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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Board of Directors (the "**Board**") of Shandong Chenming Paper Holdings Limited (the "**Company**") is pleased to announce the interim results of the Company and its subsidiaries (together referred to as the "**Group**") for the six months ended 30 June 2026. This announcement, containing the full text of the 2026 interim report ("**Interim Report**") of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results. The printed version of the Company's Interim Report will be despatched subsequently to the shareholders of the Company upon request and available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at www.chenmingpaper.com for perusal on 28 August 2026.

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company are presented on a going concern and 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 (2023 Revision)" of the CSRC. The Company's financial statements have been prepared on an accrual basis. Except for certain financial instruments, these financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

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.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company discussed with the management of the Company the accounting standards and practices adopted by the Company and discussed and reviewed the interim results, including the review of the financial statements of the Company for the six months ended 30 June 2026 prepared in accordance with the ASBEs of China.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2026.

By Order of the Board
Shandong Chenming Paper Holdings Limited
Hu Changqing
Chairman

Shandong, the PRC
28 August 2026

As at the date of this announcement, the executive Directors are Mr. Jiang Yanshan, Mr. Li Weixian, Mr. Liu Peiji, Mr. Meng Feng and Ms. Zhu Yanli; the non-executive Directors are Mr. Song Yuchen and Ms. Wang Ying; and the independent non-executive Directors are Mr. Zhang Zhiyuan, Mr. Luo Xinhua, Mr. Wan Gang and Mr. Kong Pengzhi.

* *For identification purposes only*

I Important Notice, Table of Contents and Definitions

The board of directors (the "Board"), the directors (the "Directors"), and the 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.

Jiang Yanshan, head of the Company, Zhu Yanli, 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 interim 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.

Table of Contents

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.

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.
Shouguang Art Paper	means	Shouguang Chenming Art Paper Co., Ltd.
Zhanjiang Chenming Paper	means	Zhanjiang Chenming Paper Co., Ltd.
Jiangxi Port	means	Jiangxi Chenming Port Co., Ltd.
Yujing Hotel	means	Shandong Yujing Grand Hotel Co., Ltd.
Weifang Xingchen	means	Weifang Xingchen Trading Co., Ltd.
reporting period	means	the period from 1 January 2026 to 30 June 2026
beginning of the year or the period	means	1 January 2026
end of the interim period or the period	means	30 June 2026

II Company Profile and Key Financial Indicators

I. Company profile

Stock abbreviation	ST晨鳴 ST晨鳴B	Stock code	000488 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		
Previous stock abbreviation (if any)	N/A		
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 (if any)	SHANDONG CHENMING PAPER HOLDINGS LIMITED		
Short name in English of the Company (if any)	SCPH		
Legal representative of the Company	Jiang Yanshan		

II. Contact persons and contact methods

	Secretary to the Board	Representative for Security Affairs	Hong Kong Company Secretary
Name	Yuan Xikun	Chen Lin	Chu Hon Leung
Correspondence Address	No. 2199 Nongsheng East Road, Shouguang City, Shandong Province	No. 2199 Nongsheng East Road, Shouguang City, Shandong Province	22nd Floor, World Wide House, Central, Hong Kong
Telephone	0536-5135888	0536-5135888	00852-21629600
Facsimile	0536-5135688	0536-5135688	00852-25010028
Email address	cmir@chenming.com.cn	cmir@chenming.com.cn	liamchu@li-partners.com

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

Registered address of the Company	No. 595 Shengcheng Road, Shouguang City, Shandong Province
Postal code of the registered address of the Company	262700
Office address of the Company	No. 2199 Nongsheng East Road, Shouguang City, Shandong Province
Postal code of the office address of the Company	262705
Website of the Company	http://www.chenmingpaper.com
Email address of the Company	cmir@chenming.com.cn
Date of enquiry on the designated websites for interim announcements (if any)	13 April 2026, 14 April 2026
Index for the designated websites for interim announcements (if any)	http://www.hkex.com.hk, http://www.cinifo.com.cn

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 2025 annual report for details.

III. Other information (Cont'd)

3. Other relevant information

Whether other relevant information changed during the reporting period

☑ Applicable ☐ Not applicable

During the reporting period, the Company changed its investor hotline number and facsimile number. After the change, the investor hotline is 0536-5135888 and the facsimile number is 0536-5135688.

For details, please refer to the relevant announcement disclosed by the Company on CNINFO on 14 April 2026 (Announcement No.: 2026-026) and the announcement disclosed by the Company on the website of Hong Kong Stock Exchange on 13 April 2026.

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)	6,865,428,943.30	2,106,630,952.30	225.90%
Net profit attributable to shareholders of the Company (RMB)	-786,475,084.18	-3,857,953,190.56	79.61%
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	-1,089,477,041.98	-3,645,363,615.81	70.11%
Net cash flows from operating activities (RMB)	322,382,985.88	785,303,274.19	-58.95%
Basic earnings per share (RMB per share)	-0.27	-1.31	79.39%
Diluted earnings per share (RMB per share)	-0.27	-1.31	79.39%
Weighted average return on net assets	-150.65%	-53.39%	Decrease of 97.26 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)	50,966,173,507.30	50,620,148,908.13	0.68%
Net assets attributable to shareholders of the Company (RMB)	155,805,696.62	903,835,592.13	-82.76%

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.

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)	185,582,492.52	
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	26,343,895.53	
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	63,077,575.79	
Reversal of provision for impairment of receivables individually tested for impairment	1,031,050.29	
Profit or loss from debt restructuring	819,000.00	
Profit or loss from changes in the fair value of consumable biological assets subsequently measured at fair value	15,704,467.20	
Other non-operating income and expenses other than the above items	-5,921,952.74	
Less: Effect of income tax	-21,154,252.74	
Effect of minority interests (after tax)	4,788,823.53	
Total	303,001,957.80	

VI. Items and amounts of extraordinary gains or losses (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 (RMB)	Reason
Other income	27,079,933.75	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.

I. Principal activities of the Company during the reporting period

1. Industry Overview

The Company operates within the paper and paper products industry. As a large pulp and paper manufacturer in China featuring a complete industrial chain, leading scale, and a high degree of pulp and paper integration, the Company operates multiple production bases across Shandong, Guangdong, Hubei, Jiangxi, Jilin and other regions. It offers a diverse range of machine-made paper products, with core products including cultural paper, coated paper and white cardboard. The Company ranks at the forefront of the industry in terms of production capacity, product quality, technical equipment, and brand influence.

The paper industry is a crucial foundational sector of the national economy and is essential for sustaining daily livelihoods. It is distinctly characterised as 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 everyday consumer spending. As a typical cyclical industry, the prosperity of the paper industry is closely tied to the broader economic trend. 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".

During the reporting period, new production capacity in the domestic paper industry continued to be put into operation, driving a continuous expansion in overall market supply. With varying demand across downstream application segments, the industry as a whole remained in a phase of bottoming out amidst cyclical volatility and adjustments. Against this backdrop, phasing out obsolete and inefficient production capacity, deepening the green and low-carbon upgrade of the industry, and promoting the industrial structure towards quality improvement and efficiency enhancement remained the core development directions for the transformation and upgrading of the paper industry. In terms of supply, the successive commissioning of new production capacity in regions such as South China and Jiangxi drove a continuous rise in market supply in the first half of the year, sustaining the overcapacity pressure across the cultural paper and white cardboard markets. In terms of demand, influenced by policies such as the implementation of education burden-relief policies and strict controls over the total number of supplementary teaching materials, coupled with the ongoing substitution of traditional art books and promotional flyers by digital reading and online advertising, the overall demand for cultural paper and coated paper remained weak, putting product prices under pressure. Despite being in the traditional low-demand season for white cardboard, the continuous advancement of the "paper-over-plastic" policy and the EU plastic ban offset the impact of sluggish domestic demand to a certain extent. In terms of cost, wood pulp, as the core raw material, served as the dominant cost driver for the industry. According to SCI, wood pulp supply was generally ample in the first half of 2026, and pulp inventories at eight major domestic ports remained at a high level of over 2.30 million tonnes for an extended period. Such ample market supply pushed the overall price benchmark of pulp into a sustained downtrend. In particular, average prices for softwood pulp declined year on year, dragged down by weak demand for cultural paper, while hardwood pulp prices rose slightly, supported by inelastic demand for blending and substitution in paper production. In the second quarter, prices for both types of pulp moved downward in tandem. In terms of policy, high-standard industry policies continued to be introduced throughout the reporting period, with regulatory constraints becoming increasingly stringent. With the paper industry listed in the national carbon market expansion plan, tightening carbon emission control policies raised the carbon-related operating costs for small, energy-intensive paper enterprises, compelling the accelerated elimination of inefficient and obsolete capacity. The 50% VAT rebate policy for the comprehensive utilisation of waste paper, which came into effect in July 2026, further tightened regulatory oversight over the industry's waste paper recycling and reuse operations. Cost pressures intensified for small and medium-sized paper enterprises without proper recycling qualifications or compliant operating practices, while the cost competitiveness of compliant industry leaders was further enhanced. At the same time, the implementation of the new Ecological and Environmental Code in August 2026 comprehensively raised the emission control standards for pollutants such as wastewater, solid waste, waste gas and odour across the industry. Small paper manufacturers lacking supporting environmental protection facilities or failing to meet environmental standards would be forced out of the market at an accelerated rate. The implementation of these series of industrial policies continued to drive industry resources towards leading enterprises with an integrated pulp and paper layout, balanced multi-category production capacity, and a comprehensive environmental compliance system. According to official data from the National Bureau of Statistics, from January to June 2026, China's paper and paper products industry generated revenue of RMB689.79 billion, representing a year-on-year increase of 5.5%. Operating costs amounted to RMB607.73 billion, representing a year-on-year increase of 5.2%, while total profits amounted to RMB19.61 billion, representing a year-on-year increase of 27.5%.

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

1. Industry Overview (Cont'd)

Looking ahead to the second half of 2026 and beyond, the paper industry is expected to embark on a positive development trajectory, characterised by a gradual recovery from the cyclical bottom and continuous optimization of the industry landscape. Industry growth is transitioning from extensive capacity expansion to a high-quality development model focusing on green transition, high-end positioning and integrated industrial chains, with structural growth opportunities becoming increasingly prominent across the industry. As China's green manufacturing system continues to improve, the paper industry is optimising and iterating its product structure towards higher value-added and premium offerings, accelerating the development of new quality productive forces. Meanwhile, with the deepening advancement of digital and intelligent transformation across the industry, the digital and intelligent capabilities of the entire industrial chain continue to upgrade, and technology-empowered innovation will continue to consolidate the core drivers for cost reduction, quality improvement and efficiency enhancement across the industry. At the same time, supported by a macro environment of a continuously improving domestic consumption loop and a steady recovery in domestic demand, the profitability benchmark of the paper industry is expected to rise steadily.

Going forward, the Company will closely align with the "One-Two-Five" development strategy. Leveraging the competitive advantage of its fully integrated industry chain, the Company will deepen its presence in its principal activities of pulp production and papermaking, enhance refined cost management, strengthen end-to-end cost reduction and efficiency enhancement as well as all-round new product development, accurately capture structural growth opportunities in the industry, uphold a prudent operational approach, and continuously drive the Company towards high-quality and sustainable development.

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, 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 proactively adapted to market changes and strengthened refined management. Through a series of measures including formulating clear strategic operational objectives, streamlining its organisational structure, improving management systems, as well as coordinating and optimising logistics and transportation, advancing process technology upgrades, improving independent equipment maintenance capabilities, and expanding diversified sales channels, the Company achieved a balance between production and sales, further reduced costs and enhanced efficiency, and significantly narrowed its overall operating losses. At the same time, relying on the full resumption of operation and production across various production bases, the Company achieved a substantial year-on-year increase in production and sales volumes, and a significant year-on-year decrease in suspension losses. In addition, the Company actively negotiated with creditors for further interest rate reductions, resulting in a marked decrease in finance expenses. Coupled with the divestiture of all assets related to the financial leasing business in the fourth quarter of the prior year, which contributed to a significant year-on-year decrease in credit impairment losses and asset impairment losses for the reporting period, the Company recorded revenue of RMB6,865 million and net profit attributable to shareholders of the Company of a loss of RMB786 million from January to June 2026. Looking ahead, the Company will steadfastly implement the "One-Two-Five" strategic development plan and remain committed to its goal of "building a top-tier management team and delivering outstanding business performance". With a focus on "cost reduction and efficiency enhancement, product innovation, and compliance prevention", the Company will strengthen team building, deepen management reform and innovation, optimise the industrial ecosystem chain, restructure the production management system, step up efforts to dispose of non-core assets, cultivate brand credibility, and go all out to achieve high-quality and sustainable development of the Company.

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

3. Major products and their application

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 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.

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	1. 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 2. Food package board of "LIYA" and "LIZZY" series 3. Coated cattle card and LIYA book card 4. Playcard paper board 5. 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.

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 2026, the Group's current ratio was 18.43%. The quick ratio was 8.70%. The gearing ratio (i.e. total liabilities divided by total assets) was 96.09%.

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 2026, the total bank borrowings of the Group were RMB28,920 million (as at the end of the prior year: the total bank borrowings of the Group was RMB28,512 million). As at 30 June 2026, the Group had monetary funds of RMB187 million (as at the end of the prior year: RMB210 million) in total (For the breakdown of monetary funds, please refer to VIII. VII. 1 Note on Monetary Funds in this report).

In order to strengthen financial management, the Group had established a comprehensive and rigorous system of internal control for cash and liquidity management. The Group was in a strong position in terms of both liquidity and solvency. As at 30 June 2026, the Group had 8,946 employees. The total staff remuneration for the first half of 2026 amounted to RMB486.9419 million (The Group had 8,992 employees in 2025. The total staff remuneration for 2025 amounted to RMB864.9744 million).

There will be no major investment project of the Company during the second half of 2026.

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

For details of the assets with restricted ownership of the Group as at 30 June 2026, please refer to VIII. VII. 24. Assets with Restricted Ownerships or Right to Use in this report.

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 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 pushes equipment and technology upgrade forward, and has built pulping and paper making production lines with industry-leading scale as well as advanced process and equipment capabilities. 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. Analysis of Core Competitiveness (Cont'd)

6. Advantages in research and innovation

The Company has scientific research institutions including 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. As at the end of the reporting period, the Company had obtained more than 500 national patents, including 46 invention patents, 7 national new products, 16 scientific and technological progress awards above the provincial level, 5 national scientific and technological projects and 76 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 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.

IV. Analysis of principal operations

Overview

Whether it is the same as the disclosure in the principal activities of the Company during the reporting period

☑ Yes ☐ No

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	6,865,428,943.30	2,106,630,952.30	225.90%	Mainly due to a year-on-year increase in revenue as a result of the resumption of full operation and production at the production bases during the reporting period with an increase in sales of machine-made paper.
Operating costs	7,359,303,725.50	3,727,203,720.24	97.45%	Mainly due to a year-on-year increase in costs as a result of the resumption of full operation and production at the production bases during the reporting period with an increase in sales of machine-made paper.
Taxes and surcharges	97,169,987.01	61,186,804.84	58.81%	Mainly due to a year-on-year increase in land use tax during the reporting period.
Research and development expense	122,589,398.49	36,567,185.69	235.24%	Mainly due to an increase in research and development investments as a result of the resumption of full operation and production at the production bases during the reporting period.
Finance expenses	560,793,820.91	804,665,740.25	-30.31%	Mainly due to a year-on-year decrease in finance expenses during the reporting period.
Other income	64,874,425.35	22,794,816.03	184.60%	Mainly due to a year-on-year increase in other income resulting from loss on debt restructuring during the corresponding period of the prior year.
Investment income	246,703,873.46	-430,669,782.44	157.28%	Mainly due to a year-on-year increase in investment income from investees and investment income on equity disposal recognised during the reporting period.
Gain on change in fair value	6,305,627.24	-129,487,561.79	104.87%	Mainly due to a year-on-year increase in gain on change in fair value of forestry assets during the reporting period.
Credit impairment loss	41,637,485.75	-506,322,424.22	-108.22%	Mainly due to a year-on-year decrease in bad debt provisions for receivables during the reporting period resulting from the thorough divestiture of the financial leasing business as at the end of the prior year.

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	-16,686,173.24	-240,561,409.32	-93.06%	Mainly due to the impairment provision for idle equipment during the operational halts during the corresponding period of the prior year.
Non-operating expenses	8,095,432.54	26,198,489.55	-69.10%	Mainly due to a year-on-year decrease in litigation costs during the reporting period.
Income tax expenses	-315,925,611.60	3,603,600.91	-8,866.94%	Mainly due to deferred income tax assets arising from the reversal of previously recognised deductible losses by some companies during the corresponding period of the prior year, as well as from deductible temporary differences.
Net cash flows from operating activities	322,382,985.88	785,303,274.19	-58.95%	Mainly due to an increase in expenditure on purchasing raw materials as a result of the resumption of full operation and production of the Company during the reporting period.
Net cash flows from investing activities	456,639,440.07	-493,454,488.13	192.54%	Mainly due to receipt of the proceeds from the sale of the equity interest and debts of a subsidiary during the reporting period and the repurchase of a portion of equity interest in a subsidiary from a minority shareholder during the corresponding period of the prior year.
Net cash flows from financing activities	-807,983,214.91	-379,851,423.55	-112.71%	Mainly due to reduction of debt size by repaying maturing debts 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.

IV. Analysis of principal operations (Cont'd)

Components of revenue

Unit: RMB

Item	The reporting period Amount	% of revenue	The corresponding period of the prior year Amount	% of revenue	Increase/ decrease year on year
Total revenue	6,865,428,943.30	100%	2,106,630,952.30	100%	225.90%
By industry					
Machine-made paper	5,638,065,819.61	82.12%	1,121,420,145.71	53.23%	402.76%
Chemical pulp	1,000,397,697.29	14.57%	740,160,267.96	35.13%	35.16%
Electricity and steam	120,613,397.81	1.76%	98,222,594.99	4.66%	22.80%
Hotel and property rentals	72,028,058.26	1.05%	73,374,807.43	3.48%	-1.84%
Construction materials		0.00%	2,779,445.82	0.13%	-100.00%
Chemicals		0.00%	104,714.25	0.02%	-100.00%
Others	34,323,970.33	0.50%	70,568,976.14	3.35%	-51.36%
By product					
Coated paper	1,519,273,006.05	22.13%	322,730,071.72	15.32%	370.76%
Duplex press paper	1,454,999,572.63	21.19%	213,202,847.01	10.12%	582.45%
Electrostatic paper	1,070,659,637.13	15.59%	74,335,729.94	3.53%	1,340.30%
White cardboard	527,795,400.23	7.69%	260,654,282.46	12.37%	102.49%
Anti-sticking raw paper	359,212,509.71	5.23%	179,939,410.52	8.54%	99.63%
Thermal paper	239,654,153.72	3.49%	1,821,269.70	0.09%	13,058.63%
Other machine-made paper	466,471,540.14	6.80%	68,736,534.36	3.26%	578.64%
Chemical pulp	1,000,397,697.29	14.57%	740,160,267.96	35.13%	35.16%
Electricity and steam	120,613,397.81	1.76%	98,222,594.99	4.66%	22.80%
Hotel and property rentals	72,028,058.26	1.05%	73,374,807.43	3.48%	-1.84%
Construction materials		0.00%	2,779,445.82	0.13%	-100.00%
Chemicals		0.00%	104,714.25	0.02%	-100.00%
Others	34,323,970.33	0.50%	70,568,976.14	3.35%	-51.36%
By geographical segment					
Mainland China	5,649,548,582.66	82.29%	2,075,083,434.21	98.50%	172.26%
Other countries and regions	1,215,880,360.64	17.71%	31,547,518.09	1.50%	3,754.12%

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

☑ Applicable ☐ Not applicable

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	5,638,065,819.61	6,173,048,462.99	-9.49%	402.76%	133.56%	126.19%
Chemical pulp	1,000,397,697.29	932,122,259.06	6.82%	35.16%	25.65%	7.05%
By product						
Coated paper	1,519,273,006.05	1,510,180,598.38	0.60%	370.76%	354.13%	3.64%
Duplex press paper	1,454,999,572.63	1,613,179,070.15	-10.87%	582.45%	550.30%	5.48%
Electrostatic paper	1,070,659,637.13	1,125,810,074.11	-5.15%	1,340.30%	712.14%	81.33%
White cardboard	527,795,400.23	593,832,859.68	-12.51%	102.49%	104.67%	-1.20%
Chemical pulp	1,000,397,697.29	932,122,259.06	6.82%	35.16%	25.65%	7.05%
By geographical segment						
Mainland China	5,649,548,582.66	6,150,979,487.04	-8.88%	172.26%	69.07%	66.45%
Other countries and regions	1,215,880,360.64	1,208,324,238.46	0.62%	3,754.12%	1,257.74%	182.72%

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

V. Analysis of non-principal operations

☑ Applicable ☐ Not applicable

Unit: RMB

	Amount	As a percentage of total profit	Reason	Sustainable or not?
Other income	64,874,425.35	-5.25%	Receipt of government grants related to daily business activities and profit or loss from debt restructuring.	Including RMB51 million, the annual amortisation amount of government grants received in prior periods, and sustainable in nature.
Investment income	246,703,873.46	-19.98%	Recognition of external investment income and dividends, as well as income from equity disposal and derecognition of financial assets during the reporting period.	No
Credit impairment loss	41,637,485.75	-3.37%	Bad debt provisions for receivables	No
Loss on impairment of assets	-16,686,173.24	1.35%	Bad debt provisions for non-current assets	No

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			
	Amount	As a percentage of total assets	Amount	As a percentage of total assets	Percentage change	Description
Bills receivable	1,225,918,850.92	2.41%	793,939,333.83	1.57%	0.84%	Mainly due to an increase in payments on outstanding bills as a result of the resumption of full operation and production at the production bases during the reporting period.
Accounts receivable	867,034,650.86	1.70%	742,744,136.20	1.47%	0.23%	Mainly due to an increase in receivables from customers as at the end of the reporting period.
Prepayments	505,693,902.62	0.99%	281,930,888.07	0.56%	0.43%	Mainly due to an increase in advance payments to suppliers resulting from the resumption of full operation and production at the production bases during the reporting period.
Inventories	3,867,248,020.61	7.59%	3,316,198,760.70	6.55%	1.04%	Mainly due to an increase in inventories of goods as at the end of the reporting period.
Deferred income tax assets	2,359,137,415.22	4.63%	2,032,088,838.62	4.01%	0.62%	Mainly due to an increase in deferred income tax assets as a result of some subsidiaries making losses during the reporting period.
Accounts payable	10,059,603,145.13	19.74%	8,608,727,052.92	17.01%	2.73%	Mainly due to an increase in payments to suppliers for goods as at the end of the reporting period.
Contract liabilities	501,500,772.85	0.98%	296,299,701.36	0.59%	0.39%	Mainly due to an increase in advance payments from customers as at the end of the reporting period.
Other payables	3,895,222,465.04	7.64%	4,772,023,040.44	9.43%	-1.79%	Mainly due to a decrease in accounts payable as at the end of the reporting period.
Non-current liabilities due within one year	2,152,781,290.16	4.22%	2,313,171,903.83	4.57%	-0.35%	Mainly due to a decrease in long-term liabilities reclassified to due within one year as at the end of the reporting period.
Long-term borrowings	6,240,589,747.20	12.24%	5,576,510,739.72	11.02%	1.22%	Mainly due to extensions of long-term borrowings as at the end of the reporting period.
Long-term payables	1,871,465,556.33	3.67%	1,685,368,809.50	3.33%	0.34%	Mainly due to extensions of overdue equipment leasing borrowings as at the end of the reporting period.

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

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)	38,791,121.74	-9,398,839.96	-166,453,639.67				-1,121,171.90	28,271,109.88
2. Other non-current financial assets	327,934,626.32	–	14,100,780.55			630,389.55		327,304,236.77
3. Consumable biological assets measured at fair value	1,063,081,495.03	15,704,467.20	-227,858,332.42		6,648,120.75	4,877,359.31	1,146,353.61	1,079,410,370.06
Total	1,429,807,243.09	6,305,627.24	-380,211,191.54		6,648,120.75	5,507,748.86	25,181.71	1,434,985,716.71

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

☐ Yes ☑ No

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

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

Unit: RMB

	As at the end of the period				As at the beginning of the period			
Item	Book balance	Book value	Type of restriction	Restriction	Book balance	Book value	Type of restriction	Restriction
Fixed assets	39,540,922,512.68	20,237,217,488.05	Mortgage	As collateral for bank borrowings and long-term payables	39,673,397,581.16	21,032,970,345.50	Mortgage	As collateral for bank borrowings and long-term payables
Investment properties	6,897,297,786.90	5,264,061,227.98	Mortgage	As collateral for bank borrowings	6,897,297,786.90	5,357,575,638.82	Mortgage	As collateral for bank borrowings
Intangible assets	1,822,125,821.08	1,279,681,854.88	Mortgage	As collateral for bank borrowings and long-term payables	1,842,713,402.08	1,308,852,997.82	Mortgage	As collateral for bank borrowings and long-term payables
Long-term equity investments	1,574,291,359.16	1,568,954,478.69	Freeze	Pledge and freeze of guarantee for debts	1,584,342,692.88	1,578,247,974.28	Freeze	Pledge and freeze of guarantee for debts
Inventories	902,652,115.08	900,473,074.35	Mortgage and seizure by court	As collateral for contract performance and seizure due to being sued for arrears	764,268,342.37	741,627,115.10	Mortgage and seizure by court	As collateral for contract performance and seizure due to being sued for arrears
Monetary funds	74,678,181.03	74,678,181.03	Pledge and freeze	As deposits for bank acceptance bills, letter of credit and loans, deposit reserves or frozen accounts and frozen by litigation, etc.	63,728,850.28	63,728,850.28	Pledge and freeze	As deposits for bank acceptance bills, letter of credit and loans, deposit reserves or frozen accounts and frozen by litigation, etc.
Total	50,811,967,775.93	29,325,066,304.98			50,825,748,655.67	30,083,002,921.80		

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
98,000,000.00	646,248,442.80	-84.84%

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
Huanggang Chenming Paper Technology Co., Ltd.	Pulp production and sales	Capital increase	98,000,000.00	8.93%	Self-owned funds	Ningbo Kaichen Huamei Equity Investment Fund Partnership (Limited Partnership)	Long-term	Production	Completed	N/A	8,212,024.59	No	N/A	N/A
Total	-	-	98,000,000.00	-	-	-	-	-	-		8,212,024.59	-	-	-

3. Material non-equity investments during the reporting period

☐ Applicable ☑ Not applicable

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	38,791,121.74	-9,398,839.96	-166,453,639.67	-	-	-1,121,171.90	28,271,109.88	Held-for-trading financial assets	Self-owned funds
Total			195,684,817.15	-	38,791,121.74	-9,398,839.96	-166,453,639.67	-	-	-1,121,171.90	28,271,109.88	-	-
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.

VIII. Disposal of material assets and equity interest

1. Disposal of material assets

☐ Applicable ☑ Not applicable

2. Disposal of material equity interest

☑ Applicable ☐ Not applicable

Counterparty(ies)	Equity interest disposed of	Disposal date	Transaction consideration (RMB'0,000)	Net profit contribution to the Company from the beginning of the period up to the equity interest 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)	Relevant equity title fully transferred or not	Carried out on schedule or not, if not, the reasons and measures taken by the Company	Disclosure date	Disclosure index
Shouguang Cultural Tourism Investment and Development Group Co., Ltd.	Shandong Yujing Grand Hotel Co., Ltd.	2026.6.30	11,716.00	-737.59	Facilitating the Company to integrate resources, optimising its asset structure, concentrating its strengths, focusing on core business, and improving quality and efficiency.	-23.55%	Asset's appraised value	No	N/A	Yes	Yes	12 June 2026, 13 June 2026	http://www.hkex.com.hk, http://www.cninfo.com.cn (Announcement No.: 2026-033)

IX. Analysis of major subsidiaries and investees

☑ Applicable ☐ Not applicable

Major subsidiaries 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, white cardboard, etc.	6,913,572,423.00	19,496,509,675.33	5,086,515,985.64	712,391,415.90	-497,004,484.46	-395,032,412.14
Shouguang Meilun Paper Co., Ltd.	Subsidiary	Production and sale of coated paper, culture paper, household paper and chemical pulp	4,801,045,519.00	16,564,776,042.57	6,227,437,714.37	3,721,141,504.87	-518,946,926.67	-406,700,591.19

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 operations and results
Shandong Yujing Grand Hotel Co., Ltd.	Disposal	Net profit increased by RMB216 million
Chenming Paper Japan Co., Ltd.	Deregistration	Net profit increased by RMB10,800

Particulars of major subsidiaries and investees

During the reporting period, all production bases resumed operation and production in full with a significant year-on-year increase of sales volumes, while losses due to production stoppages fell substantially year on year, thereby significantly reducing net losses of Zhanjiang Chenming and Shouguang Meilun year on year. Moving forward, the Company will continue to implement measures to reduce costs and improve efficiency, further optimise its product mix, enhance product quality, and step up efforts to develop overseas markets, thereby achieving a balance between production and sales, and further improving corporate profitability.

X. Structured entities controlled by the Company

☐ Applicable ☑ Not applicable

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

1. Macroeconomic policy risk

As a crucial basic raw materials industry within the national economy, the paper industry's development is closely tied to national macroeconomic policies. In recent years, relevant competent authorities have issued a series of policies and regulations, including the Policy on the Development of the Paper Industry, aiming to improve the industrial structure, elevate product technology, promote energy conservation and emission reduction, and phase out outdated capacity. These have provided strong policy support for the industry's high-quality development. As China continues to transform and upgrade its economic structure and deepens the implementation of strategies such as the "dual-carbon" goals and environmental governance, future policies of the paper industry may undergo further adjustments. For instance, stricter requirements regarding environmental standards, raw material supplies and capacity controls could be introduced, potentially impacting the Company's production and operations as well as technological upgrades. Furthermore, shifts in macroeconomic policies, such as fiscal and financial policies, bank interest rates and import/export regulations, will also affect the Company's operations and development.

In response to the aforesaid risks, the Company will strengthen its policy analysis and closely monitor dynamic shifts in national industrial, fiscal and financial policies. It will remain anchored to its core direction of developing its principal business of pulp production and papermaking, adhere to an innovation-driven strategy, and align with policy directives to optimise its industrial structure and regional footprint. By building a highly collaborative and efficient industrial system, it aims to address the risks associated with industrial policy adjustments. Meanwhile, the Company will continue to strengthen lean management, control costs and expenses, broaden financing channels, optimise its capital structure, and improve overall operational quality to counter any risks arising from macroeconomic policy adjustments, including those in fiscal and financial domains.

