

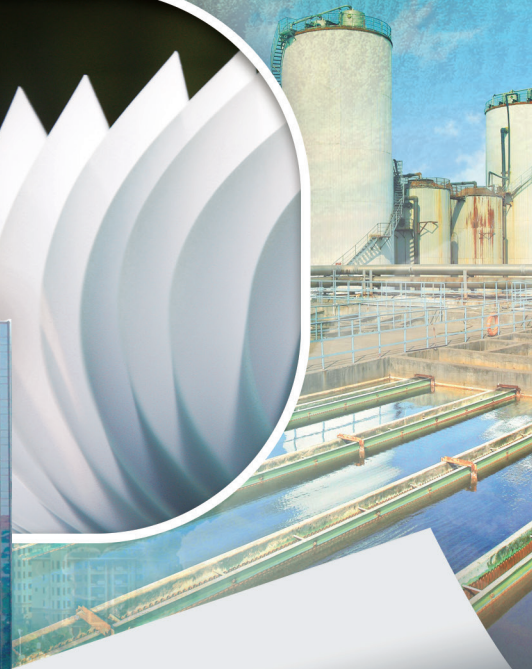
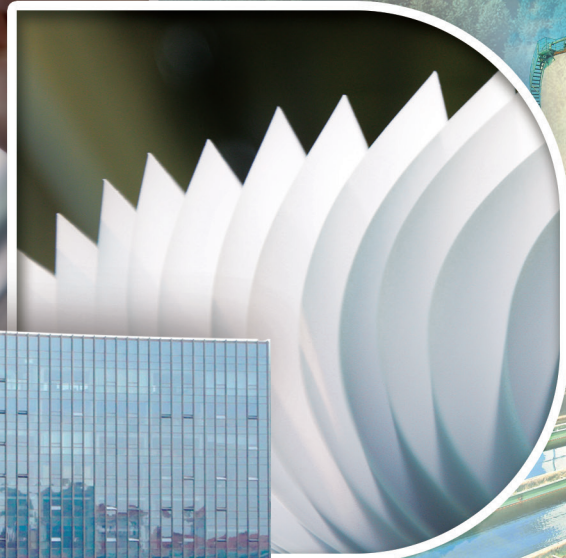


山東晨鳴紙業集團股份有限公司

SHANDONG CHENMING PAPER HOLDINGS LIMITED*

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

Stock Code: 1812



2024

ANNUAL REPORT

* For identification purposes only

I Important Notice, Table of Contents and Definitions

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

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

All Directors have attended the board meeting to review this report.

Grant Thornton (Special General Partnership) has issued the 2024 annual audit report with a qualified opinion for the Company. The Board and the Supervisory Committee of the Company have provided detailed explanations regarding the relevant matters. Investors are advised to carefully read these explanations.

Reminder of material deficiencies in internal control

Applicable Not applicable

Grant Thornton (Special General Partnership) has issued an adverse opinion in the auditor’s report on internal control for 2024 for the Company. Please refer to XII to XIV of section VI Corporate Governance for details.

Forward-looking statements such as future plans contained in this annual report do not represent earnings forecasts of the Company nor constitute substantive commitments to investors by the Company. Investors and relevant persons shall maintain a sufficient risk awareness hereto and understand the differences among plans, forecasts and commitments.

The Company is exposed to various risk factors such as macro-economic fluctuation, state policies and regulations and competition in the industry. Investor should be aware of investment risks. For further details, please refer to the risk factors likely to be faced and the measures to be taken to address them as set out in the outlook on the future development of the Company in section VI Management Discussion and Analysis.

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

I Important Notice, Table of Contents and Definitions

Table of Contents

I	Important Notice, Table of Contents and Definitions	1
II	Company Profile and Key Financial Indicators	6
III	Chairman’s Report	11
IV	Management Discussion and Analysis	13
V	Directors’ Report	42
VI	Corporate Governance	52
VII	Environmental and Social Responsibility	105
VIII	Material Matters	112
IX	Changes in Share Capital and Shareholders	134
X	Preference Shares	145
XI	Bonds	146
XII	Financial Report	147

I Important Notice, Table of Contents and Definitions

Documents Available for Inspection

- I. The financial statements signed and sealed by the legal representative, the head in charge of accounting and the head of the accounting department of the Company;
- II. The original copy of the auditor's report which is sealed by the accounting firm and signed and sealed by the certified public accountants;
- III. The original copies of the documents and announcements of the Company disclosed in the designated newspaper and on the website as approved by the CSRC during the reporting period;
- IV. The annual report disclosed on the website of The Stock Exchange of Hong Kong Limited;
- V. Other related information.

I Important Notice, Table of Contents and Definitions

Definitions

Item		Definition
Company, Group, Chenming Group, Chenming Paper or Chenming Paper Company	means	Shandong Chenming Paper Holdings Limited and its subsidiaries
Parent Company or Shouguang Headquarters	means	Shandong Chenming Paper Holdings Limited
Chenming Holdings	means	Chenming Holdings Company Limited
Shenzhen Stock Exchange	means	Shenzhen Stock Exchange
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.
Shanghai Chenming	means	Shanghai Chenming Industry 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.
Finance Company	means	Shandong Chenming Group Finance Co., Ltd.

I Important Notice, Table of Contents and Definitions

Item		Definition
Chenming Investment	means	Shandong Chenming Investment Limited
Chenming Leasing	means	Shandong Chenming Financial Leasing Co., Ltd. and its subsidiaries
Chenrong Fund	means	Weifang Chenrong Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership)
Jiangxi Port	means	Jiangxi Chenming Port Co., Ltd.
Yujing Hotel	means	Shandong Yujing Grand Hotel Co., Ltd.
Guangyuan Real Property	means	Shouguang Chenming Guangyuan Real Property Company Limited
the reporting period or the year	means	The period from 1 January 2024 to 31 December 2024
the beginning of the year or the period	means	1 January 2024
the end of the year or the period	means	31 December 2024
the prior year	means	The period from 1 January 2023 to 31 December 2023

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		
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	Hu Changqing		
Registered address	No. 595 Shengcheng Road, Shouguang City, Shandong Province		
Postal code of registered address	262700		
Changes of the registered address of the Company	Nil		
Office address	No.2199 Nongsheng East Road, Shouguang City, Shandong Province		
Postal code of office address	262705		
Website of the Company	http://www.chenmingpaper.com		
Email address	chenmmingpaper@163.com		

II. Contact persons and contact methods

	Secretary to the Board	Securities affairs representatives		Hong Kong Company Secretary
Name	Yuan Xikun	Zhang Chuangyong	Chen Lin	Chu Hon Leung
Email address	chenmmingpaper@163.com	friend537@163.com	ZQCL0536@163.com	liamchu@li-partners.com
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	0536-2158008	0536-2158008		00852-21629600
Facsimile	0536-2158977	0536-2158977		00852-25010028

III. Information disclosure and places for inspection

Websites of the stock exchanges where the Company discloses its annual report	Domestic: http://www.szse.cn ; overseas: http://www.hkex.com.hk
Names and websites of the media where the Company discloses its annual report	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily, Hong Kong Commercial Daily and CNINFO (http://www.cinifo.com.cn)
Places for inspection of the Company's annual report	Securities investment department of the Company

IV. Change in registration

Organisation registration code	913700006135889860
Change of principal activities since its listing (if any)	Nil
Change of the controlling shareholder (if any)	Nil

II Company Profile and Key Financial Indicators

V. Other relevant information

CPAs engaged by the Company

Name of CPAs	Grant Thornton (Special General Partnership)
CPAs' Office Address	Floor 11, Building No. 4, HuaChuang GuanLi Center, 219 Shunhai Road, Lixia District, Jinan
Name of the Signing Certified Public Accountants	Jiang Tao and Guo Dongmei

Sponsors engaged by the Company to continuously perform its supervisory function during the reporting period

Applicable Not applicable

Financial advisors engaged by the Company to continuously perform its supervisory function during the reporting period

Applicable Not applicable

VI. Major accounting data and financial indicators

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

Yes No

	2024	2023	Increase/decrease for the year as compared to the prior year	2022
Revenue (RMB)	22,729,474,852.76	26,608,570,228.20	-14.58%	32,004,367,320.91
Net profit attributable to shareholders of the Company (RMB)	-7,410,784,491.65	-1,281,289,649.82	-478.38%	189,290,120.82
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	-7,202,385,457.32	-1,942,120,184.70	-270.85%	-361,459,377.16
Net cash flows from operating activities (RMB)	2,623,191,664.60	4,389,949,308.82	-40.25%	3,449,824,242.37
Basic earnings per share (RMB per share)	-2.53	-0.45	-462.22%	0.03
Diluted earnings per share (RMB per share)	-2.53	-0.45	-462.22%	0.03
Rate of return on weighted average net assets	-57.25%	-7.65%	Decreased by 49.60 percentage points	0.55%

	As at the end of 2024	As at the end of 2023	Increase/decrease as at the end of the year compared to the end of the prior year	As at the end of 2022
Total assets (RMB)	63,509,295,142.08	79,487,052,953.58	-20.10%	84,301,017,409.62
Net assets attributable to shareholders of the Company (RMB)	9,156,104,358.91	16,692,175,196.53	-45.15%	19,084,565,494.92

II Company Profile and Key Financial Indicators

The lower of the Company's net profit before or after extraordinary gains or losses in the last three accounting years is negative, and the audit report for the last year shows that the Company's ability to continue as a going concern is uncertain

Yes No

The lower of net profit before or after extraordinary gains or losses is negative

Yes No

Item	2024	2023	Remark
Revenue (RMB)	22,729,474,852.76	26,608,570,228.20	Revenue from sales of materials of RMB105,595,945.36 and other revenue of RMB54,384,875.03.
Deduction to revenue (RMB)	159,980,820.39	986,216,965.96	
Revenue after deduction (RMB)	22,569,494,032.37	25,622,353,262.24	

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

II Company Profile and Key Financial Indicators

VIII. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	6,761,777,174.00	7,122,954,345.04	5,940,014,289.43	2,904,729,044.29
Net profit attributable to shareholders of the Company	58,196,200.97	-29,549,995.55	-738,744,725.34	-6,700,685,971.73
Net profit after extraordinary gains or losses attributable to shareholders of the Company	-226,480,578.98	-44,384,464.53	-804,074,160.18	-6,127,446,253.63
Net cash flows from operating activities	473,092,608.52	1,519,406,784.55	391,884,014.73	238,808,256.80

Whether the above indicators or their aggregated amounts have any material difference with the respective amounts as disclosed in the quarterly report or interim report

Yes No

IX. Five-year financial summary under paragraph 19 of appendix D2 of the Hong Kong Listing Rules

Unit: RMB'0,000

	For the year ended 31 December				
	2024	2023	2022	2021	2020
Revenue	2,272,947	2,660,857	3,200,437	3,301,981	3,073,652
Profit before tax	-785,319	-170,970	18,227	230,618	217,227
Tax	-6,017	-38,306	-13,509	21,650	26,606
Profit for the current period attributable to shareholders of the Company	-741,078	-128,129	18,929	206,551	171,203
Minority interests	-38,223	-4,535	12,807	2,417	19,418
Basic earnings per share (RMB/share)	-2.53	-0.45	0.03	0.56	0.36
Rate of return on weighted average net assets (%)	-57.25%	-7.65%	0.55%	9.56%	5.84%

Unit: RMB'0,000

	For the year ended 31 December				
	2024	2023	2022	2021	2020
Total assets	6,350,930	7,948,705	8,430,102	8,286,966	9,157,546
Total liabilities	5,067,352	5,838,920	6,057,276	6,029,463	6,577,519
Minority interests	367,967	440,568	464,369	345,705	152,329
Equity attributable to shareholders of the Company	915,610	1,669,218	1,908,457	1,911,799	2,427,697
Net current assets (liabilities)	-2,795,136	-2,121,186	-1,917,930	-1,766,446	-1,516,398
Total assets less current liabilities	1,966,696	2,970,931	3,240,227	3,233,471	4,052,922

II Company Profile and Key Financial Indicators

X. Items and amounts of extraordinary gains or losses

Applicable Not applicable

Unit: RMB

Item	Amount for 2024	Amount for 2023	Amount for 2022	Description
Profit or loss from disposal of non-current assets (including write-off of provision for assets impairment)	35,240,228.34	431,805,592.54	161,509,859.17	
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	64,412,067.13	117,211,489.25	314,934,315.62	
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	-181,379,218.46	58,579,398.48	-35,178,162.53	
Reversal of provision for impairment of receivables individually tested for impairment		99,483,459.63	275,585,463.86	
Profit or loss from debt restructuring	3,519,918.36	55,297,346.06	967,464.91	
Profit or loss from changes in the fair value of consumable biological assets subsequently measured at fair value	-153,411,759.17	6,775,808.38	9,924,233.72	
Other non-operating income and expenses other than the above items	-15,275,886.14	-11,642,079.10	-37,391,130.09	
Less: Effect of income tax	-18,173,051.07	89,176,973.22	137,333,913.66	
Effect of minority interests (after tax)	-20,322,564.54	7,503,507.14	2,268,633.02	
Total	-208,399,034.33	660,830,534.88	550,749,497.98	-

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	56,090,636.54	Government grants related to assets and closely related to the normal operation of the Company as extraordinary gain or loss due to the inclusion of their subsequent amortisation in other income and their ongoing effect on the Company's profit or loss

III Chairman's Report

Dear shareholders and investors,

First of all, on behalf of the Company, I would like to express my sincere gratitude to the shareholders and investors for their attention to and support for the development of the Group.

Over the past year, the Company has faced severe challenges. During reporting period, the contradiction between supply and demand in the short term has been prominent due to the concentration of newly-added production capacity in the paper industry. The prices of the Company's major paper products, in particular the price of white cardboard, have declined significantly under the influence of the supply-demand contradiction, leading to reduced profitability of the Company, and incurring losses. At the same time, as some financial institutions downsized the loan scale, the Company faced temporary liquidity shortages, and thus the Company and some of its subsidiaries encountered instances of debt defaults. In response, some creditors have filed lawsuits against these debts in the court and simultaneously applied for property preservation, and the court has made a ruling to freeze some of the bank accounts of the Company and its subsidiaries.

In 2024, due to factors such as production restrictions and shutdowns for maintenance, the Company produced 4.27 million tonnes of machine-made paper and sold 4.47 million tonnes of machine-made paper, achieving revenue of RMB22,729 million and a net profit attributable to the parent company of RMB-7,411 million, representing a significant decline as compared to the previous year. To reduce losses, the Company has implemented production restrictions and shutdowns at some of its production bases since November, along with maintenance of machinery and equipment. However, due to the fact that the shutdown and maintenance has exceeded three months, and the Company failed to resume large-scale production and operations, the Company's A shares and B shares have been subject to other risk warnings by the Shenzhen Stock Exchange.

To turn the tables, we have taken the following measures:

Firstly, the Company made every effort to promote the resumption of operation and production. The Company established production resumption plans, conducted comprehensive overhauls across all production systems, improved automated detection and control functions, and enhanced equipment integrity and operational efficiency. Striving to achieve the resumption of operation and production within the shortest possible time, the Company also strengthened its communication and coordination with suppliers to foster stable long-term cooperative relationships between them. As of the date of this report, some production lines at Huanggang Chenming, Jiangxi Chenming and Shouguang Chenming have gradually resumed production and operations.

Secondly, the Company made every effort to speed up the granting of a new syndicated credit facility. On 18 December 2024, provincial debt committees had been set up. It is agreed that they shall maintain the stability of existing credit facilities. They will renew expiring loans wherever possible without loan cancellations or delays, and will provide support such as extended loan terms, reduced interest rates and extended interest settlement cycles, in order to alleviate the operational burden on the Company. The relevant matters are still subject to the respective consideration and approval procedures of the financial institutions. As of the date of this report, most banks and leasing companies have completed decisions on renewals, interest rate reductions and extensions of interest settlement cycles, and have begun implementing these measures. The Company actively communicated and coordinated with all banks in the syndicate to speed up internal approvals and push for the granting of a new syndicated credit facility of RMB2.31 billion as soon as possible to inject funds for the resumption of operation and production of the Company.

Thirdly, the Company made every effort to revitalise and dispose of its existing assets. The Company strengthened the disposal of assets in its non-principal business, established an asset management center, adjusted and optimised internal management, divided asset disposal management areas by region, and assigned responsibilities to individuals to improve the efficiency of asset disposal. The Company also stepped up efforts to recover outstanding debts, and pursued debtors with realisable assets with priority given to negotiation means. For accounts receivable that are difficult to recover, the Company resorted to judicial channels to resolve the issues, and striving to improve its liquidity.

III Chairman's Report

Fourthly, the Company made every effort to introduce strategic investments. A task force for the introduction of strategic investors has been set up. Dedicated personnel are responsible for engaging and negotiating with interested strategic investors and use flexible cooperation methods to effectively integrate resources. At the same time, the Company insisted on the approach of combining “going out” and “bringing in”, took the initiative to cooperate with competent enterprises, and acquired the necessary working capital for the resumption of production through a variety of channels, so as to support the Company in achieving normal production and operation as soon as possible.

Difficulties and hardships polish us like jade. We have the confidence, determination and capability to resolve all issues currently affecting our production and operations. By achieving the highest management standards, the lowest production costs, the best product offerings and the most competitive product prices, we will enhance our profitability and achieve new growth.

Finally, I would like to extend our heartfelt gratitude once again to all shareholders, investors and all sectors of the community for their attention to and support for the development of the Company.

Hu Changqing
Chairman

31 March 2025

IV Management Discussion and Analysis

I. Industry situation of the Company during the reporting period

As a basic raw material industry closely related to economic and social development, the paper industry experienced a complex and volatile development process against the backdrop of fluctuating raw material prices, increased supply of paper products, slow growth in sales, and short-term supply and demand tensions in 2024.

On the raw material side, the raw materials for the paper industry primarily include wood pulp, among others. In 2024, the prices of softwood pulp and hardwood pulp were affected by both unexpected international supply disruptions and the release of new domestic production capacity, showing a mixed trend of upward and downward movements.

For softwood pulp, due to labour strikes and maintenance at pulp mills in major international suppliers of softwood pulp such as Finland, Chile and Canada in the first half of the year, its supply tightened, which pushed up its price. However, with the release of new domestic pulp production capacities, supply pressure increased and overseas demand weakened, and thus the price fell again. As of 31 December 2024, the average market price of softwood pulp in Shandong was RMB6,400 per tonne, representing an increase of 9.4% from the beginning of the year.

For hardwood pulp, its price trend was different from that of softwood pulp, which demonstrated an overall decline. As of 31 December 2024, the average market price of hardwood pulp in Shandong was RMB4,610 per tonne, representing a decrease of 8.53% from the beginning of the year.

On the supply side, the paper industry saw a continuous increase in the supply of paper products driven by new production capacity in 2024. From January to December 2024, the national production of machine-made paper and paper board reached 158.469 million tonnes, representing a year-on-year increase of 8.6%. According to statistics, as of the end of October 2024, the number of papermaking enterprises nationwide reached 7,999, representing an increase of 331 from the end of 2023. As an important component of the paper industry, the paper and paperboard manufacturing sector saw cumulative year-on-year growth of 20.6% in its fixed asset investment, demonstrating strong momentum of investment growth.

On the demand side, despite the continuous increase in supply in the paper industry, the growth in sales of paper products remained slow due to the global economic slowdown and sluggish domestic consumer demand. Product prices struggled to rise, with overall price levels lower than the same period in the previous year.

For the price of culture paper, the price of culture paper experienced a fluctuation process of rising first and then falling in 2024. At the beginning of the year, the price of culture paper rose due to market demand and adjustments in supply-side production capacity. However, as end-user demand weakened and the orders for finished paper decreased, the prices of bulk paper continued to decline, leading to a drop in the price of culture paper. In particular, starting from May, both the price and profit fell to historically low levels. Although the price of culture paper recovered in late November due to short-term supply contractions and the concentrated delivery of tender orders, the current prices of duplex press paper and coated paper remain at relatively low levels.

For the price of white cardboard, the white cardboard sector also faced significant challenges in 2024. Affected by the substantial release of new supply in the previous period and the relatively slow recovery of end-user demand, the price of white cardboard remained in a downward trend, with a profitability level near the lowest point in history. Although the state subsidy for new home appliances had been gradually extended to small kitchen appliances in certain regions, which provided some boost to industry demand, the overall sector still faced considerable competitive pressure.

The paper industry needs to pay close attention to policy changes and the recovery of market demand, strengthen technological innovation and digital transformation, and enhance its core competitiveness and market adaptability in order to achieve sustainable development.

IV Management Discussion and Analysis

II. Principal activities of the Company during the reporting period

1. 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 for the production of machine-made paper products covering more than 200 types in seven series, including culture paper, coated paper, white cardboard, copy paper, industrial paper, special paper, and household paper. It is the enterprise with the largest variety of products and the most complete products in the domestic paper industry. It is also the first domestic paper making enterprise that achieves a balance between pulp production and paper making capacity in general. During the reporting period, the machine-made paper business was the major source of revenue and profit of the Company, with no significant changes in the principal activity.

In recent years, the contradiction between supply and demand in the short term has been prominent due to the concentration of newly-added production capacity in the paper industry. As a result, the prices of the Company's major products continued to decline during the reporting period with a year-on-year decrease in gross profit. In addition, some of the Company's production bases had successively been in shutdown and maintenance in the fourth quarter, leading to unsatisfactory capacity utilisation and a year-on-year decline in production and sales volumes. The Company made impairment provisions for certain assets, and also increased the provision ratio for bad debts related to underperforming financial leasing customers out of prudence, which collectively contributed to a decline in profitability. In 2024, the net profit attributable to shareholders of the Company recorded a loss of RMB7,411 million.

2. Major products of the Company and their application

The Company attaches great importance to technology research and development and brand benefits. Focusing on key areas of green papermaking technology, the Company continuously strengthens the construction of research platforms and other hardware facilities, and has a number of domestically leading innovative R&D platforms including a national enterprise technology centre, a post-doctoral working station, a collaborative innovation centre for cleaner production and refinery of light industry bio-based products, the Shandong Pulp and Paper Making Engineering Lab, in order to promote standardised production, optimise and adjust its product structure, and facilitate high-quality development of its principal business. During the reporting period, the Company successfully passed the audit of China Environmental United Certification Center, and was awarded the certificate of "China Environmental Labelling (Type I) Product Certification". Projects such as the "development of green wet processing technology for corn starch" were included in the 2024 Shandong Provincial Technological Innovation Project Campaign.

IV Management Discussion and Analysis

II. Principal activities of the Company during the reporting period *(Continued)*

2. Major products of the Company and their application *(Continued)*

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

Category	Major brands and types	Major manufacturing companies	Range of application
Culture paper series	<ol style="list-style-type: none"> “BIYUNTIAN”, “CLOUDY MIRROR”, “CLOUDY LEOPARD” and “YUNJIN” all-wood pulp offset paper and electrostatic base paper “CLOUDY LION” and “CLOUDY CRANE” original white offset paper “CLOUDY PINE” and “GREEN PINE” light weight paper Blueprint paper, colour offset paper, pure texture paper, non-fluorescent offset paper, PE offset paper Beige and high white book paper 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	<ol style="list-style-type: none"> “SNOW SHARK” and “EAGLE” one-sided coated paper “SNOW SHARK”, “EAGLE” and “RABBIT” double-sided coated paper “EAGLE” and “RABBIT” matte coated paper 	Shouguang Headquarters Shouguang Meilun	Double-sided coated paper is suitable for high quality printing, such as high-grade picture albums, picture, magazines and so on, promotional materials such as interior pages of high-end books, wall calendars, posters and so on, and suitable for suitable for high-speed sheet printing and high-speed rotary printing; One-sided coated paper is suitable for upscale tobacco package paper, adhesive sticker, shopping bags, slipcases, envelopes, gift wrapping and so on, and suitable for large format printing and commercial printing.
White cardboard series	<ol style="list-style-type: none"> White cardboard of “LIYA” series, white cardboard and ivory cardboard of “LIPIN” and “POPLAR” series, high bulk cardboard and ivory cardboard of “LIZZY” and “BAIYU” series, and super high bulk cardboard of “LIYING” and “BAIYU” series Food package board of “LIYA” and “LIZZY” series Coated cattle card and LIYA book card Playcard paper board Chenming cigarette cardboard 	Shouguang Headquarters Jiangxi Chenming Zhanjiang Chenming	High-end gift boxes, cosmetics boxes, tags, shopping bags, publicity pamphlets, high-end postcards; cigarette package printing of medium and high quality; milk package, beverage package, disposable paper cups, milk tea cups, and noodle bowls.
Copy paper series	“GOLDEN MINGYANG” and “GOLDEN CHENMING” copy paper, “BOYA” and “BIYUNTIAN” copy paper, “MINGYANG”, “LUCKY CLOUDS”, “BOYANG” and “SHANYIN” copy paper, and “GONGHAO” and “TIANJIAN” copy paper	Shouguang Headquarters Shouguang Meilun Zhanjiang Chenming	Printing and copying business documents, training materials, and writing.
Industrial paper series	High-grade yellow anti-sticking base paper, ordinary yellow/white anti-sticking base paper and PE paper	Shouguang Headquarters Jiangxi Chenming Zhanjiang Chenming	Anti-stick base paper is mainly used for producing the paper base of stripping paper or anti-sticking base paper; Cast coated base paper is suitable for producing adhesive paper or playcard compound paper after coating.
Special paper series	Thermal paper and glassine paper	Shouguang Art Paper	High-grade adhesive backing paper for electronics, medicine, food, washing supplies, supermarket labels, double-sided tapes, etc.
Household paper series	Toilet paper, facial tissue, pocket tissue, napkin, paper towels and “XINGZHILIAN”	Shouguang Meilun	Daily toilet supplies; used in restaurants and other catering industries, and used in public toilets in hotels, guesthouses, and office buildings, and also suitable for home and other environment.

IV Management Discussion and Analysis

II. Principal activities of the Company during the reporting period *(Continued)*

3. Operation model

(1) Purchase model

The Company has established a supply chain management centre which adopts a supply chain management model of “centralised procurement by the Group, source as the first priority, hierarchical separation and one-vote veto”. Through continuous improvement of the procurement information system, the Company has fully realised online bidding, and effectively developed high-quality suppliers, improving the fairness and impartiality of procurement. Based on the needs of production bases, the Group integrates the resources of related parties and implements centralised procurement. The Company seeks sources and high-quality suppliers through industry exhibitions, on-site inspections and competitive factory research to strengthen procurement at source and reduce procurement costs; and introduces a supplier competition mechanism by establishing a three-level joint review mechanism for suppliers and implementing a system of eliminating substandard suppliers, so as to improve supply quality.

(2) Production model

The Company has committed itself to implementing a pulp and paper integration strategy. Adhering to the concept of “placing green development and environmental protection as its priority”, the Company has actively promoted clean production and vigorously carried out energy conservation and emission reduction, aiming to be a resource-saving and environmentally friendly model enterprise. It is innovating an integrated use of resources and a circular industrial development mode, and an “ecological chain” featuring resources, products and recycled resources has been established. As for production process, the Company takes planned management as the focus and implements a hierarchical planned management model for the Group, the Company, factories and workshops. Its production volume is determined based on the sales, its production is arranged scientifically, and its inventories are under strict control. The Group has set up a production scheduling centre to monitor the operation of the production lines of each subsidiary around the clock on a real-time basis, so as to ensure normal production. It has actively built and promoted the MES management system, and realised the timely information transfer between the management and the production control unit through bridging the gap between the ERP and DCS systems. Starting from the fourth quarter of the reporting period, the Company’s production bases in Shouguang, Zhanjiang, Jiangxi and Jilin had successively been in shutdown and maintenance, resulting in unsatisfactory capacity utilisation of the Company during the reporting period and a year-on-year decline in production and sales volumes.

(3) Marketing model

The Company has always adhered to the marketing concept of “Good faith, Win-Win and Sharing” while wholeheartedly serving its customers. The Company has a relatively mature sales network, and has set up specialised sales companies responsible for the development of domestic and overseas markets, product sales, and formulation of sales policies. The sales companies’ management systems are divided into product lines, product companies, management areas, and branches to achieve matrix management. The sales companies are divided into culture paper series, coated paper series, electrostatic paper series, special paper series and household paper series according to product line. Each product company has its administrative district. A regional general manager is responsible for his/her administrative district, under which branch companies are set up. The chief representatives of the branch companies have full authority to deal with branch business.

IV Management Discussion and Analysis

II. Principal activities of the Company during the reporting period *(Continued)*

3. Operation model *(Continued)*

(3) Marketing model *(Continued)*

The Company has implemented a three-level scheduling mechanism. Branch companies, administrative districts, and sales companies schedule task indicators daily to ensure the effective implementation of the plans. It sticks to a “four-level visit mechanism” to gain deep market insights and meet customer needs. Meanwhile, by leveraging its comprehensive information systems, the Company has realised It-based management. It has also established and improved the complaint handling system and customer satisfaction system to enhance the Company’s marketing management level.

(4) R&D model

The Company is market-oriented, and innovation is its driving force. It highly values technological R&D, and has formed a variety of R&D modes such as independent R&D, technology introduction, and industry university research cooperation. At present, the Company has a number of domestically leading innovative R&D platforms, including a national enterprise technology centre, a post-doctoral working station, a collaborative innovation centre for cleaner production and refinery of light industry bio-based products and Shandong Pulp and Paper Making Engineering Lab, which continuously enhance its independent innovation capabilities. Meanwhile, on the basis of introducing internationally advanced pulp and paper production lines and advanced technologies, the Company has made technological improvements, optimised product processes and improved product quality, forming distinctive core technologies. The Company also works hard on carrying out academic research with colleges and universities and R&D institutions such as Qilu University of Technology, and Shandong Paper Industry Research and Design Institute, introducing, digesting and absorbing scientific research and innovation achievements, optimising product mix, and improving the competitiveness of its products in the market.

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 core competitiveness of the Company did not undergo major changes during the reporting period. 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 is a leading player in the paper industry in China. Its 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.

IV Management Discussion and Analysis

III. Analysis of core competitiveness (*Continued*)

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., with each major product ranking among the best in terms of market share. The Company has attached great importance to technology research and development. By introducing the most advanced pulping and paper making technology and equipment in the world, it persists in technological innovation and work process optimisation, so as to help improve product quality and structure upgrade, continuously improve the brand value of Chenming, and enhance brand benefits.

4. Industry layout advantages

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

5. Advantages in technical equipment

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

6. Advantages in research and innovation

The Company has scientific research institutions including a national enterprise technology centre, a post-doctoral working station, a collaborative innovation centre for cleaner production and refinery of light industry bio-based products, and Shandong Pulp and Paper Making Engineering Lab. At the same time, the Company actively carries out in-depth industry-university-research cooperation with prestigious domestic universities and research institutes, continuously improves technical innovation capabilities and scientific research and development levels, and develops a series of new products with high technology contents and high added value as well as proprietary technologies. The Company and its subsidiaries Zhanjiang Chenming, Shouguang Meilun, Jiangxi Chenming, Jilin Chenming and Huanggang Chenming are high and new technology enterprises. As at the end of the reporting period, the Company had obtained 470 national patents, including 42 invention patent authorisation, 7 national new products, 16 scientific and technological progress awards above the provincial level, 5 national scientific and technological projects and 75 Shandong provincial 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. Team management advantages

The Company possesses a complete and reasonable talent structure consisting of experienced personnel, including high-end talents specialising in production, technology, sales, finance, laws, etc. In the course of business operations, the stable core team has developed a corporate culture that ties in with the Company’s development, summarised management experience with industry characteristics, and formed a team advantage integrating management and culture, allowing it to accurately grasp the industry development trend. At the same time, the Company has paid attention to the construction of a talent reserve and cultivation mechanism. With advanced business concepts and enormous development space, the Company has attracted an array of high-calibre professionals and improved the level of human capital construction, providing solid guarantee for the Company’s long-term sustainable development.

IV Management Discussion and Analysis

III. Analysis of core competitiveness *(Continued)*

8. Advantages in environmental governance capacity

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

IV. Analysis of principal operations

1. Overview

In recent years, the contradiction between supply and demand in the short term has been prominent due to the concentration of newly-added production capacity in the paper industry. The prices of the Company’s major paper products, in particular the price of white cardboard, have declined significantly under the influence of the supply-demand contradiction. The profit level of the Company has been decreasing, and has even turned from profits into losses. In 2024, the prices of the Company’s major products continued to be low, with a year-on-year decline in gross profit. Starting from the fourth quarter, the Company’s production bases in Shouguang, Zhanjiang, Jiangxi and Jilin had successively been in shutdown and maintenance, resulting in unsatisfactory capacity utilisation of the Company and a year-on-year decline in production and sales volumes. At the same time, the Company made impairment provisions for certain assets, resulting in increased operating losses. The Company will accelerate the progress of maintenance for technical renovation, focus on its main responsibilities and principal business, and make every effort to promote the resumption of normal production and achieve sustainable and sound operation. During the reporting period, the Company completed machine-made paper production of 4.27 million tonnes and sales volume of 4.47 million tonnes, and realised revenue of RMB22,729 million and net profit attributable to shareholders of the Company of RMB-7,411 million. Next, the Company will continue to implement the pulp and paper integration strategy, adjust and optimise internal management, strengthen cost management, optimise product structure, consolidate and expand sales market, promote corporate reform and innovation, and strive to improve corporate management and operation quality. At the same time, as the pressure of new production capacity in the paper industry has eased off, the industry is expected to alleviate the imbalance between supply and demand. Along with an orderly rebound in the prices of major paper products, the Company’s profitability will be further restored.

IV Management Discussion and Analysis

IV. Analysis of principal operations (Continued)

2. Revenue and cost

(1) Components of revenue

Unit: RMB

	2024		2023		Increase/decrease
	Amount	% of revenue	Amount	% of revenue	
Total revenue	22,729,474,852.76	100%	26,608,570,228.20	100%	-14.58%
By industry					
Machine-made paper	20,179,848,508.57	88.79%	23,892,883,773.10	89.79%	-15.54%
Chemical pulp	1,519,262,130.75	6.68%	551,886,319.48	2.07%	175.29%
Electricity and steam	216,763,239.54	0.95%	223,450,300.54	0.84%	-2.99%
Hotel and property rentals	193,494,961.95	0.85%	212,364,573.64	0.80%	-8.89%
Construction materials	127,783,427.12	0.56%	222,788,884.78	0.84%	-42.64%
Chemicals	88,627,247.45	0.39%	128,495,469.03	0.48%	-31.03%
Others	403,695,337.38	1.78%	1,376,700,907.63	5.18%	-70.68%
By product					
Duplex press paper	6,117,888,314.70	26.92%	7,702,426,452.75	28.95%	-20.57%
White cardboard	4,553,056,974.25	20.03%	5,477,558,929.56	20.59%	-16.88%
Coated paper	3,758,928,113.95	16.54%	3,925,663,395.23	14.75%	-4.25%
Electrostatic paper	3,547,162,310.53	15.61%	4,005,559,008.36	15.05%	-11.44%
Anti-sticking raw paper	909,489,122.98	4.00%	1,127,626,969.18	4.24%	-19.34%
Thermal paper	432,929,902.58	1.90%	553,666,757.69	2.08%	-21.81%
Other machine-made paper	860,393,769.58	3.79%	1,100,382,260.33	4.14%	-21.81%
Chemical pulp	1,519,262,130.75	6.68%	551,886,319.48	2.07%	175.29%
Electricity and steam	216,763,239.54	0.95%	223,450,300.54	0.84%	-2.99%
Hotel and property rentals	193,494,961.95	0.85%	212,364,573.64	0.80%	-8.89%
Construction materials	127,783,427.12	0.56%	222,788,884.78	0.84%	-42.64%
Chemicals	88,627,247.45	0.39%	128,495,469.03	0.48%	-31.03%
Others	403,695,337.38	1.78%	1,376,700,907.63	5.18%	-70.68%
By geographical segment					
Mainland China	18,082,061,604.77	79.55%	20,082,348,032.36	75.47%	-9.96%
Other countries and regions	4,647,413,247.99	20.45%	6,526,222,195.84	24.53%	-28.79%
By sales model					
Distribution	16,965,016,680.69	74.64%	18,126,061,624.64	68.12%	-6.41%
Direct sales	5,764,458,172.07	25.36%	8,482,508,603.56	31.88%	-32.04%

IV Management Discussion and Analysis

IV. Analysis of principal operations (Continued)

2. Revenue and cost (Continued)

(2) Industries, products, regions and sales model accounting for over 10% of revenue or operating profit of the Company

Applicable Not applicable

Unit: RMB

	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	20,179,848,508.57	19,870,513,391.35	1.53%	-15.54%	-9.84%	-6.23%
By product						
Duplex press paper	6,117,888,314.70	5,767,014,322.77	5.74%	-20.57%	-16.77%	-4.30%
White cardboard	4,553,056,974.25	5,140,713,897.07	-12.91%	-16.88%	-9.38%	-9.34%
Coated paper	3,758,928,113.95	3,263,366,438.24	13.18%	-4.25%	-3.73%	-0.47%
Electrostatic paper	3,547,162,310.53	3,146,628,608.35	11.29%	-11.44%	-7.74%	-3.57%
By geographical segment						
Mainland China	18,082,061,604.77	17,512,725,170.98	3.15%	-9.96%	-4.42%	-5.61%
Other countries and regions	4,647,413,247.99	4,632,103,497.45	0.33%	-28.79%	-24.35%	-5.85%
By sales model						
Distribution	16,965,016,680.69	16,675,644,976.42	1.71%	-6.41%	-0.64%	-5.70%
Direct sales	5,764,458,172.07	5,469,183,692.01	5.12%	-32.04%	-28.63%	-4.55%

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

IV Management Discussion and Analysis

IV. Analysis of principal operations (Continued)

2. Revenue and cost (Continued)

- (3) Whether revenue from sales in kind is higher than revenue from services

Yes No

By industry	Item	Unit	2024	2023	Increase/ decrease
Machine-made paper	Sales	'0,000 tonnes	447	474	-5.70%
	Production	'0,000 tonnes	427	478	-10.67%
	Inventories	'0,000 tonnes	16	36	-55.56%

Explanation on why the related data varied by more than 30%

Applicable Not applicable

Inventories decreased by 55.56% as compared to the corresponding period of the prior year, mainly due to the temporary shutdown for maintenance of certain production bases of the Company, which resulted in lower production and sales year on year and a significant decline in inventories.

- (4) Performance of material sales contracts and material procurement contracts of the Company during the reporting period

Applicable Not applicable

IV Management Discussion and Analysis

IV. Analysis of principal operations (Continued)

2. Revenue and cost (Continued)

(5) Composition of operating costs

By industry

Unit: RMB

By industry	Item	2024		2023		Increase/ decrease
		Amount	% of operating costs	Amount	% of operating costs	
Machine-made paper	Raw materials	11,828,109,710.98	59.53%	12,570,191,697.45	57.04%	-5.90%
	Chemicals	2,583,423,761.59	13.00%	2,971,091,082.48	13.48%	-13.05%
	Energy and power	2,386,038,849.39	12.01%	3,035,894,899.73	13.78%	-21.41%
	Depreciation	960,184,014.41	4.83%	974,858,417.49	4.42%	-1.51%
	Freight	686,460,621.13	3.55%	879,576,446.70	3.99%	-21.96%
	Labour costs	291,717,645.90	1.47%	273,486,536.00	1.24%	6.67%
	Other production costs	1,134,578,787.95	5.61%	1,333,740,009.76	6.05%	-14.93%
	Subtotal	19,870,513,391.35	100.00%	22,038,839,089.61	100.00%	-9.84%
Chemical pulp	Raw materials	958,370,750.86	69.94%	326,385,778.01	59.41%	193.63%
	Chemicals	241,722,332.15	17.64%	77,144,557.36	14.04%	213.34%
	Accumulated depreciation	52,876,991.99	3.86%	25,312,257.02	4.61%	108.90%
	Energy and power	38,763,133.20	2.83%	78,827,192.35	14.35%	-50.83%
	Labour costs	9,468,190.03	0.69%	7,101,094.24	1.29%	33.33%
	Other production costs	68,993,613.36	5.04%	34,630,638.99	6.30%	99.23%
	Subtotal	1,370,195,011.59	100.00%	549,401,517.97	100.00%	149.40%
Electricity and steam	Raw materials	157,175,024.00	60.54%	161,991,982.35	76.38%	-2.97%
	Depreciation	34,156,605.23	13.16%	16,818,943.23	7.93%	103.08%
	Labour costs	15,489,066.88	5.97%	7,859,289.01	3.71%	97.08%
	Energy and power	4,724,477.71	1.82%	4,983,704.94	2.35%	-5.20%
	Chemicals	2,636,036.76	1.02%	387,301.28	0.18%	580.62%
	Other production costs	45,419,675.79	17.49%	20,048,349.41	9.45%	126.55%
	Subtotal	259,600,886.37	100.00%	212,089,570.22	100.00%	22.40%
Construction materials	Raw materials	95,782,541.60	70.44%	161,288,633.91	74.50%	-40.61%
	Energy and power	13,470,743.69	9.91%	20,858,840.97	9.64%	-35.42%
	Labour costs	6,940,173.79	5.10%	7,205,420.78	3.33%	-3.68%
	Depreciation	6,917,316.31	5.09%	5,941,206.01	2.74%	16.43%
	Freight	4,181,321.70	3.07%	5,718,100.50	2.64%	-26.88%
	Other production costs	8,690,233.12	6.39%	15,469,301.87	7.15%	-43.82%
	Subtotal	135,982,330.21	100.00%	216,481,504.04	100.00%	-37.19%

IV Management Discussion and Analysis

IV. Analysis of principal operations (Continued)

2. Revenue and cost (Continued)

(6) Change of scope of consolidation during the reporting period

Yes No

During the year, 2 subsidiaries were newly established, namely Shandong Chenming Industrial Trading Co., Ltd. and Hubei Chenming Technology Industrial Co., Ltd. 2 subsidiaries were deregistered, namely Chenming International Co., Ltd. and Guangzhou Chenming Commercial Factoring Co., Ltd. 1 subsidiary was disposed of, namely Kunshan Tuoan Plastic Products Co., Ltd.

(7) Significant change in or adjustment of the businesses, products or services of the Company during the reporting period

Applicable Not applicable

(8) Sales to major customers and major suppliers

Sales to major customers of the Company

Total sales to top 5 customers (RMB)	6,640,449,070.92
Total sales to top 5 customers as a percentage of the total sales for the year	29.22%
Sales to top 5 customers who are related parties as a percentage of the total sales for the year	0.00%

Information on top 5 customers of the Company

No.	Name of customer	Sales (RMB)	As a percentage of the total sales for the year (%)
1	Customer A	2,064,673,781.53	9.08%
2	Customer B	1,756,822,697.40	7.73%
3	Customer C	1,435,062,542.98	6.31%
4	Customer D	750,788,017.87	3.30%
5	Customer E	633,102,031.14	2.80%
Total	–	6,640,449,070.92	29.22%

Other explanation of the major customers

Applicable Not applicable

IV Management Discussion and Analysis

IV. Analysis of principal operations (Continued)

2. Revenue and cost (Continued)

(8) Sales to major customers and major suppliers (Continued)

Major suppliers of the Company

Total purchases from top 5 suppliers (RMB)	5,545,576,735.77
Total purchases from top 5 suppliers as a percentage of the total purchases for the year	25.04%
Total purchases from top 5 suppliers who are related parties as a percentage of the total purchases for the year	0.00%

Information on top 5 suppliers of the Company

No.	Name of supplier	Purchases (RMB)	As a percentage of the total purchases for the year (%)
1	Supplier A	2,397,232,744.21	10.83%
2	Supplier B	930,208,840.68	4.20%
3	Supplier C	822,725,545.62	3.72%
4	Supplier D	756,893,525.57	3.42%
5	Supplier E	638,516,079.69	2.87%
Total	–	5,545,576,735.77	25.04%

Other explanation of the major suppliers

Applicable Not applicable

Income from trading business accounted for more than 10% of revenue during the reporting period

Yes No Not applicable

3. Expenses

Unit: RMB

	2024	2023	Increase/ decrease	Reasons for material changes
Selling and distribution expenses	241,171,109.12	230,999,637.43	4.40%	
General and administrative expenses	751,168,974.00	690,319,782.01	8.81%	Legal costs, litigation expenses and depreciation expenses increased year on year during the reporting period.
Finance expenses	1,967,982,467.34	2,009,666,708.14	-2.07%	

IV Management Discussion and Analysis

IV. Analysis of principal operations (Continued)

4. Research and development expenditure

√ Applicable □ Not applicable

Name of major R&D project	Project purpose	Project progress	Objectives to be achieved	Expected impact on the future development of the Company
Research on deep delignification technology for broadleaf wood sulphate pulping	Saving raw materials	Trial production stage	To become domestically leading	Improving product quality, lowering production costs and improving the Company's economic benefits.
Research on the strengthening effect of amphoteric dry strength agent on electrostatic copy paper	Enhancing product functionality or improving performance	Pilot testing stage	To become domestically leading	Improving product quality, lowering production costs and improving the Company's economic benefits.
Development of green wet processing technology for corn starch	Reducing energy consumption or improving energy efficiency	Small testing stage	To become domestically leading	Improving product quality, lowering production costs and improving the Company's economic benefits.
Development of technology for high-end kitchen paper	Enhancing product functionality or improving performance	Pilot testing stage	To become domestically leading	Improving customer satisfaction with products and increasing market share.
Development of key grinding technology for thermal paper colour developing process	Enhancing product functionality or improving performance	Pilot testing stage	To become domestically leading	Improving customer satisfaction with products and increasing market share.
Development of technology for coated cattle card	Enhancing product functionality or improving performance	Pilot testing stage	To become domestically leading	Improving customer satisfaction with products and increasing market share.

