is included in the current profit and loss.

When a debt restructuring involves the modification of other terms of a debt, the Company recognises and measures the restructured debt receivable in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Company first recognises and measures the financial assets received and restructured debt receivable in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, and then allocates the net value, which is the fair value of the debt receivable deducted by the recognised amount of financial assets received and restructured debt receivable, to the costs of nonfinancial assets received based on their relative fair value. The difference between the fair value and the book value of the debt receivable is included in the current profit and loss.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

39. Critical accounting judgments and estimates

The Company gives continuous assessment on, among other things, the reasonable expectations of future events and the critical accounting estimates and key assumptions adopted according to its historical experience and other factors. The critical accounting estimates and key assumptions that are likely to lead to significant adjustment risks of the carrying amount of assets and liabilities for the next financial year are listed as follows:

Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Classification of financial assets

Significant judgements involved in determining the classification of financial assets include the analysis of business models and contractual cash flow characteristics.

Factors considered by the Company in determining the business model for a group of financial assets include how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how the relevant management personnel are compensated.

When the Company assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are repayments of principal); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost. For example, whether the amount repaid in advance reflects only the outstanding principal and interest thereon, as well as reasonable compensation paid for early termination of the contract.

Measurement of the ECLs of accounts receivable

The Company calculates the ECLs of accounts receivable using the exposure to default risk and ECL rate of accounts receivable, and determines the ECL rate based on default probability and default loss rate. When determining the ECL rate, the Company adjusts its historical data by referring to information such as historical credit loss experience as well as current situation and forward-looking information. When considering the forward-looking information, indicators used by the Company include the risk of economic downturn, external market environment, technology environment and changes in customers. The assumptions relating to the ECL calculation are monitored and reviewed by the Company on a regularly basis.

Measurement of past due credit losses on finance lease receivables

The Company calculates the ECLs of financial lease receivables using the exposure to default risk and ECL rate of financial lease receivables, and determines the ECL rate based on default probability and default loss rate. When determining the ECL rate, the Company takes into account the current status and repayment ability of the counterparty while considering the value of collateral, guarantees and other credit enhancement measures related to the lease receivables.

V. Significant Accounting Policies and Accounting Estimates (Cont'd)

39. Critical accounting judgments and estimates (Cont'd)

Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of goodwill

The Company assesses the impairment of goodwill at least annually, which requires estimates of the use value of asset groups allocated with goodwill. When estimating the use value, the Company is required to estimate the future cash flows from such asset groups while selecting the appropriate discount rate to calculate the present value of future cash flows.

Impairment of inventories

On the balance sheet date, the Company determines the net realisable value of its inventories based on the estimated selling prices of the inventories, less costs estimated to be incurred upon completion, estimated selling expenses and related taxes. The realisable value of inventories shall be determined on the basis of definite evidence, purpose of holding the inventories and effect of after-balance-sheet-date events. If the net realisable value is below the cost of inventories, a provision for inventory impairment is made.

Impairment of fixed assets and long-term equity investments

The Company assesses the impairment of fixed assets and long-term equity investments at least annually. When any event or change in circumstances indicates that the carrying amount may not be recoverable, the carrying amount of such project is reviewed for impairment. If the carrying amount of an asset exceeds its recoverable amount, impairment loss is recognised for the difference. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows. A number of assumptions are made in estimating the recoverable amount of assets, including future cash flows and discount rates relating to non-current assets. If future events differ from these assumptions, the recoverable amount shall be revised, which may have an impact on the operations or financial position of the Company.

40. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

☐ Applicable ☒ Not applicable

(2) Changes in significant accounting estimates

☐ Applicable ☒ Not applicable

(3) Adjustments to relevant items at the beginning of the year in the financial statements arising from the first-time adoption of new accounting standards in 2025

☐ Applicable ☒ Not applicable

VI. Taxation

1. Main tax types and tax rates

Tax type	Tax base	Tax rate
Value added tax (VAT)	VAT payable (VAT payable is calculated by multiplying taxable sales amount by the applicable tax rate less current deductible input VAT)	13/9/6
Property tax	Rental income and property price	1.2/12
Urban maintenance and construction tax	Actual turnover tax paid	7
Enterprise income tax	Taxable income	25

Disclosure of taxable entities subject to different EIT tax rates

Name of taxable entity	EIT tax rate
Shandong Chenming Paper Holdings Limited	15
Shouguang Meilun Paper Co., Ltd.	15
Jilin Chenming Paper Co., Ltd.	15
Jiangxi Chenming Paper Co., Ltd.	15
Zhanjiang Chenming Pulp & Paper Co., Ltd.	15
Huanggang Chenming Pulp & Paper Co., Ltd.	15
Shouguang Xinyuan Coal Co., Ltd.	20
Shouguang Chenming Papermaking Machine Co., Ltd.	20
Zhanjiang Chenming Arboriculture Development Co., Ltd.	Exempt from EIT
Nanchang Chenming Arboriculture Development Co., Ltd.	Exempt from EIT
Chenming Arboriculture Co., Ltd.	Exempt from EIT
Yangjiang Chenming Arboriculture Development Co., Ltd.	Exempt from EIT

2. Tax incentives

(1) Enterprise income tax

On 7 December 2024, the Company received a high and new technology enterprise certificate with a certification number of GR202437001530. Pursuant to the requirements under the Law of the People's Republic of China on Enterprise Income Tax and the relevant policies, the Company is subject to a corporate income tax rate of 15% of taxable income, and is entitled to the preferential treatment from 2024 to 2026.

Shouguang Meilun Paper Co., Ltd., a subsidiary of the Company, received a high and new technology enterprise certificate with a certification number of GR202437000114 on 7 December 2024. Pursuant to the requirements under the Law of the People's Republic of China on Enterprise Income Tax and the relevant policies, Shouguang Meilun is subject to an enterprise income tax rate of 15% of taxable income, and is entitled to the preferential treatment from 2024 to 2026.

VI. Taxation (Cont'd)

2. Tax incentives (Cont'd)

(1) Enterprise income tax (Cont'd)

Jilin Chenming Paper Co., Ltd., a subsidiary of the Company, has been handling the renewal procedures for its high and new technology enterprise certificate during the year as the certificate has expired at the end of 2024. The renewal is expected to be completed in October, and Jilin Chenming is still subject to an enterprise income tax rate of 15% of taxable income for the period.

Jiangxi Chenming Paper Co., Ltd., a subsidiary of the Company, has been handling the renewal procedures for its high and new technology enterprise certificate during the year as the certificate has expired at the end of 2024. The renewal is expected to be completed in December, and Jiangxi Chenming is still subject to an enterprise income tax rate of 15% of taxable income for the period.

Zhanjiang Chenming Pulp & Paper Co., Ltd., a subsidiary of the Company, received a high and new technology enterprise certificate with a certification number of GR202444002840 on 19 November 2024. Pursuant to the requirements under the Law of the People's Republic of China on Enterprise Income Tax and the relevant policies, Zhanjiang Chenming is subject to an enterprise income tax rate of 15% of taxable income, and is entitled to the preferential treatment from 2024 to 2026.

Huanggang Chenming Pulp & Paper Co., Ltd., a subsidiary of the Company, received a high and new technology enterprise certificate with a certification number of GR202342003128 on 5 December 2023. Pursuant to the requirements under the Law of the People's Republic of China on Enterprise Income Tax and the relevant policies, Huanggang Chenming is subject to an enterprise income tax rate of 15% of taxable income, and is entitled to the preferential treatment from 2023 to 2025.

Pursuant to the requirements of Rule 27(1) of Law of the People's Republic of China on Enterprise Income Tax and Rule 86(1) of regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax, Zhanjiang Chenming Arboriculture Development Co., Ltd., Yangjiang Chenming Arboriculture Development Co., Ltd., Nanchang Chenming Arboriculture Development Co., Ltd. and Chenming Arboriculture Co., Ltd., which are the subsidiaries of the Company, have completed the filings for EIT reduction for exemption from EIT.

Shouguang Xinyuan Coal Co., Ltd. and Shouguang Chenming Papermaking Machine Co., Ltd., which are subsidiaries of the Company, are small and micro enterprises. Pursuant to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises (Cai Shui [2022] No. 13) and the Announcement of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Business (Cai Shui [2023] No. 6), the annual taxable income of a small low-profit enterprise that is less than RMB3 million shall be included in its taxable income at a reduced rate of 25%, with the applicable enterprise income tax rate of 20%.

(2) Value-added Tax ("VAT")

Pursuant to Rule 10 of the Interim Regulation of the People's Republic of China on Value Added Tax, Zhanjiang Chenming Arboriculture Development Co., Ltd., Yangjiang Chenming Arboriculture Development Co., Ltd., Nanchang Chenming Arboriculture Development Co., Ltd. and Chenming Arboriculture Co., Ltd., which are subsidiaries of the Company, are exempt from VAT, and have completed the filings for VAT reduction for exemption from VAT.

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VII. Notes to items of the consolidated financial statements

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Treasury cash	2,394,083.00	1,363,319.76
Bank deposit	60,585,255.05	150,579,926.55
Other monetary funds	875,404,665.38	5,728,747,806.12
Interest accrued on deposits	15,277,493.17	29,188,759.75
Total	953,661,496.60	5,909,879,812.18
Including: Total deposits in overseas banks	25,556,854.12	90,613,912.87

Other explanations:

- ① Other monetary funds of RMB202,153,506.60 were the guarantee deposit for the application for acceptance bills by the Company, of which RMB2,153,506.60 was locked-up.
- ② Other monetary funds of RMB607,004,754.05 were the guarantee deposit for the application for letter of credit with the banks by the Company, of which RMB78,478,176.11 was locked-up.
- ③ Other monetary funds of RMB7,615,777.01 were the guarantee deposit for the application for loans with the banks by the Company.
- ④ Other monetary funds of RMB58,630,627.72 were locked-up due to reasons such as litigations or being unused for a long time, resulting in restriction on the use of that account's balance.

2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	36,692,409.73	37,259,325.70
Including: Investment in equity instruments	36,692,409.73	37,259,325.70
Total	36,692,409.73	37,259,325.70

Other explanation: Financial assets held for trading were shares of China Bohai Bank subscribed by the Company.

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VII. Notes to items of the consolidated financial statements (Cont'd)

3. Bills receivable

(1) Bills receivable by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	765,000,567.09	
Commercial acceptance bills		506,605,701.74
Total	765,000,567.09	506,605,701.74

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Book balance		Closing balance Bad debts provision		Book value	Book balance		Opening balance Bad debts provision		Book value
	Amount	Percentage	Amount	Provision percentage		Amount	Percentage	Amount	Provision percentage	
Bills receivable assessed collectively for bad debt provision	765,000,567.09	100.00%			765,000,567.09	506,605,701.74	100.00%			506,605,701.74
Including:										
Bank acceptance bills	765,000,567.09	100.00%			765,000,567.09					
Commercial acceptance bills						506,605,701.74	100.00%			506,605,701.74
Total	765,000,567.09	100.00%			765,000,567.09	506,605,701.74	100.00%			506,605,701.74

Name of category being assessed collectively for bad debt provision: Bank acceptance bills

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage
Bank acceptance bills	765,000,567.09		
Total	765,000,567.09		

Whether the bad debts provision for bills receivable is made according to the general model of ECLs:

☐ Applicable ☒ Not applicable

VIII Financial Report

VII. Notes to items of the consolidated financial statements (Cont'd)

3. Bills receivable (Cont'd)

(3) Bills receivable endorsed or discounted by the Company but not yet due as at the balance sheet date

Unit: RMB

Item	Amount derecognised as at the end of the period	Amount not yet derecognised as at the end of the period
Bank acceptance bills		746,520,575.24
Total		746,520,575.24

4. Accounts receivable

(1) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	639,549,718.94	929,046,115.66
1 to 2 years	132,077,444.26	274,913,099.67
2 to 3 years	367,993,588.74	352,196,765.13
Over 3 years	1,132,302,980.26	1,112,205,999.57
Subtotal	2,271,923,732.20	2,668,361,980.03
Less: Bad debts provision	1,341,192,229.68	1,284,071,666.33
Total	930,731,502.52	1,384,290,313.70

The basis used by the ageing analysis of the accounts receivable of the Company: the ageing of accounts receivable is the length of time of the Company's outstanding accounts receivable based on invoice date. The closing balance is recognised one by one from the end of the period onwards until the amounts add up to the balance. It is also broken up by intervals of within 1 year, 1-2 years, 2-3 years and over 3 years.

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VII. Notes to items of the consolidated financial statements (Cont'd)

4. Accounts receivable (Cont'd)

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Book balance		Closing balance Bad debts provision		Book value	Book balance		Opening balance Bad debts provision		Book value
	Amount	Percentage (%)	Amount	Provision percentage (%)		Amount	Percentage (%)	Amount	Provision percentage (%)	
Accounts receivable assessed individually for bad debt provision	305,821,462.34	13.46	305,821,462.34	100.00		252,399,157.18	9.46	244,457,449.18	96.85	7,941,708.00
Accounts receivable assessed collectively for bad debt provision	1,966,102,269.86	86.54	1,035,370,767.34	52.66	930,731,502.52	2,415,962,822.85	90.54	1,039,614,217.15	43.03	1,376,348,605.70
Including:										
Due from related parties	2,981,407.22	0.13	144,501.82	4.85	2,836,905.40	1,945,551.12	0.07	13,618.86	0.70	1,931,932.26
Due from non-related parties	826,104,360.78	36.36	110,171,373.40	13.34	715,932,987.38	1,153,594,000.22	43.23	126,192,125.69	10.94	1,027,401,874.53
Factoring receivables	1,137,016,501.86	50.05	925,054,892.12	81.36	211,961,609.74	1,260,423,271.51	47.24	913,408,472.60	72.47	347,014,798.91
Total	2,271,923,732.20	100.00	1,341,192,229.68	59.03	930,731,502.52	2,668,361,980.03	100.00	1,284,071,666.33	48.12	1,384,290,313.70

Items assessed individually for bad debt provision:

Unit: RMB

Name	Opening balance		Closing balance		Provision percentage (%)	Provision reason
	Book balance	Bad debts provision	Book balance	Bad debts provision		
Foshan Shunde Xingchen Paper Co., Ltd.	26,697,528.70	26,697,528.70	26,697,528.70	26,697,528.70	100.00	Long outstanding
Shandong Bisheng Printing Materials Co., Ltd.	14,813,369.27	14,813,369.27	14,813,369.27	14,813,369.27	100.00	Long outstanding
Zhengzhou Hongyang Paper Products Co., Ltd.	14,453,432.93	14,453,432.93	14,453,432.93	14,453,432.93	100.00	Long outstanding
Henan Yibang Technology Trading Co., Ltd.	13,396,601.22	13,396,601.22	13,396,601.22	13,396,601.22	100.00	Long outstanding
Changsha Chuangyi Paper Co., Ltd.	10,954,285.12	10,954,285.12	10,954,285.12	10,954,285.12	100.00	Long outstanding
Shandong Yiming New Material Technology Corp Co., Ltd.	10,624,137.64	10,624,137.64	10,624,137.64	10,624,137.64	100.00	Long outstanding
Hunan Jinbeishun Paper Co., Ltd.	10,614,691.35	10,614,691.35	10,614,691.35	10,614,691.35	100.00	Long outstanding
Fuzhou Fulan Trading Co., Ltd.	10,250,525.02	10,250,525.02	10,250,525.02	10,250,525.02	100.00	Long outstanding
Beijing Zhonghe Qixiang Pulp and Paper Co., Ltd.	9,774,000.00	9,774,000.00	9,774,000.00	9,774,000.00	100.00	Long outstanding
67 companies including Wuhan Tianrui Paper Co., Ltd.	130,820,585.93	122,878,877.93	184,242,891.09	184,242,891.09	100.00	Long outstanding
Total	252,399,157.18	244,457,449.18	305,821,462.34	305,821,462.34	100.00	

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VII. Notes to items of the consolidated financial statements (Cont'd)

4. Accounts receivable (Cont'd)

(2) Disclosure by bad debt provision method (Cont'd)

Number of categories being assessed collectively for bad debt provision: 3

Name of category being assessed collectively for bad debt provision: Due from related parties

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage (%)
Within 1 year	2,981,407.22	144,501.82	4.85
Total	2,981,407.22	144,501.82	4.85

Name of category being assessed collectively for bad debt provision: Due from non-related parties

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage (%)
Within 1 year	636,568,311.72	11,434,276.45	1.80
1 to 2 years	124,450,047.00	37,463,132.65	30.10
2 to 3 years	3,984,086.01	2,077,527.32	52.15
Over 3 years	61,101,916.05	59,196,436.98	96.88
Total	826,104,360.78	110,171,373.40	13.34

Name of category being assessed collectively for bad debt provision: Factoring receivables

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage (%)
Within 1 year			
1 to 2 years	7,627,397.26	3,813,698.63	50.00
2 to 3 years	364,009,502.73	273,763,164.02	75.21
Over 3 years	765,379,601.87	647,478,029.47	84.60
Total	1,137,016,501.86	925,054,892.12	81.36

Whether the bad debts provision for accounts receivable is made according to the general model of ECLs:

☐ Applicable ☒ Not applicable

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VII. Notes to items of the consolidated financial statements (Cont'd)

4. Accounts receivable (Cont'd)

(3) Provision, recovery or reversal of bad debt provision for the period

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Provision	Changes in the period		Others	Closing balance
			Recovery or reversal	Written-off		
Bad debts provision	1,284,071,666.33	69,712,665.33	12,591,918.13		-183.85	1,341,192,229.68
Total	1,284,071,666.33	69,712,665.33	12,591,918.13		-183.85	1,341,192,229.68

Explanation: "Others" includes a decrease in bad debts of RMB183.85 due to changes in exchange rates.

(4) Top five accounts receivable based on closing balance of debtors

The total amount of top five accounts receivable and contract assets based on closing balance of debtors for the period amounted to RMB1,035,936,190.50 in total, accounting for 45.60% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding bad debt provision amounted to RMB839,139,731.30 in total.

Unit: RMB

Name of entity	Closing balance of accounts receivable	As a percentage of the closing balance of the total accounts receivable (%)	Closing balance of bad debt provision of accounts receivable
Customer 1	481,810,233.33	21.21	404,720,595.99
Customer 2	222,656,666.64	9.80	191,484,733.29
Customer 3	121,908,333.33	5.37	103,622,083.31
Customer 4	108,000,000.00	4.75	54,000,000.00
Customer 5	101,560,957.20	4.47	85,312,318.71
Total	1,035,936,190.50	45.60	839,139,731.30

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VII. Notes to items of the consolidated financial statements (Cont'd)

5. Accounts receivable financing

(1) Accounts receivable financing by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	92,166,113.62	100,730,797.32
Total	92,166,113.62	100,730,797.32

Explanation: All the accounts receivable financing of the Company were bank acceptance bills. Since the terms of the bank acceptance bills did not exceed one year, and both parties to the endorsement of the bills agreed to offset equal amounts of accounts receivable and payable based on the face value of the bills, fair value equalled amortised cost.

Certain subsidiaries of the Company discount and endorse part of the bank acceptance bills based on their daily capital management needs. Therefore, the bank acceptance bills of the subsidiaries are classified as financial assets measured at fair value through other comprehensive income.

The Company has no bank acceptance bill assessed individually for impairment provision. At the end of the period, the Company believed that there was no significant credit risk in the bank acceptance bills held and no major losses would be incurred due to default of banks.

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts provision			Book balance		Bad debts provision		
	Amount	Percentage	Amount	Provision percentage	Book value	Amount	Percentage	Amount	Provision percentage	Book value
Items assessed collectively for bad debt provision	92,166,113.62	100.00%			92,166,113.62	100,730,797.32	100.00%			100,730,797.32
Including:										
Bank acceptance bills	92,166,113.62	100.00%			92,166,113.62	100,730,797.32	100.00%			100,730,797.32
Total	92,166,113.62	100.00%			92,166,113.62	100,730,797.32	100.00%			100,730,797.32

Name of category being assessed collectively for bad debt provision: Bank acceptance bills

Unit: RMB

Name	Book balance	Closing balance	Provision
		Bad debts provision	percentage
Bank acceptance bills	92,166,113.62		
Total	92,166,113.62		

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VII. Notes to items of the consolidated financial statements (Cont'd)

5. Accounts receivable financing (Cont'd)

(3) Accounts receivable financing endorsed or discounted but not yet due as at the balance sheet date

Unit: RMB

Item	Amount derecognised as at the end of the period	Amount not yet derecognised as at the end of the period
Bank acceptance bills	616,041,951.77	
Total	616,041,951.77	

Explanation: The credit risk and deferred payment risk of bank acceptance bills used for discounting were very small, and the interest rate risk related to the bills had been transferred to the banks. It was determined that the major risks and rewards of the ownership of the bills had been transferred, so these bills were derecognised.

6. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividend receivable		22,659,149.81
Other receivables	826,493,097.36	1,061,992,721.13
Total	826,493,097.36	1,084,651,870.94

(1) Dividend receivable

1) Classification of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance
Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)		22,659,149.81
Total		22,659,149.81

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VII. Notes to items of the consolidated financial statements (Cont'd)

6. Other receivables (Cont'd)

(2) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Open credit	2,465,026,126.24	2,522,792,110.64
Guarantee deposit and deposit	18,719,780.93	14,874,445.09
Reserve and borrowings	13,597,076.99	16,114,760.18
Others	8,676,751.74	7,975,085.22
Subtotal	2,506,019,735.90	2,561,756,401.13
Bad debts provision	1,679,526,638.54	1,499,763,680.00
Total	826,493,097.36	1,061,992,721.13

2) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	535,306,086.74	680,590,285.93
1 to 2 years	492,014,742.91	409,320,986.47
2 to 3 years	156,121,767.11	198,957,834.50
Over 3 years	1,322,577,139.14	1,272,887,294.23
Subtotal	2,506,019,735.90	2,561,756,401.13
Bad debts provision	1,679,526,638.54	1,499,763,680.00
Total	826,493,097.36	1,061,992,721.13

The basis used by the ageing analysis: the ageing of other receivables is the length of time of the Company's outstanding other receivables based on invoice date. The closing balance is recognised one by one from the end of the period onwards until the amounts add up to the balance. It is also broken up by intervals of within 1 year, 1-2 years, 2-3 years and over 3 years.

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VII. Notes to items of the consolidated financial statements (Cont'd)

6. Other receivables (Cont'd)

(2) Other receivables (Cont'd)

3) Disclosure by bad debt provision method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts provision		Book value	Book balance		Bad debts provision		Book value
	Amount	Percentage (%)	Amount	Provision percentage (%)		Amount	Percentage (%)	Amount	Provision percentage (%)	
Items assessed individually for bad debt provision	2,078,583,512.27	82.94	1,583,495,204.60	76.18	495,088,307.67	2,087,431,689.32	81.48	1,443,275,872.97	69.14	644,155,816.35
Items assessed collectively for bad debt provision	427,436,223.63	17.06	96,031,433.94	22.47	331,404,789.69	474,324,711.81	18.52	56,487,807.03	11.91	417,836,904.78
Including:										
Amount due from government agencies	8,577,167.51	0.34	830,183.87	9.68	7,746,983.64	8,929,150.60	0.35	736,883.39	8.25	8,192,267.21
Amount due from related parties	270,892,618.99	10.81	62,260,922.61	22.98	208,631,696.38	328,692,310.16	12.83	31,260,068.90	9.51	297,432,241.26
Other receivables	147,966,437.13	5.91	32,940,327.46	22.26	115,026,109.67	136,703,251.05	5.34	24,490,854.74	17.92	112,212,396.31
Total	2,506,019,735.90	100.00	1,679,526,638.54	67.02	826,493,097.36	2,561,756,401.13	100.00	1,499,763,680.00	58.54	1,061,992,721.13

Items assessed individually for bad debt provision:

Unit: RMB

Name	Opening balance		Closing balance			Reason
	Book balance	Bad debts provision	Book balance	Bad debts provision	Provision percentage (%)	
Customer 1	472,854,783.56	332,202,672.36	472,854,783.56	342,452,672.36	72.42	Uncertain recovery to a certain extent
Customer 2	453,002,316.85	181,200,926.74	453,002,316.85	231,031,181.59	51.00	Uncertain recovery to a certain extent
Customer 3	390,000,000.00	390,000,000.00	390,000,000.00	390,000,000.00	100.00	Uncertain recovery to a certain extent
Customer 4	143,940,305.63	79,167,168.10	132,386,694.51	81,928,289.77	61.89	Uncertain recovery to a certain extent
146 customers including customer 5	627,634,283.28	460,705,105.77	630,339,717.35	538,083,060.88	85.36	Uncertain recovery to a certain extent
Total	2,087,431,689.32	1,443,275,872.97	2,078,583,512.27	1,583,495,204.60	76.18	

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VII. Notes to items of the consolidated financial statements (Cont'd)

6. Other receivables (Cont'd)

(2) Other receivables (Cont'd)

3) Disclosure by bad debt provision method (Cont'd)

Bad debt provision based on the general model of ECLs:

Unit: RMB

Bad debts provision	Stage 1 ECLs for the next 12 months	Stage 2 Lifetime ECLs (not credit- impaired)	Stage 3 Lifetime ECLs (credit- impaired)	Total
Balance as at 1 January 2025	56,487,807.03		1,443,275,872.97	1,499,763,680.00
Balance as at 1 January 2025 for the period				
- Transferred to stage 2				
- Transferred to stage 3				
- Reversed to stage 2				
- Reversed to stage 1				
Provision for the period	45,191,586.82		143,482,541.72	188,674,128.54
Reversal for the period	5,647,544.72		3,263,210.09	8,910,754.81
Transfer for the period				
Write-off for the period				
Other changes	-415.19			-415.19
Balance as at 30 June 2025	96,031,433.94		1,583,495,204.60	1,679,526,638.54

Explanation: Others changes were due to changes in exchange rates.

Changes in carrying book balances with significant changes in loss provision for the period

☐ Applicable ☒ Not applicable

4) Provision, recovery or reversal of bad debt provision for the period

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Provision	Changes in the period Recovery or reversal	Transfer or write-off	Others	Closing balance
Other receivables	1,499,763,680.00	188,674,128.54	8,910,754.81		-415.19	1,679,526,638.54
Total	1,499,763,680.00	188,674,128.54	8,910,754.81		-415.19	1,679,526,638.54

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VII. Notes to items of the consolidated financial statements (Cont'd)

6. Other receivables (Cont'd)

(2) Other receivables (Cont'd)

5) Top five other receivables according to closing balance of debtors

The total amount of the Company's top five other receivables based on closing balance of debtors for the period was RMB1,626,215,128.58, which accounted for 64.89% of the closing balance of the total other receivables. The closing balance of corresponding bad debt provision amounted to RMB1,057,584,866.14.