2. Environmental risk

The transition towards green and low-carbon practices has become the core strategic direction for high-quality development in the paper industry. In recent years, the government has continuously intensified environmental governance, leading to increasingly stringent environmental requirements. Relevant competent authorities successively issued a series of policy documents, including the Guiding Opinions on Accelerating the Establishment and Improvement of a Green, Low-Carbon and Circular Economic System and the Opinions on Accelerating the High-Quality Development of Manufacturing Service Industry, to guide the green transformation of the industry. The Ecological and Environmental Code of the People's Republic of China, adopted on 12 March 2026 at the Fourth Session of the 14th National People's Congress and effective from 15 August 2026, establishes six fundamental principles, namely prevention first, systematic governance, ecological priority, green development, public participation, and liability for damage, and coordinates governance over pollution prevention and control, ecological protection, and green and low-carbon development, providing a legal basis for the green transformation of energy-intensive and high-emission industries. As national environmental standards rise, companies in the industry further increase their investments in pollution control, which may raise the operating costs in the short term.

In response to the aforesaid risks, the Company firmly implements the national "dual carbon" policy and adheres to the development philosophy of "placing green development and environmental protection as its priority". The Company integrates environmental requirements throughout its entire production and operational processes, widely adopting new technologies for energy conservation and emission reduction to ensure clean production and compliant waste discharge. At present, the Company adopts advanced "ultrafiltration membrane + reverse osmosis membrane" technology in the world and has completed a reclaimed water recycling membrane treatment project. The reclaimed water recycle rate exceeds 75%, with the treated water quality meeting drinking water standards. Meanwhile, the Company actively explores innovative models for comprehensive resource utilisation and circular industrial development by building a circular economy ecosystem of "resource – product – renewable resource". It continuously refines its internal environmental management system and strengthens full-process environmental monitoring and dynamic control to prevent compliance risks.

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. Given China's relative shortage of wood resources, the industry relies heavily on imported wood pulp and wood chips, making its development susceptible to fluctuations in international prices of wood pulp and wood chips. If the price of raw materials fluctuates sharply in the future, it will bring uncertainty to the control of production costs of papermaking enterprises, which will affect the business performance of these enterprises.

In response to the aforesaid risks, the Company remains committed to its strategic layout of a fully integrated pulp and paper industrial chain. By operating its own wood pulp production lines at its production bases in Shouguang, Zhanjiang, Huanggang and other regions, the Company ensures the stability and autonomy of its upstream raw material supply, thereby reducing reliance on external procurement. Meanwhile, the Company has established a robust supply chain management mechanism, comprehensively advancing the digitalised, standardised, and refined construction of its procurement processes, boosting procurement transparency and operational efficiency. It has implemented refined category-based management and control over procurement lots, systematically improved its supplier database, and strengthened the competitive mechanism among suppliers to secure optimal pricing, thereby effectively enhancing the quality of supplies and cost control, while minimising the impact of fluctuations in raw material prices on its production and operations.

4. Risk of intensified market competition

Although the paper industry has seen an accelerated phase-out of outdated production capacity after several rounds of environmental policy enforcement, this has continuously optimised the overall industry landscape and further improved market concentration. However, there remains the phenomenon of a large number of enterprises within the industry, structural and cyclical overcapacity for certain products, a predominance of mid-to-low-end products, and product homogeneity. During the reporting period, the cultural paper market shrank due to market conditions, with selling prices dropping to historical lows, and the intensified competition in the industry also posed potential pressure on the Company's profit margins.

In response to the aforesaid risks, the Company focuses on technological innovation and product upgrading as its core drivers, continuously improve its production equipment, processing design and manufacturing techniques, and deepen its lean production management system to comprehensively enhance product quality stability and generate brand value. Meanwhile, the Company remains market-oriented, accurately identifying changes in downstream consumer demand to optimise its product portfolio. By manufacturing highly marketable products that meet diverse customer needs, the Company strives to develop a product structure characterised by high quality, precision, specialty, differentiation, and personalisation, to increase product added value and profitability. In addition, the Company leverages market competition to drive team performance, strengthen the professional capabilities of its sales workforce and expand its diversified sales channels, comprehensively enhancing its risk resilience to hedge against market competition volatility.

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

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. This has caused a continuous decline in the prices of major paper products, especially white cardboard, resulting in lower profitability for paper enterprises. Against this backdrop, enterprises with high debt levels face increased operational pressure during industry downturns. If they encounter situations such as loan delays by financial institutions or the withdrawal of strategic investors, it could trigger temporary liquidity shortages. This, in turn, may lead to risks such as debt defaults, frozen accounts, litigations and other issues that could impact the Company's operations.

In response to the aforementioned risks, the Company focuses on its principal responsibilities and operations, comprehensively deepens reforms and innovation in internal management, and vigorously advances measures to reduce costs and enhance efficiency throughout the entire process, thereby steadily improving the profitability of its principal activities. Meanwhile, it has adopted a range of measures to broaden its financing channels, proactively engaged with creditors, maintained regular communication, and actively negotiated and implemented optimised repayment plans, including loan extensions, interest rate reductions and extended interest settlement cycles, to effectively reduce financial costs and alleviate the Company's debt repayment pressures and operational burdens. In addition, the Company has stepped up its efforts to dispose of non-core and underperforming assets, continuously optimising its asset structure, increasing cash inflows, and enhancing its risk resilience to ensure the Company's operations are sustainable and stable.

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:

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 non-core assets, 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.

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 firmly upholds an investor-centric philosophy, diligently implements its valuation enhancement plan, and remains committed to long-term, sustainable, healthy and high-quality development. By reinforcing accountability, the Company effectively safeguards 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 and Senior Management of the Company

☐ Applicable ☑ Not applicable

There was no change of Directors and Senior Management of the Company during the reporting period. Please see the 2025 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

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.

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 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. The Incentive Scheme lapsed from 14 July 2025.

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. 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/enterpriseRoster/openEnterpriseDetails? comDetailFrom=0&id=913700006135889860
2	Shouguang Meilun Paper Co., Ltd.	Mandatory Corporate Environmental Information Disclosure System (Shandong) http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails? comDetailFrom=0&id=91370783690649340B
3	Shouguang Chenming Art Paper Co., Ltd.	Mandatory Corporate Environmental Information Disclosure System (Shandong) http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails? comDetailFrom=0&id=91370783798676770K
4	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Mandatory Corporate Environmental Information Disclosure System (Guangdong) https://gdee.gd.gov.cn/gdeepub/front/dal/report/list?entName=%E6%B9%9B%E6%B1%9F%E6%99%A8%E9%B8%A3%E6%B5%86%E7%BA%B8%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&reportType=&areaCode=&entType=&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=253187a7-d2e3-4875-94f8-ef5aa50914a7&XH=1677749944758009244672
6	Jiangxi Chenming Paper Co., Ltd.	Mandatory Corporate Environmental Information Disclosure System (Jiangxi) http://qyhjxxyfpl.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#menu_2091

V. Social responsibility

An enterprise is not merely a market entity with independent legal personality, but also a core carrier of responsibilities for bearing people's livelihoods and safeguarding social stability. Looking back on the arduous journey of resuming operation and production across various production bases, the Company has developed a deeper understanding of its social responsibility mission as an industrial enterprise. During the reporting period, the Company firmly anchored its overall development under Party-building guidance. In alignment with the overall deployment of the Company's Party committee and the new management team, it reshaped the corporate culture of Chenming in the new area, consolidated the enterprise spirit of "self-revolution, adaptive innovation, and revitalisation", drove the full resumption of production across its five major production bases, implemented a refined cost reduction and efficiency enhancement system, deepened internal organisational structure reforms, stabilised its operational fundamentals, and consistently maintained a positive operational trajectory. The Company strictly adhered to its core corporate culture of "virtue and dedication, benevolence and inclusivity, unity and innovation, symbiosis and mutual success", comprehensively balancing the legitimate rights and interests of stakeholders including shareholders, creditors, employees, customers, and suppliers. Grounded in a path of sustainable development driven by a low-carbon circular economy and green manufacturing, the Company fulfilled its responsibilities as a listed company through practical industrial operations, striving to create a mutually beneficial landscape of enterprise development, employee well-being, shared partner growth, and broader social progress.

1. Protecting the rights and interests of shareholder and creditors

During the reporting period, the Company strictly complied with the laws and regulations including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Code of Corporate Governance for Listed Companies. It placed great emphasis on investor relations management, treated all shareholders equally, and effectively safeguarded the legitimate rights and interests of minority investors, including their rights to information, participation and voting. To facilitate efficient access to public information, the Company maintained regular investor communications via an investor hotline, the EasyIR platform of the Shenzhen Stock Exchange, an email, and results briefings, while publishing announcements disclosed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange in the investor relations section of its official website. During the reporting period, the Company responded to over 200 investor inquiries on the Interactive Easy platform of the Shenzhen Stock Exchange, hosted the 2025 Online Results Briefing, actively participated in the "2026 Online Collective Reception Day for Investors of Listed Companies in Shandong", conducted on-site and telephone surveys with institutional investors, and maintained a dedicated investor hotline to address market concerns in a timely manner. Furthermore, the Company convened general meetings through both on-site and online voting, fully ensuring the exercise of voting rights by all shareholders, particularly minority shareholders, and proactively disclosed the voting results of minority investors under each resolution considered at the meetings, thereby protecting the rights and interests of minority shareholders.

Regarding the protection of creditor rights and interests, the Company actively engaged in negotiations and communications with its creditors in light of its actual operations. In response to certain overdue debts, the Company engaged in amicable negotiations with creditors on debt repayment solutions, such as loan extensions, interest rate reductions, and optimised instalment repayment plans. At the same time, the Company spared no effort to advance the full resumption of production across various production bases, accelerated the disposal of non-core assets, and continued to strengthen operating cash flows, so as to ensure timely fulfilment of debt obligations and effectively protect the legitimate rights and interests of creditors.

V. Social responsibility (Cont'd)

2. Protecting the rights and interests of employees

During the reporting period, The Company consistently upheld a people-oriented core development philosophy, continuously deepening its efforts in talent development, humanistic care, and occupational safety to effectively safeguard the legitimate rights and interests of employees. Guided by the core mission of "empowering the organisation and activating individuals", the Company adhered to a strategy of "promoting the capable, reassigning the average, and stepping down the underperforming", and implemented a flexible talent mechanism governing promotions, demotions, and lateral transfers. It advanced flat organisational structure reforms to comprehensively improve human capital efficiency and reduce labour costs. Concurrently, the Company incorporated the advancement of organisational change, the resolution of frontline issues, and the cultivation of successors into its core performance appraisal for cadres, striving to build a high-calibre executive team and a robust talent pipeline aligned in vision, resilient under pressure, and adept at delivering results. Meanwhile, the Company continuously optimised its compensation and incentive mechanisms. Leveraging internal learning and knowledge-sharing platforms, it conducted regular on-the-job training, labour competitions, and skills contests, comprehensively enhancing employees' professional skills and overall competencies, and providing a high-quality platform for employee growth and career development. In addition, the Company organised diverse employee activities on a regular basis, such as basketball tournaments, calligraphy and painting exhibitions, and themed Party-building events, to enrich employees' leisure lives. It also conducted visits and delivered targeted assistance to employees in difficulty, effectively enhancing all employees' sense of gain, happiness, and belonging. Regarding occupational safety, the Company strictly enforced the safety and environmental responsibility system along with the "three musts and three responsibilities" operational requirements. It performed regular hazard inspections and special supervisions, and reinforced all employees' safety awareness and practical skills through safety knowledge competitions and hands-on operational training, thereby fortifying the safety defence line to ensure the physical safety and overall well-being of its employees.

3. Protecting the rights and interests of suppliers and customers

During the reporting period, the Company focused on dual protection of the rights and interests of both suppliers and customers, continuously optimising the industrial and supply chain ecosystem to build a stable and mutually beneficial industrial cooperation structure.

Regarding supplier cooperation and supply chain management, the Company adhered to the principles of fairness, justice, openness, and transparency. It established an online bidding procurement platform and applied a dynamic bidding extension mechanism to over 95% of procurement lots, effectively preventing human intervention to ensure a transparent, open, fair and impartial procurement process. At the same time, the Company continuously refined its supply chain management policy framework, revising policies including the Standards for Woodchip Acceptance (《木片收購驗收標準》) and End-to-end Management Measures for the Procurement of Materials for Processing (《來料加工料件採購全流程管理辦法》). It also advanced systemised management for the entire raw material sampling and testing process, enhancing supply chain stability. Furthermore, the Company dynamically optimised its supplier resource pool and convened a large-scale supplier symposium in Beijing to deepen communication, as well as improve supply quality and cost control levels.

In terms of the protection of customer rights and interests, the Company adhered to a market – and performance-oriented approach. It continuously optimised its domestic and international market presence, actively expanded into emerging and overseas markets, increased the proportion of direct sales to reduce reliance on intermediary channels, and improved payment settlement models to further enhance sales management standards and collection quality. In addition, guided by customer demand, the Company actively developed new products tailored to market needs, continuously refined product quality, and enhanced its customer complaint handling mechanisms to continuously enhance service quality, improve customer satisfaction, and continuously strengthen the market influence of its brand.

V. Social responsibility (Cont'd)

4. Protecting the environment and sustainable development

During the reporting period, The Company actively responded to the national "Dual Carbon" strategy, strictly complied with ecological and environmental protection laws, regulations, and local policy requirements, fully integrated safety, environmental protection, and green development concepts across its operational value chain, and effectively fulfilled its social responsibility for environmental protection. Continuously improving its environmental governance system, the Company was equipped with advanced pollution control facilities, including alkali recovery, intermediate wastewater treatment, reclaimed water reuse, and comprehensive black liquor utilisation. It deepened its efforts in cleaner production, energy conservation, emission reduction, and comprehensive treatment of "three waste", optimised production processes, implemented cost reduction and efficiency enhancement initiatives for wastewater treatment across subsidiaries, performed regular environmental inspections, and standardised the operation and maintenance of pollution control and online monitoring equipment, to ensure compliant discharge of all pollutants and steadily advance low-carbon green development. Meanwhile, the Company continued to improve its safety and environmental protection responsibility framework to ensure the fulfilment of safety and environmental protection responsibilities at all levels. It held a signing ceremony for the 2026 safety and environmental protection responsibility statements, establishing a comprehensive, top-to-bottom safety and environmental protection responsibility system through cascading agreements. The Company refined its environmental protection management rules, optimised its monthly performance evaluation mechanisms, incorporated safety and environmental protection into annual debriefings of subsidiaries, and reinforced closed-loop rectification and accountability supervision. These measures demonstrated its commitment to environmental protection and achieved a win-win synergy between corporate growth and ecological preservation.

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

(i) Compliance with the Corporate Governance Code

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

(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 of the Company, the Company was not aware of any information that reasonably suggested that the Directors had not complied with the requirements as stipulated in this code during the reporting period.

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 regarding the "modified auditor's report" for the reporting period issued by the accountants

☐ Applicable ☑ Not applicable

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 unqualified audit report with an emphasis of matter paragraph on the 2025 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 2025 Annual Audit Report disclosed on CNINFO on 31 March 2026 and the overseas regulatory announcement disclosed on the website of Hong Kong Stock Exchange on 30 March 2026 by the Company.

The Board of the Company attached great importance to the emphasis of matter in the unqualified audit report, continuously standardised debt performance and management, properly handled litigation cases, mitigated debt risks, and effectively reinforce the baseline of operational risk control. During the reporting period, the Company established a dedicated performance ledger for creditors with loan extensions, interest rate reductions and settlement agreements, specifying repayment arrangements, securing funding sources, and setting up an early-warning mechanism for maturity to strictly fulfil its debt performance obligations. Meanwhile, adhering to the principle of "tailored strategies for individual accounts (一戶一策)", the Company engaged on a one-on-one basis with non-settled financial institutions and creditors, and formulated differentiated negotiation proposals in light of its actual operations and capital position. Consensus had been reached through negotiation with certain entities, and the resolution of debt matters was progressing in an orderly manner. In terms of operational management, the Company fully implemented its operational plan for refined cost reduction and efficiency enhancement, covering the entire operational chain including production, sales, procurement, raw materials, finance, and logistics, by subdividing management and control indicators, enforcing positional responsibilities, and continuously enhancing the profitability of its principal operations and operating cash flow levels, thereby consolidating its debt performance capabilities. In terms of financing, the Company actively engaged with various financial resources, compliantly advancing the substitution of high-interest debt and the replacement of short-term debt with medium-to-long-term debt, continuously extending debt maturities, reducing overall financing costs, and optimising its asset-liability structure to relieve concentrated debt repayment pressure. In addition, the Company established a dynamic end-to-end ledger management system for litigation cases, enabling closed-loop control through case-by-case tracking, time-limited disposal, and case closure upon settlement, while continuously improving its internal risk control system. For outstanding litigation cases, the Company implemented a classified resolution mechanism by advancing settlements through ongoing cooperation and settlement optimisation for disputes with business partners, while actively negotiating settlement plans with non-business-related creditors, thereby effectively reducing potential litigation losses. During the reporting period, a number of litigation cases were successfully closed. Going forward, the Company will continuously optimise its debt structure, strengthen refined cash flow management and control, normalise the implementation of risk control mechanisms, properly handle litigations, and spare no effort in resolving outstanding risks.

VII. Matters related to bankruptcy and reorganisation

☐ Applicable ☑ Not applicable

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

VIII. Litigation

Material litigation and arbitration

☐ Applicable ☑ Not applicable

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 the Company and its majority-owned subsidiaries are the plaintiffs	4,650.00	No	The cases were under second-instance trial.	The cases had no significant impact on the operations and financial position of the Company.	The second-instance judgement is pending.	31 March 2026, 13 June 2026 and 30 March 2026, and 12 June 2026	http://www.cninfo.com.cn (Announcement No.: 2026-022 and 2026-035) and http://www.hkex.com.hk
Summary of matters subject to litigation (arbitration) in which the Company and its majority-owned subsidiaries are the defendants	396,081.00	Provision of RMB5.935 million	The amount involved in ongoing cases was RMB3,097.096 million; the amount involved in resolved cases was RMB863.714 million.	The cases were properly resolved through communication and negotiation, an active defence, and reaching settlements with creditors.	The judgment is being enforced.		

IX. Punishment and rectification

☑ Applicable ☐ Not applicable

Name	Type	Reason	Type of inspection and punishment	Conclusion (if any)	Date of disclosure	Disclosure index
Shandong Chenming Paper Holdings Limited Li Weixian Dong Lianming Yuan Xikun Chen Hongguo, Li Xingchun, Li Feng and Chen Gang	Others Director and senior management Senior management Senior management Others	From 2019 to 2024, the Company borrowed funds from five related parties, including Shanghai Shijie Industrial Co., Ltd. (上海仕芥實業有限公司). The Company failed to perform the corresponding consideration procedures and failed to make timely disclosure, nor did it disclose the same in the relevant periodic reports.	Administrative regulatory measure imposed by the China Securities Regulatory Commission	Shandong CSRC imposed administrative regulatory measure by issuing a warning letter, which shall be recorded in the integrity archives database of the securities and futures market.	5 June 2026, 6 June 2026	http://www.hkex.com.hk, http://www.cninfo.com.cn (Announcement No.: 2026-031)

IX. Punishment and rectification (Cont'd)

Rectification

☑ Applicable ☐ Not applicable

The Company received the Decision on Issuing a Warning Letter against Shandong Chenming Paper Holdings Limited and Relevant Responsible Personnel ([2026] No. 26) issued by the Shandong CSRC on 5 June 2026. Upon receipt of the letter regarding the decision of imposing administrative regulatory measure, the Company and relevant responsible personnel attached great importance thereto, and proactively implemented rectification measure. Written reports on rectification were delivered to Shandong CSRC within the stipulated timeframe, and the rectification was completed. The rectification measures taken are as follows: Firstly, the Company completed specific inspection. Upon completion of financial review, the Company confirmed that the transactions associated with the borrowings from the five related parties in questions were settled in full and the cooperation was terminated in 2024. Subsequently, the Company did not engage in any financial or operational dealings with these entities, and the relevant issues were completely resolved. Secondly, the Company continued to optimise its full-process management system for related parties, and conducted comprehensive adjustment, review and dynamic update on the related party list. Entities including Shanghai Shijie Industrial Co., Ltd. were included in the register of related parties for centralised management. The Company conducted a thorough inspection of various related party relationships of directors and senior management, so as to prevent non-compliance at source. Thirdly, the Company strengthened the foundation of its related party transaction system. The Related Party Transaction Management System stipulates the authorisation for decision-making on related party transactions, requirements on abstaining from voting by related party and matters exempted from consideration at general meetings, which prevents management deficiencies in fund transfers between related parties at the system level, and re-occurrence of similar risk events. Fourthly, the Company optimised the full-process management of information disclosure, narrowed down scope of duties for different positions, implemented strict multi-position cross review and conducted review at different levels, so as to ensure that disclosure procedures in respect of major events and related party transactions were immediately performed in accordance with regulation, and corporate information disclosure quality was continuously enhanced. Fifthly, the Company conducted special training sessions on compliance. The Company arranged special training sessions on compliance for directors, senior management and operational personnel from the financial department and the securities investment department, aiming to familiarise participants with the Securities Law of the People's Republic of China, the Administrative Measures for Information Disclosure by Listed Companies and the relevant stock exchange regulatory rules, continuously enhance all employees' awareness of compliance performance, and cultivate a corporate culture of compliance.

The Company and relevant responsible persons will take this regulatory warning as a valuable lesson, enhance their awareness of compliance, strictly abide by all laws and regulations on securities regulation, and make compliant governance and standardised operations a top priority in its business management. The Company will establish a regular self-inspection mechanism for internal control, periodically identify management loopholes, continuously improve its internal control and information disclosure systems, perform its information disclosure obligations with due diligence, comprehensively enhance corporate compliance and governance standards, resolutely prevent the recurrence of similar non-compliance issues, and effectively safeguard the legitimate rights and interests of the Company and all shareholders.

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, Zhanjiang Chenming, Jilin Chenming, Jilin Chenming Pulp & Fiber Trading Co., Ltd., and Shouguang Chenming Import and Export Trade Co., Ltd. were listed as dishonest persons subject to enforcement for failing to fulfil obligations as determined by effective legal documents issued by the court, violations of the asset reporting system or other methods of evading enforcement. 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	872.94	3.42%	5,000.00	No	Bank acceptance and telegraphic transfer	N/A	30 March 2026 and 31 March 2026	http://www.hkex.com.hk, http://www.cninfo.com.cn
Century Sunshine (Shouguang) Specialty Paper Co., Ltd	An entity in which the former chairman of the Company's controlling shareholder served as a director within the past twelve months	Goods	Sale of steam	Market price	Market price	1,225.84	9.01%	6,000.00	No	Bank acceptance and telegraphic transfer	N/A	30 March 2026 and 31 March 2026	http://www.hkex.com.hk, http://www.cninfo.com.cn
Total				-	-	2,098.78	-	11,000.00	-	-	-	-	-
Particulars on refund of bulk sale							Nil						
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)							Nil						
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.

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	1,169.76	0.00	0.00	6.00%	31.46	1,201.21
Weifang Port Area Wood Chip Port Co., Ltd	Joint venture	Financial support	No	8,323.02	0.00	0.00	6.00%	190.05	8,513.07
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	An associate	Financial support	No	16,168.19	0.00	1,733.27	4.75%	321.86	14,756.78
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	3,587.07	0.00	100.00	Market interest rate	34.50	3,521.57
Guangdong Nanyue Bank Co., Ltd.	An associate	Borrowings	75,979.00	0.00	95.00	Market interest rate	1,707.39	75,884.00
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.						

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

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.

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 2026
Low-value leases	2,484,827.10
Total	2,484,827.10

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 2026
Lease income	54,931,977.28

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 2026
Within 1 year after the balance sheet date	110,380,072.40
1 to 2 years after the balance sheet date	146,522,137.40
2 to 3 years after the balance sheet date	149,680,797.83
3 to 4 years after the balance sheet date	153,972,798.55
4 to 5 years after the balance sheet date	151,579,152.78
More than 5 years after the balance sheet date	152,358,893.66
Total	864,493,852.62

XII. Material contracts and implementation (Cont'd)

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

(3) Leasing (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 RMB2,669.6910 million. As at 30 June 2026, 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 RMB21,432.9203 million, representing 13,756.19% of the equity attributable to shareholders of the Company as at the end of June 2026, of which overdue guarantees amounted to RMB3,748.9371 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, if any	Counter-guarantee, if any	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	7,739.50	General guarantee	Credit guarantee	Nil	10 years	No	Yes
Zhanjiang Runbao Trading Co., Ltd.	28 March 2024	16,000.00	25 April 2024	16,000.00	Pledge	34.64% equity interest in Wuhan Chenming	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	Mortgage	Properties	Remaining equity transfer payment of RMB136 million	3 years	No	No
Shanghai Shuilan Trading Co., Ltd.	7 December 2022	45,700.00	21 June 2023	45,000.00	Pledge	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	29 August 2025	221,413.85	Joint and several liability guarantee +Mortgage	Kunhe's properties and land	Nil	6 years	No	No
Weifang Xingchen Trading Co., Ltd.	30 March 2026	231,000.00			Joint and several liability guarantee	Nil	Nil	5 years	No	No
Jilin Xingchen Paper Co., Ltd.	10 October 2025	24,000.00	7 November 2025	18,340.60	Joint and several liability guarantee +Mortgage	Jilin Chenming's land and properties	Nil	5 years	No	No
Total external guarantees approved during the reporting period (A1)			231,000.00	Total actual external guarantees during the reporting period (A2)						–
Total external guarantees approved as at the end of the reporting period (A3)			897,758.19	Balance of total guarantees as at the end of the reporting period (A4)						322,052.14

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, if any	Counter-guarantee, if any	Term	Fulfilled or not	Guarantee to related parties or not
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2016	27,440.00	14 March 2016	27,440.00	Joint and several liability guarantee	Nil	Nil	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	Nil	Nil	11 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2022	24,051.03	17 June 2022	24,051.03	Joint and several liability guarantee	Nil	Nil	5 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2023	87,927.23	2 June 2023	87,927.23	Joint and several liability guarantee	Nil	Nil	4 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	28 March 2024	280,263.55	23 May 2024	280,263.55	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	31 March 2025	37,839.00	30 July 2025	37,839.00	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2026	1,000,000.00	18 May 2026	39,178.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Meilun Paper Co., Ltd.	28 March 2020	45,191.50	9 September 2021	45,191.50	Joint and several liability guarantee	Nil	Nil	7 years	No	No
Shouguang Meilun Paper Co., Ltd.	30 March 2022	42,172.79	24 May 2022	42,172.79	Joint and several liability guarantee	Nil	Nil	7 years	No	No
Shouguang Meilun Paper Co., Ltd.	30 March 2023	84,474.66	9 June 2023	84,474.66	Joint and several liability guarantee	Nil	Nil	7 years	No	No
Shouguang Meilun Paper Co., Ltd.	28 March 2024	20,999.43	24 May 2024	20,999.43	Joint and several liability guarantee	Nil	Nil	4 years	No	No

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, if any	Counter-guarantee, if any	Term	Fulfilled or not	Guarantee to related parties or not
Shouguang Meilun Paper Co., Ltd.	31 March 2025	62,516.28	12 November 2025	62,516.28	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Shouguang Meilun Paper Co., Ltd.	30 March 2026	460,000.00	27 May 2026	47,751.80	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Jiangxi Chenming Paper Co., Ltd.	27 March 2018	10,697.57	28 February 2022	10,697.57	Joint and several liability guarantee	Nil	Nil	10 years	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2022	7,806.67	23 May 2023	7,806.67	Joint and several liability guarantee	Nil	Nil	5 years	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2023	8,500.67	8 September 2023	8,500.67	Joint and several liability guarantee	Nil	Nil	4 years	No	No
Jiangxi Chenming Paper Co., Ltd.	28 March 2024	16,730.80	29 September 2024	16,730.80	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Jiangxi Chenming Paper Co., Ltd.	31 March 2025	162,281.89	11 September 2025	162,281.89	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2026	280,000.00	30 May 2026	5,995.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2016	73,164.00	16 December 2019	73,164.00	Joint and several liability guarantee	Nil	Nil	12 years	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2022	20,834.22	20 May 2022	20,834.22	Joint and several liability guarantee	Nil	Nil	5 years	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2023	41,671.49	6 July 2023	41,671.49	Joint and several liability guarantee	Nil	Nil	4 years	No	No

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, if any	Counter-guarantee, if any	Term	Fulfilled or not	Guarantee to related parties or not
Huanggang Chenming Pulp & Paper Co., Ltd.	28 March 2024	27,508.29	19 July 2024	27,508.29	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	31 March 2025	3,000.00	16 January 2026	3,000.00	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2026	250,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Paper Technology Co., Ltd.	30 March 2026	20,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Chenming (HK) Limited	30 March 2023	2,791.26	4 January 2024	2,791.26	Joint and several liability guarantee	Nil	Nil	6 years	No	No
Chenming (HK) Limited	31 March 2025	2,928.18	21 August 2025	2,928.18	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Chenming (HK) Limited	30 March 2026	150,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Zhanjiang Chenming Arboriculture Development Co., Ltd.	30 March 2023	4,410.00	29 March 2024	4,410.00	Joint and several liability guarantee	Nil	Nil	4 years	No	No
Zhanjiang Chenming Arboriculture Development Co., Ltd.	30 March 2026	10,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Paper Co., Ltd.	30 March 2023	18,387.60	15 December 2023	18,387.60	Joint and several liability guarantee	Nil	Nil	3 years	No	No

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, if any	Counter-guarantee, if any	Term	Fulfilled or not	Guarantee to related parties or not
Jilin Chenming Paper Co., Ltd.	28 March 2024	9,099.81	29 September 2024	9,099.81	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Jilin Chenming Paper Co., Ltd.	31 March 2025	25,950.00	6 November 2025	25,950.00	Joint and several liability guarantee	Nil	Nil	5 years	No	No
Jilin Chenming Paper Co., Ltd.	30 March 2026	80,000.00	15 June 2026	1,500.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Art Paper Co., Ltd.	30 March 2026	10,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Chenming (Singapore) Co., Ltd.	30 March 2026	30,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Sales Co., Ltd.	30 March 2023	15,000.00	8 February 2024	15,000.00	Joint and several liability guarantee	Nil	Nil	4 years	No	No
Shandong Chenming Paper Sales Co., Ltd.	28 March 2024	45,000.00	24 September 2024	45,000.00	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Shandong Chenming Paper Sales Co., Ltd.	31 March 2025	50,654.30	23 March 2026	50,654.30	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Shandong Chenming Paper Sales Co., Ltd.	30 March 2026	190,000.00	24 June 2026	48,986.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shanghai Hongtai Real Estate Co., Ltd.	19 April 2023	198,454.55	9 June 2023	198,454.55	Joint and several liability guarantee	Nil	Nil	15 years	No	No