IV Management Discussion and Analysis

IV. Analysis of principal operations (Continued)

4. Research and development expenditure (Continued)

R&D personnel of the Company

	2024	2023	Percentage of change
R&D headcount	1,310	1,502	-12.78%
Ratio of R&D personnel	13.65%	14.16%	-0.51%
Academic background of R&D personnel			
Bachelor's degree	143	154	-7.14%
Master's degree	3	3	0.00%
Age composition of R&D personnel			
Under 30	230	319	-27.90%
30~40 years old	824	853	-3.40%

R&D expenditure of the Company

	2024	2023	Percentage of change
R&D expenditure (RMB)	1,080,331,754.42	1,164,419,698.13	-7.22%
R&D expenditure to revenue	4.75%	4.38%	0.37%
Amount of R&D expenditure capitalised (RMB)	0.00	0.00	0.00
Capitalised R&D expenditure to R&D expenditure	0.00%	0.00%	0.00%

Reasons for and effects of significant changes in the composition of the Company's R&D personnel

Applicable Not applicable

Reasons for significant change in total R&D expenditure to revenue

Applicable Not applicable

Reasons for and reasonableness of the significant change of the capitalisation rate of R&D expenditure

Applicable Not applicable

IV Management Discussion and Analysis

IV. Analysis of principal operations (Continued)

5. Cash flows

Unit: RMB

Item	2024	2023	Increase/ decrease
Subtotal of cash inflows from operating activities	23,774,221,275.09	29,165,118,764.19	-18.48%
Subtotal of cash outflows from operating activities	21,151,029,610.49	24,775,169,455.37	-14.63%
Net cash flows from operating activities	2,623,191,664.60	4,389,949,308.82	-40.25%
Subtotal of cash inflows from investing activities	535,245,822.29	377,601,853.11	41.75%
Subtotal of cash outflows from investing activities	69,444,183.34	319,310,876.89	-78.25%
Net cash flows from investing activities	465,801,638.95	58,290,976.22	699.10%
Subtotal of cash inflows from financing activities	34,062,925,816.76	35,277,274,955.07	-3.44%
Subtotal of cash outflows from financing activities	37,787,846,793.19	41,061,017,053.99	-7.97%
Net cash flows from financing activities	-3,724,920,976.43	-5,783,742,098.92	35.60%
Net increase in cash and cash equivalents	-612,290,496.30	-1,395,226,406.90	56.12%

Explanation on main effects of material changes in relevant data year on year

Applicable Not applicable

- (1) Net cash flows from operating activities decreased by 40.25% as compared to the corresponding period of the prior year mainly due to the decrease in sales revenue as a result of the decrease in sales volume during the reporting period.
- (2) Net cash flows from investing activities increased by 699.10% as compared to the corresponding period of the prior year mainly due to the receipt of proceeds from the disposal of equity in a subsidiary during the reporting period.
- (3) Net cash flows from financing activities increased by 35.60% as compared to the corresponding period of the prior year mainly due to the year-on-year decrease in debts due for repayment during the reporting period.

Explanation on reasons leading to the material difference between net cash flows from operating activities during the reporting period and net profit for the year

Applicable Not applicable

Net profit decreased significantly mainly due to credit impairment losses and loss on impairment of assets during the year. At the same time, receipts from sales of the Company during the year were higher than raw material costs and various expenses, leading to a material difference between the cash flow from operating activities and the net profit during the year.

IV Management Discussion and Analysis

V. Analysis of non-principal operations

√ Applicable □ Not applicable

Unit: RMB

	Amount	As a percentage of total profit	Reason	Sustainable or not?
Other income	295,803,414.30	-3.77%	Receipt of government grants related to daily business activities	Including RMB105 million, the annual amortisation amount of government grants received in prior periods, and sustainable in nature.
Investment income	-766,913,269.23	9.77%	Recognition of external investment income and dividends, as well as income from equity disposal and derecognition of financial assets during the reporting period	
Gain or loss arising from the change in fair value	-192,216,967.50	2.45%	Fluctuations of fair values of the shares of China Bohai Bank as well as forestry assets and other non-current financial assets	
Credit impairment loss	-3,198,089,208.46	40.72%	Bad debt provisions for receivables	
Loss on impairment of assets	-332,755,406.25	4.24%	Bad debt provisions for non-current assets	

VI. Analysis of assets and liabilities

1. Material changes of asset items

Unit: RMB

	As at the end of 2024		As at the beginning of 2024		Percentage change	Description
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary funds	5,909,879,812.18	9.31%	12,124,832,831.30	15.25%	-5.94%	Mainly due to a decrease in guarantee deposits as at the end of the reporting period.
Accounts receivables	1,384,290,313.70	2.18%	2,528,507,059.83	3.18%	-1.00%	Mainly due to a decrease in receivables from customers as at the end of the reporting period.
Other receivables	1,084,651,870.94	1.71%	2,224,904,557.88	2.80%	-1.09%	Mainly due to a decrease in payments with external entities as at the end of the reporting period.
Inventories	2,835,388,802.15	4.46%	4,958,178,000.36	6.24%	-1.78%	Mainly due to a decrease in inventories and raw materials as at the end of the reporting period.

IV Management Discussion and Analysis

VI. Analysis of assets and liabilities (Continued)

1. Material changes of asset items (Continued)

	As at the end of 2024		As at the beginning of 2024		Percentage change	Description
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Non-current assets due within one year	2,840,365,519.48	4.47%	4,161,725,935.75	5.24%	-0.77%	Mainly due to a decrease in long-term receivables due within one year as at the end of the reporting period.
Other current assets	559,911,202.83	0.88%	1,068,826,944.78	1.34%	-0.46%	Mainly due to a decrease in one-year finance lease and factoring receivables as at the end of the reporting period.
Construction in progress	593,838,603.87	0.94%	859,617,965.16	1.08%	-0.14%	Mainly due to the transfer of some construction in progress into fixed assets during the reporting period.
Short-term borrowings	26,780,358,809.11	42.17%	33,475,479,021.62	42.11%	0.06%	Mainly due to a reduction in short-term debts as at the end of the reporting period.
Bills payable	1,423,918,112.99	2.24%	4,618,986,463.95	5.81%	-3.57%	Mainly due to the overdue bills being reclassified to accounts payable, other payables and short-term borrowings as at the end of the reporting period.
Accounts payable	7,708,967,406.47	12.14%	3,902,620,870.20	4.91%	7.23%	Mainly due to an increase in payables to suppliers and some overdue commercial bills being reclassified to accounts payable as at the end of the reporting period.
Contract liabilities	274,829,824.35	0.43%	1,443,680,155.62	1.82%	-1.39%	Mainly due to a decrease in advance payments from customers as at the end of the reporting period.
Non-current liabilities due within one year	1,577,936,964.14	2.48%	3,631,937,677.82	4.57%	-2.09%	Mainly due to in the overdue equipment lease payments being reclassified to other current liabilities as at the end of the reporting period.
Other current liabilities	2,680,562,600.58	4.22%	100,000,000.00	0.13%	4.09%	Mainly due to the overdue equipment lease payments being reclassified to other current liabilities as at the end of the reporting period.
Long-term payables	774,965,008.29	1.22%	2,541,095,217.66	3.20%	-1.98%	Mainly due to the overdue equipment lease payments being reclassified to other current liabilities as at the end of the reporting period.

A higher proportion of overseas assets

Applicable Not applicable

IV Management Discussion and Analysis

VI. Analysis of assets and liabilities (Continued)

2. 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)	46,294,291.71	-9,757,917.81	-159,474,419.34				722,951.80	37,259,325.70
2. Other non-current financial assets	781,561,040.57	-29,047,290.52	30,221,725.86			1,483,295.37		751,030,454.68
3. Consumable biological assets measured at fair value	1,483,978,089.61	-153,411,759.17	-116,650,954.14		23,849,675.16	98,036,231.75		1,256,379,773.85
Total	2,311,833,421.89	-192,216,967.50	-245,903,647.62					2,044,669,554.23

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

Yes No

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

Unit: RMB

Item	As at the end of the period				As at the beginning of the period			
	Book balance	Book value	Type of restriction	Restriction	Book balance	Book value	Type of restriction	Restriction
Fixed assets	34,375,256,421.29	20,001,586,415.43	Charged	As collateral for bank borrowings and long-term payables	9,411,111,670.62	6,303,095,864.20	Charged	As collateral for bank borrowings and long-term payables
Investment properties	6,742,657,317.44	5,433,525,500.09	Charged	As collateral for bank borrowings	5,941,741,699.60	5,004,776,921.76	Charged	As collateral for bank borrowings
Monetary funds	5,728,747,806.12	5,728,747,806.12	Pledged, frozen	As deposits for bank acceptance bills, letter of credit, loans, deposit reserves or frozen accounts and interest receivable, frozen by litigation, etc.	11,360,599,088.69	11,360,599,088.69	Pledged, frozen	As deposits for bank acceptance bills, letter of credit, letter of guarantee, loans, deposit reserves and interest receivable, etc.
Intangible assets	1,789,243,785.12	1,312,981,381.52	Charged	As collateral for bank borrowings and long-term payables	865,105,844.99	665,784,045.39	Charged	As collateral for bank borrowings and long-term payables
Long-term equity investments	1,549,103,158.31	1,549,103,158.31	Frozen	Frozen due to being sued for arrears				
Accounts receivable	207,017,962.56	206,147,426.74	Pledged	As collateral for borrowings	403,349,324.55	398,710,807.32	Pledged	As collateral for borrowings
Inventories	120,195,864.99	103,566,055.40	Seized by court	Seized due to being sued for arrears				
Accounts receivable financing					90,551,168.01	90,551,168.01	Pledged	As collateral for obtaining letters of credit
Total	50,512,222,315.83	34,335,657,743.61			28,072,458,796.46	23,823,517,895.37		

IV Management Discussion and Analysis

VII. Analysis of investments

1. Overview

Applicable Not applicable

Investments during the reporting period (RMB)	Investments during the corresponding period of prior year (RMB)	Change
83,000,000.00	582,400,000.00	-85.75%

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
Shouguang Chenming Import and Export Trade Co., Ltd.	Sale of paper products and paper production materials	Capital increase	33,000,000.00	100%	Self-owned funds	Subsidiary	Long-term	Trading	Completed	N/A	-333,840,339.76	No	N/A	N/A
Hubei Chenming Technology Industrial Co., Ltd.	Sale of pulp and paper products	Newly established	50,000,000.00	100%	Self-owned funds	Subsidiary	Long-term	Trading	Completed	N/A	-1,004,888.55	No	N/A	N/A
Total	-	-	83,000,000.00	-	-	-	-	-	-	-	-334,845,228.31	-	-	-

IV Management Discussion and Analysis

VII. Analysis of investments (Continued)

3. Material non-equity investments during the reporting period

Applicable Not applicable

Construction in progress which had not yet been completed and transferred with a contract amount of more than RMB200 million as at the end of the reporting period.

Yes No Not applicable

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 changes in fair value for the period	Accumulated changes in fair value included in 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	46,294,291.71	-9,757,917.81	-159,474,419.34	0.00	0.00	-9,034,966.01	37,259,325.70	Held-for-trading financial assets	Self-owned funds
Total			195,684,817.15	-	46,294,291.71	-9,757,917.81	-159,474,419.34	0.00	0.00	-9,034,966.01	37,259,325.70	-	-

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.

IV Management Discussion and Analysis

VIII. Disposal of material assets and equity interest

1. Disposal of material assets

Applicable Not applicable

During the reporting period, the Company did not dispose of material assets.

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 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
Kunshan Dupen Electronics Technology Co., Ltd.	Kunshan Tuohan Plastic Products Co., Ltd.	29 February 2024	14,373.00	-265.33	The disposal of equity interest in the subsidiary Tuohan Plastic did not affect the normal operation of the Company, and the disposal of equity interest replenished the liquidity.	-0.41%	Assessed value	No	N/A	Yes	Yes	N/A	N/A

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 and white cardboard etc.	6,913,572,423.00	20,415,875,711.29	7,729,762,990.17	10,918,531,151.42	-1,020,127,316.73	-883,547,814.00
Shouguang Meilun Paper Co., Ltd.	Subsidiary	Production and sale of coated paper, culture paper, household paper and chemical pulp	4,801,045,519.00	19,742,523,135.68	7,729,274,592.89	8,141,538,879.98	-686,216,151.05	-570,290,773.09
Huanggang Chenming Pulp & Paper Co., Ltd.	Subsidiary	Production and sale of chemical pulp	3,350,000,000.00	6,730,024,366.07	3,277,797,889.73	5,029,253,116.25	-37,310,457.87	-22,607,049.12

IV Management Discussion and Analysis

IX. Analysis of major subsidiaries and investees (Continued)

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Name of company	Methods to acquire and dispose of subsidiaries during the reporting period	Impact on overall production and operation and results
Shandong Chenming Industrial Trading Co., Ltd.	Establishment	Net profit decreased by RMB938,200
Hubei Chenming Technology Industrial Co., Ltd.	Establishment	Net profit decreased by RMB1,004,900
Guangzhou Chenming Commercial Factoring Co., Ltd.	Deregistration	Net profit decreased by RMB5,300
Chenming International Co., Ltd.	Deregistration	Net profit decreased by RMB14,000,000
Kunshan Tuoan Plastic Products Co., Ltd.	Disposal	Net profit increased by RMB32,000,000

Particulars of major subsidiaries and investees

1. During the reporting period, Zhanjiang Chenming and Meilun Paper's production bases were temporarily shut down for maintenance, which adversely affected the Company's operation scale. At the same time, the selling prices of Zhanjiang Chenming's white cardboard and Meilun Paper's electrostatic paper fell significantly, resulting in a decrease in profitability year on year.
2. During the reporting period, the production and sales of chemical pulp, the main product of Huanggang Chenming, increased significantly, while the gross profit of the product increased, resulting in an increase in profitability year on year.

The Company is accelerating its maintenance and technological transformation progress, focusing on its main business, accelerating the adjustment and optimisation of its internal management, promoting corporate reform and innovation, and pushing forward the resumption of production in accordance with the market circumstances.

X. Structured entities controlled by the Company

Applicable Not applicable

XI. Outlook on the future development of the Company

(I) Overview and trend of the industry

The paper industry is an important basic raw material industry in China, characterised by intensive capital and technology, as well as significant economies of scale. Its upstream connects to pulp production and other sectors, while its downstream links to cultural, consumer and other sectors. The entire industrial chain is closely interconnected, collectively facilitating the development of the paper industry.

With the continuous development of the industry, efficiency boosted by technological advancements, prevalent green and environmentally friendly practices, acceleration of industrial restructuring, and rapid progress of international development, have become defining features of the industry.

IV Management Discussion and Analysis

XI. Outlook on the future development of the Company (*Continued*)

(I) Overview and trend of the industry (*Continued*)

During the reporting period, affected by factors such as increased supply and sluggish demand growth, paper product prices were hit to a certain extent. Coupled with a decline in sales volumes, the profitability of enterprises was seriously constrained. Institutions predict that in 2025, production capacity will continue to expand in the industry, and thus production will increase. At the same time, demand may see marginal improvements by virtue of policy stimulus, which may boost sales volumes. A relatively ample supply structure will likely keep overall prices under pressure. In the future, the paper industry will place greater emphasis on industrial restructuring, optimising resource allocation and improving industrial concentration. These efforts will enhance the competitiveness and sustainability of the entire industry. The advantages of leading paper enterprises will become more pronounced, potentially accelerating the pace of industry consolidation.

(II) Development strategy of the Company

Transformation and upgrading strategy: The Group will comprehensively optimise the industrial structure and regional layout, focus on developing the pulp and paper industries, and build a coordinated and efficient industrial system;

Green development strategy: The Group will adhere to the operating philosophy of “pulp and paper integration”, rely on technological progress, advanced equipment and stringent management to ensure clean production, and develop a circular economy. The Group will establish itself as a benchmark for resource-efficient and environmentally friendly enterprises, pursue development while protecting the environment, improve environmental standards through scientific progress, and achieve both economic and environmental benefits;

Internationalisation strategy: The Group will take root in China, expand into the world, rely on China’s “Belt and Road” initiative, accelerate the “going out” pace, deepen international exchanges and cooperation, and gradually expand into overseas markets;

Operational excellence strategy: With the management policy of “Construct a learning atmosphere and standardise everything, resolutely implement to seek practical results”, the Group will continuously strengthen the whole process management of production and operation, marketing, financial costs and project construction, effectively integrate system resources, and continuously improve corporate management standards and profitability;

Talent strengthening strategy: The Group will refine mechanisms for talent cultivation, recruitment, utilisation and motivation, and actively foster a high-calibre, versatile, innovative and internationally competitive talent pool to support the Company to become a world-class enterprise with the greatest growth momentum;

Harmonious development strategy: The Group will comprehensively strengthen corporate culture development, wholeheartedly care for employees, actively fulfil corporate social responsibilities, enhance the ability to create comprehensive economic, social and environmental values, build a positive corporate image, and strive to build a harmonious enterprise.

IV Management Discussion and Analysis

XI. Outlook on the future development of the Company (*Continued*)

(III) Operation plans for 2025

In recent years, the contradiction between supply and demand in the short term has been prominent due to the concentration of newly-added production capacity in the paper industry. The prices of the Company's major paper products, in particular the price white cardboard, have declined sharply, affecting the Company's profitability. Although the domestic economy continues to face challenges such as insufficient demand, the long-term positive trend of China's economy remains unchanged as a series of policies aimed at improving livelihoods and stimulating consumption continue to take effect and new policies are effectively implemented. The contradiction between supply and demand in the paper industry is expected to ease, and industry sentiment is likely to improve. 2025 marks the final year of the "14th Five-Year Plan". In the coming year, the Company will remain confident and act with determination, and focus on its principal responsibilities and operations. It will adjust and optimise internal management, facilitate corporate reform and innovation, and make every effort to secure working capital. The Company will ensure orderly production across its production bases, improve production efficiency, control production costs, seize market opportunities, expand sales channels, and achieve sustained and stable operations.

1. Strengthen production management to ensure stable production

The Company's major production bases have successively been in shutdown and maintenance in the fourth quarter, affecting capacity utilisation and efficiency of the Company. As a result, prioritising the resumption of work and production at these bases has become the Company's top priority at the beginning of the coming year. In addition, the Company will continue to strengthen production management by implementing 6S on-site management practices, enhancing equipment upgrades and maintenance, and improving equipment reliability and operational efficiency to ensure stable production. The Company will strictly control the quality of raw materials and spare parts, promote technological upgrades and R&D, actively adjust the product mix, and optimise production processes, so as to improve product quality. At the same time, it will adjust its incentive mechanisms to motivate frontline employees, thereby boosting production efficiency. Adhering to the principle that safety and environmental protection are the lifelines of an enterprise, the Company will thoroughly investigate and address potential hazards to ensure production safety.

2. Strengthen capital management to mitigate debt risks

In recent years, the contradiction between supply and demand in the paper industry have led to declining prices of the Company's major products, which undermined the Company's profitability. Coupled with the situation where some financial institutions downsized the loan scale, the Company faced temporary liquidity shortages and instances of debt defaults in 2024. In 2025, with the support from governments at all levels and financial institutions, the Company will take multiple measures to mitigate debt risks, and will continue to strengthen its communication with creditors to negotiate solutions such as extension of loan terms and adjustment of repayment plans. At present, financial institutions have established provincial debt committees, which initially agreed not to reduce, delay or cancel loans, while offering interest rate reductions and extensions. The Company will actively cooperate with the internal approval processes of financial institutions, and will promote equity financing and introduce strategic investors. At the same time, the Company will continue to reduce the size of its financial leasing business and strengthen the disposal of non-core assets to increase cash inflows and enhance liquidity.

IV Management Discussion and Analysis

XI. Outlook on the future development of the Company (*Continued*)

(III) Operation plans for 2025 (*Continued*)

3. Strengthen procurement management to ensure stable supply

In 2025, the Company will further refine its procurement management regulations, optimise the procurement management structure and performance evaluation mechanisms, and enhance internal collaboration within the procurement team to comprehensively improve procurement efficiency. It will streamline procurement processes, innovate procurement models, and align procurement planning with production schedules to ensure supply chain stability while reducing capital occupancy. The Company will expand sourcing channels for raw materials, strengthen supplier management, and improve communication and coordination with suppliers. It will maintain long-term partnerships with high-quality suppliers, optimise collaboration methods, and ensure the quality of raw materials while reducing procurement costs.

4. Strengthen sales management to enhance corporate efficiency

In 2025, the Company will continuously optimise and innovate its sales models based on operational conditions, actively expand sales channels, seize market opportunities, and adjust sales strategies promptly to respond to market changes. It will strengthen communication and collaboration between the sales and production teams, identify issues in products and services through market research and customer feedback, and develop product solutions based on market and customer needs. By aligning with the production department, the Company will develop and produce high-quality products that meet market demand, creating brand value. It will also optimise its sales management structure, enhance professional training and adjust incentive schemes to improve team capabilities and boost sales performance.

(IV) Future capital requirements and source of funds

Future capital requirements of the Company will mainly focus on: the continuous investment in existing production facilities due to technology upgrade or production expansion; and capital requirement for business expansion and daily operation. The special paper project with annual production capacity of 180,000 tonnes of Zhanjiang Chenming planned and constructed by the Company will be partly funded by self-owned funds of the Company, as well as government guide funds, policy support funds and syndicated loans.

While focusing on the development of its principal activities of pulp production and paper making, improving its business performance and increasing its operating cash flow, the Company will expand its financing channels and optimise financing structure through well planned long and short-term bank loans, introduction of third-party strategic investors, equipment financing and other means, thus providing stable financial support for the operation and development of the Company.

(V) Risk factors likely to be faced and measures to be taken

1. Macroeconomic and policy risk

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

IV Management Discussion and Analysis

XI. Outlook on the future development of the Company *(Continued)*

(V) Risk factors likely to be faced and measures to be taken *(Continued)*

1. Macroeconomic and policy risk *(Continued)*

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

2. Environmental protection risk

Establishing a green paper industry is the strategic direction of industry development. In recent years, environmental protection requirements have become increasingly stringent. Relevant authorities have successively issued the White Paper on Sustainable Development of the Paper Industry in China, the Guiding Opinions on Accelerating the Establishment and Improvement of a Green, Low-Carbon and Cyclical Economic System, the Opinions on Accelerating the High-Quality Development of the Manufacturing Services Industry, the “14th Five-Year Plan” and Medium and Long-term High-quality Development Outline of the Paper Industry and other policies, which advocate cyclical, low-carbon, green economy to achieve high-quality development of the industry. Such higher national environmental protection standards further increase the investment in pollution control by enterprises in the industry and increase the operating costs of the Company in the short term.

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

3. Risk of price fluctuation of raw materials

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

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

IV Management Discussion and Analysis

XI. Outlook on the future development of the Company (*Continued*)

(V) Risk factors likely to be faced and measures to be taken (*Continued*)

4. Risk of intensifying market competition

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

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

5. Capital risk

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

To address these risks, the Company focuses on its principal responsibilities and operations and strengthens the disposal of assets in its non-principal business to increase cash inflows. It actively communicates and coordinates with financial institutions to renew expiring loans wherever possible without loan cancellations or delays and provide support such as extended loan terms, reduced interest rates and extended interest settlement cycles, in order to alleviate the operational burden on the Company. Additionally, the Company accelerates internal management adjustments and optimisations, facilitates corporate reform and innovation, and leverages its basic strengths, in order to achieve sustained and stable operations.

6. Risk of the financial leasing business

The Company may suffer from loss if the lessees of its financial leasing business cannot make full rental payment on time due to any reason and there are abuses on equipment or any other short-term behaviour. Although the risk of such rental being unrecoverable is minimal, the Company will also make bad debt provision as required under its accounting policy. If such amounts cannot be recovered on time, the Company may be exposed to risk of bad debts.

At present, the Company focuses on the development of its principal activities, i.e. pulp production and paper making, and continues to reduce the size of the financial leasing business. During the reporting period, some financial leasing customers experienced operational difficulties, leading to unexpected situations such as litigations and seizures. The Company increased the provision ratio for bad debts related to these financial leasing customers out of prudence. As at the end of the reporting period, the balance of financial leases of Chenming Leasing decreased to RMB4,467 million with the overall risks under control.

IV Management Discussion and Analysis

XII. Reception of research investigations, 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
7 April 2024	Panorama • Interactive Platform for Investors Relationship	Others	Individuals and institutions	Investors participating in the 2023 annual results briefing of the Company online	The Company's financial position and operating results in 2023, future prospects, etc.	For details, please refer to the Investor Relations Activity Record Sheet on CNINFO (www.cninfo.com.cn)

XIII. Development and implementation of a market capitalisation management system and a valuation enhancement plan

Whether the Company has developed a market capitalisation management system?

Yes No

Whether the Company has disclosed a valuation enhancement plan?

Yes No

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

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

Yes No

V Directors' Report

The Directors (the “Directors”) of the Company hereby present the annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2024.

I. Principal activities

Please refer to “II. Principal operations of the Company during the Reporting Period” and “IV. Analysis of principal operations” under section IV “Management Discussion and Analysis” for details of principal activities of the Company.

II. Results and profit distribution

Please refer to section XII “Financial Report” for the results of the Group for the year ended 31 December 2024.

III. Dividends

In recent years, the contradiction between supply and demand in the short term has been prominent due to the concentration of newly-added production capacity in the paper industry. The prices of the Company's major products continued to decline during the reporting period with a year-on-year decrease in gross profit. Some financial leasing customers experienced operational difficulties, leading to unexpected situations such as litigations and seizures. The Company increased the provision ratio for bad debts related to these financial leasing customers out of prudence. Meanwhile, the Company's major production bases had successively been in shutdown and maintenance in the fourth quarter, leading to unsatisfactory capacity utilisation and a year-on-year decline in production and sales volumes. The Company made impairment provisions for certain assets, which resulted in a loss. The net profit attributable to shareholders of the Company for 2024 amounted to RMB-7,411 million. Based on the operations in 2024 and taking into account the Company's development plan for 2025, the Board proposed not to pay cash dividend, issue bonus shares and increase share capital from reserves in 2025 to satisfy the capital needs for day-to-day production and operation and enhance the risk resistance of the Company, thereby realising the sustainable, steady and healthy development of the pulp production and paper making, the principal activities of the Company, and better safeguarding the interests of all shareholders in the long run, subject to approval of shareholders at the forthcoming annual general meeting of the Company to be held on 15 May 2025 (the “AGM”).

IV. Closure of register of members

The register of members of the Company will be closed from Monday, 12 May 2025 to Thursday, 15 May 2025 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting to be held on Thursday, 15 May 2025, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 9 May 2025.

V Directors' Report

V. Five-year financial summary

Please refer to “IX. Five-year financial summary under paragraph 19 of appendix D2 of the Hong Kong Listing Rules” under section II “Company Profile and Key Financial Indicators” for the financial summary of the Company for the past five financial years.

VI. Donations

During the year, the Company donated RMB300,000.00 (2023: RMB505,280.00) to non-profit making organisations.

VII. Subsidiaries

Please refer to “IX. Analysis of major subsidiaries and investees” under section IV “Management Discussion and Analysis” and “XVII. Matters of significant of subsidiaries of the Company” under section VIII “Material Matters” for the details of acquisition and disposal of subsidiaries by the Company during the year.

VIII. Property, plant and equipment

Please refer to “II. Financial Statements 1. Consolidated Balance Sheet” under section XII “Financial Report” for the details of changes in property, plant and equipment of the Group for the year ended 31 December 2024.

IX. Share capital

Please refer to “I. Changes in shares” under section IX “Changes in Share Capital and Shareholders” for details of changes in share capital of the Company for the year ended 31 December 2024.

X. Pre-emptive rights

In accordance with the Articles of Association and the PRC laws, there are no rules requiring the Company to grant existing shareholders pre-emptive rights on newly issued shares of the Company in proportion to their shareholdings.

XI. Transfer into reserves

The Company's contributed surplus is distributable to shareholders in accordance with the Company Law. As at 31 December 2024, the Company's reserves available for cash distribution and/or distribution in specie, including contributed surplus of the Company, amounted to RMB1,086,188,080.67 (2023: 8,492,988,611.52) as set out in “II. Financial Statements 1. Consolidated Balance Sheet” under section XII “Financial Report”.

V Directors' Report

XII. Directors

As at 31 December 2024, the Directors of the Company were:

1. Executive Directors

Mr. Hu Changqing
Mr. Li Xingchun
Mr. Li Feng
Mr. Li Weixian

2. Non-executive Directors

Mr. Han Tingde
Mr. Li Chuanxuan

3. Independent Non-executive Directors

Ms. Yin Meiqun
Mr. Yang Biao
Mr. Sun Jianfei
Mr. Li Zhihui

According to the Articles of Association, all Directors, including non-executive Directors, have been elected at the general meetings with a term of three years from June 2022 to June 2025. They may be re-elected for another term upon expiry of tenure. The term of office of independent non-executive Directors is the same as that of other Directors. They may be re-elected for consecutive terms, but the consecutive terms shall not be more than six years.

XIII. Directors' and Supervisors' service contracts

All Directors and Supervisors have entered into service contracts with the Company for a term from 15 June 2022 to 15 June 2025.

None of the Directors and Supervisors who have offered themselves for re-election at the forthcoming general meeting have entered into any service contract with the Company or any of its subsidiaries which cannot be terminated by the Group within one year without payment of compensation other than statutory compensation.

V Directors' Report

IV. Directors and Senior Management's remuneration and the five highest paid individuals

Details of Directors and the Senior Management's remuneration and the five highest paid individuals of the Company or/and its subsidiaries are set out in "V. Directors, Supervisors and Senior Management" in section VI "Corporate Governance" and "XIV. Related parties and related party transactions" in section XII "Financial Report".

In 2024, the Company had 23 Senior Management members in total, which included Directors, Supervisors and the Senior Management. The remuneration of the Senior Management falls within the following ranges:

Range of remuneration (RMB)	Person
3.6 million to 4.0 million	
3.2 million to 3.6 million	
2.8 million to 3.2 million	
2.4 million to 2.8 million	
2.0 million to 2.4 million	2
1.6 million to 2.0 million	2
1.2 million to 1.6 million	
0.8 million to 1.2 million	4
Below 0.8 million	15

XV. Independent non-executive Directors

The Company has received from each of the independent non-executive Directors a confirmation of independence for the year pursuant to Rule 3.13 of the Hong Kong Listing Rules and considered all of the independent non-executive Directors to be independent.

V Directors' Report

XVI. Securities interests held by Directors, Supervisors and chief executives

As at 31 December 2024, the interests and short positions held by each of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, are set out as follows:

The Company

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

As at 31 December 2024, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be filed in the register of the Company required to be maintained pursuant to section 352 of the SFO or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Rules Governing the Listing of Securities on Hong Kong Stock Exchange.

As at 31 December 2024, none of the Directors, Supervisors or chief executives or their respective spouses or children under the age of 18 held or exercised any rights to subscribe for the share capital or debentures of the Company or its associated corporations.

V Directors' Report

XVII. Interests and short position of substantial shareholders in shares and underlying shares

As at 31 December 2024, the following shareholders (other than the Directors, Supervisors or chief executives of the Company) had interests or short positions in the Company's shares and underlying shares as shown in the share register maintained by the Company in accordance with Section 336 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO"):

Name	Number of shares held (shares)	Approximate shareholding as a percentage of	
		Total share capital (%)	Class of shares (%)
Chenming Holdings Co., Ltd.	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 31 December 2024, no other person had interests or short positions in the Company's shares or underlying shares as recorded in the register maintained under section 336 of the SFO.

XVIII. Relationship with employees, customers and suppliers

Please refer to "IX. Personnel of the Company" under section VI "Corporate Governance", and "2. (8) Sales to major customers and major suppliers" of "IV. Analysis of principal operations" under section IV "Management Discussion and Analysis" for details of the relationship between the Company and its employees, customers and suppliers.

XIX. Directors' interests in material contracts and indemnity provision

None of the Company or any of its subsidiaries entered into any material contracts, in which Directors or Supervisors had significant interests (either directly or indirectly), that subsisted at the end of the financial year or at any time during the reporting period. The Company did not have any indemnity provision in favour of any Director and Supervisor.

XX. Interests in competing business

None of the Directors or controlling shareholders of the Company was interested in any business which competes or is likely to compete with the businesses of the Company and any of its subsidiaries.

V Directors' Report

XXI. Directors' rights to purchase shares or debentures

As considered and approved at the 2020 second extraordinary general meeting, the 2020 first class meeting for holders of domestic-listed shares and the 2020 first class meeting for holders of overseas-listed shares of the Company held on 15 May 2020, the Company implemented the 2020 Restricted A Share Incentive Scheme. As considered and approved at the tenth extraordinary meeting of ninth session of the Board and the fifth extraordinary meeting of the ninth session of the Supervisory Committee of the Company held on 29 May 2020, an aggregate of 79.6 million restricted A shares were granted to 111 participants. In particular, Mr. Hu Changqing, Mr. Li Xingchun, Mr. Li Weixian and Mr. Li Feng, all being Directors, were granted 5 million shares, 5 million shares, 2 million shares and 3 million shares, respectively. In view of the fact that the results for 2022 of the Company failed to pass the performance appraisal targets at company level set for the second Unlocking Period as set out in the 2020 Restricted A Share Incentive Scheme (Draft), and the results for 2023 of the Company failed to pass the performance appraisal targets at company level set for the third Unlocking Period as set out in the 2020 Restricted A Share Incentive Scheme (Draft), the Board of the Company repurchased and cancelled the Restricted Shares that had been granted to Participants but not yet unlocked for the second and third Unlocking Periods under the authorisation. In particular, 3 million Restricted Shares of Director Hu Changqing, 3 million Restricted Shares of Director Li Xingchun, 1.20 million Restricted Shares of Director Li Weixian and 1.80 million Restricted Shares of Director Li Feng were repurchased and cancelled.

Save for the above, neither was the Company nor any of its subsidiaries a party to any arrangements to enable any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

XXII. Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed in 2024.

XXIII. Major risk factors

Please refer to “(V) Risk factors likely to be faced and the measures to be taken” of “XI. Outlook on the future development of the Company” under section IV “Management Discussion and Analysis” for details of major risk factors of the Company.

XXIV. Material matters

Please refer to section VIII “Material Matters” for details of material matters of the Company.

XXV. Future development

Please refer to (I) Overview and trends of the industry, (II) Development strategy of the Company, (III) Operating plan for 2025 and (IV) Future capital requirements and source of funds of “XI. Outlook on the future development of the Company” under section IV “Management Discussion and Analysis” for details of future development of the Company.

XXVI. Environment, social and governance report and social responsibility

Please refer to section VII “Environmental and Social Responsibility” for details of fulfilment of social responsibility. The Company will publish the environment, social and governance report as required by the Hong Kong Listing Rules on the website of CNINFO and the website of the Hong Kong Stock Exchange on the same date as the 2024 annual report.

V Directors' Report

XXVII. Purchase, sale and redemption of shares

1. Repurchase and cancellation of some restricted shares granted under the 2020 Restricted A Share Incentive Scheme

On 31 July 2024, the Company convened the fifteenth extraordinary meeting of the tenth session of the Board and the sixth extraordinary meeting of the tenth session of the Supervisory Committee, at which the Resolution on the Failure Fulfilment of the Unlocking Conditions for the Third Unlocking Period under the 2020 Restricted A Share Incentive Scheme and Repurchase and Cancellation of Certain Restricted Shares was considered and approved. The results for 2023 of the Company failed to pass the performance appraisal targets at company level set for the third unlocking period as set out in the 2020 Restricted A Share Incentive Scheme (Draft) and the Assessment Management Measures for the 2020 Restricted A Share Incentive Scheme. According to the authorisation granted at the 2020 second extraordinary general meeting, the 2020 first class meeting for holders of domestic-listed shares and the 2020 first class meeting for holders of overseas-listed shares of the Company, the Board of the Company repurchased and cancelled 22,257,000 restricted A shares which had been granted to 93 participants but not yet unlocked at a repurchase price of RMB2.5184172 per share (excluding the bank loan interest rate for the same term). The total amount for the funds required for the repurchase amounted to RMB67.0597 million when the bank loan interest rate for the same term was included.

The Company made the repurchase payment of RMB67.0597 million to 93 participants on 1 November 2024. On 15 November 2024, Grant Thornton (Special General Partnership) issued a Capital Verification Report (Zhi Tong Yan Zi (2024) No. 371C000421), in which they verified the change in the registered capital and paid-in capital (share capital) of the Company as of 6 November 2024. Verification result: As of 6 November 2024, the registered capital and paid-in capital (share capital) of the Company upon the change amounted to RMB2,934,556,200.00 and RMB2,934,556,200.00, respectively.

As at the end of the reporting period, the Company completed the procedures for the repurchase and cancellation of the 15,357,000 restricted A shares held by 91 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The procedures for the share repurchase, transfer and cancellation of the 6,900,000 restricted A shares held by the remaining 2 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed as they were subject to judicial freeze.

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

XXVIII. Sufficiency of public float

During the reporting period, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained a sufficient prescribed amount of public float as required under the Hong Kong Listing Rules.

XXIX. Review of the Audit Committee

The audited consolidated financial statements of the Company for the year ended 31 December 2024 have been reviewed by the Audit Committee of the Company.

V Directors' Report

XXX. Gearing ratio

As at 31 December 2024, the Company's gearing ratio (including minority interest) was 59.83%, representing a decrease of 1.87 percentage points from 61.70% for 2023.

The ratio was calculated as: total borrowings/total assets (whereas total borrowings represent borrowings due within one year, borrowings due after one year, short-term commercial paper and medium and long-term notes and others).

XXXI. Going concern basis

In compiling the accounts for the year ended 31 December 2024, the Directors have chosen and thoroughly applied the appropriate accounting policies with due and reasonable judgement and estimates having been made, and prepared the accounts on a going concern basis. The auditor has issued a qualified audit report on the Company's 2024 annual financial report which is prepared on a going concern basis. Please refer to "I. Auditors' Report" and "IV. Basis of Preparation of the Financial Statements" in section XII "Financial Report" for details.

XXXII. Connected Transaction

1. Disposal of equity interest in Yujing Hotel and entering into the Equity and Debt Transfer Agreement with Guangyuan Real Property

On 22 March 2024, the Company convened the fourteenth extraordinary meeting of the tenth session of the Board, at which the Resolution on the Equity Transfer of Yujing Hotel and a Connected Transaction, and the Equity and Debt Transfer Agreement entered into by the Company, Yujing Hotel, a non-wholly owned subsidiary of the Company, and Guangyuan Real Estate, a connected person of the Company, on 22 March 2024 were considered and approved. Pursuant to them, the Company disposed of its 90.05% equity interest in Yujing Hotel and the debts owed by Yujing Hotel to the Company amounting to RMB193.5072 million for a total consideration of RMB356.5 million. Guangyuan Real Property shall pay in cash of (i) RMB178.25 million within five working days after the entering into of the Equity and Debt Transfer Agreement; and (ii) the remaining RMB178.25 million by 31 December 2024 to the Company, respectively. The consideration of the Disposal was determined on normal commercial terms after arm's length negotiations between the Company and Guangyuan Real Property and with reference to the assessed market value of all shareholders' equity of Yujing Hotel on the Valuation Benchmark Date (31 December 2023) of RMB180.7176 million (the corresponding assessed value of the 90.05% equity interest was RMB162.7362 million) based on the valuation by Tinho International, an independent asset valuer, using the asset-based approach, and the carrying amount of the target debts as the basis for pricing. Upon completion of the disposal, the Company would cease to have any interest in Yujing Hotel, and Yujing Hotel would cease to be a subsidiary of the Company.

V Directors' Report

XXXII. Connected Transaction (*Continued*)

1. Disposal of equity interest in Yujing Hotel and entering into the Equity and Debt Transfer Agreement with Guangyuan Real Property (*Continued*)

As Guangyuan Real Estate failed to perform the payment obligation of the second transfer payment in accordance with the Equity and Debt Transfer Agreement, which constituted a breach of contract, the Company, Yujing Hotel and Guangyuan Real Estate, a connected person of the Company, terminated the Equity and Debt Transfer Agreement on 14 March 2025 to terminate the equity transfer of Yujing Hotel and the connected transaction. Guangyuan Real Estate will co-operate with the Company in completing the relevant procedures for the registration of the change of equity interest in Yujing Hotel. Royal View Hotel will remain a subsidiary of the Company and its financial results will be consolidated in the consolidated financial statements of the Company.

For details, please refer to the announcement disclosed by the Company on CNINFO on 23 March 2024 and 15 March 2025 (announcement number: 2024-008) and the relevant announcements disclosed by the Company on the website of Hong Kong Stock Exchange on 24 March 2024, 2 May 2024 and 14 March 2025.

Save as disclosed above, the Group did not enter into other connected transaction required under the Listing Rules of the Stock Exchange during the reporting period. The related party transactions entered into by the Group during the year ended 31 December 2024 are set out in Note XIV to the financial statements. Save as disclosed above, the related party transactions did not constitute connected transactions or continuing connected transactions (as defined in the Listing Rules of the Stock Exchange) of the Group.

XXXIII. Major investment, acquisition and disposal

During the year ended 31 December 2024, save for the matter mentioned in "XXXII. Connected Transaction" in this section "Directors' Report", there were no other major investments, acquisitions and disposals.

XXXIV. Tax relief

The Company is not aware of any tax relief available to shareholders as a result of holding securities of the Company.

VI Corporate Governance

I. Corporate governance

During the reporting period, the Company continued to improve its legal person governance structure, establish a sound mechanism to regulate its operation, and improve the quality of information disclosure in strict compliance with the requirements of the laws and regulations such as the Company Law 《公司法》, the Securities Law 《證券法》, the Code of Corporate Governance for Listed Companies 《上市公司治理準則》, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange 《深圳證券交易所股票上市規則》, and the Listing Rules of Hong Kong Stock Exchange, and the rules and regulatory documents of the CSRC, thereby further enhancing the standardised operation level of the Company. Its corporate governance complied with the requirements of the regulatory documents issued by the CSRC, the Shenzhen Stock Exchange and the Stock Exchange regarding the governance of listed companies.

(i) Shareholders and general meeting

The Company convened and held shareholder meetings in strict compliance with the requirements of the Rules Governing Shareholders' General Meetings of Listed Companies, the Articles of Association and the Rules of Procedure of the General Meeting of Shareholders. During the reporting period, the Board of the Company convened and held 1 annual general meeting, and 3 extraordinary general meeting, and both on-site voting and online voting were provided as channels to participate in each general meeting to safeguard the rights of all shareholders to participate in and make decisions on important matters of the Company. The Company also conducted separate vote counting of the votes on the resolutions of minority shareholders and disclosed them in a timely and public manner to enable minority shareholders to enjoy equal status with other shareholders, and effectively safeguard the interests of minority shareholders.

(ii) Controlling shareholder and the Company

During the reporting period, the Company remained independent of its controlling shareholder, beneficial controllers and related parties in terms of its business, assets, finance, personnel and organisations, and the Board, the Supervisory Committee and internal departments of the Company operated independently, which complied with the relevant provisions of the CSRC on the independence of listed companies. The controlling shareholder and beneficial controllers strictly regulated their behaviour, and exercised their rights and performed their obligations in accordance with the laws, and there was no appropriation of capital and assets of the Company by the controlling shareholder, beneficial controllers and their related parties.

(iii) Directors and the Board

There are four special committees, namely the Strategic and Sustainable Development Committee, the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee, under the Board of the Company. The Board of the Company has a total of 10 Directors, of which 4 are independent Directors, who are professionals with professional knowledge in finance, law, management, etc. During the reporting period, the Board of the Company held a total of 10 meetings. The Board convened Board meetings in strict compliance with the Articles of Association and the Rules of Procedure of Board Meetings and other relevant regulations. Each Director attended meetings of the Board and the special committees under the Board on time, and faithfully and diligently perform their duties, actively participated in operational and management decisions, and safeguarded the interests of shareholders. Meanwhile, he or she actively participated in special training organised by the regulatory authorities and study the relevant laws and regulations, so as to effectively improve the level of performance of their duties.

VI Corporate Governance

I. Corporate governance (*Continued*)

(iv) Supervisors and the Supervisory Committee

The Supervisory Committee of the Company has a total of 5 Supervisors, including 3 shareholder representative Supervisors and 2 employee representative Supervisors. During the reporting period, the Supervisory Committee of the Company held a total of 7 meetings. The Supervisory Committee strictly followed the requirement of relevant laws and regulations including the Company Law, the Articles of Associations and the Rules of Procedure of the Supervisory Committee in fulfilling its duties. In the spirit of being accountable to the shareholders and the Company, the Supervisory Committee independently and effectively exercised its supervision and inspection functions to supervise the Company's operation and management, decision-making procedures, financial position and the duty of care and diligence of the Company's Directors and Senior Management, so as to safeguard the legitimate interests of the Company and the shareholders.

(v) Operation of the independent director system

During the reporting period, the independent Directors of the Company were accountable to the minority shareholders and performed their duties independently and impartially by actively attending Board meetings and general meetings, and understanding the Company's production, operations, and financial position, and the implementation of the Board resolutions in strict compliance with the requirements of the relevant laws and regulations such as the Articles of Association, the Administrative Rules for Independent Directors, the Guidelines of Self-Regulatory Regulations for Listed Companies on the Shenzhen Stock Exchange No. 1 – Standardised Operation of the Companies Listed on the Main Board, and, at the same time, reviewed the Company's related party transactions and submitted them to the Board for consideration after approval by the majority.