Unit: RMB

Name of entity	Nature	Closing balance	Ageing	As a percentage of the closing balance of total other receivables (%)	Closing balance of bad debt provision
Customer 1	Consideration for debt transfer	472,854,783.56	4 to 5 years	18.87	342,452,672.36
Customer 2	Consideration for debt transfer	453,002,316.85	Over 5 years	18.08	231,031,181.59
Customer 3	Consideration for debt transfer	390,000,000.00	1 to 2 years	15.56	390,000,000.00
Customer 4	Financial support	177,971,333.66	1 to 2 years	7.10	12,172,722.42
Customer 5	Consideration for debt transfer	132,386,694.51	3 to 4 years	5.28	81,928,289.77
Total		1,626,215,128.58		64.89	1,057,584,866.14

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VII. Notes to items of the consolidated financial statements (Cont'd)

7. Prepayments

(1) Prepayments by ageing

Unit: RMB

Ageing	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	467,197,487.32	90.77%	592,705,315.78	93.80%
1 to 2 years	47,514,537.04	9.23%	39,188,179.36	6.20%
Total	514,712,024.36	100%	631,893,495.14	100%

(2) Top five prepayments based on closing balance of prepaid parties

The total amount of top five prepayments based on closing balance of prepaid parties for the period amounted to RMB224,396,113.86, accounting for 43.60% of the closing balance of the total prepayments.

Unit: RMB

Name of entity	Closing balance of prepayments	As a percentage of the closing balance of the total prepayments
Customer 1	55,668,669.56	10.82%
Customer 2	55,059,195.61	10.70%
Customer 3	52,234,915.42	10.15%
Customer 4	32,672,877.26	6.35%
Customer 5	28,760,456.01	5.58%
Total	224,396,113.86	43.60%

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VII. Notes to items of the consolidated financial statements (Cont'd)

8. Inventories

(1) Categories of inventories

Unit: RMB

Item	Book balance	Closing balance Impairment provision for inventories or performance costs	Book value	Book balance	Opening balance Impairment provision for inventories or performance costs	Book value
Raw materials	1,248,246,294.74	17,216,467.87	1,231,029,826.87	1,225,049,193.59	15,709,012.21	1,209,340,181.38
Work-in-process products	24,207,338.19		24,207,338.19	121,749,898.40		121,749,898.40
Goods in stock	173,137,316.50	4,836,695.44	168,300,621.06	269,949,625.20	22,030,676.68	247,918,948.52
Consumable biological assets	1,098,778,602.31		1,098,778,602.31	1,256,379,773.85		1,256,379,773.85
Total	2,544,369,551.74	22,053,163.31	2,522,316,388.43	2,873,128,491.04	37,739,688.89	2,835,388,802.15

Note: Consumable biological assets are forestry assets.

(2) Impairment provision for inventories and performance costs

Unit: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Reversal or transfer	Others	
Raw materials	15,709,012.21	1,507,455.66				17,216,467.87
Goods in stock	22,030,676.68	1,885,491.46		19,079,472.70		4,836,695.44
Total	37,739,688.89	3,392,947.12		19,079,472.70		22,053,163.31

Item	Basis for recognition of net realisable value/residual consideration with future cost	Reason for reversal or written-off of impairment provision for inventories/ performance costs during the period
Raw materials	The cost of raw materials is higher than their net realisable value	Written-off of impairment provision for inventories due to sales of impaired spare parts during the period
Goods in stock	The cost of goods in stock is higher than their net realisable value	Written-off of impairment provision for inventories due to sales of impaired goods in stock during the period

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VII. Notes to items of the consolidated financial statements (Cont'd)

9. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term receivables due within one year	2,393,909,142.54	2,840,365,519.48
Total	2,393,909,142.54	2,840,365,519.48

Explanations: ① Long-term receivables due within one year amounting to RMB2,391,130,169.10 (opening balance: RMB2,816,898,675.87) were financial lease receivables; ② Long-term receivables due within one year amounting to RMB2,410,508.72 (opening balance: RMB23,098,378.89) were deposits receivable; ③ Long-term receivables due within one year amounting to RMB368,464.72 (opening balance: RMB368,464.72) were sublease receivables.

(1) Particulars of impairment provision

Unit: RMB

	Stage 1 ECLs for the next 12 months	Stage 2 Lifetime ECLs (not credit- impaired)	Stage 3 Lifetime ECLs (credit-impaired)	Total
Bad debts provision				
Balance as at 1 January 2025			2,027,393,033.65	2,027,393,033.65
Balance as at 1 January 2025 for the period				
- Transferred to stage 2				
- Transferred to stage 3				
- Reversed to stage 2				
- Reversed to stage 1				
Provision for the period			213,443,651.30	213,443,651.30
Reversal for the period			8,045,202.50	8,045,202.50
Transfer for the period				
Write-off for the period				
Other changes			2,133,065.18	2,133,065.18
Balance as at 30 June 2025			2,234,924,547.63	2,234,924,547.63

Explanation: Other changes were the transfer from long-term receivables due within one year.

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VII. Notes to items of the consolidated financial statements (Cont'd)

10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Input tax amount to be deducted	125,760,593.77	135,623,629.69
Prepaid tax	7,602,012.64	7,659,808.66
Receivables under financial lease due within one year	95,991,375.59	182,672,726.43
Factoring receivables due within one year	33,669,153.22	74,820,340.44
Prepaid expenses	71,769,098.81	144,335,745.61
Other payments	2,798,952.00	14,798,952.00
Total	337,591,186.03	559,911,202.83

11. Long-term receivables

(1) Particulars of long-term receivables

Unit: RMB

Item	Closing balance			Opening balance			Discount rate range
	Book balance	Bad debts provision	Book value	Book balance	Bad debts provision	Book value	
Finance lease payments	4,864,577,431.35	2,246,850,683.36	2,617,726,747.99	5,125,475,727.85	2,041,452,234.56	3,084,023,493.29	4%-12%
Including: Unrealised financing income	121,818,319.83		121,818,319.83	121,865,194.82		121,865,194.82	
Deposit for finance lease	152,712,158.53		152,712,158.53	221,956,391.53		221,956,391.53	
Including: Unrealised financing income	21,751,140.83		21,751,140.83	25,782,566.94		25,782,566.94	
Sublease receivable for woodland	13,879,744.10	899,519.98	12,980,224.12	11,987,400.88	899,519.98	11,087,880.90	
Including: Unrealised financing income	6,587,234.26		6,587,234.26	6,803,007.48		6,803,007.48	
Less: Long-term receivables due within one year	4,628,833,690.17	2,234,924,547.63	2,393,909,142.54	4,867,758,553.13	2,027,393,033.65	2,840,365,519.48	
Less: Other current liabilities	4,393,344.27		4,393,344.27	196,410,443.69		196,410,443.69	
Total	397,942,299.54	12,825,655.71	385,116,643.83	295,250,523.44	14,958,720.89	280,291,802.55	

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VII. Notes to items of the consolidated financial statements (Cont'd)

11. Long-term receivables (Cont'd)

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts provision		Book value	Book balance		Bad debts provision		Book value
	Amount	Percentage	Amount	Provision percentage		Amount	Percentage	Amount	Provision percentage	
Items assessed individually for bad debt provision										
Items assessed collectively for bad debt provision	397,942,299.54	100.00%	12,825,655.71	3.22%	385,116,643.83	295,250,523.44	100.00%	14,958,720.89	5.07%	280,291,802.55
Including:										
Receivables not past due	238,522,714.62	59.94%	11,926,135.73	5.00%	226,596,578.89	281,184,018.32	95.24%	14,059,200.91	5.00%	267,124,817.41
Sublease receivable for woodland	13,511,279.38	3.40%	899,519.98	6.66%	12,611,759.40	11,618,936.16	3.93%	899,519.98	7.74%	10,719,416.18
Deposits receivable	145,908,305.54	36.66%			145,908,305.54	2,447,568.96	0.83%			2,447,568.96
Total	397,942,299.54	100.00%	12,825,655.71	3.22%	385,116,643.83	295,250,523.44	100.00%	14,958,720.89	5.07%	280,291,802.55

Number of categories being assessed collectively for bad debt provision: 3

Name of category being assessed collectively for bad debt provision: Receivables not past due

Unit: RMB

Name	Book balance	Closing balance	Provision percentage
		Bad debts provision	
Within 1 year			
1 to 2 years	85,169,767.94	4,258,488.39	5.00%
2 to 3 years	85,169,767.94	4,258,488.40	5.00%
Over 3 years	68,183,178.74	3,409,158.94	5.00%
Total	238,522,714.62	11,926,135.73	5.00%

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VII. Notes to items of the consolidated financial statements (Cont'd)

11. Long-term receivables (Cont'd)

(2) Disclosure by bad debt provision method (Cont'd)

Name of category being assessed collectively for bad debt provision: Sublease receivable for woodland

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage
1 to 2 years	395,471.70	6,735.50	1.70%
2 to 3 years	409,708.69	15,179.23	3.70%
3 to 4 years	894,458.20	49,500.56	5.53%
4 to 5 years	535,758.69	35,500.56	6.63%
Over 5 years	11,275,882.10	792,604.13	7.03%
Total	13,511,279.38	899,519.98	6.66%

Name of category being assessed collectively for bad debt provision: Deposits receivable

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage
Within 1 year			
1 to 2 years	24,643,396.41		
2 to 3 years	29,483,088.87		
Over 3 years	91,781,820.26		
Total	145,908,305.54		

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VII. Notes to items of the consolidated financial statements (Cont'd)

11. Long-term receivables (Cont'd)

(2) Disclosure by bad debt provision method (Cont'd)

Bad debt provision based on the general model of ECLs

Unit: RMB

Bad debts provision	Stage 1 ECLs for the next 12 months	Stage 2 Lifetime ECLs (not credit- impaired)	Stage 3 Lifetime ECLs (credit- impaired)	Total
Balance as at 1 January 2025	14,958,720.89			14,958,720.89
Balance as at 1 January 2025 for the period				
– Transferred to stage 2				
– Transferred to stage 3				
– Reversed to stage 2				
– Reversed to stage 1				
Provision for the period				
Reversal for the period				
Transfer for the period				
Write-off for the period				
Non-current assets classified as due within one year	-2,133,065.18			-2,133,065.18
Balance as at 30 June 2025	12,825,655.71			12,825,655.71

Other explanation: Other changes in the period was the amount of bad debt provision reclassified to non-current assets due within one year.

(3) Provision, recovery or reversal of bad debt provision for the period

Unit: RMB

Category	Opening balance	Provision	Changes in the period Recovery or reversal	Transfer or write-off	Others	Closing balance
Bad debts provision	14,958,720.89				-2,133,065.18	12,825,655.71
Total	14,958,720.89				-2,133,065.18	12,825,655.71

Other explanation: Other changes in the period was the amount of bad debt provision reclassified to non-current assets due within one year.

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VII. Notes to items of the consolidated financial statements (Cont'd)

12. Long-term equity investments

Unit: RMB

Investee	Opening balance (carrying amount)	Opening balance of impairment provision	Additional contribution	Withdrawn contribution	Investment gain or loss recognised under equity method	Change for the period		Distribution of cash dividend or profit declared	Impairment provision	Others	Closing balance (carrying amount)	Closing balance of impairment provision
						Adjustment of other comprehensive income	Other change in equity interest					
I. Joint ventures												
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	8,368,935.72				-454,469.59						7,914,466.13	
Weifang Port Wood Chip Wharf Co., Ltd.	87,317,015.51				-10,425,862.90						76,891,152.61	
Shouguang Meite Environmental Technology Co., Ltd.	17,960,215.27				-2,469,832.94						15,490,382.33	
Shouguang Jintou Industrial Investment Partnership (Limited Partnership)	1,779,091,176.56				-335,442,177.93						1,443,648,998.63	
Weifang Xingxing United Chemical Co., Ltd.	78,795,494.34	13,078,890.78									78,795,494.34	13,078,890.78
Subtotal	1,971,532,837.40	13,078,890.78			-348,792,343.36						1,622,740,494.04	13,078,890.78

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VII. Notes to items of the consolidated financial statements (Cont'd)

12. Long-term equity investments (Cont'd)

Investee	Opening balance (carrying amount)	Opening balance of impairment provision	Additional contribution	Withdrawn contribution	Investment gain or loss recognised under equity method	Change for the period		Distribution of cash dividend or profit declared	Impairment provision	Others	Closing balance (carrying amount)	Closing balance of impairment provision
						Adjustment of other comprehensive income	Other change in equity interest					
II. Associates												
Zhuhai Dechen New Third Board Equity Investment Fund Company (Limited Partnership)	27,167,682.31				-3,636,926.80						23,530,755.51	
Ningbo Kaichen Huamei Equity Investment Fund Partnership (Limited Partnership)	135,554,820.00				8,867,943.33						144,422,763.33	
Nanchang Tianchen Port Co., Ltd.	56,995,531.95				499,339.14						57,494,871.09	
Goldtrust Futures Co., Ltd.	194,450,748.14	4,010,000.00			-702,243.82						193,748,504.32	4,010,000.00
Xuchang Chenming Paper Co., Ltd.		5,994,545.96										5,994,545.96
Chenming (Qingdao) Asset Management Co., Ltd.	826,793.21				245,037.23						1,071,830.44	
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	229,854,588.36				-13,761,303.43						216,093,284.93	
Guangdong Nanyue Bank Co., Ltd.	1,354,652,410.17				11,305,977.21	-3,795,486.93					1,362,162,900.45	
Subtotal	1,999,502,574.14	10,004,545.96			2,817,822.86	-3,795,486.93					1,998,524,910.07	10,004,545.96
Total	3,971,035,411.54	23,083,436.74			-345,974,520.50	-3,795,486.93					3,621,265,404.11	23,083,436.74

Determination of net amount of recoverable amount measured at fair value after deducting disposal expenses

☐ Applicable ☒ Not applicable

Determination of present value of recoverable amount based on expected cash flows

☐ Applicable ☒ Not applicable

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VII. Notes to items of the consolidated financial statements (Cont'd)

13. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Investment in debt instruments	243,238,260.24	650,001,725.86
Investment in equity instruments	101,028,728.82	101,028,728.82
Total	344,266,989.06	751,030,454.68

14. Investment property

(1) Investment property under the cost method

√ Applicable □ Not applicable

Unit: RMB

Item	Housing and building structure	Total
I. Original carrying amount		
1. Opening balance	7,134,063,378.49	7,134,063,378.49
2. Increase during the period		
3. Decrease during the period	172,061,891.55	172,061,891.55
(1) Disposal	172,061,891.55	172,061,891.55
4. Closing balance	6,962,001,486.94	6,962,001,486.94
II. Accumulated depreciation and accumulated amortisation		
1. Opening balance	1,288,600,119.94	1,288,600,119.94
2. Increase during the period	93,700,162.32	93,700,162.32
(1) Provision or amortisation	93,700,162.32	93,700,162.32
3. Decrease during the period	25,444,088.71	25,444,088.71
(1) Disposal	25,444,088.71	25,444,088.71
4. Closing balance	1,356,856,193.55	1,356,856,193.55
III. Impairment provision		
1. Opening balance	102,227,990.09	102,227,990.09
3. Decrease during the period		
4. Closing balance	102,227,990.09	102,227,990.09
IV. Carrying amount		
1. Closing carrying amount	5,502,917,303.30	5,502,917,303.30
2. Opening carrying amount	5,743,235,268.46	5,743,235,268.46

VII. Notes to items of the consolidated financial statements (Cont'd)

14. Investment property (Cont'd)

(1) Investment property under the cost method (Cont'd)

Determination of net amount of recoverable amount measured at fair value after deducting disposal expenses

☐ Applicable ☒ Not applicable

Determination of present value of recoverable amount based on expected cash flows

☐ Applicable ☒ Not applicable

(2) Investment property under the fair value method

☐ Applicable ☒ Not applicable

(3) Particulars of investment property without obtaining property right certificates

The Company has no investment property without obtaining property right certificates.

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VII. Notes to items of the consolidated financial statements (Cont'd)

15. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	30,486,711,545.01	31,855,069,324.04
Total	30,486,711,545.01	31,855,069,324.04

(1) Particulars of fixed assets

Unit: RMB

Item	Housing and building structure	Machinery and equipment	Transportation equipment	Electronic equipment and others	Total
I. Original carrying amount:					
1. Opening balance	11,820,547,859.70	43,724,325,201.35	268,370,299.02	380,586,884.62	56,193,830,244.69
2. Increase during the period	3,519,067.63	13,893,984.63	824,297.11	708,050.10	18,945,399.47
(1) Acquisition	366,639.40	13,893,984.63	824,297.11	708,050.10	15,792,971.24
(2) Transferred from construction in progress	3,152,428.23				3,152,428.23
3. Decrease during the period	86,483,738.19	20,305,914.20	21,163,651.77	3,102,781.44	131,056,085.60
(1) Disposal or retirement	86,483,738.19	20,305,914.20	16,534,934.24	3,053,002.98	126,377,589.61
(2) Disposal of subsidiaries			4,628,717.53	49,778.46	4,678,495.99
4. Closing balance	11,737,583,189.14	43,717,913,271.78	248,030,944.36	378,192,153.28	56,081,719,558.56
II. Accumulated depreciation					
1. Opening balance	2,900,330,968.52	20,704,110,792.91	214,213,548.69	254,658,460.96	24,073,313,771.08
2. Increase during the period	149,308,626.95	899,533,388.11	5,337,671.50	2,313,287.28	1,056,492,973.84
(1) Provision	149,308,626.95	899,533,388.11	5,337,671.50	2,313,287.28	1,056,492,973.84
3. Decrease during the period	3,483,829.38	12,833,169.37	18,322,997.74	2,774,346.65	37,414,343.14
(1) Disposal or retirement	3,483,829.38	12,833,169.37	13,947,739.59	2,727,057.27	32,991,795.61
(2) Disposal of subsidiaries			4,375,258.15	47,289.38	4,422,547.53
4. Closing balance	3,046,155,766.09	21,590,811,011.65	201,228,222.45	254,197,401.59	25,092,392,401.78
III. Impairment provision					
1. Opening balance	65,307,038.71	192,690,987.81	13,889.13	7,435,233.92	265,447,149.57
2. Increase during the period		237,168,462.20			237,168,462.20
(1) Provision		237,168,462.20			237,168,462.20
3. Decrease during the period					
4. Closing balance	65,307,038.71	429,859,450.01	13,889.13	7,435,233.92	502,615,611.77
IV. Carrying amount					
1. Closing carrying amount	8,626,120,384.34	21,697,242,810.12	46,788,832.78	116,559,517.77	30,486,711,545.01
2. Opening carrying amount	8,854,909,852.47	22,827,523,420.63	54,142,861.20	118,493,189.74	31,855,069,324.04

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VII. Notes to items of the consolidated financial statements (Cont'd)

15. Fixed assets (Cont'd)

(2) Particulars of temporarily idle fixed assets

Unit: RMB

Item	Original carrying amount	Accumulated depreciation	Impairment provision	Book value	Remark
Housing and building structure	136,913,541.04	70,464,646.73	3,093,008.64	63,355,885.67	
Machinery and equipment	2,073,161,016.01	1,098,296,512.02	419,107,140.97	555,757,363.02	
Electronic equipment and others	3,886,693.69	3,420,090.81	252,222.32	214,380.56	
Total	2,213,961,250.74	1,172,181,249.56	422,452,371.93	619,327,629.25	

(3) Particulars of fixed assets without obtaining property right certificates

Unit: RMB

Item	Book value	Reason for not yet obtaining property right certificates
Housing and building structure (Chongmin Culture Development (Shanghai) Co., Ltd.)	1,132,405,721.27	Under application
Housing and building structure (Zhanjiang Chenming Pulp & Paper Co., Ltd.)	939,966,260.01	Under application
Housing and building structure (Shouguang Meilun Paper Co., Ltd.)	460,931,745.40	Under application
Housing and building structure (Jilin Chenming Paper Co., Ltd.)	346,556,632.69	Under application
Housing and building structure (Jiangxi Chenming Paper Co., Ltd.)	186,368,143.00	Under application
Housing and building structure (Shandong Chenming Paper Holdings Limited)	132,600,962.45	Under application
Housing and building structure (Huanggang Chenming Pulp & Paper Co., Ltd.)	22,551,381.97	Under application
Total	3,221,380,846.79	

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VII. Notes to items of the consolidated financial statements (Cont'd)

15. Fixed assets (Cont'd)

(4) Impairment test on fixed assets

☒ Applicable ☐ Not applicable

Determination of net amount of recoverable amount measured at fair value after deducting disposal expenses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Carrying amount	Book value	Impairment	Determination of fair value and disposal expenses	Key parameter	Basis of determination of key parameter
Machinery and equipment	549,413,196.02	312,244,733.82	237,168,462.20	Market Inquiry	N/A	N/A
Total	549,413,196.02	312,244,733.82	237,168,462.20			

Determination of present value of recoverable amount based on expected cash flows

☐ Applicable ☒ Not applicable

16. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	604,010,416.63	586,611,718.04
Materials for project	6,860,479.90	7,226,885.83
Total	610,870,896.53	593,838,603.87

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VII. Notes to items of the consolidated financial statements (Cont'd)

16. Construction in progress (Cont'd)

(1) Particulars of construction in progress

Unit: RMB

Item	Book balance	Closing balance Impairment provision	Book value	Book balance	Opening balance Impairment provision	Book value
Relocation of Wuhan 4800 papermaking machine project (Zhanjiang Chenming)	556,727,044.76	86,712,411.44	470,014,633.32	549,063,751.76	86,712,411.44	462,351,340.32
Technological transformation project	137,410,068.03	11,645,893.36	125,764,174.67	129,380,245.56	11,645,893.36	117,734,352.20
300,000 tonnes softwood pulp project (Shandong Chenming)	13,384,376.59	6,177,296.25	7,207,080.34	12,703,321.77	6,177,296.25	6,526,025.52
Others	24,672,634.03	23,648,105.73	1,024,528.30	23,648,105.73	23,648,105.73	
Total	732,194,123.41	128,183,706.78	604,010,416.63	714,795,424.82	128,183,706.78	586,611,718.04

(2) Changes in material construction in progress projects for the period

Unit: RMB

Item	Budget	Opening balance	Increase during the period	Transfer to fixed asset during the period	Other deductions during the period	Closing balance	Accumulated investment to budget (%)	Construction progress (%)	Accumulated capitalised interest	Including: Capitalised interest amount during the period	Capitalisation rate of the interest amount during the period	Source of fund
Relocation of Wuhan 4800 papermaking machine project (Zhanjiang Chenming)	800,000,000.00	549,063,751.76	7,663,293.00			556,727,044.76	69.59	71.00				Self-owned funds and borrowings
300,000 tonnes softwood pulp project (Shandong Chenming)	1,488,980,000.00	12,703,321.77	681,054.82			13,384,376.59	0.90	0.70				Self-owned funds and borrowings
Total	2,288,980,000.00	561,767,073.53	8,344,347.82			570,111,421.35	—	—				—

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VII. Notes to items of the consolidated financial statements (Cont'd)

16. Construction in progress (Cont'd)

(3) Impairment provision for construction in progress for the period

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reason for provision
Relocation of Wuhan 4800 papermaking machine project (Zhanjiang Chenming)	86,712,411.44			86,712,411.44	
Differentiated viscose fibre and spinning and chemical project (Huanggang Pulp & Paper)	12,609,724.89			12,609,724.89	
300,000 tonnes softwood pulp project (Shandong Chenming)	6,177,296.25			6,177,296.25	
Closed deodorisation at wastewater treatment plant (Shandong Chenming)	5,061,399.69			5,061,399.69	
Automation upgrade for water treatment (Jilin Chenming)	662,764.60			662,764.60	
Others	16,960,109.91			16,960,109.91	
Total	128,183,706.78			128,183,706.78	—

(4) Impairment provision for construction in progress

☐ Applicable ☒ Not applicable

(5) Materials for project

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Special materials	6,860,479.90		6,860,479.90	7,226,885.83		7,226,885.83
Total	6,860,479.90		6,860,479.90	7,226,885.83		7,226,885.83

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VII. Notes to items of the consolidated financial statements (Cont'd)

17. Bearer biological assets

(1) Bearer biological assets under the cost method

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Tea tree	Total
I. Original carrying amount		
1. Opening balance	18,704,143.60	18,704,143.60
2. Increase during the period	31,227.72	31,227.72
(1) Cultivation	31,227.72	31,227.72
3. Decrease during the period		
4. Closing balance	18,735,371.32	18,735,371.32
II. Accumulated depreciation		
1. Opening balance		
2. Increase during the period		
3. Decrease during the period		
4. Closing balance		
III. Impairment provision		
1. Opening balance	9,352,071.80	9,352,071.80
2. Increase during the period		
3. Decrease during the period		
4. Closing balance	9,352,071.80	9,352,071.80
IV. Carrying amount		
1. Closing carrying amount	9,383,299.52	9,383,299.52
2. Opening carrying amount	9,352,071.80	9,352,071.80

(2) Impairment test on bearer biological assets under the cost method

☐ Applicable ☒ Not applicable

(3) Bearer biological assets measured at fair value

☐ Applicable ☒ Not applicable

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VII. Notes to items of the consolidated financial statements (Cont'd)

18. Right-of-use assets

(1) Particulars of right-of-use assets

Unit: RMB

Item	Land use rights	Housing and building structure	Total
I. Original carrying amount			
1. Opening balance	192,872,810.81	110,497,066.62	303,369,877.43
2. Increase during the period			
3. Decrease during the period	4,478,520.86	12,385.32	4,490,906.18
(1) Sublease as financial lease	4,354,667.66		4,354,667.66
(2) Other decreases	123,853.20	12,385.32	136,238.52
4. Closing balance	188,394,289.95	110,484,681.30	298,878,971.25
II. Accumulated depreciation			
1. Opening balance	34,120,660.16	3,224,904.40	37,345,564.56
2. Increase during the period	3,467,569.95	3,886,479.24	7,354,049.19
(1) Provision	3,467,569.95	3,886,479.24	7,354,049.19
3. Decrease during the period	2,416,475.15		2,416,475.15
(1) Sublease as financial lease	2,416,475.15		2,416,475.15
4. Closing balance	35,171,754.96	7,111,383.64	42,283,138.60
III. Impairment provision			
1. Opening balance			
2. Increase during the period			
3. Decrease during the period			
4. Closing balance			
IV. Carrying amount			
1. Closing carrying amount	153,222,534.99	103,373,297.66	256,595,832.65
2. Opening carrying amount	158,752,150.65	107,272,162.22	266,024,312.87

Explanation: The reason for other decreases is that the original recognised amount of right-of-use assets was tax included, and as the invoices for leasing have been received, the input tax amount offset the original carrying amount of the right-of-use assets.