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, if any	Counter-guarantee, if any	Term	Fulfilled or not	Guarantee to related parties or not
Shanghai Hongtai Real Estate Co., Ltd.	30 March 2026	260,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	30 March 2022	875.00	13 February 2023	875.00	Joint and several liability guarantee	Nil	Nil	5 years	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	28 March 2024	56,772.00	4 June 2024	56,772.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	30 March 2026	70,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shanghai Heruiming Property Management Co., Ltd.	19 June 2024	7,998.00	23 May 2024	7,998.00	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Shanghai Heruiming Property Management Co., Ltd.	30 March 2026	10,000.00			Joint and several liability guarantee	Nil	Nil	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	Nil	Nil	2 years	No	No
Jilin Chenming Pulp & Fiber Trading Co., Ltd.	30 March 2026	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Import and Export Trade Co., Ltd.	31 March 2025	12,000.00	19 November 2025	12,000.00	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Shouguang Chenming Import and Export Trade Co., Ltd.	30 March 2026	100,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No

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, if any	Counter-guarantee, if any	Term	Fulfilled or not	Guarantee to related parties or not
Hainan Chenming Technology Co., Ltd.	28 March 2024	41,440.00	2 July 2025	41,440.00	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Hainan Chenming Technology Co., Ltd.	31 March 2025	3,960.00	9 June 2025	3,960.00	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Hainan Chenming Technology Co., Ltd.	30 March 2026	60,000.00			Joint and several liability guarantee	Nil	Nil	2 years	No	No
Shandong Chenming Paper Sales Co., Ltd.	30 March 2026	200,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Co., Ltd.	30 March 2026	300,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Chenming (Overseas) Co., Ltd.	30 March 2026	50,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Nanchang Chenming Arboriculture Development Co., Ltd.	30 March 2026	3,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Logistics Co., Ltd.	30 March 2026	3,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Papermaking Machine Co., Ltd.	30 March 2026	3,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Hongxiang Printing and Packaging Co., Ltd.	30 March 2026	3,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Hongyi Decorative Packaging Co., Ltd.	30 March 2026	3,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No

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, if any	Counter-guarantee, if any	Term	Fulfilled or not	Guarantee to related parties or not
Shouguang Chenming Modern Logistic Co., Ltd.	30 March 2026	3,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Foshan Chenming Import and Export Trade Co., Ltd.	30 March 2026	10,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shanghai Hongtai Property Management Co., Ltd.	30 March 2026	10,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Zhanjiang Chenming Technology Development Co., Ltd.	30 March 2026	20,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Investment Limited	30 March 2026	25,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Chenming International Trade Import and Export Co., Limited	30 March 2026	100,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Paper Co., Ltd.	30 March 2026	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Zhanjiang Chenming Paper Co., Ltd.	30 March 2026	30,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2026	30,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Total amount of guarantee provided for subsidiaries approved during the reporting period (B1)				3,783,000.00	Total amount of guarantee provided for subsidiaries during the reporting period (B2)					266,969.10
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (B3)				5,458,791.76	Total balance of guarantee provided for subsidiaries as at the end of the reporting period (B4)					1,819,202.56

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

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, if any	Counter-guarantee, if any	Term	Fulfilled or not	Guarantee to related parties or not
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	30 March 2026	70,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2026	20,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Port Service Co., Ltd.	31 March 2025	592.33	29 December 2025	592.33	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Huanggang Chenming Port Service Co., Ltd.	30 March 2026	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Hubei Chenming Technology Industrial Co., Ltd.	30 March 2026	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Hubei Chenming Technology Industrial Co., Ltd.	30 March 2026	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Pulp & Fiber Trading Co., Ltd.	31 March 2025	950.00	26 September 2025	950.00	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Zhanjiang Chenming Arboriculture Development Co., Ltd.	30 March 2026	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Foshan Chenming Import and Export Trade Co., Ltd.	31 March 2025	495.00	21 September 2025	495.00	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Foshan Chenming Import and Export Trade Co., Ltd.	30 March 2026	3,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Hainan Chenming Technology Co., Ltd.	30 March 2026	50,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2026	1,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2026	1,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2026	1,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Co., Ltd.	30 March 2026	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Co., Ltd.	30 March 2026	15,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Co., Ltd.	30 March 2026	20,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Co., Ltd.	30 March 2026	80,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

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, if any	Counter-guarantee, if any	Term	Fulfilled or not	Guarantee to related parties or not
Shandong Chenming Paper Co., Ltd.	30 March 2026	20,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Zhanjiang Chenming Technology Development Co., Ltd.	30 March 2026	50,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2026	50,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Paper Co., Ltd.	30 March 2026	20,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Zhanjiang Chenming Technology Development Co., Ltd.	30 March 2026	20,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Zhanjiang Chenming Paper Co., Ltd.	30 March 2026	10,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Co., Ltd.	30 March 2026	40,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Zhanjiang Chenming Paper Co., Ltd.	30 March 2026	70,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2026	8,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2026	20,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2026	20,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Paper Co., Ltd.	30 March 2026	10,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Paper Co., Ltd.	30 March 2026	10,000.00			Joint and several liability guarantee	Nil	Nil	3 years	No	No
Total amount of guarantee provided for subsidiaries approved during the reporting period (C1)				634,000.00	Total amount of guarantee provided for subsidiaries during the reporting period (C2)					–
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (C3)				636,037.33	Total balance of guarantee provided for subsidiaries as at the end of the reporting period (C4)					2,037.33

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

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, if any	Counter-guarantee, if any	Term	Fulfilled or not	Guarantee to related parties or not

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)	4,648,000.00	Total amount of guarantee during the reporting period (A2+B2+C2)	266,969.10
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)	6,992,587.28	Total balance of guarantee as at the end of the reporting period (A4+B4+C4)	2,143,292.03
The percentage of total balance of guarantee (i.e. A4+B4+C4) to the net assets of the Company			13,756.19%
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)			753,561.38
Total amount of guarantee provided in excess of 50% of net assets (F)			2,135,501.74
The total amount of the above three guarantees (D+E+F)			2,889,063.12
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)			Nil
Providing external guarantees in violation of prescribed procedures (if any)			Nil

Details of composite guarantees

The Company and its subsidiaries jointly provided composite guarantees of RMB4,815.5711 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.

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. Registration form for reception of surveys, communications and interviews during the reporting period

☑ Applicable ☐ Not applicable

Date of reception	Site of reception	Way of reception	Type of recipient	Recipient	Major discussion points and information provided	Index of the basic particulars of the survey
10 April 2026	Panorama • Interactive Platform for Investors Relationship	Online platform communication	Individuals and institutions	Investors attending the 2025 annual results briefing of the Company online	The Company's 2025 financial position, operating results, resumption of operation and production at production bases, future prospects, etc.	For details, please refer to the Investor Relations Activity Record Sheet on CNINFO (www.cninfo.com.cn)
16 April 2026	Conference room of the Company	Telephone conversation	Institutions	Bank of Communications Schroder Fund, HSBC Jintrust Fund and Dacheng Fund	The Company's resumption of operation and production at production bases, production capacity, operations, measures to reduce costs, improve efficiency and reduce debts, etc.	For details, please refer to the Investor Relations Activity Record Sheet on CNINFO (www.cninfo.com.cn)
15 May 2026	Panorama • Interactive Platform for Investors Relationship	Online platform communication	Individuals and institutions	Investors attending the 2026 online collective reception day for investors of listed companies in Shandong	The Company's production and operations, financial position, other risk warnings, measures to mitigate debt risks, etc.	For details, please refer to the Investor Relations Activity Record Sheet on CNINFO (www.cninfo.com.cn)
20 May 2026	Conference room of the Company	On-site visit	Institutions	13 institutions including Changjiang Securities, CITIC Securities, E Fund Management, Caitong Asset Management, HFT Investment Management and Double-Safeguard	The Company's development strategies and financial position, market conditions for machine-made paper products and measures to mitigate debt risks.	For details, please refer to the Investor Relations Activity Record Sheet on CNINFO (www.cninfo.com.cn)

XIV. Other matters of significance

☑ Applicable ☐ Not applicable

1. Full resumption of operation and production at production bases

During the reporting period, the Company adhered to the principles of "safety first, efficiency first, and profitability first", strengthened its corporate management, and coordinated the progress on the resumption of operation and production at production bases. The cadres and employees at Zhanjiang Chenming worked in close collaboration with the Group's support team to tackle key challenges, efficiently completing key tasks such as fund raising, equipment maintenance, securing raw materials and establishing market connections, thereby successfully fully resuming operation and production at the Zhanjiang production base. As of the date of this report, the five major production bases of the Company in Shouguang, Zhanjiang, Huanggang, Jiangxi and Jilin have fully resumed production. Moving forward, the Company will continue to deepen end-to-end cost reduction and efficiency enhancement, accelerate the all-around new product development, and coordinate the progress on production and operations, reform and innovation, and team development. It will make every effort to improve operational performance, steadily mitigate debt risks, and drive the Company towards sustained, stable and high-quality development.

For details, please refer to the relevant announcement disclosed by the Company on CNINFO on 14 March 2026 (Announcement No.: 2026-004) and the announcement disclosed by the Company on the website of Hong Kong Stock Exchange on 16 March 2026.

2 Information disclosure index for 2026 Interim Report

Announcement No.	Subject matter	Date of publication	Publication website and index
2026-001	2025 Annual Results Forecast	31 January 2026	http://www.cninfo.com.cn
2026-002	Announcement on Unusual Price Movement of Shares of the Company	26 February 2026	http://www.cninfo.com.cn
2026-003	Announcement on Unusual Price Movement of Shares of the Company	11 March 2026	http://www.cninfo.com.cn
2026-004	Announcement on Full Resumption of Production at the Production Bases of the Company	14 March 2026	http://www.cninfo.com.cn
2026-005	Announcement on Unusual Price Movement of Shares of the Company	18 March 2026	http://www.cninfo.com.cn
2026-006	Special Statement on Matters Covered in the 2025 Audit Report by the Board of Directors	31 March 2026	http://www.cninfo.com.cn
2026-007	Announcement on Resolutions of the Third Meeting of the Eleventh Session of the Board of Directors	31 March 2026	http://www.cninfo.com.cn
2026-008	Announcement on the Company's Unrecovered Losses Exceeding One-third of the Total Paid-up Share Capital	31 March 2026	http://www.cninfo.com.cn
2026-009	Notice of 2025 Annual General Meeting	31 March 2026	http://www.cninfo.com.cn
2026-010	2025 Annual Report Summary	31 March 2026	http://www.cninfo.com.cn
2026-011	Announcement on the 2025 Annual Online Performance Briefing	31 March 2026	http://www.cninfo.com.cn
2026-012	Special Statement on Securities Investment in 2025	31 March 2026	http://www.cninfo.com.cn
2026-013	Announcement on Proposed Non-distribution of Profit for 2025	31 March 2026	http://www.cninfo.com.cn
2026-014	Announcement on Carrying out Factoring Business of Accounts Receivable	31 March 2026	http://www.cninfo.com.cn
2026-015	Announcement on Carrying out Equipment Financing Business	31 March 2026	http://www.cninfo.com.cn

XIV. Other matters of significance (Cont'd)

2 Information disclosure index for 2026 Interim Report (Cont'd)

Announcement No.	Subject matter	Date of publication	Publication website and index
2026-016	Announcement on Expected Provision of Guarantees to Subsidiaries for 2026	31 March 2026	http://www.cninfo.com.cn
2026-017	Announcement on External Guarantees Provided by the Company's Majority-owned Subsidiaries	31 March 2026	http://www.cninfo.com.cn
2026-018	Announcement on Re-appointment of Auditor for 2026	31 March 2026	http://www.cninfo.com.cn
2026-019	Announcement on Estimated Day-to-day Related Party Transactions for 2026	31 March 2026	http://www.cninfo.com.cn
2026-020	Announcement on Remuneration Plan for Directors and Senior Management for 2026	31 March 2026	http://www.cninfo.com.cn
2026-021	Announcement on Purchase of Directors' and Senior Management Liability Insurance	31 March 2026	http://www.cninfo.com.cn
2026-022	Announcement on Cumulative Newly Overdue Debts and Litigation	31 March 2026	http://www.cninfo.com.cn
2026-023	Announcement on Provision for Impairment of Assets	31 March 2026	http://www.cninfo.com.cn
2026-024	Special Statement on Removal of Impacts of Matters Covered by the Non-standard Opinion in 2024 Internal Control Audit Report by the Board of Directors	31 March 2026	http://www.cninfo.com.cn
2026-025	Special Statement on Removal of the Significant Uncertainty Concerning Going Concern as Set Out in 2024 Audit Report by the Board of Directors	31 March 2026	http://www.cninfo.com.cn
2026-026	Announcement on Change in Investor Contact Information	14 April 2026	http://www.cninfo.com.cn
2026-027	2026 First Quarterly Report	30 April 2026	http://www.cninfo.com.cn
2026-028	Announcement on Unusual Price Movement of Shares of the Company	8 May 2026	http://www.cninfo.com.cn
2026-029	Announcement on Participating in the 2026 Online Collective Reception Day for Investors of Listed Companies in Shandong	13 May 2026	http://www.cninfo.com.cn
2026-030	Announcement on Resolutions of the 2025 Annual General Meeting	16 May 2026	http://www.cninfo.com.cn
2026-031	Announcement on Receipt of the Decision on Administrative Regulatory Measures from the Shandong Securities Regulatory Bureau	6 June 2026	http://www.cninfo.com.cn
2026-032	Announcement on Resolutions of the Second Extraordinary Meeting of the Eleventh Session of the Board of Directors	13 June 2026	http://www.cninfo.com.cn
2026-033	Announcement on Equity and Debt Transfer of a Subsidiary	13 June 2026	http://www.cninfo.com.cn
2026-034	Notice of 2026 First Extraordinary General Meeting	13 June 2026	http://www.cninfo.com.cn
2026-035	Announcement on New Cumulated Litigation	13 June 2026	http://www.cninfo.com.cn
2026-036	Announcement on Resolutions of 2026 First Extraordinary General Meeting	1 July 2026	http://www.cninfo.com.cn

XIV. Matters of significance of subsidiaries of the Company

☐ Applicable ☑ Not applicable

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	12,545,934	0.43%	0	0	0	-5,194,584	-5,194,584	7,351,350	0.25%
1. Shares held by other domestic investors	12,545,934	0.43%	0	0	0	-5,194,584	-5,194,584	7,351,350	0.25%
Including: Shares held by domestic natural persons	12,545,934	0.43%	0	0	0	-5,194,584	-5,194,584	7,351,350	0.25%
II. Non-restricted shares	2,928,910,266	99.57%	0	0	0	5,194,584	5,194,584	2,934,104,850	99.75%
1. RMB ordinary shares	1,694,219,750	57.60%	0	0	0	5,194,584	5,194,584	1,699,414,334	57.78%
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

On 28 October 2025, the Company completed the election of a new Board of Directors and the reform of the Supervisory Committee, resulting in the departure of certain Directors, senior management members and supervisors. In accordance with the relevant share management regulations, the 5,194,584 RMB ordinary shares held in aggregate by the aforementioned departing individuals were subject to a six-month lock-up period from the date of their departure. The lock-up period for these shares expired on 27 April 2026 and the restrictions were lifted, resulting in a reduction of 5,194,584 shares in the restricted shares of the Company during the reporting period, while the number of non-restricted shares increased by 5,194,584 shares accordingly.

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

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	792,857	792,857	0	0	Locked-up shares of Senior Management	27 April 2026
Li Xingchun	2,000,000	2,000,000	0	0	Locked-up shares of Senior Management	27 April 2026
Li Feng	1,356,027	1,356,027	0	0	Locked-up shares of Senior Management	27 April 2026
Li Kang	149,300	149,300	0	0	Locked-up shares of Senior Management	27 April 2026
Li Zhenzhong	746,400	746,400	0	0	Locked-up shares of Senior Management	27 April 2026
Li Mingtang	150,000	150,000	0	0	Locked-up shares of Senior Management	27 April 2026
Li Weixian	271,575	0	0	271,575	Locked-up shares of Senior Management	In accordance with relevant requirements for shares held by Directors and Senior Management
Dong Lianming	112,500	0	0	112,500	Locked-up shares of Senior Management	In accordance with relevant requirements for shares held by Directors and Senior Management
Yuan Xikun	67,275	0	0	67,275	Locked-up shares of Senior Management	In accordance with relevant requirements for shares held by Directors and Senior Management

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
Chen Hongguo	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	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	12,545,934	5,194,584	0	7,351,350	–	–

II. Issuance and listing of securities

☐ Applicable ☑ Not applicable

III. Total number of shareholders and shareholdings

Unit: share

Total number of ordinary shareholders as at the end of the reporting period	93,718, of which 77,810 were holders of A shares, 15,598 were holders of B shares and 310 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

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	Share pledged, marked or frozen: Number
CHENMING HOLDINGS COMPANY LIMITED	State-owned legal person	15.50%	455,781,319	0	0	455,781,319	Pledged	386,811,546
							Frozen	409,956,441
HKSCC NOMINEES LIMITED	Overseas legal person	12.70%	373,424,775	1,250	0	373,424,775	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	1.31%	38,622,315	737,288	0	38,622,315	N/A	0
Chen Hongguo (Note 2)	Domestic natural person	0.65%	19,080,044	0	0	19,080,044	Frozen	19,080,044
Wang Fanliang	Domestic natural person	0.32%	9,406,000	6,006,700	0	9,406,000	N/A	0
Ji Zhongqiu	Domestic natural person	0.31%	8,996,674	988,500	0	8,996,674	N/A	0
Shouguang Zhongli Commercial and Trading Co., Ltd.	Domestic non-state-owned legal person	0.31%	8,972,750	7,053,400	0	8,972,750	N/A	0
Xu Hekun	Domestic natural person	0.28%	8,380,250	0	0	8,380,250	N/A	0
Pan Jiankai	Domestic natural person	0.26%	7,770,206	-9,700	0	7,770,206	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.

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: Class of shares	Class of shares: Number
CHENMING HOLDINGS COMPANY LIMITED	455,781,319	RMB ordinary shares	455,781,319
HKSCC NOMINEES LIMITED	373,424,775	Overseas listed foreign shares	373,424,775
CHENMING HOLDINGS (HONG KONG) LIMITED (Note 1)	364,131,563	Domestic listed foreign shares	210,717,563
		Overseas listed foreign shares	153,414,000
Jin Xing	38,622,315	Domestic listed foreign shares	38,622,315
Chen Hongguo (Note 2)	19,080,044	RMB ordinary shares	19,080,044
Wang Fanliang	9,406,000	RMB ordinary shares	9,406,000
Ji Zhongqiu	8,996,674	RMB ordinary shares	8,996,674
Shouguang Zhongli Commercial and Trading Co., Ltd.	8,972,750	RMB ordinary shares	8,972,750
Xu Hekun	8,380,250	Domestic listed foreign shares	8,380,250
Pan Jiankai	7,770,206	Domestic listed foreign shares	7,770,206

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.

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 and Senior Management

☐ Applicable ☑ Not applicable

There was no change in the shareholding of the Directors and Senior Management of the Company during the reporting period. Please see the 2025 annual report for details.

V. Change of controlling shareholders or beneficial controllers

Where the Company has previously disclosed that its actual controller is planning a change of control but this has not yet been finalised, please provide an update on the progress of the change of control.

☐ Applicable ☑ Not applicable

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.

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

As at 30 June 2026, the interests and short positions held by each of the Directors 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			
Jiang Yanshan	Chairman, acting general manager	–	–
Meng Feng	Executive Director, deputy general manager	–	–
Liu Peiji	Executive Director, deputy general manager	–	–
Li Weixian	Executive Director, deputy general manager	362,100	0.01%
Zhu Yanli	Executive Director, deputy general manager, financial controller	–	–
Song Yuchen	Non-executive Director	–	–
Wang Ying	Non-executive Director	–	–
Zhang Zhiyuan	Independent non-executive Director	–	–
Luo Xinhua	Independent non-executive Director	–	–
Wan Gang	Independent non-executive Director	–	–
Kong Pengzhi	Independent non-executive Director	–	–

Save as disclosed above, as at 30 June 2026, none of the Directors 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 2026, none of the Directors 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.

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 2026, the following shareholders (other than the Directors 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 2026, 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.

IX. Purchase, sale and redemption of shares

The Company and any of its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the reporting period.

VII Bonds

☐ Applicable ☑ Not applicable

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 2026

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	186,813,752.54	210,398,721.95
Financial assets held for trading	28,271,109.88	38,791,121.74
Bills receivable	1,225,918,850.92	793,939,333.83
Accounts receivable	867,034,650.86	742,744,136.20
Accounts receivable financing	41,192,518.58	35,978,138.45
Prepayments	505,693,902.62	281,930,888.07
Other receivables	324,297,609.39	302,065,195.40
Including: Interest receivable	–	–
Dividend receivable	–	–
Inventories	3,867,248,020.61	3,316,198,760.70
Non-current assets due within one year	6,883,842.48	194,204,719.66
Other current assets	273,083,453.68	252,296,160.14
Total current assets	7,326,437,711.56	6,168,547,176.14
NON-CURRENT ASSETS:		
Long-term receivables	2,395,468,186.10	2,338,612,032.26
Long-term equity investments	2,158,047,535.21	2,095,953,345.27
Other non-current financial assets	327,304,236.77	327,934,626.32
Investment property	5,308,201,964.56	5,402,063,721.57
Fixed assets	28,129,230,253.42	29,219,679,495.81
Construction in progress	619,683,872.37	626,640,521.92
Bearer biological assets	1,873,537.13	1,873,537.13
Right-of-use assets	149,106,993.10	151,298,017.92
Intangible assets	1,568,733,364.33	1,603,982,531.66
Goodwill	–	–
Long-term prepaid expenses	204,326,998.50	232,398,577.62
Deferred income tax assets	2,359,137,415.22	2,032,088,838.62
Other non-current assets	418,621,439.03	419,076,485.89
Total non-current assets	43,639,735,795.74	44,451,601,731.99
Total assets	50,966,173,507.30	50,620,148,908.13

II. Financial Statements (Cont'd)

1. Consolidated balance sheet (Cont'd)

Item	Closing balance	Opening balance
CURRENT LIABILITIES:		
Short-term borrowings	20,943,144,749.90	21,227,831,812.02
Bills payable	–	–
Accounts payable	10,059,603,145.13	8,608,727,052.92
Receipts in advance	49,188,622.80	61,929,311.57
Contract liabilities	501,500,772.85	296,299,701.36
Employee benefits payable	404,577,344.04	369,594,500.65
Taxes payable	205,085,105.54	203,168,557.15
Other payables	3,895,222,465.04	4,772,023,040.44
Including: Interest payable	544,885,105.71	428,732,780.80
Dividend payable	207,427,065.81	220,493,880.88
Non-current liabilities due within one year	2,152,781,290.16	2,313,171,903.83
Other current liabilities	1,538,683,766.34	1,539,511,608.24
Total current liabilities	39,749,787,261.80	39,392,257,488.18
NON-CURRENT LIABILITIES:		
Long-term borrowings	6,240,589,747.20	5,576,510,739.72
Lease liabilities	33,303,316.56	34,350,249.10
Long-term payables	1,871,465,556.33	1,685,368,809.50
Provisions	27,854,602.90	28,234,945.73
Deferred income	1,033,300,884.69	1,084,582,814.76
Deferred income tax liabilities	16,405,789.06	5,667,037.66
Other non-current liabilities	–	–
Total non-current liabilities	9,222,919,896.74	8,414,714,596.47
Total liabilities	48,972,707,158.54	47,806,972,084.65
OWNERS' EQUITY:		
Share capital	2,934,556,200.00	2,934,556,200.00
Other equity instruments	–	–
Capital reserves	5,256,833,276.12	5,241,279,229.79
Less: Treasury shares	–	–
Other comprehensive income	-895,352,487.81	-915,388,419.92
Special reserves	41,398,480.59	38,543,270.36
Surplus reserves	1,212,009,109.97	1,212,009,109.97
General risk provisions	68,048,751.10	68,048,751.10
Retained profit	-8,461,687,633.35	-7,675,212,549.17
Total equity attributable to owners of the parent company	155,805,696.62	903,835,592.13
Minority interest	1,837,660,652.14	1,909,341,231.35
Total owners' equity	1,993,466,348.76	2,813,176,823.48
Total liabilities and owners' equity	50,966,173,507.30	50,620,148,908.13

Legal Representative: Jiang Yanshan   Head in charge of accounting: Zhu Yanli   Head of the accounting department: Zhang Bo

II. Financial Statements (Cont'd)

2. Balance sheet of the parent company

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	16,581,993.34	20,121,939.63
Bills receivable	4,493,579.36	7,684,717.68
Accounts receivable	1,649,317,939.71	1,803,060,358.70
Accounts receivable financing	–	–
Prepayments	247,006,542.15	299,434,218.95
Other receivables	5,882,289,469.89	5,711,975,196.11
Including: Interest receivable	–	–
Dividend receivable	142,500,000.00	142,500,000.00
Inventories	195,042,711.23	203,763,590.31
Non-current assets due within one year	–	–
Other current assets	152,718.40	
Total current assets	7,994,884,954.08	8,046,040,021.38
NON-CURRENT ASSETS:		
Long-term receivables	538,722,444.55	538,722,444.55
Long-term equity investments	16,486,062,687.78	16,699,360,999.95
Other non-current financial assets	85,326,921.84	85,957,311.39
Investment property	–	–
Fixed assets	2,968,735,998.78	3,054,291,530.80
Construction in progress	7,254,851.69	6,554,327.41
Right-of-use assets	945,833.64	970,833.66
Intangible assets	440,706,293.56	447,824,474.44
Goodwill	–	–
Long-term prepaid expenses	–	–
Deferred income tax assets	694,755,599.72	635,383,720.83
Other non-current assets	12,021,421.38	12,021,421.38
Total non-current assets	21,234,532,052.94	21,481,087,064.41
Total assets	29,229,417,007.02	29,527,127,085.79
CURRENT LIABILITIES:		
Short-term borrowings	10,067,864,212.37	10,768,516,993.00
Bills payable	–	–
Accounts payable	2,001,017,501.42	1,349,394,835.97
Receipts in advance	–	–
Contract liabilities	71,378,118.76	71,378,118.76
Employee benefits payable	107,240,560.27	107,424,275.99
Taxes payable	13,652,111.36	27,747,939.41
Other payables	3,338,867,693.21	4,015,226,171.54
Including: Interest payable	218,257,527.44	181,402,282.74
Dividend payable	–	–
Non-current liabilities due within one year	1,279,292,546.18	1,152,644,543.30
Other current liabilities	–	58,393,191.82
Total current liabilities	16,879,312,743.57	17,550,726,069.79

II. Financial Statements (Cont'd)

2. Balance sheet of the parent company (Cont'd)

Item	Closing balance	Opening balance
NON-CURRENT LIABILITIES:		
Long-term borrowings	1,314,373,035.31	700,604,804.17
Long-term payables	66,893,286.41	39,009,936.72
Provisions	5,935,000.00	8,892,127.36
Deferred income	30,754,606.60	31,839,852.52
Deferred income tax liabilities	–	–
Total non-current liabilities	1,417,955,928.32	780,346,720.77
Total liabilities	18,297,268,671.89	18,331,072,790.56
OWNERS' EQUITY:		
Share capital	2,934,556,200.00	2,934,556,200.00
Other equity instruments	–	–
Capital reserves	5,005,865,917.53	5,005,865,917.53
Less: Treasury shares	–	–
Other comprehensive income	–	–
Special reserves	9,474,200.42	9,034,647.37
Surplus reserves	1,199,819,528.06	1,199,819,528.06
Retained profit	1,782,432,489.12	2,046,778,002.27
Total owners' equity	10,932,148,335.13	11,196,054,295.23
Total liabilities and owners' equity	29,229,417,007.02	29,527,127,085.79

II. Financial Statements (Cont'd)

3. Consolidated income statement

Unit: RMB

Item	First half of 2026	First half of 2025
I. Total revenue	6,865,428,943.30	2,106,630,952.30
Including: Revenue	6,865,428,943.30	2,106,630,952.30
II. Total operating costs	8,430,771,100.65	4,968,507,848.84
Including: Operating costs	7,359,303,725.50	3,727,203,720.24
Taxes and surcharges	97,169,987.01	61,186,804.84
Sales and distribution expenses	61,132,178.95	51,113,266.56
General and administrative expenses	229,781,989.79	287,771,131.26
Research and development expenses	122,589,398.49	36,567,185.69
Finance expenses	560,793,820.91	804,665,740.25
Including: Interest expenses	597,393,968.38	774,744,373.14
Interest income	47,229,758.99	26,462,669.15
Add: Other income	64,874,425.35	22,794,816.03
Investment income ("-" denotes loss)	246,703,873.46	-430,669,782.44
Including: Investment income from associates and joint ventures	58,382,935.96	-345,974,520.50
Gains on derecognition of financial assets measured at amortised cost	-4,222,648.81	-84,861,658.28
Gain on change in fair value ("-" denotes loss)	6,305,627.24	-129,487,561.79
Credit impairment loss ("-" denotes loss)	41,637,485.75	-506,322,424.22
Loss on impairment of assets ("-" denotes loss)	-16,686,173.24	-240,561,409.32
Gain on disposal of assets ("-" denotes loss)	-5,096,931.79	-9,814,609.63
III. Operating profit ("-" denotes loss)	-1,227,603,850.58	-4,155,937,867.91
Add: Non-operating income	910,198.62	1,069,763.18
Less: Non-operating expenses	8,095,432.54	26,198,489.55
IV. Total profit ("-" denotes total loss)	-1,234,789,084.50	-4,181,066,594.28
Less: Income tax expenses	-315,925,611.60	3,603,600.91
V. Net profit ("-" denotes net loss)	-918,863,472.90	-4,184,670,195.19
(i) Classification according to the continuity of operation		
1. Net profit from continuing operations ("-" denotes net loss)	-1,103,419,481.65	-4,172,096,377.14
2. Net profit from discontinued operations ("-" denotes net loss)	184,556,008.75	-12,573,818.05
(ii) Classification according to ownership		
1. Net profit attributable to owners of the parent company ("-" denotes net loss)	-786,475,084.18	-3,857,953,190.56
2. Profit or loss of minority interest ("-" denotes net loss)	-132,388,388.72	-326,717,004.63
VI. Net other comprehensive income after tax	20,035,932.11	-16,019,923.39
Net other comprehensive income after tax attributable to owners of the parent company	20,035,932.11	-16,019,923.39
(i) Other comprehensive income that cannot be reclassified to profit and loss	–	–
(ii) Other comprehensive income that will be reclassified to profit and loss	20,035,932.11	-16,019,923.39
1. Other comprehensive income that may be reclassified to profit and loss under the equity method	3,961,253.98	-3,795,486.93
2. Exchange differences arising from translation of financial statements denominated in foreign currencies	16,074,678.13	-12,224,436.46
Other comprehensive income, net of tax attributable to minority interest	–	–