(vi) Information disclosure and prevention and control of inside information

The Company earnestly fulfils its information disclosure obligation, effectively strengthens the confidentiality of inside information, and improve the registration and management of personnel with inside information to improve the quality of information disclosure in accordance with the relevant requirements of the Articles of Association, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, and the Listing Rules of Hong Kong Stock Exchange. During the reporting period, there was no case where the Directors, Supervisors, Senior Management and other related personnel of the Company used inside information to buy and/or sell the shares of the Company during the reporting period, and the Company issued periodic reports, interim announcements, and related documents through the information disclosure media designated by the CSRC, and the website of the Hong Kong Stock Exchange to ensure that information disclosure was true, accurate, complete, timely and fair.

Any material non-compliance of the laws, administrative regulations and the regulatory documents on the governance of listed companies issued by the CSRC in respect of actual governance of the Company

Yes No

There was no material non-compliance of the laws, administrative regulations and the regulatory documents on the governance of listed companies issued by the CSRC in respect of the actual governance of the Company.

VI Corporate Governance

II. Particulars about the independence in terms of assets, personnel, finance, organisations, and business from the controlling shareholder and beneficial controllers

The Company was completely separated from the controlling shareholder in terms of business, personnel, assets, organisations and finance. The Company had a comprehensive internal structure, independent and complete businesses as well as the capability of self-operation.

1. In terms of business: the Company had its own R&D, production, procurement and sales system, and was completely independent of controlling shareholder in terms of business. The controlling shareholder and its other subsidiaries were not competitors of the Company in the same industry.
2. In terms of personnel: the Company had an independent workforce, and had established independent departments including the research and development department, production department, administration department, finance department, procurement department and sales department. The Company had also established a comprehensive management system with respect to labour, personnel and salary. Personnel of the Company were independent of the controlling shareholder. The Company's Chairman was elected at the general meeting, while the general manager, deputy general manager, secretary to the Board, chief financial officer and other Senior Management members all worked at and received remuneration from the Company. They did not receive remuneration from related companies of the controlling shareholder, nor did they serve at any position therein other than a director or supervisor. The appointment of the Company's Directors, Supervisors and Senior Management was conducted through legal procedures and in strict compliance with the relevant requirements of Company Law and the Articles of Association. None of the controlling shareholders interfered with the Company's Board, or the appointment and dismissal decisions at general meetings.
3. In terms of assets: the title relationship between the Company and the controlling shareholder was clear, and the Company's funds, assets and other resources were not illegally occupied or dominated by the controlling shareholder. The Company's assets were complete, and possessed production equipment, auxiliary production equipment, patents and other assets that were in line with its production and operation scope. The Company had complete control and dominance over all assets.
4. In terms of organisations: the Board, Supervisory Committee, management and other internal organisations of the Company operated independently. Each functional department was completely separated from the controlling shareholder in terms of authority, personnel, etc. There was no subordinate relationship between the controlling shareholder and its functional departments, and the Company and its functional departments. The Company's independence in terms of its production, operation and management was not affected by the controlling shareholder.
5. In terms of finance: the Company had its own finance department, accounting and auditing system and financial management system, and was able to make independent financial decisions, with a standardised financial accounting system and financial management system for subsidiaries. None of the controlling shareholders interfered with the Company's finance and accounting activities. The Company had a separate account in a commercial bank and there was no sharing of bank accounts with the controlling shareholder. The Company reported on tax return and fulfilled its tax obligations independently in accordance with the law.

VI Corporate Governance

III. Competition in the industry

Applicable Not Applicable

IV. Annual general meeting and extraordinary general meeting convened during the reporting period

1. General meetings during the reporting period

Meeting	Type of meeting	Attendance rate of investors	Convening date	Disclosure date	Resolutions of meeting
2023 annual general meeting	Annual general meeting	19.50%	14 May 2024	15 May 2024 14 May 2024	http://www.cninfo.com.cn (announcement no.:2024-033) http://www.hkex.com.hk
2024 first extraordinary general meeting	Extraordinary general meeting	19.09%	23 September 2024	24 September 2024 23 September 2024	http://www.cninfo.com.cn (announcement no.:2024-058) http://www.hkex.com.hk
2024 second extraordinary general meeting	Extraordinary general meeting	18.81%	16 October 2024	17 October 2024 16 October 2024	http://www.cninfo.com.cn (announcement no.:2024-062) http://www.hkex.com.hk
2024 third extraordinary general meeting	Extraordinary general meeting	18.85%	28 November 2024	29 November 2024 28 November 2024	http://www.cninfo.com.cn (announcement no.:2024-076) http://www.hkex.com.hk

2. Extraordinary general meeting requested by holders of the preference shares with voting right restored

Applicable Not Applicable

VI Corporate Governance

V. Directors, Supervisors and Senior Management

1. General information

Name	Position	Status of Office	Gender	Age	Date of the beginning of the term	Date of the end of the term	Shareholding at the beginning of the period (shares)	Increase in the number of shares held during the period (shares)	Decrease in the number of shares held during the period (shares)	Other changes (shares)	Shareholding at the end of the period (shares)	Reason for changes
Hu Changqing	Chairman	In office	M	59	8 November 2024	15 June 2025	2,292,857	0	0	1,500,000	792,857	Repurchase and cancellation of restricted shares
Li Xingchun	Vice chairman	Resigned			23 June 2018	8 November 2024						
	Vice chairman	In office	M	59	11 June 2019	15 June 2025	3,500,000	0	0	1,500,000	2,000,000	Repurchase and cancellation of restricted shares
Li Weixian	Director	In office	M	43	15 June 2022	15 June 2025	962,100	0	0	600,000	362,100	Repurchase and cancellation of restricted shares
Li Feng	General manager				8 October 2023	15 June 2025						
	Director	In office	M	51	19 June 2020	15 June 2025	2,256,027	0	0	900,000	1,356,027	Repurchase and cancellation of restricted shares
	Deputy general manager				15 June 2022	15 June 2025						
Han Tingde	Director	In office	M	56	11 June 2019	15 June 2025	0	0	0	0	0	N/A
Li Chuanxuan	Director	In office	M	47	11 June 2019	15 June 2025	0	0	0	0	0	N/A
Li Zhihui	Independent director	In office	M	66	15 June 2022	15 June 2025	0	0	0	0	0	N/A
Sun Jianfei	Independent director	In office	M	52	11 June 2019	15 June 2025	0	0	0	0	0	N/A
Yin Meiqun	Independent director	In office	F	54	11 June 2019	15 June 2025	0	0	0	0	0	N/A
Yang Biao	Independent director	In office	M	45	11 June 2019	15 June 2025	0	0	0	0	0	N/A
Li Kang	Supervisor	In office	F	43	27 July 2020	15 June 2025	149,300	0	0	0	149,300	N/A
	Chairman of the Supervisory Committee				15 June 2022	15 June 2025						
Pan Ailing	Supervisor	In office	F	60	11 June 2019	15 June 2025	0	0	0	0	0	N/A
Zhang Hong	Supervisor	In office	F	60	11 June 2019	15 June 2025	0	0	0	0	0	N/A
Qiu Lanju	Supervisor	In office	F	51	11 June 2019	15 June 2025	0	0	0	0	0	N/A
Sang Ailing	Supervisor	In office	F	46	18 April 2021	15 June 2025	0	0	0	0	0	N/A
Li Zhenzhong	Deputy general manager	In office	M	51	20 March 2011	15 June 2025	1,346,400	0	0	600,000	746,400	Repurchase and cancellation of restricted shares

VI Corporate Governance

V. Directors, Supervisors and Senior Management (Continued)

1. General information (Continued)

Name	Position	Status of		Age	Date of the beginning of the term	Date of the end of the term	Shareholding at the beginning of the period (shares)	Increase in the number of shares held during the period (shares)	Decrease in the number of shares held during the period (shares)	Other changes (shares)	Shareholding at the end of the period (shares)	Reason for changes
		Office	Gender									
Li Mingtang	Deputy general manager	In office	M	57	15 June 2022	15 June 2025	450,000	0	0	300,000	150,000	Repurchase and cancellation of restricted shares
Ge Guangming	Deputy general manager	In office	M	54	15 June 2022	15 June 2025	0	0	0	0	0	N/A
Dong Lianming	Financial controller	In office	M	50	12 October 2018	15 June 2025	519,600	0	0	300,000	219,600	Repurchase and cancellation of restricted shares
Yuan Xikun	Secretary to the Board	In office	M	39	16 May 2018	15 June 2025	179,700	0	0	90,000	89,700	Repurchase and cancellation of restricted shares
Chu Hon Leung	Company secretary (Hong Kong)	In office	M	42	11 June 2019	15 June 2025	0	0	0	0	0	N/A
Chen Hongguo	Chairman	Resigned	M	60	6 September 2001	7 November 2024	25,080,044	0	0	6,000,000	19,080,044	Repurchase of restricted shares but the share transfer and cancellation procedures not completed because the shares were frozen.
Li Xueqin	Deputy general manager	Resigned	F	59	18 March 2003	7 November 2024	2,961,322	0	0	900,000	2,061,322	
Total	-	-	-	-	-	-	39,697,350	0	0	12,690,000.00	27,007,350.00	-

Other explanations: The number of shares in 'Other changes (shares)' in this table represents the restricted shares granted to participants but failing to fulfil the unlocking conditions for the third unlocking period under the 2020 Restricted A Share Incentive Scheme, and repurchased and cancelled by the Company. On 1 November 2024, the Company made restricted share repurchase payments to all participants. On 15 November 2024, Grant Thornton (Special General Partnership) issued a Capital Verification Report (Zhi Tong Yan Zi (2024) No. 371C000421). However, the procedures for the share repurchase, transfer and cancellation of the 6,000,000 restricted shares held by Mr. Chen Hongguo and 900,000 restricted A shares held by Ms. Li Xueqin with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed as the shares were subject to judicial freeze.

VI Corporate Governance

V. Directors, Supervisors and Senior Management (*Continued*)

1. General information (*Continued*)

During the reporting period, did any Director and Supervisor resign and was any member of the Senior Management dismissed during their term of office

Yes No

Mr. Chen Hongguo resigned as a Director and Chairman of the Company, and a member of the Strategic and Sustainable Development Committee and the Nomination Committee under the Board on 7 November 2024 due to personal reasons. Ms. Li Xueqin resigned as a deputy general manager of the Company on 7 November 2024 due to retirement.

Changes of Directors, Supervisors and Senior Management of the Company

Applicable Not Applicable

Name	Position	Type	Date	Reason
Hu Changqing	Chairman	Elected	8 October 2024	Work arrangements. Hu Changqing was elected as the chairman of the Company after the consideration at the nineteenth extraordinary meeting of the tenth session of the Board.
Chen Hongguo	Vice chairman	Resigned	8 October 2024	
Li Xueqin	Chairman	Resigned	7 October 2024	Personal reasons
	Deputy general manager	Dismissed	7 October 2024	retirement

VI Corporate Governance

V. Directors, Supervisors and Senior Management (*Continued*)

2. Employment

Professional background, major working experiences and current duties at the Company of Directors, Supervisors and the Senior Management

1. Brief biographies of Directors

(1) Brief biographies of executive Directors

Mr. Hu Changqing is a member of the Communist Party of the PRC. He holds a bachelor's degree and is a senior engineer. He joined the Company in 1987. He had held various positions in the Company such as chief of the technological reform department, chief officer of branch factory, deputy general manager and vice chairman. He is currently a director of Chenming Holdings Company Limited, the controlling shareholder of the Company, and the chairman of the Company.

Mr. Li Xingchun holds a doctorate from School of Engineering Management and Engineering at Nanjing University and is a visiting professor of Shanghai Finance University. He has successively worked in Ctrip.com, Fuyou Securities Co., Ltd. (富友證券有限責任公司) and Western Development Holdings Co., Ltd., accumulating more than 30 years of experience in industry, securities, trust and other fields. He is currently the chairman of Zhejiang Kingland Pipeline and Technologies Co., Ltd., a vice chairman of Shanghai New Huangpu Industrial Group Co., Ltd., the chairman of Kunpeng Asset Management Co., Ltd., a director of Western Leadbank Fund Management Co., Ltd., an independent director of Huadian International Power Co., Ltd., and a vice chairman of the Company.

Mr. Li Weixian graduated with a postgraduate degree. He joined the Company in 2002 and served as the deputy manager of a sales company of the Company, manager of a sales company, general manager of Jiangsu district of a sales company, chairman of a household paper company, product general manager, deputy marketing director and marketing director of a sales company, a deputy general manager of the Group, and chairman of the financial division of a group. He is currently a director of Chenming Holdings, and an executive Director and the general manager of the Company.

Mr. Li Feng is a member of the Communist Party of the PRC. He holds a bachelor's degree. He joined the Company in 1992 and had held different positions including the chief officer of manufacturing section and assistant to the general manager of the Company, chairman, marketing director, deputy general manager and general manager of Wuhan Chenming. He is currently an executive Director and deputy general manager of the Company.

VI Corporate Governance

V. Directors, Supervisors and Senior Management (*Continued*)

2. Employment (*Continued*)

1. Brief biographies of Directors (*Continued*)

(2) Brief biographies of non-executive Directors

Mr. Han Tingde graduated with a bachelor's degree. He was a deputy general manager and the general manager of operational department of Liaocheng and Linyi offices of Shandong Securities Co., Ltd., the general manager of operational department of Zibo and Jinan offices of Tiantong Securities Co., Ltd., the general manager of each of the customer service department, the brokerage headquarters and the legal affairs department, as well as a deputy general manager of the retail headquarters of Qilu Securities Company Limited, etc. He is currently a non-executive Director of the Company.

Mr. Li Chuanxuan holds a doctorate in law. He is a professor at Fudan University, Shanghai. He has been a lecturer, an associate professor, and a professor in the Law School of Fudan University since 2008. From 2012 to 2013, he was a visiting scholar of the Law School of Columbia University in the United States, focusing on the research on green finance rule of law, ESG rule of law, and "dual carbon" rule of law for a long time. He is currently the secretary general of the Environmental and Resources Protection Law Society of Shanghai Law Society (上海市法學會環境和資源保護法研究會), the director of the Chinese Society of Environmental and Resources Law (中國法學會環境資源法學研究會), and an appraisal expert of environmental damage forensics in China. He has been selected into the Shanghai Leading Talent Program of Eastern Talent Plan, the Shanghai Pujiang Talent Program, and the Shanghai Youth Legal Talent Pool. He has been in charge of over 10 national and provincial scientific research projects. Moreover, he has participated in the drafting of several laws and regulations of different legislatures including the Standing Committee of the National People's Congress, the Ministry of Ecology and Environment and Shanghai National People's Congress. He concurrently serves as an independent director of Jiangsu Guanlian New Material Technology Co., Ltd., and an independent director of Shanghai Liangxin Electrical Co., Ltd., and is currently a non-executive Director of the Company.

(3) Brief biographies of independent non-executive Directors

Mr. Li Zhihui holds a doctorate degree in economics, and is a professor and advisor to doctoral students. He currently serves as the head of the Institute of Finance, the School of Economics, Nankai University, a director of the China Society for Finance and Banking, a director of the China International Finance Society, a member of the China Financial Publishing House's teaching material editorial committee and a visiting professor at Tianjin Foreign Studies University. He also serves as a director of Northern International Trust Co., Ltd., a director of Henan Anyang Shangdu Rural Commercial Bank Co., Ltd., an independent director of Henan Yiyang Rural Commercial Bank Co. Ltd. and an external supervisor of Dezhou Bank Co., Ltd. He is currently an independent Director of the Company.

VI Corporate Governance

V. Directors, Supervisors and Senior Management (*Continued*)

2. Employment (*Continued*)

1. Brief biographies of Directors (*Continued*)

(3) Brief biographies of independent non-executive Directors (*Continued*)

Mr. Sun Jianfei holds a doctorate in finance, and is a professor. He was a lecturer at University of Nevada, Reno, and concurrently served as the consultant of hedge funds such as EP. From August 2010 to February 2017, he was an assistant professor at Antai College of Economics & Management, Shanghai Jiao Tong University. He was selected in the National Academic Leadership Talent Programme in Accounting (Standby List) (全國學術類會計領軍(後備)人才項目) organised by the Ministry of Finance, as well as the Shanghai Pujiang Talent Programme. From February 2017 to August 2020, he was a professor at the Institute for Social and Economic Research of Nanjing Audit University, and a part-time professor at Antai College of Economics & Management and Advanced Institute of Finance, Shanghai Jiao Tong University. He is currently an Associate professor of Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University. He is currently an independent Director of the Company.

Mr. Yang Biao holds a doctorate in law, and is currently a professor and advisor to doctoral students. He is current a professor of the School of Law of Sun Yat-sen University. He has concurrently served as an independent director of Guangdong Tianhe Agricultural Resources Co., Ltd., an independent director of Qiaoyi Logistics Co., Ltd., and a supervisor of Guangzhou Chuanwen Education Consulting Co., Ltd. He is currently an independent Director of the Company.

Ms. Yin Meiqun holds a doctorate in accounting, and is a professor, an advisor to doctoral students, and a certified public accountant in China. She paid academic visits to Sweden, Finland, Denmark and the Iowa State University in the United States. She is currently a professor of China University of Political Science and Law. She has also served as a managing director of China Business Accounting Institute, and a council member of the Accounting Society of China. She has concurrently served as an independent director of China Best Group Holding Limited. She is currently an independent Director of the Company.

VI Corporate Governance

V. Directors, Supervisors and Senior Management (*Continued*)

2. Employment (*Continued*)

2. Brief biographies of Supervisors

Ms. Li Kang is a member of the Communist Party of the PRC. She holds a bachelor's degree. She joined the Company in 2001. She has successively served as the section chief of the management section, and deputy minister, and minister of the purchasing department, and assistant to the general manager and a deputy financial controller of the Company. She is currently the chairman of the Supervisory Committee of the Company.

Ms. Pan Ailing is a Ph.D. in Economics and holds a post-doctoral degree in Financial Management. She is currently a level-2 professor of the School of Management, an advisor to doctoral students, and the chief of the Investment and Financing Research Centre (投融資研究中心) in Shandong University and a non-practising member of CICPA (Chinese Institute of Certified Public Accountants). She is also a council member of Shandong Comparative Management Association, a visiting scholar at University of Connecticut in the United States and a state-level candidate for the New Century Ten Million Talents Project (新世紀“百千萬人才工程”). She is a specialist entitled to the State Council Special Allowance (國務院政府特貼專家), and a special expert of the Taishan Scholar. She is the chief expert of the Major Tender Projects of National Social and Science Fund (國家社科基金重大招標課題首席專家). She has finished various research projects at national and provincial level. She is also an independent director of Shandong Sunway Chemical Group Co., Ltd., Qingdao Rural Commercial Bank Co., Ltd. and Shandong Linglong Tire Co., Ltd. She is currently a Supervisor of the Company.

Ms. Zhang Hong holds a doctoral degree in Economics, and is currently a professor and advisor to doctoral students at Shandong University, a non-practising member of the Chinese Institute of Certified Public Accountants, a director of China Association of International Trade, and the managing director of the Shandong Society of World Economics. She has concurrently served as an independent director of Hua Xia Bank Co., Limited, an independent director of Shandong Hi-speed Road & Bridge Group Co., Ltd., an independent director of Vosges Group Co., Ltd., and an independent director of Sinotruck Jinan Truck Co., Ltd. She is currently a Supervisor of the Company.

Ms. Qiu Lanju graduated with a diploma. She joined the Company in 1995 and served as the deputy chief of the price audit section of the Company's inspection department, the chief of the implementation section of the procurement department, the chief of the general management section of the procurement department, and the director of the procurement department. She is currently an employee representative Supervisor of the Company.

Ms. Sang Ailing is a member of the Communist Party of the PRC and holds a bachelor's degree. She joined the Company in 2000 and served as the chief of the personnel management section of the marketing department of a sales company, a deputy director and director of the marketing department of a sales company, a deputy director of the marketing department of the Company, etc. She is currently the director of human resources of the Group, and an employee representative Supervisor of the Company.

VI Corporate Governance

V. Directors, Supervisors and Senior Management (*Continued*)

2. Employment (*Continued*)

3. Brief biographies of Senior Management

Mr. Li Weixian graduated with a postgraduate degree. He joined the Company in 2002 and served as a deputy manager of a sales company of the Company, manager of a sales company, general manager of Jiangsu district of a sales company, chairman of a household paper company, product general manager, deputy marketing director and marketing director of a sales company, the general manager of the Group, and chairman of the financial division of a group. He is currently a director of Chenming Holdings and an executive Director and the general manager of the Company.

Mr. Li Feng is a member of the Communist Party of the PRC. He holds a bachelor's degree. He joined the Company in 1992 and had held different positions including the chief officer of manufacturing section and assistant to the general manager of the Company, chairman, marketing director, deputy general manager and general manager of Wuhan Chenming. He is currently an executive Director and deputy general manager of the Company.

Mr. Li Zhenzhong is a member of the Communist Party of the PRC. He holds a bachelor's degree. He joined the Company in 1995 and had served as principal representative of the Shanghai management region of a sales company, sales manager of light weight coated culture paper products, general manager of culture paper products of a sales company. He is currently a deputy general manager of the Company.

Mr. Li Mingtang is a member of the Communist Party of the PRC. He joined the Company in 2002 and had served as principal representative of the Jiangsu management region and Jinan branch of a sales company, assistant to general manager and general manager of a culture paper products company, and deputy general manager of a coated linerboard products company. He is currently a deputy general manager of the Company.

Mr. Ge Guangming is a member of the Communist Party of the PRC. He joined the Company in 1995 and had served as a deputy general project manager of the Company, deputy general manager of Jilin Chenming, assistant to general manager of the Company, and deputy general manager responsible for the Zhanjiang Chenming project and the Huanggang Chenming Pulp & Paper project. He is currently a deputy general manager of the Company.

VI Corporate Governance

V. Directors, Supervisors and Senior Management (*Continued*)

2. Employment (*Continued*)

3. Brief biographies of Senior Management (*Continued*)

Mr. Dong Lianming is a member of the Communist Party of the PRC and an accountant. He holds a bachelor's degree. He joined the Company in 1997 and had held positions as the chief of accounting and auditing section under the financial department of the Company, the deputy chief and chief of the financial department, chief accountant of Jiangxi Chenming, chief accountant of Shandong Chenming Panels and financial controller and deputy general manager of Zhanjiang Chenming. He is currently the financial controller of the Company.

Mr. Yuan Xikun is a member of the Communist Party of the PRC. He holds a bachelor's degree in management. He joined the Company in 2010 and had held positions as the accountant for consolidated financial statements in the financial department of the Group, the manager of the information disclosure section, the security affairs representative, and a deputy chief of the securities investment department. He is currently the secretary to the Board of the Company.

Mr. Chu Hon Leung is a lawyer. He obtained a bachelor's degree in business from Macquarie University, Sydney, Australia, and a postgraduate diploma in law from The College of Law, London, England. He graduated from the City University of Hong Kong and obtained a diploma in Hong Kong law. He had been a lawyer in local and international law firms in Hong Kong and served and an internal consultant for leading Chinese asset management companies. He has been a practicing lawyer in Hong Kong since 2009 and currently works for Li & Partners.

Employment at the shareholder of the Company

Applicable Not applicable

Name of employee	Name of shareholder of the Company	Position at the shareholder of the Company	Date of the beginning of the term	Date of the end of the term	Receipt of any remuneration or allowance from the shareholder of the Company or not
Hu Changqing	Chenming Holdings Company Limited	Director	22 September 2016	19 November 2027	No
Li Weixian	Chenming Holdings Company Limited	Director	19 November 2024	19 November 2027	No
Explanation of the employment at the shareholder of the Company	Nil				

VI Corporate Governance

V. Directors, Supervisors and Senior Management (*Continued*)

2. Employment (*Continued*)

3. Brief biographies of Senior Management (*Continued*)

Employment at other units

Applicable Not applicable

Name of employee	Name of other unit(s)	Position at other unit(s)	Date of the beginning of the term	Date of the end of the term	Receipt of any remuneration or allowance from other units or not
Li Chuanxuan	Shanghai Liangxin Electrical Co., Ltd.	Independent director	17 May 2023	10 September 2027	Yes
Yang Biao	Guangdong Tianhe Agricultural Resources Co., Ltd.	Independent director	17 May 2018	Newly elected independent director	Yes
Yang Biao	Qiaoyi Logistics Co., Ltd.	Independent director	31 March 2021	3 July 2024	Yes
Yang Biao	Dongguan Rural Commercial Bank Co., Ltd.	External supervisor	1 October 2019	30 May 2024	Yes
Sun Jianfei	Suzhou Thwow Technology Co., Ltd.	Independent director	8 May 2020	20 May 2024	Yes
Sun Jianfei	Cubic Digital Technology Co., Ltd.	Independent director	18 May 2021	20 May 2024	Yes
Sun Jianfei	Central China Land Media Co., Ltd.	Independent director	19 May 2023	24 February 2025	Yes
Yin Meiqun	China Testing & Certification International Group Co., Ltd.	Independent director	19 May 2024	1 February 2027	Yes
Yin Meiqun	China Best Group Holding Limited	Independent director	1 December 2021	30 November 2027	Yes
Li Xingchun	Huadian International Power Co., Ltd.	Independent director	30 June 2020	30 May 2026	Yes
Li Xingchun	Shanghai New Huangpu Industrial Group Co., Ltd.	Vice chairman	9 August 2022	8 August 2025	No
Li Xingchun	Zhejiang Kingland Pipeline and Technologies Co., Ltd.	Chairman	11 May 2023	28 December 2025	No
Pan Ailing	Shinva Medical Instrument Co., Ltd.	Independent director	27 July 2020	24 July 2026	Yes
Pan Ailing	Qingdao Rural Commercial Bank Co., Ltd.	Independent director	12 October 2022	18 June 2027	Yes
Pan Ailing	Shandong Linglong Tire Co., Ltd.	Independent director	6 July 2022	5 July 2025	Yes
Zhang Hong	Cisen Pharmaceutical Co., Ltd.	Independent director	8 December 2020	28 February 2024	Yes
Zhang Hong	Shandong Hi-speed Road & Bridge Group Co., Ltd.	Independent director	23 April 2019	22 April 2025	Yes
Zhang Hong	Vosges Group Co., Ltd.	Independent director	15 July 2019	10 May 2026	Yes
Zhang Hong	Sinotruck Jinan Truck Co., Ltd.	Independent director	28 April 2020	11 May 2026	Yes
Zhang Hong	Hua Xia Bank Co., Limited	External supervisor	31 March 2022	11 December 2027	Yes

Sanctions against current Directors, Supervisors and Senior Management of the Company and those who resigned during the reporting period by securities regulatory authorities in the past three years

Applicable Not applicable

V. Directors, Supervisors and Senior Management (*Continued*)

3. Remuneration of Directors, Supervisors and Senior Management

Decision process, basis for determining the remuneration and actual payment for the remuneration of Directors, Supervisors and the Senior Management

- (1) Determination basis for remuneration of Directors, Supervisors and the Senior Management: The annual remuneration of each of the executive Directors and the Senior Management of the Company was in the band of RMB0.20 million to RMB5.00 million and the specific amount for each of them was determined by the remuneration committee based on the main financial indicators and operation target completed by the Company, the scope of work and main responsibilities of the Directors and Senior Management of the Company, the target completion of the Directors and Senior Management as assessed by the duty and performance appraisal system, as well as business innovation capability and profit generation ability of the Directors and the Senior Management. The annual remuneration of Supervisors assuming specific managerial duties in the Company were determined by the general manager office of the Company based on specific managerial duties assumed by them. Fixed annual remuneration policy was adopted on external Supervisors who did not hold actual management positions in the Company. As approved at the 2022 first extraordinary general meeting of the Company, the Company paid each of the independent non-executive Directors and non-executive Directors of the Company allowance of RMB200,000 (before tax). The remuneration of external Supervisors amounted to RMB100,000 (before tax). The travel expenses for attending board meetings, supervisory meetings and general meetings of the Company and fees reasonably incurred in the performance of their duties under the Articles of Association by independent non-executive Directors, non-executive Directors and external supervisors are reimbursed as expensed.
- (2) Decision process for remuneration of Directors, Supervisors and Senior Management: In accordance with the relevant policies and regulations such as the Implementation Rules of the Remuneration and Assessment Committee under the Board, any remuneration plan for the Company's executive Directors proposed by the remuneration and assessment committee shall be agreed on by the Board and then submitted to the general meeting for consideration and approval prior to implementation. Any proposal of remuneration distribution plan for the Senior Management officers of the Company shall be submitted to the Board for approval. The remuneration of independent non-executive Directors, non-executive Directors and external Supervisors of the Company shall be agreed on by the Board and then submitted to the general meeting for consideration and approval prior to implementation.
- (3) The remuneration and assessment committee, which was set up by the Board according to the resolution of the general meeting, is mainly responsible to formulate the standards of, carry out appraisal in respect of the non-independent Directors and Senior Management of the Company; formulate and examine the remuneration policy and scheme of the non-independent Directors and Senior Management of the Company, and accountable to the Board.

VI Corporate Governance

V. Directors, Supervisors and Senior Management (*Continued*)

3. Remuneration of Directors, Supervisors and Senior Management (*Continued*)

Remuneration of Directors, Supervisors and Senior Management of the Company during the reporting period

Unit: RMB'0,000

Name	Position	Gender	Age	Status	Total remuneration before tax received from the Company	Receipt of remuneration from related parties of the Company or not
Hu Changqing	Chairman	M	59	In office	174.00	No
Li Xingchun	Vice chairman	M	59	In office	201.00	Yes
Li Weixian	Director and general manager	M	43	In office	167.06	No
Li Feng	Director and deputy general manager	M	51	In office	93.54	No
Han Tingde	Director	M	56	In office	20.00	No
Li Chuanxuan	Director	M	47	In office	20.00	No
Li Zhihui	Independent Director	M	66	In office	20.00	No
Sun Jianfei	Independent Director	M	52	In office	20.00	No
Yin Meiqun	Independent Director	F	54	In office	20.00	No
Yang Biao	Independent Director	M	45	In office	20.00	No
Li Kang	Chairman of the Supervisory Committee	F	43	In office	56.24	No
Pan Ailing	Supervisor	F	60	In office	10.00	No
Zhang Hong	Supervisor	F	60	In office	10.00	No
Qiu Lanju	Supervisor	F	51	In office	54.81	No
Sang Ailing	Supervisor	F	46	In office	23.64	No
Li Zhenzhong	Deputy general manager	M	51	In office	114.98	No
Li Mingtang	Deputy general manager	M	57	In office	71.45	No
Ge Guangming	Deputy general manager	M	54	In office	111.42	No
Dong Lianming	Financial controller	M	50	In office	67.24	No
Yuan Xikun	Secretary to the Board	M	39	In office	47.01	No
Chu Hon Leung	Company secretary (Hong Kong)	M	42	In office	0.00	No
Chen Hongguo	Chairman	M	60	Resigned	207.47	No
Li Xueqin	Deputy general manager	F	59	Resigned	92.29	No
Total	-	-	-	-	1,622.15	-

Note: The total pre-tax remuneration received by Directors, Supervisors and the Senior Management from the Company is the remuneration during their tenure.

Other explanation

Applicable Not applicable

VI Corporate Governance

VI. Performance of Directors during the reporting period

1. Board meetings during the reporting period

Meeting	Convening date	Disclosure date	Resolutions of meeting
The fourteenth extraordinary meeting of the tenth session of the Board	22 March 2024	23 March 2024 24 March 2024	http://www.cninfo.com.cn (announcement no.:2024-007) http://www.hkex.com.hk
The eighth meeting of the tenth session of the Board	28 March 2024	29 March 2024 28 March 2024	http://www.cninfo.com.cn (announcement no.:2024-009) http://www.hkex.com.hk
The ninth meeting of the tenth session of the Board	15 April 2024	N/A	The Company's 2024 First Quarterly Report was considered and approved. It was exempted from disclosure by resolution announcement.
The fifteenth extraordinary meeting of the tenth session of the Board	31 July 2024	1 August 2024 31 July 2024	http://www.cninfo.com.cn (announcement no.:2024-039) http://www.hkex.com.hk
The tenth meeting of the tenth session of the Board	14 August 2024	15 August 2024 14 August 2024	http://www.cninfo.com.cn (announcement no.:2024-045) http://www.hkex.com.hk
The sixteenth extraordinary meeting of the tenth session of the Board	6 September 2024	7 September 2024 6 September 2024	http://www.cninfo.com.cn (announcement no.:2024-052) http://www.hkex.com.hk
The seventeenth extraordinary meeting of the tenth session of the Board	19 September 2024	20 September 2024 19 September 2024	http://www.cninfo.com.cn (announcement no.:2024-055) http://www.hkex.com.hk
The eighteenth extraordinary meeting of the tenth session of the Board	29 September 2024	30 September 2024 30 September 2024	http://www.cninfo.com.cn (announcement no.:2024-059) http://www.hkex.com.hk
The eleventh meeting of the tenth session of the Board	30 October 2024	31 October 2024 30 October 2024	http://www.cninfo.com.cn (announcement no.:2024-063) http://www.hkex.com.hk
The nineteenth extraordinary meeting of the tenth session of the Board	8 November 2024	9 November 2024 8 November 2024	http://www.cninfo.com.cn (announcement no.:2024-070) http://www.hkex.com.hk

VI Corporate Governance

VI. Performance of Directors during the reporting period *(Continued)*

2. Attendance of Directors at Board meetings and general meetings

Name of Directors	Number of attendance required for Board meetings during the reporting period	Attendance of Directors at Board meetings and general meetings					Absent from Board meetings twice in a row (in person)	Attendance at general meetings
		Attendance at Board meetings in person	Attendance at Board meetings by communication	Attendance at Board meetings by proxy	Absence from Board meetings			
Hu Changqing	10	0	10	0	0	No	4	
Li Xingchun	10	0	10	0	0	No	4	
Li Feng	10	0	10	0	0	No	4	
Li Weixian	10	0	10	0	0	No	4	
Han Tingde	10	0	10	0	0	No	4	
Li Chuanxuan	10	0	10	0	0	No	4	
Li Zhihui	10	0	10	0	0	No	4	
Sun Jianfei	10	0	10	0	0	No	4	
Yin Meiqun	10	0	10	0	0	No	4	
Yang Biao	10	0	10	0	0	No	4	

Explanation for absent from Board meetings twice in a row (in person)

During the reporting period, none of the Directors was absent from Board meetings twice in a row (in person).

3. Objections from Directors on related issues of the Company

Were there any objections on related issues of the Company from Directors?

Yes No

There was no objection on related issues of the Company from Directors during the reporting period.

VI Corporate Governance

VI. Performance of Directors during the reporting period *(Continued)*

4. Other details about the performance of duties by Directors

Were there any suggestions from Directors adopted by the Company?

Yes No

Explanation on the adoption or non-adoption of suggestions related to the Company from the Directors

During the reporting period, being accountable to the investors, the Directors of the Company devoted to their duties diligently in strict compliance with the requirements of the laws and regulations, regulatory documents and the systems of the Company such as the Company Law 《公司法》, the Securities Law 《證券法》, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange 《深圳證券交易所股票上市規則》, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the Articles of Association. They actively attended Board meetings, meetings of special committees under the Board, and general meetings, at which they carefully considered various resolutions, and prudently made scientific decisions. They proactively understood the production and operations of the Company through WeChat communication, telephone communication, on-site visits and other means, attached great importance to some overdue debts of the Company, the temporary outage maintenance and the resumption of operation and production at the production bases, and the corporate governance of the Company, and gave advice on the Company's operation and development from a professional perspective. The members of the Audit Committee had fully communicated with Grant Thornton (Special General Partnership), the auditor of the Company on the timetable, key concerns and audit scope of the audit of internal control and financial reporting for 2024, so as to effectively safeguard the legitimate rights and interests of the Company and all shareholders.

VI Corporate Governance

VII. Special committees under the Board during the reporting period

Name of the committee	Member	Number of meeting convened	Convening date	Details of the meeting	Important opinion and advice	Other duties performed	Details of objection
Audit Committee	Yin Meiqun, Li Zhihui and Sun Jianfei	4	28 March 2024	Consideration of the 2023 Annual Report Full Text and Summary of the Company, the 2023 Self-assessment Report on Internal Control of the Company, the 2023 Financial Final Accounts Report of the Company, the Report on the Assessment of the Accounting Firm's Performance for 2023 and the Audit Committee's Performance of Supervisory Responsibilities, the Resolution on Re-appointment of Auditor for 2024, and the Resolution on Provision for Impairment of Assets in the Second Half of 2023	Consent to submission to the Board for consideration	Assessment of the performance of Grant Thornton (Special General Partnership) for 2023, communication with it on the audit of the internal control and financial reporting for 2023 to confirm the key audit matters and matters of key concern; paying attention to the provision for impairment of assets in the second half of 2023, and review of the full text of the 2023 annual report; and, at the same time, review of the independence of the auditor and its audit fees, consent to re-appointing Grant Thornton (Special General Partnership) as the Company's auditor for 2024, and reporting to the Board on the Audit Committee's performance of its supervisory responsibilities for 2023.	Nil
			15 April 2024	Consideration of the 2024 First Quarterly Report of the Company	Consent to submission to the Board for consideration	Review of the 2024 First Quarterly Report of the Company.	Nil
			14 August 2024	Consideration of the 2024 Interim Report Full Text and Summary of the Company	Consent to submission to the Board for consideration	Paying attention to the Company's financial transactions with related parties in the first half of 2024 and review of the 2024 Interim Financial Report of the Company.	Nil
			30 October 2024	Consideration of the 2024 Third Quarterly Report of the Company and the Resolution on Provision for Impairment of Assets in the First Nine Months of 2024	Consent to submission to the Board for consideration	Review of the 2024 Third Quarterly Report of the Company and consideration of the provision for impairment of assets such as account receivables and inventories for the first three quarters.	Nil
Nomination Committee	Before adjustment: Li Zhihui, Chen Hongguo and Yin Meiqun After adjustment: Li Zhihui, Hu Changqing and Yin Meiqun	1	28 March 2024	Consideration of the Resolution of Appointment of Securities Affairs Representatives	Consent to submission to the Board for consideration	Appointment of Mr. Zhang Chuanyong and Ms. Chen Lin as securities affairs representatives of the Company to assist the secretary to the Board to perform the related duties.	Nil

VI Corporate Governance

VII. Special committees under the Board during the reporting period *(Continued)*

Name of the committee	Member	Number of meeting convened	Convening date	Details of the meeting	Important opinion and advice	Other duties performed	Details of objection
Remuneration and Assessment Committee	Yang Biao, Li Xingchun and Sun Jianfei	2	28 March 2024	Consideration of the Resolution on 2023 Remuneration Distribution of the Directors, Supervisors and Senior Management	Consent to submission to the Board for consideration	Review of the performance assessment on executive Directors and senior management and Supervisors who assume specific management positions in the Company, and determination of the remuneration of Directors, Supervisors and the Senior Management based on the operations of the Company in 2023.	Nil
			31 July 2024	Consideration of the Resolution on the Failure Fulfilment of the Unlocking Conditions for the Third Unlocking Period under the 2020 Restricted A Share Incentive Scheme and Repurchase and Cancellation of Certain Restricted Shares	Consent to submission to the Board for consideration	Review of the reason for the failure fulfilment of the unlocking conditions for the third unlocking period under the 2020 Restricted A Share Incentive Scheme, the number of shares repurchased and cancelled, the repurchase price and basis, and the list of participants.	Nil
Strategic and Sustainable Development Committee	Before adjustment: Chen Hongguo, Hu Changqing and Yang Biao After adjustment: Hu Changqing, Li Weixian and Yang Biao	2	28 March 2024	Consideration of the 2023 Environmental, Social and Governance Report of the Company and the Resolution on Reduction of Registered Capital of Wholly-owned Subsidiary	Consent to submission to the Board for consideration	Review of the 2023 Environmental, Social and Governance Report of the Company, paying attention to the performance of social responsibilities of the Company, and consent to the reduction of registered capital of RMB3,000 million of the Financial Leasing Company to reduce the capital utilisation of non-principal activities.	Nil
			19 September 2024	Consideration of the Resolution on Capital Increase of Jilin Chenming	Consent to submission to the Board for consideration	Consent to increase the capital of Jilin Chenming, a wholly-owned subsidiary, by RMB1,500 million with the Company's own funds to meet the needs of the operation and development of the subsidiary.	Nil

Other explanation: Mr. Chen Hongguo resigned as a Director and Chairman of the Company, and a member of the Strategic and Sustainable Development Committee and the Nomination Committee under the Board due to personal reasons. The Company convened the nineteenth extraordinary meeting of the tenth session of the Board on 8 November 2024 to adjust the composition of the members of the Strategic and Sustainable Development Committee and the Nomination Committee under the tenth session of the Board.

VI Corporate Governance

VIII. Performance of duties by the Supervisory Committee

Were there any risks of the Company identified by the Supervisory Committee when performing its duties during the reporting period?

Yes No

None of those issues under the supervision was objected by the Supervisory Committee during the reporting period.

IX. Personnel of the Company

1. Number of staff, specialty composition and education level

Number of staff at the Company (person) as at the end of the reporting period	2,041
Number of staff at major subsidiaries (person) as at the end of the reporting period	6,847
Total number of staff (person) as at the end of the reporting period	9,594
Total number of staff receiving remuneration during the period (person)	9,594
Number of retired/resigned staff the Company and its major subsidiaries are required to compensate (person)	0

Specialty composition

Category of specialty composition	Number of people (person)
Production staff	6,444
Sales staff	423
Technical staff	354
Financial staff	132
Administrative staff	1,153
Other staff	1,088
Total	9,594

Education level

Category of education level	Number of people (person)
Postgraduate and above	24
Undergraduate	793
Post-secondary	2,161
Technical secondary and below	6,616
Total	9,594

VI Corporate Governance

IX. Personnel of the Company (Continued)

2. Remuneration policies

The remuneration of the employees of the Company includes their salaries, bonuses and other fringe benefits. Subject to the relevant laws and regulations, the Company adopts different standards of remuneration for different employees, which are determined based on their position, skill variety, performance, etc. with reference to the remuneration level in the labour market, the average level of salary in the society and the corporate reference line set by the government. The Company provides various benefits to the employees, including social insurance, housing allowance and paid leaves, etc.

3. Training programmes

The Company has established comprehensive staff promotion and incentive mechanisms to enhance the enthusiasm and creativity of employees. The Company focuses on the cooperation with quality training institutions to introduce quality training programmes, especially focusing on improving the capability of middle-level and senior management in respect of learning, management and action. The Company deep dives into front-line of production to understand the true needs of employees for trainings, improve the operational skills of employees and enhance our core competitiveness.

4. Labour outsourcing

Applicable Not applicable

X. Profit distribution of the Company and conversion of capital reserves into share capital

Formulation, implementation or adjustment of profit distribution policy, especially the cash dividend during the reporting period

Applicable Not applicable

The Company was profitable during the reporting period and the Parent Company's profit available for distribution to shareholders was positive, but no cash dividend distribution plan was proposed

Applicable Not applicable

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 or bonus shares for the year, and there will be no increase of share capital from reserves.

XI. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company

Applicable Not applicable

1. Equity incentives

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

① Purpose of the Share Incentive Scheme

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

② Participants under the Share Incentive Scheme

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

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

XI. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company *(Continued)*

1. Equity incentives *(Continued)*

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

③ Number of shares granted and the grant price

The Company issued and granted 79.6 million restricted A shares to 111 participants on 29 May 2020 under the 2020 Restricted A Share Incentive Scheme (Draft) of the Company. This grant shall be one-off in nature without reserved portion. During the reporting period, the total shares to be issued under the Scheme represented approximately 0% of the shares in issue (excluding the treasury shares) as at the end of 2024. The grant price of the restricted shares shall be RMB2.85 per share. A participant may purchase the restricted shares of the Company issued by the Company to the Participants at RMB2.85 per share.

④ Basis of determination of the grant price

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

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

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

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

VI Corporate Governance

XI. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company *(Continued)*

1. Equity incentives *(Continued)*

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

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

The validity period of the Incentive Scheme shall commence on the date on which the registration of the grant of the restricted shares is completed and end on the date on which all the restricted shares granted to the participants are unlocked or repurchased and cancelled, which shall not exceed 60 months. On 14 July 2020, the Company completed the registration of the restricted shares granted under the Scheme with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. As of 31 December 2024, the Scheme remained valid for not more than 7 months. 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 share awards granted under the Scheme do not have a vesting period. After 24 months from the date of completion of the registration of the grant of restricted shares granted under the Scheme, if the unlocking conditions of the restricted shares are satisfied, the participants will unlock in three phases within the next 36 months. Upon expiry of each lock-up period, the Company shall proceed with the unlocking for the participants who satisfy the unlocking conditions, and the restricted shares held by participants who do not satisfy the unlocking conditions shall be repurchased and cancelled by the Company. The table below sets out the unlocking period and unlocking schedule for the restricted shares under each grant:

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

XI. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company *(Continued)*

1. Equity incentives *(Continued)*

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

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

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

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

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

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

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

Not applicable

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

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

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

- ① On 30 March 2020, the Company convened the ninth extraordinary meeting of the ninth session of the Board, at which the Company considered and approved the Resolution in Relation to the 2020 Restricted Share Incentive Scheme of Shandong Chenming Paper Holdings Limited (Draft) and Its Summary and other resolutions. On the same date, the fourth extraordinary meeting of the ninth session of the Supervisory Committee of the Company considered and approved the above resolutions and verified the list of proposed participants of the incentive scheme. Independent Directors of the Company issued independent opinions on the incentive scheme.
- ② On 3 April 2020, the Company announced the list of participants through the Company's internal website for a period from 3 April 2020 to 12 April 2020. During the period, the Supervisory Committee of the Company and relevant departments did not receive any objection against the proposed participants. The Supervisory Committee verified the list of participants under the grant of the incentive scheme.
- ③ On 15 May 2020, the Company convened the 2020 second extraordinary general meeting, the 2020 first class meeting for holders of domestic-listed shares and the 2020 first class meeting for holders of overseas-listed shares, at which the Company considered and approved the Resolution in Relation to the 2020 Restricted Share Incentive Scheme of Shandong Chenming Paper Holdings Limited (Draft) and Its Summary and other resolutions. On 16 May 2020, the Company disclosed the Self-Examination Report for the Trading of Shares of the Company by Insiders and Participants of the 2020 Restricted A Share Incentive Scheme.