(2) Impairment test on right-of-use assets

☐ Applicable ☒ Not applicable

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VII. Notes to items of the consolidated financial statements (Cont'd)

19. Intangible assets

(1) Particulars of intangible assets

Unit: RMB

Item	Land use rights	Software	Patents	Certificates of third party right	Total
I. Original carrying amount					
1. Opening balance	2,195,765,131.05	22,964,503.01	27,493,613.05	15,908,674.87	2,262,131,921.98
2. Increase during the period					
3. Decrease during the period	4,159,004.87				4,159,004.87
(1) Disposal	2,413,361.78				2,413,361.78
(2) Disposal of subsidiaries	1,745,643.09				1,745,643.09
4. Closing balance	2,191,606,126.18	22,964,503.01	27,493,613.05	15,908,674.87	2,257,972,917.11
II. Accumulated amortisation					
1. Opening balance	569,617,649.10	22,664,165.23	1,673,649.21	15,908,674.87	609,864,138.41
2. Increase during the period	24,116,103.19	77,821.47	47,475.00		24,241,399.66
(1) Provision	24,116,103.19	77,821.47	47,475.00		24,241,399.66
3. Decrease during the period	2,693,571.08				2,693,571.08
(1) Disposal	1,130,805.06				1,130,805.06
(2) Disposal of subsidiaries	1,562,766.02				1,562,766.02
4. Closing balance	591,040,181.21	22,741,986.70	1,721,124.21	15,908,674.87	631,411,966.99
III. Impairment provision					
1. Opening balance					
2. Increase during the period					
3. Decrease during the period					
4. Closing balance					
IV. Carrying amount					
1. Closing carrying amount	1,600,565,944.97	222,516.31	25,772,488.84		1,626,560,950.12
2. Opening carrying amount	1,626,147,481.95	300,337.78	25,819,963.84		1,652,267,783.57

As at the end of the period, the intangible assets from internal R&D of the Company accounted for 0.00% of the balance of intangible assets.

(2) Data resources recognised as intangible assets

☐ Applicable ☒ Not applicable

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VII. Notes to items of the consolidated financial statements (Cont'd)

19. Intangible assets (Cont'd)

(3) Right-of-use assets without proper title certificates

Unit: RMB

Item	Book value	Reason for not yet obtaining property right certificates
Shouguang Kunhe Trading Co., Ltd.	70,832,871.07	Under application
Zhanjiang Chenming Pulp & Paper Co., Ltd.	37,980,537.06	Under application
Shandong Chenming Paper Holdings Limited	1,299,699.44	Under application
Total	110,113,107.57	

(4) Impairment test on intangible assets

☐ Applicable ☒ Not applicable

20. Goodwill

(1) Original carrying amount of goodwill

Unit: RMB

Name of investee or event generating goodwill	Opening balance	Increase during the period Arising from business combinations	Decrease during the period Disposal	Closing balance
Jilin Chenming Paper Co., Ltd.	14,314,160.60			14,314,160.60
Jiangxi Chenming Port Co., Ltd.	8,273,638.42			8,273,638.42
Total	22,587,799.02			22,587,799.02

(2) Provision for impairment of goodwill

Unit: RMB

Name of investee or event generating goodwill	Opening balance	Increase during the period Provision	Decrease during the period Disposal	Closing balance
Jilin Chenming Paper Co., Ltd.	14,314,160.60			14,314,160.60
Jiangxi Chenming Port Co., Ltd.	8,273,638.42			8,273,638.42
Total	22,587,799.02			22,587,799.02

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VII. Notes to items of the consolidated financial statements (Cont'd)

20. Goodwill (Cont'd)

(3) Specific determination of recoverable amount

Determination of net amount of recoverable amount measured at fair value after deducting disposal expenses

☐ Applicable ☒ Not applicable

Determination of present value of recoverable amount based on expected cash flows

☐ Applicable ☒ Not applicable

(4) Fulfilment of performance undertaking and corresponding impairment of goodwill

Goodwill was formed when a performance undertaking existed and the reporting period or the previous period fell within the performance undertaking period

☐ Applicable ☒ Not applicable

21. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increase during the period	Amortisation during the period	Other deductions	Closing balance
Bank advisory fees	249,308,500.01		26,242,999.98		233,065,500.03
Woodland expenses	8,126,767.91		366,276.55		7,760,491.36
Others	32,242,278.95	420,498.00	1,411,330.81		31,251,446.14
Total	289,677,546.87	420,498.00	28,020,607.34		262,077,437.53

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VII. Notes to items of the consolidated financial statements (Cont'd)

22. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets before offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible loss	10,916,924,503.15	1,678,949,045.97	9,715,020,431.43	1,565,956,688.49
Provision for impairment of assets	431,530,138.58	66,116,285.84	722,577,808.85	148,433,553.46
Outstanding payables	141,404,891.43	21,444,445.16	257,788,652.79	56,051,325.73
Deferred income	130,213,596.33	19,532,039.44	134,649,677.05	20,197,451.55
Unrealised profit arising from intra-group transactions	3,157,467.73	473,620.16		
Total	11,623,230,597.22	1,786,515,436.57	10,830,036,570.12	1,790,639,019.23

(2) Deferred income tax liabilities before offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset valuation increment from business combinations involving entities not under common control	31,348,584.67	4,702,287.70	33,371,073.97	5,005,661.10
Unrealised profit arising from intra-group transactions			14,360,332.90	3,590,083.23
Total	31,348,584.67	4,702,287.70	47,731,406.87	8,595,744.33

(3) The breakdown of unrecognised deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	6,367,823,535.52	5,404,679,879.65
Deductible loss	3,139,948,553.96	2,074,025,508.84
Total	9,507,772,089.48	7,478,705,388.49

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VII. Notes to items of the consolidated financial statements (Cont'd)

22. Deferred income tax assets/deferred income tax liabilities (Cont'd)

(4) Expiry of deductible loss of unrecognised deferred income tax assets falls in the years as follows

Unit: RMB

Year	Closing balance	Opening balance	Remark
2025	—	208,245,408.21	
2026	139,420,663.59	590,291,155.76	
2027	112,477,975.45	110,332,902.30	
2028	427,827,841.03	425,783,078.02	
2029	1,175,261,693.52	739,372,964.55	
2030	1,284,960,380.37	—	
Total	3,139,948,553.96	2,074,025,508.84	

23. Other non-current assets

Unit: RMB

Item	Book balance	Closing balance Impairment provision	Book value	Opening balance Book balance	Impairment provision	Book value
Payments for engineering and equipment	130,588,145.22		130,588,145.22	125,012,037.98		125,012,037.98
Others	302,732,180.01		302,732,180.01	290,844,663.44		290,844,663.44
Total	433,320,325.23		433,320,325.23	415,856,701.42		415,856,701.42

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VII. Notes to items of the consolidated financial statements (Cont'd)

24. Assets with restricted ownerships or right to use

Unit: RMB

Item	Book balance	As at the end of the period			Book balance	As at the beginning of the period		
		Book value	Type of restriction	Restriction		Book value	Type of restriction	Restriction
Fixed assets	34,753,954,012.60	19,712,891,634.14	Charged	As collateral for bank borrowings and long-term payables (Note VII. 15)	34,375,256,421.29	20,001,586,415.43	Charged	As collateral for bank borrowings and long-term payables (Note VII. 15)
Investment property	6,556,109,499.47	5,195,027,744.73	Charged	As collateral for bank borrowings (Note VII. 14)	6,742,657,317.44	5,433,525,500.09	Charged	As collateral for bank borrowings (Note VII. 14)
Intangible assets	1,842,713,402.08	1,328,582,983.12	Charged	As collateral for bank borrowings and long-term payables (Note VII. 19)	1,789,243,785.12	1,312,981,381.52	Charged	As collateral for bank borrowings and long-term payables (Note VII. 19)
Long-term equity investments	1,653,602,939.71	1,649,407,876.62	Frozen	Freeze for non-payment (Note VII. 12)	1,549,103,158.31	1,549,103,158.31	Frozen	Freeze for non-payment (Note VII. 12)
Monetary funds	875,404,665.38	875,404,665.38	Pledged, frozen	As deposits for acceptance bills and letters of credit, security deposits for loans, deposit reserves or account locked-up, freezing by litigation, etc. (Note VII. 1)	5,728,747,806.12	5,728,747,806.12	Pledged, frozen	As deposits for acceptance bills and letters of credit, deposits for letter of guarantee, security deposits for loans, deposit reserves or account locked-up, interest receivable, freezing by litigation, etc. (Note VII. 1)
Inventories	20,028,521.46	14,865,436.95	Seized by court	Seizure due to non-payment (Note VII. 8)	120,195,864.99	103,566,055.40	Seized by court	Seizure due to non-payment (Note VII. 8)
Accounts receivable					207,017,962.56	206,147,426.74	Pledged	As pledge for borrowings (Note VII. 4)
Total	45,701,813,040.70	28,776,180,340.94			50,512,222,315.83	34,335,657,743.61		

Other explanation:

As at 30 June 2025, housing, building structure and equipment with the carrying amount of RMB19,712,891,634.14 (31 December 2024: carrying amount of RMB20,001,586,415.43), investment properties with the carrying amount of RMB5,195,027,744.73 (31 December 2024: carrying amount of RMB5,433,525,500.09) and intangible assets with the carrying amount of RMB1,328,582,983.12 (31 December 2024: carrying amount of RMB1,312,981,381.52) were pledged as collateral for long-term borrowings of RMB2,970,922,783.69 (31 December 2024: RMB3,669,467,809.18), short-term borrowings of RMB2,134,928,749.43 (31 December 2024: RMB1,375,200,404.98) and long-term payables of RMB3,434,953,627.32 (31 December 2024: RMB3,600,767,587.75).

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VII. Notes to items of the consolidated financial statements (Cont'd)

25. Short-term borrowings

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Credit borrowings	11,776,210,057.84	8,179,010,348.64
Guaranteed borrowings	8,654,559,071.44	8,087,802,486.06
Mortgage borrowings	2,134,928,749.43	1,375,200,404.98
Discounted borrowings	760,520,575.24	8,292,279,333.33
Pledged borrowings		846,066,236.10
Total	23,326,218,453.95	26,780,358,809.11

Explanation of the classification of short-term borrowings:

- ① For classification and amount of mortgage borrowings and mortgage assets, please see 1. Monetary funds and 24. Assets with restricted ownerships or right to use in Note VII.
- ② Short-term borrowings included accrued interest of RMB64,501,511.68.
- ③ Mortgage borrowings of RMB1,880,000,000.00 and discounted borrowings of RMB14,000,000.00 were also guaranteed by related parties.

(2) Overdue outstanding short-term borrowings

At the end of the period, the overdue debts of the Company totalled RMB3,972,836,482.31, of which overdue short-term borrowings amounted to RMB905,650,183.88, and in accordance with Interpretation No. 17, the liabilities transferred to short-term borrowings totalled RMB3,067,186,298.43, including overdue bank acceptance bills of RMB1,145,186,298.43, overdue long-term borrowings of RMB1,652,000,000.00, and non-current liabilities due within one year – bank loans of RMB270,000,000.00.

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VII. Notes to items of the consolidated financial statements (Cont'd)

25. Short-term borrowings (Cont'd)

(2) Overdue outstanding short-term borrowings (Cont'd)

Major overdue outstanding short-term borrowings are as follows:

Unit: RMB

Borrower	Closing balance	Borrowing rate	Overdue time	Overdue interest rate
Guangdong Branch of China Development Bank	940,000,000.00	4.90%	2024-12-20	7.35%
Zhejiang Chouzhou Commercial Bank Co., Ltd.	520,000,000.00	4.00%	2025-6-20	12.00%
Jinan Branch of Bank of Tianjin Co., Ltd.	232,000,000.00	6.50%	2025-1-11	9.75%
Zhanjiang Branch of Bank of Communications Co., Ltd.	167,270,782.44	3.30%-4.15%	2024-11-21	4.95%-6.15%
Daixi Sub-branch of Bank of Taian Co., Ltd.	150,000,000.00	3.50%	2025-3-12	18.00%
Total	2,009,270,782.44	—	—	—

26. Bills payable

Unit: RMB

Category	Closing balance	Opening balance
Commercial acceptance bills	107,370,000.00	1,213,818,112.99
Bank acceptance bills		210,100,000.00
Total	107,370,000.00	1,423,918,112.99

Explanation: Total outstanding bills payable due as at the end of the period amounted to RMB2,561,992,199.27, which was classified and presented as accounts payable, other payables and short-term borrowings.

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VII. Notes to items of the consolidated financial statements (Cont'd)

27. Accounts payable

(1) Particulars of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	8,010,998,632.51	7,272,978,630.96
Payment for engineering	212,032,090.10	217,322,928.02
Payment for equipment	116,657,952.68	117,822,089.47
Service fees	2,903,764.11	2,163,435.99
Others	84,309,631.91	98,680,322.03
Total	8,426,902,071.31	7,708,967,406.47

(2) Disclosure by ageing

Unit: RMB

Item	Closing balance	Reason for outstanding or not transfer
Within 1 year (including 1 year)	7,684,419,134.32	As agreed in the contract and the liquidity shortage of the Company
1 to 2 years	490,738,853.69	As agreed in the contract and the liquidity shortage of the Company
2 to 3 years	40,164,091.58	As agreed in the contract and the liquidity shortage of the Company
Over 3 years	211,579,991.72	As agreed in the contract and the liquidity shortage of the Company
Total	8,426,902,071.31	

The basis used by the ageing analysis of the accounts payable of the Company: the ageing of accounts payable is the length of time of the Company's outstanding accounts payable based on invoice date. The closing balance is recognised one by one from the end of the period onwards until the amounts add up to the balance. It is also broken up by intervals of within 1 year, 1-2 years, 2-3 years and over 3 years.

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VII. Notes to items of the consolidated financial statements (Cont'd)

28. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	3,214,409,117.45	2,710,367,670.63
Interest payable	248,725,295.32	63,042,283.31
Dividend payable	97,493,880.88	123,000,000.00
Total	3,560,628,293.65	2,896,409,953.94

(1) Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Interest on overdue borrowings	220,268,057.23	49,289,730.81
Interest on overdue finance lease payments	17,760,344.32	2,512,937.26
Interest on overdue bills	5,921,978.62	2,397,040.00
Interest on overdue finance lease payments	4,774,915.15	8,842,575.24
Total	248,725,295.32	63,042,283.31

(2) Dividend payable

Unit: RMB

Item	Closing balance	Opening balance
Jianxin Financial Asset Investment Co., Ltd.	42,000,000.00	42,000,000.00
Minmetals International Trust Co., Ltd.	28,323,937.26	
Weifang Chenrong Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership)	27,000,000.00	27,000,000.00
Minmetals Wealth and Investment Management Co., Ltd.	113,295.75	
Chenming (Qingdao) Asset Management Co., Ltd.	56,647.87	
Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)		54,000,000.00
Total	97,493,880.88	123,000,000.00

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VII. Notes to items of the consolidated financial statements (Cont'd)

28. Other payables (Cont'd)

(3) Other payables

1) Other payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Open credit	2,439,351,513.90	2,194,650,156.21
Accrued expenses	471,880,002.70	282,776,392.24
Guarantee deposit, deposit and warranty	214,256,238.08	182,034,513.50
Others	88,921,362.77	50,906,608.68
Total	3,214,409,117.45	2,710,367,670.63

29. Receipts in advance

(1) Particulars of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Prepaid rents and property fees	48,105,994.72	54,538,940.24
Total	48,105,994.72	54,538,940.24

30. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods in advance	189,324,752.36	274,829,824.35
Total	189,324,752.36	274,829,824.35

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VII. Notes to items of the consolidated financial statements (Cont'd)

31. Employee benefits payable

(1) Particulars of staff remuneration payables

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term remuneration	249,763,696.29	408,587,022.82	345,674,581.32	312,676,137.79
II. Retirement benefit plan – defined contribution scheme	1,623,963.71	85,966,286.98	86,203,908.14	1,386,342.55
III. Termination benefits		221,916.11	221,916.11	
Total	251,387,660.00	494,775,225.91	432,100,405.57	314,062,480.34

(2) Particulars of short-term remuneration

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Salaries, bonuses, allowance and subsidies	226,577,081.55	321,179,076.58	267,816,566.79	279,939,591.34
2. Staff welfare		14,186,379.98	14,186,379.98	
3. Social insurance premium	556,514.71	38,968,276.70	35,800,036.52	3,724,754.89
Including: Medical insurance premium	509,385.25	35,029,787.20	31,977,090.04	3,562,082.41
Work-related injury insurance premium	10,519.09	3,632,550.08	3,505,662.58	137,406.59
Maternity insurance premium	36,610.37	305,939.42	317,283.90	25,265.89
4. Housing provident funds	11,133,496.47	27,700,425.18	26,850,734.34	11,983,187.31
5. Union funds and workers' education	10,352,340.61	5,047,759.00	612,385.58	14,787,714.03
6. Other short-term remuneration	1,144,262.95	1,505,105.38	408,478.11	2,240,890.22
Total	249,763,696.29	408,587,022.82	345,674,581.32	312,676,137.79

(3) Defined contribution plan

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance premiums	1,263,873.32	82,358,353.22	82,814,271.72	807,954.82
2. Unemployment insurance premiums	360,090.39	3,607,933.76	3,389,636.42	578,387.73
Total	1,623,963.71	85,966,286.98	86,203,908.14	1,386,342.55

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VII. Notes to items of the consolidated financial statements (Cont'd)

32. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value added tax	68,358,758.37	86,589,345.15
Property tax	56,515,035.01	44,930,390.41
Land use tax	15,365,983.33	19,563,508.13
Land appreciation tax	8,071,413.88	2,024,028.20
Educational surcharges and others	6,436,370.01	4,599,189.85
Resource tax	4,920,092.08	5,839,230.84
Stamp duty	2,999,198.91	11,784,134.43
Urban maintenance and construction tax	2,644,196.09	5,779,995.16
Environmental protection tax	2,215,937.33	3,282,700.03
Individual income tax	854,003.54	2,280,921.30
Enterprise income tax	400,798.56	6,750,896.17
Total	168,781,787.11	193,424,339.67

33. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	2,074,899,052.38	1,207,756,283.94
Long-term payables due within one year	457,126,127.13	367,723,693.41
Lease liabilities due within one year	2,485,935.07	2,456,986.79
Total	2,534,511,114.58	1,577,936,964.14

34. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Overdue financial leasing borrowings	844,340,067.04	2,680,562,600.58
Total	844,340,067.04	2,680,562,600.58

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VII. Notes to items of the consolidated financial statements (Cont'd)

35. Long-term borrowings

(1) Types of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Mortgage borrowings	2,970,922,783.69	3,669,467,809.18
Credit borrowings	1,618,568,495.96	1,221,043,391.30
Guaranteed borrowings	1,187,334,452.57	1,080,907,277.70
Subtotal	5,776,825,732.22	5,971,418,478.18
Less: Long-term borrowings due within one year	2,074,899,052.38	1,207,756,283.94
Total	3,701,926,679.84	4,763,662,194.24

Other explanation:

- ① For classification and amount of mortgage borrowings and mortgage assets, please see 1. Monetary funds and 24. Assets with restricted ownerships or right to use in Note VII.
- ② In accordance with Interpretation No. 17 of Accounting Standards for Business Enterprises, the Company reclassified long-term payables that were past due and non-current liabilities that were previously reported as due within one year. The loan agreement stipulates that in the event of a loan overdue, the creditor shall require the borrower to immediately repay the full amount of the loan. Since the above debts had triggered the default clause in the contract and no extension agreement had been reached with the creditors on the balance sheet date, based on the characteristics of liquidity risk and the immediacy of repayment obligations, the Company adjusted the full amount of the book balance to the "other current liabilities" account.
- ③ Among mortgage borrowings, borrowings of RMB2,865,831,101.20 have been guaranteed by related parties.
- ④ Long-term borrowings included accrued interest of RMB2,254,042.96.

36. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payments payable	51,846,485.65	52,866,869.42
Less: Unrecognised financing expenses	12,899,556.37	13,317,409.57
Subtotal	38,946,929.28	39,549,459.85
Less: Lease liabilities due within one year	2,485,935.07	2,456,986.79
Total	36,460,994.21	37,092,473.06

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VII. Notes to items of the consolidated financial statements (Cont'd)

37. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	2,544,988,247.10	774,965,008.29
Total	2,544,988,247.10	774,965,008.29

Explanation: In accordance with Interpretation No. 17 of Accounting Standards for Business Enterprises, the Company reclassified long-term payables that were past due and non-current liabilities that were previously reported as due within one year. The loan agreement stipulates that in the event of a loan overdue, the creditor shall require the borrower to immediately repay the full amount of the loan. Since the above debts had triggered the default clause in the contract and no extension agreement had been reached with the creditors on the balance sheet date, based on the characteristics of liquidity risk and the immediacy of repayment obligations, the Company adjusted the full amount of the book balance to the "other current liabilities" account.

(1) Long-term payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Financial leasing borrowings	3,434,953,627.32	3,600,767,587.75
China Development Bank Special Fund	275,000,000.00	275,000,000.00
Contributions by other partners	140,894,158.22	137,894,158.22
Retention for the financial leasing operations		6,000,000.00
Subtotal	3,850,847,785.54	4,019,661,745.97
Less: Long-term payables due within one year	457,126,127.13	367,723,693.41
Less: Other current liabilities	848,733,411.31	2,876,973,044.27
Total	2,544,988,247.10	774,965,008.29

Other explanation:

Contributions by other partners refer to the contributions made by other partners to Weifang Chenming Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership) and Weifang Chendu Equity Investment Partnership (Limited Partnership), and such contributions are reclassified as financial liabilities on a consolidation basis.

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VII. Notes to items of the consolidated financial statements (Cont'd)

38. Provisions

Unit: RMB

Item	Closing balance	Opening balance	Reason
Pending litigations	5,935,000.00	5,935,000.00	Estimated compensation for losses
Total	5,935,000.00	5,935,000.00	

Other explanation: The Company was involved in a number of legal proceedings, and a total of RMB5,935,000.00 was provided as provisions based on the potential compensation for losses

39. Deferred income

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reason
Government grants	1,240,939,485.52		51,375,768.98	1,189,563,716.54	Financial provision
Total	1,240,939,485.52		51,375,768.98	1,189,563,716.54	

Items in respect of government grants:

Unit: RMB

Liability item	Opening balance	New grants during the period	Include in non-operating income for the period	Include in other income for the period	Written down against cost expenses for the period	Other changes	Closing balance	Asset-related/income-related
Funding for environmental protection	478,415,952.52			25,464,041.36			452,951,911.16	Asset-related
Huanggang forestry-pulp-paper project	420,942,087.45			12,513,108.90			408,428,978.55	Asset-related
Infrastructure and environmental protection engineering	185,285,787.80			5,758,794.74			179,526,993.06	Asset-related
Financial subsidies for technological transformation project	89,417,910.72			4,666,552.48			84,751,358.24	Asset-related
Zhanjiang forestry-pulp-paper project	38,522,698.43			2,047,316.46			36,475,381.97	Asset-related
Project fund for National Key Technology Research and Development Program	629,025.00			82,350.00			546,675.00	Asset-related
Others	27,726,023.60			843,605.04			26,882,418.56	Asset-related
Total	1,240,939,485.52			51,375,768.98			1,189,563,716.54	

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VII. Notes to items of the consolidated financial statements (Cont'd)

40. Share capital

Unit: RMB

	Opening balance	New issue	Bonus issue	Increase/decrease during the period (+/-) Shares converted from reserves	Others	Subtotal	Closing balance
Total number of shares	2,934,556,200.00						2,934,556,200.00

41. Capital reserves

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (share premium)	4,478,658,035.54	35,625,000.00	2,024,392.96	4,512,258,642.58
Other capital reserves	729,020,587.21			729,020,587.21
Total	5,207,678,622.75	35,625,000.00	2,024,392.96	5,241,279,229.79

Other explanations, including changes (increase or decrease) during the period and reasons for such changes: Shouguang Chenming Art Paper Co., Ltd., a subsidiary of the Company, distributed dividends to the Company during the period, resulting in an increase in capital reserves of RMB35,625,000.00 under equity transaction; Chenming (HK) Limited, a subsidiary of the Company, acquired 25% minority interests in Shouguang Chenming Art Paper Co., Ltd., resulting in a decrease in capital reserves of RMB2,024,392.96.

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VII. Notes to items of the consolidated financial statements (Cont'd)

42. Other comprehensive income

Unit: RMB

Item	Opening balance	Incurred before income tax for the period	Less: Transferred from other comprehensive income in prior periods to profit or loss during the period	Amount for the period		Less: Income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	Closing balance
				Less:	Transferred from other comprehensive income in prior periods to retained profit during the period				
I. Other comprehensive income that cannot be reclassified to profit or loss									
II. Other comprehensive income that will be reclassified to profit and loss	-913,708,670.15	-16,019,923.39					-16,019,923.39		-929,728,593.54
Including: Other comprehensive income that may be reclassified to profit and loss under the equity method	-4,769,636.88	-3,795,486.93					-3,795,486.93		-8,565,123.81
Exchange differences arising from translation of financial statements denominated in foreign currencies	-908,939,033.27	-12,224,436.46					-12,224,436.46		-921,163,469.73
Total other comprehensive income	-913,708,670.15	-16,019,923.39					-16,019,923.39		-929,728,593.54

43. Special reserves

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Production safety expenses	26,800,491.53	3,633,487.86	602,123.53	29,831,855.86
Total	26,800,491.53	3,633,487.86	602,123.53	29,831,855.86

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VII. Notes to items of the consolidated financial statements (Cont'd)

44. Surplus reserves

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserves	1,212,009,109.97			1,212,009,109.97
Total	1,212,009,109.97			1,212,009,109.97

45. General risk provisions

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
General risk provisions	80,950,584.11			80,950,584.11

Explanation: The general risk provisions are accrued by the Company's subsidiaries Shandong Chenming Group Finance Co., Ltd. and Shandong Chenming Commercial Factoring Co., Ltd. based on 1% of the balance of the receivables. Accordingly, the balance of the general risk provisions was adjusted based on the balance of the receivables.