II. Financial Statements (Cont'd)

3. Consolidated income statement (Cont'd)

Item	First half of 2026	First half of 2025
VII. Total comprehensive income	-898,827,540.79	-4,200,690,118.58
Total comprehensive income attributable to owners of the parent company	-766,439,152.07	-3,873,973,113.95
Total comprehensive income attributable to minority interest	-132,388,388.72	-326,717,004.63
VIII. Earnings per share:		
(i) Basic earnings per share	-0.27	-1.31
(ii) Diluted earnings per share	-0.27	-1.31

Legal Representative: Jiang Yanshan
Head in charge of accounting: Zhu Yanli
Head of the accounting department: Zhang Bo

4. Income statement of the parent company

Unit: RMB

Item	First half of 2026	First half of 2025
I. Revenue	158,845,285.99	239,501,119.75
Less: Operating costs	177,940,367.32	263,902,147.07
Taxes and surcharges	21,649,982.08	8,073,550.14
Sales and distribution expenses	7,106,800.91	3,835,197.64
General and administrative expenses	50,298,007.38	53,315,461.23
Research and development expenses	18,828,120.41	7,832,614.00
Finance expenses	150,391,406.97	216,106,623.08
Including: Interest expenses	202,406,245.10	276,973,038.79
Interest income	42,854,088.01	81,057,423.14
Add: Other income	4,478,209.61	28,614,313.82
Investment income ("-" denotes loss)	-95,447,431.35	231,495,721.27
Including: Investment income from associates and joint ventures	67,451,687.83	-5,404,278.73
Gains on derecognition of financial assets measured at amortised cost ("-" denotes loss)	–	–
Gain on change in fair value ("-" denotes loss)	–	–
Credit impairment loss ("-" denotes loss)	37,205,049.92	-23,927,394.33
Loss on impairment of assets ("-" denotes loss)		-62,106,811.37
Gain on disposal of assets ("-" denotes loss)	-2,303,960.22	4,766,089.03
II. Operating profit ("-" denotes loss)	-323,437,531.12	-134,722,554.99
Add: Non-operating income	30,001.00	167,528.01
Less: Non-operating expenses	309,861.92	19,033,827.69
III. Total profit ("-" denotes total loss)	-323,717,392.04	-153,588,854.67
Less: Income tax expenses	-59,371,878.89	-51,186,056.65
IV. Net profit ("-" denotes net loss)	-264,345,513.15	-102,402,798.02
(i) Net profit from continuing operations ("-" denotes net loss)	-264,345,513.15	-102,402,798.02
(ii) Net profit from discontinued operations ("-" denotes net loss)	–	–
V. Total comprehensive income	-264,345,513.15	-102,402,798.02

II. Financial Statements (Cont'd)

5. Consolidated cash flow statement

Unit: RMB

Item	First half of 2026	First half of 2025
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	7,576,134,184.35	2,454,250,322.21
Tax rebates received	–	–
Cash received relating to other operating activities	19,855,037.80	342,606,805.59
Subtotal of cash inflows from operating activities	7,595,989,222.15	2,796,857,127.80
Cash paid for goods and services	6,272,085,572.51	1,310,359,147.70
Cash paid to and for employees	486,933,849.93	432,100,405.57
Payments of taxes and surcharges	205,903,492.62	113,625,874.01
Cash paid relating to other operating activities	308,683,321.21	155,468,426.33
Subtotal of cash outflows from operating activities	7,273,606,236.27	2,011,553,853.61
Net cash flows from operating activities	322,382,985.88	785,303,274.19
II. Cash flows from investing activities:		
Cash received from investments	630,389.55	–
Cash received from investment income	850,880.82	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	9,184,305.68	17,583,570.00
Net cash received from disposal of subsidiaries and other business units	491,929,993.24	650,000.00
Cash received relating to other investing activities	–	–
Subtotal of cash inflows from investing activities	502,595,569.29	18,233,570.00
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	45,956,129.22	2,732,142.00
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	45,956,129.22	511,688,058.13
Net cash flows from investing activities	456,639,440.07	-493,454,488.13

II. Financial Statements (Cont'd)

5. Consolidated cash flow statement (Cont'd)

Item	First half of 2026	First half of 2025
III. Cash flows from financing activities:		
Cash received from investments	98,000,000.00	–
Including: Cash received from subsidiaries from minority investments	98,000,000.00	–
Cash received from borrowings	10,060,929,669.91	12,289,124,127.60
Cash received relating to other financing activities		4,853,343,140.74
Subtotal of cash inflows from financing activities	10,158,929,669.91	17,142,467,268.34
Cash repayments of amounts borrowed	10,498,345,681.12	16,908,452,033.18
Cash paid for dividend and profit distribution or interest payment	390,767,689.58	479,202,789.04
Including: Dividend and profit paid by subsidiaries to minority shareholders	2,949,315.07	–
Cash paid relating to other financing activities	77,799,514.12	134,663,869.67
Subtotal of cash outflows from financing activities	10,966,912,884.82	17,522,318,691.89
Net cash flows from financing activities	-807,983,214.91	-379,851,423.55
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-1,782,580.74	-961,270.77
V. Net increase in cash and cash equivalents	-30,743,369.70	-88,963,908.26
Add: Balance of cash and cash equivalents as at the beginning of the period	137,296,882.34	151,943,246.31
VI. Balance of cash and cash equivalents as at the end of the period	106,553,512.64	62,979,338.05

II. Financial Statements (Cont'd)

6. Cash flow statement of the parent company

Unit: RMB

Item	First half of 2026	First half of 2025
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	341,390,168.85	368,739,278.31
Tax rebates received	–	–
Cash received relating to other operating activities	1,048,761.03	7,896,986.34
Subtotal of cash inflows from operating activities	342,438,929.88	376,636,264.65
Cash paid for goods and services	80,234,587.90	157,337,634.27
Cash paid to and for employees	139,684,358.40	113,495,613.54
Payments of taxes and surcharges	57,562,036.60	25,245,395.18
Cash paid relating to other operating activities	10,267,340.78	17,316,970.73
Subtotal of cash outflows from operating activities	287,748,323.68	313,395,613.72
Net cash flows from operating activities	54,690,606.20	63,240,650.93
II. Cash flows from investing activities:		
Cash received from investments	630,389.55	–
Cash received from investment income	850,880.82	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	15,097.40	12,091,460.00
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	1,496,367.77	12,091,460.00
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	16,314,508.22	–
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	16,314,508.22	–
Net cash flows from investing activities	-14,818,140.45	12,091,460.00

II. Financial Statements (Cont'd)

6. Cash flow statement of the parent company (Cont'd)

Item	First half of 2026	First half of 2025
III. Cash flows from financing activities:		
Cash received from investments	–	–
Cash received from borrowings	7,661,650,381.00	5,450,190,140.83
Cash received relating to other financing activities	–	1,344,321,473.63
Subtotal of cash inflows from financing activities	7,661,650,381.00	6,794,511,614.46
Cash repayments of amounts borrowed	7,553,506,406.10	6,722,974,722.24
Cash paid for dividend and profit distribution or interest payment	145,787,996.80	143,049,448.89
Cash paid relating to other financing activities	2,300,000.00	3,710,625.20
Subtotal of cash outflows from financing activities	7,701,594,402.90	6,869,734,796.33
Net cash flows from financing activities	-39,944,021.90	-75,223,181.87
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-10,924.35	-24,936.16
V. Net increase in cash and cash equivalents	-82,480.50	83,992.90
Add: Balance of cash and cash equivalents as at the beginning of the period	91,976.07	268,719.28
VI. Balance of cash and cash equivalents as at the end of the period	9,495.57	352,712.18

II. Financial Statements (Cont'd)

7. Consolidated statement of changes in owners' equity

Amount for the period

Unit: RMB

Item	First half of 2026														
	Equity attributable to owners of the parent company													Minority interest	Total owners' equity
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provisions	Retained profit	Others	Subtotal		
I. Balance as at the end of the prior year	2,934,556,200.00	-	-	-	5,241,279,229.79	-	-915,388,419.92	38,543,270.36	1,212,009,109.97	68,048,751.10	-7,675,212,549.17	-	903,835,592.13	1,909,341,231.35	2,813,176,823.48
II. Balance as at the beginning of the year	2,934,556,200.00	-	-	-	5,241,279,229.79	-	-915,388,419.92	38,543,270.36	1,212,009,109.97	68,048,751.10	-7,675,212,549.17	-	903,835,592.13	1,909,341,231.35	2,813,176,823.48
III. Changes in the year ("-" denotes decrease)	-	-	-	-	15,554,046.33	-	20,035,932.11	2,855,210.23	-	-	-786,475,084.18	-	-748,029,895.51	-71,680,579.21	-819,710,474.72
(i) Total comprehensive income	-	-	-	-	-	-	20,035,932.11	-	-	-	-786,475,084.18	-	-766,439,152.07	-132,388,388.72	-898,827,540.79
(ii) Capital paid in and reduced by shareholders (or owners)	-	-	-	-	15,554,046.33	-	-	-	-	-	-	-	15,554,046.33	60,707,809.51	76,261,855.84
1. Ordinary shares paid by shareholders	-	-	-	-	15,554,046.33	-	-	-	-	-	-	-	15,554,046.33	60,707,809.51	76,261,855.84
2. Amount of share-based payments recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Special reserves	-	-	-	-	-	-	-	2,855,210.23	-	-	-	-	2,855,210.23	-	2,855,210.23
1. Withdrawn in the period	-	-	-	-	-	-	-	3,125,587.98	-	-	-	-	3,125,587.98	-	3,125,587.98
2. Used in the period (denotes in "-")	-	-	-	-	-	-	-	-270,377.75	-	-	-	-	-270,377.75	-	-270,377.75
(vi) Others	-	-	-	-	-	-	-		-	-	-	-		-	-
IV. Balance as at the end of the year	2,934,556,200.00	-	-	-	5,256,833,276.12		-895,352,487.81	41,398,480.59	1,212,009,109.97	68,048,751.10	-8,461,687,633.35	-	155,805,696.62	1,837,660,652.14	1,993,466,348.76

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 2025													
	Equity attributable to owners of the parent company													
		Other equity instruments												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provisions	Retained profit	Subtotal	Minority interest	Total owners' equity
I. Balance as at the end of the prior year	2,934,556,200.00	-	-	-	5,207,678,622.75	-	-913,708,670.15	26,800,491.53	1,212,009,109.97	80,950,584.11	607,818,020.70	9,156,104,358.91	3,679,666,266.24	12,835,770,625.15
II. Balance as at the beginning of the year	2,934,556,200.00	-	-	-	5,207,678,622.75	-	-913,708,670.15	26,800,491.53	1,212,009,109.97	80,950,584.11	607,818,020.70	9,156,104,358.91	3,679,666,266.24	12,835,770,625.15
III. Changes in the year ("-" denotes decrease)	-	-	-	-	33,600,607.04	-	-16,019,923.39	3,031,364.33	-	-	-3,857,953,190.56	-3,837,341,142.58	-1,303,375,431.28	-5,140,716,573.86
(i) Total comprehensive income	-	-	-	-	-	-	-16,019,923.39	-	-	-	-3,857,953,190.56	-3,873,973,113.95	-326,717,004.63	-4,200,690,118.58
(ii) Capital paid in and reduced by shareholders (or owners)	-	-	-	-	33,600,607.04	-	-	-	-	-	-	33,600,607.04	-978,682,819.59	-945,082,212.55
1. Ordinary shares paid by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-978,682,819.59	-978,682,819.59
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	-	-	-	-	-	-	-	-	-	-	-	-	2,024,392.94	2,024,392.94
(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	2,934,556,200.00	-	-	-	5,241,279,229.79	-	-929,728,593.54	29,831,855.86	1,212,009,109.97	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)

8. Statement of changes in owners' equity of the parent company

Amount for the period

Unit: RMB

Item	First half of 2026											
		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained profit	Others	Total owners' equity
I. Balance as at the end of the prior year	2,934,556,200.00	-	-	-	5,005,865,917.53	-	-	9,034,647.37	1,199,819,528.06	2,046,778,002.27	-	11,196,054,295.23
II. Balance as at the beginning of the year	2,934,556,200.00	-	-	-	5,005,865,917.53	-	-	9,034,647.37	1,199,819,528.06	2,046,778,002.27	-	11,196,054,295.23
III. Changes in the year ("-" denotes decrease)	-	-	-	-	-	-	-	439,553.05	-	-264,345,513.15	-	-263,905,960.10
(i) Total comprehensive income	-	-	-	-	-	-	-	-	-	-264,345,513.15	-	-264,345,513.15
(ii) Capital paid in and reduced by shareholders (or owners)	-	-	-	-	-	-	-	-	-	-	-	-
1. Amount of share-based payments recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
2. Others	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Special reserves	-	-	-	-	-	-	-	439,553.05	-	-	-	439,553.05
1. Withdrawn in the period	-	-	-	-	-	-	-	541,895.40	-	-	-	541,895.40
2. Used in the period (denotes in "-")	-	-	-	-	-	-	-	-102,342.35	-	-	-	-102,342.35
IV. Balance as at the end of the year	2,934,556,200.00	-	-	-	5,005,865,917.53	-	-	9,474,200.42	1,199,819,528.06	1,782,432,489.12	-	10,932,148,335.13

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	First half of 2025										
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained profit	Total owners' equity
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 year ("-" 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

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 2026, the total share capital of the Company was 2,934,556,200 shares. For details, please refer to Note VII. 39.

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), papermaking raw materials, machinery and chemicals; generation and sale of electric power and thermal power; forestry, saplings growing and sale, investment properties and property service.

The financial statements and notes thereto were approved at the fifth meeting of the eleventh session of the board of directors of the Company (the "Board") on 28 August 2026.

2. Scope of consolidation

Subsidiaries of the Company included in the scope of consolidation in 2026 totalled 70. For details, please refer to Note X "Interest in other entities". The scope of consolidation of the Company during the year had no new companies included and two companies 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.

The Company's financial statements have been prepared on an accrual basis. Except for certain financial instruments, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

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, paper chemicals, property services, 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. 27 "Revenue". For an explanation of the critical accounting judgments and estimates made by the management, please refer to Note V. 35 "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 2026 and relevant information such as the operating results and cash flows of the consolidated entity and the Company for 2026.

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

√ Applicable ☐ Not applicable

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 transfers of assets	The transaction amount exceeds 0.5% of total assets
Significant pending litigations	The subject matter amount of the litigation exceeds RMB10 million
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, 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 remeasured 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 average exchange rate for the year.

All items in the cash flow statements shall be translated at the average exchange rate for the year. 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 owners' 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 collect 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.

Financial guarantee contracts

Financial guarantee contracts that are not designated as financial liabilities measured at fair value through profit or loss are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined using the expected credit loss model and the balance of the initial recognition amount less cumulative amortisation.

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, other receivables and contract assets, 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 and accounts receivable, 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 aging 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, warranty deposits receivable and instalment receivable for asset transfers.

The Company classifies the finance lease receivables, warranty deposits receivable and instalment receivable for asset transfers 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: Warranty deposits receivable

Other long-term receivables portfolio 2: Sublease receivable for woodland

Other long-term receivables portfolio 3: Equity transfer receivables

Other long-term receivables portfolio 4: Debt transfer receivables

For finance lease receivables, warranty deposits receivable and instalment receivable for asset transfers, 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, warranty deposits receivable and instalment receivable for asset transfers, 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 are 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	Useful life (year)	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)	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.

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.

Expenses in the research phase are recognised in profit or loss when incurred.

Expenses in the development phase will only be capitalised if they meet all of the following conditions: it is technically feasible to complete the intangible asset for use or sale; there is an intention to complete and use or sell the intangible asset; the intangible asset will generate economic benefits, including demonstrating that there is a market for the products produced using the intangible asset or for the intangible asset itself, and if the intangible asset is to be used internally, its usefulness can be demonstrated; there are sufficient technical, financial and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset; the expenses attributable to the development phase of the intangible asset can be reliably measured. Development expenses that do not meet the above conditions are included in profit or loss for the period.

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

22. R&D expenses (Cont'd)

After meeting the above conditions and passing the technical feasibility and economic feasibility studies to become a formal project, the Company's research and development project will enter the development phase.

Capitalised expenses in the development phase are presented as development expenses on the balance sheet and are transferred to intangible assets from the date the project is put to its intended use.

All R&D expenses of the Company are included in the current profits and losses when incurred.

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.

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

25. Employee benefits

(1) Scope of employee benefits

Employee benefits are all forms of considerations or compensation given by an enterprise 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 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.

(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 and unemployment insurance.

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)

25. 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.

26. 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.

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

27. 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, on the commencement date of the contract, 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 economic 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 completion 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 or services, 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 obtains all of the substantial risks and rewards of ownership of the goods.

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)

27. Revenue (Cont'd)

(2) Specific methods

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

Sales of goods

The Company produces and sells machine-made paper and raw materials, electricity and steam, papermaking chemicals 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. 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)

27. Revenue (Cont'd)

(2) Specific methods (Cont'd)

Provision of property services

The Company provides 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.

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, determines 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)

28. Contract costs

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

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract 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 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 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 enhance resources of the Company that will be used in satisfying performance obligations in the future;

③ the costs are expected to be recovered.

Assets recognised for the costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the "assets related to contract costs") are amortised on the same basis as the related goods or services revenue 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 by providing for the excess amount to the extent that the carrying amount of an asset related to contract costs exceeds the difference between:

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)

29. 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 directly in profit or loss for the current period.

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

30. Deferred income tax assets and 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 arising from a business combination, which is adjusted against the carrying amount of goodwill, and deferred tax related to transactions or events that are directly recognised in owners' equity which are recognised in owners' equity.

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 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 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)

30. Deferred income tax assets and 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.

31. 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. 32.

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)

31. 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)

31. Leases (Cont'd)

(3) The Company as lessor

When the Company is a lessor, a lease is recognised 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 recognised 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 under operating leases are recognised in profit or loss for the current period 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 as the book value of the lease asset; 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)

31. 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 the Accounting Standard for Business Enterprises No. 21 – Lease.

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; the lessor shall not 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.

32. 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)

33. 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 and maintenance costs are included in the cost of related products or profit or loss of the current period, and are 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.

34. 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)

34. 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 expenditure, including taxes; the cost of investment property includes the fair value of the debt receivable and any directly attributable expenditure, including taxes; 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 initial investment cost 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 non-financial 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)

35. 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 amount 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 regular 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)

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

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.

36. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

The Company did not have any change in significant accounting policies during the year.

(2) Changes in significant accounting estimates

The Company did not have any change in significant accounting estimates during the year.

(3) First-time implementation of new accounting standards from 2026 onwards involving adjustments to the financial statements at the beginning of the year of initial application

□ 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
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
Jiangxi Chenming Logistics 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 obtained the High and New Technology Enterprise Certificate (Certificate No.: 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 for three years.

Shouguang Meilun Paper Co., Ltd., a subsidiary of the Company, obtained the High and New Technology Enterprise Certificate (Certificate No.: 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 for three years.

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, obtained the High and New Technology Enterprise Certificate (Certificate No.: GR202522000396) on 28 October 2025. Pursuant to the requirements under the Law of the People's Republic of China on Enterprise Income Tax and the relevant policies, Jilin Chenming is subject to an enterprise income tax rate of 15% of taxable income, and is entitled to the preferential treatment for three years.

Zhanjiang Chenming Pulp & Paper Co., Ltd., a subsidiary of the Company, obtained the High and New Technology Enterprise Certificate (Certificate No.: 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 for three years.

Huanggang Chenming Pulp & Paper Co., Ltd., a subsidiary of the Company, obtained the High and New Technology Enterprise Certificate (Certificate No.: 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 for three years.

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., all of which are the subsidiaries of the Company, are entitled to preferential tax treatment, and have completed the filings for EIT reduction for exemption from EIT.

Shouguang Xinyuan Coal Co., Ltd., Shouguang Chenming Papermaking Machine Co., Ltd., and Jiangxi Chenming Logistics Co., Ltd. are all subsidiaries of the Company and qualify as small low-profit enterprises. Pursuant to the Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses issued by Ministry of Finance and the State Taxation Administration (Announcement No. 12 2023 of the Ministry of Finance and the State Taxation Administration), small low-profit enterprises calculate their taxable income at a reduced rate of 25% and pay enterprise income tax at a rate of 20%.

(2) VAT

Pursuant to Article 24(1) of the Value-Added Tax Law of the People's Republic of China and Article 26 of the Implementing Regulations of the Value Added Tax Law of the People's Republic of China, Zhanjiang Chenming Arboriculture Development Co., Ltd., Yangjiang Chenming Arboriculture Development Co., Ltd., Nanchang Chenming Arboriculture Development Co., Ltd. and Chenming Arboriculture Co., Ltd., all of which are subsidiaries of the Company, are exempt from VAT, and have completed the filings for VAT reduction for exemption from VAT.

VII. Notes to items of the consolidated financial statements

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Treasury cash	1,092,559.82	2,409,711.16
Bank deposit	105,460,952.82	134,887,171.18
Other monetary funds	74,678,181.03	63,728,850.28
Interest accrued on deposits	5,582,058.87	9,372,989.33
Total	186,813,752.54	210,398,721.95
Including: Total deposits in overseas banks	11,141,096.08	87,837,664.31

Other explanations:

① Other monetary funds of RMB684,007.03 were the guarantee deposit for the application for acceptance bills by the Company, of which RMB684,007.03 was locked up.

② Other monetary funds of RMB29,238,981.19 were the guarantee deposit for the application for letter of credit with the banks by the Company, of which RMB18,271,510.64 was locked up.

③ Other monetary funds of RMB5,740,595.00 were the guarantee deposit for the application for loans with the banks by the Company.

④ Other monetary funds of RMB39,014,597.81 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	28,271,109.88	38,791,121.74
Including: Investment in equity instruments	28,271,109.88	38,791,121.74
Total	28,271,109.88	38,791,121.74

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

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	1,225,558,850.92	793,939,333.83
Commercial acceptance bills	360,000.00	
Total	1,225,918,850.92	793,939,333.83

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision			Book balance		Bad debt provision		
	Amount	Percentage	Amount	Provision percentage	Book value	Amount	Percentage	Amount	Provision percentage	Book value
Bills receivable assessed collectively for bad debt provision	1,225,918,850.92	100.00%			1,225,918,850.92	793,939,333.83	100.00%			793,939,333.83
Including:										
Bank acceptance bills	1,225,558,850.92	99.97%			1,225,558,850.92	793,939,333.83	100.00%			793,939,333.83
Commercial acceptance bills	360,000.00	0.03%			360,000.00					
Total	1,225,918,850.92	100.00%			1,225,918,850.92	793,939,333.83	100.00%			793,939,333.83

Number of category being assessed collectively for bad debt provision: 2

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

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Provision percentage
Bank acceptance bills	1,225,558,850.92		
Total	1,225,558,850.92		

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

3. Bills receivable (Cont'd)

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

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

Unit: RMB

Name	Book balance	Closing balance Bad debt provision	Provision percentage
Commercial acceptance bills	360,000.00		
Total	360,000.00		

(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		1,203,896,935.87
Total		1,203,896,935.87

4. Accounts receivable

(1) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	759,605,691.57	678,753,229.22
1 to 2 years	80,981,317.82	101,784,033.19
2 to 3 years	64,349,581.69	33,088,622.94
Over 3 years	379,312,613.55	364,766,347.06
Subtotal	1,284,249,204.63	1,178,392,232.41
Less: Bad debt provision	417,214,553.77	435,648,096.21
Total	867,034,650.86	742,744,136.20

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.

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

	Closing balance					Opening balance				
	Book balance		Bad debt provision			Book balance		Bad debt provision		
Category	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Accounts receivable assessed individually for bad debt provision	331,127,628.53	25.78	331,127,628.53	100.00		330,577,872.37	28.05	330,462,462.30	99.97	115,410.07
Accounts receivable assessed collectively for bad debt provision	953,121,576.10	74.22	86,086,925.24	9.03	867,034,650.86	847,814,360.04	71.95	105,185,633.91	12.41	742,628,726.13
Including:										
Due from related party customers	32,127,911.88	2.50	239,028.71	0.74	32,699,694.88	4,293,349.49	0.37	367,735.61	8.57	3,925,613.88
Due from non-related party customers	920,993,664.22	71.72	85,847,896.53	9.32	834,334,955.98	843,521,010.55	71.58	104,817,898.30	12.43	738,703,112.25
Total	1,284,249,204.63	100.00	417,214,553.77	32.49	867,034,650.86	1,178,392,232.41	100.00	435,648,096.21	36.97	742,744,136.20

Items assessed individually for bad debt provision:

Unit: RMB

	Opening balance		Closing balance			
Name	Book balance	Bad debt provision	Book balance	Bad debt provision	Provision percentage	Reason for making provision
Customer 1	26,697,528.70	26,697,528.70	26,697,528.70	26,697,528.70	100.00	Long outstanding
Customer 2	19,898,829.81	19,898,829.81	19,898,829.81	19,898,829.81	100.00	Long outstanding
Customer 3	14,813,369.27	14,813,369.27	14,813,369.27	14,813,369.27	100.00	Long outstanding
Customer 4	14,453,432.93	14,453,432.93	14,453,432.93	14,453,432.93	100.00	Long outstanding
Customer 5	13,396,601.22	13,396,601.22	13,396,601.22	13,396,601.22	100.00	Long outstanding
Customer 6	10,954,285.12	10,954,285.12	10,954,285.12	10,954,285.12	100.00	Long outstanding
Customer 7	10,624,137.64	10,624,137.64	10,624,137.64	10,624,137.64	100.00	Long outstanding
Customer 8	10,614,691.35	10,614,691.35	10,614,691.35	10,614,691.35	100.00	Long outstanding
Customer 9	10,250,525.02	10,250,525.02	10,250,525.02	10,250,525.02	100.00	Long outstanding
71 companies including customer 10	198,874,471.31	198,759,061.24	199,424,227.47	199,424,227.47	100.00	Long outstanding
Total	330,577,872.37	330,462,462.30	331,127,628.53	331,127,628.53		

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 category being assessed collectively for bad debt provision: 2

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

Unit: RMB

	Closing balance		
Name	Book balance	Bad debt provision	Provision percentage (%)
Within 1 year	31,989,611.18	228,747.77	0.72
1 to 2 years	138,300.70	10,280.94	7.43
Total	32,127,911.88	239,028.71	0.74

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

Unit: RMB

	Closing balance		
Name	Book balance	Bad debt provision	Provision percentage (%)
Within 1 year	727,616,080.39	7,783,111.82	1.07
1 to 2 years	80,843,017.12	17,642,385.32	21.82
2 to 3 years	64,349,581.69	24,613,921.44	38.25
Over 3 years	48,184,985.02	35,808,477.95	74.31
Total	920,993,664.22	85,847,896.53	9.32

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	Changes in the period: Provision	Recovery or reversal	Written-off	Others	Closing balance
Bad debt provision	435,648,096.21	6,875,070.27	16,775,415.28		-8,533,197.43	417,214,553.77
Total	435,648,096.21	6,875,070.27	16,775,415.28		-8,533,197.43	417,214,553.77

Explanation: "Others" included a decrease in bad debts of RMB8,510,796.29 from disposal of subsidiaries, and a decrease in bad debts of RMB22,401.14 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 RMB259,601,693.63 in total, accounting for 20.21% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding bad debt provision amounted to RMB49,225,151.26 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	62,673,728.26	4.88	1,140,661.86
Customer 2	56,974,729.52	4.44	871,516.47
Customer 3	52,402,698.21	4.08	953,729.11
Customer 4	45,493,811.40	3.54	45,493,811.40
Customer 5	42,056,726.24	3.27	765,432.42
Total	259,601,693.63	20.21	49,225,151.26

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	41,192,518.58	35,978,138.45
Total	41,192,518.58	35,978,138.45

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

	Closing balance					Opening balance				
	Book balance		Bad debt provision			Book balance		Bad debt provision		
Category	Amount	Percentage	Amount	Provision percentage	Book value	Amount	Percentage	Amount	Provision percentage	Book value
Items assessed collectively for bad debt provision	41,192,518.58	100.00%			41,192,518.58	35,978,138.45	100.00%			35,978,138.45
Including:										
Bank acceptance bills	41,192,518.58	100.00%			41,192,518.58	35,978,138.45	100.00%			35,978,138.45
Total	41,192,518.58	100.00%			41,192,518.58	35,978,138.45	100.00%			35,978,138.45

Number of category being assessed collectively for bad debt provision: 1

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

Unit: RMB

	Closing balance		
Name	Book balance	Bad debt provision	Provision percentage
Bank acceptance bills	41,192,518.58		
Total	41,192,518.58		

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	1,327,700,536.78	
Total	1,327,700,536.78	

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
Other receivables	324,297,609.39	302,065,195.40
Total	324,297,609.39	302,065,195.40

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

6. Other receivables (Cont'd)

(1) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Open credit	496,853,994.84	530,150,792.13
Guarantee deposit and deposit	15,793,751.27	17,728,522.85
Reserve and borrowings	10,117,617.08	7,630,872.36
Others	11,831,405.12	8,967,157.23
Subtotal	534,596,768.31	564,477,344.57
Bad debt provision	210,299,158.92	262,412,149.17
Total	324,297,609.39	302,065,195.40

2) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	92,748,870.05	90,215,052.30
1 to 2 years	81,246,141.02	229,760,548.66
2 to 3 years	162,190,057.26	14,229,629.01
Over 3 years	198,411,699.98	230,272,114.60
Subtotal	534,596,768.31	564,477,344.57
Bad debt provision	210,299,158.92	262,412,149.17
Total	324,297,609.39	302,065,195.40

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.