XI. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company *(Continued)*

1. Equity incentives *(Continued)*

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

- ④ On 29 May 2020, the Company convened the tenth extraordinary meeting of ninth session of the Board and the fifth extraordinary meeting of the ninth session of the Supervisory Committee, at which the Company considered and approved the Resolution on the Matters Relating to Adjustments to the 2020 Restricted A Share Incentive Scheme of the Company and the Resolution in Relation to the Grant of Restricted Shares to the Participants, approving the issue of 79,600,000 restricted A shares to 111 participants at the price of RMB2.85 per share on 29 May 2020.
- ⑤ On 15 July 2020, the 79,600,000 restricted A shares granted to the participants were listed.
- ⑥ On 18 July 2022, the Company convened the second extraordinary meeting of the tenth session of the Board and the first extraordinary meeting of the tenth session of the Supervisory Committee, at which the Company considered and approved the Resolution on the Fulfilment of the Unlocking Conditions of the Restricted Shares Granted under the 2020 Restricted A Share Incentive Scheme during the First Unlocking Period and the Resolution on the Adjustment to the Repurchase Price of the 2020 Restricted A Share Incentive Scheme and Repurchase and Cancellation of Certain Restricted Shares. The independent Directors of the Company issued independent opinions to agree with such resolutions.

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

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

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

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

XI. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company *(Continued)*

1. Equity incentives *(Continued)*

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

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

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

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

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

On 18 December 2024, the Company completed the procedures for the repurchase and cancellation of the 15,357,000 restricted A shares held by 91 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. 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 the remaining 2 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed as they were subject to judicial freeze.

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

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

Equity incentives granted to Directors and the Senior Management of the Company

VI Corporate Governance

XI. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company *(Continued)*

1. Equity incentives *(Continued)*

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

√ Applicable □ Not applicable

Unit: share

Name	Position	Grant date	Lock-up period	Number of share options held at the beginning of the reporting period	Number of newly granted share of shares exercisable during the reporting period	Number of shares exercised during the reporting period	Exercise price of the shares exercised during the reporting period (RMB/share)	Number of share options held at the end of the reporting period	Market price of the reporting period (RMB/share)	Number of restricted shares held at the beginning of the reporting period	Number of unlocked shares during the current period	Number of newly granted restricted shares during the reporting period	Grant price of restricted shares (RMB/share)	Number of shares repurchased and cancelled during the reporting period	Repurchase price (RMB/share)	Number of shares lapsed during the reporting period	Number of restricted shares held at the end of the reporting period
Hu Changqing	Chairman	29 May 2020	14 July 2020 - 14 July 2024	0	0	0	0	0	3.05	1,500,000	0	0	2.85	1,500,000	2.5184172	0	0
Li Xingchun	Vice chairman	29 May 2020		0	0	0	0	0	3.05	1,500,000	0	0	2.85	1,500,000	2.5184172	0	0
Li Weixian	Director and general manager	29 May 2020		0	0	0	0	0	3.05	600,000	0	0	2.85	600,000	2.5184172	0	0
Li Feng	Director and deputy general manager	29 May 2020		0	0	0	0	0	3.05	900,000	0	0	2.85	900,000	2.5184172	0	0
Li Zhenzhong	deputy general manager	29 May 2020		0	0	0	0	0	3.05	600,000	0	0	2.85	600,000	2.5184172	0	0
Li Mingtang	deputy general manager	29 May 2020		0	0	0	0	0	3.05	300,000	0	0	2.85	300,000	2.5184172	0	0
Dong Lianming	Financial controller	29 May 2020		0	0	0	0	0	3.05	300,000	0	0	2.85	300,000	2.5184172	0	0
Yuan Xikun	Secretary to the Board	29 May 2020		0	0	0	0	0	3.05	90,000	0	0	2.85	90,000	2.5184172	0	0
Other employees	-	29 May 2020		0	0	0	0	0	3.05	16,467,000	0	0	2.85	9,567,000	2.5184172	0	6,900,000
Total	-	-		0	0	0	-	0	-	22,257,000	0	0	-	15,357,000	-	0	6,900,000
Five Individuals with the highest total remuneration other than Directors (total)		29 May 2020	14 July 2020 - 14 July 2024	0	0	0	0	0	3.05	8,580,000	0	0	2.85	1,680,000	2.5184172	0	6,900,000

Remarks (if any) The results for 2023 of the Company failed to pass the performance appraisal targets at company level set for the third unlocking period. The Company shall repurchase and cancel 22,257,000 restricted A shares held by 93 participants but not yet unlocked at a repurchase price of RMB2.5184172 per share (excluding the bank loan interest rate for the same term) under the 2020 Restricted A Share Incentive Scheme (Draft) of the Company. On 1 November 2024, the Company made restricted share repurchase payments to 93 participants.

On 18 December 2024, the Company completed the procedures for the repurchase, transfer and cancellation of the 15,357,000 restricted A shares held by 91 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. As at the end of the reporting period, the procedures for the share transfer and cancellation of the 6,900,000 restricted A shares held by the remaining 2 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed as they were subject to judicial freeze.

VI Corporate Governance

XI. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company *(Continued)*

1. Equity incentives *(Continued)*

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

Assessment and incentive mechanism for the Senior Management

The Senior Management of the Company is assessed on monthly and annually basis. Monthly assessments were conducted in line with the direction of the annual major tasks, and were focused on appraisals of two fixed indicators, namely the completion status of each month and the evaluation on important performance indicators. It was carried out monthly by way of cross assessment and supervision among the related departments. The annual assessments were carried out by the Remuneration and Assessment Committee with reference to the results of monthly assessments and overall performances during the year, including the integrated quality of Senior Management and internal training of talents.

2. Implementation of employee shareholding plans

Applicable Not applicable

3. Other employee incentive measures

Applicable Not applicable

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control system

During the reporting period, in accordance with the Basic Internal Control Norms for Enterprises and its supporting guidelines, taking internal and external environment, internal organisation and management requirements into account, the Company updated and improved its internal control system in a timely manner, comprehensively reviewed and revised the daily work and business flows and internal control systems of each department and business segment of the Company, supplemented and revised the relevant content of the Internal Control Management Manual, and established a scientifically designed, concise and applicable internal control system with effective operation.

The internal control of the Company was able to cover the main aspects of the Company's operation and management. The units, businesses and events included in the evaluation scope and high-risk areas covered the main aspects of the Company's operation and management, and there were no major omissions. The design of the internal control system of the Company was sound and reasonable. The implementation of internal controls was effective. Through the operation, analysis and evaluation of the internal control system, the Company effectively prevented operation and management risks and promoted the realisation of internal control objectives.

VI Corporate Governance

XII. Construction and implementation of internal control system during the reporting period (Continued)

2. Particulars of material deficiencies in internal control detected during the reporting period

Yes No

Time of occurrence of deficiency	Specific description of deficiency	Potential effect of deficiency on financial reporting	Corrective measures implemented or to be implemented	Rectification time	Person responsible for rectification	Effect of rectification
2024	Inadequate risk assessment or risk awareness of the management	The Company lacked effective and robust countermeasures when risks emerged, leading to liquidity difficulties for Chenming Paper in 2024. This resulted in overdue payments for borrowings from financial institution and payments to supplier, the freezing of multiple bank accounts, and multiple litigations and arbitration cases due to debt defaults. Besides, some production lines suspended operation and production, exposing the Company to significant operational and financial risks.	The Company is preparing to set up a special rectification team to strengthen the training of the management on risk assessment and risk management, and to introduce a professional risk management consultancy organisation to assist in the improvement of the Company's risk assessment system and the formulation of detailed risk response plans in the future. At the same time, the Company has strengthened communication and coordination with financial institutions and suppliers, and actively sought solutions to ease its liquidity pressure and gradually address issues such as the freezing of bank accounts, and litigation and arbitration cases, so as to reduce the impact on the effectiveness of the internal control of financial reporting. Currently, the rectification work is being carried out in an orderly manner.	November 2024	The management of the Company	<p>1. The Company has established provincial debt committees with financial creditors. There is no cancellation or delays of existing loans. Interest rates and fees shall be reduced to alleviate the burden on the Company. Up to now, a consensus is reached for loans. It is expected to reduce finance costs by approximately RMB600 million every year.</p> <p>2. Government support is sought. The registered capital of RMB1 billion for the establishment to Weifang Xingchen Trading Co., Ltd. to be funded by governments at city and county levels has received, with the syndicated loan of RMB2.31 billion is currently under review for approval by provincial offices or head offices of various banks. At present, China Construction Bank, the lead bank, has completed its approval process.</p> <p>3. As of the date of this report, Huanggang production base is operating as normal. Some production lines of Jiangxi production base and Shouguang production base have resumed production, with design capacity is reached. Other production bases are conducting outage maintenance on schedule, and gradually resume production.</p> <p>4. The Company has accelerated its asset disposal. Subsequent to the reporting period, the Company received payment for asset disposal of RMB16 million and settlement for leased items of RMB65 million.</p>

VI Corporate Governance

XIII. The Company's management and control of subsidiaries during the reporting period

In accordance with relevant requirements of the Company Law, the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, the Basic Internal Control Norms for Enterprises and other laws and regulations and the Articles of Association, based on the actual situation of the Company, the Company had formulated a comprehensive internal system. It had timely amended and optimised its internal system based on the stricter management requirements and changes in internal control condition. The complete set of internal control system and information management procedures of the Company also applied to subsidiaries so as to ensure the operation and development of subsidiaries were in line with and contributing to the development strategies and overall plans of the Company.

XIV. Assessment report on internal control or auditor's report on internal control

1. Assessment report on internal controls

Date of disclosure of assessment report on internal controls	1 April 2025
Index of assessment report on internal controls disclosure	http://www.cninfo.com.cn
Percentage of total assets included in assessment to total assets in consolidated financial statements of the Company	98.5%
Percentage of revenue included in assessment to revenue in consolidated financial statements of the Company	99.9%

VI Corporate Governance

XIV. Assessment report on internal control or auditor's report on internal control *(Continued)*

1. Assessment report on internal controls *(Continued)*

Type	Basis for identifying deficiencies	
	Financial reporting	Non-financial reporting
Qualitative criteria	<p>① Indicators of material deficiencies in the internal control of financial reporting include: ineffective control environment; material loss to and adverse impact on the Company as a result of misconduct by Directors, Supervisors and Senior Management; material misstatement of non-exceptional incidents; ineffectiveness in supervision of internal control of the Company by the Board, or its delegated authorities, and the internal audit department.</p> <p>② Indicators of major deficiencies in internal control of financial reporting include: failure in selecting and applying accounting policies in accordance with generally accepted accounting principles; failure to establish procedures and control measures to prevent corrupt practices; failure to establish corresponding control mechanism for the accounting of unusual or special transactions or failure to implement or set up the corresponding compensation control; failure to reasonably ensure the truthfulness and accuracy in the preparation of financial statement, as a result of one or more deficiencies in the control of financial reporting as of the end of the period.</p> <p>③ General deficiencies: other deficiencies in internal control that do not constitute material or major deficiencies.</p>	<p>① Indicators of material deficiencies in the internal control of non-financial reporting include: major failure as a result of the decision making process; lack of control system or occurrence of systematic failure in principal activities and lack of effective compensation control; high turnover rate of mid to senior level management and senior technical staff; failure to address the findings of internal control assessment, in particular material deficiencies; and other factors which impose material adverse impact on the Company.</p> <p>② Indicators of major deficiencies in internal control of non-financial reporting include: general failure as a result of the decision-making process; deficiencies in major business procedure or system; high turnover rate of key staff; failure to address the findings of internal control assessment, in particular major deficiencies; and other factors which impose great adverse impact to the Company.</p> <p>③ Indicators of general deficiencies in internal control of non-financial reporting include: low efficiency of decision-making process; deficiencies in general business procedure or system; high turnover rate of employees; and failure to rectify general deficiencies.</p>

VI Corporate Governance

XIV. Assessment report on internal control or auditor's report on internal control (Continued)

1. Assessment report on internal controls (Continued)

Type	Basis for identifying deficiencies	
	Financial reporting	Non-financial reporting
Quantitative criteria	General deficiencies: deviation of less than or equal to 0.1% from the target of accounting error/the total revenue; Major deficiencies: deviation of 0.1% – 0.5% from the target of accounting error/the total revenue; material deficiencies: deviation greater than 0.5%.	General deficiencies: quantitative criterion (financial loss) less than RMB5,000,000; major deficiencies: quantitative criterion (financial loss) between RMB5,000,000 and RMB20,000,000; material deficiencies: over RMB20,000,000.
Number of material deficiencies in financial reporting		1
Number of material deficiencies in non-financial reporting		0
Number of major deficiencies in financial reporting		0
Number of major deficiencies in non-financial reporting		0

2. Auditor's report on internal control

Applicable Not applicable

Auditor's opinion contained in the auditor's report on internal control

We are of the opinion that, due to the existence of the above material deficiencies and their impacts on the achievement of internal control goals, Chenming Paper had in all material aspects failed to maintain effective internal control over the financial statements in accordance with the Basic Internal Control Norms for Enterprises as of 31 December 2024.

Disclosure of auditor's report on internal control	Disclosed
Date of disclosure of auditor's report on internal control	1 April 2025
Index of auditor's report on internal control disclosure	http://www.cninfo.com.cn
Type of opinion in auditor's report on internal control Standard and unqualified opinion	Adverse opinion
Material deficiencies in non-financial reporting	No

Any non-standard opinions set out in the auditor's report on internal control issued by accountants

Yes No

Explanation of the non-standard opinions set out in the auditor's report on internal control issued by accountants

Material deficiency refers to a deficiency or a combination of deficiencies in internal control that may result in material misstatement in financial statements which cannot be timely avoided or discovered and rectified.

VI Corporate Governance

XIV. Assessment report on internal control or auditor's report on internal control (*Continued*)

2. Auditor's report on internal control (*Continued*)

The management of Chenming Paper did not have sufficient risk assessment or risk awareness. The Company lacked effective and robust countermeasures when risks emerged, leading to liquidity difficulties for Chenming Paper in 2024. This resulted in overdue payments for borrowings from financial institution and payments to supplier, the freezing of multiple bank accounts, and multiple litigations and arbitration cases due to debt defaults. Besides, some production lines suspended operation and production, exposing the Company to significant operational and financial risks.

Inadequate risk assessment and response of the management of Chenming Paper indicates that there are deficiencies in risk assessment or control environment of the Company.

Effective internal control can provide a reasonable assurance for the truthfulness and completeness of financial statements and relevant information. Chenming Paper has lost this internal control function due to the above material deficiencies.

The management of Chenming Paper has identified the above material deficiencies and included such deficiencies in the internal control assessment report of the Company. The above deficiencies have been fairly reflected in all material aspects. During the audit of 2024 financial statements of Chenming Paper, we have considered the impacts of the above deficiencies on the nature, time arrangement and scope of audit procedures.

Auditor's report on internal control issued by accountants was in line with Directors' opinions contained in self-assessment report

Yes No

VI Corporate Governance

XV. Rectification of problems found in self-inspection under the special initiative on corporate governance of the listed company

Not applicable

XVI. 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.

Save for the details set out in III. Board and XVII. Communications with shareholders in this section, the Company had fully 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 and Supervisors of the Company, the Company was not aware of any information that reasonably suggested that the Directors and Supervisors had not complied with the requirements as stipulated in this code during the reporting period.

(iii) Board

The members of the Board of the Company are elected at the general meeting and held accountable to the general meeting, and shall exercise the following functions and powers: (1) to be responsible for convening the general meeting and to report on its work to the general meeting; (2) to carry out the resolutions of general meetings; (3) to decide on the business plans and investment proposals of the Company; (4) to formulate the proposed annual financial budget and final accounts of the Company; (5) to formulate the plan for profit distribution and the plan making up losses of the Company; (6) to formulate plans for the increase or reduction in the registered capital of the Company and for the issue and listing of Company's debentures or other securities; (7) to draft plans for material acquisition and repurchase of the Company's ordinary shares; (8) to draft plans for the merger, division or dissolution or the change of formation of the Company; (9) to decide on external investment, acquisition and disposal of assets, pledge of assets, matter in relation to external guarantee, entrusted wealth management, connected transactions, etc. within the scope of mandate of the general meeting; (10) to decide on the establishment of the Company's internal management organisation; (11) to employ or dismiss the manager or secretary to the Board of the Company; to employ or dismiss the Senior Management, such as the deputy general manager(s) and personnel in charge of financial affairs, as proposed by the general manager; and to decide on their remuneration and rewards and punishments; (12) to formulate the basic management system of the Company; (13) to formulate proposals for amending the Articles of Association; (14) to administrate matter related to information disclosure of the Company; (15) to propose to the general meeting for the engagement or replacement of accounting firm performing audit for the Company; (16) to review work reports from managers of the Company and to inspect on their work; (17) to exercise the functions and powers as conferred upon by the Articles of Association or the general meeting.

VI Corporate Governance

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(iii) Board (*Continued*)

As regards its corporate governance functions, the Board is responsible for: (1) formulating, reviewing and making recommendations on the Company's corporate governance policies and practices; (2) reviewing and monitoring the training and continuous professional development of the Directors and Senior Management of the Company; (3) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (4) formulating, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors of the Company; and (5) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report. During the reporting period, the Board had performed the above duties.

The Board comprised four executive Directors: Hu Changqing (Chairman), Li Xingchun, Li Weixian and Li Feng; two non-executive Directors: Han Tingde and Li Chuanxuan; and four independent non-executive Directors: Li Zhihui, Sun Jianfei, Yin Meiqun and Yang Biao. Please refer to part V of this section for their brief biographies.

The management of the Company regularly report to the Board on the Company's operations and material matters based on the Company's business situation. The Board of the Company is responsible for leading and monitoring the Company, and is wholly responsible for the administration and supervision of the Company's businesses to facilitate its success. The Executive Director or the Senior Management is authorised to be responsible for the various divisions and functions and management of the processing. Directors of the Company shall act objectively and make decisions in the interests of the Company. The management and the Senior Management of the Company held regular meetings with the Board to discuss the ordinary business operations and performance of the Company, and carried out the relevant decisions of the Board. The management and the Senior Management of the Company have to get prior approval from, among others, the Board, before they make any decision or enter into any commitment on behalf of the Company. The Company will arrange independent legal advice upon the request from the Directors or any committees of the Board, if the Board or any committees of the Board consider it necessary to seek for independent professional advice.

Pursuant to Code C.1.8 of the code provisions, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. During the reporting period, the Company arranged director liability insurance for Directors to safeguard the rights and interests of Directors to perform their duties in compliance.

VI Corporate Governance

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(iii) Board (*Continued*)

During the reporting period, the Board held 10 meetings, 4 of which were regular meetings and 6 were extraordinary meetings. None of the Directors were absent from any Board meetings.

Name	Position	Attendance at the relevant meetings (attendance required/attendance)					
		Board meetings	Audit Committee meetings	Nomination Committee meetings	Remuneration and Assessment Committee meetings	Strategic and Sustainable Development Committee meetings	General meetings
I. Executive Directors							
Hu Changqing	Chairman	10/10	N/A	N/A	N/A	2/2	4/4
Li Xingchun	Vice chairman	10/10	N/A	N/A	2/2	N/A	4/4
Li Weixian	Executive Director	10/10	N/A	N/A	N/A	N/A	4/4
Li Feng	Executive Director	10/10	N/A	N/A	N/A	N/A	4/4
II. Non-executive Directors							
Li Chuanxuan	Director	10/10	N/A	N/A	N/A	N/A	4/4
Han Tingde	Director	10/10	N/A	N/A	N/A	N/A	4/4
III. Independent non-executive Directors							
Li Zihui	Independent Director	10/10	4/4	1/1	N/A	N/A	4/4
Sun Jianfei	Independent Director	10/10	4/4	N/A	2/2	N/A	4/4
Yin Meiqun	Independent Director	10/10	4/4	1/1	N/A	N/A	4/4
Yang Biao	Independent Director	10/10	N/A	N/A	2/2	2/2	4/4

Mr. Chen Hongguo resigned as a Director and Chairman of the Company, and a member of the Strategic and Sustainable Development Committee and the Nomination Committee under the Board on 7 November 2024 due to personal reasons.

Save for those disclosed in the brief profile of Directors of the Company in this Report, none of the members of the Board had any financial, business, family relations or material connections with each other.

According to Article 186 of the Articles of Association, Board meetings shall be notified to all the Directors and Supervisors in writing ten (10) days in prior, and there was no objection from any director to a shorter notice period. Therefore, the Board held 4 regular meetings during the year, each by giving a 10-day notice in advance to ensure that all Directors could participate in discussions of matters in the agenda, and could make timely and prompt decisions on transactions that are material to the Group's business. Reasonable prior notification was given for the other meetings of the Board to ensure all Directors could take time to attend. The Board will use its best endeavours to comply with the requirements of the code provisions.

All Directors had access to opinions and services of the secretary to the Board to ensure the procedures governing the Board and all applicable regulations and rules were complied with.

VI Corporate Governance

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(iii) Board (*Continued*)

Directors' training and professional development

All newly appointed Directors are provided with necessary orientation information, with an aim to ensure that they will have a better understanding of operations and business of the Company as well as relevant laws and regulations and obligations under the Listing Rules.

During the reporting period, the Company provided all Directors with the latest regulatory policies and interpretation materials issued by the regulatory authorities on the capital market, such as: the answers of Wu Qing, the secretary of the Party Committee and the chairman of the CSRC, to reporters' questions at the economic theme press conference of the second session of the 14th National People's Congress, and the detailed interpretation of the implementation of the new "National Nine Articles". All Directors read and studied the CSRC's opinions on strengthening the regulation of listed companies, the State Council's opinions on strengthening regulation and preventing risks to promote the high-quality development of the capital market, and the CSRC's opinions on the strict implementation of the delisting system. In addition, all Directors of the Company participated in the special training session on annual reports of listed companies in Shandong Province organised by the Shandong CSRC online on 15 March 2024, thus further enhancing their professional capabilities in annual report preparation and disclosure. Mr. Li Chuanxuan, a non-executive Director, attended the 2024 first training course for directors, supervisors and senior management of the Shandong CSRC on 22 August 2024 to gain a deeper understanding of the latest regulatory requirements. Mr. Hu Changqing, the chairman, participated in the 2024 second training course for directors, supervisors, and senior management of the Shandong CSRC on 10 December 2024, thus further enhancing his ability to perform his duties. At the same time, the briefing paper in respect of amendments to Hong Kong Listing Rules prepared by Advisor to Hong Kong Law of the Company was distributed by the Company to all Directors and Supervisors, the above of which were to ensure all Directors and Supervisors to comply with relevant laws and sound corporate governance practice, and enhance their awareness of sound corporate governance practice.

(iv) Chairman and general manager

Mr. Chen Hongguo resigned as the Chairman of the Company on 7 November 2024 due to personal reasons. To ensure the proper functioning of the Board, the Company convened the nineteenth extraordinary meeting of the tenth session of the Board on 8 November 2024 to elect Mr. Hu Changqing as the Chairman of the Company. Mr. Li Weixian is the general manager of the Company. Please refer to part V of this section for his brief biographies.

According to the Articles of Association, the chairman shall exercise the following powers: (1) presiding over general meetings, and convening and presiding over Board meetings; (2) supervising and inspecting the implementation of the resolutions of the Board; (3) signing the shares, the securities and bonds issued by the Company; (4) signing important documents of the Board and other documents which are required to be signed by legal representative of the Company; (5) performing the powers of a legal representative; (6) nominating candidates for general manager for the Board; (7) exercising the special right to operate the Company in accordance with the laws and acting for the benefits of the Company in the event of emergency situation as a result of act of God or natural disaster, and reporting to the Board meetings and general meeting afterwards; and (8) exercising other powers authorised by the Board.

The general manager of the Company exercises the duties of a chief executive officer. The general manager shall exercise the following powers: (1) in charge of the operation and management of the Company, and organising the implementation of the resolutions of the Board; (2) organising the implementation of the Company's annual business plans and investment plans; (3) drafting plans for the establishment of the internal organisational structure of the Company; (4) drafting the basic management system of the Company; (5) formulating specific rules and regulations for the Company; (6) proposing the appointment or dismissal of the deputy general manager and chief financial officer; (7) appointing or dismissing management personnel other than those required to be appointed or dismissed by the Board; (8) proposing the wages, welfare, rewards, and penalties of staff and to decide the appointment or dismissal of staff of the Company; (9) proposing the convening of extraordinary meeting of the Board; and (10) exercising other powers conferred by the Articles of Association and the Board.

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(v) Independent non-executive Directors

There are four independent non-executive Directors in the Board, which is in compliance with the minimum requirement of the number of independent non-executive directors set out in the Hong Kong Listing Rules. Yin Meiqun and Sun Jianfei, the independent non-executive Directors of the Company, have appropriate accounting or related financial management expertise, which is compliance with the requirement of Rule 3.10 of the Hong Kong Listing Rules. Please refer to part V of this section for their brief biographies. The Company has received from each of the independent non-executive Directors a confirmation of independence for the year pursuant to Rule 3.13 of the Hong Kong Listing Rules and considered all of the independent non-executive Directors to be independent during the year.

(vi) Terms of Directors

According to the Articles of Association, all Directors, including non-executive Directors, have been elected at the general meetings with a term of three years from June 2022 to June 2025. They may be re-elected for another term upon expiry of tenure. The term of office of independent non-executive Directors is the same as that of other Directors. They may be re-elected for consecutive terms, but the consecutive terms shall not be more than six years.

(vii) Directors' responsibility for the financial statements

The Directors acknowledged their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company. The Directors believed that the Company had adopted and applied consistently appropriate accounting policies in preparing the financial statements in compliance with all related accounting standards.

(viii) Board committees

Pursuant to the Corporate Governance Code, the Board has established four committees, namely, Audit Committee, Remuneration and Assessment Committee, Strategy and Sustainable Development Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. Each Board Committee has its own defined written terms of reference. The written terms of reference of each Board Committee are published on websites of stock exchange and the Company.

Save for requirements of the Corporate Governance Code, the Company also set up Strategy and Sustainable Development Committee, for overseeing and studying long-term strategic development plan of the Company and making recommendations.

(ix) Audit Committee

The Audit Committee of the Company comprises three members, including Yin Meiqun (as the chairman), Li Zhihui and Sun Jianfei, all of whom are independent non-executive Directors. The primary duties of the Audit Committee are serving as a communication media between internal and external audit and the related review and supervision. Yin Meiqun and Sun Jianfei have appropriate professional qualifications or appropriate accounting or related financial management expertise, which is in compliance with the requirement of the Hong Kong Listing Rules.

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited *(Continued)*

(ix) Audit Committee *(Continued)*

The main functions of the Audit Committee of the Company are: (1) to supervise and evaluate the work of external audit and propose the engagement or replacement of the external audit institution: ① to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; ② to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences; and ③ to develop and implement a policy on engaging an external auditor (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally) to supply non-audit services. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed; (2) to supervise and evaluate the work of internal audit and to be responsible for the coordination between internal and external audits, and to ensure that the internal audit function has adequate resources to operate its duties and appropriate standing within the Company, and to review and monitor its effectiveness; (3) to review the Company's financial information and its disclosures: ① to monitor the integrity of the Company's financial statements and annual reports and accounts, half-year reports and quarterly reports, if prepared for publication, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on: (i) any changes in accounting policies and practices; (ii) major judgmental areas; (iii) significant adjustments resulting from audit; (iv) the going concern assumptions and any qualifications; (v) compliance with accounting standards; and (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting; ② regarding the above matters, the Audit Committee should liaise with the Board and the senior management and the Committee must meet, at least twice a year, with the external auditor to consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or the external auditor; (4) to supervise and evaluate the Company's financial reporting system, risk management and internal control systems: ① to review the Company's financial control, and review the Company's risk management and internal control systems; ② to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to have the effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting and financial reporting function; ③ to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings; ④ to review the Group's financial and accounting policies and practices; ⑤ to review the external auditor's management letter, any material queries raised by the auditor to the management about accounting records, financial accounts or systems of control and management's response; ⑥ to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; ⑦ to report to the board on the matters in this article; and ⑧ to consider other topics, as defined by the Board; (5) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; (6) to act as the key representative body for overseeing the Company's relations with the external auditor; and (7) to deal with other matters as authorized by the Board and other matters involved in the relevant laws and regulations as well as the regulations of the Hong Kong Stock Exchange and Shenzhen Stock Exchange.

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited *(Continued)*

(ix) Audit Committee *(Continued)*

The Audit Committee discussed with the management of the Company the accounting standards and practices adopted by the Group and discussed and reviewed this report, including the review of the financial statements of the Group for the year ended 31 December 2024 prepared in accordance with China Accounting Standards for Business Enterprises.

The Audit Committee has strictly reviewed the qualified audit report issued by the accounting firm as well as the management's position on the qualified opinion and the corresponding measures taken by the Group to address the qualified opinion. For the reasons stated above, the Audit Committee has concurred with the management's position. In addition, the Audit Committee has requested the management to take all necessary actions to eliminate the uncertainties about the qualified opinion related to going concern in order to address the going concern issue as soon as possible. The Audit Committee has also discussed the financial position of the Group, and the measures taken and to be taken by the Group with Grant Thornton (Special General Partnership), and has taken into account Grant Thornton (Special General Partnership)'s rationale and understood their consideration in arriving at their opinion.

Particulars of the meetings held by the Audit Committee during the reporting period are detailed in part VII of this section.

Risk Management and Internal Control

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Audit Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems, and the Audit Committee reviews the adequacy and effectiveness of the risk management and internal control systems at least once a year. The management has provided confirmation to the Audit Committee (and the Board) on the adequacy and effectiveness of these systems for the year ended 31 December 2024. The Audit Committee (as well as the Board) was satisfied with the adequacy and effectiveness of the related systems.

In respect of internal control system, procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations.

(x) Remuneration and Assessment Committee

The Remuneration and Assessment Committee of the Company comprises three members, including Yang Biao (as the chairman), Li Xingchun and Sun Jianfei. Two of them, including the chairman, are independent non-executive Directors, which is in compliance with Code on Corporate Governance Practices. The Remuneration and Assessment Committee is primarily responsible for formulating the criteria of appraisal of the Directors and managers and conducting the appraisal, and studying and formulating the remuneration policy and package of the Directors and the Senior Management of the Company. The Remuneration and Assessment Committee is accountable to the Board.

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(x) Remuneration and Assessment Committee (*Continued*)

The Remuneration and Assessment Committee of the Board of the Company is responsible for formulating standards for appraising Directors and senior management of the Company, formulate and review the policies for and proposals on the remuneration of Directors and senior management and make recommendations to the Board for the following matters: (1) Remuneration of Directors and senior management, including non-monetary income, pension and compensation etc.; (2) Formulation or changes of incentive option schemes and employee option schemes, grant of entitlements to scheme participants, and fulfilment of exercise conditions; (3) Arrangement of option schemes at subsidiaries proposed to be spin-off for Directors and senior management; (4) To make recommendations to the Board on the policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (5) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (6) To make recommendations to the Board on the remuneration of non-executive Directors; (7) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (8) To review compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (9) To review compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; (10) To ensure that no Director or any of their associates is involved in deciding that Director's own remuneration; (11) To review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange; and (12) Other matters required by the laws, regulations, CSRC, the Articles of Association and the Listing Rules, and authorized by the Board.

Particulars of the meetings held by the Remuneration and Assessment Committee during the reporting period are detailed in part VII of this section.

(xi) Nomination Committee

Mr. Chen Hongguo resigned as a member of the Nomination Committee of the Company on 7 November 2024 due to personal reasons. The Company convened the nineteenth extraordinary meeting of the tenth session of the Board on 8 November 2024 to elect Mr. Hu Changqing as a member of the Nomination Committee of the tenth session of the Board of the Company. The Nomination Committee of the Company comprises three members, including Li Zhihui (as the chairman), Hu Changqing and Yin Meiqun. Two of them, including the chairman, are independent non-executive Directors, which is in compliance with the Corporate Governance Code. The Nomination Committee is primarily responsible for selecting candidates for directors and the management of the Company, determining the selection criteria and procedure and making recommendations.

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(xi) Nomination Committee (*Continued*)

The primary duties of the Nomination Committee of the Company: (1) to submit proposals to the Board regarding its scale and constitution according to the Company's business activities, assets scale and shareholding structure; (2) to study the standards and procedures for selecting Directors and senior management and submit proposals to the Board; (3) to select qualified candidates for the Directors and senior management; (4) to examine and make recommendations on the candidates for the Directors and senior management; (5) to make recommendations on the nomination, appointment and dismissal of Directors to the Board with regard to the skills, knowledge, experience, background, gender and other qualities required for the Directors to perform their duties under the Board, as well as to strike a balance on the Board diversity in order to improve its efficiency and ensure the benefits to be derived from the Board diversity; (6) to make recommendations on the appointment and dismissal of the senior management to the Board; (7) to review and amend the Board diversity policy on a regular basis and make relevant disclosure in the corporate governance report in the annual report; (8) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (9) to identify individuals suitably qualified to become Board members and make recommendations to the Board; (10) to assess the independence of independent non-executive Directors; (11) to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and the chief executive; and (12) other matters required by the laws, regulations, the CSRC, the Listing Rules and the Articles of Association, and authorized by the Board.

Particulars of the meetings held by the Nomination Committee during the reporting period are detailed in part VII of this section.

(xii) Strategy and Sustainable Development Committee

Mr. Chen Hongguo resigned as a member of the Strategy and Sustainable Development Committee of the Company on 7 November 2024 due to personal reasons. The Company convened the nineteenth extraordinary meeting of the tenth session of the Board on 8 November 2024 to elect Mr. Li Weixian as a member, and Mr. Hu Changqing as the chairman of the Strategy and Sustainable Development Committee of the tenth session of the Board of the Company. The Strategy and Sustainable Development Committee of the Company comprised three members, including Hu Changqing (as the chairman), Li Weixian and Yang Biao. The Strategy and Sustainable Development Committee is primarily responsible for studying the long-term strategic development, major investments, sustainable development and ESG works of the Company and making recommendations.

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(xii) Strategy and Sustainable Development Committee (*Continued*)

The primary duties of the Strategy and Sustainable Development Committee are (1) conducting research and submitting proposals regarding the long term development strategic plan; (2) conducting research and submitting proposals regarding the financing plans for major investments which require approval from the Board as stipulated in the Articles of Association; (3) conducting research and submitting proposals regarding major capital operations and assets operation projects which require approval from the Board as stipulated in the Articles of Association; (4) supervising the Company and its subsidiaries to operate in compliance with the national and local directions, policies, laws and regulations in respect of sustainable development; (5) making recommendation to the Board in respect of material matters on sustainable development and ESG of the Company; (6) guiding sustainable development and ESG works, studying ESG-related planning, objectives, systems and material matters of the Company, reviewing ESG-related reports and providing consultation recommendations to the Board; (7) conducting supervision and inspection on the execution of ESG works, and providing guidance and opinions in due course; (8) conducting research and submitting proposals regarding other material matters that may affect the development of the Company; (9) carrying out examination on the implementation of the above matters; (10) dealing with other matters as delegated by the Board.

Particulars of the meetings held by the Strategy and Sustainable Development Committee during the reporting period are detailed in part VII of this section.

(xiii) Auditor

On 11 May 2022, the Company convened the 2021 annual general meeting, and considered and approved the Resolution in relation to the Appointment of the Auditor for 2022, and continued to engage Grant Thornton (Special General Partnership) as the domestic auditor of the Company for 2022 and be responsible for domestic auditing of the Company for 2022.

On 12 May 2023, the Company convened the 2022 annual general meeting, and considered and approved the Resolution in relation to the Appointment of the Auditor for 2023, and continued to engage Grant Thornton (Special General Partnership) as the domestic auditor of the Company for 2023 and be responsible for domestic auditing of the Company for 2023.

On 14 May 2024, the Company convened the 2023 annual general meeting, and considered and approved the Resolution in relation to the Appointment of the Auditor for 2024, and continued to engage Grant Thornton (Special General Partnership) as the domestic auditor of the Company for 2024 and be responsible for domestic auditing of the Company for 2024.

(xiv) Remuneration for the Auditor

The financial statements for 2024 prepared in accordance with Accounting Standards for Business Enterprises by the Group were audited by Grant Thornton (Special General Partnership). In 2024, the Company paid the auditor a total of RMB2.8 million (tax inclusive; tax exclusive amount: RMB2.6415 million) in respect of financial statements audit for 2023 and a total of RMB1.1 million (tax inclusive; tax exclusive amount: RMB1.0377 million) in respect of audit services in relation to internal control for 2023.

Grant Thornton (Special General Partnership) has stated their reporting responsibilities on the financial statements of the Group in XII. Financial Report of this annual report.

VI Corporate Governance

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(xiv) Remuneration for the Auditor (*Continued*)

In addition to the aforesaid annual financial report and internal control audit fees paid to Grant Thornton (Special General Partnership) totalling RMB3.6792 million (tax exclusive), other tax-exclusive audit expenses incurred due to the audit of R&D expenses and the audit of income tax settlement and payment totalled RMB1.8278 million.

(xv) Supervisors and Supervisory Committee

The Supervisory Committee comprises three shareholder representatives and two employee representatives. The shareholder representative Supervisors shall be elected and removed at a general meeting and the employee representative Supervisors shall be elected and removed democratically by the employees of the Company. During the reporting period, the Supervisory Committee of the Company convened 5 meetings, and all Supervisors attended Supervisory Committee meetings convened during the year, and carefully reviewed the 2023 Annual Report, 2024 First Quarterly Report, 2024 Interim Report and 2024 Third Quarterly Report, and issued special opinions. The Supervisory Committee is accountable to the shareholders. It monitors the financial position of the Company and the performance of the Directors, managers and Senior Management of the Company as to whether they are in accordance with relevant requirements of the laws and regulations to protect the lawful rights of the Company and the shareholders.

(xvi) Company Secretary

During the year, the company secretary confirmed that he has received relevant professional training for not less than 15 hours in accordance with Rule 3.29 of the Listing Rules.

(xvii) Communications with Shareholders

The Company considers effective communication with Shareholders is essential to enable them to have a clear assessment of the Group's performance as well as accountability of the Board. Principal means of communication with Shareholders of the Company are as follows:

Information disclosure on the Company's website

The Company endeavours to disclose all material information about the Group to all interested parties as widely and timely as possible. The Company maintains its website at www.chenmingpaper.com where important information about the Group's activities and corporate matters such as annual reports and interim reports to Shareholders, announcements, business development and operations, corporate governance practices and other information are available for review by Shareholders and other stakeholders.

When announcements are made through the Stock Exchange, the same information will be made available on the Company's website.

VI Corporate Governance

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(xvii) Communications with Shareholders (*Continued*)

General meetings

The Company's annual general meeting provides a useful platform for direct communication between the Board and Shareholders. Various resolutions are proposed on each substantially separate issue at the general meetings. Save for the annual general meeting held on 14 May 2024 by the Company, three extraordinary general meeting were convened in 2024. The attendance record of Directors at each general meeting is set out below:

Name	Directors attending general meetings in person
2023 annual general meeting	Hu Changqing, Li Chuanxuan, Li Weixian, Li Feng, Han Tingde, Li Chuanxuan, Li Zhihui, Sun Jianfei, Yin Meiqun, Yang Biao
2024 first extraordinary general meeting	Hu Changqing, Li Chuanxuan, Li Weixian, Li Feng, Han Tingde, Li Chuanxuan, Li Zhihui, Sun Jianfei, Yin Meiqun, Yang Biao
2024 second extraordinary general meeting	Hu Changqing, Li Chuanxuan, Li Weixian, Li Feng, Han Tingde, Li Chuanxuan, Li Zhihui, Sun Jianfei, Yin Meiqun, Yang Biao
2024 third extraordinary general meeting	Hu Changqing, Li Chuanxuan, Li Weixian, Li Feng, Han Tingde, Li Chuanxuan, Li Zhihui, Sun Jianfei, Yin Meiqun, Yang Biao

The Company's external auditor also attended the Annual General Meeting and scrutinised voting.

Code provision F.2.2 – This code provision requires the chairman to invite the chairmen of the audit, remuneration and nomination committees to attend the annual general meeting.

Mr. Chen Hongguo, the then chairman of the Company and a then member of the Nomination Committee, was absent from the annual general meeting due to business commitments.

Code provision C.1.6 – This code provision requires independent non-executive directors and other non-executive directors, as equal board members, should give the board of the directors and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

During the year, all independent non-executive Directors and other non-executive Directors of the Company attended the general meetings without absence.

Voting by poll

Resolutions put to vote at the general meetings of the Company are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the websites of the Stock Exchange and the Company respectively on the same day.

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(xvii) Communications with Shareholders (*Continued*)

Shareholders' right

1. *Procedures for convening an extraordinary general meeting by Shareholder*

Pursuant to Article 93 of the Articles of Association, Shareholder(s) alone or in aggregate holding 10% or more of the Company's voting shares shall be entitled to request the Board to convene extraordinary general meetings, provided that such request shall be made in writing. The Board shall, in accordance with provisions of the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving such proposal of the same.

In the event that the Board agrees to convene an extraordinary general meeting, the notice of general meeting shall be issued within five days after the passing of the relevant resolution of the Board. Any changes in the original request made in the notice shall require prior approval of Shareholders concerned.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such proposal, Shareholder(s) alone or in aggregate holding 10% or more of the Company's voting shares shall be entitled to propose to the Supervisory Committee the convening of extraordinary general meeting, provided that such proposal shall be made in writing.

In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of general meeting shall be issued within five days after receiving such request. Any changes in the original request made in the notice shall require prior approval of Shareholders concerned.

Failure of the Supervisory Committee to issue a notice of general meeting within the stipulated period shall be deemed as failure of the Supervisory Committee to convene and preside over a general meeting, and Shareholder(s) alone or in aggregate holding 10% or more of the Company's voting shares for ninety consecutive days or more shall be entitled to convene and preside over the meeting on a unilateral basis.

Pursuant to Article 94 of the Articles of Association, if Shareholders determine to convene a general meeting on their own, they shall give a written notice to the Board and file the same with the stock exchange for records. The shareholding percentage of shareholders who convened shall not be lower than 10% prior to the announcement of resolutions of the general meeting.

Shareholders who convened shall submit relevant certifications to the stock exchange upon the issuance of the notice of general meeting and the announcement of resolutions of the general meeting.

Pursuant to Article 95 of the Articles of Association, the Board and its secretary shall cooperate with respect to matters relating to general meetings convened by Shareholders on their own. The Board shall provide Shareholder registers as of the date of shareholding register.

Pursuant to Article 96 of the Articles of Association, if a general meeting is convened by shareholders on their own, all necessary expenses incurred shall be borne by the Company.

VI Corporate Governance

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(xvii) Communications with Shareholders (*Continued*)

Shareholders' right (*Continued*)

2. *Procedures for sending shareholders' enquiries to the Board*

Shareholders may at any time send their enquiries and concerns to the Board of the Company in writing through the Company Secretary/Secretary to the Board whose contact details are as follows:

	Secretary to the Board	Hong Kong Company Secretary
Name	Yuan Xikun	Chu Hon Leung
Address	No. 2199 East Nongsheng Road, Shouguang City, Shandong Province	22/F, Universal Building, Central, Hong Kong
Telephone	0536-2158008	00852-21629600
Facsimile	0536-2158977	00852-25010028
Email	chenmmingpaper@163.com	liamchu@li-partners.com

The Company Secretary and the secretary to the Board shall forward shareholders' enquiries and concerns to the Board and/or relevant Board Committees of the Company, where appropriate, to answer shareholders' questions.

3. *Procedures for putting forward proposals of Shareholders at general meetings*

Pursuant to Article 101 of the Articles of Association, shareholder(s) individually or jointly holding over 3% of the total shares of the Company shall have the right to propose motions to the Company.

Shareholder(s) individually or jointly holding over 3% of the total shares of the Company shall have the right to propose new motions to the convener ten working days before the convening of the general meeting. The convener shall issue a supplementary notice with regard to motions that fall within the functions and powers of the general meetings within two (2) working days of receiving such proposals, and announce the content of the extraordinary motions.

Save for provided above, the convener shall not amend proposals stated in the notice of general meeting or add new proposals therein following the notice of general meeting has been issued.

No voting or resolution shall be effected or adopted at the general meeting for proposals that have not been stated in the notice of general meeting or that do not comply with provisions of the Articles of Association. Extraordinary general meeting shall not resolve issues that are not contained in the notice.

VI Corporate Governance

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(xvii) Communications with Shareholders (*Continued*)

Relationships with investors

The Company recognises its responsibility to explain its activities to those with a legitimate interest and to respond to their questions. Investors are received and visited at appropriate times to explain the Group's business. In addition, questions received from the general public and individual shareholders are answered promptly. In all cases, great care is taken to ensure that no price-sensitive information is disclosed selectively.

The Board has reviewed the interaction with Shareholders during the reporting period, and is satisfied with the implementation of the shareholder communications policy of the Company and its effectiveness.

(xviii) Internal Control

For details of internal control of the Company, please refer to XII. Internal control system development and implementation during the reporting period and XIV. Self-assessment report on internal control or auditor's report on internal control of this section.