46. Retained profit

Unit: RMB

Item	The period	The prior period
Retained profit as at the end of the prior period before adjustment	607,818,020.70	8,020,182,801.55
Adjustment to opening balance of retained earnings (increase +, decrease -)		
Opening balance of retained profit after adjustment	607,818,020.70	8,020,182,801.55
Add: Net profit for the period attributable to shareholders of the parent company	-3,857,953,190.56	-7,410,784,491.65
Less: Transfer of statutory surplus reserves		
Transfer of discretionary surplus reserves		
Transfer of general risk reserves		1,580,289.20
Dividends on ordinary shares payable		
Transfer from dividends on ordinary shares to share capital		
Retained profit as at the end of the period	-3,250,135,169.86	607,818,020.70

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VII. Notes to items of the consolidated financial statements (Cont'd)

47. Revenue and operating costs

Unit: RMB

Item	Amount for the period		Amount for the prior period	
	Revenue	Costs	Revenue	Costs
Principal activities	2,065,819,778.86	3,694,908,807.12	13,762,711,500.16	12,089,871,177.87
Other activities	40,811,173.44	32,294,913.12	122,020,018.88	95,634,531.13
Total	2,106,630,952.30	3,727,203,720.24	13,884,731,519.04	12,185,505,709.00

Breakdown of revenue and operating costs:

Unit: RMB

Category of contract	Machine-made paper segment		Financial services segment		Hotel and property rentals		Others		Total	
	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Type of business	2,000,620,515.50	3,562,425,833.07	6,768,845.62	35,907.36	73,535,359.10	103,857,986.20	25,706,232.08	60,883,993.61	2,106,630,952.30	3,727,203,720.24
Including:										
Machine-made paper	1,121,420,145.71	2,643,006,731.03							1,121,420,145.71	2,643,006,731.03
Chemical pulp	740,160,267.96	741,869,112.58							740,160,267.96	741,869,112.58
Electricity and steam	98,222,594.99	145,457,394.28							98,222,594.99	145,457,394.28
Construction materials							2,779,445.82	10,623,531.43	2,779,445.82	10,623,531.43
Hotel and property rentals					73,374,807.43	103,855,284.64			73,374,807.43	103,855,284.64
Paper chemicals	104,714.25	103,652.70							104,714.25	103,652.70
Others	40,712,792.59	31,988,942.48	6,768,845.62	35,907.36	160,551.67	2,701.56	22,926,786.26	50,260,462.18	70,568,976.14	82,288,013.58
By geographical area	2,000,620,515.50	3,562,425,833.07	6,768,845.62	35,907.36	73,535,359.10	103,857,986.20	25,706,232.08	60,883,993.61	2,106,630,952.30	3,727,203,720.24
Including:										
Mainland China	1,969,072,997.41	3,473,430,308.85	6,768,845.62	35,907.36	73,535,359.10	103,857,986.20	25,706,232.08	60,883,993.61	2,075,083,434.21	3,638,208,196.02
Other countries and regions	31,547,518.09	88,995,524.22							31,547,518.09	88,995,524.22
By the timing of delivery	2,000,620,515.50	3,562,425,833.07	6,768,845.62	35,907.36	73,535,359.10	103,857,986.20	25,706,232.08	60,883,993.61	2,106,630,952.30	3,727,203,720.24
Including:										
Goods (at a point in time)	1,900,936,879.21	3,416,476,732.55					25,706,232.08	60,883,993.61	1,926,643,111.29	3,477,360,726.16
Services										
(within a certain period)	99,683,636.29	145,949,100.52	6,768,845.62	35,907.36	73,535,359.10	103,857,986.20			179,987,841.01	249,842,994.08
By sales channel	2,000,620,515.50	3,562,425,833.07	6,768,845.62	35,907.36	73,535,359.10	103,857,986.20	25,706,232.08	60,883,993.61	2,106,630,952.30	3,727,203,720.24
Including:										
Distribution	1,362,414,466.37	2,477,252,007.13							1,362,414,466.37	2,477,252,007.13
Direct sales	638,206,049.13	1,085,173,825.94	6,768,845.62	35,907.36	73,535,359.10	103,857,986.20	25,706,232.08	60,883,993.61	744,216,485.93	1,249,951,713.11
Total	2,000,620,515.50	3,562,425,833.07	6,768,845.62	35,907.36	73,535,359.10	103,857,986.20	25,706,232.08	60,883,993.61	2,106,630,952.30	3,727,203,720.24

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VII. Notes to items of the consolidated financial statements (Cont'd)

47. Revenue and operating costs (Cont'd)

Information related to performance obligations:

Item	Time for fulfilment of performance obligations	Significant terms of payment	Nature of goods that the Company undertakes to transfer	Whether the person is the primary person in charge	Company's commitments expected to be refunded to customers	Types of quality assurance offered by the Company and related obligations
Machine-made paper	Domestic sales on the day of delivery to the customer; foreign sales on the day of customs clearance	Domestic sales tend to be provided on an invoice basis; foreign sales tend to be prepaid	Produces easily distinguishable	Yes	None	Guaranteed quality assurance, should there be objections to product quality within 7 days of arrival, the products can be returned and exchanged

Other explanations: The Company's performance obligations for sales of machine-made paper are generally less than one year, and the Company takes advance payments or provides credit terms depending on the customer. When the Company is the primary responsible party for a sale, it generally obtains the unconditional right to receive payment when control of the merchandise is transferred to the customer either at the time of shipment or upon delivery to the destination specified by the customer.

Information related to the transaction price allocated to residual performance obligations:

As at the end of the reporting period, the amount of revenue with signed contracts but unfulfilled or uncompleted performance obligation was RMB189,324,752.36, in which RMB189,324,752.36 was expected to be recognised in 2025.

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VII. Notes to items of the consolidated financial statements (Cont'd)

48. Taxes and surcharges

Unit: RMB

Item	Amount for the period	Amount for the prior period
Urban property tax	40,761,759.16	41,691,189.19
Urban land use tax	8,657,177.86	23,596,390.50
Stamp duty	3,465,570.60	27,045,444.39
Urban maintenance and construction tax	3,261,575.91	5,628,724.65
Educational surcharges and local education surcharges	2,344,185.65	4,107,340.96
Resource tax	1,458,473.24	7,474,477.00
Environmental protection tax	1,180,968.27	6,753,382.64
Water conservancy construction fund	29,570.39	424,555.73
Vehicle and vessel tax	27,523.76	25,897.59
Total	61,186,804.84	116,747,402.65

49. General and administrative expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Wages and surcharges	122,791,612.84	107,661,916.80
Depreciation expenses	61,317,109.84	59,471,794.52
Business hospitality expenses	3,519,641.27	47,703,471.67
Amortisation of intangible assets and long-term expenses	23,807,875.66	25,046,414.18
Welfare expenses	16,120,053.90	23,910,644.65
Legal costs	5,418,632.83	10,840,988.90
Repair cost and consumption of materials	4,190,028.66	6,462,342.01
Insurance premium	5,009,295.05	6,695,006.66
Intermediary service expenses	7,766,799.04	4,654,917.80
Litigation expenses	7,811,341.86	925,385.55
Others	30,018,740.31	24,062,533.41
Total	287,771,131.26	317,435,416.15

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VII. Notes to items of the consolidated financial statements (Cont'd)

50. Sales and distribution expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Wages and surcharges	29,832,933.51	48,843,122.23
Business hospitality expenses	3,181,247.99	21,071,398.70
Travel expenses	3,233,398.64	13,823,032.53
Depreciation expenses	2,313,519.46	1,480,291.62
Rental expenses	1,681,184.07	3,428,387.22
Selling commissions	1,001,014.52	2,472,705.10
Warehouse expenses	336,609.37	301,394.66
Office expenses	151,615.98	1,175,994.99
Others	9,381,743.02	6,707,504.16
Total	51,113,266.56	99,303,831.21

51. Research and development expense

Unit: RMB

Item	Amount for the period	Amount for the prior period
Depreciation expenses	14,930,274.98	36,311,580.22
Wages and surcharges	10,026,470.26	63,586,172.66
Consumption of materials	6,530,356.81	414,455,113.32
Insurance premium	2,282,295.78	13,601,674.17
Utilities	1,770,284.72	76,607,858.27
Welfare expenses	469,909.54	3,372,176.58
Housing provident funds	350,817.26	2,265,763.36
Other expenses	206,776.34	1,713,757.83
Total	36,567,185.69	611,914,096.41

52. Finance expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Interest expenses	774,744,373.14	854,610,967.90
Less: Capitalised interest amount		
Interest income	26,462,669.15	104,024,655.22
Foreign exchange gains and losses	-437,994.69	-40,639,311.96
Less: Capitalisation of foreign exchange gains and losses		
Bank charges and others	56,822,030.95	146,508,498.45
Total	804,665,740.25	856,455,499.17

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VII. Notes to items of the consolidated financial statements (Cont'd)

53. Other income

Unit: RMB

Source of other income	Amount for the period	Amount for the prior period
Government grants – amortised deferred income included in profit or loss	51,375,768.98	53,368,860.21
Government grants – directly included in profit or loss	1,180,571.41	10,932,524.83
Additional deduction of VAT	7,174,324.76	94,956,915.41
Refund of handling fees for withholding and payment of individual income tax	214,644.12	498,630.65
Tax and fee credits for the employment of priority groups	20,800.00	
Gain on debt restructuring	-37,171,293.24	188,197.54
Total	22,794,816.03	159,945,128.64

54. Gain on change in fair value

Unit: RMB

Source of gain on change in fair value	Amount for the period	Amount for the prior period
Gain on change in fair value of consumable biological assets measured at fair value	-129,059,190.34	5,184,193.11
Financial assets held for trading	-428,371.45	-7,405,789.55
Total	-129,487,561.79	-2,221,596.44

55. Investment income

Unit: RMB

Item	Amount for the period	Amount for the prior period
Income from long-term equity investments accounted for using the equity method	-345,974,520.50	-38,682,172.19
Investment gain on derecognition of financial assets	-84,861,658.28	-23,412,008.23
Investment gain on disposal of long-term equity investments	166,396.34	216,154,711.23
Gain on debt restructuring		3,313,951.90
Investment income on holding other non-current financial assets		23,957,613.40
Total	-430,669,782.44	181,332,096.11

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VII. Notes to items of the consolidated financial statements (Cont'd)

56. Credit impairment loss

Unit: RMB

Item	Amount for the period	Amount for the prior period
Bad debt loss of financial lease payments	-269,438,303.29	-39,247,964.34
Bad debt loss of other receivables	-179,763,373.73	-27,642,759.88
Bad debt loss of bills receivable and accounts receivable	-57,120,747.20	-57,495,895.44
Total	-506,322,424.22	-124,386,619.66

57. Loss on impairment of assets

Unit: RMB

Item	Amount for the period	Amount for the prior period
Impairment losses on fixed assets	-237,168,462.20	
Loss on inventory impairment	-3,392,947.12	-3,041,427.75
Total	-240,561,409.32	-3,041,427.75

58. Gain on disposal of assets

Unit: RMB

Source of gain on disposal of assets	Amount for the period	Amount for the prior period
Gain on disposal of fixed assets ("-" denotes loss)	-15,280,125.77	19,222,812.60
Gain on disposal of intangible assets ("-" denotes loss)	3,608,128.98	
Sublease	1,857,387.16	
Total	-9,814,609.63	19,222,812.60

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VII. Notes to items of the consolidated financial statements (Cont'd)

59. Non-operating income

Unit: RMB

Item	Amount for the period	Amount for the prior period	Included in non-recurring profit or loss in the period
Fines, compensation income	506,006.84	1,900,470.03	506,006.84
Gain on damage and retirement of non-current assets	424,361.80	395,610.51	424,361.80
Exempted debts	44,005.86	366,717.74	44,005.86
Others	95,388.68	88,688.65	95,388.68
Total	1,069,763.18	2,751,486.93	1,069,763.18

60. Non-operating expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period	Included in non-recurring profit or loss in the period
Litigation	18,557,771.90		18,557,771.90
Loss on damage and retirement of non-current assets	7,365,056.39	639,215.79	7,365,056.39
Donation		300,000.00	
Others	275,661.26	74,335.21	275,661.26
Total	26,198,489.55	1,013,551.00	26,198,489.55

61. Income tax expenses

(1) Particulars of income tax expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Current income tax expenses	3,591,433.75	30,685,170.68
Deferred income tax expenses	12,167.16	-127,086,125.02
Total	3,603,600.91	-96,400,954.34

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VII. Notes to items of the consolidated financial statements (Cont'd)

61. Income tax expenses (Cont'd)

(2) The reconciliation between accounting profit and income tax expenses

Unit: RMB

Item	Amount for the period
Total profit	-4,181,066,594.28
Income tax expenses calculated at statutory/applicable tax rates	-627,159,989.14
Effect of different tax rates applicable to subsidiaries	-37,496,607.55
Adjustments to income tax for prior periods	2,420,144.07
Profit and loss of joint ventures and associates accounted for using the equity method	63,667,400.93
Effect of non-taxable income	-429,650.00
Effect of non-deductible costs, expenses and losses	2,745,425.69
Effect of utilisation of previously unrecognised deductible loss on deferred income tax assets	-49,807,817.33
Effect of current unrecognised deductible temporary difference or deductible loss arising from deferred tax income assets	280,598,337.27
Tax effect of R&D fee deduction	-741,944.36
Tax incentives such as 10% deduction for income from particle board	-361,650.58
Deferred income taxes that have not been recognised as deductible losses and deductible temporary differences in previous years are reversed in the current period	370,169,951.91
Income tax expenses	3,603,600.91

62. Other comprehensive income

Please refer to note VII. 42.

63. Items on statements of cash flow

(1) Cash relating to operating activities

Cash received relating to other operating activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Net proceedings from the leasing	296,122,799.18	
Interest income	28,395,905.89	98,034,655.22
Open credit and other income	16,692,884.99	37,948,513.99
Government grants	1,395,215.53	14,674,965.71
Total	342,606,805.59	150,658,134.92

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VII. Notes to items of the consolidated financial statements (Cont'd)

63. Items on statements of cash flow (Cont'd)

(1) Cash relating to operating activities (Cont'd)

Cash paid relating to other operating activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Expenses and open credit	155,468,426.33	944,194,644.80
Total	155,468,426.33	944,194,644.80

(2) Cash relating to financing activities

Cash received relating to other financing activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Net recovery of guarantee deposit	4,853,343,140.74	777,685,703.00
Equipment finance lease received		1,075,100,000.00
Total	4,853,343,140.74	1,852,785,703.00

Cash paid relating to other financing activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Repayment of equipment finance lease	96,850,437.40	1,379,961,193.13
Acquisition of non-controlling interests	35,748,432.27	300,000,000.00
Current accounts	2,065,000.00	19,350,000.00
Repayment of borrowings from China Development Bank funds		68,750,000.00
Payment of deposit for equipment finance lease		19,000,000.00
Total	134,663,869.67	1,787,061,193.13

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VII. Notes to items of the consolidated financial statements (Cont'd)

63. Items on statements of cash flow (Cont'd)

(2) Cash relating to financing activities (Cont'd)

Changes in liabilities arising from financing activities

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	26,780,358,809.11	11,108,739,570.98	1,982,684,773.73	16,545,564,699.87		23,326,218,453.95
Long-term borrowings	5,971,418,478.18	595,815,126.64	94,001,419.44	107,992,497.58	776,416,794.46	5,776,825,732.22
Long-term payables	4,019,661,745.97		3,000,000.00	96,850,437.40	74,963,523.03	3,850,847,785.54
Other payables (financing)	1,071,906,381.38	584,569,429.98		378,055,509.02		1,278,420,302.34
Lease liabilities	39,549,459.85				602,530.57	38,946,929.28
Total	37,882,894,874.49	12,289,124,127.60	2,079,686,193.17	17,128,463,143.87	851,982,848.06	34,271,259,203.33

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VII. Notes to items of the consolidated financial statements (Cont'd)

64. Supplementary information on cash flow statement

(1) Supplementary information on cash flow statement

Unit: RMB

Supplementary information	Amount for the period	Amount for the prior period
1. Reconciliation of net profit as cash flows from operating activities:		
Net profit	-4,184,670,195.19	26,358,848.22
Add: Provision for asset impairment	746,883,833.54	127,428,047.41
Depreciation of fixed assets and depreciation of investment properties	1,150,193,136.16	1,145,055,049.34
Depreciation of right-of-use assets	7,354,049.19	3,860,982.48
Amortisation of intangible assets	24,241,399.66	26,716,784.88
Amortisation of long-term prepaid expenses	28,020,607.34	1,664,214.03
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" denotes gain)	74,046,077.18	-19,222,812.60
Loss on retirement of fixed assets ("-" denotes gain)	6,940,694.59	243,605.28
Loss on changes in fair value ("-" denotes gain)	129,487,561.79	2,221,596.44
Finance expenses ("-" denotes gain)	774,744,373.14	854,610,967.90
Investment loss ("-" denotes gain)	430,669,782.44	-181,332,096.11
Decrease in deferred income tax assets ("-" denotes increase)	4,123,582.66	-124,990,592.41
Increase in deferred income tax liabilities ("-" denotes decrease)	-3,893,456.63	-4,181,124.55
Decrease in inventories ("-" denotes increase)	171,157,767.76	694,547,012.92
Decrease in operating receivables ("-" denotes increase)	319,526,202.19	-544,020,781.43
Increase in operating payables ("-" denotes decrease)	1,106,477,858.37	-16,460,308.73
Others		
Net cash flows from operating activities	785,303,274.19	1,992,499,393.07
2. Major investing and financing activities not involving cash settlements:		
Capital converted from debts		
Convertible corporate bonds due within one year		
Fixed assets under finance leases		
3. Net change in cash and cash equivalents:		
Closing balance of cash	62,979,338.05	802,830,084.55
Less: Opening balance of cash	151,943,246.31	764,233,742.61
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-88,963,908.26	38,596,341.94

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VII. Notes to items of the consolidated financial statements (Cont'd)

64. Supplementary information on cash flow statement (Cont'd)

(2) Net cash paid for acquisition of subsidiaries in current period

Unit: RMB

	Amount
Cash or cash equivalents paid in the current period for merger during the period	512,000,000.00
Including: Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)	512,000,000.00
Less: Cash and cash equivalents held by subsidiaries at the date of acquisition	3,044,083.87
Including: Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)	3,044,083.87
Net cash paid for acquisition of subsidiaries	508,955,916.13

(3) Net cash from disposal of subsidiaries received in current period

Unit: RMB

	Amount
Cash or cash equivalents received in the current period from disposal of subsidiaries during the period	650,000.00
Including: Shouguang Wei Yuan Logistics Company Limited	650,000.00
Net cash received from disposal of subsidiaries	650,000.00

(4) Cash and cash equivalents composition

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	62,979,338.05	151,943,246.31
Including: Treasury cash	2,394,083.00	1,363,319.76
Bank deposit that can be used for payment at any time	60,585,255.05	150,579,926.55
II. Cash equivalent		
III. Balance of cash and cash equivalents as at the end of the period	62,979,338.05	151,943,246.31

(5) Monetary funds other than cash and cash equivalents

Unit: RMB

Item	Amount for the period	Amount for the prior period	Reasons why it is not cash and cash equivalents
Other monetary funds	875,404,665.38	5,728,747,806.12	See Note VII.1 for details
Interest accrued on deposits	15,277,493.17	29,188,759.75	See Note VII.1 for details
Total	890,682,158.55	5,757,936,565.87	

65. Notes to items of statements of changes in owners' equity

Nil

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VII. Notes to items of the consolidated financial statements (Cont'd)

66. Foreign currency items

(1) Foreign currency items

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Monetary funds			
Including: USD	3,758,867.54	7.1586	26,908,229.17
EUR	764,858.94	8.4024	6,426,650.76
HKD	25,507.63	0.9120	23,262.96
GBP	1,777.90	9.8300	17,476.76
JPY	1,197.00	0.0496	59.37
Accounts receivable			
Including: USD	4,637,688.38	7.1586	33,199,356.04
EUR	15,735.16	8.4024	132,213.11
JPY	146,734,998.00	0.0496	7,278,055.90
Other receivables			
Including: USD	1,967,728.81	7.1586	14,086,183.46
EUR	191,821.66	8.4024	1,611,762.32
Accounts payable			
Including: USD	78,045,922.37	7.1586	558,699,539.88
EUR	525,599.99	8.4024	4,416,301.36
JPY	209,964.51	0.0496	10,414.24
Other payables			
Including: EUR	8,526.69	8.4024	71,644.66
Long-term borrowings			
Including: EUR	3,593,696.00	8.4024	30,195,671.27
Short-term borrowings			
Including: USD	3,810,072.28	7.1586	27,274,783.42

- (2) Explanation on overseas operating entities (including major overseas operating entities), which shall disclose their overseas principal places of business, functional currency and basis. Reasons shall be disclosed if there is any change in the functional currency.

√ Applicable ☐ Not applicable

No.	Name of subsidiary	Principal place of business	Place of operation	Functional currency
1	Chenming GmbH	Hamburg, Germany	Hamburg, Germany	EUR
2	Chenming Paper Korea Co., Ltd.	Seoul, Korea	Seoul, Korea	KRW
3	Chenming Paper Japan Co., Ltd.	Tokyo, Japan	Tokyo, Japan	JPY
4	Chenming Paper United States Co., Ltd.	Los Angeles, USA	Los Angeles, USA	USD
5	Chenming (Overseas) Co., Ltd.	Hong Kong, China	Hong Kong, China	USD
6	Chenming (Singapore) Co., Ltd.	Singapore	Singapore	USD
7	Chenming (HK) Limited	Hong Kong, China	Hong Kong, China	USD
8	Chenming International Trade Import and Export Co., Limited	Hong Kong, China	Hong Kong, China	USD

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VII. Notes to items of the consolidated financial statements (Cont'd)

67. Leases

(1) The Company as a lessee

☒ Applicable ☐ Not applicable

Variable lease payment not included in lease liabilities measurement

☐ Applicable ☒ Not applicable

Simplified treatment of lease expenses for short-term leases or leases of low-value assets

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the period
Short-term lease expenses	2,220,927.78
Total	2,220,927.78

(2) The Company as a lessor

Operating lease as a lessor

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Lease income	Including: Income related to variable lease payments not included in lease receipts
Lease income	60,638,854.58	
Total	60,638,854.58	

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VII. Notes to items of the consolidated financial statements (Cont'd)

67. Leases (Cont'd)

(2) The Company as a lessor (Cont'd)

Financial lease as a lessor

☐ Applicable ☒ Not applicable

Undiscounted lease payments for each of the next five years

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Annual undiscounted lease payments	
	Closing balance	Opening balance
The first year	113,444,741.22	152,207,821.18
The second year	116,223,430.35	159,924,290.10
The third year	124,807,602.90	157,974,084.34
The fourth year	134,385,334.75	160,776,701.99
The fifth year	141,878,129.24	158,478,080.32
Total undiscounted lease payments after five years	140,844,716.92	155,500,794.16
Total	771,583,955.38	944,861,772.09

VIII. R&D Expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Depreciation expenses	14,930,274.98	36,311,580.22
Wages and surcharges	10,026,470.26	63,586,172.66
Consumption of materials	6,530,356.81	414,455,113.32
Insurance premium	2,282,295.78	13,601,674.17
Utilities	1,770,284.72	76,607,858.27
Welfare expenses	469,909.54	3,372,176.58
Housing provident funds	350,817.26	2,265,763.36
Other expenses	206,776.34	1,713,757.83
Total	36,567,185.69	611,914,096.41
Including: R&D expenses included in profit or loss	36,567,185.69	611,914,096.41

IX. Change in Scope of Consolidation

1. Disposal of subsidiaries

Any transaction or event that results in the loss of control of any subsidiary during the period

✓ Yes ☐ No

Unit: RMB

Name of subsidiary	Disposal consideration at the date of loss of control	Disposal percentage at the date of loss of control	Disposal method at the date of loss of control	Date of loss of control	Basis for determining the date of loss of control	Difference between consideration and share of net assets of relevant subsidiary as consolidated financial statements	Carrying amount of remaining shareholding as of the date of loss of control as per consolidated financial statements	Fair value of remaining shareholding as of the date of loss of control as per consolidated financial statements	Determination and key assumption of fair value of remaining shareholding as of the date of loss of control as per consolidated financial statements	Relevant other comprehensive income of former subsidiary transferred to profit or loss or retained profit
Shouguang Wei Yuan Logistics Company Limited	650,000.00	100.00%	Transfer	2025-4-30	Loss of control	166,396.34	0.00%			

Any situation where investments in subsidiaries are disposed of step by step through multiple transactions and control is lost during the period

☐ Yes ☒ No

2. Change in scope of consolidation due to other reasons

During the year, 1 subsidiary was newly established, namely Chenming International Trade Import and Export Co., Limited. 1 subsidiary was acquired, namely Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership).