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

6. Other receivables (Cont'd)

(1) Other receivables (Cont'd)

3) Disclosure by bad debt provision method

√ Applicable ☐ Not applicable

Unit: RMB

	Closing balance					Opening balance				
	Book balance		Bad debt provision			Book balance		Bad debt provision		
Category	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Items assessed individually for bad debt provision	152,565,759.82	28.54	133,492,563.60	87.50	19,073,196.22	174,722,856.98	30.95	154,029,984.81	88.16	20,692,872.17
Items assessed collectively for bad debt provision	382,031,008.49	71.46	76,806,595.32	20.10	305,224,413.17	389,754,487.59	69.05	108,382,164.36	27.81	281,372,323.23
Including:										
Amount due from government agencies	7,263,017.19	1.36	1,160,933.95	15.98	6,102,083.24	7,377,645.24	1.31	760,793.30	10.31	6,616,851.94
Amount due from related parties	244,985,578.53	45.83	44,789,914.47	18.28	200,195,664.06	257,408,963.53	45.60	82,110,849.54	31.90	175,298,113.99
Other receivables	129,782,412.77	24.28	30,855,746.90	23.77	98,926,665.87	124,967,878.82	22.14	25,510,521.52	20.41	99,457,357.30
Total	534,596,768.31	100.00	210,299,158.92	39.34	324,297,609.39	564,477,344.57	100.00	262,412,149.17	46.49	302,065,195.40

Items assessed individually for bad debt provision:

Unit: RMB

	Opening balance		Closing balance			
Name	Book balance	Bad debt provision	Book balance	Bad debt provision	Provision percentage (%)	Reason for making provision
Customer 1	42,786,737.29	32,120,815.44	22,853,672.29	12,187,750.44	53.33	Uncertain recovery to a certain extent
Customer 2	11,002,393.00	11,002,393.00	11,002,393.00	11,002,393.00	100.00	Uncertain recovery to a certain extent
Customer 3	9,408,410.84	5,077,194.70	9,408,410.84	5,077,194.70	53.96	Uncertain recovery to a certain extent
Customer 4	6,197,937.85	6,197,937.84	6,005,795.43	6,005,795.42	100.00	Uncertain recovery to a certain extent
201 customers including customer 5	105,327,378.00	99,631,643.83	103,295,488.26	99,219,430.04	96.05	Uncertain recovery to a certain extent
Total	174,722,856.98	154,029,984.81	152,565,759.82	133,492,563.60	87.50	

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

6. Other receivables (Cont'd)

(1) 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 debt 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 2026	108,382,164.36		154,029,984.81	262,412,149.17
Balance as at 1 January 2026 for the period				
– Transferred to stage 2				
– Transferred to stage 3				
– Reversed to stage 2				
– Reversed to stage 1				
Provision for the period	6,229,869.14		400,004.76	6,629,873.90
Reversal for the period	37,381,372.47		985,642.17	38,367,014.64
Transfer for the period				
Write-off for the period	187,591.15		19,937,565.00	20,125,156.15
Other changes	-236,474.56		-14,218.80	-250,693.36
Balance as at 30 June 2026	76,806,595.32		133,492,563.60	210,299,158.92

Explanation: "Others" included a decrease in bad debts of RMB55,728.58 from disposal of subsidiaries, and a decrease in bad debts of RMB194,964.78 due to changes in exchange rates.

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

☐ Applicable √ Not applicable

4) Other receivables actually written off for the period

Unit: RMB

Item	Write-off amount
Other receivables actually written off	20,125,156.15

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

6. Other receivables (Cont'd)

(1) Other receivables (Cont'd)

4) Other receivables actually written off for the period (Cont'd)

In particular, material write-off of other receivables was as follows:

Unit: RMB

Name of entity	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related party transactions
Customer 1	Open credit	19,933,065.00	Irrecoverable	Yes	No
Total		19,933,065.00			

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

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Changes in the period				Closing balance
		Provision	Recovery or reversal	Transfer or write-off	Others	
Other receivables	262,412,149.17	6,629,873.90	38,367,014.64	20,125,156.15	-250,693.36	210,299,158.92
Total	262,412,149.17	6,629,873.90	38,367,014.64	20,125,156.15	-250,693.36	210,299,158.92

6) 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 RMB295,390,574.69, which accounted for 55.24% of the closing balance of the total other receivables. The closing balance of corresponding bad debt provision amounted to RMB56,928,819.75.

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	Financial support	147,567,756.61	Within 1 year, 1 to 2 years and 2 to 3 years	27.60	27,559,486.48
Customer 2	Financial support	85,130,749.84	Within 1 year, 1 to 2 years and 2 to 3 years	15.92	6,618,024.97
Customer 3	Open credit	22,853,672.29	Over 5 years	4.27	12,187,750.44
Customer 4	Open credit	20,626,387.00	Within 1 year and 1 to 2 years	3.86	1,031,319.35
Customer 5	Open credit	19,212,008.95	Within 1 year and 1 to 5 years or above	3.59	9,532,238.51
Total		295,390,574.69		55.24	56,928,819.75

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

7. Prepayments

(1) Prepayments by ageing

Unit: RMB

Ageing	Closing balance Amount	Closing balance Percentage (%)	Opening balance Amount	Opening balance Percentage (%)
Within 1 year	390,600,812.36	77.24	175,145,505.30	62.12
1 to 2 years	115,093,090.26	22.76	106,785,382.77	37.88
Total	505,693,902.62	100.00	281,930,888.07	100.00

(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 RMB170,844,705.04, accounting for 33.78% 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
Supplier 1	57,266,206.85	11.32%
Supplier 2	33,347,426.39	6.59%
Supplier 3	31,805,326.89	6.29%
Supplier 4	30,436,484.19	6.02%
Supplier 5	17,989,260.72	3.56%
Total	170,844,705.04	33.78%

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

8. Inventories

(1) Categories of inventories

Unit: RMB

Item	Closing balance Book balance	Closing balance Impairment provision for inventories or performance costs	Closing balance Carrying amount	Opening balance Book balance	Opening balance Impairment provision for inventories or performance costs	Opening balance Carrying amount
Raw materials	1,251,282,541.25	11,648,088.72	1,239,634,452.53	1,717,133,758.35	17,057,043.13	1,700,076,715.22
Work-in-process products	163,260,699.46		163,260,699.46	22,951,311.02		22,951,311.02
Goods in stock	1,405,602,334.32	20,659,835.76	1,384,942,498.56	559,227,643.16	29,138,403.73	530,089,239.43
Consumable biological assets	1,079,410,370.06		1,079,410,370.06	1,063,081,495.03		1,063,081,495.03
Total	3,899,555,945.09	32,307,924.48	3,867,248,020.61	3,362,394,207.56	46,195,446.86	3,316,198,760.70

Note: Consumable biological assets are forestry assets.

(2) Impairment provision for inventories and performance costs

Unit: RMB

Item	Opening balance	Increase during the period Provision	Increase during the period Others	Decrease during the period Reversal or transfer	Decrease during the period Others	Closing balance
Raw materials	17,057,043.13	5,029.74		5,413,984.15		11,648,088.72
Goods in stock	29,138,403.73	14,447,539.18		22,667,962.89	258,144.26	20,659,835.76
Total	46,195,446.86	14,452,568.92		28,081,947.04	258,144.26	32,307,924.48

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

Other explanation: others decreased due to disposal of Yujing Hotel.

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	6,883,842.48	194,204,719.66
Total	6,883,842.48	194,204,719.66

Explanations: ① Long-term receivables due within one year amounting to RMB2,523,662.15 (opening balance: RMB17,874,763.63) were deposits receivables; ② Long-term receivables due within one year amounting to RMB584,237.93 (opening balance: RMB368,464.72) were sublease receivables; ③ Long-term receivables due within one year amounting to RMB3,775,942.40 (opening balance: RMB175,961,491.31) were equity transfer receivables.

10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Input tax amount to be deducted	210,386,224.87	195,703,989.75
Prepaid expenses	50,996,468.64	44,689,608.58
Prepaid tax	8,304,463.03	9,103,609.81
Other payments	3,396,297.14	2,798,952.00
Total	273,083,453.68	252,296,160.14

11. Long-term receivables

(1) Particulars of long-term receivables

Unit: RMB

Item	Closing balance			Opening balance			
	Book balance	Bad debt provision	Carrying amount	Book balance	Bad debt provision	Carrying amount	Discount rate range
Deposit for finance lease	128,388,963.64		128,388,963.64	131,898,975.36		131,898,975.36	3%-12%
Less: Unrealised financing income	24,569,752.02		24,569,752.02	22,819,303.12		22,819,303.12	
Sublease receivable for woodland	19,631,128.16	899,519.98	18,731,608.18	19,799,728.16	899,519.98	18,900,208.18	3.6%
Less: Unrealised financing income	6,725,284.89		6,725,284.89	6,941,058.10		6,941,058.10	
Equity transfer receivables	568,132,025.00		568,132,025.00	743,396,900.00		743,396,900.00	3.5%
Less: Unrealised financing income	44,563,021.53		44,563,021.53	56,582,365.94		56,582,365.94	
Debt transfer receivables	2,262,956,136.67		2,262,956,136.67	2,262,956,136.67		2,262,956,136.67	3.5%
Less: Unrealised financing income	478,018,656.30		478,018,656.30	508,717,826.72		508,717,826.72	
Less: Long-term payables due within one year	6,883,842.48		6,883,842.48	194,204,719.66		194,204,719.66	
Less: Other current liabilities	21,979,990.17		21,979,990.17	29,274,914.41		29,274,914.41	
Total	2,396,367,706.08	899,519.98	2,395,468,186.10	2,339,511,552.24	899,519.98	2,338,612,032.26	

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 debt provision			Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount
Assessed individually for bad debt provision										
Including:										
Assessed collectively for bad debt provision	2,396,367,706.08	100.00	899,519.98	0.04	2,395,468,186.10	2,339,511,552.24	100.00	899,519.98	0.04	2,338,612,032.26
Including:										
Deposits receivable	79,315,559.30	3.31			79,315,559.30	61,929,994.20	2.65			61,929,994.20
Sublease receivable for woodland	12,321,605.34	0.51	899,519.98	7.30	11,422,085.36	12,490,205.34	0.53	899,519.98	7.20	11,590,685.36
Equity transfer receivables	519,793,061.07	21.69			519,793,061.07	510,853,042.75	21.84			510,853,042.75
Debt transfer receivables	1,784,937,480.37	74.49			1,784,937,480.37	1,754,238,309.95	74.98			1,754,238,309.95
Total	2,396,367,706.08	100.00	899,519.98	0.04	2,395,468,186.10	2,339,511,552.24	100.00	899,519.98	0.04	2,338,612,032.26

Number of categories of items assessed collectively for bad debt provision: 4

Name of category being assessed collectively for bad debt provision: Deposits receivable

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Provision percentage (%)
Within 1 year			
1 to 2 years	19,843,812.58		
2 to 3 years	4,274,512.29		
Over 3 years	55,197,234.43		
Total	79,315,559.30		

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	Closing balance		
	Book balance	Bad debt provision	Provision percentage (%)
Within 1 year			
1 to 2 years	29,065.83	703.39	2.42
2 to 3 years	46,326.49	1,894.75	4.09
3 to 4 years	1,651,994.25	103,937.72	6.29
4 to 5 years	343,411.04	32,556.36	9.48
Over 5 years	10,250,807.73	760,427.76	7.42
Total	12,321,605.34	899,519.98	7.30

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

Unit: RMB

Name	Closing balance		
	Book balance	Bad debt provision	Provision percentage (%)
Within 1 year			
1 to 2 years	191,060,161.82		
2 to 3 years	238,494,348.53		
Over 3 years	90,238,550.72		
Total	519,793,061.07		

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: Debt transfer receivables

Unit: RMB

Name	Closing balance Book balance	Bad debt provision	Provision percentage (%)
Within 1 year			
1 to 2 years			
2 to 3 years			
Over 3 years	1,784,937,480.37		
Total	1,784,937,480.37		

Bad debt provision based on the general model of ECLs

Unit: RMB

Bad debt 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 2026	899,519.98			899,519.98
Balance as at 1 January 2026 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				
Other changes				
Balance as at 30 June 2026	899,519.98			899,519.98

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	Change for the period: Additional contribution	Change for the period: Withdrawn contribution	Change for the period: Investment gain or loss recognised under equity method	Change for the period: Adjustment of other comprehensive income	Change for the period: Other change in equity interest	Change for the period: Distribution of cash dividend or profit declared	Change for the period: Impairment provision	Change for the period: Others	Closing balance (carrying amount)	Closing balance of impairment provision
I. Joint ventures												
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	8,628,248.47				-461,714.59			250,000.00			7,916,533.88	
Weifang Port Wood Chip Wharf Co., Ltd.	73,048,226.95				-5,491,919.25						67,556,307.70	
Shouguang Meite Environmental Technology Co., Ltd.	15,557,756.32				3,200,254.34						18,758,010.66	
Weifang Xingxing United Chemical Co., Ltd.	61,230,494.34	30,643,890.78									61,230,494.34	30,643,890.78
Subtotal	158,464,726.08	30,643,890.78			-2,753,379.50			250,000.00			155,461,346.58	30,643,890.78
II. Associates												
Zhuhai Dechen New Third Board Equity Investment Fund Company (Limited Partnership)	24,776,145.22				708,070.78						25,484,216.00	
Ningbo Kaichen Huamei Equity Investment Fund Partnership (Limited Partnership)	146,082,017.37				72,476,415.75						218,558,433.12	
Nanchang Tianchen Port Co., Ltd.	52,060,383.31	6,110,988.50			570,432.14						52,630,815.45	6,110,988.50
Goldtrust Futures Co., Ltd.	199,333,467.07	4,010,000.00			6,868,414.01						206,201,881.08	4,010,000.00
Xuchang Chenming Paper Co., Ltd.		5,994,545.96										5,994,545.96
Chenming (Qingdao) Asset Management Co., Ltd.	3,315,927.52				220,835.14						3,536,762.66	
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	226,042,189.38	4,048,296.84			-1,075,454.50						224,966,734.88	4,048,296.84
Guangdong Nanyue Bank Co., Ltd.	1,285,878,489.32				-18,632,397.86	3,961,253.98					1,271,207,345.44	
Subtotal	1,937,488,619.19	20,163,831.30			61,136,315.46	3,961,253.98					2,002,586,188.63	20,163,831.30
Total	2,095,953,345.27	50,807,722.08			58,382,935.96	3,961,253.98		250,000.00			2,158,047,535.21	50,807,722.08

Determination of net amount of recoverable amount measured at fair value after deducting disposal expenses

□ Applicable √ Not applicable

Determination of recoverable amount based on the present value of expected future cash flows

□ Applicable √ Not applicable

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	241,977,314.93	241,977,314.93
Investment in equity instruments	85,326,921.84	85,957,311.39
Total	327,304,236.77	327,934,626.32

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	6,962,001,486.94	6,962,001,486.94
2. Increase during the period		
3. Decrease during the period		
4. Closing balance	6,962,001,486.94	6,962,001,486.94
II. Accumulated depreciation and accumulated amortisation		
1. Opening balance	1,451,018,845.12	1,451,018,845.12
2. Increase during the period	93,861,757.01	93,861,757.01
(1) Provision or Amortisation	93,861,757.01	93,861,757.01
3. Decrease during the period		
4. Closing balance	1,544,880,602.13	1,544,880,602.13
III. Impairment provision		
1. Opening balance	108,918,920.25	108,918,920.25
2. Increase during the period		
3. Decrease during the period		
4. Closing balance	108,918,920.25	108,918,920.25
IV. Carrying amount		
1. Closing carrying amount	5,308,201,964.56	5,308,201,964.56
2. Opening carrying amount	5,402,063,721.57	5,402,063,721.57

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)

Note: Investment properties under the Company primarily include:

① Pujiang International Finance Plaza, located at No. 1098, Dongdaming Road, Hongkou District, Shanghai, is a long-term held office property of Shanghai Hongtai Real Estate Co., Ltd., a subsidiary of the Company, and leasehold land mainly used for external rental or office purposes;

② Jinan Chenming Finance Building (濟南晨鳴金融大廈), located in No. 7 Zone, Hanyu Financial Business Center, No. 7000, Jingshi Road, Jinan Innovation Zone, is a long-term held office property of Shandong Chenming Investment Limited, a subsidiary of the Company, and leasehold land mainly used for external rental or office purposes;

③ Fatum Apartment (法朵公寓), located at No. 463, Anbo Road, No. 22, Lane 467, Anbo Road, Yangpu District, Shanghai, is a long-term held office property of Shanghai Heruiming Property Management Co., Ltd., a subsidiary of the Company, and leasehold land mainly used for external rental purposes;

④ Guangzhou Zhengjia Plaza (廣州正佳廣場), located at Room 3901-3926, No. 372, Huanshi East Road, Yuexiu District, Guangzhou, is a long-term held office property of Guangzhou Chenming Property Management Co., Ltd., a subsidiary of the Company, and leasehold land mainly used for external rental purposes;

⑤ Shenzhen Zhuoyue Baozhong Times Square (深圳卓越寶中時代廣場), located at Room 3201-3210, Building C, Zhuoyue Baozhong Times Square (Phase 2), Xin'an Sub-district, Bao'an District, Shenzhen, is a long-term held office property of Guangzhou Chenming Property Management Co., Ltd., a subsidiary of the Company, and leasehold land mainly used for external rental purposes.

⑥ Shanghai Xizang South Road shop, located at No. 518-528 Xizang South Road, Shanghai, is a long-term store held by Wuhan Junheng Property Management Co. Ltd., a subsidiary, and leasehold land mainly for external rental purposes.

Explanation: ① For details of restricted ownership, please refer to note VII. 24.

Determination of recoverable amount as the net amount of fair value less disposal expenses

□ Applicable √ Not applicable

Determination of present value of recoverable amount based on expected cash flows

□ Applicable √ Not applicable

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

15. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	28,129,230,253.42	29,219,679,495.81
Total	28,129,230,253.42	29,219,679,495.81

(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	11,642,580,936.20	43,329,017,031.91	241,860,214.83	399,904,514.61	55,613,362,697.55
2. Increase during the period	5,630,665.00	53,327,550.37	103,973.17	1,057,220.94	60,119,409.48
(1) Acquisition		30,020,241.12	103,973.17	1,057,220.94	31,181,435.23
(2) Transferred from construction in progress	5,630,665.00	23,307,309.25			28,937,974.25
3. Decrease during the period	191,632,339.22	25,607,379.78	1,771,984.06	121,819,633.23	340,831,336.29
(1) Disposal or retirement	191,632,339.22	25,607,379.78	1,771,984.06	121,819,633.23	340,831,336.29
4. Closing balance	11,456,579,261.98	43,356,737,202.50	240,192,203.94	279,142,102.32	55,332,650,770.74
II. Accumulated depreciation					
1. Opening balance	3,190,249,336.81	22,117,467,080.62	200,461,944.42	253,219,311.68	25,761,397,673.53
2. Increase during the period	145,512,843.22	843,150,020.67	3,389,459.03	1,830,253.15	993,882,576.07
(1) Provision	145,512,843.22	843,150,020.67	3,389,459.03	1,830,253.15	993,882,576.07
3. Decrease during the period	58,002,281.19	16,719,238.98	1,574,047.22	107,849,693.10	184,145,260.49
(1) Disposal or retirement	58,002,281.19	16,719,238.98	1,574,047.22	107,849,693.10	184,145,260.49
4. Closing balance	3,277,759,898.84	22,943,897,862.31	202,277,356.23	147,199,871.73	26,571,134,989.11
III. Impairment provision					
1. Opening balance	67,085,640.40	557,750,764.76	13,889.13	7,435,233.92	632,285,528.21
2. Increase during the period					
3. Decrease during the period					
4. Closing balance	67,085,640.40	557,750,764.76	13,889.13	7,435,233.92	632,285,528.21
IV. Carrying amount					
1. Closing carrying amount	8,111,733,722.74	19,855,088,575.43	37,900,958.58	124,506,996.67	28,129,230,253.42
2. Opening carrying amount	8,385,245,958.99	20,653,799,186.53	41,384,381.28	139,249,969.01	29,219,679,495.81

Explanation: For details of restricted ownership, please refer to note VII. 24.

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	Carrying amount	Remark
Housing and building structure	72,464,084.41	29,302,597.88	3,093,008.64	40,068,477.89	
Machinery and equipment	1,357,992,076.66	793,134,904.26	335,153,202.89	229,703,969.51	
Electronic equipment and others	1,851,227.95	1,587,755.71	251,732.52	11,739.72	
Total	1,432,307,389.02	824,025,257.85	338,497,944.05	269,784,187.12	

(3) Particulars of fixed assets without obtaining property right certificates

Unit: RMB

Item	Carrying amount	Reason for not yet obtaining property right certificates
Housing and building structure (Chongmin Culture Development (Shanghai) Co., Ltd.)	1,096,363,182.57	Under application
Housing and building structure (Zhanjiang Chenming Pulp & Paper Co., Ltd.)	850,554,617.10	Under application
Housing and building structure (Shouguang Meilun Paper Co., Ltd.)	447,100,966.86	Under application
Housing and building structure (Jiangxi Chenming Paper Co., Ltd.)	180,646,694.36	Under application
Housing and building structure (Shandong Chenming Paper Holdings Limited)	126,602,660.78	Under application
Housing and building structure (Huanggang Chenming Pulp & Paper Co., Ltd.)	21,674,519.96	Under application
Total	2,722,942,641.63	

16. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	612,845,949.11	619,780,121.33
Materials for project	6,837,923.26	6,860,400.59
Total	619,683,872.37	626,640,521.92

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	Closing balance Book balance	Impairment provision	Carrying amount	Opening balance Book balance	Impairment provision	Carrying amount
Relocation of Wuhan 4800 papermaking machine project (Zhanjiang Chenming)	554,811,998.96	94,359,128.45	460,452,870.51	555,984,128.45	94,359,128.45	461,625,000.00
Technological transformation project	149,367,698.78	11,645,893.36	137,721,805.42	143,562,303.05	11,645,893.36	131,916,409.69
Environmental retrofit, and alkali boilers flue gas denitrification deep governance project (Huanggang Pulp & Paper)	7,561,814.92		7,561,814.92	19,712,686.12		19,712,686.12
300,000-tonne softwood pulp project (Shandong Chenming)	12,703,321.77	6,177,296.25	6,526,025.52	12,703,321.77	6,177,296.25	6,526,025.52
Others	19,170,138.78	18,586,706.04	583,432.74	18,586,706.04	18,586,706.04	
Total	743,614,973.21	130,769,024.10	612,845,949.11	750,549,145.43	130,769,024.10	619,780,121.33

(2) Changes in material construction in progress projects for the period

Unit: RMB

Project name	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	555,984,128.45			1,172,129.49	554,811,998.96	69.35	71.00				Self-owned funds and borrowings
300,000-tonne softwood pulp project (Shandong Chenming)	1,488,980,000.00	12,703,321.77				12,703,321.77	0.85	0.70				Self-owned funds and borrowings
Total	2,288,980,000.00	568,687,450.22			1,172,129.49	567,515,320.73	–	–				–

Other deductions of the Wuhan relocation project during the period mainly include the use by Zhanjiang Chenming workshop and the transfer for use by other subsidiaries.

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)	94,359,128.45			94,359,128.45	
Differentiated viscose fibre and spinning and chemical project (Huanggang Pulp & Paper)	12,609,724.89			12,609,724.89	
300,000-tonne softwood pulp project (Shandong Chenming)	6,177,296.25			6,177,296.25	
Automation upgrade for water treatment (Jilin Chenming)	662,764.60			662,764.60	
Others	16,960,109.91			16,960,109.91	
Total	130,769,024.10			130,769,024.10	–

(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	6,837,923.26		6,837,923.26	6,860,400.59		6,860,400.59
Total	6,837,923.26		6,837,923.26	6,860,400.59		6,860,400.59

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	18,735,371.32	18,735,371.32
2. Increase during the period		
(1) Cultivation		
3. Decrease during the period		
(1) Disposal		
(2) Others		
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	16,861,834.19	16,861,834.19
2. Increase during the period		
3. Decrease during the period		
4. Closing balance	16,861,834.19	16,861,834.19
IV. Carrying amount		
1. Closing carrying amount	1,873,537.13	1,873,537.13
2. Opening carrying amount	1,873,537.13	1,873,537.13

(2) Impairment test on bearer biological assets under the cost method

□ Applicable √ Not applicable

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	185,914,371.29	5,480,552.86	191,394,924.15
2. Increase during the period		1,000,000.00	1,000,000.00
(1) Transfer		1,000,000.00	1,000,000.00
3. Decrease during the period	557,454.59		557,454.59
(1) Transfer or held for sale	557,454.59		557,454.59
4. Closing balance	185,356,916.70	6,480,552.86	191,837,469.56
II. Accumulated depreciation			–
1. Opening balance	38,542,223.66	1,554,682.57	40,096,906.23
2. Increase during the period	2,963,273.70	163,777.42	3,127,051.12
(1) Provision	2,963,273.70	163,777.42	3,127,051.12
3. Decrease during the period	493,480.89		493,480.89
(1) Transfer or held for sale	493,480.89		493,480.89
4. Closing balance	41,012,016.47	1,718,459.99	42,730,476.46
III. Impairment provision			
1. Opening balance			
2. Increase during the period			
(1) Provision			
3. Decrease during the period			
(1) Disposal			
4. Closing balance			
IV. Carrying amount			
1. Closing carrying amount	144,344,900.23	4,762,092.87	149,106,993.10
2. Opening carrying amount	147,372,147.63	3,925,870.29	151,298,017.92

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	2,193,792,582.09	21,435,964.86	27,493,613.05	15,908,674.87	2,258,630,834.87
2. Increase during the period			196,200.00		196,200.00
(1) Acquisition			196,200.00		196,200.00
3. Decrease during the period	20,587,581.00	676,068.38			21,263,649.38
(1) Disposal	20,587,581.00	676,068.38			21,263,649.38
4. Closing balance	2,173,205,001.09	20,759,896.48	27,689,813.05	15,908,674.87	2,237,563,385.49
II. Accumulated amortisation					
1. Opening balance	615,535,064.27	21,435,964.86	1,768,599.21	15,908,674.87	654,648,303.21
2. Increase during the period	24,210,394.53		25,806.69		24,236,201.22
(1) Provision	24,210,394.53		25,806.69		24,236,201.22
3. Decrease during the period	9,378,414.89	676,068.38			10,054,483.27
(1) Disposal	9,378,414.89	676,068.38			10,054,483.27
4. Closing balance	630,367,043.91	20,759,896.48	1,794,405.90	15,908,674.87	668,830,021.16
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	1,542,837,957.18		25,895,407.15		1,568,733,364.33
2. Opening carrying amount	1,578,257,517.82		25,725,013.84		1,603,982,531.66

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.

Explanation: For details of restricted ownership, please refer to note VII. 24.

(2) Information and resources recognised as intangible assets

☐ Applicable √ Not applicable

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

19. Intangible assets (Cont'd)

(3) Land use rights without proper title certificates

Unit: RMB

Item	Carrying amount	Reason for not yet obtaining property right certificates
Land (Zhanjiang Chenming Pulp & Paper Co., Ltd.)	54,908,449.01	Under application
Land (Shandong Chenming Paper Holdings Limited)	1,251,582.00	Under application
Total	56,160,031.01	

(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

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

20. Goodwill (Cont'd)

(3) Specific determination of recoverable amount

Determination of recoverable amount as the net amount of fair value less disposal expenses

☐ Applicable √ Not applicable

Determination of recoverable amount based on the present value of expected future 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 financial advisory fees	196,822,500.05		26,242,999.98		170,579,500.07
Woodland expenses	6,400,670.14		189,339.71		6,211,330.43
Others	29,175,407.43		1,639,239.43		27,536,168.00
Total	232,398,577.62		28,071,579.12		204,326,998.50

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 Deductible temporary difference	Closing balance Deferred income tax assets	Opening balance Deductible temporary difference	Opening balance Deferred income tax assets
Provision for impairment of assets	217,619,133.47	36,825,433.10	285,110,497.72	49,745,802.22
Unrealised profit for internal transaction				
Deferred income	116,362,908.60	17,668,186.29	124,286,727.16	19,065,837.91
Deductible loss	13,582,258,857.17	2,304,643,795.83	11,848,018,483.09	1,963,277,198.49
Total	13,916,240,899.24	2,359,137,415.22	12,257,415,707.97	2,032,088,838.62

(2) Deferred income tax liabilities before offsetting

Unit: RMB

Item	Closing balance Taxable temporary differences	Closing balance Deferred income tax liabilities	Opening balance Taxable temporary differences	Opening balance Deferred income tax liabilities
Asset valuation increment from business combinations involving entities not under common control	27,303,606.00	4,095,540.90	29,326,095.33	4,398,914.30
Unrealised gain or loss arising from intra-group transactions	49,240,992.64	12,310,248.16	5,072,493.44	1,268,123.36
Total	76,544,598.64	16,405,789.06	34,398,588.77	5,667,037.66

(3) The breakdown of unrecognised deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	1,996,570,936.32	1,892,186,000.35
Deductible loss	2,428,895,233.24	2,419,096,409.51
Total	4,425,466,169.56	4,311,282,409.86

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
2026	–	121,576,764.07	
2027	351,545,946.83	354,571,231.45	
2028	162,909,469.47	183,443,840.16	
2029	1,133,044,674.69	1,052,221,145.73	
2030	627,845,563.27	707,283,428.10	
2031	153,549,578.98	–	
Total	2,428,895,233.24	2,419,096,409.51	

23. Other non-current assets

Unit: RMB

	Closing balance			Opening balance		
Item	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Payments for engineering and equipment	129,556,772.51	8,466,700.00	121,090,072.51	139,310,773.13	8,466,700.00	130,844,073.13
Proposed refund of land payment	288,232,412.76		288,232,412.76	288,232,412.76		288,232,412.76
Emission rights	9,298,953.76		9,298,953.76			
Total	427,088,139.03	8,466,700.00	418,621,439.03	427,543,185.89	8,466,700.00	419,076,485.89

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

24. Assets with restricted ownerships or right to use

Unit: RMB

	End of the period				Beginning of the period			
Item	Book balance	Carrying amount	Type of restriction	Restriction	Book balance	Carrying amount	Type of restriction	Restriction
Fixed assets	39,540,922,512.68	20,237,217,488.05	Charged	As collateral for bank borrowings and long-term payables (Note VII. 15)	39,673,397,581.16	21,032,970,345.50	Charged	As collateral for bank borrowings and long-term payables (Note VII. 15)
Investment property	6,897,297,786.90	5,264,061,227.98	Charged	As collateral for bank borrowings (Note VII. 14)	6,897,297,786.90	5,357,575,638.82	Charged	As collateral for bank borrowings (Note VII. 14)
Intangible assets	1,822,125,821.08	1,279,681,854.88	Charged	As collateral for bank borrowings and long-term payables (Note VII. 19)	1,842,713,402.08	1,308,852,997.82	Charged	As collateral for bank borrowings and long-term payables (Note VII. 19)
Long-term equity investments	1,574,291,359.16	1,568,954,478.69	Frozen	Pledged and locked up due to creditors' rights guarantee (Note VII. 12)	1,584,342,692.88	1,578,247,974.28	Frozen	Pledged and locked up due to creditors' rights guarantee (Note VII. 12)
Inventories	902,652,115.08	900,473,074.35	Charged and court seizure	As collateral for contract performance. Seizure due to non-payment (Note VII. 8)	764,268,342.37	741,627,115.10	Charged and court seizure	As collateral for contract performance. Seizure due to non-payment (Note VII. 8)
Monetary funds	74,678,181.03	74,678,181.03	Pledged and locked up	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)	63,728,850.28	63,728,850.28	Pledged and locked up	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)
Total	50,811,967,775.93	29,325,066,304.98			50,825,748,655.67	30,083,002,921.80		

Other explanations:

As at 30 June 2026, housing, building structure and equipment with the book value of RMB20,237,217,488.05 (31 December 2025: book value of RMB21,032,970,345.50), investment properties with the book value of RMB5,264,061,227.98 (31 December 2025: book value of RMB5,357,575,638.82) and intangible assets with the book value of RMB1,279,681,854.88 (31 December 2025: book value of RMB1,308,852,997.82) were pledged as collateral for long-term borrowings of RMB3,614,680,095.89 (31 December 2025: RMB3,650,321,853.80), short-term borrowings of RMB960,000,000.00 (31 December 2025: RMB960,000,000.00) and long-term payables of RMB3,374,591,339.90 (31 December 2025: RMB3,373,734,381.04).