(xix) Articles of Association

On 14 May 2024 and 31 July 2024, the Company amended the new Articles of Association. Amendments were primarily made to, among others, the repealed provisions related to the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (State Council Order No. 160), the Mandatory Provisions for the Articles of Association of Companies Listed Overseas and the Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong ("Zheng Jian Hai Han [1995] No. 1"), the qualifications and duties of independent directors in relation to the independent director reform, and the share capital structure after the repurchase and cancellation of certain restricted shares, and changes in the registered capital. The Memorandum of Association and the amended version of the new Articles of Association of the Company are available on websites of the Company and Stock Exchange.

(xx) Board Diversity

The Company has implemented a Board diversity policy. The implementation rules for the Nomination Committee was amended on 28 March 2024. The Nomination Committee shall regularly review the Board diversity policy to improve Board efficiency and ensure interest thereof.

The Board diversity policy is summarised as follows:

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience, backgrounds, genders and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, and in the context of the talents, skills and experience of the Board as a whole.

VI Corporate Governance

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(xx) Board Diversity (*Continued*)

The Nomination Committee of the Company reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new directors of the Company. The Nomination Committee also oversees the conduct of the annual review of the effectiveness of the Board. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation those described above, in order to maintain an appropriate range and balance of talents, skills, experience and backgrounds on the Board. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. As at the date of the report, the Board is composed of 9 male Directors and 1 female Director. The Nomination Committee and the Board will seize the opportunity to gradually increase the proportion of female Directors in the Board when they select and recommend a suitable Director candidate.

The composition of the Board of the Company is basically diversified. For details, please refer to (iii) Board of this section.

(xxi) Employee diversity

The Company always adheres to the principles of fairness and impartiality in recruitment, resolutely eliminates any form of discrimination based on race, gender, religious belief, etc., and is committed to building a diverse and inclusive talent team. The Company takes “cultivating talents, retaining talents, and making good use of talents” as its core concept, and through the formulation and implementation of a series of policies such as the Measures for the Implementation of the Seniority Allowance and Title Allowance and the Regulations on the Management of Employees’ Early Retirement, it effectively pays attention to the well-being of employees and continuously improves their sense of belonging and happiness; At the same time, the Company has established a clear career development path for employees and provided abundant training resources and career development support to help them achieve personal growth and self-worth. We always adhere to the principle of gender equality in terms of salary system, training opportunities, and career prospects, ensuring that all employees enjoy fair development opportunities and treatment, promoting gender equality in the workplace through practical actions, and creating a harmonious and inclusive working environment.

As at 31 December 2024, the total number of employees in the Company was 9,594, of which 2,226 are female employees, accounting for 23.20% of the total. Due to the fact that the Company operates in the paper and paper products industry in the manufacturing industry, the production process requires high physical strength from frontline technical staff, and the nature of the work involves a shift system. Therefore, in the actual recruitment process, male candidates are the main ones. This phenomenon is mainly due to industry characteristics and job demands, rather than restricting women from applying for frontline technical positions. The Company always adheres to the principles of fairness and impartiality in recruitment, and equal employment opportunities are offered regardless of gender.

VI Corporate Governance

XVI. Disclosures as required by the Hong Kong Listing Rules issued by the Stock Exchange of Hong Kong Limited (*Continued*)

(xxii) Dividend policy

In recent years, the contradiction between supply and demand in the short term has been prominent due to the concentration of newly-added production capacity in the paper industry. The prices of the Company's major products continued to decline during the reporting period with a year-on-year decrease in gross profit. Some financial leasing customers experienced operational difficulties, leading to unexpected situations such as litigations and seizures. The Company increased the provision ratio for bad debts related to these financial leasing customers out of prudence. Meanwhile, the Company's major production bases had successively been in shutdown and maintenance in the fourth quarter, leading to unsatisfactory capacity utilisation and a year-on-year decline in production and sales volumes. The Company made impairment provisions for certain assets, which resulted in a loss. The net profit attributable to shareholders of the Company for 2024 amounted to RMB-7,411 million. Based on the operations in 2024 and taking into account the Company's development plan for 2025, the Board proposed not to pay cash dividend, issue bonus shares and increase share capital from reserves in 2025 to satisfy the capital needs for day-to-day production and operation and enhance the risk resistance of the Company, thereby realising the sustainable, steady and healthy development of the pulp production and paper making, the principal activities of the Company, and better safeguarding the interests of all shareholders in the long run.

VII Environmental and Social Responsibility

I. Major environmental protection matters

Are the Company and its subsidiaries classified as key pollutant discharging unit as specified by environmental protection authority

Yes No

Environmental protection related policies and industry standards

1. The Company, during its own production and operation process, strictly abides by relevant environmental protection laws and regulations as follows:

The Environmental Protection Law of the People's Republic of China, the Law on the Prevention and Control of Air Pollution of the People's Republic of China, the Law on the Prevention and Control of Water Pollution of the People's Republic of China, the Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China, the Law on Noise Pollution Prevention and Control of the People's Republic of China, Measures for the Administration of Pollutant Discharge Permits, Regulations on Groundwater Management, and the Measures for the Emergency Administration of Environmental Contingencies.

2. The Company strictly implements national, industry and local standards for pollutant discharge as follows:

Exhaust gas: Integrated Emission Standard of Air Pollutants (GB16297-1996), Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011), Emission Standard for Odor Pollutants (GB14554-93), Emission Standard of Air Pollutants for Boilers (DB44/765-2019), Emission Standard of Air Pollutants for Thermal Power Plants (DB37/664-2019), Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2019), Emission Standard of Air Pollutants for Building Materials Industry (DB37/2373-2018), Emission standards of pollutants for inorganic chemical industry (GB31573-2015) and Standard for pollution control on hazardous waste incineration (GB18484-2020).

Wastewater: Integrated Wastewater Discharge Standard (GB8978-1996), Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015), Discharge Standard of Water Pollutants for the Pulp and Paper Industry (GB3544-2008) and Discharge Limits of Water Pollutants (DB44/26-2001), and the wastewater influent standard of local wastewater treatment plants.

Noise: Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008).

Environmental protection administrative licensing

The dates of issue and validity of pollutant discharge permits are as follows:

Shandong Chenming Paper Holdings Limited: Issued on 2 March 2023 and valid up to 1 March 2028.

Shouguang Meilun Paper Co., Ltd.: Issued on 2 March 2023 and valid up to 1 March 2028.

Shouguang Chenming Art Paper Co., Ltd.: Issued on 24 June 2021 and valid up to 23 June 2026.

Zhanjiang Chenming Pulp & Paper Co., Ltd.: Issued on 30 May 2022 and valid up to 29 May 2027.

Jiangxi Chenming Paper Co., Ltd.: Issued on 24 June 2024 and valid up to 23 June 2029.

Huanggang Chenming Pulp & Paper Co., Ltd.: Issued on 12 June 2024 and valid up to 11 June 2029.

Jilin Chenming Paper Co., Ltd.: Issued on 10 December 2021 and valid up to 9 December 2026.

VII Environmental and Social Responsibility

I. Major environmental protection matters (Continued)

Industry emission standards and the status of pollutant emissions involved in production and operation activities

Name of company or subsidiary	Category of major pollutants and specific pollutants	Name of major pollutants and specific pollutants SO ₂	Way of emission	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission		Approved total emissions	Excessive emissions							
							standards implemented	Total emissions									
Shandong Chenming Paper Holdings Limited	Exhaust gas	SO ₂	Organised emission	2	Chenming Industrial Park	Power plant no. 1: 11.7mg/m ³	35mg/m ³	Power plant no. 1: 21.88t	160.32t/year	No							
						Power plant no. 2: 11.8mg/m ³		Power plant no. 2: 24.18t									
						Power plant no. 1: 40.6mg/m ³		Power plant no. 1: 75.32t									
	Wastewater	COD	Indirect emission	2	Chenming Industrial Park	Power plant no. 2: 38.0mg/m ³	300mg/L	Power plant no. 2: 75.18t	6,510.74t/year	No							
						Particulates		Organised emission			2	Chenming Industrial Park	Power plant no. 1: 0.643mg/m ³	5mg/m ³	Power plant no. 1: 1.195t	23.39t/year	No
						Power plant no. 2: 0.562mg/m ³		Power plant no. 2: 1.198t									
	Wastewater	Ammonia nitrogen	Indirect emission	2	Chenming Industrial Park	Sewage outlet no. 1: 148mg/L	30mg/L	Sewage outlet no. 1: 1,297.4t	650.7t/year	No							
Sewage outlet no. 2: 203mg/L						Sewage outlet no. 2: 2,253.4t											
Wastewater	Total nitrogen	Indirect emission	2	Chenming Industrial Park	Sewage outlet no. 1: 3.69mg/L	70mg/L	Sewage outlet no. 1: 33.765t	1,519.1t/year	No								
					Sewage outlet no. 2: 0.967mg/L		Sewage outlet no. 2: 10.453t										
Shouguang Meilun Paper Co., Ltd.	Exhaust gas	SO ₂	Organised emission	4	Chenming Industrial Park	Power plant no. 1: 18.0mg/m ³	35mg/m ³	Power plant no. 1: 16.29t	342.89t/year	No							
						Power plant no. 2: 14.4mg/m ³		Power plant no. 2: 15.04t									
						Alkali recovery: 8.23mg/m ³		Alkali recovery: 91.09t									
	Wastewater	NO _x	Organised emission	4	Chenming Industrial Park	Lime kiln: 3.01mg/m ³	50mg/m ³	Lime kiln: 3.09t	1,202.75t/year	No							
						Power plant no. 1: 37.7mg/m ³		Power plant no. 1: 32.99t									
						Power plant no. 2: 35.9mg/m ³		Power plant no. 2: 36.49t									
	Wastewater	Particulates	Organised emission	4	Chenming Industrial Park	Alkali recovery: 81.0mg/m ³	100mg/m ³	Alkali recovery: 752.63t	121.979t/year	No							
Lime kiln: 12.5mg/m ³						Lime kiln: 14.8t											
Wastewater	Total nitrogen	Direct emission	1	Total wastewater discharge	Power plant no. 1: 0.336mg/m ³	5mg/m ³	Power plant no. 1: 0.292t	/	No								
					Power plant no. 2: 0.484mg/m ³		Power plant no. 2: 0.543t										
Wastewater	Ammonia nitrogen	Direct emission	1	Total wastewater discharge	Alkali recovery: 1.61mg/m ³	10mg/m ³	Alkali recovery: 16.415t	/	No								
					Lime kiln: 1.15mg/m ³		Lime kiln: 1.08t										
Jiangxi Chenming Paper Co., Ltd.	Exhaust gas	SO ₂	Organised emission	1	Thermal power plant	240T/h furnace: 15.52mg/m ³	200mg/m ³	29.098t	806t/year	No							
						NO _x		Organised emission			1	Thermal power plant	240T/h furnace: 37.09mg/m ³	200mg/m ³	69.525t	806t/year	No
						Particulates		Organised emission			1	Thermal power plant	240T/h furnace: 2.79mg/m ³	30mg/m ³	5.24t	135t/year	No
Jilin Chenming Paper Co., Ltd.	Wastewater	COD	Direct emission	1	Total wastewater discharge	36.26mg/L	90mg/L	212.3t	1,260t/year	No							
						Ammonia nitrogen		Direct emission			1	Total wastewater discharge	1.36mg/L	8mg/L	7.96t	112t/year	No
						Total nitrogen		Direct emission			1	Total wastewater discharge	2.543mg/L	12mg/L	13.4t	/	No
	Exhaust gas	SO ₂	Organised emission	3 (2 in use, 1 spare)	Within factory area	6.12mg/m ³	100mg/m ³	4.32t	97t/year	No							
						NO _x		Organised emission			3 (2 in use, 1 spare)	Within factory area	35.04mg/m ³	100mg/m ³	19.24t	213t/year	No
						Particulates		Organised emission			3 (2 in use, 1 spare)	Within factory area	8.54mg/m ³	30mg/m ³	5.19t	51.66t/year	No
	Wastewater	COD	Indirect emission	1	Total wastewater discharge	124.84mg/L	120mg/L	525.43t	6,000t/year	No							
Ammonia nitrogen						Indirect emission		1			Total wastewater discharge	1.36mg/L	45mg/L	5.94t	500t/year	No	
Total nitrogen						Indirect emission		1			Total wastewater discharge	10.97mg/L	50mg/L	27.48t	/	No	

VII Environmental and Social Responsibility

I. Major environmental protection matters (Continued)

Industry emission standards and the status of pollutant emissions involved in production and operation activities (Continued)

Name of company or subsidiary	Category of major pollutants and specific pollutants	Name of major pollutants and specific pollutants SO ₂	Way of emission	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission		Approved total emissions	Excessive emissions
							standards implemented	Total emissions		
Zhanjiang Chenming Pulp & Paper Co., Ltd.	Exhaust gas	SO ₂	Organised emission	6	Within factory area	Power plant no. 1: 2.6mg/m ³	Power plant: 35mg/m ³	111t	620t/year	No
						Power plant no. 2: 2.4mg/m ³	Lime kiln: 200mg/m ³			
						Power plant no. 3: 2.2mg/m ³	Alkali furnace: 200mg/m ³			
		NO _x	Organised emission	6	Within factory area	Power plant no. 1: 19.0mg/m ³	Power plant: 50mg/m ³	361t	1,800t/year	No
						Power plant no. 2: 20.4mg/m ³	Lime kiln: 200mg/m ³			
						Power plant no. 3: 15.3mg/m ³	Alkali furnace: 200mg/m ³			
		Particulates	Organised emission	6	Within factory area	Power plant no. 1: 2.7mg/m ³	Power plant: 10mg/m ³	45t	195.06t/year	No
						Power plant no. 2: 2.6mg/m ³	Lime kiln: 30mg/m ³			
						Power plant no. 3: 2.1mg/m ³	Alkali furnace: 30mg/m ³			
Wastewater	COD	Direct emission	1	Wastewater discharge	33.41mg/L	90mg/L	919t	1,943t/year	No	
					0.94mg/L	8mg/L				
					2.32mg/L	12mg/L				
Huanggang Chenming Pulp & Paper Co., Ltd.	Exhaust gas	SO ₂	Organised emission	1	Lime kiln chimney	39.9mg/m ³	80mg/m ³	20.02t	142.872t/year	No
					Alkali furnace chimney	27.3mg/m ³	200mg/m ³			
						Lime kiln chimney	84.78mg/m ³			
	NO _x	Organised emission	1	Alkali furnace chimney	133.79 mg/m ³	200mg/m ³	548.74t	950.829t/year	No	
					Lime kiln chimney	56.25 mg/m ³				200mg/m ³
						Alkali furnace chimney				25.25mg/m ³
Wastewater	COD	Indirect emission	1	Total wastewater discharge	25.08 mg/L	150mg/L	233.24t	398.911t/year	No	
					0.79 mg/L	14mg/L				
					3.75mg/L	29mg/L				
	Ammonia nitrogen	Indirect emission	1	Total wastewater discharge	0.79 mg/L	14mg/L	7.57t	39.891t/year	No	
					Total wastewater discharge	3.75mg/L				29mg/L
						Total wastewater discharge				3.75mg/L

VII Environmental and Social Responsibility

I. Major environmental protection matters *(Continued)*

Treatment of pollutants

1. Shandong Chenming Paper Holdings Limited

Its own power plant uses the exhaust gas treatment process of limestone-gypsum desulfurization + SNCR selective non-catalytic reduction denitration + electric and bag composite dust removal + wet type electric dust removal. In 2024, the environmental protection exhaust gas treatment facilities operated well, and were overhauled in time according to the overhaul plan. The daily average exhaust gas indicator did not exceed the standard, and the exhaust gas was discharged up to the standard after treatment.

Its sewage treatment plant uses the traditional activated sludge wastewater treatment process + membrane treatment and recycle process, and the wastewater which is treated up to the standard is partially discharged into the sewage treatment plants of Shouguang Zhongye Water Co., Ltd. and CCCC (Shouguang) Investment Co., Ltd., and partially reused in production lines. In 2024, the wastewater treatment facilities operated well, and were overhauled in time according to the overhaul plan. The daily average wastewater indicator did not exceed the standard, and the wastewater was discharged up to the standard after treatment.

2. Shouguang Meilun Paper Co., Ltd.

Its own power plant uses the exhaust gas treatment process of limestone-gypsum desulfurization + SNCR selective non-catalytic reduction denitration + electric and bag composite dust removal + wet type electric dust removal. The chemical pulp alkali recovery furnace uses the exhaust gas treatment process of PSCR denitration + electrostatic dust removal + wet electrostatic dust removal, and the chemical pulp lime kiln uses the exhaust gas treatment process of ozone denitration + electrostatic dust removal + wet type electric dust removal. In 2024, the environmental protection exhaust gas treatment facilities operated well, and were overhauled in time according to the overhaul plan. The daily average exhaust gas indicator did not exceed the standard, and the exhaust gas was discharged up to the standard after treatment.

3. Jiangxi Chenming Paper Co., Ltd.

Its own power plant uses the exhaust gas treatment process of ammonia desulfurization + SNCR catalytic reduction denitrification+ electric and bag composite dust removal + 90-metre desulfurization and denitrification tower. The aerobic section of the sewage treatment plant is equipped with a negative pressure exhaust device to recover and treat the exhaust gas from anaerobic and aerobic sections, and uses the process of alkali spraying + biofiltration + water washing. In 2024, the environmental protection exhaust gas treatment facilities operated well, and were overhauled in time according to the overhaul plan. The daily average exhaust gas indicator did not exceed the standard, and the exhaust gas was discharged up to the standard after treatment.

Industrial wastewater is collected by a catchment well with large particles removed by grids and fibres in the wastewater recovered by inclined mesh, and then flow into the settling tank for preliminary settling and cooling in free-flowing. When the water temperature reaches 38°C, the water is pumped into a high-concentration primary settling tank and a low-concentration primary settling tank. After the pre-acidification treatment, organic matter which can be easily decomposed from the polymer decomposed through a hydrolysis acidification tank. In the biochemical process, the biogas produced is recovered for power generation, and the biochemical water enters into the anaerobic section, and gets into aeration and other aerobic systems with cooled low-concentration water. A stable COD value is achieved through the aerobic system. In order to better treat the water, the aerobic water enters into the in-depth treatment system, and is treated up to the standard through the processes such as Fenton treatment, settling tank treatment, inclined plate settling, and flocculation settling. In the process of wastewater treatment, the suspended matter in the water body is removed from the sludge produced which is treated by the processes such as plate and frame filtering and belt machine desliming, which meets the requirements of Table II of GB3544. A reclaimed water recycling device is in place to recycle some water which meets the requirements.

VII Environmental and Social Responsibility

I. Major environmental protection matters *(Continued)*

Treatment of pollutants *(Continued)*

4. Jilin Chenming Paper Co., Ltd.

Its own power plant uses low-temperature combustion, staged combustion and SCR denitrification outside the furnace, and uses bag filter for flue gas dust removal, and uses wet desulfurization process of limestone inside the furnace + limestone-gypsum outside the furnace, and the discharge is up to the standard.

The sewage station uses the treatment process of anaerobic (IC reactor) + aerobic (jet aeration) + in-depth treatment (Fenton advanced oxidation) with wastewater being discharged to local wastewater treatment plant, and the discharge is up to the standard.

5. Zhanjiang Chenming Pulp and Paper Co., Ltd.

The thermal power plant of Zhanjiang Chenming Pulp and Paper Co., Ltd. has three circulating fluidised bed boilers of 280t/h and one circulating fluidised bed boiler of 400t/h. In particular, the three boilers of 280t/h are equipped with SNGR denitrification and external wet (cement-plaster) desulphurisation system. The boiler of 400t/h is equipped with SNCR+SCR in combination denitrification, external wet desulphurisation and wet electrostatic dust removal system.

The company has constructed wastewater treatment station in two phases. Among which, the capacity of phase I wastewater treatment station is 86,000 m³/d (applies “primary settling tower + conditioning tower + selective aeration tank + Fenton oxidation tank + clarifier” treatment), while that of phase II wastewater treatment station is 30,000 m³/d (applies “first-class sedimentation pre-treatment + second-class biological treatment + third-class Fenton oxidation deep treatment”).

6. Huanggang Chenming Pulp & Paper Co., Ltd.

The alkali furnace uses polymer denitration outside the furnace + electrostatic dust removal and alkaline melt from the process able to absorb sulphur dioxide, and the discharge is up to the standard. The lime kiln uses limestone to fix sulphur and five electrostatic precipitators to remove dust, and the discharge is up to the standard.

The sewage treatment uses physical settling + aerobic biochemical treatment + Fenton in-depth treatment process, and the discharge is up to the standard.

Environmental self-monitoring programme

The Company has strictly complied with self-monitoring laws and regulations, and conducted self-monitoring in accordance with the environmental protection requirements to establish and perfect the corporate environmental management ledgers and materials. At present, self-monitoring is a combination of manual monitoring and automatic monitoring. At the same time, qualified units are engaged to conduct regular monitoring. Automatically monitored items include: total wastewater discharge (COD, ammonia nitrogen, flow rate, total phosphorus, total nitrogen and pH); power plant, alkali recovery boilers and lime kiln exhaust emissions (sulphur dioxide, nitrogen oxide and particulates). Manually monitored items include: daily monitoring of COD, ammonia nitrogen, SS, chroma, pH, total phosphorus and total nitrogen indicators. Sewage and other monitoring items, unorganised exhaust emission, solid waste and noise at the plant boundary are monitored on a monthly or quarterly basis by qualified units engaged in accordance with the local environmental protection requirements in relation to each subsidiary.

The self-monitoring data and environmental monitoring programmes for pollutants discharge of various subsidiaries are published on the national key pollution source information disclosure website and the provincial key pollution source information disclosure websites.

VII Environmental and Social Responsibility

I. Major environmental protection matters *(Continued)*

Emergency plan for emergency environmental incidents

The Company has strictly implemented emergency regulations for emergency environmental incidents, and formulated various emergency plans for emergency environmental incidents according to the technical requirements in the “Technical Guidelines for Emergency Environmental Pollution Accidents”. The plans are reviewed by and filed with the Environmental Protection Bureau, and regular emergency training and emergency drills are conducted. Emergency measures in relation to dangerous chemicals are formulated in accordance with the environmental protection requirements. At the same time, necessary emergency supplies are provided with regular inspections and updates.

Investment in environmental governance and protection and payment of environmental protection tax

The Company has always adhered to the concept of “green development, ecological Chenming”, and clung to the development model of “clean production” and resource recycling. A green ecology is incorporated in the whole process of production and operation. The Company has invested more than RMB8 billion in total to construct the pollution treatment facilities including the alkali recovery system, reclaimed water treatment system, reclaimed water reuse system, white water recovery system and black liquor comprehensive utilisation system. The environmental protection indicators rank high in China. During the reporting period, the Company paid environmental protection tax according to law. The Company’s environmental protection tax mainly results from atmospheric pollutants. According to the Environmental Protection Tax Law of People’s Republic of China and its implementation rules, the pollutants shall be calculated according to the automatic monitoring data of pollutants if automatic pollutant monitoring equipment which complies with national provisions and monitoring standards is installed and used. Taxable atmospheric pollutants are determined according to the pollution equivalent quantity converted from the amount of pollutant discharge. The taxable atmospheric pollutants discharged from each outlet, or where there is no outlet, are to be ranked in decreasing order of pollution equivalent quantity, and environmental taxes are to be levied on the top three pollutants. In 2024, the Company paid environmental protection tax amounting to RMB13.2229 million.

Measures taken to reduce its carbon emissions during the reporting period and their effectiveness

Applicable Not applicable

1. The Group strengthened energy management, and compared and analysed the consumption of coal and electricity etc. on a daily basis with strict control.
2. The Group implemented the conversion of old and new energy sources, eliminated high energy-consuming equipment, replaced high-efficiency inverter and energy-saving motors, and reduced energy consumption.
3. According to the zero position of the air cover of the paper machine dryer, the Group reduced the frequency of the fan appropriately to improve the drying efficiency by raising the zero position and save electricity consumption.
4. For moisture content of screening unit and squeezing unit of paper machine, the Group reduced out of the press moisture and the amount of steam used of drying unit by adjusting the lip plate flow rate, retention rate and line pressure and other measures.
5. The Group strengthened daily energy-saving management by developing a system for temperature of air conditioning and switching on and off of various power supplies, with tracking and inspection.
6. The Group vigorously developed clean energy and energy recycling projects to reduce carbon emissions.
7. The Group carried out energy saving and emission reduction at different factories, so that the amount of clean water was under strict control, the amount of water produced by membrane treatment was increased and the amount of wastewater recycled was increased.

VII Environmental and Social Responsibility

I. Major environmental protection matters *(Continued)*

Administrative penalties for environmental problems during the reporting period

Name of company or subsidiary	Reasons for penalty	Violations	Penalty results	Impact on the production and operation of the listed company	Corrective measures of the company
Jiangxi Chenming	Violation of the requirement of paragraph 1 of Article 37 of the Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China "Where an entity that produces industrial solid wastes commissions another person to transport, utilise, or treat the industrial solid wastes, it shall verify the eligibility and technical capabilities of the commissioned party, sign a written contract as legally required, and stipulate the requirements for pollution prevention and control in the contract".	The general industrial solid waste and sludge treating entity commissioned by Jiangxi Chenming did not have the eligibility and technical capabilities for treatment. It was alleged that Jiangxi Chenming failed to fulfil its verification obligation in breach of the requirement to commission another person to transport, utilise, or treat the industrial solid wastes.	An administrative penalty of RMB800,000 was imposed on Jiangxi Chenming by Nanchang Ecological Environment Bureau.	Jiangxi Chenming had completed the rectification and paid the penalty on time. There was no material adverse impact on the listed company.	The general industrial solid waste and sludge treating entity was promptly replaced. An entity with qualifications and technical strengths for treating general industrial solid waste and sludge was selected for cooperation. Specialised personnel were regularly assigned to verify the treatment on site.

Other environmental information to be disclosed

The relevant environmental protection information of the pollutant discharge permit information and the pollutant discharge permit requirements is announced on the national sewage discharge permit management information platform.

Other environmental protection related information

Other environmental protection related information is announced on the Company's website.

II. Social responsibility

Adhering to the corporate mission of "creating values and contributing to the society", the Company stayed true to original aspiration and strived to its missions, proactively assumed its social responsibilities, and paid attention to the creation of social value while pursuing economic benefits. For details, please refer to the 2024 Environmental, Social and Governance Report of Shandong Chenming Paper Holdings Limited published by the Company on CNINFO on 1 April 2025.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalisation

Not applicable

VIII Material Matters

I. Performance of undertakings

1. Undertakings made by parties involved in undertakings including the Company's beneficial controllers, shareholders, related parties, bidders and the Company during the reporting period or prior periods but subsisting to the end of the reporting period

√ Applicable Not applicable

Undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Undertaking date	Term	Particulars on the performance
Undertaking made on initial public offering or refinancing	Chenming Holdings Company Limited	Non-competitive undertaking	(1) Chenming Holdings Co., Ltd. ("Chenming Holdings") shall not engage, whether solely, jointly, or by representing itself or any other persons or companies, and shall not procure its associates (as defined in The Listing Rules of Hong Kong Stock Exchange) to engage, in any business which competes with the business of the Company and its subsidiaries ("Chenming Group" or "we") directly or indirectly, in any country and region which our business exists (or any part of the world if in any form of electronics business), or in any business that directly or indirectly competes with Chenming Group's business which we operate from time to time (including but not limited to any business in the form of sole proprietorship, joint ventures or acquisitions, or holding interests directly or indirectly in such enterprises, or by any other means); (2) in the event that Chenming Holdings is required by its business to, whether solely, jointly, or by representing itself or any other persons or companies, engage in business which directly or indirectly competes against the business of Chenming Group, or obtain any business opportunity which directly or indirectly competes against the business of Chenming Group, it shall endeavour to procure that Chenming Group shall have priority to obtain the right to operate such business or to obtain such business opportunity; (3) if Chenming Holdings is in breach of the abovementioned undertakings, it shall indemnify the Company for any loss caused by such breach and the Company shall have the right to acquire all businesses of Chenming Holdings, which directly or indirectly compete with the businesses of our Group, at market price or cost price (whichever price is lower); (4) Chenming Holdings shall not make use of its position as the controlling shareholder (as defined in The Listing Rules of Hong Kong Stock Exchange) of our Group to jeopardise the legal interests of Chenming Group and its shareholders with other persons or companies or on their behalf.	22 May 2008	During the period when Chenming Holdings was the major shareholder of the Company	Implementing as normal

VIII Material Matters

I. Performance of undertakings (Continued)

1. Undertakings made by parties involved in undertakings including the Company's beneficial controllers, shareholders, related parties, bidders and the Company during the reporting period or prior periods but subsisting to the end of the reporting period (Continued)

Undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Undertaking date	Term	Particulars on the performance
	Chenming Holdings Company Limited	Defective properties	(1) According to the plan on defective properties of the Company, Chenming Holdings Co., Ltd. ("Chenming Holdings") has guaranteed and undertaken that: according to the application of the Company, for defective property(ies) owned by the Company and its holding subsidiary company which situated in the administrative area of Shouguang city, Chenming Holdings will purchase it (them) and have it (them) being transferred to itself pursuant to the law in accordance with the result of the related asset valuation if the Company decides to transfer and dispose of it (them) and there is no other transferee; (2) before the Company transfers and disposes of the defective properties pursuant to the law, if the Company suffers any economic losses due to the defects of the title (including but not limited to damages, penalties and relocation costs), Chenming Holdings will bear such economic losses; (3) during the regulatory process taken to the defective properties of buildings and land of subsidiaries of the Company situated outside the local areas (outside the administrative area of Shouguang city), the economic losses such as penalties or relocation costs imposed by competent administrative authorities to be borne by the subsidiaries arising from defects of insufficient title documents shall be paid pursuant to the law by Chenming Holdings after verification.	16 January 2008	During the period when Chenming Holdings was the major shareholder of the Company	Implementing as normal
	Whether undertakings performed on time		Yes			
	If the undertakings are not performed within specified period, details of the specific reasons for the incomplete performance and the next steps should be provided		N/A			

2. Description on the Company's assets and items in meeting original profit forecast and its explanation as there is profit forecast for assets and items of the Company and the reporting period is still within the profit forecast period

Applicable Not applicable

VIII Material Matters

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. Opinions of the Board regarding the “modified auditor’s report” for the latest period

Applicable Not applicable

V. Opinions of the Board, the Supervisory Committee and independent directors (if any) regarding the “modified auditor’s report” for the reporting period issued by the accountants

Applicable Not applicable

(I) Opinions of the Board regarding the “modified auditor’s report” for the reporting period issued by the accountants

The Board of the Company is of the view that the auditor’s report with qualified opinion issued by the accountants has objectively and fairly reflected the financial position and operating results of the Company in 2024. The operating and financial difficulties faced by the Company are caused by the combined effects of various factors, including changes in industry and market condition, large preliminary debts, tight liquidity and others. Attaching great importance to such matters, the Board will urge the management to further arrange and optimise relevant responsive plans, diligently facilitate specific measures in eliminating relevant matters and their impacts, and timely perform its obligations on information disclosure based on the progress of relevant matters, so as to actively protect the legitimate rights of the Company and all shareholders.

The management of the Company has taken plans and measures to improve the Company’s ability to continue as a going concern and its operations. The relevant plans and measures are set out in IV. Basis of Preparation of the Financial Statements of section XII Financial Report.

(II) Opinions of the Supervisory Committee regarding the “modified auditor’s report” for the reporting period issued by the accountants

1. Grant Thornton (Special General Partnership) has issued the auditor’s report with qualified opinion for the 2024 financial statements of the Company. We respect the professional judgments made by the auditor. The Supervisory Committee of the Company has no disagreement on auditor’s opinions.
2. The Supervisory Committee agrees with the Opinions of the Board regarding the “modified auditor’s report” for the reporting period issued by the accountants. It will continue to urge the Board and the management of the Company to implement effective measures in solving matters regarding the qualified opinion, eliminate the negative impacts of such matters on the Company, and timely perform its obligations on information disclosure, so as to protect the legitimate rights of the Company and all shareholders.

VIII Material Matters

VI. Changes in accounting policies, accounting estimates or correction of major accounting errors as compared to the financial report for the prior year

Applicable Not applicable

(1) Changes in significant accounting policies

① Interpretation No. 17 of Accounting Standards for Business Enterprises

In November 2023, the Ministry of Finance issued the Interpretation No. 17 of Accounting Standards for Business Enterprises (Cai Kuai [2023] No. 21) (the "Interpretation No. 17").

Classification of current and non-current liabilities

According to the Interpretation No. 17, for a liability arising from an entity's loan arrangement, an entity's right to defer settlement of the liability to more than one year after the balance sheet date may be subject to the entity complying with conditions specified in that loan arrangement (hereinafter referred to as the "covenants"). If the entity is required to comply with a covenant on or before the balance sheet date, even if compliance with the covenant is assessed only after the balance sheet date (for example, a covenant based on the entity's financial position on the balance sheet date but assessed for compliance only after the balance sheet date), such a covenant affects whether that right exists on the balance sheet date, and in turn affects the classification of the liability as current or non-current on the balance sheet date. If an entity is required to comply with a covenant after the balance sheet date (for example, a covenant based on the entity's financial position six months after the balance sheet date), such a covenant does not affect whether that right exists on the balance sheet date, and is not related to the classification of the liability as current or non-current on the balance sheet date.

In circumstances where a term of a liability result in its settlement by the transfer of the entity's own equity instruments at the option of the counterparty, if the entity classifies the option as an equity instrument in accordance with the requirements under the standards, recognising it separately as an equity component of a compound financial instrument, such a term does not affect the classification of the liability as current or non-current.

The Company has adopted the Interpretation No. 17 since 1 January 2024, and the adoption of which does not have significant impact on the financial position and operating results of the Company in a comparable period.

(2) Changes in significant accounting estimates

There was no changes in significant accounting estimates of the Company during the year.

VII. Reason for changes in scope of the consolidated financial statements as compared to the financial report for the prior year

Applicable Not applicable

During the year, 2 subsidiaries were newly established, namely Shandong Chenming Industrial Trading Co., Ltd. and Hubei Chenming Technology Industrial Co., Ltd.; and 2 subsidiaries were deregistered, namely Chenming International Co., Ltd. and Guangzhou Chenming Commercial Factoring Co., Ltd. 1 subsidiary was disposed of, namely Kunshan Tuoan Plastic Products Co., Ltd.

VIII Material Matters

VIII. Engagement or dismissal of accounting firms

Current accounting firm engaged

Name of the domestic accounting firm	Grant Thornton (Special General Partnership)
Remuneration of the domestic accounting firm (RMB'0,000)	390
Continued term of service of the domestic accounting firm	6
Name of certified public accountants of the domestic accounting firm	Jiang Tao and Guo Dongmei
Continued term of service of certified public accountants of the domestic accounting firm	2

Whether to appoint another accounting firm during the period

Yes No

Particulars on recruitment of accounting firms, financial consultants or sponsors for internal control and auditing purposes

Applicable Not applicable

During the year, the Company engaged Grant Thornton (Special General Partnership) as the auditor for internal control of the Company for 2024. The Company paid RMB1.10 million as internal control audit fees for prior year during the reporting period.

IX. Prospects of withdrawal from listing subsequent to the publication of the annual report

Applicable Not applicable

X. Matters related to bankruptcy and reorganisation

Applicable Not applicable

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

VIII Material Matters

XI. Material litigation and arbitration

√ Applicable □ Not applicable

General information on the litigation (arbitration)	Amount involved	Whether provisions are made	Progress	Trial results and impact	Enforcement of judgment	Date of disclosure	Disclosure index
Statutory demand and winding-up petition	HK\$389,112,432.44	No	On 10 August 2023, the Hong Kong Court of First Instance handed down its judgment on the application made by the Company for the dismissal or adjournment of the winding-up petition and ruled that the winding-up petition was stayed. On 31 October 2023, Arjowiggins HKK2 Limited ("HKK2") appealed against the judgment of the Hong Kong Court of First Instance on staying the winding-up petition. On 21 March 2024, The Hong Kong Court of Appeal heard the appeal made by HKK2.	On 23 April 2024, the Company received the judgment made by the Hong Kong Court of Appeal ruling to dismiss the appeal made by HKK2.	N/A	26 April 2024 25 April 2024	http://www.cninfo.com.cn (Announcement no. 2024-031) http://www.hkex.com.hk
Summary of matters not subject to disclosure as material litigation (arbitration) in which Chenming Leasing is the plaintiff	RMB566.8613 million	No	Judgment was made.	For resolved litigations, the court ordered relevant defendant and guarantor to settle outstanding loans to the Company, in line with the request of the Company and would not have any significant impact on the operations and financial position of the Company.	The amount involved in the resolved and executed cases was RMB87.66 million, and other cases are in the progress of execution.	N/A	N/A
Summary of matters not subject to disclosure as material litigation (arbitration) in which Chenming Leasing is the defendant	RMB1.30 million	No	Judgment was made.	The case was closed, having no significant impact on the operations and financial position of the Company.	Enforcement of the judgment was executed.	N/A	N/A
Summary of matters not subject to disclosure as material litigation (arbitration) in which the Company and other subsidiaries of the Company are the plaintiff	RMB469.8267 million	No	The amount involved in ongoing cases was RMB63.5872 million; the amount involved in resolved cases was RMB406.2395 million.	The cases had no significant impact on the operations and financial position of the Company.	The amount involved in the resolved and executed cases was RMB6.4931 million, and other cases are in the progress of execution.	N/A	N/A

VIII Material Matters

XI. Material litigation and arbitration (Continued)

General information on the litigation (arbitration)	Amount involved	Whether provisions are made		Trial results and impact	Enforcement of judgment	Date of disclosure	Disclosure index
		Progress					
Summary of matters not subject to disclosure as material litigation (arbitration) in which the Company and other subsidiaries of the Company are the defendant	RMB700.5489 million	Provision of RMB5.9350 million	The amount involved in ongoing cases was RMB667.8953 million; the amount involved in resolved cases was RMB32.6536 million.	The cases had no significant impact on the operations and financial position of the Company.	All the resolved cases were executed.	N/A	N/A

XII. Punishment and rectification

Applicable Not applicable

Name	Type	Reason	Type of inspection and punishment	Conclusion (if any)	Date of disclosure	Disclosure index
Zhanjiang Chenming	Subsidiary	On 29 June 2023, a mechanical injury accident occurred in Papermaking Plant No. 1 of Zhanjiang Chenming, causing the death of an employee. On the ground that Zhanjiang Chenming's failure in establishing and implementing the double prevention mechanism on safety risk classification management and potential hazard inspection and management, supervising and inspecting safety production works of unit, eliminating potential hazard of safety production incident in a timely manner, and arranging and initiating hazard source identification and evaluation; Zhanjiang Chenming's unreasonable labour allocation in production workshop; and Zhanjiang Chenming had insufficient safety investments and lack of maintenance and management of equipment safety facilities, as well as in view of other failures, Emergency Management Bureau of Mazhang District of Zhanjiang ruled out that Zhanjiang Chenming had violated relevant regulations under the Production Safety Law of the People's Republic of China.	General administrative punishment	On 19 August 2024, Emergency Management Bureau of Mazhang District of Zhanjiang issued the Decision for Administrative Penalty (Zhan Ma Emergency Penalty [2024] No. 16) and imposed penalty of RMB400,000 on Zhanjiang Chenming. Zhanjiang Chenming rectified its current safety production management and the identified potential safety hazards, and paid the aforementioned penalty.	N/A	N/A

Rectification

Applicable Not applicable

VIII Material Matters

XII. Punishment and rectification (Continued)

Focusing on the problems discovered in the incident and learning from the lesson of the incident, Zhanjiang Chenming has strictly implemented safety production accountability measures in order to prevent the re-occurrence of similar incident in the future. Specific measures are as follow:

1. Comprehensively implement safety accountability system at different levels, formulate detailed list of safety production responsibility, expand the coverage of the list of safety production responsibility from major person-in-charge to employees at all levels, enhance on-site safety production management, diligently implement on-site production protection measures and position safety production management system, and strengthen risk identification and control.
2. Further promote the concept of safety development, implement in-person deployment and supervision by major person-in-charge, deepen frontline supervision and inspection, and duly focus on safety works in details.
3. Further enhance safety trainings, conduct in-depth safety production training and programme, strictly implement the 3-level programme for new employees, prohibit employees from taking part in operations without passing safety trainings, conduct trainings on rules and systems, procedures for safety operation at different positions and other key aspects, and continuously improve the safety awareness and safety operation level of employees.
4. Thoroughly inspect and rectify potential safety hazards, focus on the inspection on the occurrence of the “three violations” in respect of command, operation and labour discipline, and seriously handle any violations regarding potential hazards identified during inspection in accordance with the systems.

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

Applicable Not applicable

XIV. 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	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
							as the amount of similar transactions						
Weifang Port Wood Chip Wharf Co., Ltd.	Joint venture	Labour services	Port miscellaneous fees	Market price	Market price	8,620.39	11.52%	11,000.00	No	Bank acceptance and telegraphic transfer	N/A	29 March 2024	http://www.cninfo.com.cn
Total				-	-	8,620.39	-	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									

VIII Material Matters

XIV. Significant related party transactions (Continued)

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.

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	1,042.72			6.00%	63.61	1,106.33
Weifang Port Wood Chip Wharf Co., Ltd.	Joint venture	Financial support	No	7,555.47	3,500.00	3,500.00	6.00%	384.3	7,939.77
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	Associate	Financial support	No	22,725.27			4.75%	1,084.07	23,809.34
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.							

VIII Material Matters

XIV. Significant related party transactions (Continued)

4. Related creditors' rights and debts transactions (Continued)

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	13,561.29	29,251.00	39,356.72	Market interest rate	394.43	3,850.00
Guangdong Nanyue Bank Co., Ltd.	Associate	Borrowing	206,906.00	85,789.00	206,906.00	Market interest rate	882.91	85,789.00
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 and confidence in the future development of the Company, and helped the Company promote project construction and satisfy its needs for working capital.						

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.

XIV. Significant related party transactions

1. Custody, contracting and leasing

(1) Custody

Applicable Not applicable

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

VIII Material Matters

XIV. Significant related party transactions (Continued)

1. Custody, contracting and leasing (Continued)

(2) Contracting

Applicable Not applicable

Contracting description

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

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

Applicable Not applicable

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

(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	2024
Low-value leases	7,529,440.55
Total	7,529,440.55

VIII Material Matters

XIV. Significant related party transactions (Continued)

1. Custody, contracting and leasing (Continued)

(3) Leasing (Continued)

Leasing description: (Continued)

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	2024
Lease income	173,983,222.36

- 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	2024.12.31
Within 1 year after the balance sheet date	152,207,821.18
1 to 2 years after the balance sheet date	159,924,290.10
2 to 3 years after the balance sheet date	157,974,084.34
3 to 4 years after the balance sheet date	160,776,701.99
4 to 5 years after the balance sheet date	158,478,080.32
More than 5 years after the balance sheet date	155,500,794.16
Total	944,861,772.09

Items that bring profit or loss of more than 10% of the total profit of the Company 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.

VIII Material Matters

XIV. Significant related party transactions (Continued)

2. Significant guarantees

√ Applicable □ Not applicable

(1) Guarantees

During the reporting period, the Company provided guarantee to subsidiaries and the guarantee amount incurred was RMB11,890.382 million. As at 31 December 2024, the balance of the external guarantee provided by the Company (including the guarantee to its subsidiaries by the Company and the guarantee provided to subsidiaries by subsidiaries) amounted to RMB19,777.8493 million, representing 216.01% of the equity attributable to shareholders of the Company in 2024.