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X. Interest in Other Entities

1. Interest in subsidiaries

(1) Constitution of the Group

Unit: RMB'0,000

Name of subsidiary	Register capital ('0,000)	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding		Acquisition	Issued debt securities	Issued share capital
						Direct (%)	Indirect (%)			
Shouguang Meilun Paper Co., Ltd.	480,104.55	Shouguang	Shouguang	Paper making	For-profit corporation	68.28	18.50	Establishment	0	0
Shouguang Meichen Energy Technology Co., Ltd.	100.00	Shouguang	Shouguang	Electricity	For-profit corporation		100	Establishment	0	0
Shandong Chenming Paper Co., Ltd.	1,000.00	Weifang	Weifang	Paper product trading	For-profit corporation		100	Establishment	0	0
Shouguang Chenming Art Paper Co., Ltd.	2,000.00 (USD)	Shouguang	Shouguang	Paper making	For-profit corporation	75	25	Establishment	0	0
Shandong Chenming Pulp & Paper Sales Co., Ltd.	10,000.00	Shouguang	Shouguang	Sales of paper product	For-profit corporation	100		Establishment	0	0
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	10,000.00	Shanghai	Shanghai	Paper product trading	For-profit corporation		100	Establishment	0	0
Shandong Chenming Paper Sales Co., Ltd.	10,000.00	Shouguang	Shouguang	Paper product trading	For-profit corporation		100	Establishment	0	0
Chenming International Trade Import and Export Co., Limited	200.00 (USD)	Hong Kong	Hong Kong	Paper product trading	For-profit corporation		100	Establishment	0	0
Shouguang Chenming Import and Export Trade Co., Ltd.	70,000.00	Shouguang	Shouguang	Trading	For-profit corporation	35.71	64.29	Establishment	0	0
Jiangxi Chenming Supply Chain Management Co., Ltd.	200.00	Jiangxi	Jiangxi	Trading	For-profit corporation		70	Establishment	0	0
Zhanjiang Chenming Pulp & Paper Co., Ltd.	691,357.24	Zhanjiang	Zhanjiang	Paper making	For-profit corporation	80.28		Establishment	0	0
Zhanjiang Chenming Arboriculture Development Co., Ltd.	130,000.00	Zhanjiang	Zhanjiang	Arboriculture	For-profit corporation		100	Establishment	0	0
Yangjiang Chenming Arboriculture Development Co., Ltd.	22,000.00	Yangjiang	Yangjiang	Arboriculture	For-profit corporation		100	Establishment	0	0
Guangdong Huirui Investment Co., Ltd.	25,800.00	Zhanjiang	Zhanjiang	Investment	For-profit corporation		100	Establishment	0	0
Hubei Changjiang Chenming Huanggang Equity Investment Fund Partnership (Limited Partnership)	200,100.00	Huanggang	Huanggang	Fund	For-profit corporation		59.97	Establishment	0	0
Hainan Chenming Technology Co., Ltd.	20,000.00	Haikou	Haikou	Wholesale and retail	For-profit corporation		100	Establishment	0	0
Foshan Chenming Import and Export Trade Co., Ltd.	20,000.00	Foshan	Foshan	Trading	For-profit corporation		100	Establishment	0	0
Shanghai Heruiming Property Management Co., Ltd.	30,150.00	Shanghai	Shanghai	Business services	For-profit corporation		100	Merger and acquisition	0	0

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X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

(1) Constitution of the Group (Cont'd)

Name of subsidiary	Register capital ('0,000)	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding		Acquisition	Issued debt securities	Issued share capital
						Direct (%)	Indirect (%)			
Zhanjiang Chenming Technology Development Co., Ltd.	10,000.00	Zhanjiang	Zhanjiang	Paper product trading	For-profit corporation		100	Establishment	0	0
Zhanjiang Meilun Pulp & Paper Co., Ltd.	10,000.00	Zhanjiang	Zhanjiang	Paper making	For-profit corporation		100	Establishment	0	0
Guangdong Chenming Panels Co., Ltd.	1,000.00	Guangdong	Guangdong	Panels	For-profit corporation		100	Establishment	0	0
Jiangxi Chenming Tea Co., Ltd.	1,000.00	Jiangxi	Jiangxi	Tea business	For-profit corporation		100	Establishment	0	0
Jiangxi Chenming Paper Co., Ltd.	32,673.32 (USD)	Nanchang	Nanchang	Paper making	For-profit corporation		100	Establishment	0	0
Jiangxi Chenming Logistics Co., Ltd.	500.00	Nanchang	Nanchang	Logistics	For-profit corporation		100	Establishment	0	0
Nanchang Shengheng Trading Co., Ltd.	10,000.00	Nanchang	Nanchang	Trading	For-profit corporation		100	Establishment	0	0
Nanchang Kunheng Trading Co., Ltd.	1,000.00	Nanchang	Nanchang	Trading	For-profit corporation		100	Establishment	0	0
Nanchang Chenming Arboriculture Development Co., Ltd.	1,000.00	Nanchang	Nanchang	Arboriculture	For-profit corporation		100	Establishment	0	0
Jiangxi Chenming Port Co., Ltd.	1,507.00	Jiangxi	Jiangxi	Cargo transportation	For-profit corporation		100	Merger and acquisition	0	0
Shandong Dingkun Asset Management Partnership (Limited Partnership)	100,100.00	Shouguang	Shouguang	Business services	For-profit corporation		100	Establishment	0	0
Shouguang Kunhe Trading Co., Ltd.	1,000.00	Shouguang	Shouguang	Trading	For-profit corporation		100	Establishment	0	0
Jilin Chenming Paper Co., Ltd.	300,000.00	Jilin	Jilin	Paper making	For-profit corporation		100	Acquisition	0	0
Fuyu Chenming Paper Co., Ltd.	30,800.00	Fuyu	Fuyu	Paper making	For-profit corporation		100	Establishment	0	0
Jilin Chenming New Wall Materials Co., Ltd.	1,000.00	Jilin	Jilin	Wall materials	For-profit corporation		100	Establishment	0	0
Jilin Chenming Logistics Co., Ltd.	1,000.00	Jilin	Jilin	Logistics	For-profit corporation		100	Establishment	0	0
Jilin Chenming Pulp & Fiber Trading Co., Ltd.	5,000.00	Huanggang	Huanggang	Trading	For-profit corporation		100	Establishment	0	0
Huanggang Chenming Pulp & Paper Co., Ltd.	335,000.00	Huanggang	Huanggang	Pulp production	For-profit corporation	14.09	85.91	Establishment	0	0
Huanggang Chenming Paper Technology Co., Ltd.	100,000.00	Huanggang	Huanggang	Paper making	For-profit corporation		100	Establishment	0	0
Huanggang Chenming Port Service Co., Ltd.	5,000.00	Huanggang	Huanggang	Port services	For-profit corporation		100	Establishment	0	0
Hubei Huanggang Chenming Equity Investment Fund Management Co., Ltd.	300.00	Huanggang	Huanggang	Capital market services	For-profit corporation		60	Establishment	0	0
Hubei Chenming Technology Industrial Co., Ltd.	5000.00	Huanggang	Huanggang	Paper product trading	For-profit corporation		100	Establishment	0	0
Shandong Chenming Group Finance Co., Ltd.	500,000.00	Jinan	Jinan	Finance	For-profit corporation	80	20	Establishment	0	0

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X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

(1) Constitution of the Group (Cont'd)

Name of subsidiary	Register capital (‘0,000)	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding		Acquisition	Issued debt securities	Issued share capital
						Direct (%)	Indirect (%)			
Shandong Chenming Financial Leasing Co., Ltd.	587,200.00	Jinan	Jinan	Finance leases	For-profit corporation		100	Establishment	0	0
Chenming (HK) Limited	9,990.00 (USD)	Hong Kong	Hong Kong	Paper product trading	For-profit corporation		100	Establishment	0	0
Qingdao Chenming Nonghai Financial Leasing Co., Ltd	500,000.00	Qingdao	Qingdao	Finance leases	For-profit corporation		100	Establishment	0	0
Shanghai Chenming Financial Leasing Co., Ltd.	100,000.00	Shanghai	Shanghai	Finance leases	For-profit corporation		100	Establishment	0	0
Wuhan Junheng Property Management Co. Ltd.	39,600.00	Wuhan	Wuhan	Property	For-profit corporation		100	Merger and acquisition	0	0
Guangzhou Chenming Property Management Co., Ltd.	100,000.00	Guangzhou	Guangzhou	Property	For-profit corporation		100	Establishment	0	0
Shandong Chenming Investment Limited	20,000.00	Jinan	Jinan	Investment	For-profit corporation		100	Establishment	0	0
Shanxi Fuyin Industrial Trading Co., Ltd.	36,000.00	Taiyuan	Taiyuan	Wholesale and retail	For-profit corporation		100	Acquisition	0	0
Chongmin Culture Development (Shanghai) Co., Ltd.	20,000.00	Shanghai	Shanghai	Lease and business services	For-profit corporation		100	Acquisition	0	0
Jinan Chenming Paper Sales Co., Ltd.	10,000.00	Jinan	Jinan	Investment management/ Paper product trading	For-profit corporation	100		Establishment	0	0
Shandong Chenming Commercial Factoring Co., Ltd.	20,000.00	Jinan	Jinan	Business factoring	For-profit corporation		100	Establishment	0	0
Chenming GmbH	65.00 (USD)	Germany	Germany	Paper product trading	For-profit corporation	100		Establishment	0	0
Chenming Paper Japan Co., Ltd.	150.00 (USD)	Japan	Japan	Paper product trading	For-profit corporation		100	Establishment	0	0
Chenming Paper United States Co., Ltd.	100.00 (USD)	the United States	the United States	Paper product trading	For-profit corporation	100		Establishment	0	0
Chenming Paper Korea Co., Ltd.	100.00 (USD)	Korea	Korea	Paper product trading	For-profit corporation	100		Establishment	0	0
Chenming (Overseas) Co., Ltd.	2,000.00 (USD)	Hong Kong	Hong Kong	Paper product trading	For-profit corporation		100	Establishment	0	0
Chenming (Singapore) Co., Ltd.	2,000.00 (USD)	Singapore	Singapore	Paper product trading	For-profit corporation		100	Establishment	0	0
Meilun (BVI) Limited	5.00 (USD)	Cayman	Cayman	Commerce	For-profit corporation		100	Establishment	0	0
Shanghai Chenming Industry Co., Ltd.	370,000.00	Shanghai	Shanghai	Property investment and management	For-profit corporation		100	Establishment	0	0
Shanghai Chenyin Trading Co., Ltd.	41,000.00	Shanghai	Shanghai	Trading	For-profit corporation		51	Establishment	0	0

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X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

(1) Constitution of the Group (Cont'd)

Name of subsidiary	Register capital (0,000)	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding		Acquisition	Issued debt securities	Issued share capital
						Direct (%)	Indirect (%)			
Shanghai Hongtai Real Estate Co., Ltd.	60,391.77	Shanghai	Shanghai	Real estate	For-profit corporation		100	Merger and acquisition	0	0
Shanghai Hongtai Property Management Co., Ltd.	200.00	Shanghai	Shanghai	Property	For-profit corporation		100	Merger and acquisition	0	0
Shouguang Chenming Papermaking Machine Co., Ltd.	200.00	Shouguang	Shouguang	Machinery manufacturing	For-profit corporation	100		Establishment	0	0
Shouguang Hongxiang Printing and Packaging Co., Ltd.	80.00	Shouguang	Shouguang	Printing and packaging	For-profit corporation	100		Acquisition	0	0
Shouguang Chenming Modern Logistic Co., Ltd.	1,000.00	Shouguang	Shouguang	Transportation	For-profit corporation	100		Establishment	0	0
Shouguang Hongyi Decorative Packaging Co., Ltd.	200.00	Shouguang	Shouguang	Packaging	For-profit corporation		100	Merger and acquisition	0	0
Shouguang Xinyuan Coal Co., Ltd.	300.00	Shouguang	Shouguang	Coal	For-profit corporation		100	Merger and acquisition	0	0
Shouguang City Run Sheng Wasted Paper Recycle Co., Ltd.	2,380.00	Shouguang	Shouguang	Purchase and sale of waste	For-profit corporation		100	Merger and acquisition	0	0
Huanggang Chenming Arboriculture Development Co., Ltd.	7,000.00	Huanggang	Huanggang	Arboriculture	For-profit corporation	100		Establishment	0	0
Chenming Arboriculture Co., Ltd.	10,000.00	Wuhan	Wuhan	Arboriculture	For-profit corporation	100		Establishment	0	0
Hailaer Chenming Paper Co., Ltd.	1,600.00	Hailaer	Hailaer	Paper making	For-profit corporation	75		Establishment	0	0
Weifang Chenming Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership)	100,000.00	Weifang	Weifang	Fund	For-profit corporation	79		Establishment	0	0
Weifang Chendu Equity Investment Partnership (Limited Partnership)	32,000.00	Shouguang	Shouguang	Capital market services	For-profit corporation	79.69		Establishment	0	0
Nanjing Chenming Culture Communication Co., Ltd.	500.00	Nanjing	Nanjing	Marketing	For-profit corporation		100	Establishment	0	0
Shandong Grand View Hotel Co., Ltd.	4,192.48 (USD)	Shouguang	Shouguang	Catering	For-profit corporation	90.05		Establishment	0	0
Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)	90,300.00	Weifang	Weifang	Equity investment	For-profit corporation		99.67	Merger and acquisition	0	0

(2) Major non-wholly owned subsidiaries

Unit: RMB

Name of subsidiary	Minority interest	Gain or loss attributable to minority interest during the period	Dividend to minority interest declared during the period	Closing balance of minority interest
Shouguang Meilun Paper Co., Ltd.	13.22	-142,204,918.84		560,742,910.47
Zhanjiang Chenming Pulp & Paper Co., Ltd.	19.72	-166,516,344.51		1,237,916,095.04

X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

(3) Key financial information of major non-wholly owned subsidiaries

Name of subsidiary	Closing balance				Opening balance				Unit: RMB			
	Non-current assets		Current assets		Non-current liabilities		Current liabilities		Non-current liabilities		Total liabilities	
	Total assets	Current assets	Total liabilities	Current assets	Total liabilities	Current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total liabilities	
Shouguang Meilun Paper Co., Ltd.	4,195,248,832.46	9,293,778,715.41	13,489,027,547.87	4,958,417,286.42	1,520,943,312.70	6,479,360,611.12	10,198,457,312.12	9,544,065,823.56	19,742,523,135.68	12,006,315,839.27	7,392,419.69	12,013,708,258.96
Zhanjiang Chenming Pulp & Paper Co., Ltd.	6,020,572,750.81	11,817,203,766.82	17,837,776,517.63	10,197,756,684.31	423,769,175.04	10,621,525,859.35	8,429,523,936.97	11,986,351,774.32	20,415,875,711.29	11,877,878,416.94	473,681,057.41	12,351,559,474.35
	Unit: RMB											
Name of subsidiary	Amount for the period				Amount for the prior period				Unit: RMB			
	Revenue		Total comprehensive income		Revenue		Total comprehensive income		Cash flows from operating activities		Cash flows from operating activities	
	Net profit	Cash flows from operating activities	Net profit	Cash flows from operating activities	Net profit	Cash flows from operating activities	Net profit	Cash flows from operating activities	Net profit	Cash flows from operating activities	Net profit	Cash flows from operating activities
Shouguang Meilun Paper Co., Ltd.	805,084,480.98	-677,427,573.67	-677,427,573.67	22,602,677.62	4,684,096,701.75	40,515,254.62	40,515,254.62	759,366,495.73				
Zhanjiang Chenming Pulp & Paper Co., Ltd.	143,191,538.56	-844,270,649.67	-848,066,136.60	49,662,737.05	6,278,830,552.25	3,686,976.50	7,359,489.89	671,266,132.58				

X. Interest in Other Entities (Cont'd)

2. Transaction changing shareholding in but not causing to loss of control over subsidiaries

(1) Changing in shareholding in subsidiaries

Chenming (HK) Limited, a subsidiary of the Company, acquired additional 25% equity interests of Shouguang Chenming Art Paper Co., Ltd., a subsidiary of the Company, thus the latter became a wholly-owned subsidiary of the former.

(2) Effect of the transactions on minority interest and equity attributable to the owners of the parent company

Unit: RMB

	Shouguang Chenming Art Paper Co., Ltd.
Cost of acquisition/Disposal consideration	35,748,442.80
– Cash	35,748,442.80
– Fair value of non-cash assets	
Total cost of acquisition/disposal consideration	35,748,442.80
Less: Share of net assets of the subsidiary calculated based on the proportion of equity interest acquired/disposed of	33,724,049.84
Difference	2,024,392.96
Including: Capital reserve adjustment	-2,024,392.96
Surplus reserve adjustment	
Retained profit adjustment	

3. Interest in joint ventures or associates

(1) Major joint ventures and associates

Name of joint venture and associate	Principle place of business	Place of incorporation	Nature of business	Shareholding (%)		Accounting method for investment in joint ventures or associates
				Direct	Indirect	
Shouguang Jintou Industrial Investment Partnership (Limited Partnership)	Shouguang	Shouguang	Investment		49.57	Equity method
Guangdong Nanyue Bank Co., Ltd.	Guangdong	Guangdong	Bank		4.46	Equity method

Explanation on shareholding in joint venture or associate differs from corresponding proportion of voting rights:

The basis for holding less than 20% of the voting power but having significant influence, or the basis for holding 20% or more of the voting power but not having significant influence:

The Company holds 4.46% equity interest in Guangdong Nanyue Bank Co., Ltd. but is the second largest shareholder and is able to exercise significant influence over Guangdong Nanyue Bank Co., Ltd. by appointing one director to the board of directors (out of a total of nine directors on the board of directors).

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X. Interest in Other Entities (Cont'd)

3. Interest in joint ventures or associates (Cont'd)

(2) Key financial information of major joint ventures

Unit: RMB

Shouguang Jintou Industrial Investment Partnership (Limited Partnership)	Closing balance/ amount for the period	Opening balance/ amount for the prior period
Current assets	1,085,665,564.71	1,469,875,783.97
Including: Cash and cash equivalents	2,205,370.37	11,415,277.31
Non-current assets	577,871,311.16	594,445,221.29
Total assets	1,663,536,875.87	2,064,321,005.26
Current liabilities	196,006,880.34	257,355,454.66
Non-current liabilities	21,726,787.16	22,702,318.57
Total liabilities	217,733,667.50	280,057,773.23
Minority interest	3,142,297.75	5,172,055.47
Equity interest attributable to shareholders of the parent company	1,442,660,910.62	1,779,091,176.56
Share of net assets based on shareholding	715,118,357.43	881,884,821.67
Adjustments	728,530,641.20	897,206,354.89
– Goodwill		
– Unrealised profit for internal transaction		
– Others	728,530,641.20	897,206,354.89
Carrying amount of equity investment in joint ventures	1,443,648,998.63	1,779,091,176.56
Fair value of equity investment in joint ventures with a quoted price in the open market		
Revenue	231,186,861.32	305,986,438.14
Finance expenses	-60,398.70	1,809,456.02
Income tax expenses		-616,895.19
Net profit	-335,442,177.93	-19,202,925.23
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-335,442,177.93	-19,202,925.23
Dividends received from joint ventures during the year		

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X. Interest in Other Entities (Cont'd)

3. Interest in joint ventures or associates (Cont'd)

(3) Key financial information of major associates

Unit: RMB

Guangdong Nanyue Bank Co., Ltd.	Closing balance/ amount for the period	Opening balance/ amount for the prior period
Current assets	205,904,302,483.07	195,708,622,711.11
Non-current assets	122,505,121,368.61	132,561,137,018.86
Total assets	328,409,423,851.68	328,269,759,729.97
Current liabilities	292,687,296,498.71	273,238,389,155.39
Non-current liabilities	5,180,358,284.57	24,657,998,149.20
Total liabilities	297,867,654,783.28	297,896,387,304.59
Minority interest		
Equity interest attributable to shareholders of the parent company	30,541,769,068.40	30,373,372,425.38
Share of net assets based on shareholding	1,362,162,900.45	1,354,652,410.17
Adjustments		
– Goodwill		
– Unrealised profit for internal transaction		
– Others		
Carrying amount of equity investment in associates	1,362,162,900.45	1,354,652,410.17
Fair value of equity investment in associates with a quoted price in the open market		
Revenue	1,410,036,732.55	1,263,828,453.62
Net profit	253,497,246.80	233,504,987.79
Net profit from discontinued operations		
Other comprehensive income	-85,100,603.78	82,343,349.45
Total comprehensive income	168,396,643.02	315,848,337.24
Dividends received from associates during the year		

(4) Summary financial information of non-major joint ventures and associates

Unit: RMB

	Closing balance/ amount for the period	Opening balance/ amount for the prior period
Joint ventures:		
Total carrying amount of investment	179,091,495.41	192,441,660.84
Total amount of the following items based on shareholding		
– Net profit	-13,350,165.43	10,459,243.34
– Total comprehensive income	-13,350,165.43	10,459,243.34
Associates:		
Total carrying amount of investment	636,362,009.62	644,850,163.97
Total amount of the following items based on shareholding		
– Net profit	-8,488,154.35	-40,358,414.42
– Total comprehensive income	-8,488,154.35	-40,358,414.42

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XI. Government grants

1. Government grants recognised at the end of the reporting period at the amount receivable

☐ Applicable ☒ Not applicable

Reasons for not receiving the estimated amount of government grants at the estimated time

☐ Applicable ☒ Not applicable

2. Liabilities in respect of government grants

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Accounting item	Opening balance	New grants during the period	Include in non-operating income for the period	Include in other income for the period	Other changes for the period	Closing balance	Asset-related/ income-related
Funding for environmental protection	Deferred income	478,415,952.52			25,464,041.36		452,951,911.16	Asset-related
Huanggang pulp-forestry-paper project	Deferred income	420,942,087.45			12,513,108.90		408,428,978.55	Asset-related
Infrastructure and environmental protection engineering	Deferred income	185,285,787.80			5,758,794.74		179,526,993.06	Asset-related
Financial subsidies for technical transformation project	Deferred income	89,417,910.72			4,666,552.48		84,751,358.24	Asset-related
Zhanjiang forestry-pulp-paper project	Deferred income	38,522,698.43			2,047,316.46		36,475,381.97	Asset-related
Project fund for National Key Technology Research and Development Program	Deferred income	629,025.00			82,350.00		546,675.00	Asset-related
Others	Deferred income	27,726,023.60			843,605.04		26,882,418.56	Asset-related
Total		1,240,939,485.52			51,375,768.98		1,189,563,716.54	

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XI. Government grants (Cont'd)

3. Government grants included in profit or loss for the period

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Accounting item	Amount for the period	Amount for the prior period
Funding for environmental protection	Other income	25,474,041.36	25,239,041.36
Huanggang pulp-forestry-paper project	Other income	12,513,108.90	12,513,108.90
Infrastructure and environmental protection engineering	Other income	5,758,794.74	5,758,794.72
Financial subsidies for technological transformation project	Other income	4,700,763.02	11,626,552.48
Zhanjiang forestry-pulp-paper project	Other income	2,113,105.92	2,047,316.46
Enterprise reform and development subsidies	Other income	218,000.00	
Government awards	Other income	130,000.00	1,910,920.00
Project fund for National Key Technology Research and Development Program	Other income	82,350.00	82,350.00
Tax refund	Other income	20,000.00	30,124.00
Employment stabilisation subsidy	Other income	2,000.00	1,227,050.37
Afforestation subsidy	Other income	39,730.53	491,960.00
Social security subsidy	Other income		46,500.00
Others	Other income	1,504,445.92	3,327,666.75
Total		52,556,340.39	64,301,385.04

XII. Risk relating to financial instruments

Main financial instruments of the Company include monetary funds, bills receivable, accounts receivable, accounts receivable financing, other receivables, non-current assets due within one year, other current assets, financial assets held for trading, other non-current financial assets, long-term receivables, bills payable, accounts payable, other payables, short-term borrowings, financial liabilities held for trading, non-current liabilities due within one year, long-term borrowings, lease liabilities and long-term payables. Details of financial instruments refer to related notes. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these exposures to ensure that the above risks are controlled in a limited extent.

1. Various risks from financial instruments

The Company aims to seek the appropriate balance between the risks and benefits in order to mitigate the adverse effects on the Company's financial performance from financial risk. Based on such risk management objectives, the Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and devise corresponding internal control procedures, and to monitor risks faced by the Company. Such risk management policies and internal control systems are reviewed regularly to adapt to changes in market conditions and the Company's activities. The internal audit department of the Company undertakes both regular and ad-hoc reviews of risk management controls and procedures.

Risks associated with the financial instrument of the Company mainly include credit risk, liquidity risk, market risk (including exchange rate risk, interest rate risk and commodity price risk).

The board of directors is responsible to plan and establish the Company's risk management structure, make risk management policies and related guidelines, and supervise the implementation of risk management. The Company has already made risk management risks to identify and analyse risks that the Company face. These policies mentioned specific risks, covering market, credit risk and liquidity risk etc. The Company regularly assesses market environment and the operation of the Company changes to determine if to make alteration to risk management policy and systems. The Company's risk management is implemented by Risk Management Committee according to the approval of the board of directors. The Risk Management Committee works closely with other business department of the Company to identify, evaluating and avoiding certain risks. The Company's internal audit department will audit the risk management control and procedures regularly and report the result to audit committee of the Company.

The Company spreads risks through diverse investment and business lines, and through making risk management policy to reduce risks of single industry, specific area and counterparty.

(1) Credit risk

Credit risk refers to risk associated with the default of contract obligation of a transaction counterparty resulting in financial losses to the Company.

The Company manages credit risk based category. Credit risks mainly arose from bank deposit, bills receivable, accounts receivable, other receivables and long-term receivables etc.

The Company's bank deposit mainly deposits in state-owned banks and other large and medium-sized listed banks. The Company anticipated that the bank deposit does not have significant credit risk.

XII. Risk relating to financial instruments (Cont'd)

1. Various risks from financial instruments (Cont'd)

(1) Credit risk (Cont'd)

For accounts receivables, other receivables and long-term receivables, the Company set related policies to control exposure of credit risks. The Company evaluates client's credit quality and set related credit period based on the client's financial status, credit records and other factors such as current market situation etc. The Company keeps monitor the client's credit record and for client with deteriorate credit records, the Company will ensure the credit risk is under control in whole by means of written notice of payment collection, shorten or cancel credit period.

The Company's debtor spread over different industry and area. The Company continued to assess the credit evaluation to receivables and purchase credit guarantee insurance if necessary.

The biggest credit risk exposure of the Company is the carrying amount of each financial asset in the balance sheet. The Company did not provide financial guarantee which resulted in credit risks.

The amount of top 5 accounts receivable of the Company accounted for 45.60% (2024: 39.64%) of the Company's total accounts receivables. The amount of top 5 other receivable of the Company accounted for 64.89% (2024: 66.28%) of the Company's total other receivables.

(2) Liquidity risk

Liquidity risk refers to the risks that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

To manage the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management of the Company monitors the usage of bank borrowings and ensures compliance with the borrowing agreements. In the meantime, we obtain commitments from major financial institutions to provide sufficient standby funds to meet short-term and long-term funding needs.

Operating cash of the Company was generated from capital and bank and other borrowings. As at 30 June 2025, the Company's unused bank loan credit was RMB0.00 million (31 December 2024: RMB11,176.9188 million, which has been completely frozen and cannot be used). The closing balance of financial assets of the Company due within one year amounted to RMB12,188.7747 million, while the closing balance of financial liabilities due within one year amounted to RMB38,621.2220 million. The financial assets due within one year was less than that of financial liabilities.