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	11,690,376,568.88	11,979,509,006.38
Guaranteed borrowings	8,259,248,181.02	8,259,872,805.64
Mortgage borrowings	960,000,000.00	960,000,000.00
Discounted borrowings	33,520,000.00	28,450,000.00
Total	20,943,144,749.90	21,227,831,812.02

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 Mortgage borrowings of RMB960,000,000.00 were also guaranteed by related parties.

③ Short-term borrowings included accrued interest of RMB148,914,168.39.

(2) Overdue outstanding short-term borrowings

At the end of the period, the overdue debts of the Company totalled RMB2,909,604,083.88, of which overdue short-term borrowings amounted to RMB934,910,183.88, and in accordance with Interpretation No. 17, the liabilities transferred to short-term borrowings totalled RMB1,974,693,900.00, including overdue bank acceptance bills of RMB804,693,900.00, and overdue long-term borrowings of RMB1,170,000,000.00.

Major overdue outstanding short-term borrowings are as follows:

Unit: RMB

Borrower	Closing balance	Borrowing rate	Overdue time	Overdue interest rate
Bank 1	940,000,000.00	4.90%	2024-12-20	5.78%
Bank 2	167,500,000.00	3.50%	2025-11-10	6.00%
Bank 3	150,000,000.00	3.90%	2025-2-12	12.00%
Bank 4	100,200,000.00	3.80%	2025-11-13	5.70%
Bank 5	85,500,000.00	4.15%	2024-11-21	6.15%
Total	1,443,200,000.00	–	–	–

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

26. Accounts payable

(1) Particulars of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	9,636,731,017.26	8,153,559,514.97
Payment for engineering	134,389,900.61	192,204,178.21
Payment for equipment	172,759,316.59	166,260,317.16
Service fees	7,996,946.56	389,791.05
Others	107,725,964.11	96,313,251.53
Total	10,059,603,145.13	8,608,727,052.92

(2) Disclosure by ageing

Unit: RMB

Item	Closing balance	Reason for outstanding or not transfer
Within 1 year (including 1 year)	6,286,435,369.85	As agreed in the contract and failure to pay in full due to a shortage of funds
1 to 2 years	3,308,486,987.54	As agreed in the contract and failure to pay in full due to a shortage of funds
2 to 3 years	213,949,900.73	As agreed in the contract and failure to pay in full due to a shortage of funds
Over 3 years	250,730,887.01	As agreed in the contract and failure to pay in full due to a shortage of funds
Total	10,059,603,145.13	

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.

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

27. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	3,142,910,293.52	4,122,796,378.76
Interest payable	544,885,105.71	428,732,780.80
Dividend payable	207,427,065.81	220,493,880.88
Total	3,895,222,465.04	4,772,023,040.44

(1) Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Interest on overdue borrowings and appropriation of funds	315,734,158.10	265,779,595.63
Interest on overdue bills	188,301,053.60	139,431,608.24
Interest on overdue finance lease payments	40,849,894.01	23,521,576.93
Total	544,885,105.71	428,732,780.80

(2) Dividend payable

Unit: RMB

Item	Closing balance	Opening balance
Minority shareholder 1	42,000,000.00	42,000,000.00
Minority shareholder 2	30,000,000.00	30,000,000.00
Minority shareholder 3	30,000,000.00	30,000,000.00
Minority shareholder 4	28,323,937.26	28,323,937.26
Minority shareholder 5	27,000,000.00	27,000,000.00
Minority shareholder 6	21,000,000.00	21,000,000.00
Minority shareholder 7	18,000,000.00	18,000,000.00
Minority shareholder 8	10,933,184.93	24,000,000.00
Minority shareholder 9	113,295.75	113,295.75
Minority shareholder 10	56,647.87	56,647.87
Total	207,427,065.81	220,493,880.88

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

27. Other payables (Cont'd)

(3) Other payables

1) Other payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Open credit	2,387,183,030.12	3,366,576,146.66
Accrued expenses	443,064,951.58	476,305,081.06
Guarantee deposit, deposit and warranty	228,713,203.07	204,143,549.97
Others	83,949,108.75	75,771,601.07
Total	3,142,910,293.52	4,122,796,378.76

28. Receipts in advance

(1) Particulars of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Prepaid rents and property fees	49,188,622.80	61,929,311.57
Total	49,188,622.80	61,929,311.57

29. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods in advance	501,500,772.85	296,299,701.36
Total	501,500,772.85	296,299,701.36

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

30. 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	360,803,247.09	439,341,616.74	410,431,998.22	389,712,865.61
II. Retirement benefit plan-defined contribution scheme	8,791,253.56	81,991,069.51	75,917,844.64	14,864,478.43
III. Termination benefits		592,060.44	592,060.44	
IV. Other benefits due within one year				
Total	369,594,500.65	521,924,746.69	486,941,903.30	404,577,344.04

(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	304,386,805.64	354,152,028.08	343,857,221.61	314,681,612.11
2. Staff welfare		11,245,162.70	11,245,162.70	
3. Social insurance premium	3,896,314.20	36,584,015.00	34,198,223.00	6,282,106.20
Of which: Medical insurance premium	2,945,367.09	32,982,791.98	30,913,845.96	5,014,313.11
Work-related injury insurance premium	666,634.68	3,307,001.23	2,922,968.26	1,050,667.65
Maternity insurance premium	284,312.43	294,221.79	361,408.78	217,125.44
4. Housing provident funds	32,033,334.31	31,918,659.74	17,098,951.26	46,853,042.79
5. Union funds and workers' education	19,169,407.77	5,438,796.81	4,032,439.65	20,575,764.93
6. Other short-term remuneration	1,317,385.17	2,954.41		1,320,339.58
Total	360,803,247.09	439,341,616.74	410,431,998.22	389,712,865.61

(3) Particulars of defined contribution plan

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance premiums	7,960,518.98	78,664,283.35	72,905,828.26	13,718,974.07
2. Unemployment insurance premiums	830,734.58	3,326,786.16	3,012,016.38	1,145,504.36
Total	8,791,253.56	81,991,069.51	75,917,844.64	14,864,478.43

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

31. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Property tax	102,003,523.26	87,753,548.45
Value added tax	38,555,489.13	61,371,499.03
Land use tax	31,649,090.10	24,244,163.62
Land appreciation tax	7,876,101.58	7,876,101.58
Stamp duty	7,222,945.01	7,340,819.31
Resource tax	5,466,764.41	4,197,008.75
Environmental protection tax	4,330,215.58	3,671,483.63
Urban maintenance and construction tax	3,347,112.35	2,452,751.51
Educational surcharges and others	2,869,489.37	2,217,514.48
Individual income tax	1,116,934.93	1,392,474.96
Enterprise income tax	647,439.82	651,191.83
Total	205,085,105.54	203,168,557.15

32. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	1,736,322,137.10	1,708,085,598.10
Long-term payables due within one year	414,356,185.28	603,473,207.11
Lease liabilities due within one year	2,102,967.78	1,613,098.62
Total	2,152,781,290.16	2,313,171,903.83

33. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Overdue finance leasing borrowings	1,207,683,766.34	1,471,511,608.24
Overdue factoring borrowings	56,000,000.00	68,000,000.00
Overdue China Development Bank Special Fund	275,000,000.00	
Total	1,538,683,766.34	1,539,511,608.24

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

34. Long-term borrowings

(1) Types of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Mortgage borrowings	3,614,680,095.89	3,650,321,853.80
Credit borrowings	2,613,482,935.31	1,921,655,004.17
Guaranteed borrowings	1,748,748,853.10	1,712,619,479.85
Subtotal	7,976,911,884.30	7,284,596,337.82
Less: Long-term borrowings due within one year	1,736,322,137.10	1,708,085,598.10
Total	6,240,589,747.20	5,576,510,739.72

Other explanations:

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, 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 "short-term borrowings" account.

③ Among mortgage borrowings, borrowings of RMB3,352,771,101.20 have been guaranteed by related parties, of which the long-term borrowings due within one year amounted to RMB78,600,000.00.

④ Long-term borrowings included accrued interest of RMB26,092,871.58, of which the accrued interest of long-term borrowings due within one year was RMB1,180,553.51.

35. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payments payable	46,166,889.45	47,313,243.06
Less: Unrecognised financing expenses	10,760,605.11	11,349,895.34
Subtotal	35,406,284.34	35,963,347.72
Less: Lease liabilities due within one year	2,102,967.78	1,613,098.62
Total	33,303,316.56	34,350,249.10

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

36. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	1,871,465,556.33	1,685,368,809.50
Total	1,871,465,556.33	1,685,368,809.50

(1) Long-term payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Financial leasing borrowings	3,374,591,339.90	3,373,734,381.04
China Development Bank Special Fund	275,000,000.00	275,000,000.00
Contributions by other partners	140,894,158.22	140,894,158.22
Subtotal	3,790,485,498.12	3,789,628,539.26
Less: Long-term payables due within one year	414,356,185.28	603,473,207.11
Less: Other current liabilities	1,504,663,756.51	1,500,786,522.65
Total	1,871,465,556.33	1,685,368,809.50

Other explanation:

① 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.

② 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.

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

37. Provisions

Unit: RMB

Item	Closing balance	Opening balance	Reason
Pending litigations	5,935,000.00	5,935,000.00	Estimated compensation for losses
Late fees relating to taxes	21,919,602.90	22,299,945.73	Estimated late fees relating to taxes
Total	27,854,602.90	28,234,945.73	

Other explanations: 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

38. Deferred income

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reason
Government grants	1,084,582,814.76	100,000.00	51,381,930.07	1,033,300,884.69	Financial provision
Total	1,084,582,814.76	100,000.00	51,381,930.07	1,033,300,884.69	

Items in respect of government grants:

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	427,487,869.80			25,464,041.36		402,023,828.44	Asset-related
Huanggang pulp-forestry-paper project	Deferred income	354,538,082.13			12,513,108.90		342,024,973.23	Asset-related
Infrastructure and environmental protection engineering	Deferred income	161,540,853.04			5,758,794.74		155,782,058.30	Asset-related
Financial subsidies for technical transformation project	Deferred income	80,084,805.76	100,000.00		4,672,713.57		75,512,092.19	Asset-related
Zhanjiang forestry-pulp-paper project	Deferred income	34,428,065.51			2,047,316.46		32,380,749.05	Asset-related
Project fund for National Key Technology Research and Development Program	Deferred income	464,325.00			82,350.00		381,975.00	Asset-related
Others	Deferred income	26,038,813.52			843,605.04		25,195,208.48	Asset-related
Total		1,084,582,814.76	100,000.00		51,381,930.07		1,033,300,884.69	

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

39. Share capital

Unit: RMB

	Opening balance	Increase/decrease during the period (+/-) New issue	Bonus issue	Shares converted from reserves	Others	Subtotal	Closing balance
Total number of shares	2,934,556,200.00						2,934,556,200.00

40. Capital reserves

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (share premium)	4,512,258,642.58	15,554,046.33		4,527,812,688.91
Other capital reserves	729,020,587.21			729,020,587.21
Total	5,241,279,229.79	15,554,046.33		5,256,833,276.12

Other explanations, including changes (increase or decrease) during the period and reasons for such changes: Ningbo Kaichen Huamei Equity Investment Fund Partnership (Limited Partnership) made a capital contribution to Huanggang Chenming Paper Technology Co., Ltd., a subsidiary of the Company, and acquired 8.93% equity interest therein. The capital reserves increased by RMB15,554,046.33 as a result of the equity transaction.

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

41. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount during the period: Incurred before income tax for the period	Less: Transferred from other comprehensive income in prior periods to profit or loss during the period	Less: Transferred from other comprehensive income in prior periods to retained profit during the period	Less: Income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	Closing balance
I. Other comprehensive income that cannot be reclassified to profit or loss								
II. Other comprehensive income that will be reclassified to profit and loss	-915,388,419.92	20,035,932.11				20,035,932.11		-895,352,487.81
Including: Other comprehensive income that may be reclassified to profit and loss under the equity method	-12,732,452.54	3,961,253.98				3,961,253.98		-8,771,198.56
Exchange differences arising from translation of financial statements denominated in foreign currencies	-902,655,967.38	16,074,678.13				16,074,678.13		-886,581,289.25
Total other comprehensive income	-915,388,419.92	20,035,932.11				20,035,932.11		-895,352,487.81

42. Special reserves

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Production safety expenses	38,543,270.36	3,125,587.98	270,377.75	41,398,480.59
Total	38,543,270.36	3,125,587.98	270,377.75	41,398,480.59

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

43. 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

44. General risk provisions

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
General risk provisions	68,048,751.10			68,048,751.10
Total	68,048,751.10			68,048,751.10

Explanation: The closing balance of general risk provisions was accrued by the Company's subsidiary, Shandong Chenming Group Finance Co., Ltd., based on 1% of the balance of the receivables.

45. Retained profit

Unit: RMB

Item	The period	The prior period
Retained profit as at the end of the prior period before adjustment	-7,675,212,549.17	607,818,020.70
Adjustment to opening balance of retained earnings (increase +, decrease -)		
Opening balance of retained profit after adjustment	-7,675,212,549.17	607,818,020.70
Add: Net profit for the period attributable to shareholders of the parent company	-786,475,084.18	-8,295,932,402.88
Use of capital reserve to offset loss		
Less: Transfer of general risk reserves		-12,901,833.01
Retained profit as at the end of the period	-8,461,687,633.35	-7,675,212,549.17

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

46. Revenue and operating costs

Unit: RMB

Item	Amount for the period Revenue	Amount for the period Costs	Amount for the prior period Revenue	Amount for the prior period Costs
Principal activities	6,838,779,661.52	7,353,670,210.27	2,065,819,778.86	3,694,908,807.12
Other activities	26,649,281.78	5,633,515.23	40,811,173.44	32,294,913.12
Total	6,865,428,943.30	7,359,303,725.50	2,106,630,952.30	3,727,203,720.24

Breakdown of revenue and operating costs:

Unit: RMB

	Machine-made paper		Hotel and property rentals		Others		Total	
Category of contract	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Type of business	6,782,125,812.36	7,246,659,287.84	72,609,985.91	103,260,732.11	10,693,145.03	9,383,705.55	6,865,428,943.30	7,359,303,725.50
Including:								
Machine-made paper	5,638,065,819.61	6,173,048,462.99					5,638,065,819.61	6,173,048,462.99
Chemical pulp	1,000,397,697.29	932,122,259.06					1,000,397,697.29	932,122,259.06
Electricity and steam	120,613,397.81	135,858,517.18					120,613,397.81	135,858,517.18
Property and rentals			72,028,058.26	103,260,732.11			72,028,058.26	103,260,732.11
Others	23,048,897.65	5,630,048.61	581,927.65		10,693,145.03	9,383,705.55	34,323,970.33	15,013,754.16
By geographical area	6,782,125,812.36	7,246,659,287.84	72,609,985.91	103,260,732.11	10,693,145.03	9,383,705.55	6,865,428,943.30	7,359,303,725.50
Including:								
Chinese Mainland	5,566,245,451.72	6,038,335,049.38	72,609,985.91	103,260,732.11	10,693,145.03	9,383,705.55	5,649,548,582.66	6,150,979,487.04
Other countries and regions	1,215,880,360.64	1,208,324,238.46					1,215,880,360.64	1,208,324,238.46
By the timing of delivery	6,782,125,812.36	7,246,659,287.84	72,609,985.91	103,260,732.11	10,693,145.03	9,383,705.55	6,865,428,943.30	7,359,303,725.50
Including:								
Goods (at a point in time)	6,659,728,051.41	7,110,309,064.42	8,777,363.01	3,214,922.16	9,098,186.39	4,760,078.56	6,677,603,600.81	7,118,284,065.14
Services (within a certain period)	122,397,760.95	136,350,223.42	63,832,622.90	100,045,809.95	1,594,958.64	4,623,626.99	187,825,342.49	241,019,660.36
By sales channels	6,782,125,812.36	7,246,659,287.84	72,609,985.91	103,260,732.11	10,693,145.03	9,383,705.55	6,865,428,943.30	7,359,303,725.50
Including:								
Distribution	5,036,616,786.58	5,390,708,563.67					5,036,616,786.58	5,390,708,563.67
Direct sales	1,745,509,025.78	1,855,950,724.17	72,609,985.91	103,260,732.11	10,693,145.03	9,383,705.55	1,828,812,156.72	1,968,595,161.83
Total	6,782,125,812.36	7,246,659,287.84	72,609,985.91	103,260,732.11	10,693,145.03	9,383,705.55	6,865,428,943.30	7,359,303,725.50

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

46. 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 RMB2,009,034,018.72, in which RMB2,009,034,018.72 was expected to be recognised in 2026.

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

47. Taxes and surcharges

Unit: RMB

Item	Amount for the period	Amount for the prior period
Urban property tax	42,792,494.44	40,761,759.16
Land use tax	20,988,010.75	8,657,177.86
Stamp duty	8,528,944.93	3,465,570.60
Resource tax	7,019,968.23	1,458,473.24
Urban maintenance and construction tax	6,712,463.95	3,261,575.91
Environmental tax	6,117,800.99	1,180,968.27
Educational surcharges	4,909,437.14	2,344,185.65
Water conservation funds	31,036.03	29,570.39
Others	69,830.55	27,523.76
Total	97,169,987.01	61,186,804.84

48. General and administrative expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Wages and surcharges	100,026,216.49	122,791,612.84
Depreciation expenses	58,217,322.27	61,317,109.84
Amortisation of intangible assets and long-term expenses	21,929,622.59	23,807,875.66
Welfare expenses	10,783,767.77	16,120,053.90
Insurance premium	4,621,667.52	5,009,295.05
Repair cost and consumption of materials	4,337,147.43	4,190,028.66
Intermediary service expenses	5,025,117.21	7,766,799.04
Business hospitality expenses	2,519,981.68	3,519,641.27
Travel expenses	3,240,448.53	3,516,583.41
Litigation expenses	906,320.74	7,811,341.86
Legal costs	142,081.96	5,418,632.83
Others	18,032,295.60	26,502,156.90
Total	229,781,989.79	287,771,131.26

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

49. Sales and distribution expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Wages and surcharges	38,521,584.43	29,832,933.51
Travel expenses	8,695,404.79	3,233,398.64
Business hospitality expenses	4,808,730.85	3,181,247.99
Depreciation expenses	2,250,213.97	2,313,519.46
Rental expenses	1,442,627.63	1,681,184.07
Selling commissions	953,129.45	1,001,014.52
Office expenses	312,107.57	151,615.98
Others	4,148,380.26	9,718,352.39
Total	61,132,178.95	51,113,266.56

50. Research and development expense

Unit: RMB

Item	Amount for the period	Amount for the prior period
Consumption of materials	48,652,420.18	6,530,356.81
Wages and surcharges	34,893,495.03	10,026,470.26
Depreciation expenses	16,860,377.11	14,930,274.98
Utilities	9,648,857.52	1,770,284.72
Insurance premium	7,698,864.39	2,282,295.78
Welfare expenses	2,083,551.00	469,909.54
Housing provident funds	1,738,322.86	350,817.26
Other expenses	1,013,510.40	206,776.34
Total	122,589,398.49	36,567,185.69

51. Finance expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Interest expenses	597,393,968.38	774,744,373.14
Less: Capitalised interest amount		
Interest income	47,229,758.99	26,462,669.15
Foreign exchange gains and losses	-18,294,077.22	-437,994.69
Less: Capitalisation of foreign exchange gains and losses		
Bank charges and others	28,923,688.74	56,822,030.95
Total	560,793,820.91	804,665,740.25

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

52. 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	51,381,930.07	51,375,768.98
Government grants – directly included in profit or loss	2,041,899.21	1,180,571.41
Additional deduction of VAT	10,425,752.96	7,174,324.76
Gain on debt restructuring	819,000.00	-37,171,293.24
Tax and fee credits for the employment of priority groups	121,763.34	20,800.00
Refund of handling fees for withholding and payment of individual income tax	84,079.77	214,644.12
Total	64,874,425.35	22,794,816.03

53. 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	15,704,467.20	-129,059,190.34
Financial assets held for trading	-9,398,839.96	-428,371.45
Total	6,305,627.24	-129,487,561.79

54. 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	58,382,935.96	-345,974,520.50
Investment gain on derecognition of financial assets	-4,222,648.81	-84,861,658.28
Investment gain on disposal of long-term equity investments	191,942,705.49	166,396.34
Dividend on financial assets held for trading and other non-current financial assets	600,880.82	
Total	246,703,873.46	-430,669,782.44

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

55. Credit impairment loss

Unit: RMB

Item	Amount for the period	Amount for the prior period
Bad debt loss of accounts receivable	9,900,345.01	-57,120,747.20
Bad debt loss of other receivables	31,737,140.74	-179,763,373.73
Bad debt loss of financial lease payments		-269,438,303.29
Total	41,637,485.75	-506,322,424.22

56. Loss on impairment of assets

Unit: RMB

Item	Amount for the period	Amount for the period
I. Inventory impairment losses and impairment losses on performance costs	-16,686,173.24	-3,392,947.12
II. Impairment losses on fixed assets		-237,168,462.20
Total	-16,686,173.24	-240,561,409.32

57. 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	-2,128,911.26	-15,280,125.77
Gain on disposal of intangible assets	-2,315,094.34	3,608,128.98
Sublease	-652,926.19	1,857,387.16
Total	-5,096,931.79	-9,814,609.63

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

58. 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	760,355.09	506,006.84	760,355.09
Exempted debts	149,705.48	44,005.86	149,705.48
Gain on damage and retirement of non-current assets	63.59	424,361.80	63.59
Others	74.46	95,388.68	74.46
Total	910,198.62	1,069,763.18	910,198.62

59. 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
Fines and late payment charges	6,186,973.21		6,186,973.21
Loss on damage and retirement of non-current assets	1,263,344.77	7,365,056.39	1,263,344.77
Utilisation, cancellation and trading of carbon emission quota	645,114.56		645,114.56
Litigation		18,557,771.90	
Others		275,661.26	
Total	8,095,432.54	26,198,489.55	8,095,432.54

60. 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	6,884,198.78	3,591,433.75
Deferred income tax expenses	-322,809,810.38	12,167.16
Total	-315,925,611.60	3,603,600.91

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

60. Income tax expenses (Cont'd)

(2) The reconciliation between accounting profit and income tax expenses

Unit: RMB

Item	Amount for the period
Total profit	-1,234,789,084.50
Income tax expenses calculated at statutory/applicable tax rates	-185,218,362.67
Effect of different tax rates applicable to subsidiaries	-144,008,986.85
Adjustments to income tax for prior periods	9,791,034.25
Profit and loss of joint ventures and associates accounted for using the equity method	-8,433,713.58
Effect of non-deductible costs, expenses and losses	2,343,272.90
Effect of utilisation of previously unrecognised deductible loss on deferred income tax assets	-22,636,528.38
Effect of current unrecognised deductible temporary difference or deductible loss arising from deferred tax income assets	35,887,192.28
Tax effect of R&D fee deduction	-3,649,519.55
Income tax expense	-315,925,611.60

61. Other comprehensive income

Unit: RMB

Item	Amount for the period				
	Incurred before income tax for the period (1)	Less: Transferred from other comprehensive income in prior periods to profit or loss during the period (2)	Less: Income tax expenses (3)	Less: Attributable to minority shareholders after tax (4)	Attributable to parent company after tax (5)=(1)-(2)-(3)-(4)
I. Other comprehensive income that cannot be reclassified to profit or loss					
II. Other comprehensive income that will be reclassified to profit and loss	20,035,932.11				20,035,932.11
1. Other comprehensive income that may be reclassified to profit and loss under the equity method	3,961,253.98				3,961,253.98
2. Exchange differences arising from translation of financial statements denominated in foreign currencies	16,074,678.13				16,074,678.13
Total other comprehensive income	20,035,932.11				20,035,932.11

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

61. Other comprehensive income (Cont'd)

Unit: RMB

Item	Amount for the prior period				
	Incurred before income tax for the period (1)	Less: Transferred from other comprehensive income in prior periods to profit or loss during the period (2)	Less: Income tax expenses (3)	Less: Attributable to minority shareholders after tax (4)	Attributable to parent company after tax (5)=(1)-(2)-(3)-(4)
I. Other comprehensive income that cannot be reclassified to profit or loss					
II. Other comprehensive income that will be reclassified to profit and loss	-16,019,923.39				-16,019,923.39
1. Other comprehensive income that may be reclassified to profit and loss under the equity method	-3,795,486.93				-3,795,486.93
2. Exchange differences arising from translation of financial statements denominated in foreign currencies	-12,224,436.46				-12,224,436.46
Total other comprehensive income	-16,019,923.39				-16,019,923.39

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

62. 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
Open credit and other income	15,931,486.29	16,692,884.99
Government grants	2,247,742.32	1,395,215.53
Interest income	1,675,809.19	28,395,905.89
Net proceeds from the leasing		296,122,799.18
Total	19,855,037.80	342,606,805.59

Cash paid relating to other operating activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Expenses and open credit	308,683,321.21	155,468,426.33
Total	308,683,321.21	155,468,426.33

(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
Total		4,853,343,140.74

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

62. Items on statements of cash flow (Cont'd)

(2) Cash relating to financing activities (Cont'd)

Cash paid relating to other financing activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Repayment of equipment finance lease	35,850,183.37	96,850,437.40
Acquisition of non-controlling interests	30,000,000.00	35,748,432.27
Net expense of guarantee deposit	10,949,330.75	
Current accounts	1,000,000.00	2,065,000.00
Total	77,799,514.12	134,663,869.67

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	21,227,831,812.02	8,490,743,171.31	679,855,229.15	8,685,113,748.25	770,171,714.33	20,943,144,749.90
Long-term borrowings	7,284,596,337.82	1,074,990,000.00	846,572,907.40	1,195,531,805.36	33,715,555.56	7,976,911,884.30
Long-term payables	3,789,628,539.26		36,707,142.23	35,850,183.37		3,790,485,498.12
Other payables (financing)	1,476,401,403.98	495,196,498.60		918,837,819.14		1,052,760,083.44
Lease liabilities	35,963,347.72		589,290.23		1,146,353.61	35,406,284.34
Total	33,814,421,440.80	10,060,929,669.91	1,563,724,569.01	10,835,333,556.12	805,033,623.50	33,798,708,500.10

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

63. 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	-918,863,472.90	-4,184,670,195.19
Add: Provision for asset impairment	-24,951,312.51	746,883,833.54
Depreciation of fixed assets and depreciation of investment properties	1,087,744,333.08	1,150,193,136.16
Depreciation of right-of-use assets	3,127,051.12	7,354,049.19
Amortisation of intangible assets	24,236,201.22	24,241,399.66
Amortisation of long-term prepaid expenses	28,071,579.12	28,020,607.34
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" denotes gain)	5,096,931.79	74,046,077.18
Loss on retirement of fixed assets ("-" denotes gain)	1,263,281.18	6,940,694.59
Loss on changes in fair value ("-" denotes gain)	-6,305,627.24	129,487,561.79
Finance expenses ("-" denotes gain)	597,393,968.38	774,744,373.14
Investment loss ("-" denotes gain)	-246,703,873.46	430,669,782.44
Decrease in deferred income tax assets ("-" denotes increase)	-327,048,576.60	4,123,582.66
Increase in deferred income tax liabilities ("-" denotes decrease)	10,738,751.40	-3,893,456.63
Decrease in inventories ("-" denotes increase)	-520,832,862.50	171,157,767.76
Decrease in operating receivables ("-" denotes increase)	-756,866,372.73	319,526,202.19
Increase in operating payables ("-" denotes decrease)	1,366,282,986.53	1,106,477,858.37
Others		
Net cash flows from operating activities	322,382,985.88	785,303,274.19
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	106,553,512.64	62,979,338.05
Less: Opening balance of cash	137,296,882.34	151,943,246.31
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-30,743,369.70	-88,963,908.26

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

63. Supplementary information on cash flow statement (Cont'd)

(2) 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	316,665,304.66
Of which: Shandong Yujing Grand Hotel Co., Ltd.	316,665,304.66
Less: Cash and cash equivalents held by the subsidiary on the date of loss of control	186.42
Of which: Shandong Yujing Grand Hotel Co., Ltd.	186.42
Add: Cash or cash equivalents received in the current period from disposal of subsidiaries in prior periods	175,264,875.00
Of which: Shandong Shengming Corporate Management Co., Ltd.	175,264,875.00
Net cash received from disposal of subsidiaries	491,929,993.24

(3) Cash and cash equivalents composition

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	106,553,512.64	137,296,882.34
Of which: Treasury cash	1,092,559.82	2,409,711.16
Bank deposit that can be used for payment at any time	105,460,952.82	134,887,171.18
II. Cash equivalent		
III. Balance of cash and cash equivalents as at the end of the period	106,553,512.64	137,296,882.34

(4) 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	74,678,181.03	63,728,850.28	See Note VII.1 for details
Interest accrued on deposits	5,582,058.87	9,372,989.33	See Note VII.1 for details
Total	80,260,239.90	73,101,839.61	

64. Notes to items of statements of changes in owners' equity

Nil

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

65. Foreign currency items

(1) Foreign currency items

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Monetary funds			
Including: USD	9,538,473.71	6.8109	64,965,590.59
EUR	9,656.29	7.7671	75,001.37
HKD	235,225.97	0.86855	204,305.52
Accounts receivable			
Including: USD	17,296,299.19	6.8109	117,803,364.15
EUR	17,022.20	7.7671	132,213.13
Other receivables			
Including: USD	1,931,278.76	6.8109	13,153,746.51
EUR	79,898.82	7.7671	620,582.12
Accounts payable			
Including: USD	83,707,109.86	6.8109	570,120,754.55
EUR	512,499.99	7.7671	3,980,638.67
Other payables			
Including: EUR	9,224.11	7.7671	71,644.58
Short-term borrowings			
Including: USD	6,956,998.90	6.8109	47,383,423.81
Long-term borrowings			
Including: EUR	4,286,718.27	7.7671	33,295,369.47

(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 (Overseas) Co., Ltd.	Hong Kong, China	Hong Kong, China	USD
4	Chenming (Singapore) Co., Ltd.	Singapore	Singapore	USD
5	Chenming (HK) Limited	Hong Kong, China	Hong Kong, China	USD

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

66. 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	2,484,827.10
Total	2,484,827.10

(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	54,931,977.28	
Total	54,931,977.28	

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

66. 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	110,380,072.40	140,742,027.37
The second year	146,522,137.40	148,401,301.62
The third year	149,680,797.83	151,864,581.72
The fourth year	153,972,798.55	148,513,224.23
The fifth year	151,579,152.78	154,290,681.50
Total undiscounted lease payments after five years	152,358,893.66	160,281,567.85
Total	864,493,852.62	904,093,384.29

VIII. R&D Expenses

Unit: RMB

Item	Amount during the period	Amount during the prior period
Consumption of materials	48,652,420.18	6,530,356.81
Wages and surcharges	34,893,495.03	10,026,470.26
Depreciation expenses	16,860,377.11	14,930,274.98
Utilities	9,648,857.52	1,770,284.72
Insurance premium	7,698,864.39	2,282,295.78
Welfare expenses	2,083,551.00	469,909.54
Housing provident funds	1,738,322.86	350,817.26
Other expenses	1,013,510.40	206,776.34
Total	122,589,398.49	36,567,185.69
Of which: R&D expenses included in profit or loss	122,589,398.49	36,567,185.69

IX. Change in Scope of Consolidation

1. Disposal of a subsidiary

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	The basis for determining the date of loss of control	Difference between consideration and share of net assets of relevant subsidiary as per consolidated financial statements	Remaining shareholding as of the date of loss of control	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	Gain or loss in fair value of remaining shareholding	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
Shandong Yujing Grand Hotel Co., Ltd.	117,160,000.00	90.05%	Disposal	2026.6.30	Transfer of control	191,931,871.19	0.00%	0.00	0.00	N/A	N/A	N/A

Any transaction or event that results in the loss of control of any subsidiary during the period

□ Yes √ No

2. Change in scope of consolidation due to other reasons

Explanation: During the period, Chenming Paper Japan Co., Ltd., a subsidiary of the Company, was deregistered.