Unit: RMB'0,000

Name of obligee	Date of the related announcement disclosing the guarantee amount	External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)							Guarantee to related parties or not	
		Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Term		Fulfilled or not
Weifang Port Wood Chip Wharf Co., Ltd.	24 July 2017	17,500.00	20 December 2017	7,840.00	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	7 December 2022	45,000.00	Pledge	100% equity interest in Shanghai Chongmin	80% equity interest in Taixing Port held by Shanghai Huahao	3 years	No	No
Total external guarantees approved during the reporting period (A1)		16,000.00					Total actual external guarantees during the reporting period (A2)			16,000.00
Total external guarantees approved at the end of the reporting period (A3)		92,758.19					Balance of total actual guarantees at the end of the reporting period (A4)			82,398.19

VIII Material Matters

XIV. Significant related party transactions (Continued)

2. Significant guarantees (Continued)

(1) Guarantees (Continued)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantees between subsidiaries				Term	Fulfilled or not	Guarantee to related parties or not
				Guarantee provided	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)			
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2016	27,500.00	14 March 2016	27,500.00	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	24,154.03	17 June 2022	24,154.03	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2023	111,507.23	2 June 2023	111,507.23	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	28 March 2024	1,070,000.00	29 April 2024	327,117.44	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Meilun Paper Co., Ltd.	28 March 2020	39,942.33	9 September 2021	39,942.33	Joint and several liability guarantee	Nil	Nil	5 years	No	No
Shouguang Meilun Paper Co., Ltd.	30 March 2022	42,223.86	24 May 2022	42,223.86	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Shouguang Meilun Paper Co., Ltd.	30 March 2023	87,817.12	9 June 2023	87,817.12	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Meilun Paper Co., Ltd.	28 March 2024	500,000.00	27 May 2024	161,782.35	Joint and several liability guarantee	Nil	Nil	1 year	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	5 years	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2022	7,441.67	1 April 2023	7,441.67	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2023	15,533.49	8 September 2023	15,533.49	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Jiangxi Chenming Paper Co., Ltd.	28 March 2024	430,000.00	31 May 2024	162,459.97	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2016	76,364.00	16 December 2019	76,364.00	Joint and several liability guarantee	Nil	Nil	12 years	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2022	22,274.86	20 May 2022	22,274.86	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2023	35,466.97	12 July 2023	35,466.97	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	28 March 2024	350,000.00	20 May 2024	37,499.50	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Paper Technology Co., Ltd.	28 March 2024	470,000.00		-	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Paper Technology Co., Ltd.	8 November 2024	-160,000.00		-	Joint and several liability guarantee	Nil	Nil	1 year	No	No

VIII Material Matters

XIV. Significant related party transactions (Continued)

2. Significant guarantees (Continued)

(1) Guarantees (Continued)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantees between subsidiaries			Counter-guarantee (if any)	Term	Fulfilled or not	Guarantee to related parties or not
				Guarantee provided	Type of guarantee	Collateral (if any)				
Chenming (HK) Limited	28 March 2024	200,000.00	17 June 2024	25,362.07	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Zhanjiang Chenming Arboriculture Development Co., Ltd.	28 March 2024	30,000.00	29 March 2024	4,416.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Paper Co., Ltd.	30 March 2023	18,422.60	15 December 2023	18,422.60	Joint and several liability guarantee	Nil	Nil	2 years	No	No
Jilin Chenming Paper Co., Ltd.	28 March 2024	130,000.00	19 June 2024	37,249.81	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Art Paper Co., Ltd.	28 March 2024	20,000.00	-	-	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Chenming (Singapore) Co., Ltd.	28 March 2024	50,000.00	-	-	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Sales Co., Ltd.	30 March 2023	19,000.00	14 August 2023	19,000.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Sales Co., Ltd.	28 March 2024	350,000.00	23 May 2024	154,282.19	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Sales Co., Ltd.	8 November 2024	160,000.00	-	-	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shanghai Hongtai Property Management Co., Ltd.	19 April 2023	250,000.00	9 June 2023	200,454.55	Joint and several liability guarantee	Nil	Nil	10 years	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	30 March 2022	925.00	13 February 2023	925.00	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	30 March 2023	441.19	21 November 2023	441.19	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	28 March 2024	100,000.00	4 June 2024	60,170.04	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	19 June 2024	-10,000.00	-	-	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shanghai Heruiming Property Management Co., Ltd.	19 June 2024	10,000.00	27 June 2024	7,998.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Pulp & Fiber Trading Co., Ltd.	30 March 2023	2,000.00	13 November 2023	2,000.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Pulp & Fiber Trading Co., Ltd.	28 March 2024	30,000.00	24 September 2024	2,000.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Import and Export Trade Co., Ltd.	28 March 2024	100,000.00	25 August 2024	41,999.30	Joint and several liability guarantee	Nil	Nil	1 year	No	No

VIII Material Matters

XIV. Significant related party transactions (Continued)

2. Significant guarantees (Continued)

(1) Guarantees (Continued)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantees between subsidiaries				Term	Fulfilled or not	Guarantee to related parties or not
				Guarantee provided	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)			
Hainan Chenming Technology Co., Ltd.	30 March 2023	5,000.00	2 February 2024	5,000.00	Joint and several liability guarantee	No	No	1 year	No	No
Hainan Chenming Technology Co., Ltd.	28 March 2024	120,000.00	10 April 2024	29,400.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Chenming (Overseas) Co., Ltd.	28 March 2024	30,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Nanchang Chenming Arboriculture Development Co., Ltd.	28 March 2024	10,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Papermaking Machine Co., Ltd.	30 March 2023	5,000.00		997.97	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Papermaking Machine Co., Ltd.	28 March 2024	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Hongxiang Printing and Packaging Co., Ltd.	30 March 2023	5,000.00		985.66	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Hongxiang Printing and Packaging Co., Ltd.	28 March 2024	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Hongyi Decorative Packaging Co., Ltd.	28 March 2024	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Modern Logistic Co., Ltd.	28 March 2024	5,000.00			Joint and several liability guarantee	Nil	Nil	1 year	No	No
Foshan Chenming Import and Export Trade Co., Ltd.	28 March 2024	50,000.00	29 September 2024	500.00	Joint and several liability guarantee	Nil	Nil	1 year	No	No
Shanghai Hongtai Property Management Co., Ltd.	28 March 2024	10,000.00			Joint and several liability guarantee	Nil	Nil	Nil	No	No
Total amount of guarantee provided for subsidiaries approved during the reporting period (B1)		4,070,000.00			Total amount of guarantee provided for subsidiaries during the reporting period (B2)					1,189,038.20
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (B3)		4,970,711.90			Total balance of guarantee provided for subsidiaries as at the end of the reporting period (B4)					1,895,386.74

VIII Material Matters

XIV. Significant related party transactions (Continued)

2. Significant guarantees (Continued)

(1) Guarantees (Continued)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantees between subsidiaries				Term	Fulfilled or not	Guarantee to related parties or not
				Guarantee provided	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)			
Shouguang Meilun Paper Co., Ltd.	28 March 2024	60,000.00		Joint and several liability guarantee	Nil	Nil	1 year	No	No	
Huanggang Chenming Pulp & Paper Co., Ltd.	28 March 2024	20,000.00		Joint and several liability guarantee	Nil	Nil	1 year	No	No	
Shouguang Meilun Paper Co., Ltd.	28 March 2024	20,000.00		Joint and several liability guarantee	Nil	Nil	1 year	No	No	
Zhanjiang Chenming Pulp & Paper Co., Ltd.	28 March 2024	30,000.00		Joint and several liability guarantee	Nil	Nil	1 year	No	No	
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	30 September 2024	70,000.00		Joint and several liability guarantee	Nil	Nil	5 years	No	No	
Total amount of guarantee provided for subsidiaries approved during the reporting period (C1)		200,000.00		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)		200,000.00		Total balance of guarantee provided for subsidiaries as at the end of the reporting period (C4)					-	
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)		4,286,000.00		Total amount of guarantee during the reporting period (A2+B2+C2)					1,205,038.20	
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)		5,263,470.09		Total balance of guarantee as at the end of the reporting period (A4+B4+C4)					1,977,784.93	
The percentage of total amount of guarantee provided (i.e. A4+B4+C4) to the net assets of the Company									216.01%	
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)									767,286.58	
Total amount of guarantee provided in excess of 50% of net assets (F)									1,519,979.71	
Sum of the above three amount of guarantee (D+E+F)									2,287,266.29	
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	

VIII Material Matters

XIV. Significant related party transactions *(Continued)*

3. Entrusted cash and asset management

(1) Entrusted wealth management

Applicable Not applicable

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

(2) Entrusted loans

Applicable Not applicable

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

4. Other material contracts

Applicable Not applicable

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

XVI. Other matters of significance

Applicable Not applicable

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

In recent years, the contradiction between supply and demand in the short term has been prominent due to the concentration of newly-added production capacity in the paper industry. The prices of the Company's major paper products, in particular the price of white cardboard, have declined significantly under the influence of the supply-demand contradiction. Subsequently, the profit level of the Company has been continuously decreasing, and has even turned from profits into losses; coupled with the situation where some financial institutions have downsized the loan scale, the Company and some of its subsidiaries have, during certain phases, faced issues of failing to repay some debts as scheduled. In response, some creditors have filed lawsuits against these debts in the court and simultaneously applied for property preservation, and the court has made a ruling to freeze some of the bank accounts of the Company and its subsidiaries. Since November, certain production lines in Shouguang base and Zhanjiang base, Jiangxi base and Jilin bases were shut down for maintenance. As at the end of the reporting period, the Company and its subsidiaries had a cumulative of 210 bank accounts frozen. The cumulative frozen amount of the frozen bank accounts amounted to RMB44.1583 million (excluding deposits).

For details, please refer to the relevant announcements disclosed by the Company on CNINFO on 20 November 2024 and 21 December 2024 (announcement number: 2024-073 and 2024-079) and the announcements disclosed by the Company on the website of Hong Kong Stock Exchange on 19 November 2024 and 20 December 2024.

VIII Material Matters

XVI. Other matters of significance *(Continued)*

2. Information disclosure index for 2024 Annual Report

Announcement no.	Subject matter	Date of publication	Publication website and index
2024-001	Announcement on Pledge and Continued Pledge of Shares of Shareholder	19 January 2024	http://www.cninfo.com.cn
2024-002	Announcement on Pledge of Shares of Shareholder	26 January 2024	http://www.cninfo.com.cn
2024-003	2023 Annual Results Forecast	31 January 2024	http://www.cninfo.com.cn
2024-004	Announcement on Pledge of Shares of Shareholder	8 February 2024	http://www.cninfo.com.cn
2024-005	Announcement on Adjustment to Amount of Guarantee Between Subsidiaries	22 February 2024	http://www.cninfo.com.cn
2024-006	Announcement on Release of Pledge of Shares of Shareholder	13 March 2024	http://www.cninfo.com.cn
2024-007	Announcement on Resolution of the Fourteenth Extraordinary Meeting of the Tenth Session of the Board of Directors	23 March 2024	http://www.cninfo.com.cn
2024-008	Announcement on Equity Transfer of Subsidiary and Related Party Transaction	23 March 2024	http://www.cninfo.com.cn
2024-009	Announcement on Resolutions of the Eighth Meeting of the Tenth Session of the Board of Directors	29 March 2024	http://www.cninfo.com.cn
2024-010	Announcement on Resolutions of the Eighth Meeting of the Tenth Session of the Supervisory Committee	29 March 2024	http://www.cninfo.com.cn
2024-011	Notice of 2023 Annual General Meeting	29 March 2024	http://www.cninfo.com.cn
2024-012	Special Statement on Securities Investment in 2023	29 March 2024	http://www.cninfo.com.cn
2024-013	Announcement on Re-appointment of Auditor for 2024	29 March 2024	http://www.cninfo.com.cn
2024-014	Announcement on Development of Equipment Financing Business	29 March 2024	http://www.cninfo.com.cn
2024-015	Announcement on Carrying out Factoring Business of Accounts Receivable	29 March 2024	http://www.cninfo.com.cn
2024-016	Announcement on Expected Provision of Guarantees to Subsidiaries for 2024	29 March 2024	http://www.cninfo.com.cn
2024-017	Announcement on Proposed Non-distribution of Profit for 2023	29 March 2024	http://www.cninfo.com.cn
2024-018	Announcement on Amendment to Related Governance Systems of the Company	29 March 2024	http://www.cninfo.com.cn
2024-019	Announcement on Receipt of Financial Support and Related Party Transaction	29 March 2024	http://www.cninfo.com.cn
2024-020	Announcement on Estimated Day-to-day Related Party Transactions for 2024	29 March 2024	http://www.cninfo.com.cn
2024-021	Announcement on Appointment of Securities Affairs Representatives	29 March 2024	http://www.cninfo.com.cn
2024-022	Announcement on Provision of External Guarantee	29 March 2024	http://www.cninfo.com.cn
2024-023	Announcement on Proposed Issue of Corporate Bonds Overseas and Provision of Guarantee	29 March 2024	http://www.cninfo.com.cn
2024-024	2023 Annual Report Summary	29 March 2024	http://www.cninfo.com.cn
2024-025	Announcement on Reduction of Registered Capital of Wholly-owned Subsidiary	29 March 2024	http://www.cninfo.com.cn
2024-026	Announcement on the 2023 Annual Online Performance Briefing	29 March 2024	http://www.cninfo.com.cn

VIII Material Matters

XVI. Other matters of significance *(Continued)*

2. Information disclosure index for 2024 Annual Report *(Continued)*

Announcement no.	Subject matter	Date of publication	Publication website and index
2024-027	2024 First Quarterly Results Forecast	9 April 2024	http://www.cninfo.com.cn
2024-028	Announcement on Pledge of Shares of Shareholder	13 April 2024	http://www.cninfo.com.cn
2024-029	2024 First Quarterly Report	16 April 2024	http://www.cninfo.com.cn
2024-030	Announcement on Release of Pledge of Shares of Shareholder	20 April 2024	http://www.cninfo.com.cn
2024-031	Announcement on Progress of Litigation	26 April 2024	http://www.cninfo.com.cn
2024-032	Announcement on Pledge of Shares of Shareholder	15 May 2024	http://www.cninfo.com.cn
2024-033	Results of the 2023 Annual General Meeting	15 May 2024	http://www.cninfo.com.cn
2024-034	Announcement on Adjustment to Amount of Guarantee Between Subsidiaries	20 June 2024	http://www.cninfo.com.cn
2024-035	2024 Interim Results Forecast	13 July 2024	http://www.cninfo.com.cn
2024-036	Announcement on Pledge and Continued Pledge of Shares held by Shareholders and Partial Release of Pledge of Shares	16 July 2024	http://www.cninfo.com.cn
2024-037	Announcement on Pledge of Shares of Shareholder	24 July 2024	http://www.cninfo.com.cn
2024-038	Announcement on Partial Release of Pledge of Shares and Continued Pledge of Shares held by Shareholders	30 July 2024	http://www.cninfo.com.cn
2024-039	Announcement on Resolutions of the Fifteenth Extraordinary Meeting of the Tenth Session of the Board of Directors	1 August 2024	http://www.cninfo.com.cn
2024-040	Announcement on Resolutions of the Sixth Extraordinary Meeting of the Tenth Session of the Supervisory Committee	1 August 2024	http://www.cninfo.com.cn
2024-041	Announcement on Failing to Fulfil the Unlocking Conditions for the Third Unlocking Period Under the 2020 Restricted A Share Incentive Scheme and Repurchase and Cancellation of Restricted Shares	1 August 2024	http://www.cninfo.com.cn
2024-042	Review Opinions on the Unlocking Conditions for the Third Unlocking Period Under the 2020 Restricted A Share Incentive Scheme and Repurchase and Cancellation of Restricted Shares of the Supervisory Committee	1 August 2024	http://www.cninfo.com.cn
2024-043	Announcement on Repurchase and Cancellation of Restricted A Shares and Notice to Creditors	1 August 2024	http://www.cninfo.com.cn
2024-044	2024 Interim Report Summary	15 August 2024	http://www.cninfo.com.cn
2024-045	Announcement on Resolutions of the Tenth Meeting of the Tenth Session of the Board of Directors	15 August 2024	http://www.cninfo.com.cn
2024-046	Announcement on Resolutions of the Tenth Meeting of the Tenth Session of the Supervisory Committee	15 August 2024	http://www.cninfo.com.cn
2024-047	Announcement on Dissolution of Shandong Chenming Group Finance Co., Ltd.	15 August 2024	http://www.cninfo.com.cn
2024-048	Announcement on Pledge of Shares of Shareholder	21 August 2024	http://www.cninfo.com.cn
2024-049	Announcement on Continued Pledge of Shares of Shareholder	27 August 2024	http://www.cninfo.com.cn
2024-050	Announcement on Progress of Provision of Guarantee to a Subsidiary	31 August 2024	http://www.cninfo.com.cn
2024-051	Announcement on Pledge of Shares of Shareholder	5 September 2024	http://www.cninfo.com.cn
2024-052	Announcement on Resolutions of the Sixteenth Extraordinary Meeting of the Tenth Session of the Board of Directors	7 September 2024	http://www.cninfo.com.cn
2024-053	Notice of the 2024 First Extraordinary General Meeting	7 September 2024	http://www.cninfo.com.cn

VIII Material Matters

XVI. Other matters of significance *(Continued)*

2. Information disclosure index for 2024 Annual Report *(Continued)*

Announcement no.	Subject matter	Date of publication	Publication website and index
2024-054	Announcement on Pledge of Shares held by Shareholders and Partial Release of Pledge of Shares	12 September 2024	http://www.cninfo.com.cn
2024-055	Announcement on Resolutions of the Seventeenth Extraordinary Meeting of the Tenth Session of the Board of Directors	20 September 2024	http://www.cninfo.com.cn
2024-056	Announcement on External Investment	20 September 2024	http://www.cninfo.com.cn
2024-057	Announcement on Release of Pledge of Shares by Shareholders	20 September 2024	http://www.cninfo.com.cn
2024-058	Announcement on Resolution of the 2024 First Extraordinary General Meeting	24 September 2024	http://www.cninfo.com.cn
2024-059	Announcement on Resolutions of the Eighteenth Extraordinary Meeting of the Tenth Session of the Board of Directors	30 September 2024	http://www.cninfo.com.cn
2024-060	Announcement on Provision of Guarantee in Favour of a Subsidiary	30 September 2024	http://www.cninfo.com.cn
2024-061	Notice of the 2024 Second Extraordinary General Meeting	30 September 2024	http://www.cninfo.com.cn
2024-062	Announcement on Resolution of the 2024 Second Extraordinary General Meeting	17 October 2024	http://www.cninfo.com.cn
2024-063	Announcement on Resolutions of the Eleventh Meeting of the Ten Session of the Board of Directors	31 October 2024	http://www.cninfo.com.cn
2024-064	Announcement on Resolutions of the Eleventh Meeting of the Ten Session of the Supervisory Committee	31 October 2024	http://www.cninfo.com.cn
2024-065	2024 Third Quarterly Report	31 October 2024	http://www.cninfo.com.cn
2024-066	Announcement on Provision of Financial Assistance to Investee by a Subsidiary	31 October 2024	http://www.cninfo.com.cn
2024-067	Announcement on Provision of Financial Assistance to an Invested Company and a Related Party Transaction	31 October 2024	http://www.cninfo.com.cn
2024-068	Notice of the 2024 Third Extraordinary General Meeting	31 October 2024	http://www.cninfo.com.cn
2024-069	Announcement on Adjustment to Amount of Guarantee Between Subsidiaries	9 November 2024	http://www.cninfo.com.cn
2024-070	Announcement on Resolutions of the Nineteenth Extraordinary Meeting of the Tenth Session of the Board of Directors	9 November 2024	http://www.cninfo.com.cn
2024-071	Announcement on Changes in Chairman and Composition of Board Committees	9 November 2024	http://www.cninfo.com.cn
2024-072	Announcement on Retirement of Deputy General Manager	9 November 2024	http://www.cninfo.com.cn
2024-073	Announcement on Overdue of Some of the Company's Debts and Freezing of Some of Its Bank Accounts	20 November 2024	http://www.cninfo.com.cn
2024-074	Announcement on Unusual Price Movement of Shares of the Company	25 November 2024	http://www.cninfo.com.cn
2024-075	Announcement on Pledge of Shares of Shareholder	28 November 2024	http://www.cninfo.com.cn
2024-076	Announcement on Resolution of the 2024 Third Extraordinary General Meeting	29 November 2024	http://www.cninfo.com.cn
2024-077	Announcement on Partial Release of Pledge of Shares and Re-Pledge of Shares of Shareholders	3 December 2024	http://www.cninfo.com.cn
2024-078	Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares	20 December 2024	http://www.cninfo.com.cn
2024-079	Announcement on the Progress in Temporary Shutdown and Maintenance of Certain Production Bases	21 December 2024	http://www.cninfo.com.cn

VIII Material Matters

XVII. Matters of significant of subsidiaries of the Company

Applicable Not applicable

1. Business status of Chenming Leasing

At present, the Company focuses on the development of its principal activities, i.e. pulp production and paper making, and continues to reduce the size of the financial leasing business. Some financial leasing customers experienced operational difficulties, leading to unexpected situations such as litigations and seizures. The Company increased the provision ratio for bad debts related to these financial leasing customers out of prudence. As at the end of the reporting period, the balance of financial leases of Chenming Leasing decreased to RMB4.467 billion. Among which, receivables of RMB1.432 billion (principals of RMB1.219 billion) were overdue, for which provisions of RMB668 million were made, with a provision coverage rate of 46.65%. Certain assets were subject to seizure through litigation. The Company has resorted to, among other things, control of the underlying assets, litigation for seizure, recovery for guarantors and debt reconstruction with the overall risks under control.

2. Dissolution of Chenming Finance

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

For details, please refer to the relevant announcement disclosed by the Company published on CNINFO on 15 August 2024 (announcement no.: 2024-047) and the relevant announcement disclosed on the website of Hong Kong Stock Exchange on 14 August 2024.

IX 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	36,578,587	1.24%				-5,637,433	-5,637,433	30,941,154	1.05%
1. Shares held by other domestic investors	36,578,587	1.24%				-5,637,433	-5,637,433	30,941,154	1.05%
Including: Shares held by domestic natural persons	36,578,587	1.24%				-5,637,433	-5,637,433	30,941,154	1.05%
II. Non-restricted shares	2,920,234,613	98.76%				-9,719,567	-9,719,567	2,910,515,046	98.95%
1. RMB ordinary shares	1,685,544,097	57.00%				-9,719,567	-9,719,567	1,675,824,530	56.97%
2. Domestic listed foreign shares	706,385,266	23.89%						706,385,266	24.01%
3. Overseas listed foreign shares	528,305,250	17.87%						528,305,250	17.96%
III. Total number of shares	2,956,813,200	100.00%				-15,357,000	-15,357,000	2,941,456,200	100.00%

The reasons for such changes

Applicable Not applicable

- ① The Shenzhen Branch of China Securities Depository and Clearing Corporation Limited recalculated the statutory quota of transferable shares for the Directors, Supervisors and Senior Management of the Company this year at 25% on the first trading day of this year based on the shares of the Company registered under the names of its Directors, Supervisors and Senior Management on the last trading day of the previous year. The resignation of Directors and Senior Management of the Company resulted in a reduction in the locked-up shares of Senior Management. Hence, restricted shares increased by 9,719,567 RMB ordinary shares in aggregate, while non-restricted shares decreased by 9,719,567 RMB ordinary shares in aggregate;
- ② Pursuant to the 2020 Restricted A Share Incentive Scheme (Draft), 15,357,000 restricted A shares that had been granted to participants but not yet unlocked were repurchased and cancelled, resulting in a reduction of 15,357,000 shares in both restricted shares and total number of shares.

Approval of changes in shareholding

Applicable Not applicable

On 31 July 2024, the Company convened the first special meeting of independent Directors of the tenth session of the Board, fifteenth extraordinary meeting of the tenth session of the Board and the sixth extraordinary meeting of the tenth session of the Supervisory Committee, at which the Resolution on the Failure Fulfilment of the Unlocking Conditions for the Third Unlocking Period under the 2020 Restricted A Share Incentive Scheme and Repurchase and Cancellation of Restricted Shares was considered and approved. The results for 2023 of the Company failed to pass the performance appraisal targets at company level set for the third unlocking period. The Board of the Company repurchased and cancelled the 22,257,000 restricted A shares granted to 93 participants but not yet unlocked.

IX Changes in Share Capital and Shareholders

I. Changes in shares *(Continued)*

1. Changes in shares *(Continued)*

Approval of changes in shareholding *(Continued)*

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

On 18 December 2024, the Company completed the procedures for the repurchase and cancellation of the 15,357,000 restricted A shares held by 91 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. 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 the remaining 2 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed as they were subject to judicial freeze.

Transfer of shares arising from changes in shareholding

Applicable Not applicable

Pursuant to the 2020 Restricted A Share Incentive Scheme (Draft), the Company shall repurchase and cancel 22,257,000 restricted A shares granted to 93 participants but not yet unlocked. The Company made the repurchase payments to 93 participants on 1 November 2024, and Grant Thornton (Special General Partnership) issued a Capital Verification Report (Zhi Tong Yan Zi (2024) No. 371C000421) on 15 November 2024, in which they verified the change in the registered capital and paid-in capital (share capital) of the Company as of 6 November 2024. Verification result: As of 6 November 2024, the registered capital and paid-in capital (share capital) of the Company upon the change amounted to RMB2,934,556,200.00 and RMB2,934,556,200.00, respectively.

As at the end of the reporting period, the Company completed the procedures for the repurchase and cancellation of the 15,357,000 restricted A shares held by 91 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The procedures for the share repurchase, transfer and cancellation of the 6,900,000 restricted A shares held by the remaining 2 participants with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed as they were subject to judicial freeze.

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

IX Changes in Share Capital and Shareholders

I. Changes in shares *(Continued)*

2. Changes in restricted shares

√ Applicable □ Not applicable

Unit: share

Name of shareholder	Restricted shares at the beginning of the period	Restricted shares increased during the period	Restricted shares released during the period	Restricted shares at the end of the period	Reason for restriction	Date of release from restriction
Hu Changqing	1,532,143	187,500	1,500,000	219,643	Locked-up shares of Directors, Supervisors and Senior Management	On 18 December 2024, the Company completed the repurchase and cancellation of 1,500,000 restricted shares under the incentive scheme.
Li Xingchun	2,250,000	375,000	1,500,000	1,125,000	Locked-up shares of Directors, Supervisors and Senior Management	On 18 December 2024, the Company completed the repurchase and cancellation of 1,500,000 restricted shares under the incentive scheme.
Li Weixian	603,600	117,975	600,000	121,575	Locked-up shares of Directors, Supervisors and Senior Management	On 18 December 2024, the Company completed the repurchase and cancellation of 600,000 restricted shares under the incentive scheme.
Li Feng	1,579,520	112,500	900,000	792,020	Locked-up shares of Directors, Supervisors and Senior Management	On 18 December 2024, the Company completed the repurchase and cancellation of 900,000 restricted shares under the incentive scheme.
Li Kang	111,975	0	0	111,975	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Zhenzhong	859,800	150,000	600,000	409,800	Locked-up shares of Directors, Supervisors and Senior Management	On 18 December 2024, the Company completed the repurchase and cancellation of 600,000 restricted shares under the incentive scheme.
Li Mingtang	300,000	37,500	300,000	37,500	Locked-up shares of Directors, Supervisors and Senior Management	On 18 December 2024, the Company completed the repurchase and cancellation of 300,000 restricted shares under the incentive scheme.
Dong Lianming	300,000	37,500	300,000	37,500	Locked-up shares of Directors, Supervisors and Senior Management	On 18 December 2024, the Company completed the repurchase and cancellation of 300,000 restricted shares under the incentive scheme.
Yuan Xikun	168,525	0	123,750	44,775	Locked-up shares of Directors, Supervisors and Senior Management	On 2 January 2024, 33,750 lock-up shares held by Senior Management were released. On 18 December 2024, the Company completed the repurchase and cancellation of 90,000 restricted shares under the incentive scheme.

IX Changes in Share Capital and Shareholders

I. Changes in shares (Continued)

2. Changes in restricted shares (Continued)

Name of shareholder	Restricted shares at the beginning of the period	Restricted shares increased during the period	Restricted shares released during the period	Restricted shares at the end of the period	Reason for restriction	Date of release from restriction
Chen Hongguo	11,310,033	7,770,011	0	19,080,044	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
	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. As at the end of the reporting period, the share repurchase, transfer and cancellation of such shares with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed as they were subject to judicial freeze.
Li Xueqin	1,095,991	965,331	0	2,061,322	Locked-up shares of Directors, Supervisors and Senior Management	In accordance with relevant requirements for shares held by Directors, Supervisors and Senior Management
	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. As at the end of the reporting period, the share repurchase, transfer and cancellation of such shares with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed as they were subject to judicial freeze.
Other 83 participants under the 2020 Restricted A Share Incentive Scheme other than the aforementioned directors and senior management	9,567,000	0	9,567,000	0	Restricted shares of the participants of the Share Incentive Scheme	18 December 2024
Total	36,578,587	9,753,317	15,390,750	30,941,154	-	-

Note: The "Restricted shares increased during the period" in the table refers to the lock-up shares of Directors, Supervisors and Senior Management newly issued during the reporting period.

IX Changes in Share Capital and Shareholders

II. Issuance and listing of securities

1. Issuance of securities (excluding preference shares) during the reporting period

Applicable Not applicable

2. Changes in the total number of shares and structure of shareholders and the structure of the assets and liabilities of the Company

Applicable Not applicable

Pursuant to the 2020 Restricted A Share Incentive Scheme (Draft), the Company shall repurchase and cancel the 22,257,000 restricted A shares granted to participants but not yet unlocked. The Company made payment to all participants for the repurchase on 1 November 2024, and Grant Thornton (Special General Partnership) issued a Capital Verification Report (Zhi Tong Yan Zi (2024) No. 371C000421) on 15 November 2024, in which they verified the change in the registered capital and paid-in capital (share capital) of the Company as of 6 November 2024. Verification result: As of 6 November 2024, the registered capital and paid-in capital (share capital) of the Company upon the change amounted to RMB2,934,556,200.00 and RMB2,934,556,200.00, respectively.

On 18 December 2024, the Company completed the procedures for the repurchase and cancellation of 15,357,000 restricted A shares with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. As at the end of the reporting period, the procedures for the share repurchase, transfer and cancellation of the remaining 6,900,000 restricted A shares with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited were not completed as they were subject to judicial freeze.

As at the end of the reporting period, the total number of shares of the Company changed to 2,941,456,200 shares from 2,956,813,200 shares, and there was no change in controlling shareholder of the Company.

Explanation on changes in asset and liability structure of the Company: As at the end of December 2024, the total assets of the Company amounted to RMB63.509 billion, which decreased by 20.10% as compared to the beginning of the period, and the total liabilities of the Company amounted to RMB50.674 billion, which decreased by 13.21% as compared to the beginning of the period.

3. Existing staff shares

Applicable Not applicable

III. Shareholders and beneficial controllers

1. Total number of shareholders and shareholdings

Unit: share

Total number of ordinary shareholders as at the end of the reporting period	138,685, of which 118,804 were holders of A shares, 19,560 were holders of B shares and 321 were holders of H shares	Total number of ordinary shareholders as at the end of the month prior to the publication date of this annual report	133,575, of which 114,573 were holders of A shares, 18,684 were holders of B shares and 318 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	Total number of holders of preference shares with restored voting right as at the end of the month prior to the disclosure date of the annual report	0
---	--	--	--	---	---	--	---

IX Changes in Share Capital and Shareholders

III. Shareholders and beneficial controllers (Continued)

1. Total number of shareholders and shareholdings (Continued)

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 locked-up	
							Status of shares	Number
CHENMING HOLDINGS COMPANY LIMITED	State-owned legal person	15.50%	455,781,319	-1,541,600	0	455,781,319	Pledged and locked-up	326,322,919
HKSCC NOMINEES LIMITED	Overseas legal person	12.69%	373,366,025	-95,250	0	373,366,025		
CHENMING HOLDINGS (HONG KONG) LIMITED (Note 1)	Overseas legal person	12.38%	364,131,563	0	0	364,131,563		
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED	Overseas legal person	0.65%	19,157,832	-1,814,426	0	19,157,832		
Chen Hongguo	Domestic natural person	0.65%	19,080,044	-6,000,000	19,080,044	0	Locked-up	19,080,044
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.50%	14,771,945	0	0	14,771,945		
Jin Xing	Domestic natural person	0.48%	14,037,796	14,037,796	0	14,037,796		
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Overseas legal person	0.43%	12,682,163	1,430,383	0	12,682,163		
China Merchants Bank Co., Ltd. - China Southern CSI 1000 ETF Fund	Other	0.39%	11,337,534	9,684,334	0	11,337,534		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.38%	11,271,946	-3,580,200	0	11,271,946		
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	During the reporting period, 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 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 Chen Hongguo, being a domestic natural person, excludes the 6,000,000 restricted shares under the share incentive scheme.							

IX Changes in Share Capital and Shareholders

III. Shareholders and beneficial controllers (Continued)

1. Total number of shareholders and shareholdings (Continued)

Name of shareholder	Shareholdings of the top ten non-restricted shareholders		Class of shares	Number
	Number of non-restricted shares held as at the end of the reporting period			
CHENMING HOLDINGS COMPANY LIMITED	455,781,319	RMB ordinary shares		455,781,319
HKSCC NOMINEES LIMITED	373,366,025	Overseas listed foreign shares		373,366,025
CHENMING HOLDINGS (HONG KONG) LIMITED (Note 1)	364,131,563	Domestic listed foreign shares		210,717,563
		Overseas listed foreign shares		153,414,000
China Merchants Securities (HK) Co., Limited	19,157,832	Domestic listed foreign shares		19,157,832
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	14,771,945	Domestic listed foreign shares		14,771,945
Jin Xing	14,037,796	Domestic listed foreign shares		14,037,796
HONG KONG SECURITIES CLEARING COMPANY LIMITED	12,682,163	RMB ordinary shares		12,682,163
China Merchants Bank Co., Ltd. - China Southern CSI 1000 ETF Fund	11,337,534	RMB ordinary shares		11,337,534
VANGUARD EMERGING MARKETS STOCK INDEX FUND	11,271,946	Domestic listed foreign shares		11,271,946
Xu Hekun	6,789,900	Domestic listed foreign shares		6,789,900
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 326,322,919 shares were held through ordinary account and 129,458,400 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.

IX Changes in Share Capital and Shareholders

III. Shareholders and beneficial controllers (Continued)

1. Total number of shareholders and shareholdings (Continued)

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

Unit: share

Name of shareholder (full name)	Share lending by shareholders interested in more than 5%, top 10 shareholders and top 10 shareholders of non-restricted shares under refinancing business							
	Shareholding under ordinary account and credit account as at the beginning of the period		Number of shares lent out but not yet returned under refinancing arrangement as at the beginning of the period		Shareholding under ordinary account and credit account as at the end of the period		Number of shares lent out but not yet returned under refinancing arrangement as at the end of the period	
	Percentage to total share capital		Percentage to total share capital		Percentage to total share capital		Percentage to total share capital	
	Total amount	capital	Total amount	capital	Total amount	capital	Total amount	capital
China Merchants Bank Co., Ltd. - China Southern CSI 1000 ETF Fund	1,653,200	0.06%	354,300	0.01%	11,337,534	0.39%	0.00	0.00%

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.

IX Changes in Share Capital and Shareholders

III. Shareholders and beneficial controllers (Continued)

2. Controlling shareholders of the Company

Nature of controlling shareholder: regional state-owned enterprise

Type of controlling shareholder: legal person

Name of controlling shareholders	Legal representative/ Person in charge of the unit	Date of establishment	Enterprise code	Principal business
CHENMING HOLDINGS COMPANY LIMITED	Wang Dongxing	30 December 2005	91370783783485189Q	Investment in paper making, electricity, heat and arboriculture by its own capital.

Shareholdings of controlling shareholders who have control or hold shares in other domestic or overseas listed companies during the reporting period

Save for the Company, Chenming Holdings Company Limited is indirectly interested in 10.16% equity interest in Zhejiang Kingland Pipeline and Technologies Co., Ltd.

Note: The legal representative of Chenming Holdings Company Limited has been changed to Wang Dongxing. The registration procedures have not yet been completed.

Change of controlling shareholders during the reporting period

Applicable Not applicable

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

3. Beneficial controller of the Company and persons acting in concert

Nature of the beneficial controller: regional state-owned assets administration authority

Type of the beneficial controller: legal person

Name of beneficial controller	Legal representative/ Person in charge of the unit	Date of establishment	Enterprise code	Principal business
State-owned Assets Supervision and Administration Bureau of Shouguang City	N/A	1 August 1991	N/A	Responsible for the management and capital operation of the state-owned assets of enterprises and business units in Shouguang city.

Shareholdings of beneficial controller who has control or holds shares in other domestic or overseas listed companies during the reporting period

Save for the Company, State-owned Assets Supervision and Administration Office of Shouguang City is also the beneficial controller of Shandong Molong Petroleum Machinery Co. Ltd. and Zhejiang Kingland Pipeline and Technologies Co., Ltd.

IX Changes in Share Capital and Shareholders

III. Shareholders and beneficial controllers (Continued)

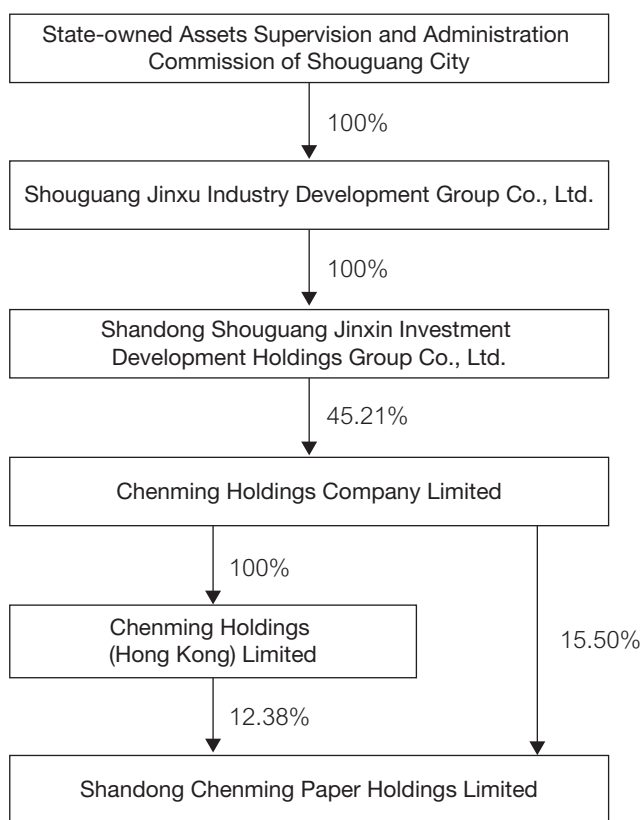
3. Beneficial controller of the Company and persons acting in concert (Continued)

Change of beneficial controller during the reporting period

Applicable Not applicable

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

Chart illustrating the relationship between the Company and the beneficial controller



Beneficial controller controlling the Company through trust or other asset management method

Applicable Not applicable

IX Changes in Share Capital and Shareholders

III. Shareholders and beneficial controllers *(Continued)*

4. The number of shares pledged by the controlling shareholder or the largest shareholder of the Company and persons acting in concert with it reaches 80% of the number of shares held by them in aggregate
 Applicable Not applicable
5. Other legal person shareholders interested in over 10% of the shares of the Company
 Applicable Not applicable
6. Restrictions on decrease in shareholding by controlling shareholders, beneficial controller, reorganising party and other undertaking parties
 Applicable Not applicable

IV. The implementation of share repurchase during the reporting period

Progress of share repurchase

Applicable Not applicable

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

Applicable Not applicable

X Preference Shares

Applicable Not applicable

The Company had no preference shares during the reporting period.

XI Bonds

Applicable Not applicable

XII Financial Report

I. Auditors' Report

Type of auditor's opinion	Qualified opinion
The date of the audit report signed	31 March 2025
Name of the auditor	Grant Thornton (Special General Partnership)
Reference number of the auditor's report	Zhi Tong Shen Zi (2025) No. 371A006392
Name of certified public accountants	Jiang Tao and Guo Dongmei

Text of the auditor's report

To all shareholders of Shandong Chenming Paper Holdings Limited:

I. Qualified opinion

We have audited the financial statements of Shandong Chenming Paper Holdings Limited ("Chenming Paper"), which comprise the consolidated and the Company's balance sheets as at 31 December 2024, the consolidated and the Company's profit and loss statements, the consolidated and the Company's cash flow statements and the consolidated and the Company's statements of changes in shareholders' equity for 2024 and notes to the relevant financial statements.

In our opinion, except for the effects of the matters as described in "Basis for qualified opinion", the accompanying financial statements are prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects and give a true and fair view of the consolidated and the Company's financial position of Chenming Paper as at 31 December 2024 and of its consolidated and the Company's operating results and cash flows for 2024.

II. Basis for qualified opinion

Ability to continue as a going concern

As described in note II to the financial statements, Chenming Paper continuously recorded losses. Chenming Paper's net loss after extraordinary gains or losses attributable to shareholders of the Company for 2024 amounted to RMB-7,202 million, and its gearing ratio increased to 79.79% and current ratio was 0.36 as of 31 December 2024. During the reporting period, Chenming Paper had liquidity difficulties, which resulted in overdue payments for borrowings from financial institutions and payments to suppliers, the freezing of multiple bank accounts, some of its assets subject to seizure, and multiple litigations and arbitration cases due to debt defaults. Besides, some production lines suspended operation and production, exposing it to significant operational and financial risks.

The above matters or circumstances indicate that there may be material uncertainties about Chenming Paper's going concern basis. The notes to the financial statements of Chenming Paper have disclosed that the major matters that may cast significant doubt on the ability to continue as a going concern, and some countermeasures. However, there are material uncertainties in the progress of debt mitigation and resumption of work and production, and the management of Chenming Paper (the "management") has failed to adequately disclose effective measures to eliminate the above material uncertainties about the ability to continue as a going concern. In connection to the accumulated balance of deferred income tax asset of RMB1,790.6390 million as at the end of 2024 as recognised by the management on the basis of normal operation to be maintained in the future, we cannot obtain sufficient audit evidence to determine whether such recognition fulfilled the recognition conditions as stipulated under the Accounting Standards for Business Enterprises or not.

We have conducted our audit in accordance with the Chinese Auditing Standards issued by the Chinese Institute of Certified Public Accountants. Our responsibilities under those standards are further described in the responsibilities of certified public accountants for the audit of the financial statements section of the auditor's report. We are independent of Chenming Paper in accordance with the ethical codes of Chinese certified public accountants, and we have fulfilled our other ethical responsibilities in accordance with the codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. Except for the matters as described in “Basis for qualified opinion”, we determine that the following matters are key audit matters that need to be communicated in the audit report.

(i) Impairment testing of financial lease receivables, factoring receivables and debt transfer receivables

For detailed disclosures of relevant information, please see note III. 11 and note V. 4,7,9,10 and 11.

As at 31 December 2024, the carrying amount of the financial lease receivables, factoring receivables and debt transfer receivables amounted to RMB8,898.5057 million in aggregate, and impairment provision of RMB4,600.6797 million was made with carrying amount of RMB4,297.8260 million.

We have identified the impairment testing of financial lease receivables, factoring receivables and debt transfer receivables due to the significance of the financial lease receivables, factoring receivables and debt transfer receivables and fact that the impairment testing involves significant accounting estimates and judgments made by the management of Chenming Paper.

2. Application for auditing

- (1) we have identified the accounting policies of Chenming Paper for financial lease receivables, factoring receivables and debt transfer receivables, and evaluated their rationality;
- (2) we have acquired the impairment testing list of Chenming Paper to determine whether the generated cash flows estimated by the Company are reasonable or not;
- (3) we have reviewed the pledge and guarantee for receivables to determine whether impairment provision is sufficient or not;
- (4) we have sought external confirmations for the customers of financial lease receivables, factoring receivables and debt transfer receivables; and
- (5) we have selected certain major clients to conduct interview or visit to understand and determine the repayment capability of the client.

(ii) Impairment testing of machinery and equipment

For detailed disclosures of relevant information, please see note III. 16 and 23, and note V. 15 and 58 of the financial statements.

1. Details

As at 31 December 2024, the original carrying amount of the machinery and equipment of Chenming Paper amounted to RMB43,724.3252 million, and impairment provision of fixed assets of RMB192.6910 million was made. In 2024, some production lines of Chenming Paper suspended operation and production due to liquidity difficulties, and impairment losses may be incurred on machinery and equipment related to machine-made paper due to prolonged inactivity.

We have identified the impairment testing of machinery and equipment as a key audit matter due to the significance of the carrying amount of the machinery and equipment and the fact that the impairment testing involves significant accounting estimates and judgments made by the management of Chenming Paper (the “management”).

2. Application for auditing

- (1) we have identified, evaluated and tested the effectiveness of the design and operation of internal controls related to impairment of fixed assets of Chenming Paper;
- (2) we have evaluated whether the accounting policies and accounting estimates of Chenming Paper for impairment of fixed assets comply with the Accounting Standards for Business Enterprises and industry practices;(3) we have supervised the fixed assets and monitored the status of the machinery and equipment; and
- (4) we have identified Chenming Paper’s plans of resumption of work and production, and obtained a copy of the calculation table of impairment of machinery and equipment, so as to assess the reasonableness of the significant estimates made by the management in determining the net realisable value, while taking into account the reasonable useful life and capacity of the equipment, estimated selling prices gross profit margins of the products, and performed recalculations.

(iii) Recognition of revenue from machine-made paper

For detailed disclosures of relevant information, please see note III. 27 and note V. 48 of the financial statements.

XII Financial Report

1. Details

For the year 2024, Chenming Paper achieved operating revenue of RMB22,729,474,900, of which RMB21,699,110,600 was from machine-made paper and pulp, accounting for 95.47% of the operating revenue. For domestic machine-made paper sales business, Chenming Paper recognised the revenue after the goods were delivered and signed by the customer for confirmation; for foreign machine-made paper sales business, Chenming Paper recognised the revenue after the goods were loaded on board and declared.

As revenue is one of the key performance indicators of Chenming Paper, and the revenue from the sales of machine-made paper accounts for a relatively huge proportion of the total revenue due to its enormous sales volume, there may be potential misstatement in relation to whether revenue recognition is accounted for in the appropriate period of the financial statements, which has a significant impact on the financial statements. Therefore, we have identified recognition of revenue from sales of machine-made paper as a key audit matter.

2. Application for auditing

- (1) We have identified, evaluated and tested the effectiveness of the design and operation of key internal controls related to machine-made paper sales business of Chenming Paper;
- (2) we have conducted sampling inspections on sales contracts, identified contract terms and conditions related to the transfer of control of the goods, assessed whether the timing of recognition of sales revenue from Chenming Paper meets the requirements of the Accounting Standards for Business Enterprises;
- (3) we have analysed revenue and gross profit by taking into account product types and identified whether the abnormal fluctuations in the amount of revenue are reasonable in the current period;
- (4) we have inspected the occurrence of on-the-spot recognition of sales at the end of the inspection period and inspected goods returns after the inspection period to determine the accuracy of revenue recognition during the period;
- (5) we have collected samples from sales revenue recorded around the balance sheet date for cut-off tests; verified delivery orders and other supporting documents to assess whether sales revenue is recorded in the appropriate accounting period; and
- (6) we have sought external confirmations for clients with larger sales during the period.

IV. Other information

The management of Chenming Paper is responsible for other information. Other information includes the information covered in the 2024 annual report of Chenming Paper, but does not include the financial statements and our audit report.

Our audit opinions published in the financial statements do not cover other information and we do not publish any form of assurance conclusion on other information.