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XII. Risk relating to financial instruments (Cont'd)

1. Various risks from financial instruments (Cont'd)

(2) Liquidity risk (Cont'd)

As at the end of the period, the financial assets, financial liabilities and off balance sheet guarantee held by the Company are analysed by their maturity date as below at their remaining undiscounted contractual cash flows (in RMB'0,000):

Item	Within 1 year	1 to 2 years	Closing balance 2 to 5 years	Over 5 years	Total
Financial assets:					
Monetary funds	93,838.40				93,838.40
Financial assets held for trading	3,669.24				3,669.24
Bills receivable	76,500.06				76,500.06
Accounts receivable	227,192.37				227,192.37
Accounts receivable financing	9,216.61				9,216.61
Other receivables	250,601.97				250,601.97
Long-term receivables		13,105.54	31,446.06	1,599.69	46,151.29
Other non-current financial assets				34,426.70	34,426.70
Other current assets	82,361.92				82,361.92
Non-current assets due within one year	475,496.90				475,496.90
Total financial assets	1,218,877.47	13,105.54	31,446.06	36,026.39	1,299,455.46
Financial liabilities:					-
Short-term borrowings	2,326,171.69				2,326,171.69
Bills payable	10,737.00				10,737.00
Accounts payable	842,690.21				842,690.21
Other payables	331,190.30				331,190.30
Non-current liabilities due within one year	263,647.46				263,647.46
Other current liabilities	87,685.54				87,685.54
Long-term borrowings		74,602.50	154,696.95	140,667.81	369,967.26
Lease liabilities		284.06	1,030.20	3,495.09	4,809.35
Long-term payables		116,112.32	159,960.22	1,036.72	277,109.26
Total financial liabilities and contingent liabilities	3,862,122.20	190,998.88	315,687.37	145,199.62	4,514,008.07

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XII. Risk relating to financial instruments (Cont'd)

1. Various risks from financial instruments (Cont'd)

(2) Liquidity risk (Cont'd)

As at the end of the prior year, the financial assets, financial liabilities and off-balance sheet guarantee held by the Company are analysed by their maturity date as below at their remaining undiscounted contractual cash flows (in RMB'0,000):

Item	Balance as at the end of the prior year				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial assets:					
Monetary funds	588,069.11				588,069.11
Financial assets held for trading	3,725.93				3,725.93
Bills receivable	50,660.57				50,660.57
Accounts receivable	266,836.20				266,836.20
Accounts receivable financing	10,073.08				10,073.08
Other receivables	256,175.64				256,175.64
Long-term receivables		11,281.94	22,341.95	1,432.04	35,055.93
Other non-current financial assets				75,103.05	75,103.05
Other current assets	88,236.02				88,236.02
Non-current assets due within one year	491,100.90				491,100.90
Total financial assets	1,754,877.45	11,281.94	22,341.95	76,535.09	1,865,036.43
Financial liabilities:					
Short-term borrowings	2,675,234.73				2,675,234.73
Bills payable	142,391.81				142,391.81
Accounts payable	770,896.74				770,896.74
Other payables	283,336.77				283,336.77
Non-current liabilities due within one year	160,954.54				160,954.54
Other current liabilities	286,369.42				286,369.42
Long-term borrowings		165,672.85	109,483.19	201,032.48	476,188.52
Lease liabilities		286.71	1,011.20	3,615.65	4,913.56
Long-term payables		46,996.82	34,565.33		81,562.15
Total financial liabilities and contingent liabilities	4,319,184.01	212,956.38	145,059.72	204,648.13	4,881,848.24

The financial liabilities disclosed above are based on cash flows that are not discounted and may differ from the carrying amount of the line items of the balance sheet.

Maximum guarantee amount for signed guarantee contracts does not represent the amount to be paid.

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XII. Risk relating to financial instruments (Cont'd)

1. Various risks from financial instruments (Cont'd)

(3) Market risk

Market risk for financial instrument refers to the risk that the fair value or future cash flow of a financial instrument will be fluctuated due to the changes in market price, and includes interest rate risk, exchange rate risk and other price risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument will be fluctuated due to the floating rate. Interest rate risk arises from recognised interest-bearing financial instrument and unrecognised financial instrument (e.g. loan commitments).

The Company's interest rate risk arises from long-term interest-bearing liabilities including long-term borrowing and bonds payable. Financial liabilities issued at floating rate expose the Company to cash flow interest rate risk. Financial liabilities issued at fixed rate expose the Company to fair value interest rate risk. The Company determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions and to maintain an appropriate combination of financial instruments at fixed rate and floating rate through regular reviews and monitors.

The Company closely monitors the interest rate position of the Company. The Company did not enter into any interest rate hedging arrangements. However, the management is responsible to monitor the risks of interest rate and consider to hedge significant interest risk if necessary. Increase in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Company's outstanding floating rate interest-bearing borrowings, and therefore could have a material adverse effect on the Company's financial result. The management will make adjustments with reference to the latest market conditions. These adjustments may include enter into interest swap agreement to mitigate its exposure to the interest rate risk.

Interest bearing financial instrument held by the Company are as follows (in RMB'0,000):

Item	Amount for the period	Amount for the prior period
Financial instrument with fixed interest rate		
Financial liabilities		
Including: Short-term borrowings	2,326,171.69	2,675,234.73
Long-term borrowings	369,967.26	476,188.52
Long-term borrowings due within one year	205,873.05	120,435.06
Total	2,902,012.00	3,271,858.31
Financial instrument with float interest rate		
Financial assets		
Including: Monetary funds	93,598.99	587,932.77
Total	93,598.99	587,932.77

XII. Risk relating to financial instruments (Cont'd)

1. Various risks from financial instruments (Cont'd)

(3) Market risk (Cont'd)

Interest rate risk (Cont'd)

The financial instruments held by the Company at the reporting date expose the Company to fair value interest rate risk. This sensitivity analysis as above has been determined assuming that the change in interest rates had occurred at the reporting date and arisen from the recalculation of the above financial instrument issued at new interest rates. The non-derivative tools issued at floating interest rate held by the Company at the reporting date expose the Company to cash flow interest rate risk. The effect to the net profit and shareholder's equity illustrated in the sensitivity analysis as above is arisen from the effect to the annual estimate amount of interest expenses or revenue at the floating interest rate. The analysis is performed on the same basis for prior year.

Exchange rate risk

Exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will be fluctuated due to the changes in foreign currency rates. Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The principal business of the Company is situated within the PRC and is denominated in RMB. However, foreign exchange risks still exist for the assets and liabilities in foreign currencies and future foreign currency transactions as recognised by the Company (assets and liabilities in foreign currencies and foreign currency transactions are mainly denominated in US dollar, Euro, Hong Kong dollar and Japanese yen).

The following table details the financial assets and liabilities held by the Company which denominated in foreign currencies and amounted to RMB as at 30 June 2025 are as follows (in RMB'0,000):

Item	Liabilities denominated in foreign currency		Assets denominated in foreign currency	
	Closing balance	Balance as at the end of the prior year	Closing balance	Balance as at the end of the prior year
USD	58,597.43	66,705.08	7,419.38	42,042.69
EUR	3,468.36	3,838.45	817.06	1,044.24
HKD			2.33	143.97
JPY	1.04		727.81	677.92
SGD				2.12
GBP			1.75	1.61
Total	62,066.83	70,543.53	8,968.33	43,912.55

The Company continuously monitors the size of the Group's foreign currency transactions and foreign currency assets and liabilities to minimise the foreign exchange risks it faces, and for this reason the Company may aim to avoid foreign exchange risk by signing forward foreign exchange contracts or currency swap contracts.

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XII. Risk relating to financial instruments (Cont'd)

1. Various risks from financial instruments (Cont'd)

(3) Market risk (Cont'd)

Exchange rate risk (Cont'd)

With other variables unchanged, the after-tax effect of the possible reasonable changes in the exchange rate of foreign currency to RMB on the current profit and loss of the Company is as follows (in RMB'0,000):

Increase (decrease) in after-tax profits	Amount for the period		Amount for the prior period	
Increase in exchange rate of USD	5%	-2,558.90	5%	1,096.52
Decrease in exchange rate of USD	-5%	2,558.90	-5%	-1,096.52
Increase in exchange rate of Euro	5%	-132.57	5%	-137.52
Decrease in exchange rate of Euro	-5%	132.57	-5%	137.52

Other price risks

Other price risks refer to the risk of fluctuations caused by changes in market prices other than exchange rate risks and interest rate risks, whether arising from factors related to a single financial instrument or its issuer, or from factors related to all similar financial instruments traded on the market. Other price risks can stem from changes in commodity prices, stock market indexes, equity instrument prices, and other risk variables.

Listed equity instrument investments held by the Company classified as financial assets held for trading, other non-current financial assets and other equity instrument investments are measured at fair value on the balance sheet date. Therefore, the Company is subject to the risk of changes in the securities market.

The Company monitors closely the impact of price changes on the price risk of the Company's investment in equity securities. Currently, the Company has not taken any measures to avoid other price risks. However, the management is responsible for monitoring other price risks, and will consider holding multiple equity securities portfolios to reduce the price risk of equity securities investment when necessary.

With other variables unchanged, the after-tax effect of the change of -1.52% (prior year: -15.33%) in equity securities investment prices on the Company's current profit and loss and other comprehensive income is as follows (unit: RMB'0,000):

Item	Increase (decrease) in after-tax profits		Increase (decrease) in other comprehensive income	
	Balance for the period	Balance for the prior period	Balance for the period	Balance for the prior period
Due to the rise in the price of equity securities investment				
Due to the decline in the price of equity securities investment	-56.69	-709.69		

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XII. Risk relating to financial instruments (Cont'd)

2. Capital management

The objective of the Company's capital risk management is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust its financing methods, adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or disposes assets to reduce its liabilities.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net liabilities divided by total capital. As at 30 June 2025, the Company's gearing ratio is 85.93% (31 December 2024: 79.79%).

3. Financial assets

(1) By transfer method

☒ Applicable ☐ Not applicable

Unit: RMB

Transfer Method	Nature of financial assets transferred	Amount of financial assets transferred	Confirmation of derecognition	Basis for derecognition
External transfer	Debt receivable	87,189,645.64	Derecognised	Where the Company transferred substantially all of the risks and rewards
Endorsement or discounting	Bills receivable	746,520,575.24	Not derecognised	Where the Company retains almost all the risks and rewards, including the risk of default associated with it
Endorsement or discounting	Accounts receivable financing	616,041,951.77	Derecognised	Where the Company transferred substantially all of the risks and rewards
Total		1,449,752,172.65		

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XII. Risk relating to financial instruments (Cont'd)

3. Financial assets (Cont'd)

(2) Financial assets derecognised due to transfer

√ Applicable □ Not applicable

Unit: RMB

Item	Method of financial assets transfer	Amount of financial assets derecognised	Gains or losses associated with derecognition
Debt receivable	External transfer	87,189,645.64	-47,189,645.64
Accounts receivable financing	Endorsement or discounting	616,041,951.77	-4,400,687.40
Total		703,231,597.41	-51,590,333.04

XIII. Fair value disclosure

1. Fair value of assets and liabilities measured at fair value as at the end of the period

Unit: RMB

Item	Fair value measurements categorised into Level 1	Fair value at the end of the period		Total
		Fair value measurements categorised into Level 2	Fair value measurements categorised into Level 3	
I. Measurement of fair value on an ongoing basis	—	—	—	—
(i) Financial assets held for trading				
1. Financial assets measured at fair value through profit or loss	36,692,409.73			36,692,409.73
(1) Investment in equity instruments	36,692,409.73			36,692,409.73
(ii) Accounts receivable financing			92,166,113.62	92,166,113.62
(iii) Other non-current financial assets			344,266,989.06	344,266,989.06
(iv) Biological assets			1,098,778,602.31	1,098,778,602.31
1. Consumable biological assets			1,098,778,602.31	1,098,778,602.31
Total assets measured at fair value on an ongoing basis	36,692,409.73		1,535,211,704.99	1,571,904,114.72
II. Non-continuous measurement of fair value	—	—	—	—
(i) Assets held for trading				
Total assets measured at fair value not on an ongoing basis				
Total liabilities measured at fair value not on an ongoing basis				

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XIII. Fair value disclosure (Cont'd)

2. Basis for determining the market value of continuous and non-continuous level 1 fair value measurement items

For financial assets traded in active markets, the Company determines their fair value using quoted prices in active markets.

3. Qualitative and quantitative information on the valuation techniques used and important parameters for continuous and non-continuous level 3 fair value measurement items

Item	Fair value as at the end of the period	Valuation techniques	Unobservable inputs	Range (weighted average)
Consumable biological assets:				
Forestry	1,098,778,602.31	Roll back method of market price	Unit price per tonne of Eucalyptus wood Unit price per tonne of wet pine Unit price per tonne of fir wood	RMB500 RMB520 RMB500

4. Reconciliation of opening and closing book value for continuous level 3 fair value measurement items and sensitive analysis of unobservable inputs

Unit: RMB

Item (current amount)	Opening balance	Transfer to third level	Transfer from third level	Total profit or loss for the period		Closing balance
				Transferred to profit and loss	Transferred to other comprehensive income	
Accounts receivable financing	100,730,797.32		8,564,683.70			92,166,113.62
Other non-current financial assets	751,030,454.68		406,763,465.62			344,266,989.06
Biological assets:	1,256,379,773.85		28,541,981.20	-129,059,190.34		1,098,778,602.31
Consumable biological assets	1,256,379,773.85		28,541,981.20	-129,059,190.34		1,098,778,602.31
Total	2,108,141,025.85		443,870,130.52	-129,059,190.34		1,535,211,704.99

XIV. Related parties and related party transactions

1. Parent company of the Company

Name of parent company	Place of incorporation	Business nature	Registered capital	Shareholding of the parent company in the Company	Voting right of the parent company in the Company
Chenming Holdings Co., Ltd.	Shouguang	Investment in manufacture of paper, electricity, steam, and arboriculture	1,238,787,700	27.87%	27.87%

The ultimate controller of the Company is Shouguang State-owned Assets Supervision and Administration Office.

Other description: During the reporting period, Shandong Shouguang Jinxin Investment Development Holdings Group Limited, the controlling Shareholder of Chenming Holdings, transferred its 45.2151% equity interests in Chenming Holdings to Shouguang Shengming Investment Co., Ltd., a wholly-owned subsidiary of Shouguang State-owned Assets Supervision and Administration Office, at nil consideration. Upon such change, Shandong Shouguang Jinxin Investment Development Holdings Group Limited no long held any equity interest in Chenming Holdings, and Shouguang Shengming Investment Co., Ltd. held 45.2151% equity interests in Chenming Holdings. There is no change in controlling shareholder and beneficial controller of the Company.

2. Subsidiaries of the Company

For details of the Company's subsidiaries, please refer to Note X. 1.

3. Joint ventures and associates of the Company

For details of material joint ventures and associates of the Company, please refer to Note X. 3.

Balance of related party transaction between the Company and its joint ventures or associates during the period or prior periods are as follows:

Name of joint ventures or associates	Relation
Weifang Port Wood Chip Wharf Co., Ltd.	A joint venture of the Company
Shouguang Meite Environmental Technology Co., Ltd.	A joint venture of the Company
Weifang Xingxing United Chemical Co., Ltd.	A joint venture of the Company
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	A joint venture of the Company
Wuhan Chenming Qianneng Electric Power Co., Ltd.	A subsidiary of an associate of the Company
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	An associate of the Company
Chenming (Qingdao) Asset Management Co., Ltd.	An associate of the Company
Guangdong Nanyue Bank Co., Ltd.	An associate of the Company
Xuchang Chenming Paper Co., Ltd.	An associate of the Company

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XIV. Related parties and related party transactions (Cont'd)

4. Other related parties

Name of other related parties	Relation
Shouguang Huixin Construction Materials Co., Ltd.	A subsidiary of a company invested by the Directors and Senior Management of the Company
Lide Technology Co., Ltd.	A subsidiary of a company invested by the Directors and Senior Management of the Company
Shouguang Chenming Guangyuan Real Property Company Limited	A subsidiary of a company invested by the Directors and Senior Management of the Company
Hu Changqing, Li Xingchun, Li Weixian, Li Feng, Han Tingde, Li Chuanxuan, Li Zhihui, Sun Jianfei, Yin Meiqun, Yang Biao, Li Kang, Pan Ailing, Zhang Hong, Qiu Lanju, Sang Ailing, Li Zhenzhong, Li Mingtang, Ge Guangming, Dong Lianming, Yuan Xikun and Zhu Hanliang	Key management personnel of the Company

5. Related party transactions

(1) Purchase and sales of goods and rendering and receiving services

Table on purchase of goods/receiving of services

Unit: RMB

Related party	Subject matter of the related party transactions	Amount for the period	Transaction facility approved	Whether the transaction facility is exceeded	Amount for the prior period
Weifang Port Wood Chip Wharf Co., Ltd.	Port miscellaneous fees	2,333,303.83	110,000,000.00	No	56,191,147.39
Shouguang Meite Environmental Technology Co., Ltd.	Purchase of chemical materials		N/A	N/A	15,577,072.00

Table on sales of goods/providing of services

Unit: RMB

Related party	Subject matter of the related party transactions	Amount for the period	Amount for the prior period
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	Sales of electricity and steam	6,210,617.19	6,547,010.44
Shouguang Huixin Construction Materials Co., Ltd.	Sales of electricity etc.	10,948.60	60,485.79
Shouguang Meite Environmental Technology Co., Ltd.	Sales of electricity and water	73,146.00	2,153,097.10

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XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(2) Related party leasing

The Company as lessor:

Unit: RMB

Name of lessee	Type of leased asset	Lease income recognised for the current period	Lease income recognised for the previous period
Shouguang Meite Environmental Technology Co., Ltd.	Housing	733,944.96	733,944.95
Chenming (Qingdao) Asset Management Co., Ltd.	Housing and building structure		506,019.39
Lide Technology Co., Ltd.	Housing and building structure	331,694.20	949,010.43

(3) Related party guarantee

The Company as guarantor

Unit: RMB

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Chenming (HK) Limited	7,044,710.83	2025/5/7	2025/8/5	No
Chenming (HK) Limited	5,642,635.81	2025/5/15	2025/8/13	No
Chenming (HK) Limited	3,237,178.77	2025/6/3	2025/9/1	No
Chenming (HK) Limited	6,776,215.86	2025/6/6	2025/9/4	No
Chenming (HK) Limited	3,534,889.19	2025/6/23	2025/9/22	No
Chenming (HK) Limited	37,744,590.49	2024/1/4	2030/1/3	No
Chenming (HK) Limited	11,779,933.35	2024/8/16	2024/11/18	No
Chenming (HK) Limited	18,388,628.02	2024/9/14	2024/12/20	No
Chenming (HK) Limited	8,145,612.86	2024/9/30	2024/12/11	No
Chenming (HK) Limited	20,832,335.70	2024/8/23	2024/11/22	No
Chenming (HK) Limited	19,427,086.97	2024/7/26	2024/11/27	No
Hainan Chenming Technology Co., Ltd.	50,000,000.00	2024/4/10	2025/4/7	No
Hainan Chenming Technology Co., Ltd.	50,500,000.00	2024/11/27	2025/11/26	No
Hainan Chenming Technology Co., Ltd.	19,500,000.00	2024/11/28	2025/11/27	No
Hainan Chenming Technology Co., Ltd.	50,000,000.00	2025/1/16	2026/1/16	No
Hainan Chenming Technology Co., Ltd.	8,400,000.00	2025/1/2	2025/7/2	No
Hainan Chenming Technology Co., Ltd.	126,000,000.00	2025/3/28	2026/3/28	No
Hainan Chenming Technology Co., Ltd.	39,600,000.00	2025/6/10	2026/6/10	No
Hainan Chenming Technology Co., Ltd.	59,737,111.20	2024/10/15	2025/4/14	No
Hainan Chenming Technology Co., Ltd.	49,671.39	2024/12/26	2025/6/26	No

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XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Hainan Chenming Technology Co., Ltd.	49,621,717.52	2024/12/30	2025/6/30	No
Huanggang Chenming Pulp & Paper Co., Ltd.	20,000,000.00	2025/4/28	2026/4/27	No
Huanggang Chenming Pulp & Paper Co., Ltd.	90,000,000.00	2025/5/20	2026/5/19	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2024/7/19	2025/7/18	No
Huanggang Chenming Pulp & Paper Co., Ltd.	45,000,000.00	2024/8/14	2025/8/13	No
Huanggang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	2024/9/23	2025/9/13	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2024/10/18	2025/10/18	No
Huanggang Chenming Pulp & Paper Co., Ltd.	14,000,000.00	2024/8/1	2025/7/29	No
Huanggang Chenming Pulp & Paper Co., Ltd.	15,995,000.00	2024/9/14	2025/9/12	No
Huanggang Chenming Pulp & Paper Co., Ltd.	753,640,000.00	2019/12/16	2031/12/15	No
Huanggang Chenming Pulp & Paper Co., Ltd.	68,000,000.00	2025/4/25	2027/12/5	No
Huanggang Chenming Pulp & Paper Co., Ltd.	74,485,646.20	2025/2/28	2027/9/28	No
Huanggang Chenming Pulp & Paper Co., Ltd.	98,000,000.00	2022/5/20	2026/10/27	No
Huanggang Chenming Pulp & Paper Co., Ltd.	43,993,016.93	2022/11/30	2028/2/25	No
Huanggang Chenming Pulp & Paper Co., Ltd.	19,760,595.47	2023/1/12	2027/4/24	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2023/3/9	2026/3/9	No
Huanggang Chenming Pulp & Paper Co., Ltd.	43,769,402.86	2023/4/24	2026/12/10	No
Huanggang Chenming Pulp & Paper Co., Ltd.	18,330,147.76	2023/5/10	2026/4/15	No
Huanggang Chenming Pulp & Paper Co., Ltd.	120,365,399.49	2023/7/18	2027/11/15	No
Huanggang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	2023/11/23	2027/11/23	No
Huanggang Chenming Pulp & Paper Co., Ltd.	78,761,534.18	2024/1/30	2028/1/30	No
Jilin Chenming Pulp & Fiber Trading Co., Ltd.	10,000,000.00	2024/9/24	2025/9/24	No
Jilin Chenming Paper Co., Ltd.	15,000,000.00	2024/6/19	2026/6/15	No
Jilin Chenming Paper Co., Ltd.	35,000,000.00	2024/7/24	2025/1/21	No
Jilin Chenming Paper Co., Ltd.	15,000,000.00	2024/9/10	2025/3/10	No
Jilin Chenming Paper Co., Ltd.	180,000,000.00	2023/12/15	2025/12/15	No
Jilin Chenming Paper Co., Ltd.	89,500,000.00	2024/9/29	2026/9/28	No
Jilin Chenming Paper Co., Ltd.	60,000,000.00	2025/1/17	2027/1/9	No
Jilin Chenming Paper Co., Ltd.	119,750,000.00	2025/1/20	2027/1/9	No
Jilin Chenming Paper Co., Ltd.	34,762,798.40	2024/10/15	2025/4/15	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2024/10/31	2025/10/27	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2024/6/7	2025/6/3	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2024/6/11	2025/6/9	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2024/6/17	2025/6/13	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2024/6/18	2025/6/16	No
Jiangxi Chenming Paper Co., Ltd.	16,000,000.00	2024/6/21	2025/6/17	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2024/6/24	2025/6/20	No
Jiangxi Chenming Paper Co., Ltd.	100,000,000.00	2024/7/5	2025/7/1	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2024/8/30	2025/8/26	No
Jiangxi Chenming Paper Co., Ltd.	200,000,000.00	2024/7/2	2025/7/1	No
Jiangxi Chenming Paper Co., Ltd.	200,000,000.00	2024/5/31	2025/11/29	No
Jiangxi Chenming Paper Co., Ltd.	250,000,000.00	2024/6/13	2025/12/12	No
Jiangxi Chenming Paper Co., Ltd.	50,000,000.00	2024/7/2	2025/12/31	No

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XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Jiangxi Chenming Paper Co., Ltd.	1,300,000.00	2024/9/29	2025/9/24	No
Jiangxi Chenming Paper Co., Ltd.	2,000,000.00	2025/1/27	2026/1/26	No
Jiangxi Chenming Paper Co., Ltd.	91,200,000.00	2025/2/13	2026/1/26	No
Jiangxi Chenming Paper Co., Ltd.	29,000,000.00	2025/2/26	2026/2/14	No
Jiangxi Chenming Paper Co., Ltd.	50,000,000.00	2025/3/5	2026/3/5	No
Jiangxi Chenming Paper Co., Ltd.	70,000,000.00	2025/3/18	2026/3/18	No
Jiangxi Chenming Paper Co., Ltd.	80,000,000.00	2025/3/19	2026/3/19	No
Jiangxi Chenming Paper Co., Ltd.	2,008,854.97	2025/4/23	2026/2/14	No
Jiangxi Chenming Paper Co., Ltd.	1,289,794.55	2025/4/23	2026/1/26	No
Jiangxi Chenming Paper Co., Ltd.	1,050,948.10	2025/4/23	2026/4/23	No
Jiangxi Chenming Paper Co., Ltd.	5,000,000.00	2025/5/26	2026/5/26	No
Jiangxi Chenming Paper Co., Ltd.	17,000,000.00	2025/6/11	2026/6/11	No
Jiangxi Chenming Paper Co., Ltd.	19,545,000.00	2024/12/13	2025/11/30	No
Jiangxi Chenming Paper Co., Ltd.	20,000,000.00	2024/12/16	2025/11/30	No
Jiangxi Chenming Paper Co., Ltd.	20,000,000.00	2024/12/18	2025/11/30	No
Jiangxi Chenming Paper Co., Ltd.	3,500,000.00	2024/12/19	2025/11/30	No
Jiangxi Chenming Paper Co., Ltd.	6,500,000.00	2024/12/25	2025/11/30	No
Jiangxi Chenming Paper Co., Ltd.	193,419,000.00	2025/2/21	2026/2/20	No
Jiangxi Chenming Paper Co., Ltd.	70,000,000.00	2025/4/24	2026/4/23	No
Jiangxi Chenming Paper Co., Ltd.	19,959,366.67	2025/4/3	2026/1/26	No
Jiangxi Chenming Paper Co., Ltd.	59,748,619.03	2025/4/8	2026/1/26	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2023/11/15	2024/11/15	No
Jiangxi Chenming Paper Co., Ltd.	19,800,000.00	2025/5/22	2026/5/21	No
Jiangxi Chenming Paper Co., Ltd.	19,800,000.00	2025/5/23	2026/5/22	No
Jiangxi Chenming Paper Co., Ltd.	20,350,000.00	2025/6/27	2026/5/20	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2023/9/8	2026/8/22	No
Jiangxi Chenming Paper Co., Ltd.	57,600,000.00	2024/9/29	2026/3/29	No
Jiangxi Chenming Paper Co., Ltd.	106,975,661.00	2022/2/28	2028/2/28	No
Jiangxi Chenming Paper Co., Ltd.	8,971,781.19	2022/4/1	2025/4/1	No
Jiangxi Chenming Paper Co., Ltd.	79,835,042.81	2022/5/23	2026/12/15	No
Jiangxi Chenming Paper Co., Ltd.	11,259,827.27	2022/8/18	2026/7/24	No
Jiangxi Chenming Paper Co., Ltd.	5,000,000.00	2022/10/11	2025/10/11	No
Jiangxi Chenming Paper Co., Ltd.	15,334,938.09	2023/12/4	2027/10/15	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2024/10/17	2027/10/17	No
Jiangxi Chenming Paper Co., Ltd.	39,999,702.50	2024/4/30	2026/10/29	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	150,000,000.00	2024/2/8	2025/2/12	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	203,370,000.00	2024/8/14	2025/8/15	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	100,000,000.00	2024/9/9	2025/9/10	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	32,680,000.00	2024/9/19	2025/9/19	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	50,000,000.00	2024/9/24	2025/9/23	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	153,820,000.00	2024/10/9	2025/10/10	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	400,000,000.00	2025/3/29	2026/3/24	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	25,000,000.00	2025/3/26	2026/3/25	No