X. Interest in Other Entities

1. Interest in subsidiaries

(1) Constitution of the Group

Unit: RMB'0,000

Name of subsidiary	Registered capital ('0,000)	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding (%) Direct	Indirect	Acquisition	Issued debt securities	Issued share capital
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 Kunhe Trading Co., Ltd.	1,000.00	Shouguang	Shouguang	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	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

X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

(1) Constitution of the Group (Cont'd)

Name of subsidiary	Registered capital ('0,000)	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding (%) Direct	Shareholding (%) Indirect	Acquisition	Issued debt securities	Issued share capital
Zhanjiang Chenming Technology Development Co., Ltd.	10,000.00	Zhanjiang	Zhanjiang	Paper product trading	For-profit corporation		100	Establishment	0	0
Zhanjiang Chenming Paper Co., Ltd.	1,000.00	Shouguang	Shouguang	Paper product trading	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
Jiangxi Chenming Paper Products 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
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 Paper 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	Jilin	Jilin	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		91.07	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.	5,000.00	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

X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

(1) Constitution of the Group (Cont'd)

Name of subsidiary	Registered capital ('0,000)	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding (%) Direct	Indirect	Acquisition	Issued debt securities	Issued share capital
Chenming (HK) Limited	9,990.00 (USD)	Hong Kong	Hong Kong	Paper product trading	For-profit corporation		100	Establishment	0	0
Shandong Chenming Investment Limited	20,000.00	Jinan	Jinan	Investment	For-profit corporation		100	Establishment	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
Chenming GmbH	65.00 (USD)	Germany	Germany	Paper product trading	For-profit corporation	100		Establishment	0	0
Yimei Limited (依美有限公司)	50.00 (USD)	British Virgin Islands	British Virgin Islands	Investment	For-profit corporation		100	Establishment	0	0
Chenming Paper Korea Co., Ltd.	100.00 (USD)	South Korea	South 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 Hongtai Tengda Industrial Development Co., Ltd.	8,000.00	Shanghai	Shanghai	Trading	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
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
Shanghai Heruiming Property Management Co., Ltd.	30,150.00	Shanghai	Shanghai	Property management	For-profit corporation		100	Merger and acquisition	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
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

X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

(1) Constitution of the Group (Cont'd)

Name of subsidiary	Registered capital ('0,000)	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding (%) Direct	Shareholding (%) Indirect	Acquisition	Issued debt securities	Issued share capital
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
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.	13.21%	-53,741,822.82		1,327,026,625.25
Zhanjiang Chenming Pulp & Paper Co., Ltd.	19.72%	-77,912,637.68		751,129,547.55

X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

(3) Key financial information of major non-wholly owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shouguang Meilun Paper Co., Ltd.	6,574,157,714.59	9,990,618,327.98	16,564,776,042.57	9,493,120,258.79	1,005,145,019.48	10,498,265,278.27	5,638,334,917.92	9,266,216,250.55	14,904,551,168.47	7,547,551,168.31	881,715,334.28	8,429,266,502.59
Zhanjiang Chenming Pulp & Paper Co., Ltd.	6,430,230,689.43	13,066,278,985.90	19,496,509,675.33	13,579,295,257.78	496,152,329.36	14,075,447,587.14	5,643,877,771.78	13,253,813,129.03	18,897,690,900.81	12,688,287,928.17	397,269,726.29	13,085,557,654.46

Unit: RMB

Name of subsidiary	Amount during the period				Amount during the prior period			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shouguang Meilun Paper Co., Ltd.	3,721,141,504.87	-406,700,591.19	-406,700,591.19	37,597,122.96	805,084,480.98	-677,427,573.67	-677,427,573.67	22,602,677.62
Zhanjiang Chenming Pulp & Paper Co., Ltd.	712,391,415.90	-395,032,412.14	-391,071,158.16	-124,511,175.91	143,191,538.56	-844,270,649.67	-848,066,136.60	49,662,737.05

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

Ningbo Kaichen Huamei Equity Investment Fund Partnership (Limited Partnership) made a capital contribution to Huanggang Chenming Paper Technology Co., Ltd., a subsidiary of the Company, and acquired 8.93% equity interest therein. Following this transaction, the Company holds a 91.07% equity interest in Huanggang Chenming Paper Technology Co., Ltd. and has not lost control.

The Company's subsidiary, Huanggang Chenming Paper Technology Co., Ltd., purchased 39.98% equity interest in Hubei Changjiang Chenming Huanggang Equity Investment Fund Partnership (Limited Partnership) held by Hubei Changjiang (Huanggang) Industrial Investment Fund Partnership (Limited Partnership). Following this transaction, the Company holds 99.95% equity interest in Hubei Changjiang Chenming Huanggang Equity Investment Fund Partnership (Limited Partnership).

(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	98,000,000.00
—Cash	98,000,000.00
—Fair value of non-cash assets	
Total cost of acquisition/disposal consideration	98,000,000.00
Less: Share of net assets of the subsidiary calculated based on the proportion of equity interest acquired/disposed of	82,445,953.67
Difference	15,554,046.33
Including: Capital reserve adjustment	15,554,046.33
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 Direct	Shareholding Indirect	Accounting method for investment in joint ventures or associates
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).

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

	Closing balance/ amount for the period Shouguang Jintou Industrial Investment Partnership (Limited Partnership)	Opening balance/ amount for the prior period Shouguang Jintou Industrial Investment Partnership (Limited Partnership)
Current assets		
Including: Cash and cash equivalents		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interest		
Equity interest attributable to shareholders of the parent company		
Share of net assets based on shareholding		
Adjustments		
－Goodwill		
－Unrealised profit for internal transaction		
－Others		
Carrying amount of equity investment in joint ventures		
Fair value of equity investment in joint ventures with a quoted price in the open market		
Revenue		231,186,861.32
Finance expenses		-60,398.70
Income tax expenses		
Net profit		-335,442,177.93
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		-335,442,177.93
Dividends received from joint ventures during the year		

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

	Closing balance/ amount for the period Guangdong Nanyue Bank Co., Ltd.	Opening balance/ amount for the prior period Guangdong Nanyue Bank Co., Ltd.
Current assets	184,906,104,236.56	213,834,774,008.61
Non-current assets	124,042,048,262.63	124,669,090,061.85
Total assets	308,948,152,499.19	338,503,864,070.46
Current liabilities	254,225,782,346.49	290,958,764,493.77
Non-current liabilities	26,202,058,175.66	18,695,631,540.20
Total liabilities	280,427,840,522.15	309,654,396,033.97
Minority interest		
Equity interest attributable to shareholders of the parent company	28,520,311,977.04	28,849,468,036.49
Share of net assets based on shareholding	1,271,207,345.44	1,285,878,489.32
Adjustments		
—Goodwill		
—Unrealised profit for internal transaction		
—Others		
Carrying amount of equity investment in associates	1,271,207,345.44	1,285,878,489.32
Fair value of equity investment in associates with a quoted price in the open market		
Revenue	1,227,033,784.10	1,410,036,732.55
Net profit	91,751,518.86	253,497,246.80
Net profit from discontinued operations		
Other comprehensive income	92,131,013.99	-85,100,603.78
Total comprehensive income	183,882,532.85	168,396,643.02
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	155,461,346.58	158,464,726.08
Total amount of the following items based on shareholding		
—Net profit	-2,753,379.50	-16,411,934.76
—Other comprehensive income		
—Total comprehensive income	-2,753,379.50	-16,411,934.76
Associates:		
Total carrying amount of investment	731,378,843.19	651,610,129.87
Total amount of the following items based on shareholding		
— Net profit	79,768,713.32	16,919,251.24
—Other comprehensive income		
—Total comprehensive income	79,768,713.32	16,919,251.24

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	427,487,869.80			25,464,041.36		402,023,828.44	Asset-related
Huanggang pulp-forestry-paper project	Deferred income	354,538,082.13			12,513,108.90		342,024,973.23	Asset-related
Infrastructure and environmental protection engineering	Deferred income	161,540,853.04			5,758,794.74		155,782,058.30	Asset-related
Financial subsidies for technical transformation project	Deferred income	80,084,805.76	100,000.00		4,672,713.57		75,512,092.19	Asset-related
Zhanjiang forestry-pulp-paper project	Deferred income	34,428,065.51			2,047,316.46		32,380,749.05	Asset-related
Project fund for National Key Technology Research and Development Program	Deferred income	464,325.00			82,350.00		381,975.00	Asset-related
Others	Deferred income	26,038,813.52			843,605.04		25,195,208.48	Asset-related
Total		1,084,582,814.76	100,000.00		51,381,930.07		1,033,300,884.69	

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	25,464,041.36	25,474,041.36
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	5,758,794.74
Financial subsidies for technological transformation project	Other income	4,672,713.57	4,700,763.02
Zhanjiang forestry-pulp-paper project	Other income	2,047,316.46	2,113,105.92
Government awards	Other income	900,000.00	130,000.00
Afforestation subsidy	Other income	723,899.21	39,730.53
Enterprise reform and development subsidies	Other income	350,000.00	218,000.00
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
Employment stabilisation subsidy	Other income		2,000.00
Others	Other income	1,033,368.38	1,504,445.92
Total		53,545,592.62	52,556,340.39

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, accounts payable, other payables, short-term borrowings, non-current liabilities due within one year, other current liabilities, 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 developed risk management policies 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, evaluate and avoid 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 on category. Credit risks mainly arose from bank deposit, bills receivable, accounts receivable, other receivables and long-term receivables, etc.

XII. Risk relating to financial instruments (Cont'd)

1. Various risks from financial instruments (Cont'd)

(1) Credit risk (Cont'd)

The Company's bank deposits are mainly deposited 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. For accounts receivable, 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 20.21% (2025: 18.28%) of the Company's total accounts receivable. The amount of top 5 other receivable of the Company accounted for 55.24% (2025: 57.68%) 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 the end of the period, the Company maintained the existing bank loans as before (the unused bank loan facilities as at the end of the prior year were RMB38 million).

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):

			Closing balance		
Item	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets:					
Monetary funds	18,123.17				18,123.17
Financial assets held for trading	2,827.11				2,827.11
Bills receivable	122,591.89				122,591.89
Accounts receivable	128,424.92				128,424.92
Accounts receivable financing	4,119.25				4,119.25
Other receivables	53,459.68				53,459.68
Long-term receivables		20,121.79	90,091.81	182,121.83	292,335.43
Other non-current financial assets				32,730.42	32,730.42
Other current assets	339.63				339.63
Non-current assets due within one year	2,821.84				2,821.84
Total financial assets	332,707.49	20,121.79	90,091.81	214,852.25	657,773.34
Financial liabilities:					
Short-term borrowings	2,079,423.06				2,079,423.06
Bills payable					
Accounts payable	1,005,960.31				1,005,960.31
Other payables	335,033.74				335,033.74
Non-current liabilities due within one year	224,848.44				224,848.44
Other current liabilities	158,899.68				158,899.68
Long-term borrowings		75,480.38	327,290.70	218,796.66	621,567.74
Lease liabilities		322.92	1,707.43	2,586.34	4,616.69
Long-term payables		84,177.57	107,392.35		191,569.92
Total financial liabilities and contingent liabilities	3,804,165.23	159,980.87	436,390.48	221,383.00	4,621,919.58

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 liabilities and off-balance sheet guarantees held by the Company are analysed by their maturity date as below based on their remaining undiscounted contractual cash flows (in RMB'0,000):

	Opening balance				
Item	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets:					
Monetary funds	20,102.57				20,102.57
Financial assets held for trading	3,879.11				3,879.11
Bills receivable	79,393.93				79,393.93
Accounts receivable	117,839.22				117,839.22
Accounts receivable financing	3,597.81				3,597.81
Other receivables	56,447.73				56,447.73
Long-term receivables		22,273.51	85,946.09	182,121.83	290,341.43
Other non-current financial assets				32,793.46	32,793.46
Other current assets	279.90				279.90
Non-current assets due within one year	22,005.00				22,005.00
Total financial assets	303,545.27	22,273.51	85,946.09	214,915.29	626,680.16
Financial liabilities:					
Short-term borrowings	2,111,259.38				2,111,259.38
Accounts payable	860,872.71				860,872.71
Other payables	434,329.03				434,329.03
Non-current liabilities due within one year	239,668.26				239,668.26
Other current liabilities	165,995.04				165,995.04
Long-term borrowings		39,129.52	361,526.23	156,018.01	556,673.76
Lease liabilities		277.47	1,402.07	3,051.79	4,731.33
Long-term payables		75,048.40	105,998.05		181,046.45
Total financial liabilities and contingent liabilities	3,812,124.42	114,455.39	468,926.35	159,069.80	4,554,575.96

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.

XII. Risk relating to financial instruments (Cont'd)

1. Various risks from financial instruments (Cont'd)

(3) Market risk

Market risk, including interest rate risk, exchange rate risk and other price risks, 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.

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	2,079,423.06	2,111,259.38
Long-term borrowings	621,567.74	556,673.76
Long-term borrowings due within one year	173,514.16	169,216.27
Total	2,874,504.96	2,837,149.41
Financial instrument with float interest rate		
Financial assets		
Including: Monetary funds	18,013.91	19,861.60
Total	18,013.91	19,861.60

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 rate 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 USD, EUR, HKD and JPY).

The following table details the financial assets and liabilities held by the Company which were denominated in foreign currencies and amounted to RMB as at the end of the period are as follows (in RMB'0,000):

	Liabilities denominated in foreign currency		Assets denominated in foreign currency	
Item	Closing balance	Opening balance	Closing balance	Opening balance
USD	61,750.42	44,980.44	19,592.27	12,292.53
EUR	3,734.77	3,120.86	82.78	765.06
HKD			20.43	6.42
JPY		1.09		813.14
Total	65,485.19	48,102.39	19,695.48	13,877.15

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.

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%	-2,107.91	5%	-1,634.40
Decrease in exchange rate of USD	-5%	2,107.91	-5%	1,634.40
Increase in exchange rate of EUR	5%	-182.60	5%	-117.79
Decrease in exchange rate of EUR	-5%	182.60	-5%	117.79

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 -27.12% (prior year: 4.11%) in equity securities investment prices on the Company's current profit and loss and other comprehensive income is as follows (in RMB'0,000):

	Increase (decrease) in after-tax profits		Increase (decrease) in other comprehensive income	
Item	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	-1,052.00	-56.69		

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 the end of the period, the Company's gearing ratio was 96.09% (end of the prior year: 94.44%).

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
Transfer by agreement	Debt receivable	199,505,304.66	Derecognised	Where the Company transferred substantially all of the risks and rewards
Endorsement or discounting	Bills receivable	1,203,896,935.87	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	1,327,700,536.78	Derecognised	Where the Company transferred substantially all of the risks and rewards
Total		2,731,102,777.31		

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	Derecognition	199,505,304.66	Where the Company transferred substantially all of the risks and rewards
Accounts receivable financing	Derecognition	1,327,700,536.78	Where the Company transferred substantially all of the risks and rewards
Total		1,527,205,841.44	

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 at the end of the period Fair value measurements categorised into Level 1	Fair value measurements categorised into Level 2	Fair value measurements categorised into Level 3	Total
I. Measurement of fair value on an ongoing basis	–	–	–	–
(i) Financial assets held for trading	28,271,109.88			28,271,109.88
1. Financial assets measured at fair value through profit or loss	28,271,109.88			28,271,109.88
(1) Equity instrument investments	28,271,109.88			28,271,109.88
(ii) Accounts receivable financing			41,192,518.58	41,192,518.58
(iii) Other non-current financial assets			327,304,236.77	327,304,236.77
(iv) Biological assets			1,079,410,370.06	1,079,410,370.06
1. Consumable biological assets			1,079,410,370.06	1,079,410,370.06
Total assets measured at fair value on an ongoing basis	28,271,109.88		1,447,907,125.41	1,476,178,235.29

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 that are traded in an active market, the Company determines the fair value based on the quoted price in the active market.

3. Qualitative and quantitative information on the valuation techniques used and important parameters for continuous and non-continuous level 3 fair value measurement items

Unit: RMB

Item	Fair value as at the end of the period	Valuation techniques	Unobservable inputs	Range (weighted average)
Consumable biological assets				
Forestry	1,079,410,370.06	Replacement cost method, roll back method of market price, revaluation method of harvest	Unit price per tonne of Eucalyptus wood	Eucalyptus wood 530
			Unit price per tonne of wet pine	Wet pine 550
			Unit price per tonne of fir wood	Fir wood 500

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 level 3	Transfer from level 3	Total profit or loss for the period: Transferred to profit and loss	Total profit or loss for the period: Transferred to other comprehensive income	Closing balance
Accounts receivable financing	35,978,138.45	5,214,380.13				41,192,518.58
Other non-current financial assets	327,934,626.32		630,389.55			327,304,236.77
Biological assets:	1,063,081,495.03	624,407.83		15,704,467.20		1,079,410,370.06
Consumable biological assets	1,063,081,495.03	624,407.83		15,704,467.20		1,079,410,370.06
Total	1,426,994,259.80	5,838,787.96	630,389.55	15,704,467.20		1,447,907,125.41

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	15.50	15.50

The ultimate controller of the Company is Shouguang State-owned Assets Supervision and Administration Office.

2. Subsidiaries of the Company

For details of the Company's subsidiaries, please refer to Note X. 1.

XIV. Related parties and related party transactions (Cont'd)

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

4. Other related parties

Name of other related parties	Relation
Lide Technology Co., Ltd.	A subsidiary of a company invested by the Directors and Senior Management of the Company within the past twelve months
Shandong Shengming Corporate Management Co., Ltd.	A subsidiary disposed of within the past twelve months
Shandong Yujing Grand Hotel Co., Ltd.	A subsidiary disposed of within the past twelve months
Century Sunshine (Shouguang) Specialty Paper Co., Ltd.	An entity in which the former chairman of the Company's controlling shareholder served as a director within the past twelve months
Jiang Yanshan, Li Weixian, Liu Peiji, Meng Feng, Zhu Yanli, Song Yuchen, Wang Ying, Zhang Zhiyuan, Luo Xinhua, Wan Gang, Kong Pengzhi, Ge Guangming, Dong Lianming, Guo Qinyan, Yuan Xikun, Chu Hon Leung	Key management personnel

XIV. Related parties and related party transactions (Cont'd)

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	8,729,442.87	50,000,000.00	No	2,333,303.83
Shouguang Meite Environmental Technology Co., Ltd.	Purchase of chemical materials	39,500,000.00	N/A	N/A	

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	5,950,791.20	6,210,617.19
Shouguang Huixin Construction Materials Co., Ltd.	Sales of electricity, etc.		10,948.60
Shouguang Meite Environmental Technology Co., Ltd.	Sales of electricity, water, etc.	4,230,642.00	73,146.00
Century Sunshine (Shouguang) Specialty Paper Co., Ltd.	Sales of electricity and steam	12,258,400.00	

(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 and building structure	733,944.95	733,944.96
Shandong Shengming Corporate Management Co., Ltd.	Housing and building structure	174,230.74	
Lide Technology Co., Ltd.	Housing and building structure	–	331,694.20

XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(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	29,281,791.31	2025/8/21	2026/8/20	No
Chenming (HK) Limited	20,934,447.08	2024/1/4	2030/1/3	No
Chenming (HK) Limited	6,978,149.01	2024/1/4	2030/1/3	No
Hainan Chenming Technology Co., Ltd.	50,000,000.00	2025/7/20	2026/7/20	No
Hainan Chenming Technology Co., Ltd.	110,000,000.00	2025/7/21	2026/7/18	No
Hainan Chenming Technology Co., Ltd.	8,400,000.00	2025/7/2	2026/7/2	No
Hainan Chenming Technology Co., Ltd.	70,000,000.00	2025/11/26	2026/11/26	No
Hainan Chenming Technology Co., Ltd.	50,000,000.00	2026/1/15	2027/1/14	No
Hainan Chenming Technology Co., Ltd.	34,500,000.00	2026/3/17	2027/3/17	No
Hainan Chenming Technology Co., Ltd.	91,500,000.00	2026/3/18	2027/3/18	No
Hainan Chenming Technology Co., Ltd.	39,600,000.00	2026/6/9	2027/6/8	No
Huanggang Chenming Pulp & Paper Co., Ltd.	20,000,000.00	2024/4/28	2026/4/27	No
Huanggang Chenming Pulp & Paper Co., Ltd.	90,000,000.00	2024/5/20	2026/5/19	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2024/7/19	2026/7/18	No
Huanggang Chenming Pulp & Paper Co., Ltd.	45,000,000.00	2024/8/14	2026/8/13	No
Huanggang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	2024/9/23	2026/9/23	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2024/10/18	2026/10/18	No
Huanggang Chenming Pulp & Paper Co., Ltd.	56,000,000.00	2024/2/23	2027/12/5	No
Huanggang Chenming Pulp & Paper Co., Ltd.	731,640,000.00	2019/12/16	2031/12/15	No
Huanggang Chenming Pulp & Paper Co., Ltd.	73,485,646.20	2025/2/28	2027/9/28	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2026/1/16	2029/1/7	No
Huanggang Chenming Pulp & Paper Co., Ltd.	80,471,277.79	2022/5/20	2026/10/27	No
Huanggang Chenming Pulp & Paper Co., Ltd.	43,135,811.44	2022/11/30	2028/2/25	No
Huanggang Chenming Pulp & Paper Co., Ltd.	19,121,917.65	2023/1/12	2027/4/24	No
Huanggang Chenming Pulp & Paper Co., Ltd.	25,867,503.52	2023/3/9	2026/3/9	No
Huanggang Chenming Pulp & Paper Co., Ltd.	39,745,680.72	2023/4/22	2026/12/10	No
Huanggang Chenming Pulp & Paper Co., Ltd.	115,026,490.76	2023/7/6	2027/11/15	No
Huanggang Chenming Pulp & Paper Co., Ltd.	56,581,649.91	2023/11/23	2027/11/23	No
Huanggang Chenming Pulp & Paper Co., Ltd.	79,106,721.76	2024/1/30	2028/1/30	No
Huanggang Chenming Pulp & Paper Co., Ltd.	46,597,225.13	2024/9/13	2029/3/13	No
Jilin Chenming Pulp & Fiber Trading Co., Ltd.	10,000,000.00	2024/9/24	2026/9/24	No
Jilin Chenming Paper Co., Ltd.	15,000,000.00	2026/6/15	2027/6/14	No
Jilin Chenming Paper Co., Ltd.	32,500,000.00	2025/11/6	2028/11/6	No
Jilin Chenming Paper Co., Ltd.	47,500,000.00	2025/12/17	2028/9/29	No
Jilin Chenming Paper Co., Ltd.	183,875,999.23	2023/12/15	2026/11/13	No
Jilin Chenming Paper Co., Ltd.	90,998,111.11	2024/9/29	2026/9/28	No
Jilin Chenming Paper Co., Ltd.	179,500,000.00	2025/11/6	2030/10/29	No

XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

The Company as guarantor (Cont'd)

Unit: RMB

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.	60,000,000.00	2026/2/10	2027/2/9	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2026/2/11	2027/2/9	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2026/2/13	2027/2/10	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2026/2/13	2027/2/11	No
Jiangxi Chenming Paper Co., Ltd.	113,450,000.00	2026/2/14	2027/2/13	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.	19,800,000.00	2026/5/30	2027/5/19	No
Jiangxi Chenming Paper Co., Ltd.	19,800,000.00	2026/5/30	2027/5/19	No
Jiangxi Chenming Paper Co., Ltd.	20,350,000.00	2026/5/30	2027/5/19	No
Jiangxi Chenming Paper Co., Ltd.	19,545,000.00	2025/11/30	2026/11/29	No
Jiangxi Chenming Paper Co., Ltd.	20,000,000.00	2025/11/30	2026/11/29	No
Jiangxi Chenming Paper Co., Ltd.	20,000,000.00	2025/11/30	2026/11/29	No
Jiangxi Chenming Paper Co., Ltd.	3,500,000.00	2025/11/30	2026/11/29	No
Jiangxi Chenming Paper Co., Ltd.	6,500,000.00	2025/11/30	2026/11/29	No
Jiangxi Chenming Paper Co., Ltd.	2,965,100.00	2025/12/20	2026/12/20	No
Jiangxi Chenming Paper Co., Ltd.	2,850,400.00	2025/12/21	2026/12/21	No
Jiangxi Chenming Paper Co., Ltd.	979,314.95	2025/12/30	2026/12/30	No
Jiangxi Chenming Paper Co., Ltd.	1,050,948.10	2025/12/30	2026/12/30	No
Jiangxi Chenming Paper Co., Ltd.	1,289,794.55	2025/12/30	2026/12/28	No
Jiangxi Chenming Paper Co., Ltd.	2,000,000.00	2025/12/30	2026/12/28	No
Jiangxi Chenming Paper Co., Ltd.	2,008,854.97	2025/12/30	2026/12/29	No
Jiangxi Chenming Paper Co., Ltd.	5,000,000.00	2025/12/30	2026/12/30	No
Jiangxi Chenming Paper Co., Ltd.	17,000,000.00	2025/12/30	2026/12/30	No
Jiangxi Chenming Paper Co., Ltd.	29,000,000.00	2025/12/30	2026/12/29	No
Jiangxi Chenming Paper Co., Ltd.	50,000,000.00	2025/12/30	2026/12/29	No
Jiangxi Chenming Paper Co., Ltd.	70,000,000.00	2025/12/30	2026/12/29	No
Jiangxi Chenming Paper Co., Ltd.	80,000,000.00	2025/12/30	2026/12/29	No
Jiangxi Chenming Paper Co., Ltd.	91,200,000.00	2025/12/30	2026/12/28	No
Jiangxi Chenming Paper Co., Ltd.	9,979,500.00	2025/12/16	2026/10/27	No
Jiangxi Chenming Paper Co., Ltd.	64,500,000.00	2025/9/11	2028/8/29	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2025/9/12	2028/8/29	No
Jiangxi Chenming Paper Co., Ltd.	20,000,000.00	2025/9/18	2028/8/29	No
Jiangxi Chenming Paper Co., Ltd.	100,000,000.00	2025/9/24	2028/8/29	No
Jiangxi Chenming Paper Co., Ltd.	100,000,000.00	2025/9/25	2028/8/29	No
Jiangxi Chenming Paper Co., Ltd.	100,000,000.00	2025/9/26	2028/8/29	No

XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

The Company as guarantor (Cont'd)