In conjunction with our audit of the financial statements, our responsibility is to read other information, during which we consider whether there is significant inconsistency or other material misstatement of other information with the financial statements or what we have learned during the audit.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. As described in the “Basis for qualified opinion” paragraph above, we are unable to obtain sufficient appropriate audit evidence regarding the feasibility of the improvement measures to eliminate the material uncertainty of the going concern of Chenming Paper. Accordingly, we are unable to determine whether other information relating to these matters is materially misstated.

V. Responsibilities of the management and those charged with governance for the financial statements

The management of Chenming Paper is responsible for the preparation of financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises to enable them to achieve fair reflection, and to achieve the design, implementation and maintenance of necessary internal controls so that the financial statements are free of material misstatements due to fraud or errors.

In the preparation of the financial statements, the management is responsible for assessing the continuing operations capabilities of Chenming Paper, disclosing issues related to going concern (if applicable), and applying the going concern assumption unless the management plans to liquidate Chenming Paper, terminate operations or have no other realistic options.

The management is responsible for supervising the financial reporting process of Chenming Paper.

VI. Auditor’s responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance as to whether the entire financial statements are free from material misstatement due to fraud or errors and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards can always discover a major misstatement when it exists. Misstatements may be caused by fraud or errors, and are generally considered to be material if it is reasonably expected that misstatements, individually or in aggregate, may affect the economic decision made by users of financial statements based on the financial statements.

In the process of conducting audit work in accordance with auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

- (1) To identify and assess risks of material misstatement of financial statements due to fraud or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence, together perform as a basis for issuing audit opinions. Since fraud may involve collusion, falsification, intentional omission, misrepresentation or override of internal controls, the risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to an error.
- (2) To understand audit-related internal controls to design appropriate audit procedures.
- (3) To evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.

XII Financial Report

- (4) To conclude on the appropriateness of management's use of the continuing operation assumption. At the same time, according to the audit evidence obtained, it may lead to conclusions as to whether there are significant uncertainties in matters or circumstances that have significant doubts about the ability of Chenming Paper to continue its operations. If we conclude that there are significant uncertainties, the auditing standards require us to request the users of the report to pay attention to the relevant disclosures in the financial statements in the audit report; if the disclosure is not sufficient, we should publish modified audit report. Our conclusions are based on the information available as of the date of the audit report. However, future events or conditions may cause Chenming Paper to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure, and content of the financial statements and evaluate whether the financial statements fairly reflect the relevant transactions and matters.
- (6) To obtain sufficient and appropriate audit evidence on the financial information of entities or business activities in Chenming Paper to express opinions on the financial statements. We are responsible for guiding, supervising and executing group audits, and take full responsibility for the audit opinion.

We communicate with the management on planned audit scope, time arrangements and major audit findings, including communication of the internal control deficiencies that we identified during the audit.

We also provide statements to the management on compliance with ethical requirements related to independence, and communicate with the management on all relationships and other matters that may reasonably be considered to affect our independence, as well as related preventive measures (if applicable).

From the matters we communicated with the management, we determine which matters are most important for the audit of the financial statements for the current period and thus constitute the key audit matters. We describe these matters in our audit report, unless laws and regulations prohibit the public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of disclosing something in the audit report will outweigh the benefits to the public interest, we determine that the matter should not be reported in the audit report.

Grant Thornton
(Special General Partnership)

Chinese Certified Public Accountant
Jiang Tao
(Project Partner)

Chinese Certified Public Accountant
Guo Dongmei

Beijing, China

31 March 2025

XII Financial Report

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

31 December 2024

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	5,909,879,812.18	12,124,832,831.30
Financial assets held for trading	37,259,325.70	46,294,291.71
Bills receivable	506,605,701.74	411,600,000.00
Accounts receivable	1,384,290,313.70	2,528,507,059.83
Accounts receivable financing	100,730,797.32	215,884,249.97
Prepayments	631,893,495.14	825,135,156.21
Other receivables	1,084,651,870.94	2,224,904,557.88
Including: Interest receivable		–
Dividend receivable	22,659,149.81	–
Inventories	2,835,388,802.15	4,958,178,000.36
Including: Data resources	–	–
Non-current assets due within one year	2,840,365,519.48	4,161,725,935.75
Other current assets	559,911,202.83	1,068,826,944.78
Total current assets	15,890,976,841.18	28,565,889,027.79

XII Financial Report

Item	Closing balance	Opening balance
NON-CURRENT ASSETS:		
Long-term receivables	280,291,802.55	339,293,533.35
Long-term equity investments	3,971,035,411.54	4,685,199,385.73
Other non-current financial assets	751,030,454.68	781,561,040.57
Investment property	5,743,235,268.46	6,049,242,696.36
Fixed assets	31,855,069,324.04	33,186,248,169.56
Construction in progress	593,838,603.87	859,617,965.16
Bearer biological assets	9,352,071.80	17,684,687.36
Right-of-use assets	266,024,312.87	167,815,311.50
Intangible assets	1,652,267,783.57	2,002,360,891.85
Including: Data resources	-	-
Goodwill	-	35,220,543.80
Long-term prepaid expenses	289,677,546.87	39,979,161.49
Deferred income tax assets	1,790,639,019.23	1,689,857,881.49
Other non-current assets	415,856,701.42	1,067,082,657.57
Total non-current assets	47,618,318,300.90	50,921,163,925.79
Total assets	63,509,295,142.08	79,487,052,953.58

XII Financial Report

Item	Closing balance	Opening balance
CURRENT LIABILITIES:		
Short-term borrowings	26,780,358,809.11	33,475,479,021.62
Bills payable	1,423,918,112.99	4,618,986,463.95
Accounts payable	7,708,967,406.47	3,902,620,870.20
Receipts in advance	54,538,940.24	16,242,921.65
Contract liabilities	274,829,824.35	1,443,680,155.62
Employee benefits payable	251,387,660.00	74,337,158.44
Taxes payable	193,424,339.67	99,709,707.56
Other payables	2,896,409,953.94	2,414,752,127.19
Including: Interest payable	63,042,283.31	–
Dividend payable	123,000,000.00	–
Non-current liabilities due within one year	1,577,936,964.14	3,631,937,677.82
Other current liabilities	2,680,562,600.58	100,000,000.00
Total current liabilities	43,842,334,611.49	49,777,746,104.05

XII Financial Report

Item	Closing balance	Opening balance
NON-CURRENT LIABILITIES:		
Long-term borrowings	4,763,662,194.24	4,681,014,489.64
Lease liabilities	37,092,473.06	41,987,022.85
Long-term payables	774,965,008.29	2,541,095,217.66
Provisions	5,935,000.00	–
Deferred income	1,240,939,485.52	1,337,864,114.70
Deferred income tax liabilities	8,595,744.33	9,490,159.05
Total non-current liabilities	6,831,189,905.44	8,611,451,003.90
Total liabilities	50,673,524,516.93	58,389,197,107.95

XII Financial Report

Item	Closing balance	Opening balance
OWNERS' EQUITY:		
Share capital	2,934,556,200.00	2,956,813,200.00
Capital reserves	5,207,678,622.75	5,328,790,899.61
Less: Treasury shares	–	63,432,450.00
Other comprehensive income	-913,708,670.15	-864,881,489.08
Special reserves	26,800,491.53	23,322,829.57
Surplus reserves	1,212,009,109.97	1,212,009,109.97
General risk provisions	80,950,584.11	79,370,294.91
Retained profit	607,818,020.70	8,020,182,801.55
Total equity attributable to owners of the Company	9,156,104,358.91	16,692,175,196.53
Minority interest	3,679,666,266.24	4,405,680,649.10
Total owners' equity	12,835,770,625.15	21,097,855,845.63
Total liabilities and owners' equity	63,509,295,142.08	79,487,052,953.58

Legal Representative:
Hu Changqing

Financial controller:
Dong Lianming

Head of the financial department:
Zhang Bo

2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	1,599,326,584.12	4,421,608,897.40
Bills receivable	275,500,130.56	3,024,868,267.23
Accounts receivable	240,787,940.24	28,216,771.01
Prepayments	1,221,574,612.38	476,746,114.74
Other receivables	8,459,731,199.92	9,237,241,240.86
Including: Interest receivable	–	–
Dividend receivable	–	–
Inventories	279,754,637.58	554,028,121.69
Including: Data resources	–	–
Non-current assets due within one year	–	3,428,684.19
Other current assets	38,776,511.95	62,834,527.02
Total current assets	12,115,451,616.75	17,808,972,624.14

XII Financial Report

Item	Closing balance	Opening balance
NON-CURRENT ASSETS:		
Long-term receivables	–	12,485,720.05
Long-term equity investments	18,587,172,933.97	18,298,999,830.51
Other non-current financial assets	101,028,728.82	122,462,024.19
Fixed assets	3,286,823,373.00	3,415,454,701.17
Construction in progress	6,526,025.52	38,707,761.30
Right-of-use assets	103,125,000.00	
Intangible assets	462,060,836.20	476,297,197.96
Including: Data resources	–	–
Deferred income tax assets	587,532,690.79	571,194,789.79
Other non-current assets	12,030,680.01	12,692,260.70
Total non-current assets	23,146,300,268.31	22,948,294,285.67
Total assets	35,261,751,885.06	40,757,266,909.81

XII Financial Report

Item	Closing balance	Opening balance
CURRENT LIABILITIES:		
Short-term borrowings	8,760,304,513.03	13,172,491,176.11
Bills payable	4,776,895,581.73	6,699,118,643.16
Accounts payable	1,494,669,551.89	1,817,323,321.03
Contract liabilities	1,795,549,425.10	1,454,807,158.83
Employee benefits payable	83,931,485.87	38,778,024.93
Taxes payable	40,921,701.99	9,022,105.28
Other payables	3,679,222,270.99	1,412,965,873.90
Including: Interest payable	22,581,097.56	–
Dividend payable	–	–
Non-current liabilities due within one year	1,329,838,949.85	734,311,029.42
Other current liabilities	59,111,611.53	–
Total current liabilities	22,020,445,091.98	25,338,817,332.66

XII Financial Report

<u>Item</u>	<u>Closing balance</u>	<u>Opening balance</u>
NON-CURRENT LIABILITIES:		
Long-term borrowings	1,548,277,044.45	1,795,000,000.00
Long-term payables	8,106,807.57	1,281,983,636.99
Provisions	5,935,000.00	–
Deferred income	34,010,344.36	31,530,836.20
Total non-current liabilities	1,596,329,196.38	3,108,514,473.19
Total liabilities	23,616,774,288.36	28,447,331,805.85

XII Financial Report

<u>Item</u>	<u>Closing balance</u>	<u>Opening balance</u>
OWNERS' EQUITY:		
Share capital	2,934,556,200.00	2,956,813,200.00
Capital reserves	5,032,163,419.19	5,073,338,869.19
Less: Treasury shares	–	63,432,450.00
Special reserves	7,405,266.87	4,612,641.99
Surplus reserves	1,199,819,528.06	1,199,819,528.06
Retained profit	2,471,033,182.58	3,138,783,314.72
Total owners' equity	11,644,977,596.70	12,309,935,103.96
Total liabilities and owners' equity	35,261,751,885.06	40,757,266,909.81

XII Financial Report

3. Consolidated Income Statement

Unit: RMB

Item	2024	2023
I. Total revenue	22,729,474,852.76	26,608,570,228.20
Including: Revenue	22,729,474,852.76	26,608,570,228.20
II. Total operating costs	26,411,444,253.77	28,768,694,490.76
Including: Revenue	22,144,828,668.43	24,445,486,299.93
Taxes and surcharges	225,961,280.46	227,802,365.12
Sales and distribution expenses	241,171,109.12	230,999,637.43
General and administrative expenses	751,168,974.00	690,319,782.01
Research and development expense	1,080,331,754.42	1,164,419,698.13
Finance expenses	1,967,982,467.34	2,009,666,708.14
Including: Interest expenses	1,869,661,335.22	1,908,394,881.89
Interest income	182,479,117.53	201,101,017.34
Add: Other income	295,803,414.30	337,324,331.43
Investment income (“-” denotes loss)	-766,913,269.23	505,067,035.78
Including: Investment income from associates and joint ventures	-689,387,136.28	128,934,922.00
Gains on derecognition of financial assets measured at amortised cost	-101,812,317.04	-99,744,741.95
Gain on change in fair value (“-” denotes loss)	-192,216,967.50	-25,555,304.50
Credit impairment loss (“-” denotes loss)	-3,198,089,208.46	-319,956,249.39
Loss on impairment of assets (“-” denotes loss)	-332,755,406.25	-45,007,299.22
Gain on disposal of assets (“-” denotes loss)	55,406,263.64	14,607,428.91
III. Operating profit (“-” denotes loss)	-7,820,734,574.51	-1,693,644,319.55
Add: Non-operating income	5,147,637.71	2,998,769.41
Less: Non-operating expenses	37,604,177.94	19,058,851.67
IV. Total profit (“-” denotes total loss)	-7,853,191,114.74	-1,709,704,401.81
Less: Income tax expenses	-60,171,697.45	-383,061,983.95

XII Financial Report

Item	2024	2023
V. Net profit (“-” denotes net loss)	-7,793,019,417.29	-1,326,642,417.86
(i) Classification according to the continuity of operation		
1. Net profit from continuing operations (“-” denotes net loss)	-7,793,019,417.29	-1,326,642,417.86
2. Net profit from discontinued operations (“-” denotes net loss)	-	-
(ii) Classification according to ownership		
1. Net profit attributable to shareholders of the Company	-7,410,784,491.65	-1,281,289,649.82
2. Profit or loss of minority interest	-382,234,925.64	-45,352,768.04
VI. Net other comprehensive income after tax	-48,827,181.07	-42,940,794.51
Net other comprehensive income after tax attributable to owners of the Company	-48,827,181.07	-42,940,794.51
(i) Other comprehensive income that cannot be reclassified to profit and loss	-	-
(ii) Other comprehensive income that will be reclassified to profit and loss	-48,827,181.07	-42,940,794.51
1. Other comprehensive income that may be reclassified to profit and loss under the equity method	6,370,472.83	-1,224,007.02
2. Exchange differences arising from translation of financial statements denominated in foreign currencies	-55,197,653.90	-41,716,787.49
Other comprehensive income, net of tax attributable to minority interest	-	-
VII. Total comprehensive income	-7,841,846,598.36	-1,369,583,212.37
Total comprehensive income attributable to shareholders of the Company	-7,459,611,672.72	-1,324,230,444.33
Total comprehensive income attributable to minority interest	-382,234,925.64	-45,352,768.04
VIII. Earnings per share		
(i) Basic earnings per share	-2.53	-0.45
(ii) Diluted earnings per share	-2.53	-0.45

Legal Representative:
Hu Changqing

Financial controller:
Dong Lianming

Head of the financial department:
Zhang Bo

XII Financial Report

4. Income statement of the Company

Unit: RMB

Item	2024	2023
I. Revenue	7,475,506,782.76	7,579,414,619.45
Less: Operating costs	7,120,576,791.83	7,176,479,930.73
Taxes and surcharges	47,521,328.42	37,636,362.13
Sales and distribution expenses	7,981,255.43	8,462,782.60
General and administrative expenses	231,719,632.20	140,689,667.12
Research and development expense	225,257,814.55	252,057,763.89
Finance expenses	444,721,496.25	274,265,017.24
Including: Interest expenses	553,965,331.86	469,512,534.61
Interest income	258,695,456.58	410,504,372.73
Add: Other income	42,778,699.89	59,642,240.78
Investment income (“-” denotes loss)	-102,226,395.52	357,646,522.46
Including: Investment income from associates and joint ventures	-132,754,796.54	99,693,847.76
Gains on derecognition of financial assets measured at amortised cost (“-” denotes loss)	-17,770,062.57	-47,421,175.71
Gain on change in fair value (“-” denotes loss)	-19,950,000.00	310,000.00
Credit impairment loss (“-” denotes loss)	-2,353,308.15	-8,773,992.60
Loss on impairment of assets (“-” denotes loss)	-7,210,153.16	-16,979,924.08
Gain on disposal of assets (“-” denotes loss)	28,004,223.70	-21,301,396.27
II. Operating profit (“-” denotes loss)	-663,228,469.16	60,366,546.03
Add: Non-operating income	1,258,032.61	541,593.38
Less: Non-operating expenses	22,117,596.59	7,382,596.72
III. Total profit (“-” denotes total loss)	-684,088,033.14	53,525,542.69
Less: Income tax expenses	-16,337,901.00	-53,023,500.87
IV. Net profit (“-” denotes net loss)	-667,750,132.14	106,549,043.56
(i) Net profit from continuing operations (“-” denotes net loss)	-667,750,132.14	106,549,043.56
(ii) Net profit from discontinued operations (“-” denotes net loss)	-	-
V. Total comprehensive income	-667,750,132.14	106,549,043.56

XII Financial Report

5. Consolidated cash flow statement

Unit: RMB

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	23,237,707,950.05	27,966,458,590.37
Tax rebates received	11,658,499.79	167,475,052.87
Cash received relating to other operating activities	524,854,825.25	1,031,185,120.95
Subtotal of cash inflows from operating activities	23,774,221,275.09	29,165,118,764.19
Cash paid for goods and services	18,151,509,011.53	20,996,101,741.25
Cash paid to and for employees	1,144,326,678.52	1,355,503,347.12
Payments of taxes and surcharges	429,650,083.60	866,089,499.58
Cash paid relating to other operating activities	1,425,543,836.84	1,557,474,867.42
Subtotal of cash outflows from operating activities	21,151,029,610.49	24,775,169,455.37
Net cash flows from operating activities	2,623,191,664.60	4,389,949,308.82
II. Cash flows from investing activities:		
Cash received from investments	7,305,395.37	1,598,737.43
Cash received from investment income	3,574,134.20	66,558,010.99
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	20,427,346.14	210,115,150.25
Net cash received from disposal of subsidiaries and other business units	503,938,946.58	99,329,954.44
Cash received relating to other financing activities	-	-
Subtotal of cash inflows from investing activities	535,245,822.29	377,601,853.11
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	69,444,183.34	314,376,125.86
Net cash paid for acquisition of subsidiaries and other business units	-	4,934,751.03
Cash paid relating to other financing activities	-	-
Subtotal of cash outflows from investing activities	69,444,183.34	319,310,876.89
Net cash flows from investing activities	465,801,638.95	58,290,976.22

XII Financial Report

Item	2024	2023
III. Cash flows from financing activities:		
Cash received from investments	-	300,000,000.00
Including: Cash received from subsidiaries from minority investments	-	300,000,000.00
Cash received from borrowings	27,224,432,497.83	32,279,984,571.38
Cash received relating to other financing activities	6,838,493,318.93	2,697,290,383.69
Subtotal of cash inflows from financing activities	34,062,925,816.76	35,277,274,955.07
Cash repayments of amounts borrowed	33,203,238,743.18	34,204,285,275.28
Cash paid for dividend and profit distribution or interest payment	1,921,902,301.87	2,244,930,422.38
Including: Dividend and profit paid by subsidiaries to minority shareholders	-	254,313,617.44
Cash paid relating to other financing activities	2,662,705,748.14	4,611,801,356.33
Subtotal of cash outflows from financing activities	37,787,846,793.19	41,061,017,053.99
Net cash flows from financing activities	-3,724,920,976.43	-5,783,742,098.92
IV. Effect of foreign exchange rate changes on cash and cash equivalents	23,637,176.58	-59,724,593.02
V. Net increase in cash and cash equivalents	-612,290,496.30	-1,395,226,406.90
Add: Balance of cash and cash equivalents as at the beginning of the period	764,233,742.61	2,159,460,149.51
VI. Balance of cash and cash equivalents as at the end of the period	151,943,246.31	764,233,742.61

XII Financial Report

6. Cash flow statement of the Company

Unit: RMB

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	8,469,958,914.03	8,501,405,410.34
Tax rebates received	–	10,186,261.55
Cash received relating to other operating activities	225,099,137.16	455,821,934.12
Subtotal of cash inflows from operating activities	8,695,058,051.19	8,967,413,606.01
Cash paid for goods and services	7,516,008,175.22	7,495,797,116.97
Cash paid to and for employees	292,646,483.16	337,462,560.61
Payments of taxes and surcharges	37,515,271.04	53,252,740.71
Cash paid relating to other operating activities	314,026,900.98	474,578,098.99
Subtotal of cash outflows from operating activities	8,160,196,830.40	8,361,090,517.28
Net cash flows from operating activities	534,861,220.79	606,323,088.73
II. Cash flows from investing activities:		
Cash received from investments	387,305,395.37	147,471,372.61
Cash received from investment income	143,198,463.59	112,467,060.62
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	19,188,807.14	40,668,050.26
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	549,692,666.10	300,606,483.49
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	8,324,093.92	20,519,612.30
Cash paid relating to other investing activities	–	–
Subtotal of cash outflows from investing activities	8,324,093.92	20,519,612.30
Net cash flows from investing activities	541,368,572.18	280,086,871.19

XII Financial Report

Item	2024	2023
III. Cash flows from financing activities:		
Cash received from investments	-	-
Cash received from borrowings	14,145,974,981.53	19,258,041,006.64
Cash received relating to other financing activities	2,488,411,858.25	1,590,113,157.73
Subtotal of cash inflows from financing activities	16,634,386,839.78	20,848,154,164.37
Cash repayments of amounts borrowed	17,030,448,289.24	19,259,308,611.34
Cash paid for dividend and profit distribution or interest payment	407,710,636.83	471,489,436.79
Cash paid relating to other financing activities	622,627,667.95	1,880,449,249.46
Subtotal of cash outflows from financing activities	18,060,786,594.02	21,611,247,297.59
Net cash flows from financing activities	-1,426,399,754.24	-763,093,133.22
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-348,158.85	-6,501,936.29
V. Net increase in cash and cash equivalents	-350,518,120.12	116,814,890.41
Add: Balance of cash and cash equivalents as at the beginning of the period	350,786,839.40	233,971,948.99
VI. Balance of cash and cash equivalents as at the end of the period	268,719.28	350,786,839.40

7. Consolidated statement of changes in owners' equity Amount for the period

Unit: RMB

Item	Share capital	Preference shares	Other equity instruments		Equity attributable to owners of the Company				Subtotal	Minority interest	Total owners' equity			
			Perpetual Bonds	Others	Capital reserves	Treasury shares	Other comprehensive income	Special reserves				Surplus reserves	General risk provisions	Retained profit
2024														
I. Balance as at the end of the prior year	2,956,813,200.00	-	-	-	5,228,790,896.61	63,432,450.00	-864,881,489.08	23,322,829.57	1,212,009,109.97	79,370,294.91	8,020,182,801.55	16,692,175,196.53	4,405,680,649.10	21,097,855,845.63
II. Balance as at the beginning of the year	2,956,813,200.00	-	-	-	5,228,790,896.61	63,432,450.00	-864,881,489.08	23,322,829.57	1,212,009,109.97	79,370,294.91	8,020,182,801.55	16,692,175,196.53	4,405,680,649.10	21,097,855,845.63
III. Changes in the period ("+" denotes decrease)	-22,257,000.00	-	-	-	-121,112,276.86	-63,432,450.00	-46,827,181.07	3,477,661.86	-	1,580,289.20	-7,412,384,780.85	-7,536,070,837.62	-726,014,382.86	-8,262,085,220.48
(i) Total comprehensive income	-	-	-	-	-	-	-46,827,181.07	-	-	-	-7,410,784,491.65	-7,458,611,672.72	-882,234,925.64	-7,841,846,598.36
(ii) Capital paid in and reduced by owners	-22,257,000.00	-	-	-	-121,112,276.86	-63,432,450.00	-	-	-	-	-	-79,936,826.86	-280,042,380.45	-389,979,207.31
1. Ordinary shares paid by owners	-	-	-	-	-	-	-	-	-	-	-	-	-280,042,380.45	-280,042,380.45
2. Amount of share-based payments recognised in owners' equity	-22,257,000.00	-	-	-	-41,175,450.00	-63,432,450.00	-	-	-	-	-	-79,936,826.86	-	-79,936,826.86
3. Others	-	-	-	-	-79,936,826.86	-	-	-	-	1,580,289.20	-1,580,289.20	-	-123,000,000.00	-123,000,000.00
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of general risk reserves	-	-	-	-	-	-	-	-	-	1,580,289.20	-1,580,289.20	-	-	-
2. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-123,000,000.00	-123,000,000.00
(iv) Transfer within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	69,262,923.23	69,262,923.23
1. Others	-	-	-	-	-	-	-	-	-	-	-	-	69,262,923.23	69,262,923.23
(v) Special reserves	-	-	-	-	-	-	-	3,477,661.86	-	-	3,477,661.86	-	-	3,477,661.86
1. Withdrew in the period	-	-	-	-	-	-	-	19,870,503.88	-	-	19,870,503.88	-	-	19,870,503.88
2. Used in the period	-	-	-	-	-	-	-	-16,392,841.92	-	-	-16,392,841.92	-	-	-16,392,841.92
IV. Balance as at the end of the period	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	9,156,104,568.91	3,679,662,266.24	12,855,770,625.15

XII Financial Report

Amount for the prior period

Unit: RMB

Item	2023										Total owners' equity			
	Equity attributable to owners of the company													
	Share capital	Preference shares	Other equity instruments	Capital reserves	Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provisions	Retained profit	Others	Subtotal	Minority interest	
I. Balance as at the end of the prior year	2,979,742,200.00	-	-	5,361,200,322.29	128,780,100.00	-821,940,694.57	15,791,710.95	1,212,089,108.97	79,900,268.71	9,380,642,477.57	-	19,084,665,494.92	4,643,686,325.69	23,728,253,820.61
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance as at the beginning of the year	2,979,742,200.00	-	-	5,361,200,322.29	128,780,100.00	-821,940,694.57	15,791,710.95	1,212,089,108.97	79,900,268.71	9,380,642,477.57	-	19,084,665,494.92	4,643,686,325.69	23,728,253,820.61
III. Changes in the period ("+" denotes increase)	-22,929,000.00	-	-	-32,408,622.88	-66,347,650.00	-42,940,794.51	7,531,118.62	-	-529,973.80	-1,370,463,676.02	-	-2,392,390,298.39	-238,007,676.59	-2,630,397,974.98
(i) Total comprehensive income	-	-	-	-	-	-42,940,794.51	-	-	-	-1,281,289,648.82	-	-1,324,230,444.33	-45,352,768.04	-1,369,583,212.37
(ii) Capital paid in and reduced by owners	-22,929,000.00	-	-	-32,408,622.88	-66,347,650.00	-	-	-	-	-	-	-985,990,972.68	51,682,676.42	-934,308,296.26
1. Ordinary shares paid by owners	-	-	-	-	-	-	-	-	-	-	-	-	51,682,676.42	51,682,676.42
2. Capital paid by holders of other equity instruments	-	-	-	-4,000,000.00	-	-	-	-	-	-	-	-1,000,000,000.00	-	-1,000,000,000.00
3. Amount of share-based payments recognised in owners' equity	-22,929,000.00	-	-	-69,886,171.92	-66,347,650.00	-	-	-	-	-	-	-27,467,521.92	-	-27,467,521.92
4. Others	-	-	-	41,476,549.24	-	-	-	-	-	-	-	41,476,549.24	-	41,476,549.24
(iii) Profit distribution	-	-	-	-	-	-	-	-	-829,973.80	-89,170,026.20	-	-89,700,000.00	-254,313,617.44	-344,013,617.44
1. Transfer of general risk reserves	-	-	-	-	-	-	-	-	-829,973.80	529,973.80	-	-	-	-
2. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-89,700,000.00	-	-89,700,000.00	-254,313,617.44	-344,013,617.44
(iv) Transfer within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	9,976,032.47	9,976,032.47
1. Others	-	-	-	-	-	-	-	-	-	-	-	-	9,976,032.47	9,976,032.47
(v) Special reserves	-	-	-	-	-	-	7,531,118.62	-	-	-	-	7,531,118.62	-	7,531,118.62
1. Withdrew in the period	-	-	-	-	-	-	31,146,275.32	-	-	-	-	31,146,275.32	-	31,146,275.32
2. Used in the period	-	-	-	-	-	-	-23,615,156.70	-	-	-	-	-23,615,156.70	-	-23,615,156.70
IV. Balance as at the end of the period	2,956,813,200.00	-	-	5,328,790,699.61	66,432,450.00	-864,881,489.08	23,322,829.57	1,212,089,108.97	79,370,294.91	8,020,182,801.55	16,692,175,196.53	4,405,680,649.10	21,097,855,846.63	

XII Financial Report

8. Statement of changes in owners' equity of the Company Amount for the period

Unit: RMB

Item	2024							Retained profit	Total owners' equity	
	Share capital	Other equity instruments	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves			
	Preference shares	Perpetual Bonds	Others							
I. Balance as at the end of the prior year	-	-	-	5,073,338,869.19	63,432,450.00	-	4,612,641.99	1,199,819,528.06	3,138,783,314.72	12,309,935,103.96
II. Balance as at the beginning of the year	-	-	-	5,073,338,869.19	63,432,450.00	-	4,612,641.99	1,199,819,528.06	3,138,783,314.72	12,309,935,103.96
III. Changes in the period ("-" denotes decrease)	-22,257,000.00	-	-	-41,175,450.00	-63,432,450.00	-	2,792,624.88	-	-667,750,132.14	-664,957,507.26
(i) Total comprehensive income	-	-	-	-	-	-	-	-	-667,750,132.14	-667,750,132.14
(ii) Capital paid in and reduced by owners	-22,257,000.00	-	-	-41,175,450.00	-63,432,450.00	-	-	-	-	-
1. Amount of share-based payments recognised in owners' equity	-22,257,000.00	-	-	-41,175,450.00	-63,432,450.00	-	-	-	-	-
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-
(iv) Transfer within owners' equity	-	-	-	-	-	-	-	-	-	-
(v) Special reserves	-	-	-	-	-	-	2,792,624.88	-	-	2,792,624.88
1. Withdraw in the period	-	-	-	-	-	-	2,792,624.88	-	-	2,792,624.88
2. Used in the period	-	-	-	-	-	-	-	-	-	-
(vi) Others	-	-	-	-	-	-	-	-	-	-
IV. Balance as at the end of the period	-	-	-	5,032,163,419.19	-	-	7,405,266.87	1,199,819,528.06	2,471,033,182.58	11,644,977,596.70

XII Financial Report

Amount for the prior period	2023										Unit: RMB	
	Other equity instruments		Less:		Other comprehensive income		Retained profit		Total owners' equity			
	Share capital	Preference shares	Perpetual Bonds	Others	Capital reserves	Treasury shares	Special reserves	Surplus reserves	Others	Others		
I. Balance as at the end of the prior year	2,979,742,200.00	-	996,000,000.00	-	5,147,225,041.11	128,780,100.00	-	2,066,138.15	1,199,819,528.06	3,121,934,271.16	-	13,318,007,076.48
II. Balance as at the beginning of the year	2,979,742,200.00	-	996,000,000.00	-	5,147,225,041.11	128,780,100.00	-	2,066,138.15	1,199,819,528.06	3,121,934,271.16	-	13,318,007,076.48
III. Changes in the period ("-" denotes decrease)	-22,929,000.00	-	-996,000,000.00	-	-73,886,171.92	-65,347,650.00	-	2,546,503.84	-	16,849,043.56	-	-1,008,071,974.52
(i) Total comprehensive income	-	-	-	-	-	-	-	-	-	106,549,043.56	-	106,549,043.56
(ii) Capital paid in and reduced by owners	-22,929,000.00	-	-996,000,000.00	-	-73,886,171.92	-65,347,650.00	-	-	-	-	-	-1,027,467,521.92
1. Capital paid by holders of other equity instruments	-	-	-996,000,000.00	-	-4,000,000.00	-	-	-	-	-	-	-1,000,000,000.00
2. Amount of share-based payments recognised in owners' equity	-22,929,000.00	-	-	-	-69,886,171.92	-65,347,650.00	-	-	-	-	-	-27,467,521.92
(iii) Profit distribution	-	-	-	-	-	-	-	-	-89,700,000.00	-	-	-89,700,000.00
1. Transfer to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-89,700,000.00	-	-	-89,700,000.00
(iv) Special reserves	-	-	-	-	-	-	-	2,546,503.84	-	-	-	2,546,503.84
1. Withdrawn in the period	-	-	-	-	-	-	-	2,569,804.81	-	-	-	2,569,804.81
2. Used in the period	-	-	-	-	-	-	-	-23,300.97	-	-	-	-23,300.97
IV. Balance as at the end of the period	2,956,813,200.00	-	-	-	5,073,338,869.19	63,432,450.00	-	4,612,641.99	1,199,819,528.06	3,138,783,314.72	-	12,309,995,103.96

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 31 December 2024, the total share capital of the Company was 2,934,556,200 shares. For details, please refer to Note VII. 40.

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

The financial statements and notes thereto were approved at the twelfth meeting of the tenth session of the board of directors of the Company (the “Board”) on 31 March 2025.

2. Scope of consolidation

Subsidiaries of the Company included in the scope of consolidation in 2024 totalled 76. For details, please refer to Note X “Interest in other entities”. The scope of consolidation of the Company during the year had two more companies included and three 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.

2. Going concern

The Company’s net profit after extraordinary gains or losses attributable to shareholders of the Company for 2022, 2023 and 2024 amounted to RMB-361 million, RMB-1,942 million and RMB-7,202 million, respectively, which remained negative for three consecutive years. As of 31 December 2024, the Company’s gearing ratio was 79.79%. The current ratio was 36.25%. The Company had liquidity difficulties. As of 31 December 2024, the Company’s bank borrowings, financial leasing borrowings and acceptance bills that need to be repaid due to overdue amounted to RMB4,599.7821 million, the restricted monetary funds amounted to RMB5,728.7478 million, and certain outstanding operating payables were also overdue. A number of litigation and arbitration cases arose from overdue debts. Some of the Company’s assets were subject to seizure or freeze, and some production lines were shut down or suspended production. The Company was exposed to greater operational and financial risks. The above matters or circumstances both indicate that there may be material uncertainties about the Company’s going concern basis.

In view of the above, the Board of the Company has conducted sufficient and detailed assessments after carefully considering its liquidity, operations and sources of financing in the future. The Company will take following actions to improve its ability to continue as a going concern and its operations, aiming to address the qualified opinion in the next financial year, including:

- (1) Resumption of operation and production. The government task force, in collaboration with the Company, has formulated a comprehensive work plan from eight aspects including full resumption of operation and production, introduction of strategic investments, grant of syndicated loan, and asset disposal. Adhering to the principle of “one policy for one enterprise, one policy for one region”, the Company will actively engage with local governments to finalise specific cooperation details in pursuit of the full resumption of operation and production at its major production bases. In accordance with the established production resumption plans for each base, the Company will conduct comprehensive overhauls across all production systems, improve automated detection and control functions, and enhance equipment integrity and operational efficiency. Striving to achieve the resumption of operation and production within the shortest possible time, the Company will also strengthen its communication and coordination with suppliers to foster stable long-term cooperative relationships between them.

IV. Basis of Preparation of the Financial Statements (*Continued*)

2. Going concern (*Continued*)

- (2) Debt restructuring. As of 31 December 2024, the Company and financial creditors had established provincial debt committees and reached a consensus that: firstly, they shall refrain from instituting unauthorised proceedings for seizure, and overdue loans shall be first settled by negotiation, instead of litigation for seizure or credit rating downgrade or classification; secondly, they shall maintain the stability of existing credit facilities. Financial institutions inside and outside of the provinces shall adjust the credit facilities to liquidity loans, renew expiring loans wherever possible without loan cancellations or delays, provide extended loan terms for non-renewable loans, and adjust repayment schedules for medium to long term loans; thirdly, interest rates and fees shall be reduced to alleviate the burden on the Company. Loan rates shall be reduced to below 2%, new loan rates shall be reduced to below 3% and loan rates shall be re-adjusted in accordance with the recovery of the Company after three years; fourthly, interest settlement cycles shall be extended. In principle, the interest shall be settled semi-annually within three years, and the settlement cycle shall be adjusted in accordance with the operations of the Company after three years.
- (3) Asset disposal. The Company will make every effort to revitalise and dispose of its existing assets. The Company will strengthen the disposal of assets in its non-principal business, establish an asset management center, 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.
- (4) Government support. The Company has applied to local governments for support, including but not limited to policy and financial support, to assist the Company in overcoming difficulties. Currently, governments have established task forces to assist the Company in coordinating financial institutions to establish provincial debt committees to provide financing support to the Company for the renewal of loans and other purposes. State-owned enterprises at city and county levels have funded the establishment of Weifang Xingchen Trading Co., Ltd. with raised funds amounting to RMB3.31 billion for the resumption of production. In particular, the registered capital of RMB1.0 billion has been received, and the syndicated loan of RMB2.31 billion is currently under review for approval by head offices of various banks. At present, certain banks have completed their approval process.
- (5) Introduction of strategic investments. A task force for the introduction of strategic investors has been set up at the municipal level to form a multi-level and multi-field collaborative working mechanism. Dedicated personnel will be responsible for engaging and negotiating with interested strategic investors to effectively integrate resources and enhance decision-making efficiency. At the same time, the Company will insist on the approach of combining “going out” and “bringing in”, take the initiative to cooperate with competent enterprises, and acquire the necessary working capital for the resumption of production through a variety of channels, so as to support the Company in achieving normal production and operation as soon as possible.

By implementing the above measures, the Company believes that it is appropriate to prepare the financial statements for the reporting period on a going concern basis.

IV. Basis of Preparation of the Financial Statements *(Continued)*

2. Going concern *(Continued)*

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.

V. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates are indicated as follows:

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

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

These financial statements have been prepared in conformity with the ASBEs, which truly and fully reflect the financial position of the consolidated entity and the Company as at 31 December 2024 and relevant information such as the operating results and cash flows of the consolidated entity and the Company for 2024.

2. Accounting period

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

XII Financial Report

V. Significant Accounting Policies and Accounting Estimates (Continued)

3. Operating cycle

The operating cycle of the Company lasts for 12 months.

4. Functional currency

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

5. Determination method and selection basis of importance standards

Item	Importance standards
Significant accounts receivable with single provision for bad debt reserves	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 investment activities	Investment amount exceeds 0.5% of total assets
Significant joint ventures and associates	The joint venture or associate operates normally with an accounting amount exceeding 0.5% of total assets
Significant debt restructuring	The restructuring amount exceeds 0.5% of total assets

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

6. Accounting treatment of business combinations under common control and not under common control *(Continued)*

(1) Business combination under common control *(Continued)*

Business combinations involving entities under common control and achieved in stages

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

(2) Business combination not under common control

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

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

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.

(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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

7. Judgment criteria for control and preparation of consolidated financial statements *(Continued)*

(4) Accounting treatment for loss of control over subsidiaries

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

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

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

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.

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

(1) Foreign currency operations

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

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

(2) Translation of financial statements denominated in foreign currency

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

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

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

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

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

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 *(Continued)*

11. Financial instruments *(Continued)*

(2) Classification and measurement of financial assets *(Continued)*

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

11. Financial instruments *(Continued)*

(2) Classification and measurement of financial assets *(Continued)*

Financial assets measured at fair value through profit or loss *(Continued)*

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.

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

11. Financial instruments *(Continued)*

(3) Classification and measurement of financial liabilities *(Continued)*

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.

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

11. Financial instruments *(Continued)*

(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).

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

11. Financial instruments *(Continued)*

(5) Impairment of financial assets *(Continued)*

Measurement of ECLs *(Continued)*

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

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

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

Bills receivable and accounts receivable

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

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

A. Bills receivable

Bills receivable portfolio 1: Bank acceptance bills

Bills receivable portfolio 2: Commercial acceptance bills

B. Accounts receivable

Accounts receivable portfolio 1: Due from related party customers

Accounts receivable portfolio 2: Due from non-related party customers

Accounts receivable portfolio 3: Factoring receivables

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

11. Financial instruments *(Continued)*

(5) Impairment of financial assets *(Continued)*

Bills receivable and accounts receivable *(Continued)*

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

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

Other receivables

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

Other receivables portfolio 1: Amount due from government authorities

Other receivables portfolio 1: 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.

Long-term receivables

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

11. Financial instruments *(Continued)*

(5) Impairment of financial assets *(Continued)*

Long-term receivables *(Continued)*

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

A. Finance lease receivables

Finance lease receivables portfolio 1: Receivables not past due

Finance lease receivables portfolio 2: Overdue receivables

B. Other long-term receivables

Other long-term receivables portfolio 1: Deposits receivable

Other long-term receivables portfolio 2: Other receivables

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

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

Debt investments and other debt investments

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

11. Financial instruments *(Continued)*

(5) Impairment of financial assets *(Continued)*

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;

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

11. Financial instruments *(Continued)*

(5) Impairment of financial assets *(Continued)*

Credit-impaired financial assets *(Continued)*

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.

Presentation of provisions for ECLs

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

Write-offs

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

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

11. Financial instruments *(Continued)*

(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.

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

12. Fair value measurement *(Continued)*

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.

(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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

13. Inventories *(Continued)*

(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.

(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 *(Continued)*

14. Long-term equity investments *(Continued)*

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

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

14. Long-term equity investments *(Continued)*

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

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.

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

14. Long-term equity investments *(Continued)*

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

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% 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.

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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

16. Fixed assets (Continued)

(2) Depreciation method of fixed assets

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

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

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

(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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

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.

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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

19. Borrowing costs (Continued)

(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.

20. Bearer biological assets

(1) Standards for recognising bearer biological assets

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

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

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

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

20. Bearer biological assets *(Continued)*

(1) Standards for recognising bearer biological assets *(Continued)*

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.

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.

V. Significant Accounting Policies and Accounting Estimates (*Continued*)

22. R&D expenses

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

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

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

24. Long-term prepaid expenses

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

25. Contract liabilities

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

26. Employee benefits

(1) Scope of employee benefits

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

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

(2) Short-term staff remuneration

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

26. Employee benefits *(Continued)*

(3) Post-employment benefits

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

Defined contribution plans

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

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

(4) Termination benefits

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

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

26. Employee benefits *(Continued)*

(5) Other long-term benefits

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

27. Provisions

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

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

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

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

28. Share-based payments and equity instruments

(1) Category of share-based payment

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

(2) Determination of fair value of equity instruments

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

28. Share-based payments and equity instruments (Continued)

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

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

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

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

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

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

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

(5) Restricted shares

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

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

(1) Classification of financial liabilities and equity instruments

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

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

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

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

30. Revenue

(1) General principles

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

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

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

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

30. Revenue *(Continued)*

(1) General principles *(Continued)*

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

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

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

(2) Specific methods

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

Sales of goods

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

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

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

V. Significant Accounting Policies and Accounting Estimates (*Continued*)

30. Revenue (*Continued*)

(2) Specific methods (*Continued*)

Sales of goods (*Continued*)

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

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

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

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

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

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

Provision of hotel and property services

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

Provision of financial leasing and factoring services

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

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

30. Revenue *(Continued)*

(2) Specific methods *(Continued)*

Provision of financial leasing and factoring services *(Continued)*

There are two cases for financial assets with credit impairment:

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

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

31. Contract costs

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

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

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

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

31. Contract costs *(Continued)*

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

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

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

32. Government grants

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

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

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

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

32. Government grants (Continued)

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

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

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

33. Deferred income tax assets/deferred income tax liabilities

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

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

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

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

33. Deferred income tax assets/deferred income tax liabilities *(Continued)*

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

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

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

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

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

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

34. Leases

(1) Identification of leases

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

(2) The Company as lessee

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

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

V. Significant Accounting Policies and Accounting Estimates (*Continued*)

34. Leases (*Continued*)

(2) The Company as lessee (*Continued*)

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.

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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

34. Leases *(Continued)*

(2) The Company as lessee *(Continued)*

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.

(3) The Company as lessor

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

Finance leases

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

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

34. Leases *(Continued)*

(3) The Company as lessor *(Continued)*

Operating lease

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

Lease modification

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

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

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

(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.

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

34. Leases *(Continued)*

(5) Sale and leaseback

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

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

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

35. Right-of-use assets

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

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

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

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

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

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

36. Production safety expenses and maintenance costs

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

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

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

37. Repurchase of shares

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

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

38. Debt restructuring

(1) The Company as the debtor

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

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

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

V. Significant Accounting Policies and Accounting Estimates (*Continued*)

38. Debt restructuring (*Continued*)

(1) The Company as the debtor (*Continued*)

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.

(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 equity investment based on the sum of the fair value of debt receivable, and any directly attributable taxes and other costs of the investment. The difference between the fair value and the book value of the debt receivable is included in the current profit and loss.

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

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Company first recognises and measures the financial assets received and restructured debt receivable in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, and then allocates the net value, which is the fair value of the debt receivable deducted by the recognised amount of financial assets received and restructured debt receivable, to the costs of 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 *(Continued)*

39. Critical accounting judgments and estimates

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

Deferred income tax assets

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

Classification of financial assets

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

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

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

Measurement of the ECLs of accounts receivable

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

39. Critical accounting judgments and estimates *(Continued)*

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.

Deferred income tax assets

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

Impairment of goodwill

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

Impairment of inventories

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

Impairment of fixed assets and long-term equity investments

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

V. Significant Accounting Policies and Accounting Estimates *(Continued)*

40. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

① Interpretation No. 17 of the Accounting Standards for Business Enterprises

In November 2023, the Ministry of Finance issued the Interpretation No. 17 of Accounting Standards for Business Enterprises (Cai Kuai [2023] No. 21) (the “Interpretation No. 17”).