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XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Shandong Chenming Pulp & Paper Sales Co., Ltd.	50,000,000.00	2025/3/27	2026/3/26	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	75,000,000.00	2025/3/31	2026/3/30	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	130,000,000.00	2025/4/2	2026/4/1	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	128,402,137.00	2025/4/2	2026/4/1	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	101,549,733.00	2025/4/7	2026/4/6	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	8,996,196.18	2023/2/13	2026/2/12	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	13,300,000.00	2025/2/28	2028/2/27	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	520,000,000.00	2024/10/18	2029/9/24	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	5,600,000.00	2024/6/4	2025/5/30	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	6,300,000.00	2024/6/14	2025/6/9	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	5,600,000.00	2024/6/20	2025/5/28	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	20,000,000.00	2024/6/21	2025/6/18	No
Shanghai Heruiming Property Management Co., Ltd.	20,000,000.00	2025/4/2	2025/9/30	No
Shanghai Heruiming Property Management Co., Ltd.	59,980,000.00	2024/5/23	2024/11/8	No
Shanghai Hongtai Property Management Co., Ltd.	1,999,545,455.00	2023/6/9	2038/3/20	No
Shouguang Chenming Import and Export Trade Co., Ltd.	90,000,000.00	2024/12/16	2025/12/15	No
Shouguang Chenming Import and Export Trade Co., Ltd.	30,000,000.00	2025/6/27	2028/6/23	No
Shouguang Chenming Import and Export Trade Co., Ltd.	50,000,000.00	2024/9/30	2025/3/28	No
Shouguang Chenming Import and Export Trade Co., Ltd.	31,179,628.93	2024/8/25	2024/11/25	No
Shouguang Chenming Import and Export Trade Co., Ltd.	72,595,822.02	2024/8/26	2024/11/25	No
Shouguang Chenming Import and Export Trade Co., Ltd.	31,892,669.52	2024/9/24	2024/12/25	No
Shouguang Chenming Import and Export Trade Co., Ltd.	90,959,280.79	2024/9/26	2024/12/25	No
Shouguang Chenming Import and Export Trade Co., Ltd.	28,842,694.68	2024/10/27	2025/1/25	No
Shouguang Chenming Import and Export Trade Co., Ltd.	44,522,892.05	2024/10/28	2025/1/25	No
Shouguang Meilun Paper Co., Ltd.	91,760,000.00	2024/7/25	2025/7/25	No
Shouguang Meilun Paper Co., Ltd.	10,000,000.00	2024/12/27	2025/12/26	No
Shouguang Meilun Paper Co., Ltd.	20,000,000.00	2025/2/27	2026/2/26	No
Shouguang Meilun Paper Co., Ltd.	56,044,826.00	2025/5/28	2026/5/27	No
Shouguang Meilun Paper Co., Ltd.	176,546,779.00	2025/6/25	2026/6/24	No
Shouguang Meilun Paper Co., Ltd.	45,727,471.00	2025/6/3	2026/6/2	No
Shouguang Meilun Paper Co., Ltd.	98,114,605.00	2025/6/5	2026/6/4	No

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XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Shouguang Meilun Paper Co., Ltd.	133,253,598.00	2024/12/13	2025/12/12	No
Shouguang Meilun Paper Co., Ltd.	49,497,280.00	2024/12/16	2025/12/15	No
Shouguang Meilun Paper Co., Ltd.	93,998,400.00	2025/1/8	2026/1/7	No
Shouguang Meilun Paper Co., Ltd.	25,113,500.00	2025/1/15	2026/1/14	No
Shouguang Meilun Paper Co., Ltd.	44,000,000.00	2025/1/22	2026/1/21	No
Shouguang Meilun Paper Co., Ltd.	59,900,000.00	2025/2/7	2026/2/6	No
Shouguang Meilun Paper Co., Ltd.	30,000,000.00	2024/7/23	2025/7/23	No
Shouguang Meilun Paper Co., Ltd.	71,649,000.00	2023/10/23	2024/10/23	No
Shouguang Meilun Paper Co., Ltd.	199,457,641.66	2024/12/12	2025/11/12	No
Shouguang Meilun Paper Co., Ltd.	43,000,000.00	2024/12/9	2025/12/8	No
Shouguang Meilun Paper Co., Ltd.	10,000,000.00	2024/12/9	2025/12/9	No
Shouguang Meilun Paper Co., Ltd.	10,000,000.00	2024/12/9	2025/12/9	No
Shouguang Meilun Paper Co., Ltd.	70,000,000.00	2025/1/2	2025/7/1	No
Shouguang Meilun Paper Co., Ltd.	270,000,000.00	2021/9/9	2029/12/20	No
Shouguang Meilun Paper Co., Ltd.	17,907,687.59	2021/12/14	2025/12/14	No
Shouguang Meilun Paper Co., Ltd.	3,387,491.97	2021/12/20	2025/12/20	No
Shouguang Meilun Paper Co., Ltd.	162,119,849.15	2022/3/14	2029/5/25	No
Shouguang Meilun Paper Co., Ltd.	8,850,506.04	2022/5/24	2027/4/30	No
Shouguang Meilun Paper Co., Ltd.	14,345,230.30	2022/6/6	2025/6/5	No
Shouguang Meilun Paper Co., Ltd.	21,399,530.65	2022/6/28	2026/6/28	No
Shouguang Meilun Paper Co., Ltd.	30,000,000.00	2022/8/25	2025/8/25	No
Shouguang Meilun Paper Co., Ltd.	21,466,666.64	2022/9/30	2026/12/15	No
Shouguang Meilun Paper Co., Ltd.	109,591,059.28	2022/11/25	2028/1/15	No
Shouguang Meilun Paper Co., Ltd.	194,000,000.00	2022/12/27	2027/12/24	No
Shouguang Meilun Paper Co., Ltd.	6,574,948.25	2022/12/29	2024/12/29	No
Shouguang Meilun Paper Co., Ltd.	12,000,000.00	2023/1/18	2027/1/18	No
Shouguang Meilun Paper Co., Ltd.	5,000,000.00	2023/3/29	2026/12/20	No
Shouguang Meilun Paper Co., Ltd.	115,000,000.00	2023/6/9	2030/9/20	No
Shouguang Meilun Paper Co., Ltd.	15,900,000.00	2024/12/5	2025/12/5	No
Shouguang Meilun Paper Co., Ltd.	34,420,409.16	2023/8/30	2028/4/5	No
Shouguang Meilun Paper Co., Ltd.	16,878,745.04	2023/10/8	2026/5/15	No
Shouguang Meilun Paper Co., Ltd.	42,974,114.02	2023/10/25	2027/9/25	No
Shouguang Meilun Paper Co., Ltd.	499,500,000.00	2024/1/18	2029/1/18	No
Shouguang Meilun Paper Co., Ltd.	42,278,885.85	2024/1/29	2027/1/28	No
Shouguang Meilun Paper Co., Ltd.	25,446,656.28	2024/4/12	2025/4/12	No
Shouguang Meilun Paper Co., Ltd.	46,166,000.35	2024/5/24	2028/11/24	No
Shouguang Meilun Paper Co., Ltd.	69,240,954.05	2024/5/28	2028/5/26	No
Shouguang Meilun Paper Co., Ltd.	27,000,000.00	2024/6/28	2027/6/28	No
Shouguang Meilun Paper Co., Ltd.	53,427,551.13	2024/7/5	2028/2/15	No
Shouguang Meilun Paper Co., Ltd.	9,500,000.00	2024/7/11	2026/7/11	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	85,500,000.00	2023/11/29	2024/11/21	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2023/12/9	2025/12/8	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2024/1/3	2026/1/2	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	38,000,000.00	2024/3/21	2026/3/20	No

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XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Zhanjiang Chenming Pulp & Paper Co., Ltd.	10,500,000.00	2024/3/26	2025/3/26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	31,000,000.00	2024/3/28	2026/3/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2024/3/29	2026/3/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	25,000,000.00	2024/5/16	2026/5/15	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	75,770,782.44	2024/5/23	2024/11/26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	45,000,000.00	2024/5/29	2026/5/28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	63,000,000.00	2024/5/31	2026/5/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	40,000,000.00	2024/6/6	2026/6/5	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	38,372,000.00	2024/6/6	2026/5/28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	47,784,000.00	2024/6/6	2026/5/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	48,000,000.00	2024/6/26	2026/6/23	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	62,000,000.00	2024/6/28	2026/6/24	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	200,000,000.00	2024/7/12	2025/7/11	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	29,000,000.00	2024/7/18	2025/7/17	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2024/7/23	2025/7/22	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	2024/7/24	2025/7/22	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	41,408,350.00	2024/7/24	2025/7/22	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,000,000.00	2024/8/7	2025/8/6	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	59,000,000.00	2024/8/8	2025/8/7	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	2024/8/14	2025/8/13	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2024/9/25	2025/9/24	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	78,000,000.00	2024/10/10	2025/10/10	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	62,000,000.00	2024/10/11	2025/4/10	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	109,960,000.00	2024/10/15	2025/10/14	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	730,401.44	2024/10/17	2025/1/16	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	167,500,000.00	2024/11/11	2025/11/10	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	6,000,000.00	2024/11/13	2025/5/12	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,200,000.00	2024/11/14	2025/11/13	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	59,460,000.00	2024/11/20	2025/11/19	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	14,050,000.00	2025/1/3	2025/7/2	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	204,970,000.00	2025/3/29	2025/9/28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	45,670,000.00	2025/3/29	2025/9/28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	129,910,000.00	2025/3/31	2025/9/30	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	5,000,000.00	2025/3/10	2026/3/9	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	40,000,000.00	2025/3/10	2026/3/9	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	39,900,000.00	2025/3/10	2026/3/9	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	2025/1/3	2025/7/3	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	2025/1/10	2025/7/10	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	35,250,000.00	2025/1/2	2025/12/25	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	35,250,000.00	2025/1/3	2025/12/25	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	25,000,000.00	2025/3/31	2026/3/30	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	25,290,000.00	2025/3/31	2026/3/30	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	13,800,000.00	2025/4/28	2025/10/27	No

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XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,290,000.00	2025/4/28	2026/4/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	2025/4/28	2026/4/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	48,700,000.00	2025/4/29	2026/4/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,000,000.00	2025/5/21	2026/5/20	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	98,350,000.00	2025/5/20	2026/5/19	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	49,505,526.00	2025/5/26	2026/5/25	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	494,474.00	2025/5/28	2026/5/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	47,500,000.00	2025/6/17	2026/6/16	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	35,000,000.00	2025/6/18	2026/6/17	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2025/6/18	2026/6/17	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	4,630,000.00	2025/6/20	2026/6/20	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	12,300,000.00	2025/6/23	2026/6/23	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	2024/9/12	2025/1/12	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	2024/9/20	2025/1/17	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	940,000,000.00	2018/3/26	2029/3/25	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	130,000,000.00	2022/6/17	2025/6/16	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	275,000,000.00	2016/8/18	2028/3/13	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	2024/8/14	2025/2/14	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	58,940,000.00	2024/6/27	2024/12/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	70,000,000.00	2024/6/27	2024/12/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	26,620,000.00	2024/6/28	2024/12/28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	25,000,000.00	2024/6/28	2024/12/28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	69,440,000.00	2024/6/28	2024/12/28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2024/7/2	2025/1/2	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,540,260.41	2022/6/29	2028/6/29	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	51,000,000.00	2023/3/31	2026/3/29	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,000,000.00	2023/6/2	2026/6/2	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,900,191.21	2023/6/20	2026/6/20	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	200,000,000.00	2023/7/12	2026/10/12	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	164,172,110.17	2023/11/8	2029/11/8	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2024/4/29	2026/6/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	2024/9/13	2029/3/13	No
Zhanjiang Chenming Arboriculture Development Co., Ltd.	44,160,000.00	2024/3/29	2026/3/27	No
Weifang Port Wood Chip Wharf Co., Ltd.	78,400,000.00	2017/12/15	2027/12/20	No
Total	18,988,318,386.68			

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XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(4) Related party asset transfer and debt restructuring

Unit: RMB

Related party	Subject matter of the related party transactions	Amount for the period	Amount for the prior period
Shouguang Chenming Guangyuan Real Property Company Limited	Transfer of 90.05% equity interest in Yujing Hotel to Guangyuan Real Property from Shandong Chenming		162,992,813.25
Shouguang Chenming Guangyuan Real Property Company Limited	Transfer of the debts of Yujing Hotel to Guangyuan Real Property from Shandong Chenming		193,507,186.75

6. Related party accounts receivable and accounts payable

(1) Accounts receivable

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debts provision	Book balance	Bad debts provision
Accounts receivable	Shouguang Huixin Construction Materials Co., Ltd.	11,976.60	199.27		
Accounts receivable	Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	1,251,335.97	113,033.23	903,414.15	6,323.90
Accounts receivable	Lide Technology Co., Ltd.			171,451.91	1,200.16
Accounts receivable	Shouguang Chenming Guangyuan Property Management Co., Ltd.	1,718,094.65	31,269.32	870,685.06	6,094.80
Other receivables	Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	177,971,333.66	12,172,722.42	238,093,358.44	13,523,702.76
Other receivables	Shouguang Meite Environmental Technology Co., Ltd.	11,596,023.49	10,488,539.35	11,179,201.88	5,603,487.91
Other receivables	Weifang Port Wood Chip Wharf Co., Ltd.	81,298,249.84	39,598,310.64	79,397,749.84	12,131,778.23
Other receivables	Shouguang Chenming Guangyuan Real Property Company Limited	27,012.00	1,350.20	22,000.00	1,100.00

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XIV. Related parties and related party transactions (Cont'd)

6. Related party accounts receivable and accounts payable (Cont'd)

(2) Accounts payable

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Accounts payable	Wuhan Chenming Qianneng Electric Power Co., Ltd.	4,869.10	4,869.10
Accounts payable	Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	13,921,249.12	13,921,249.12
Accounts payable	Weifang Xingxing United Chemical Co., Ltd.	26,905,494.34	26,905,494.34
Accounts payable	Weifang Port Wood Chip Wharf Co., Ltd.	19,117,830.71	22,610,306.71
Accounts payable	Shouguang Meite Environmental Technology Co., Ltd.	15,292,739.96	15,292,739.96
Accounts payable	Shouguang Huixin Construction Materials Co., Ltd.		42,929.24
Other payables	Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	289,394.98	5,194,879.89
Other payables	Lide Technology Co., Ltd.	211,618.15	559,897.05
Other payables	Chenming (Qingdao) Asset Management Co., Ltd.	1,806,000.00	
Other payables	Chenming Holdings Co., Ltd.	36,839,810.01	38,500,000.00
Other payables	Weifang Xingxing United Chemical Co., Ltd.	16,860,000.00	16,860,000.00
Other payables	Shouguang Chenming Guangyuan Real Property Company Limited	199,125,847.35	197,714,644.82

(3) Deposits with related parties

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Bank deposit	Guangdong Nanyue Bank Co., Ltd.	1.06	1,891,614.39
Other monetary funds	Guangdong Nanyue Bank Co., Ltd.	2,166,246.87	87,600,000.00

(4) Loans from related parties

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Short-term borrowings	Guangdong Nanyue Bank Co., Ltd.	760,290,000.00	857,890,000.00

XV. Undertaking and contingency

1. Significant commitments

(1) Capital commitments

Unit: RMB

Capital commitments contracted for but not yet necessary to be recognised in the financial statement	Closing balance	Balance as at the end of the prior year
Commitments in relation to acquisition and construction of long-term assets	294,241,260.20	298,488,760.20

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XV. Undertaking and contingency (Cont'd)

2. Contingency

(1) Significant contingencies as at the balance sheet date

Contingent liabilities arising from pending litigation and arbitration and their financial impacts

Unit: RMB

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Guangdong Nanyue Bank Co., Ltd., Haitang Sub-branch	Zhanjiang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Intermediate People's Court of Zhanjiang City	452,700,000.00	Second instance appeal against the first instance ruling
Guodu Venture Capital Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of equity transfer payment	People's Court of Dongcheng District, Beijing	63,706,000.00	Pending first instance ruling
Hangzhou Changbao Agricultural Technology Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shouguang Meilun Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of borrowings and non-payment of commercial paper upon maturity	Fuyang District People's Court of Hangzhou City	15,200,000.00	Under second instance trial
Industrial Bank Co., Ltd., Jilin Branch	Jilin Chenming Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of advance payments	Changyi District People's Court of Jilin City	35,050,000.00	Pending second instance ruling
Ganzhou Gongfa Financial Leasing Co., Ltd.	Jiangxi Chenming Paper Co., Ltd., Shandong Chenming Paper Holdings Limited and Shandong Chenming Pulp & Paper Sales Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	People's Court of Ganzhou Economic & Technological Development Zone	30,010,000.00	Under first instance trial
Jilin Ruihong Environmental Protection Technology Development Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of commercial paper upon maturity	Changyi District People's Court of Jilin City	10,372,800.00	Pending first instance trial
Chengdu Si Di Ou Trading Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	High Court of Sichuan Province	13,448,000.00	Pending retrial

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XV. Undertaking and contingency (Cont'd)

2. Contingency (Cont'd)

(1) Significant contingencies as at the balance sheet date (Cont'd)

Contingent liabilities arising from pending litigation and arbitration and their financial impacts (Cont'd)

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Ligen Financial Leasing Co. Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd., Shandong Chenming Paper Holdings Limited and Guangzhou Chenming Property Management Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Tianhe District People's Court of Guangzhou City	65,289,000.00	Pending first instance trial
Qingdao Beifang Senhua Technology Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shanghai Chenming Pulp & Paper Sales Co., Ltd.	Litigation filed by the plaintiff for default on repayment of borrowings	Huangdao District People's Court of Qingdao	31,150,000.00	Pending first instance ruling
Beijing Chuanfa Investment Management Co., Ltd.	Shandong Chenming Paper Holdings Limited and Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of equity transfer payment	Third Intermediate People's Court of Beijing City	405,134,700.00	Under first instance trial
Hangzhou Chengtou Industrial Co., Ltd.	Shandong Chenming Paper Holdings Limited and Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Shangcheng District People's Court of Hangzhou City	47,786,326.97	Under first instance trial
Licheng County Guoxin Energy and Coal Transportation Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Shouguang City People's Court	16,000,000.00	Under first instance trial
Xiamen Port Haiheng (Hong Kong) Limited	Shandong Chenming Paper Holdings Limited and Chenming (HK) Limited	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Huli District People's Court of Xiamen City	81,754,000.00	Pending first instance trial
Shanghai Branch of Bank of Nanjing Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shanghai Chenming Pulp & Paper Sales Co., Ltd.	Litigation filed by the plaintiff for default on repayment of borrowings	Jingan District People's Court of Shanghai	20,300,000.00	Pending first instance trial
Village Committee of Beikoubu Village, Heguan Town, Qingzhou City	Shandong Chenming Paper Holdings Limited and Shouguang Meilun Paper Co., Ltd.	Litigation filed by the plaintiff for land infringement	Qingzhou City People's Court	11,879,000.00	Pending first instance ruling

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XV. Undertaking and contingency (Cont'd)

2. Contingency (Cont'd)

(1) Significant contingencies as at the balance sheet date (Cont'd)

Contingent liabilities arising from pending litigation and arbitration and their financial impacts (Cont'd)

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Qingdao Guosheng Financing Leasing Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shouguang Meilun Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Shibei District People's Court of Qingdao City	29,217,800.00	Pending first instance ruling
Chengfa Group (Qingdao) Financial Leasing Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shouguang Meilun Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Huangdao District People's Court of Qingdao	14,835,300.00	Under first instance trial
Luchuan County Yizhong Building Materials Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for goods and commercial paper upon maturity	Luchuan County People's Court	15,670,000.00	Pending first instance ruling
Industrial Bank Co., Ltd., Zhanjiang Branch	Zhanjiang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Intermediate People's Court of Zhanjiang City	269,880,000.00	Pending first instance ruling
Hezhou Renhe Powder Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of commercial paper upon maturity	Mazhang District People's Court of Zhanjiang City	32,367,058.83	Under first instance trial
Jinkailin Biotechnology (Shenzhen) Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Mazhang District People's Court of Zhanjiang City	10,731,828.93	Pending first instance ruling
Bank of Communications Co., Ltd., Zhanjiang Branch	Zhanjiang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Intermediate People's Court of Zhanjiang City	394,529,036.28	Under first instance trial
Guangdong Guangwu Financial Leasing Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Tianhe District People's Court of Guangzhou City	53,561,000.00	Pending first instance trial
Jiangxi Baorui Trading Co., Ltd.	Jiangxi Chenming Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Jingkai District People's Court of Nanchang	11,047,705.68	Under first instance trial

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XV. Undertaking and contingency (Cont'd)

2. Contingency (Cont'd)

(1) Significant contingencies as at the balance sheet date (Cont'd)

Contingent liabilities arising from pending litigation and arbitration and their financial impacts (Cont'd)

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Wenjing Financial Leasing (Shenzhen) Co., Ltd.	Jiangxi Chenming Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Yanta District People's Court of Xian City	18,192,900.00	Under first instance trial
Shanghai Greenland Construction (Group) Co., Ltd.	Chongmin Culture Development (Shanghai) Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for engineering	Minhang District People's Court of Shanghai Municipality	39,998,000.00	Pending first instance ruling
Shanghai Yingmeng Century Business Management Co., Ltd.	Shanghai Hongtai Property Management Co., Ltd.	Litigation filed by the plaintiff in relation to lease rental dispute	Hongkou District People's Court of Shanghai Municipality	93,887,000.00	Pending first instance ruling
Sichuan Nanchong Port Co., Ltd.	Shandong Chenming Pulp & Paper Sales Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for goods	Shouguang City People's Court	84,770,000.00	Pending second instance ruling
Minsheng Bank, Weigongcun Sub-branch	Shandong Chenming Pulp & Paper Sales Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of advance payments of the letter of credit	Beijing Financial Court	200,005,000.00	Second instance appeal against the first instance ruling
Guangdong Golden Leaf Supply Chain Management Co., Ltd.	Shandong Chenming Pulp & Paper Sales Co., Ltd.	Litigation filed by the plaintiff for the non-payment of commercial paper upon maturity	Shouguang City People's Court	38,945,000.00	Under first instance trial
Guangdong Nanyue Bank Co., Ltd., Haitang Sub-branch	Chongmin Culture Development (Shanghai) Co., Ltd. and Shanxi Fuyin Industrial Trading Co., Ltd.	Litigation filed by the plaintiff for default on repayment of borrowings	Intermediate People's Court of Zhanjiang City	454,981,535.39	Second instance appeal against the first instance ruling
Hezhou Yufeng Powder Co., Ltd.	Shouguang Chenming Import and Export Trade Co., Ltd.	Litigation filed by the plaintiff for the non-payment of commercial paper upon maturity	Shouguang City People's Court	37,500,000.00	Under first instance trial
Total				3,099,898,992.08	

(2) Description should also be made even the Company did not have any significant contingency that should be disclosed

The Company did not have any significant contingency that should be disclosed.

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XVI. Post-balance sheet event

1. Description of post-balance sheet event

Unit: RMB

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Qingdao Xinhaihe International Logistics Co., Ltd.	Shandong Chenming Paper Holdings Limited, Shouguang Meilun Paper Co., Ltd., Shouguang Chenming Art Paper Co., Ltd. and Shouguang Chenming Import and Export Trade Co., Ltd.	Litigation filed by the plaintiff for default on settlement of bank acceptance	Shouguang City People's Court	25,690,858.42	Pending first instance trial
Weifang Port Wood Chip Wharf Co., Ltd.	Shandong Chenming Paper Holdings Limited, Shouguang Meilun Paper Co., Ltd. and Shouguang Chenming Import and Export Trade Co., Ltd.	Litigation filed by the plaintiff for default on payment for port operational fees	Dongying Court of Qingdao Maritime Court	37,605,006.03	Under first instance trial
Haicheng No. 2 Talc Powder Factory Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shandong Chenming Pulp & Paper Sales Co., Ltd.	Litigation filed by the plaintiff for default on repayment of interest of borrowings	Intermediate People's Court of Anshan City	11,790,833.33	Under first instance trial
Hainan Hengsheng Forestry Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for default on overdue payment for goods	Shouguang City People's Court	76,881,000.00	Pending first instance trial
Zhanjiang Chengbo Trading Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for default on overdue payment for goods	Shouguang City People's Court	36,260,000.00	Pending first instance trial
Junneng Chemicals (Longnan) Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Longnan City People's Court	33,000,000.00	Pending first instance trial
Beijing Kairui Fengchi Technology Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shandong Chenming Pulp & Paper Sales Co., Ltd.	Litigation filed by the plaintiff for default on repayment of borrowings	People's Court of Zhaoyang District, Beijing	50,000,000.00	Pending first instance trial
Tianyuan Construction Group Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for engineering	Mazhang District People's Court of Zhanjiang City	32,477,344.50	Pending first instance trial
Total				599,148,876.66	

XVII. Other Material Matters

1. Debt restructuring

The Company will take the initiative to communicate with its creditors for extension of loan terms and reduction of interest rates, so as to alleviating the pressure on loan repayment in the short term. Provincial debt committees were established to agree on no loan cancellations or delays and further negotiate new credit facilities in the form of a syndicated loan specifically for resumption of operation and production, and interest rate reductions and extensions of debts to ensure sufficient liquidity for operations and production resumption of the Company.

2. Segment information

(1) Basis for determination and accounting policies

According to the Company's internal organisational structure, management requirements and internal reporting system, the Company's operating business is divided into 4 reporting segments. These report segments are determined based on the financial information required by the company's daily internal management. The management of the Group regularly evaluates the operating results of these reporting segments to determine the allocation of resources to them and evaluate their performance.

The Company's reporting segments include:

- (1) Machine paper segment, which is responsible for production and sales of machine paper;
- (2) Financial services segment, which provides financial services;
- (3) Hotels and property rentals segment, which is responsible for hotel services and property rental;
- (4) Other segments, which is responsible for the above segments otherwise.

The transfer prices of the transfer transactions between the Company's segments are based on market prices.

Segment report information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to management. These accounting policies and measurement basis are consistent with the accounting policies and measurement basis used in preparing the financial statements.