Unit: RMB

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.	500,000,000.00	2025/12/31	2028/8/29	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2026/1/8	2028/8/29	No
Jiangxi Chenming Paper Co., Ltd.	57,600,000.00	2024/9/29	2026/12/29	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2023/9/8	2026/8/22	No
Jiangxi Chenming Paper Co., Ltd.	106,975,661.00	2022/2/28	2030/11/28	No
Jiangxi Chenming Paper Co., Ltd.	14,966,942.18	2023/12/4	2030/11/15	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2024/10/17	2027/10/17	No
Jiangxi Chenming Paper Co., Ltd.	13,971,781.19	2022/10/11	2026/9/7	No
Jiangxi Chenming Paper Co., Ltd.	11,259,827.27	2022/8/18	2029/3/24	No
Jiangxi Chenming Paper Co., Ltd.	52,835,042.81	2022/5/23	2029/12/15	No
Jiangxi Chenming Paper Co., Ltd.	40,039,789.79	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.	50,000,000.00	2024/9/24	2025/9/23	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	400,000,000.00	2025/3/29	2027/3/20	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	24,999,884.00	2026/3/23	2027/3/22	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	50,000,000.00	2026/3/23	2027/3/22	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	75,000,000.00	2026/3/23	2027/3/22	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	126,591,245.00	2026/4/1	2027/3/31	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	128,402,137.00	2026/4/1	2027/3/31	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	101,549,733.00	2026/4/1	2027/3/31	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	203,370,000.00	2026/6/24	2027/6/23	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	100,000,000.00	2026/6/24	2027/6/23	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	32,680,000.00	2026/6/24	2027/6/23	No
Shandong Chenming Pulp & Paper Sales Co., Ltd.	153,810,000.00	2026/6/24	2027/6/23	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 Chenming Pulp & Paper Sales Co., Ltd.	8,750,000.00	2023/2/13	2027/6/30	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	519,000,000.00	2024/10/18	2029/9/24	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	11,220,000.00	2025/2/28	2028/2/27	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 Real Estate Co., Ltd.	1,984,545,455.00	2023/6/9	2038/3/20	No

XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

The Company as guarantor (Cont'd)

Unit: RMB

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Shouguang Chenming Import and Export Trade Co., Ltd.	120,000,000.00	2025/11/19	2028/11/18	No
Shouguang Meilun Paper Co., Ltd.	71,649,000.00	2023/10/23	2024/10/23	No
Shouguang Meilun Paper Co., Ltd.	20,000,000.00	2026/1/12	2027/1/11	No
Shouguang Meilun Paper Co., Ltd.	55,369,145.00	2026/5/27	2027/5/26	No
Shouguang Meilun Paper Co., Ltd.	278,306,779.00	2026/6/24	2027/6/23	No
Shouguang Meilun Paper Co., Ltd.	45,727,471.00	2026/6/2	2027/6/1	No
Shouguang Meilun Paper Co., Ltd.	98,114,605.00	2026/6/2	2027/6/1	No
Shouguang Meilun Paper Co., Ltd.	199,400,000.00	2025/11/12	2026/12/12	No
Shouguang Meilun Paper Co., Ltd.	133,253,598.00	2025/12/12	2026/12/11	No
Shouguang Meilun Paper Co., Ltd.	49,497,280.00	2025/12/15	2026/12/14	No
Shouguang Meilun Paper Co., Ltd.	93,998,400.00	2025/12/31	2026/12/30	No
Shouguang Meilun Paper Co., Ltd.	25,113,500.00	2025/12/31	2026/12/30	No
Shouguang Meilun Paper Co., Ltd.	44,000,000.00	2025/12/31	2026/12/30	No
Shouguang Meilun Paper Co., Ltd.	59,900,000.00	2025/12/31	2026/12/30	No
Shouguang Meilun Paper Co., Ltd.	162,119,849.15	2022/3/14	2029/5/25	No
Shouguang Meilun Paper Co., Ltd.	17,907,687.59	2021/12/14	2028/2/14	No
Shouguang Meilun Paper Co., Ltd.	109,591,059.28	2022/11/25	2028/1/15	No
Shouguang Meilun Paper Co., Ltd.	51,627,551.13	2024/7/5	2029/8/15	No
Shouguang Meilun Paper Co., Ltd.	27,000,000.00	2024/6/28	2027/6/28	No
Shouguang Meilun Paper Co., Ltd.	42,725,817.15	2024/5/24	2028/11/24	No
Shouguang Meilun Paper Co., Ltd.	59,240,954.05	2024/5/28	2028/5/26	No
Shouguang Meilun Paper Co., Ltd.	25,446,656.28	2024/4/12	2025/4/12	No
Shouguang Meilun Paper Co., Ltd.	498,499,725.03	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.	42,973,200.00	2023/10/25	2029/9/25	No
Shouguang Meilun Paper Co., Ltd.	14,978,745.04	2023/10/8	2028/2/15	No
Shouguang Meilun Paper Co., Ltd.	34,420,409.16	2023/8/30	2028/4/5	No
Shouguang Meilun Paper Co., Ltd.	114,500,000.00	2023/6/9	2030/9/20	No
Shouguang Meilun Paper Co., Ltd.	5,000,000.00	2023/3/29	2028/3/20	No
Shouguang Meilun Paper Co., Ltd.	12,000,000.00	2023/1/18	2028/1/18	No
Shouguang Meilun Paper Co., Ltd.	5,074,948.25	2022/12/29	2026/11/25	No
Shouguang Meilun Paper Co., Ltd.	194,000,000.00	2022/12/27	2027/12/24	No
Shouguang Meilun Paper Co., Ltd.	21,466,666.64	2022/9/30	2026/12/15	No
Shouguang Meilun Paper Co., Ltd.	30,000,000.00	2022/8/25	2025/8/25	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	2027/9/28	No

XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

The Company as guarantor (Cont'd)

Unit: RMB

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.	8,850,506.04	2022/5/24	2028/10/30	No
Shouguang Meilun Paper Co., Ltd.	2,887,491.97	2021/12/20	2025/12/20	No
Shouguang Meilun Paper Co., Ltd.	269,000,000.00	2021/9/9	2029/12/20	No
Shouguang Meilun Paper Co., Ltd.	29,400,000.00	2024/7/23	2026/7/23	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	2026/12/8	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2025/12/31	2026/12/30	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	38,000,000.00	2024/3/21	2026/3/20	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	10,500,000.00	2024/3/26	2026/3/31	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.	75,770,782.44	2024/5/23	2024/11/26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	38,372,000.00	2024/6/6	2027/5/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	47,784,000.00	2024/6/6	2027/5/26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	200,000,000.00	2024/7/12	2026/7/9	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	29,000,000.00	2024/7/18	2026/7/15	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2024/7/23	2026/7/22	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	2024/7/24	2026/7/20	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	41,408,350.00	2024/7/24	2026/7/20	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,000,000.00	2024/8/7	2026/8/6	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	59,000,000.00	2024/8/8	2026/8/7	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	2024/8/14	2026/8/13	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	2026/3/31	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	109,900,000.00	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	2026/3/31	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	59,460,000.00	2024/11/20	2025/11/19	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	940,000,000.00	2018/3/26	2029/3/25	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	2022/6/17	2025/6/16	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	2022/6/17	2025/6/16	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

XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

The Company as guarantor (Cont'd)

Unit: RMB

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.	14,030,000.00	2025/1/3	2026/1/8	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	204,960,000.00	2025/3/29	2025/9/28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	45,660,000.00	2025/3/29	2025/9/28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	129,880,000.00	2025/3/31	2025/9/30	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.	13,790,000.00	2025/4/28	2025/10/27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	10,000,000.00	2025/7/30	2026/7/30	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	7,900,000.00	2025/9/18	2026/9/18	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	35,250,000.00	2025/12/19	2026/12/18	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	35,250,000.00	2025/12/19	2026/12/18	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	16,000,000.00	2026/3/27	2027/3/26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	5,000,000.00	2025/3/10	2026/3/8	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	40,000,000.00	2025/3/10	2026/3/8	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	39,900,000.00	2025/3/10	2026/3/8	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.	25,000,000.00	2026/5/15	2027/5/14	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	45,000,000.00	2026/6/17	2027/6/16	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	63,000,000.00	2024/5/31	2027/5/26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	40,000,000.00	2024/6/26	2027/6/22	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	48,000,000.00	2024/6/28	2027/6/23	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	62,000,000.00	2024/6/28	2027/6/23	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,290,000.00	2026/4/27	2027/4/26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	2026/4/27	2027/4/26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	48,700,000.00	2026/4/27	2027/4/26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,000,000.00	2026/5/18	2027/5/17	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	98,350,000.00	2026/5/19	2027/5/18	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	49,505,526.00	2026/5/25	2027/5/24	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	494,474.00	2026/5/25	2027/5/24	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	47,500,000.00	2026/6/16	2027/6/15	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	35,000,000.00	2026/6/17	2027/6/16	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2026/6/17	2027/6/16	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	4,630,000.00	2026/6/18	2027/6/18	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	12,300,000.00	2026/6/18	2027/6/18	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	9,000,000.00	2026/6/18	2027/6/18	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,540,260.41	2022/6/29	2030/6/29	No

XIV. Related parties and related party transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

The Company as guarantor (Cont'd)

Unit: RMB

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.	49,970,000.00	2023/3/31	2029/3/17	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.	299,200,000.00	2024/4/29	2029/4/28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	164,172,110.17	2023/11/8	2030/11/8	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.	65,000,000.00	2024/8/14	2025/2/14	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	274,400,000.00	2016/8/18	2028/3/13	No
Zhanjiang Chenming Arboriculture Development Co., Ltd.	44,100,000.00	2024/3/29	2027/3/21	No
Weifang Port Wood Chip Wharf Co., Ltd.	77,395,000.00	2017/12/15	2027/12/20	No
Total	18,269,420,606.36			

6. Related party accounts receivable and accounts payable

(1) Accounts receivable

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	2,592,789.60	47,188.77	1,242,213.20	22,608.28
Accounts receivable	Shouguang Chenming Guangyuan Property Management Co., Ltd.			3,051,136.29	345,127.33
Accounts receivable	Shandong Yujing Grand Hotel Co., Ltd.	18,840,183.06			
Accounts receivable	Century Sunshine (Shouguang) Specialty Paper Co., Ltd.	10,538,500.00	191,800.70		
Accounts receivable	Shandong Shengming Corporate Management Co., Ltd.	156,439.22	39.24		
Other receivables	Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	147,567,756.61	27,559,486.48	161,681,854.41	30,010,602.34
Other receivables	Shouguang Meite Environmental Technology Co., Ltd.	12,287,072.08	10,612,403.02	11,939,404.05	10,535,572.35
Other receivables	Weifang Port Wood Chip Wharf Co., Ltd.	85,130,749.84	6,618,024.97	83,230,249.84	41,564,674.85
Other receivables	Shanghai Chenxinming Industrial Development Co., Ltd.			300,000.00	
Other receivables	Qingdao Chenming Paper Products Sales Co., Ltd.			257,455.23	
Prepayment	Shouguang Huixin Construction Materials Co., Ltd.			130,816.20	

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.	14,078,980.10	14,034,825.00
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.	17,437,830.70	16,812,701.25
Accounts payable	Shouguang Meite Environmental Technology Co., Ltd.	12,231,398.23	8,668,875.09
Other payables	Chenming (Qingdao) Asset Management Co., Ltd.	2,010,109.59	1,806,000.00
Other payables	Chenming Holdings Co., Ltd.	35,215,687.73	35,870,656.11
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		208,955,749.51
Other payables	Shandong Dingkun Asset Management Partnership (Limited Partnership)		171,500.00
Other payables	Shandong Shengming Corporate Management Co., Ltd.		46,156,087.64
Contract liabilities	Chenming Management and Consulting (Shandong) Co., Ltd.		273,900.00
Contract liabilities	Shouguang Chenming Guangyuan Real Property Company Limited		239,618.43
Receipts in advance	Century Sunshine (Shouguang) Specialty Paper Co., Ltd.		119,900.00

(3) Deposits with related parties

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Bank deposit	Guangdong Nanyue Bank Co., Ltd.	1.05	2,777.07
Other monetary funds	Guangdong Nanyue Bank Co., Ltd.	2,166,012.54	2,163,322.52

(4) Loans from related parties

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Short-term borrowings	Guangdong Nanyue Bank Co., Ltd.	758,840,000.00	759,790,000.00

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	Opening balance
Commitments in relation to acquisition and construction of long-term assets	305,724,260.20	303,504,260.20

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
Plaintiff 1	The Company	Litigation filed by the plaintiff for default on repayment of borrowings	Hangzhou Intermediate People's Court	190,147,150.00	Pending first instance ruling
Plaintiff 2	The Company	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Zhanggong District People's Court of Ganzhou City	40,039,789.79	Pending first instance ruling
Plaintiff 3	The Company	Construction agreement dispute	Mazhang District People's Court of Zhanjiang City	32,477,000.00	Pending first instance ruling
Plaintiff 4	The Company	Dispute over non-payment of commercial paper upon maturity	Luchuan County People's Court	15,670,000.00	Pending first instance ruling
Plaintiff 5	The Company	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Mazhang District People's Court	14,076,468.32	Pending first instance ruling
Plaintiff 6	The Company	Land infringement liability dispute	Qingzhou City People's Court	11,879,000.00	Pending second instance ruling
Total				304,289,408.11	

XV. Undertaking and contingency (Cont'd)

2. Contingency (Cont'd)

(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.

XVI. Post-balance sheet event

20,826,013 A shares of the Company held by Chenming Holdings were subject to a judicial auction on the Beijing Dongcheng District People's Court Judicial Auction Platform on JD.com from 10:00 a.m. on 13 August 2026, to 10:00 a.m. on 14 August 2026 (except for any extensions). On 14 August 2026, the judicial auction of the 20,826,013 A shares of the Company held by Chenming Holdings was concluded in full. These shares represented 0.71% of the Company's total share capital, and the final auction price was RMB36,862,043.01. For specific details, please refer to the relevant information published on the Beijing Dongcheng District People's Court Judicial Auction Platform on JD.com. Upon completion of the transfer of all shares sold in this judicial auction, Chenming Holdings' total shareholdings in the Company will be reduced to 799,086,869 shares, representing 27.17% of the Company's total share capital. The judicial auction of the shares of the Company held by Chenming Holdings does not result in a change of control of the Company, nor does it have a material adverse effect on the Company's corporate governance structure or its ongoing concern.

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 alleviate 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. Discontinued operation

Unit: RMB

Item	Amount for the period	Amount for the prior period
Revenue from discontinued operations (A)	10,013,414.94	8,302,961.20
Less: Termination of operating expenses (B)	17,383,526.13	20,521,929.95
Total profit from discontinued operations (C)	-7,370,111.19	-12,218,968.75
Less: income tax expense for termination of operations (D)		
Net profit from operating activities (E = C-D)	-7,370,111.19	-12,218,968.75
Asset impairment loss/(reversal) (F)	-5,751.25	-354,849.30
Total proceeds from disposal (G)	191,931,871.19	
Disposal of related income tax expenses (H)		
Net profit of disposal (I = G-H)	191,931,871.19	
Net profit from discontinued operations (J = E + F + I)	184,556,008.75	-12,573,818.05
Of which: Discontinued operating profit attributable to shareholders of the parent company	185,289,907.06	-11,322,723.15
Discontinued operating profit attributable to minority shareholders	-733,898.31	-1,251,094.90
Net cash flow from operating activities	-605,948.34	-169,232.24
Net cash flow from investing activities		
Net cash flow from financing activities		

XVII. Other Material Matters (Cont'd)

3. 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 3 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) Hotels and property rentals segment, which is responsible for hotel services and property rental;

(3) Other segments, which are 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.

(2) Financial Information of Reporting Segment

Unit: RMB

Prior period or end of the prior period	Machine-made paper	Hotel and property rentals	Others	Inter-segment offset	Total
Revenue	7,028,155,563.78	75,433,501.70	123,500,887.85	361,661,010.03	6,865,428,943.30
Including: Revenue from external transactions	6,782,125,812.36	72,609,985.91	10,693,145.03		6,865,428,943.30
Revenue from inter-segment transactions	246,029,751.42	2,823,515.79	112,807,742.82	361,661,010.03	
Including: Revenue from principal activities	6,894,549,541.18	74,826,574.03	120,482,233.32	251,078,687.01	6,838,779,661.52
Operating costs	7,538,315,100.01	57,940,417.27	115,984,575.41	352,936,367.19	7,359,303,725.50
Including: Costs of principal activities	7,410,581,292.74	57,940,417.27	115,981,108.76	230,832,608.50	7,353,670,210.27
Operating expenses	53,529,839.74	7,602,339.21			61,132,178.95
Including: Wages	35,447,865.68	3,073,718.75			38,521,584.43
Depreciation expenses	440,792.88	1,809,421.09			2,250,213.97
Office expenses	311,360.07	747.50			312,107.57
Travel expenses	8,688,281.26	7,123.53			8,695,404.79
Selling commissions	3,582.99	949,546.46			953,129.45
Rental expenses	1,442,627.63	–			1,442,627.63
Hospitality expenses	4,804,215.51	4,515.34			4,808,730.85
Others	2,391,113.72	1,757,266.54			4,148,380.26
Operating profit/(loss)	-1,381,949,690.07	162,764,459.30	6,597,408.26	15,016,028.07	-1,227,603,850.58
Total assets	46,623,046,251.00	8,004,569,420.34	7,297,706,967.19	10,959,149,131.23	50,966,173,507.30
Total liabilities	42,118,489,674.30	5,766,422,414.04	1,630,589,286.75	542,794,216.55	48,972,707,158.54
Fixed assets purchased	30,989,588.41	191,846.82			31,181,435.23
Intangible assets purchased	196,200.00				196,200.00
Construction in progress purchased	19,284,178.56				19,284,178.56

XVIII. Major Item Notes of the Parent Company's Financial Statements

1. Bills receivable

(1) Bills receivable by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	4,493,579.36	7,684,717.68
Commercial acceptance bills		
Total	4,493,579.36	7,684,717.68

(2) 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.

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

Unit: RMB

Item	Amount derecognised as at the end of the reporting period	Amount not yet derecognised as at the end of the reporting period
Bank acceptance bills		4,484,579.36
Total		4,484,579.36

2. Accounts receivable

(1) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year	1,634,019,090.51	1,805,177,349.81
1 to 2 years	17,454,450.00	189,054.07
2 to 3 years	189,006.01	
Over 3 years	4,502,821.17	4,502,821.17
Subtotal	1,656,165,367.69	1,809,869,225.05
Less: Bad debt provision	6,847,427.98	6,808,866.35
Total	1,649,317,939.71	1,803,060,358.70

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

	Closing balance					Opening balance				
	Book balance		Bad debt provision			Book balance		Bad debt provision		
Category	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount
Assessed individually for bad debt provision										
Assessed collectively for bad debt provision	1,656,165,367.69	100.00	6,847,427.98	0.41	1,649,317,939.71	1,809,869,225.05	100.00	6,808,866.35	0.38	1,803,060,358.70
Including:										
Due from related parties	1,634,019,090.51	98.66			1,634,019,090.51	1,787,722,899.81	98.78			1,787,722,899.81
Due from non-related parties	22,146,277.18	1.34	6,847,427.98	30.92	15,298,849.20	22,146,325.24	1.22	6,808,866.35	30.74	15,337,458.89
Total	1,656,165,367.69	100.00	6,847,427.98	0.41	1,649,317,939.71	1,809,869,225.05	100.00	6,808,866.35	0.38	1,803,060,358.70

Number of categories being assessed collectively for bad debt provision: 2

Items assessed collectively for bad debt provision: Due from related parties

Unit: RMB

	Closing balance		
Name	Book balance	Bad debt provision	Provision percentage (%)
Within 1 year	1,634,019,090.51		
Total	1,634,019,090.51		

Items assessed collectively for bad debt provision: Due from non-related parties

	Closing balance		
Name	Book balance	Bad debt provision	Provision percentage (%)
Within 1 year			
1 to 2 years	17,454,450.00	2,249,007.57	12.89
2 to 3 years	189,006.01	95,599.24	50.58
Over 3 years	4,502,821.17	4,502,821.17	100.00
Total	22,146,277.18	6,847,427.98	

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	Changes in the period: Provision	Recovery or reversal	Written-off	Others	Closing balance
Bad debt provision	6,808,866.35	38,576.13	14.50			6,847,427.98
Total	6,808,866.35	38,576.13	14.50			6,847,427.98

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

The total amount of top five accounts receivable based on closing balance of debtors for the period amounted to RMB1,645,809,600.30 in total, accounting for 99.38% of the total closing balance of accounts receivable. The closing balance of the corresponding bad debt provision amounted to RMB6,671,607.57 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	1,167,896,276.80	70.52	
Customer 2	445,772,441.50	26.92	
Customer 3	20,263,832.00	1.22	
Customer 4	7,454,450.00	0.45	2,249,007.57
Customer 5	4,422,600.00	0.27	4,422,600.00
Total	1,645,809,600.30	99.38	6,671,607.57

XVIII. Major Item Notes of the Parent Company's Financial Statements (Cont'd)

3. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable	142,500,000.00	142,500,000.00
Other receivables	5,739,789,469.89	5,569,475,196.11
Total	5,882,289,469.89	5,711,975,196.11

(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	142,500,000.00
Total	142,500,000.00	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	5,832,873,771.22	5,700,252,589.33
Guarantee deposit and deposit	4,313,950.00	4,314,449.08
Reserve and borrowings	5,639,646.50	5,189,667.08
Subtotal	5,842,827,367.72	5,709,756,705.49
Bad debt provision	103,037,897.83	140,281,509.38
Total	5,739,789,469.89	5,569,475,196.11

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)	3,812,174,449.77	4,291,577,401.96
1 to 2 years	1,204,572,924.99	1,311,253,000.77
2 to 3 years	759,945,779.73	6,507,927.37
Over 3 years	66,134,213.23	100,418,375.39
Subtotal	5,842,827,367.72	5,709,756,705.49
Bad debt provision	103,037,897.83	140,281,509.38
Total	5,739,789,469.89	5,569,475,196.11

3) Disclosure by bad debt provision method

Unit: RMB

	Closing balance					Opening balance				
	Book balance		Bad debt provision			Book balance		Bad debt provision		
Category	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Assessed individually for bad debt provision	64,186,369.90	1.10	63,086,459.45	98.29	1,099,910.45	63,731,312.34	1.12	63,046,136.82	98.92	685,175.52
Assessed collectively for bad debt provision	5,778,640,997.82	98.90	39,951,438.38	0.69	5,738,689,559.44	5,646,025,393.15	98.88	77,235,372.56	1.37	5,568,790,020.59
Including:										
Amount due from government agencies	100,054.07	0.00	92,054.07	92.00	8,000.00	100,054.07	0.00	92,054.07	92.00	8,000.00
Amount due from related parties	5,756,901,023.50	98.53	34,204,307.92	0.59	5,722,696,715.58	5,623,849,338.09	98.50	71,588,327.55	1.27	5,552,261,010.54
Other receivables	21,639,920.25	0.37	5,655,076.39	26.13	15,984,843.86	22,076,000.99	0.39	5,554,990.94	25.16	16,521,010.05
Total	5,842,827,367.72	100.00	103,037,897.83	1.76	5,739,789,469.89	5,709,756,705.49	100.00	140,281,509.38	2.46	5,569,475,196.11

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	Opening balance Book balance	Opening balance Bad debt provision	Closing balance Book balance	Closing balance Bad debt provision	Provision percentage (%)	Reason for provision
Customer 1	5,526,048.24	5,526,048.24	5,526,048.24	5,526,048.24	100.00	Uncertain recovery to a certain extent
Customer 2	4,725,039.89	4,725,039.89	4,725,039.89	4,725,039.89	100.00	Uncertain recovery to a certain extent
Customer 3	4,019,935.23	4,019,935.23	4,019,935.23	4,019,935.23	100.00	Uncertain recovery to a certain extent
Customer 4	2,871,239.32	2,871,239.32	2,871,239.32	2,871,239.32	100.00	Uncertain recovery to a certain extent
Customer 5	2,820,742.72	2,820,742.72	2,820,742.72	2,820,742.72	100.00	Uncertain recovery to a certain extent
Customer 6	2,650,339.91	2,650,339.91	2,650,339.91	2,650,339.91	100.00	Uncertain recovery to a certain extent
91 customers, including customer 7	41,117,967.03	40,432,791.51	41,573,024.59	40,473,114.14	97.35	Uncertain recovery to a certain extent
Total	63,731,312.34	63,046,136.82	64,186,369.90	63,086,459.45		

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 debt 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 2026	77,235,372.56		63,046,136.82	140,281,509.38
Balance as at 1 January 2026 for the period				
– Transferred to stage 2				
– Transferred to stage 3				
– Reversed to stage 2				
– Reversed to stage 1				
Provision for the period			40,322.63	40,322.63
Reversal for the period	37,283,934.18			37,283,934.18
Transfer for the period				
Write-off for the period				
Other changes				
Balance as at 30 June 2026	39,951,438.38		63,086,459.45	103,037,897.83

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	140,281,509.38	40,322.63	37,283,934.18			103,037,897.83
Total	140,281,509.38	40,322.63	37,283,934.18			103,037,897.83

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 accounts receivable based on closing balance of debtors for the period amounted to RMB4,428,366,661.77 in total, accounting for 75.80% of the total closing balance of accounts receivable. 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
Customer 1	Open credit	2,263,028,487.63	Within 1 year	38.73	
Customer 2	Open credit	1,416,723,252.37	Within 1 year	24.25	
Customer 3	Open credit	316,505,304.66	Within 1 year	5.42	
Customer 4	Open credit	250,000,000.00	Within 1 year	4.28	
Customer 5	Open credit	182,109,617.11	Within 1 year	3.12	
Total		4,428,366,661.77		75.80	

4. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	16,163,010,434.42		16,163,010,434.42	16,443,510,434.42		16,443,510,434.42
Investment in associates and joint ventures	329,046,799.32	5,994,545.96	323,052,253.36	261,845,111.49	5,994,545.96	255,850,565.53
Total	16,492,057,233.74	5,994,545.96	16,486,062,687.78	16,705,355,545.91	5,994,545.96	16,699,360,999.95

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: Additional contribution	Change for the period: Withdrawn contribution	Change for the period: Impairment provision	Change for the period: Others	Closing balance (carrying amount)	Closing balance of 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.	471,980,547.20						471,980,547.20	
Huanggang Chenming Arboriculture Development Co., Ltd.	70,000,000.00						70,000,000.00	
Jinan Chenming Paper Sales Co., Ltd.	100,000,000.00						100,000,000.00	
Shandong Yujing Grand 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	
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	16,443,510,434.42			280,500,000.00			16,163,010,434.42	

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	Change for the period: Additional contribution	Withdrawn contribution	Investment gain or loss recognised under equity method	Adjustment of other comprehensive income	Other change in equity interest	Distribution of cash dividend or profit declared	Impairment provision	Others	Closing balance (carrying amount)	Closing balance of impairment provision
I. Associates												
Zhuhai Dechen New Third Board Equity Investment Fund Company (Limited Partnership)	24,776,145.22				708,070.78						25,484,216.00	
Ningbo Kaichen Huamei Equity Investment Fund Partnership (Limited Partnership)	146,082,017.37				72,476,415.75						218,558,433.12	
Chenming (Qingdao) Asset Management Co., Ltd.	3,315,927.52				220,835.14						3,536,762.66	
Xuchang Chenming Paper Co., Ltd.		5,994,545.96										5,994,545.96
Subtotal	174,174,090.11	5,994,545.96			73,405,321.67						247,579,411.78	5,994,545.96
II. Joint ventures												
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	8,628,248.47				-461,714.59			250,000.00			7,916,533.88	
Weifang Port Wood Chip Wharf Co., Ltd.	73,048,226.95				-5,491,919.25						67,556,307.70	
Subtotal	81,676,475.42				-5,953,633.84			250,000.00			75,472,841.58	
Total	255,850,565.53	5,994,545.96			67,451,687.83			250,000.00			323,052,253.36	5,994,545.96

Determination of recoverable amount as the net amount of fair value less disposal expenses

☐ Applicable √ Not applicable

Determination of recoverable amount based on the present value of expected future cash flows

☐ Applicable √ Not applicable

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	137,902,874.69	161,234,996.47	73,344,245.36	217,883,215.76
Other activities	20,942,411.30	16,705,370.85	166,156,874.39	46,018,931.31
Total	158,845,285.99	177,940,367.32	239,501,119.75	263,902,147.07

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	137,902,874.69	161,234,996.47	20,942,411.30	16,705,370.85	158,845,285.99	177,940,367.32
Including:						
Machine-made paper	137,902,874.69	161,234,996.47			137,902,874.69	161,234,996.47
Others			20,942,411.30	16,705,370.85	20,942,411.30	16,705,370.85
By geographical area	137,902,874.69	161,234,996.47	20,942,411.30	16,705,370.85	158,845,285.99	177,940,367.32
Including:						
Chinese Mainland	137,902,874.69	161,234,996.47	20,942,411.30	16,705,370.85	158,845,285.99	177,940,367.32
Other countries and regions						
By the timing of delivery	137,902,874.69	161,234,996.47	20,942,411.30	16,705,370.85	158,845,285.99	177,940,367.32
Including:						
Goods (at a point in time)	137,902,874.69	161,234,996.47	8,993,104.55	8,803,993.85	146,895,979.24	170,038,990.32
Services (within a certain period)			11,949,306.75	7,901,377.00	11,949,306.75	7,901,377.00
By sales channels	137,902,874.69	161,234,996.47	20,942,411.30	16,705,370.85	158,845,285.99	177,940,367.32
Including:						
Distribution						
Direct sales	137,902,874.69	161,234,996.47	20,942,411.30	16,705,370.85	158,845,285.99	177,940,367.32
Total	137,902,874.69	161,234,996.47	20,942,411.30	16,705,370.85	158,845,285.99	177,940,367.32

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 explanation

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 RMB394,394,354.41, in which RMB394,394,354.41 was expected to be recognised in 2026.

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
Income from long-term equity investments accounted for using the equity method	67,451,687.83	-5,404,278.73
Investment gain on disposal of long-term equity investments	-163,500,000.00	
Investment gain on holding other non-current financial assets	600,880.82	
Total	-95,447,431.35	231,495,721.27

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	185,582,492.52	
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	26,343,895.53	
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	63,077,575.79	
Reversal of provision for impairment of receivables individually tested for impairment	1,031,050.29	
Profit or loss from debt restructuring	819,000.00	
Profit or loss from changes in the fair value of consumable biological assets subsequently measured at fair value	15,704,467.20	
Other non-operating income and expenses other than the above items	-5,921,952.74	
Total extraordinary gains or losses	286,636,528.59	
Less: Effect of income tax	-21,154,252.74	
Effect of minority interests (after tax)	4,788,823.53	
Total	303,001,957.80	–

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	27,079,933.75	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)	Earnings per share Diluted (RMB per share)
Net profit attributable to ordinary shareholders of the Company	-150.65%	-0.27	-0.27
Net profit after extraordinary gains or losses attributable to ordinary shareholders of the Company	-208.69%	-0.37	-0.37

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
28 August 2026