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XVII.Other Material Matters (Cont'd)

2. Segment information (Cont'd)

(2) Financial Information of Reporting Segment

Unit: RMB

Prior period or end of the prior period	Machine-made paper	Financial services	Hotel and property rentals	Others	Inter-segment offset	Total
Revenue	2,096,607,431.51	13,735,689.19	77,747,530.70	152,887,636.60	234,347,335.70	2,106,630,952.30
Including: Revenue from external transactions	2,000,620,515.50	6,768,845.62	73,535,359.10	25,706,232.08		2,106,630,952.30
Revenue from inter-segment transactions	95,986,916.00	6,966,843.57	4,212,171.60	127,181,404.53	234,347,335.70	
Including: Revenue from principal activities	1,960,971,896.72	13,735,689.19	77,586,979.03	54,856,951.30	41,331,737.38	2,065,819,778.86
Operating costs	3,705,644,549.40	47,250,059.70	54,148,182.74	190,064,791.38	269,903,862.98	3,727,203,720.24
Including: Costs of principal activities	3,569,248,994.99	47,250,059.70	54,145,481.18	95,503,717.95	71,239,446.70	3,694,908,807.12
Operating expenses	39,623,382.17		11,008,838.79	481,045.60		51,113,266.56
Including: Wages	26,575,047.42		2,923,618.29	334,267.80		29,832,933.51
Depreciation expenses	475,762.16		1,837,757.30			2,313,519.46
Office expenses	145,986.33		5,629.65			151,615.98
Travel expenses	3,139,715.36		1,200.00	92,483.28		3,233,398.64
Selling commissions			1,001,014.52			1,001,014.52
Rental expenses	1,638,731.24			42,452.83		1,681,184.07
Hospitality expenses	3,179,225.99		2,022.00			3,181,247.99
Others	4,468,913.67		5,237,597.03	11,841.69		9,718,352.39
Operating profit/(loss)	-2,932,459,732.71	-627,086,713.44	-286,893,588.65	-190,530,590.51	118,967,242.60	-4,155,937,867.91
Total assets	66,037,623,450.04	4,808,401,859.62	8,211,991,814.24	7,191,664,533.98	31,550,805,666.14	54,698,875,991.74
Total liabilities	51,681,098,606.14	2,913,758,796.62	5,370,138,518.52	2,137,995,564.76	15,099,169,545.59	47,003,821,940.45
Fixed assets purchased	15,240,983.50	161,934.94	331,675.53	58,377.27		15,792,971.24
Construction in progress purchased	17,398,698.59		3,152,428.23			20,551,126.82

XVII. Other Material Matters (Cont'd)

3. Others

- (1) In the case of the equity financing business dispute between Chenming Holdings (Hong Kong) Limited (hereinafter referred to as “Chenming Holdings (Hong Kong)”), a wholly-owned subsidiary of Chenming Holdings Company Limited (hereinafter referred to as “Chenming Holdings”), and three overseas institutions (hereinafter referred to as “Lenders”) over the Company’s 210.72 million B shares (representing 7.16% of the total share capital of the Company) and 153.41 million H shares (representing 5.22% of the total share capital of the Company), Chenming Holdings (Hong Kong) had appointed counsel to take litigation and arbitration measures in the courts of the relevant jurisdictions.

On 28 June 2024, Chenming Holdings (Hong Kong) filed a complaint with the New York Court of the United States. On 29 October 2024, the New York Court of the United States held a pre-trial conference and ordered that the plaintiffs and the defendant must complete two rounds of cross-examinations before 28 February 2025.

On 22 November 2024, Chenming Holdings (Hong Kong) filed an amended complaint with the US court; and on 15 February 2025, it filed a reply to the defendant’s defence, pending further instructions from the court on subsequent procedures.

As of the date of this announcement, Chenming Holdings is actively safeguarding its legitimate rights and interests via legal means

There is a risk that the shares involved may not be returned, which may result in a decrease in the percentage of shareholding of Chenming Holdings in the Company, but will have no impact on the status of Chenming Holdings as the largest shareholder and will have no impact on the control of the Company.

- (2) On 14 June 2022, the Hong Kong Court of Final Appeal handed down its judgment in the case of H-share liquidation filed by ArjowigginsHKK2 Limited (“HKK2 Company”) in relation to the Company’s Joint Venture dispute and the Company has paid the relevant amount of compensation.

On 25 October 2022, the Company instructed its legal adviser in Hong Kong to apply to the Court of First Instance to seek the dismissal or adjournment of the winding-up petition filed by HKK2 against the Company. On 25 July 2023, the Court of First Instance held a hearing on the said application.

On 10 August 2023, the Company received a judgment from the judge of the Court of First Instance, Mr. Justice Harris, which ruled that the winding-up petition be stayed, given that the Company’s arbitration petition filed in the Hong Kong International Arbitration Centre in June 2022 against the Joint Venture Contracts formed the basis of the Company’s cross claim against HKK2 in the winding-up proceedings. The relevant arbitration hearing was heard at the Hong Kong International Arbitration Centre in May 2024. At present, the parties have reached a settlement, and the case has been concluded.

VIII Financial Report

XVIII. Major Item Notes of the Parent Company's Financial Statements

1. Bills receivable

Unit: RMB

Category	Closing balance	Balance as at the end of the prior year
Bank acceptance bills	356,030.64	243,662,966.17
Commercial acceptance bills		31,837,164.39
Total	356,030.64	275,500,130.56

(1) Bills receivable pledged by the Company as at the end of the period

There was no pledged bank acceptance bills accounted for bills receivable as at the end of the period.

(2) Bills receivable endorsed or discounted but not yet due as at the end of the period

Unit: RMB

Item	Amount derecognised as at the end of the period	Amount not yet derecognised as at the end of the period
Bank acceptance bills	14,790,550.08	
Commercial acceptance bills		
Total	14,790,550.08	

2. Accounts receivable

(1) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year	2,129,920,914.09	240,828,735.48
1 to 2 years	189,054.07	
2 to 3 years		1,500,000.00
Over 3 years	4,502,821.17	3,002,821.17
Subtotal	2,134,612,789.33	245,331,556.65
Less: Bad debts provision	4,601,067.27	4,543,616.41
Total	2,130,011,722.06	240,787,940.24

VIII Financial Report

XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

2. Accounts receivable (Cont'd)

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Closing balance				Opening balance				Book value	
	Book balance		Bad debts provision		Book balance		Bad debts provision			
	Amount	Percentage	Amount	Provision	Amount	Percentage	Amount	Provision		
		(%)		percentage		(%)		percentage		(%)
Accounts receivable assessed individually for bad debt provision										
Accounts receivable assessed collectively for bad debt provision	2,134,612,789.33	100.00	4,601,067.27	0.22	2,130,011,722.06	245,331,556.65	100.00	4,543,616.41	1.85	240,787,940.24
Including:										
Due from related parties	2,117,656,711.19	99.21			2,117,656,711.19	225,768,022.18	92.03	5,370.25		225,762,651.93
Due from non-related parties	16,956,078.14	0.79	4,601,067.27	27.14	12,355,010.87	19,563,534.47	7.97	4,538,246.16	23.20	15,025,288.31
Total	2,134,612,789.33	100.00	4,601,067.27	0.22	2,130,011,722.06	245,331,556.65	100.00	4,543,616.41	1.85	240,787,940.24

Number of categories of items assessed collectively for bad debt provision: 2

Items assessed collectively for bad debt provision: Due from related party customers

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage
Within 1 year	2,117,656,711.19		
Total	2,117,656,711.19		

Items assessed collectively for bad debt provision: Due from non-related party customers

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage
Within 1 year	12,264,202.90	40,755.66	0.33
1 to 2 years	189,054.07	57,490.44	30.41
2 to 3 years			
Over 3 years	4,502,821.17	4,502,821.17	100.00
Total	16,956,078.14	4,601,067.27	

If the bad debt provision of accounts receivable is made in accordance with the general model of ECLs:

☐ Applicable ☒ Not applicable

VIII Financial Report

XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

2. Accounts receivable (Cont'd)

(3) Provision, recovery or reversal of bad debt provision for the period

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Provision	Changes in the period Recovery or reversal	Written-off	Others	Closing balance
Bad debts provision	4,543,616.41	59,118.60	1,667.74			4,601,067.27
Total	4,543,616.41	59,118.60	1,667.74			4,601,067.27

(4) Top five accounts receivable and contract assets based on closing balance of debtors

The total amount of top five accounts receivable and contract assets based on closing balance of debtors for the period amounted to RMB2,122,128,114.09 in total, accounting for 99.43% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding bad debt provision amounted to RMB4,463,355.65 in total.

Unit: RMB

Name of entity	Closing balance of accounts receivable	As a percentage of the closing balance of the total accounts receivable	Closing balance of bad debt provision of accounts receivable
Shandong Chenming Pulp & Paper Sales Co., Ltd.	1,034,397,471.09	48.46	
Shandong Chenming Paper Sales Co., Ltd.	618,295,998.82	28.97	
Chenming (HK) Limited	462,747,841.28	21.68	
Shouguang Hongxuan Trading Co., Ltd.	4,422,600.00	0.21	4,422,600.00
Shandong Hengxin Thermoelectric Co., Ltd.	2,264,202.90	0.11	40,755.65
Total	2,122,128,114.09	99.43	4,463,355.65

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XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

3. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividend receivable	142,500,000.00	
Other receivables	5,586,347,164.46	8,459,731,199.92
Total	5,728,847,164.46	8,459,731,199.92

(1) Dividend receivable

1) Classification of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance
Shouguang Chenming Art Paper Co., Ltd.	142,500,000.00	
Total	142,500,000.00	

(2) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Open credit	5,687,616,036.37	8,539,141,510.67
Guarantee deposit and deposit	4,313,950.00	820,000.00
Reserve and borrowings	10,829,299.16	13,009,976.80
Others	1,849,080.15	1,150,970.20
Subtotal	5,704,608,365.68	8,554,122,457.67
Bad debts provision	118,261,201.22	94,391,257.75
Total	5,586,347,164.46	8,459,731,199.92

VIII Financial Report

XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

3. Other receivables (Cont'd)

(2) Other receivables (Cont'd)

2) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	5,549,662,351.87	8,439,577,689.53
1 to 2 years	48,096,165.01	8,767,733.14
2 to 3 years	9,277,585.30	41,423,849.01
Over 3 years	97,572,263.50	64,353,185.99
Subtotal	5,704,608,365.68	8,554,122,457.67
Bad debts provision	118,261,201.22	94,391,257.75
Total	5,586,347,164.46	8,459,731,199.92

3) Disclosure by bad debt provision method

Unit: RMB

Category	Closing balance				Book value	Opening balance				Book value
	Book balance		Bad debts provision			Book balance		Bad debts provision		
	Percentage	Provision	Percentage	Provision		Percentage	Provision	Percentage	Provision	
Assessed individually for										
bad debt provision	69,617,968.36	1.22	64,201,610.01	92.22	5,416,358.35	68,711,903.60	0.80	67,461,188.30	98.18	1,250,715.30
Assessed collectively for										
bad debt provision	5,634,990,397.32	98.78	54,059,591.21	0.96	5,580,930,806.11	8,485,410,554.07	99.20	26,930,069.45	0.32	8,458,480,484.62
Including:										
Due from government										
authorities	4,721,797.07	0.08	249,597.97	5.29	4,472,199.10	5,408,443.96	0.06	319,526.28	5.91	5,088,917.68
Due from related parties	5,617,189,799.51	98.47	51,781,184.46	0.92	5,565,408,615.05	8,462,533,948.96	98.93	25,662,066.54	0.30	8,436,871,882.42
Other receivables	13,078,800.74	0.23	2,028,808.78	15.51	11,049,991.96	17,468,161.15	0.21	948,476.63	5.43	16,519,684.52
Total	5,704,608,365.68	100.00	118,261,201.22	2.07	5,586,347,164.46	8,554,122,457.67	100.00	94,391,257.75	1.10	8,459,731,199.92

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XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

3. Other receivables (Cont'd)

(2) Other receivables (Cont'd)

3) Disclosure by bad debt provision method (Cont'd)

Items assessed individually for bad debt provision:

Unit: RMB

Name	Book balance	Closing balance		Provision reason
		Bad debts provision	Provision percentage (%)	
Valmet of Finland	5,526,048.24	5,526,048.24	100.00	Uncertain recovery to a certain extent
Metso Paper-Making Machinery (China) Co., Ltd.	4,725,039.89	4,725,039.89	100.00	Uncertain recovery to a certain extent
Andritz	4,019,935.23	4,019,935.23	100.00	Uncertain recovery to a certain extent
Zhengzhou Shunfa Coal Distribution Co., Ltd.	2,871,239.32	2,871,239.32	100.00	Uncertain recovery to a certain extent
Shanghai Xiaotai Decoration Design and Engineering Co., Ltd.	2,844,459.53	2,844,459.53	100.00	Uncertain recovery to a certain extent
Ahlstrom of Finland	2,820,742.72	2,820,742.72	100.00	Uncertain recovery to a certain extent
HAO HUNG COMPANY LTD.	2,650,339.91	2,650,339.91	100.00	Uncertain recovery to a certain extent
Voith of Germany	2,615,790.98	2,615,790.98	100.00	Uncertain recovery to a certain extent
Remaining 21 customers	41,544,372.54	36,128,014.19	86.96	Uncertain recovery to a certain extent
Total	69,617,968.36	64,201,610.01	92.22	

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XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

3. Other receivables (Cont'd)

(2) Other receivables (Cont'd)

3) *Disclosure by bad debt provision method* (Cont'd)

Bad debt provision based on the general model of ECLs:

Unit: RMB

Bad debts provision	Stage 1 ECLs for the next 12 months	Stage 2 Lifetime ECLs (not credit-impaired)	Stage 3 Lifetime ECLs (credit-impaired)	Total
Balance as at 1 January 2025	26,930,069.45		67,461,188.30	94,391,257.75
Balance as at 1 January 2025 for the period				
- Transferred to stage 2				
- Transferred to stage 3				
- Reversed to stage 2				
- Reversed to stage 1				
Provision for the period	29,063,713.24			29,063,713.24
Reversal for the period	1,934,191.48		3,259,578.29	5,193,769.77
Transfer for the period				
Write-off for the period				
Other changes				
Balance as at 30 June 2025	54,059,591.21		64,201,610.01	118,261,201.22

Changes in carrying book balances with significant changes in loss provision for the period

☐ Applicable ☒ Not applicable

4) *Provision, recovery or reversal of bad debt provision for the period*

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Provision	Changes in the period		Others	Closing balance
			Recovery or reversal	Transfer or written-off		
Other receivables	94,391,257.75	29,063,713.24	5,193,769.77			118,261,201.22
Total	94,391,257.75	29,063,713.24	5,193,769.77			118,261,201.22

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XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

3. Other receivables (Cont'd)

(2) Other receivables (Cont'd)

5) Top five accounts receivable based on closing balance of debtors

The total amount of top five other receivables based on closing balance of debtors for the period amounted to RMB3,973,568,788.21 in total, accounting for 69.65% of the total closing balance of other receivables. The closing balance of the corresponding bad debt provision amounted to RMB0.00 in total.

Unit: RMB

Name of entity	Nature	Closing balance	Ageing	Percentage to total closing balance of other receivables (%)	Closing balance of bad debt provision
Shanghai Chenming Financial Leasing Co., Ltd.	Open credit	1,365,763,375.17	Within 1 year	23.94	
Shandong Chenming Commercial Factoring Co., Ltd.	Open credit	1,272,731,938.36	Within 1 year	22.31	
Shandong Chenming Financial Leasing Co., Ltd.	Open credit	820,837,649.98	Within 1 year	14.39	
Shanghai Heruiming Property Management Co., Ltd.	Open credit	264,235,824.70	Within 1 year	4.63	
Chenming (Overseas) Co., Ltd.	Open credit	250,000,000.00	Within 1 year	4.38	
Total		3,973,568,788.21		69.65	

4. Long-term equity investments

Unit: RMB

Item	Book balance	Closing balance Impairment provision	Book value	Book balance	Opening balance Impairment provision	Book value
Investment in subsidiaries	16,449,918,234.42		16,449,918,234.42	18,327,937,687.22		18,327,937,687.22
Investment in associates and joint ventures	259,825,513.98	5,994,545.96	253,830,968.02	265,229,792.71	5,994,545.96	259,235,246.75
Total	16,709,743,748.40	5,994,545.96	16,703,749,202.44	18,593,167,479.93	5,994,545.96	18,587,172,933.97

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XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

4. Long-term equity investments (Cont'd)

(1) Investment in subsidiaries

Unit: RMB

Investee	Opening balance (carrying amount)	Opening balance of impairment provision	Change for the period			Others	Closing balance (carrying amount)	Closing balance of impairment provision
			Additional contribution	Withdrawn contribution	Impairment provision			
Chenming Paper Korea Co., Ltd.	6,143,400.00						6,143,400.00	
Chenming GmbH	4,083,235.00						4,083,235.00	
Hailaer Chenming Paper Co., Ltd.	12,000,000.00						12,000,000.00	
Huanggang Chenming Pulp & Paper Co., Ltd.	2,350,000,000.00			1,878,019,452.80			471,980,547.20	
Huanggang Chenming Arboriculture Development Co., Ltd.	70,000,000.00						70,000,000.00	
Jinan Chenming Investment Management Co., Ltd.	100,000,000.00						100,000,000.00	
Shandong Grand View Hotel Co., Ltd.	280,500,000.00						280,500,000.00	
Zhanjiang Chenming Pulp & Paper Co., Ltd.	5,275,000,000.00						5,275,000,000.00	
Shouguang Chenming Modern Logistic Co., Ltd.	10,000,000.00						10,000,000.00	
Shouguang Chenming Art Paper Co., Ltd.	113,616,063.80						113,616,063.80	
Shouguang Meilun Paper Co., Ltd.	4,949,441,979.31						4,949,441,979.31	
Shouguang Chenming Import and Export Trade Co., Ltd.	250,000,000.00						250,000,000.00	
Shouguang Chenming Papermaking Machine Co., Ltd.	2,000,000.00						2,000,000.00	
Shouguang Hongxiang Printing and Packaging Co., Ltd.	3,730,000.00						3,730,000.00	
Shandong Chenming Group Finance Co., Ltd.	4,000,000,000.00						4,000,000,000.00	
Chenming Arboriculture Co., Ltd.	45,000,000.00						45,000,000.00	
Chenming Paper United States Co., Ltd.	6,407,800.00						6,407,800.00	
Weifang Chenming Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership)	559,722,323.96						559,722,323.96	
Weifang Chendu Equity Investment Partnership (Limited Partnership)	290,292,885.15						290,292,885.15	
Total	18,327,937,687.22			1,878,019,452.80			16,449,918,234.42	

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XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

4. Long-term equity investments (Cont'd)

(2) Investment in associates and joint ventures

Unit: RMB

Investee	Opening balance (carrying amount)	Opening balance of impairment provision	Additional contribution	Withdrawn contribution	Investment gain or loss recognised under equity method	Change for the period			Closing balance (carrying amount)	Closing balance of impairment provision
						Adjustment of other comprehensive income	Other change in equity interest	Distribution of cash dividend or profit declared		
I. Joint ventures										
Zhuhai Dechen New Third Board Equity Investment Fund Company (Limited Partnership)	27,167,682.31					-3,636,926.80			23,530,755.51	
Ningbo Kaichen Huamei Equity Investment Fund Partnership (Limited Partnership)	135,554,820.00					8,867,943.33			144,422,763.33	
Chenming (Qingdao) Asset Management Co., Ltd.	826,793.21					245,037.23			1,071,830.44	
Xuchang Chenming Paper Co., Ltd.		5,994,545.96								5,994,545.96
Subtotal	163,549,295.52	5,994,545.96				5,476,053.76			169,025,349.28	5,994,545.96
II. Associates										
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	8,368,935.72					-454,469.59			7,914,466.13	
Weifang Port Wood Chip Wharf Co., Ltd.	87,317,015.51					-10,425,862.90			76,891,152.61	
Subtotal	95,685,951.23					-10,880,332.49			84,805,618.74	
Total	259,235,246.75	5,994,545.96				-5,404,278.73			253,830,968.02	5,994,545.96

Determination of net amount of recoverable amount measured at fair value after deducting disposal expenses

☐ Applicable ☒ Not applicable

Determination of present value of recoverable amount based on expected cash flows

☐ Applicable ☒ Not applicable

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XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

5. Revenue and operating costs

Unit: RMB

Item	Amount for the period		Amount for the prior period	
	Revenue	Costs	Revenue	Costs
Principal activities	73,344,245.36	217,883,215.76	2,708,082,195.91	2,557,283,330.60
Other activities	166,156,874.39	46,018,931.31	1,697,561,235.90	1,488,712,049.31
Total	239,501,119.75	263,902,147.07	4,405,643,431.81	4,045,995,379.91

Breakdown information of operating revenues and operating costs:

Unit: RMB

Category of contract	Machine-made paper		Others		Total	
	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Type of business	107,117,560.18	251,795,262.62	132,383,559.57	12,106,884.45	239,501,119.75	263,902,147.07
Including:						
Machine-made paper	73,344,245.36	217,883,215.76			73,344,245.36	217,883,215.76
Others	33,773,314.82	33,912,046.86	132,383,559.57	12,106,884.45	166,156,874.39	46,018,931.31
By geographical area	107,117,560.18	251,795,262.62	132,383,559.57	12,106,884.45	239,501,119.75	263,902,147.07
Including:						
Mainland China	107,117,560.18	251,795,262.62	132,383,559.57	12,106,884.45	239,501,119.75	263,902,147.07
By the timing of delivery	107,117,560.18	251,795,262.62	132,383,559.57	12,106,884.45	239,501,119.75	263,902,147.07
Including:						
Goods (at a point in time)	107,117,560.18	251,795,262.62	119,760,026.02	3,779,121.74	226,877,586.20	255,574,384.36
Services (within a certain period)			12,623,533.55	8,327,762.71	12,623,533.55	8,327,762.71
By sales channels	107,117,560.18	251,795,262.62	132,383,559.57	12,106,884.45	239,501,119.75	263,902,147.07
Including:						
Distribution	73,344,245.36	217,883,215.76			73,344,245.36	217,883,215.76
Direct sales	33,773,314.82	33,912,046.86	132,383,559.57	12,106,884.45	166,156,874.39	46,018,931.31
Total	107,117,560.18	251,795,262.62	132,383,559.57	12,106,884.45	239,501,119.75	263,902,147.07

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XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

5. Revenue and operating costs (Cont'd)

Information related to performance obligations:

Item	Time for fulfilment of performance obligations	Significant terms of payment	Nature of goods that the Company undertakes to transfer	Whether the person is the primary person in charge	Company's commitments expected to be refunded to customers	Types of quality assurance offered by the Company and related obligations
Machine-made paper	Domestic sales on the day of delivery to the customer; foreign sales on the day of customs clearance	Domestic sales tend to be provided on an invoice basis; foreign sales tend to be prepaid	Produces easily distinguishable	Yes	No	Guaranteed quality assurance, should there be objections to product quality within 7 days of arrival, the products can be returned and exchanged

Other explanations: The Company's performance obligations for sales of machine-made paper are generally less than one year, and the Company takes advance payments or provides credit terms depending on the customer. When the Company is the primary responsible party for a sale, it generally obtains the unconditional right to receive payment when control of the merchandise is transferred to the customer either at the time of shipment or upon delivery to the destination specified by the customer.

Information related to the transaction price allocated to residual performance obligations:

At the end of the reporting period, the amount of revenue with signed contracts but unfulfilled or uncompleted performance obligation was RMB708,458,794.41, in which RMB708,458,794.41 was expected to be recognised in 2025.

6. Investment income

Unit: RMB

Item	Amount for the period	Amount for the prior period
Income from long-term equity investments accounted for using the cost method	236,900,000.00	109,400,000.00
Income from long-term equity investments accounted for using the equity method	-5,404,278.73	-36,830,257.52
Investment gain on disposal of long-term equity investments		-117,507,186.75
Investment gain on holding other non-current financial assets		1,298,463.59
Investment gain on derecognition of financial assets		-10,845,725.80
Total	231,495,721.27	-54,484,706.48

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XIX. Supplementary information

1. Breakdown of extraordinary gains or losses for the current period

√ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Remark
Profit or loss from disposal of non-current assets	-97,049,878.76	
Government grants (except for the government grants closely related to the normal operation of the Company, granted in accordance with an established standard and having an ongoing effect on the Company's profit or loss in compliance with national policies and regulations) accounted for in profit or loss for the current period	25,503,367.73	
Except for effective hedging activities conducted in the ordinary course of business of the Company, gain or loss arising from the change in fair value of financial assets and financial liabilities held by a non-financial company, as well as gain or loss arising from disposal of its financial assets and financial liabilities	8,439,571.88	
Reversal of provision for impairment of receivables individually tested for impairment	13,201,496.76	
Profit or loss from debt restructuring	-37,171,293.24	
Profit or loss from changes in the fair value of consumable biological assets subsequently measured at fair value	-129,059,190.34	
Other non-operating income and expenses other than the above items	-18,188,031.78	
Total extraordinary gains or losses	-234,323,957.75	
Less: Effect of income tax of extraordinary gains or losses	2,948,680.16	
Net extraordinary gains or losses	-237,272,637.91	
Less: Net effect of extraordinary gains or losses attributable to minority interest (after tax)	-24,683,063.16	
Extraordinary gains or losses attributable to ordinary shareholders of the Company	-212,589,574.75	—

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XIX. Supplementary information (Cont'd)

1. Breakdown of extraordinary gains or losses for the current period (Cont'd)

Details of other gain or loss items that fall within the definition of extraordinary gain or loss:

☐ Applicable ☒ Not applicable

The Company did not have details of other gain or loss items that fall within the definition of extraordinary gain or loss.

Explanation on the extraordinary gain or loss items as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Extraordinary Gains or Losses defined as its recurring gain or loss items

☒ Applicable ☐ Not applicable

Item	Amount involved	Reasons
Other income	24,301,996.32	Government grants related to assets that are closely related to the Company's normal operations are subsequently amortised to other income, which has a continuing effect on the Company's profit or loss and is therefore accounted for as recurring profit or loss.

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic (RMB per share)	Diluted (RMB per share)
Net profit attributable to ordinary shareholders of the Company	-53.39%	-1.31	-1.31
Net profit after extraordinary gains or losses attributable to ordinary shareholders of the Company	-50.44%	-1.24	-1.24

3. Accounting data difference under accounting standard at home and abroad

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(3) Reasons for the differences in figures under domestic and foreign accounting standards. The name of the foreign audit institution shall be indicated if the data audited by the foreign audit institution has been regulated differently

☐ Applicable ☒ Not applicable

The Board of Shandong Chenming Paper Holdings Limited
29 August 2025



山東晨鳴紙業集團股份有限公司

SHANDONG CHENMING PAPER HOLDINGS LIMITED*