Classification of current and non-current liabilities

According to the Interpretation No. 17, for a liability arising from an entity’s loan arrangement, an entity’s right to defer settlement of the liability to more than one year after the balance sheet date may be subject to the entity complying with conditions specified in that loan arrangement (hereinafter referred to as the “covenants”). If the entity is required to comply with a covenant on or before the balance sheet date, even if compliance with the covenant is assessed only after the balance sheet date (for example, a covenant based on the entity’s financial position on the balance sheet date but assessed for compliance only after the balance sheet date), such a covenant affects whether that right exists on the balance sheet date, and in turn affects the classification of the liability as current or non-current on the balance sheet date. If an entity is required to comply with a covenant after the balance sheet date (for example, a covenant based on the entity’s financial position six months after the balance sheet date), such a covenant does not affect whether that right exists on the balance sheet date, and is not related to the classification of the liability as current or non-current on the balance sheet date.

In circumstances where a term of a liability result in its settlement by the transfer of the entity’s own equity instruments at the option of the counterparty, if the entity classifies the option as an equity instrument in accordance with the requirements under the standards, recognising it separately as an equity component of a compound financial instrument, such a term does not affect the classification of the liability as current or non-current.

The Company has adopted the Interpretation No. 17 since 1 January 2024, and the adoption of which does not have significant impact on the financial position and operating results of the Company in a comparable period.

(2) Changes in significant accounting estimates

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

XII Financial Report

VI. Taxation

1. Main tax types and tax rates

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

Disclosure of taxable entities subject to different EIT tax rates

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

2. Tax incentives

(1) Enterprise income tax

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

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

Jilin Chenming Paper Co., Ltd., a subsidiary of the Company, received a high and new technology enterprise certificate with a certification number of GR202222000414 on 29 November 2022. 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 from 2022 to 2024.

VI. Taxation (Continued)

2. Tax incentives (Continued)

(1) Enterprise income tax (Continued)

Jiangxi Chenming Paper Co., Ltd., a subsidiary of the Company, received a high and new technology enterprise certificate with a certification number of GR202236000018 on 4 November 2022. Pursuant to the requirements under the Law of the People's Republic of China on Enterprise Income Tax and the relevant policies, Jiangxi Chenming is subject to an enterprise income tax rate of 15% of taxable income, and is entitled to the preferential treatment from 2022 to 2024.

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

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

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

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

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

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

XII Financial Report

VII. Notes to items of the consolidated financial statements

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Treasury cash	1,363,319.76	3,674,805.36
Bank deposit	150,579,926.55	760,558,937.25
Other monetary funds	5,728,747,806.12	11,321,241,125.05
Deposits with Finance Company	29,188,759.75	39,357,963.64
Total	5,909,879,812.18	12,124,832,831.30
Including: Total deposits in overseas banks	90,613,912.87	261,470,228.68

Other explanations:

- ① Other monetary funds of RMB4,199,123,725.42 were the guarantee deposit for the application for acceptance bills by the Company;
- ② Other monetary funds of RMB1,454,708,192.10 were the guarantee deposit for the application for letter of credit with the banks by the Company;
- ③ Other monetary funds of RMB16,224,110.34 were the guarantee deposit for the application for loans with the banks by the Company;
- ④ Other monetary funds of RMB12,972,408.07 were the Company's statutory reserve deposits with the People's Bank of China;
- ⑤ Other monetary funds of RMB45,719,370.19 were restricted or 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	37,259,325.70	46,294,291.71
Including:		
Investment in equity instruments	37,259,325.70	46,294,291.71
Total	37,259,325.70	46,294,291.71

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

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

3. Bills receivable

(1) Bills receivable by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills		
Commercial acceptance bills	506,605,701.74	411,600,000.00
Total	506,605,701.74	411,600,000.00

(2) 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		
Commercial acceptance bills		223,000.00
Total		223,000.00

4. Accounts receivable

(1) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	929,046,115.66	1,561,046,809.05
1 to 2 years	274,913,099.67	385,112,389.04
2 to 3 years	352,196,765.13	722,669,952.03
Over 3 years	1,112,205,999.57	408,747,914.19
Subtotal	2,668,361,980.03	3,077,577,064.31
Less: Bad debt provision	1,284,071,666.33	549,070,004.48
Total	1,384,290,313.70	2,528,507,059.83

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.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

4. Accounts receivable (Continued)

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debts provision		Carrying amount	Book balance		Bad debts provision		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)		Amount	Percentage (%)	Amount	Provision percentage (%)	
Accounts receivable assessed individually for bad debt provision	252,399,157.18	9.46	244,457,449.18	96.85	7,941,708.00	201,074,254.68	6.53	193,132,546.68	96.05	7,941,708.00
Accounts receivable assessed collectively for bad debt provision	2,415,962,822.85	90.54	1,039,614,217.15	43.03	1,376,348,605.70	2,876,502,809.63	93.47	355,937,457.80	12.37	2,520,565,351.83
Including:										
Due from related parties	1,945,551.12	0.07	13,618.86	0.70	1,931,932.26	2,359.03		23.18	0.98	2,335.85
Due from non-related parties	1,153,594,000.22	43.23	126,192,125.69	10.94	1,027,401,874.53	1,545,540,409.94	50.22	81,008,019.20	5.24	1,464,532,390.74
Factoring receivables	1,260,423,271.51	47.24	913,408,472.60	72.47	347,014,798.91	1,330,960,040.66	43.25	274,929,415.42	20.66	1,056,030,625.24
Total	2,668,361,980.03	100	1,284,071,666.33	48.12	1,384,290,313.70	3,077,577,064.31	100	549,070,004.48	17.84	2,528,507,059.83

Items assessed individually for bad debt provision:

Unit: RMB

Name	Book balance	Closing balance		Provision reason
		Bad debts provision	Provision percentage (%)	
Customer 1	26,697,528.70	26,697,528.70	100	Long outstanding
Customer 2	17,600,000.00	9,658,292.00	54.88	Long outstanding
Customer 3	14,813,369.27	14,813,369.27	100	Long outstanding
Customer 4	14,453,432.93	14,453,432.93	100	Long outstanding
Customer 5	13,396,601.22	13,396,601.22	100	Long outstanding
Customer 6	10,954,285.12	10,954,285.12	100	Long outstanding
Customer 7	10,624,137.64	10,624,137.64	100	Long outstanding
Customer 8	10,614,691.35	10,614,691.35	100	Long outstanding
Customer 9	10,250,525.02	10,250,525.02	100	Long outstanding
46 companies including Customer 10	122,994,585.93	122,994,585.93	100	Long outstanding
Total	252,399,157.18	244,457,449.18	96.85	

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

4. Accounts receivable (Continued)

(2) Disclosure by bad debt provision method (Continued)

Unit: RMB

Name	Book balance	Opening balance		Provision reason
		Bad debts provision	Provision percentage (%)	
Customer 1	45,493,811.40	45,493,811.40	100	Long outstanding
Customer 2	26,697,528.70	26,697,528.70	100	Long outstanding
Customer 3	17,600,000.00	9,658,292.00	54.88	Long outstanding
Customer 4	14,813,369.27	14,813,369.27	100	Long outstanding
Customer 5	14,753,432.93	14,753,432.93	100	Long outstanding
Customer 6	13,396,601.22	13,396,601.22	100	Long outstanding
49 companies including Customer 7	68,319,511.16	68,319,511.16	100	Long outstanding
Total	201,074,254.68	193,132,546.68	96.05	

Explanation: Although Wuhan Tianrui Paper Co., Ltd. has not repaid the loan for a long time, it has not fully provided for bad debts because the company has paid a deposit when the transaction occurred, and part of such deposit may offset part of the losses.

Items assessed collectively for bad debt provision: Due from related party customers

Unit: RMB

Name	Book balance	Closing balance	
		Bad debts provision	Provision percentage (%)
Within 1 year	1,945,551.12	13,618.86	0.70
Total	1,945,551.12	13,618.86	0.70

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

4. Accounts receivable (Continued)

(2) Disclosure by bad debt provision method (Continued)

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

Unit: RMB

Name	Book balance	Closing balance	
		Bad debts provision	Provision percentage (%)
Within 1 year	919,473,167.28	16,744,310.74	1.82
1 to 2 years	172,551,830.25	52,058,552.58	30.17
2 to 3 years	1,766,895.77	893,773.39	50.58
Over 3 years	59,802,106.92	56,495,488.98	94.47
Total	1,153,594,000.22	126,192,125.69	10.94

Items assessed collectively for bad debt provision: Factoring receivables

Unit: RMB

Name	Book balance	Closing balance	
		Bad debts provision	Provision percentage (%)
Within 1 year	7,627,397.26	3,813,698.63	50.00
1 to 2 years	102,361,269.42	51,777,234.71	50.58
2 to 3 years	350,429,869.36	280,343,895.48	80.00
Over 3 years	800,004,735.47	577,473,643.78	72.18
Total	1,260,423,271.51	913,408,472.60	72.47

If the bad debt provision of accounts receivable is made in accordance with the general model of ECLs:

Applicable Not applicable

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

4. Accounts receivable (Continued)

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

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Provision	Changes in the period		Others	Closing balance
			Recovery or reversal	Written-off		
Bad debts provision	549,070,004.48	740,113,750.02	1,414,900.45	0.00	-3,697,187.72	1,284,071,666.33
Total	549,070,004.48	740,113,750.02	1,414,900.45	0.00	-3,697,187.72	1,284,071,666.33

Explanation: "Others" includes a decrease in bad debts of RMB3,537,412.30 from disposal of subsidiaries, and a decrease in bad debts of RMB159,775.42 due to changes in exchange rates.

(4) Actual write-off of accounts receivable for the period

Unit: RMB

Item	Write-off amount
Actual write-off of accounts receivable	0.00

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

4. Accounts receivable (Continued)

(5) Top five accounts receivable and contract assets based on closing balance of debtors

The total amount of top five accounts receivable and contract assets based on closing balance of debtors for the period amounted to RMB1,057,672,738.56 in total, accounting for 39.64% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding bad debt provision amounted to RMB751,208,046.24 in total.

Unit: RMB

Name of entity	Closing balance of accounts receivable	As a percentage of the closing balance of the total accounts receivable (%)	Closing balance of bad debt provision of accounts receivable
Customer 1	481,810,233.33	18.06	385,448,186.65
Customer 2	222,656,666.64	8.34	178,125,333.31
Customer 3	123,297,505.26	4.62	36,107,859.62
Customer 4	121,908,333.33	4.57	97,526,666.66
Customer 5	108,000,000.00	4.05	54,000,000.00
Total	1,057,672,738.56	39.64	751,208,046.24

5. Accounts receivable financing

(1) Accounts receivable financing by category

Unit: RMB

Item	Closing balance	Opening balance
Bills receivable	100,730,797.32	215,884,249.97
Total	100,730,797.32	215,884,249.97

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 is no significant credit risk in the bank acceptance bills held and no major losses will be incurred due to default of banks.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

5. Accounts receivable financing (Continued)

(2) 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	5,008,422,470.60	
Total	5,008,422,470.60	

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	1,061,992,721.13	2,224,904,557.88
Dividend receivable	22,659,149.81	
Total	1,084,651,870.94	2,224,904,557.88

(1) Dividends receivable

1) Classification of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance
Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)	22,659,149.81	
Subtotal	22,659,149.81	
Less: Bad debt provision		
Total	22,659,149.81	

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

6. Other receivables (Continued)

(2) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Open credit	2,522,792,110.64	2,691,372,170.61
Reserve and borrowings	16,114,760.18	27,444,170.92
Guarantee deposit and deposit	14,874,445.09	12,578,821.54
Others	7,975,085.22	3,445,072.68
Subtotal	2,561,756,401.13	2,734,840,235.75
Less: Bad debt provision	1,499,763,680.00	509,935,677.87
Total	1,061,992,721.13	2,224,904,557.88

2) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	680,590,285.93	1,052,737,595.00
1 to 2 years	409,320,986.47	291,207,253.53
2 to 3 years	198,957,834.50	204,348,508.24
Over 3 years	1,272,887,294.23	1,186,546,878.98
Subtotal	2,561,756,401.13	2,734,840,235.75
Less: Bad debt provision	1,499,763,680.00	509,935,677.87
Total	1,061,992,721.13	2,224,904,557.88

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 (Continued)

6. Other receivables (Continued)

(2) Other receivables (Continued)

3) Particulars of bad debt provision

When one or more of the following circumstances occurs, it is considered as “a significant increase in credit risk upon initial recognition” and shall be assigned to stage 2: the payment has been overdue for more than 30 days but not more than 90 days; the debtor encountered an adverse event that affected its solvency; significant adverse changes in the value of collateral or the quality of guarantees or credit enhancements provided by third parties.

When one or more of the following circumstances occurs, it is considered as “credit impairment has occurred” and shall be assigned to stage 3: the payment has been overdue for more than 90 days; the debtor encountered major financial difficulties or was likely to go bankrupt or undergo other financial restructuring; other situations that violate contractual agreements and indicate that there is objective evidence of impairment of financial assets.

Closing bad debt provision at stage 1:

Category	Book balance	Expected credit losses within 12 months (%)	Bad debts provision	Carrying amount	Reason
Items assessed collectively for bad debt provision	474,324,711.81	11.91	56,487,807.03	417,836,904.78	
Amount due from government agencies	8,929,150.60	8.25	736,883.39	8,192,267.21	
Amount due from related parties	328,692,310.16	9.51	31,260,068.90	297,432,241.26	
Other receivables	136,703,251.05	17.92	24,490,854.74	112,212,396.31	
Total	474,324,711.81	11.91	56,487,807.03	417,836,904.78	

As at the end of the period, the Group did not have interest receivables, dividends receivables and other receivables in phase 2.

Closing bad debt provision at stage 3

Category	Book balance	Lifetime ECL rate (%)	Bad debts provision	Carrying amount	Reason
Items assessed individually for bad debt provision	2,087,431,689.32	69.14	1,443,275,872.97	644,155,816.35	
Total	2,087,431,689.32	69.14	1,443,275,872.97	644,155,816.35	

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

6. Other receivables (Continued)

(2) Other receivables (Continued)

3) Particulars of bad debt provision (Continued)

Items assessed individually for bad debt provision:

Category	Book balance	Lifetime ECL		Carrying amount	Reason
		rate (%)	Bad debts provision		
Customer 1	472,854,783.56	70.25	332,202,672.36	140,652,111.20	Uncertain recovery to a certain extent
Customer 2	453,002,316.85	40.00	181,200,926.74	271,801,390.11	Uncertain recovery to a certain extent
Customer 3	390,000,000.00	100.00	390,000,000.00	0.00	Uncertain recovery to a certain extent
Customer 4	143,940,305.63	55.00	79,167,168.10	64,773,137.53	Uncertain recovery to a certain extent
136 customers including customer 5	627,634,283.28	73.40	460,705,105.77	166,929,177.51	Uncertain recovery to a certain extent
Total	2,087,431,689.32	69.14	1,443,275,872.97	644,155,816.35	

Bad debt provision based on the general model of ECLs:

Unit: RMB

Bad debts provision	Stage 1	Stage 2	Stage 3	Total
	ECLs for the next 12 months	Lifetime ECLs (not credit-impaired)	Lifetime ECLs (credit-impaired)	
Balance as at 1 January 2024	87,540,266.28		422,395,411.59	509,935,677.87
Balance as at 1 January 2024 for the period				
- Transferred to stage 2				
- Transferred to stage 3				
- Reversed to stage 2				
- Reversed to stage 1				
Provision for the period	13,979,730.50		1,022,206,731.89	1,036,186,462.39
Reversal for the period	43,619,026.39		1,326,270.51	44,945,296.90
Transfer for the period				
Write-off for the period				
Other changes	-1,413,163.36			-1,413,163.36
Balance as at 31 December 2024	56,487,807.03		1,443,275,872.97	1,499,763,680.00

Explanation: "Others Changes" includes a decrease in bad debts of RMB19,000.00 from disposal of subsidiaries, and a decrease in bad debts of RMB1,394,163.36 due to changes in exchange rates.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

6. Other receivables (Continued)

(2) Other receivables (Continued)

3) Particulars of bad debt provision (Continued)

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

Applicable Not applicable

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

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Provision	Changes in the period		Others	Closing balance
			Recovery or reversal	Transfer or write-off		
Bad debts provision	509,935,677.87	990,203,590.69	44,945,296.90		-1,413,163.36	1,453,780,808.30
Total	509,935,677.87	990,203,590.69	44,945,296.90		-1,413,163.36	1,453,780,808.30

Explanation: "Others Changes" includes a decrease in bad debts of RMB19,000.00 from disposal of subsidiaries, and a decrease in bad debts of RMB1,394,163.36 due to changes in exchange rates.

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

The total amount of the Company's top five other receivables based on closing balance of debtors for the period was RMB1,697,890,764.48, which accounted for 66.28% of the closing balance of the total other receivables. The closing balance of corresponding bad debt provision amounted to RMB996,094,469.96.

Unit: RMB

Name of entity	Nature	Closing balance	Ageing	As a percentage of the closing balance of total other receivables	Closing balance of bad debt provision
Customer 1	Consideration for debt transfer	472,854,783.56	4 to 5 years	18.46	332,202,672.36
Customer 2	Consideration for debt transfer	453,002,316.85	Over 5 years	17.68	181,200,926.74
Customer 3	Consideration for debt transfer	390,000,000.00	1 to 2 years	15.22	390,000,000.00
Customer 4	Open credit	238,093,358.44	1 to 2 years	9.29	13,523,702.76
Customer 5	Financial support	143,940,305.63	3 to 4 years	5.62	79,167,168.10
Total		1,697,890,764.48		66.28	996,094,469.96

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

7. Prepayments

(1) Prepayments by ageing

Unit: RMB

Ageing	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	592,705,315.78	93.80	790,687,918.61	95.83
1 to 2 years	39,188,179.36	6.20	34,447,237.60	4.17
Total	631,893,495.14	100	825,135,156.21	100

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

The total amount of top five prepayments based on closing balance of prepaid parties for the period amounted to RMB228,850,872.41, accounting for 36.22% of the closing balance of the total prepayments.

Unit: RMB

Name of entity	Closing balance of prepayments	As a percentage of the closing balance of the total prepayments (%)
Customer 1	55,668,669.56	8.81
Customer 2	52,889,218.97	8.37
Customer 3	52,234,915.42	8.27
Customer 4	39,241,698.45	6.21
Customer 5	28,816,370.01	4.56
Total	228,850,872.41	36.22

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

8. Inventories

Whether the Company needs to comply with the disclosure requirements for real estate industries

No

(1) Categories of inventories

Unit: RMB

Item	Book balance	Closing balance		Book balance	Opening balance	
		Impairment provision for inventories or performance costs	Carrying amount		Impairment provision for inventories or performance costs	Carrying amount
Raw materials	1,225,049,193.59	15,709,012.21	1,209,340,181.38	1,977,478,797.85	18,030,837.14	1,959,447,960.71
Work-in-process products	121,749,898.40		121,749,898.40	102,415,558.33		102,415,558.33
Goods in stock	269,949,625.20	22,030,676.68	247,918,948.52	1,413,366,440.57	1,030,048.86	1,412,336,391.71
Consumable biological assets	1,256,379,773.85		1,256,379,773.85	1,483,978,089.61		1,483,978,089.61
Total	2,873,128,491.04	37,739,688.89	2,835,388,802.15	4,977,238,886.36	19,060,886.00	4,958,178,000.36

Note: Consumable biological assets are forestry assets.

(2) Impairment provision for inventories and performance costs

Unit: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Reversal or transfer	Others	
Raw materials	18,030,837.14			2,321,824.93		15,709,012.21
Goods in stock	1,030,048.86	22,030,676.68		1,030,048.86		22,030,676.68
Total	19,060,886.00	22,030,676.68		3,351,873.79		37,739,688.89

Impairment provision for inventories and performance costs (continued)

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	

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

9. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term receivables due within one year	2,840,365,519.48	4,161,725,935.75
Total	2,840,365,519.48	4,161,725,935.75

Explanations: ① Long-term receivables due within one year amounting to RMB2,816,898,675.87 (amount for the prior year: RMB4,054,545,080.32) were financial lease receivables;

② Long-term receivables due within one year amounting to RMB23,098,378.89 (amount for the prior year: RMB107,180,855.43) were deposits receivable;

③ Long-term receivables due within one year amounting to RMB368,464.72 (amount for the prior year: RMB0.00) were sublease receivables.

Significant receivables assessed individually for bad debt provision in financial lease receivables

Unit: RMB

Category	Book balance	Lifetime ECL rate (%)	Bad debts provision	Carrying amount	Reason
Customer 1	1,554,672,582.20	17.50	272,067,701.89	1,282,604,880.31	Uncertain recovery to a certain extent
Customer 2	958,754,877.25	80.00	767,003,901.80	191,750,975.45	Uncertain recovery to a certain extent
Customer 3	485,296,142.90	46.00	223,236,225.74	262,059,917.16	Uncertain recovery to a certain extent
Customer 4	397,228,355.05	5.00	19,861,417.75	377,366,937.30	Uncertain recovery to a certain extent
Customer 5	328,844,439.00	80.00	263,075,551.20	65,768,887.80	Uncertain recovery to a certain extent
Total	3,724,796,396.40	41.49	1,545,244,798.38	2,179,551,598.02	

10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Input tax amount to be deducted	135,623,629.69	119,271,427.68
Prepaid tax	7,659,808.66	47,645,192.37
Receivables under financial lease due within one year	182,672,726.43	400,411,532.31
Factoring receivables due within one year	74,820,340.44	261,871,191.52
Prepaid expenses	144,335,745.61	201,963,827.62
Other payments	14,798,952.00	37,663,773.28
Total	559,911,202.83	1,068,826,944.78

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

11. Long-term receivables

(1) Particulars of long-term receivables

Unit: RMB

Item	Book balance	Closing balance		Book balance	Opening balance		Discount rate range
		Bad debts provision	Carrying amount		Bad debts provision	Carrying amount	
Finance lease payments	5,247,340,922.67	2,041,452,234.56	3,205,888,688.11	5,329,611,463.14	1,070,429,664.01	4,259,181,799.13	4%-12%
Less: Unrealised financing income	121,865,194.82		121,865,194.82	66,941,274.36		66,941,274.36	
Deposit for finance lease	247,738,958.47		247,738,958.47	329,246,696.64		329,246,696.64	
Less: Unrealised financing income	25,782,566.94		25,782,566.94	20,467,752.31		20,467,752.31	
Sublease receivable for woodland	18,790,408.36	899,519.98	17,890,888.38				
Less: Unrealised financing income	6,803,007.48		6,803,007.48				
Subtotal	5,359,419,520.26	2,042,351,754.54	3,317,067,765.72	5,571,449,133.11	1,070,429,664.01	4,501,019,469.10	
Less: Long-term receivables due within one year	4,867,758,553.13	2,027,393,033.65	2,840,365,519.48	5,229,345,488.65	1,067,619,552.90	4,161,725,935.75	
Less: Classified as other current liabilities	196,410,443.69		196,410,443.69				
Total	295,250,523.44	14,958,720.89	280,291,802.55	342,103,644.46	2,810,111.11	339,293,533.35	

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Book balance		Closing balance			Book balance		Opening balance		
	Amount	Percentage %	Bad debts provision Amount	Provision percentage %	Carrying amount	Amount	Percentage %	Bad debts provision Amount	Provision percentage %	Carrying amount
Items assessed collectively										
for bad debt provision	295,250,523.44	100.00	14,958,720.89	5.07	280,291,802.55	342,103,644.46	100.00	2,810,111.11	0.82	339,293,533.35
Including:										
Receivables not past due	281,184,018.32	95.24	14,059,200.91	5.00	267,124,817.41	140,505,555.56	41.07	2,810,111.11	2.00	137,695,444.45
Sublease receivable for woodland	11,618,936.16	3.93	899,519.98	7.74	10,719,416.18					
Deposits receivable	2,447,568.96	0.83			2,447,568.96	201,598,088.90	58.93			201,598,088.90
Total	295,250,523.44	100.00	14,958,720.89	5.07	280,291,802.55	342,103,644.46	100.00	2,810,111.11	0.82	339,293,533.35

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

11. Long-term receivables (Continued)

(2) Disclosure by bad debt provision method (Continued)

Items assessed collectively for bad debt provision: Receivables not past due

Unit: RMB

	Closing balance			Balance as at the end of the prior year		
	Long-term receivables	Bad debts provision	ECL rate (%)	Long-term receivables	Bad debts provision	ECL rate (%)
Within 1 year						
1 to 2 years	85,192,921.52	4,259,646.06	5.00	140,505,555.56	2,810,111.11	2.00
2 to 3 years	85,192,921.54	4,259,646.08	5.00			
Over 3 years	110,798,175.26	5,539,908.77	5.00			
Total	281,184,018.32	14,059,200.91	5.00	140,505,555.56	2,810,111.11	2.00

Collectively assessed item: Sublease receivable for woodland

Unit: RMB

	Closing balance			Balance as at the end of the prior year		
	Long-term receivables	Bad debts provision	ECL rate (%)	Long-term receivables	Bad debts provision	ECL rate (%)
1 to 2 years	381,729.44	9,237.43	2.42			
2 to 3 years	395,471.70	16,179.23	4.09			
Over 3 years	10,841,735.02	874,103.32	8.06			
Total	11,618,936.16	899,519.98	7.74			

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

11. Long-term receivables (Continued)

(2) Disclosure by bad debt provision method (Continued)

Collectively assessed item: Deposits receivable

Unit: RMB

	Closing balance			Balance as at the end of the prior year		
	Long-term receivables	Bad debts provision	ECL rate (%)	Long-term receivables	Bad debts provision	ECL rate (%)
Within 1 year						
1 to 2 years	2,204,172.55			136,426,669.75		
2 to 3 years	243,396.41			38,434,359.53		
Over 3 years				26,737,059.62		
Total	2,447,568.96			201,598,088.90		

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

Unit: RMB

Category	Opening balance	Provision	Changes in the period		Non-current assets classified as due within one year	Closing balance
			Recovery or reversal	Transfer or write-off		
Bad debts provision	2,810,111.11	25,438,884.77			13,290,274.99	14,958,720.89
Total	2,810,111.11	25,438,884.77			13,290,274.99	14,958,720.89

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

12. Long-term equity investments

Unit: RMB

Investee	Opening balance (carrying amount)	Opening balance of			Investment gain or loss recognised under equity method	Change for the period			Distribution of cash dividend or profit	Closing balance (carrying amount)	Closing balance of impairment provision
		impairment provision	Additional contribution	Withdrawn contribution		Adjustment of other comprehensive income	Other change in equity interest	Impairment provision			
I. Joint ventures											
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	7,400,283.59				1,468,652.13			500,000.00		8,368,935.72	
Weifang Port Wood Chip Terminal Co., Ltd.	79,142,080.56				8,174,934.95					87,317,015.51	
Shouguang Meite Environmental Technology Co., Ltd.	19,066,523.79				-1,106,308.52					17,960,215.27	
Shouguang Jintou Industrial Investment Partnership (Limited Partnership)	2,344,570,247.55				-565,479,070.99					1,779,091,176.56	
Weifang Xingxing United Chemical Co., Ltd.	91,874,385.12								13,078,890.78	78,795,494.34	13,078,890.78
Subtotal	2,542,053,520.61				556,941,792.43			500,000.00	13,078,890.78	1,971,532,837.40	13,078,890.78
II. Associates											
Zhuhai Dechen New Third Board Equity Investment Fund Company (Limited Partnership)	27,263,804.36				-96,122.05					27,167,682.31	
Ningbo Kaichen Huamei Equity Investment Fund Partnership (Limited Partnership)	278,128,830.13				-142,574,010.13					135,554,820.00	
Nanchang Tianchen Port Co., Ltd.	58,147,506.39				2,595,113.17			3,747,087.61		56,995,531.95	
Goldtrust Futures Co., Ltd.	187,786,626.28				10,674,121.86				4,010,000.00	194,450,748.14	4,010,000.00
Xuchang Chenming Paper Co., Ltd.		5,994,545.96									5,994,545.96
Chenming (Qingdao) Asset Management Co., Ltd.	8,377,144.65			7,822,100.00	271,748.56					826,793.21	
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	251,918,902.31				-22,064,313.95					229,854,588.36	
Guangdong Nanyue Bank Co., Ltd.	1,331,523,051.00				18,748,118.69	6,370,472.83	-1,989,232.35			1,354,652,410.17	
Subtotal	2,143,145,865.12	5,994,545.96		7,822,100.00	-132,445,343.85	6,370,472.83	-1,989,232.35	3,747,087.61	4,010,000.00	1,999,502,574.14	10,004,545.96
Total	4,685,199,385.73	5,994,545.96		7,822,100.00	-689,387,136.28	6,370,472.83	-1,989,232.35	4,247,087.61	17,088,890.78	3,971,035,411.54	23,083,436.74

Explanation: ① The Company estimates the fair value of an investee on the balance sheet date by conducting profit forecasts on the investee or hiring an appraisal organisation to conduct appraisals. Disposal expenses which mainly taking the corporate income tax on equity transfer are used to estimate the recoverable amount of the related investment. 10-year treasury rate is selected as the risk-free rate, and the average market yield is calculated and determined based on the Shanghai Stock Exchange Composite Index and the Shenzhen Stock Exchange Composite Index over the past 14 years. ② The Company's equity investments in Goldtrust Futures Co., Ltd. and Guangdong Nanyue Bank Co., Ltd. have been frozen due to overdue debts and other reasons.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

12. Long-term equity investments (Continued)

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

Applicable Not applicable

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment	Determination of fair value and disposal expenses	Key parameter	Basis of determination of key parameter
Weifang Xingxing United Chemical Co., Ltd.	91,874,385.12	78,795,494.34	13,078,890.78	Contracts or agreements		
Goldtrust Futures Co., Ltd.	198,460,748.14	194,450,748.14	4,010,000.00	Contracts or agreements		
Total	290,335,133.26	273,246,242.48	17,088,890.78			

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

Applicable Not applicable

13. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Investment in debt instruments	650,001,725.86	659,099,016.38
Investment in equity instruments	101,028,728.82	122,462,024.19
Total	751,030,454.68	781,561,040.57

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

14. Investment property

(1) Investment property under the cost method

√ Applicable □ Not applicable

Unit: RMB

Item	Housing and building structure	Total
I. Original carrying amount		
1. Opening balance	7,142,921,213.87	7,142,921,213.87
2. Increase during the period		
3. Decrease during the period	8,857,835.38	8,857,835.38
(1) Disposal	8,857,835.38	8,857,835.38
4. Closing balance	7,134,063,378.49	7,134,063,378.49
II. Accumulated depreciation and accumulated amortisation		
1. Opening balance	1,093,678,517.51	1,093,678,517.51
2. Increase during the period	196,503,060.50	196,503,060.50
(1) Provision or amortisation	196,503,060.50	196,503,060.50
3. Decrease during the period	1,581,458.07	1,581,458.07
(1) Disposal	1,581,458.07	1,581,458.07
4. Closing balance	1,288,600,119.94	1,288,600,119.94
III. Impairment provision		
1. Opening balance		
2. Increase during the period	102,227,990.09	102,227,990.09
(1) Provision	102,227,990.09	102,227,990.09
3. Decrease during the period		
4. Closing balance	102,227,990.09	102,227,990.09
IV. Carrying amount		
1. Closing carrying amount	5,743,235,268.46	5,743,235,268.46
2. Opening carrying amount	6,049,242,696.36	6,049,242,696.36

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.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

14. Investment property (Continued)

(1) Investment property under the cost method (Continued)

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

Applicable Not applicable

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment	Determination of fair value and disposal expenses	Key parameter	Basis of determination of key parameter
Pujiang International Finance Plaza	3,929,078,563.30	3,870,804,012.06	58,274,551.2	Assessment	Fair value – disposal expenses. Sales and distribution expenses at 1% of fair value, taxes and surcharges at 1.11%	Determined based on market surveys.
Shenzhen Zhuoyue Baozhong Times Square (深圳卓越寶中時代廣場)	155,511,029.33	130,660,000.00	24,851,029.33	Assessment	Fair value – disposal expenses. Sales and distribution expenses at 1% of fair value, taxes and surcharges at 1.11%	Determined based on market surveys.
Guangzhou Yuexiu Zhengjia Oriental International Plaza (廣州越秀正佳東方國際廣場)	68,875,409.52	49,773,000.00	19,102,409.52	Assessment	Fair value – disposal expenses. Sales and distribution expenses at 1% of fair value, taxes and surcharges at 1.11%	Determined based on market surveys.
Total	4,153,465,002.15	4,051,237,012.06	102,227,990.09			

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

Applicable Not applicable

(2) Investment property under the fair value method

Applicable Not applicable

(3) Particulars of investment property without obtaining property right certificates

The Company has no investment property without obtaining property right certificates.

15. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	31,855,069,324.04	33,186,248,169.56
Total	31,855,069,324.04	33,186,248,169.56

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

15. Fixed assets (Continued)

(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	11,722,953,106.41	43,133,736,594.15	294,812,326.00	398,874,518.61	55,550,376,545.17
2. Increase during the period	185,190,958.99	805,013,161.41	2,438,389.50	3,629,309.18	996,271,819.08
(1) Acquisition	90,115,733.97	108,152,608.87	2,438,389.50	3,629,309.18	204,336,041.52
(2) Transferred from construction in progress	16,118,099.31	436,860,552.54			452,978,651.85
(3) Debt restructuring	78,957,125.71	260,000,000.00			338,957,125.71
3. Decrease during the period	87,596,205.70	214,424,554.21	28,880,416.48	21,916,943.17	352,818,119.56
(1) Disposal or retirement	87,596,205.70	214,424,554.21	28,880,416.48	21,916,943.17	352,818,119.56
4. Closing balance	11,820,547,859.70	43,724,325,201.35	268,370,299.02	380,586,884.62	56,193,830,244.69
II. Accumulated depreciation					
1. Opening balance	2,624,265,582.21	19,050,501,794.09	222,005,103.33	263,312,432.67	22,160,084,912.30
2. Increase during the period	304,582,020.17	1,782,635,041.99	16,227,822.00	9,144,414.71	2,112,589,298.87
(1) Provision	304,582,020.17	1,782,635,041.99	16,227,822.00	9,144,414.71	2,112,589,298.87
3. Decrease during the period	28,516,633.86	129,026,043.17	24,019,376.64	17,798,386.42	199,360,440.09
(1) Disposal or retirement	28,516,633.86	129,026,043.17	24,019,376.64	17,798,386.42	199,360,440.09
(2) Other decreases					
4. Closing balance	2,900,330,968.52	20,704,110,792.91	214,213,548.69	254,658,460.96	24,073,313,771.08
III. Impairment provision					
1. Opening balance	27,808,852.79	168,785,487.47	13,889.13	7,435,233.92	204,043,463.31
2. Increase during the period	37,498,185.92	31,528,912.00			69,027,097.92
(1) Provision	37,498,185.92	31,528,912.00			69,027,097.92
3. Decrease during the period		7,623,411.66			7,623,411.66
(1) Disposal or retirement		7,623,411.66			7,623,411.66
4. Closing balance	65,307,038.71	192,690,987.81	13,889.13	7,435,233.92	265,447,149.57
IV. Carrying amount					
1. Closing carrying amount	8,854,909,852.47	22,827,523,420.63	54,142,861.20	118,493,189.74	31,855,069,324.04
2. Opening carrying amount	9,070,878,671.41	23,914,449,312.59	72,793,333.54	128,126,852.02	33,186,248,169.56

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

15. Fixed assets (Continued)

(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	26,914,458.81	3,093,008.64	42,456,616.96	
Machinery and equipment	1,146,244,589.87	594,604,349.18	179,338,924.05	372,301,316.64	
Electronic equipment	303,999.85	273,600.10	7,187.27	23,212.48	
Total	1,219,012,674.13	621,792,408.09	182,439,119.96	414,781,146.08	

(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.)	1,172,180,611.42	Under application
Housing and building structure (Zhanjiang Chenming Pulp & Paper Co., Ltd.)	958,010,770.92	Under application
Housing and building structure (Shouguang Meilun Paper Co., Ltd.)	467,847,134.79	Under application
Housing and building structure (Jilin Chenming Paper Co., Ltd.)	427,523,333.72	Under application
Housing and building structure (Jiangxi Chenming Paper Co., Ltd.)	189,228,867.38	Under application
Housing and building structure (Shandong Chenming Paper Holdings Limited)	135,600,113.40	Under application
Housing and building structure (Huanggang Chenming Pulp & Paper Co., Ltd.)	8,403,482.71	Under application
Total	3,358,794,314.34	

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

15. Fixed assets (Continued)

(4) Impairment test on fixed assets

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment	Determination of fair value and disposal expenses	Key parameter	Basis of determination of key parameter
Pujiang International Finance Plaza	1,028,250,904.29	1,012,760,200.79	15,490,703.50	Assessment	Fair value – disposal expenses. Sales and distribution expenses at 1% of fair value, taxes and surcharges at 1.11%	Determined based on market surveys.
Chenming Cultural Square	1,172,180,611.42	1,150,173,129.00	22,007,482.42	Average transaction prices of nearby commercial real estate	Average office price is RMB35,000/square meter; average commercial real estate price is RMB50,000/square meter; average car parking space is RMB260,000/space	
Machinery and equipment	260,000,000.00	228,471,088.00	31,528,912.00	Assessment	Fair value – disposal expenses. Disposal expenses include sales and distribution expenses (0.5%), dismantling expenses (2.5%), relevant taxes (1.59%) and other direct expenses incurred to bring the asset to a marketable condition.	Determined based on market surveys.
Total	2,460,431,515.71	2,391,404,417.79	69,027,097.92			

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

Applicable Not applicable

16. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	586,611,718.04	852,139,418.48
Materials for project	7,226,885.83	7,478,546.68
Total	593,838,603.87	859,617,965.16

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

16. Construction in progress (Continued)

(1) Particulars of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Relocation of Wuhan 4800 papermaking machine project (Zhanjiang Chenming)	549,063,751.76	86,712,411.44	462,351,340.32	533,417,722.83		533,417,722.83
Technological transformation project	129,380,245.56	11,645,893.36	117,734,352.20	130,674,807.30	662,764.60	130,012,042.70
Forestry-pulp-paper project (Huanggang Pulp & Paper)				156,604,031.76		156,604,031.76
300,000 tonnes softwood pulp project (Shandong Chenming)	12,703,321.77	6,177,296.25	6,526,025.52	8,941,631.08		8,941,631.08
Others	23,648,105.73	23,648,105.73		44,302,661.87	21,138,671.76	23,163,990.11
Total	714,795,424.82	128,183,706.78	586,611,718.04	873,940,854.84	21,801,436.36	852,139,418.48

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

16. Construction in progress (Continued)

(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	Capitalisation		Source of fund
										Including: Capitalised interest amount during the period	rate of the interest amount during the period	
Relocation of Wuhan 4800 papermaking machine project (Zhanjiang Chenming)	800,000,000.00	533,417,722.83	15,646,028.93			549,063,751.76	68.63	71.00				Self-owned funds and borrowings
300,000 tonnes softwood pulp project (Shandong Chenming)	1,488,980,000.00	8,941,631.06	3,761,690.69			12,703,321.77	0.85	0.70				Self-owned funds and borrowings
Total	2,288,980,000.00	542,359,353.91	19,407,719.62			561,767,073.53	-	-				

(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
300,000 tonnes softwood pulp project (Shandong Chenming)		6,177,296.25		6,177,296.25	
Closed deodorisation at wastewater treatment plant (Shandong Chenming)	5,061,399.69			5,061,399.69	
Relocation of Wuhan 4800 papermaking machine project (Zhanjiang Chenming)		86,712,411.44		86,712,411.44	
Automation upgrade for water treatment (Jilin Chenming)	662,764.60			662,764.60	
Differentiated viscose fibre and spinning and chemical project (Huanggang Pulp & Paper)	12,609,724.89			12,609,724.89	
Others	3,467,547.18	13,492,562.73		16,960,109.91	
Total	21,801,436.36	106,382,270.42		128,183,706.78	-

Explanation: The Company conducted impairment tests on important construction projects. Impairment was made for ancillary construction costs incurred in the early stage of the suspended projects.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

16. Construction in progress (Continued)

(4) Impairment provision for construction in progress

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment	Determination of fair value and disposal expenses	Key parameter	Basis of determination of key parameter
Relocation of Wuhan 4800 papermaking machine project	549,063,751.76	462,351,340.32	86,712,411.44			
300,000 tonnes softwood pulp project	12,703,321.77	6,526,025.52	6,177,296.25			
T44 mechanical pulp brightness improvement transformation project	10,983,128.76		10,983,128.76			
200,000 tonnes/year methane chloride project	905,660.38		905,660.38			
350,000 tonnes/year hydrogen peroxide (27.5%) engineering	566,037.74		566,037.74			
80,000 tonnes/year thionyl chloride (including 60,000 tonnes/year polyaluminium chloride) project	1,037,735.85		1,037,735.85			
Total	575,259,636.26	468,877,365.84	106,382,270.42			

Explanation: In 2024, certain production bases of the Company were temporarily shut down for maintenance, and certain construction projects were suspended. At the end of the year, the Company took a stocktaking, and impairment was primarily made for ancillary construction costs incurred in the early stage of the suspended projects.

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

Applicable Not applicable

(5) Materials for project

Unit: RMB

Item	Closing balance			Opening balance		Carrying amount
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	
Special materials	7,226,885.83		7,226,885.83	7,478,546.68		7,478,546.68
Total	7,226,885.83		7,226,885.83	7,478,546.68		7,478,546.68

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

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	17,684,687.36	17,684,687.36
2. Increase during the period	1,019,456.24	1,019,456.24
(1) Cultivation	1,019,456.24	1,019,456.24
3. Decrease during the period		
4. Closing balance	18,704,143.60	18,704,143.60
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		
2. Increase during the period	9,352,071.80	9,352,071.80
(1) Provision	9,352,071.80	9,352,071.80
3. Decrease during the period		
4. Closing balance	9,352,071.80	9,352,071.80
IV. Carrying amount		
1. Closing carrying amount	9,352,071.80	9,352,071.80
2. Opening carrying amount	17,684,687.36	17,684,687.36

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

√ Applicable Not applicable

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

√ Applicable Not applicable

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

17. Bearer biological assets (Continued)

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

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment	Determination of fair value and disposal expenses	Key parameter	Basis of determination of key parameter
Tea tree	18,704,143.60	9,352,071.80	9,352,071.80	See explanation for details		
Total	18,704,143.60	9,352,071.80	9,352,071.80			

Explanation: According to the stocktaking, the Company estimated that tea tress corresponding to 50% of the area were withered or had poor growth due to management and maintenance, and therefore a 50% impairment was provided.

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

Applicable Not applicable

(3) Bearer biological assets measured at fair value

Applicable Not applicable

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

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	198,089,207.01	5,521,837.26	203,611,044.27
2. Increase during the period	15,065,365.55	105,000,000.00	120,065,365.55
(1) Leased		105,000,000.00	105,000,000.00
(2) Adjustment of lease liabilities	15,065,365.55		15,065,365.55
3. Decrease during the period	20,281,761.75	24,770.64	20,306,532.39
(1) Sublease as financial lease	5,763,444.28		5,763,444.28
(2) Transfer or held for sale	14,270,611.07		14,270,611.07
(3) Other decreases	247,706.40	24,770.64	272,477.04
4. Closing balance	192,872,810.81	110,497,066.62	303,369,877.43
II. Accumulated depreciation			
1. Opening balance	34,470,758.27	1,324,974.50	35,795,732.77
2. Increase during the period	7,258,461.26	1,899,929.90	9,158,391.16
(1) Provision	7,258,461.26	1,899,929.90	9,158,391.16
3. Decrease during the period	7,608,559.37		7,608,559.37
(1) Sublease as financial lease	1,352,587.09		1,352,587.09
(2) Transfer or held for sale	6,255,972.28		6,255,972.28
4. Closing balance	34,120,660.16	3,224,904.40	37,345,564.56
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	158,752,150.65	107,272,162.22	266,024,312.87
2. Opening carrying amount	163,618,448.74	4,196,862.76	167,815,311.50

Explanation: The reason for other decreases is that the original recognised amount of right-of-use assets was tax included, and as the invoices for leasing have been received, the input tax amount offset the original carrying amount of the right-of-use assets.

(2) Impairment test on right-of-use assets

Applicable Not applicable

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

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	2,525,157,831.82	23,309,148.71	27,493,613.05	15,908,674.87	2,591,869,268.45
2. Increase during the period	20,708,694.00				20,708,694.00
(1) Increase due to debt restructuring	20,708,694.00				20,708,694.00
3. Decrease during the period	350,101,394.77	344,645.70			350,446,040.47
(1) Disposal	43,294,094.77	344,645.70			43,638,740.47
(2) Other decrease	306,807,300.00				306,807,300.00
4. Closing balance	2,195,765,131.05	22,964,503.01	27,493,613.05	15,908,674.87	2,262,131,921.98
II. Accumulated amortisation					
1. Opening balance	549,448,621.95	22,999,984.34	1,151,095.44	15,908,674.87	589,508,376.60
2. Increase during the period	52,576,156.98	505,587.99	522,553.77		53,604,298.74
(1) Provision	52,576,156.98	505,587.99	522,553.77		53,604,298.74
3. Decrease during the period	32,407,129.83	841,407.10			33,248,536.93
(1) Disposal	13,832,242.59	841,407.10			14,673,649.69
(2) Other decrease	18,574,887.24				18,574,887.24
4. Closing balance	569,617,649.10	22,664,165.23	1,673,649.21	15,908,674.87	609,864,138.41
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	1,626,147,481.95	300,337.78	25,819,963.84		1,652,267,783.57
2. Opening carrying amount	1,975,709,209.87	309,164.37	26,342,517.61		2,002,360,891.85

As at the end of the period, the intangible assets from internal R&D of the Company accounted for 0% of the balance of intangible assets.

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

(2) Information and resources recognised as intangible assets

Applicable Not applicable

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

19. Intangible assets (Continued)

(3) Right-of-use assets without proper title certificates

Unit: RMB

Item	Carrying amount	Reason for not yet obtaining property right certificates
Shouguang Kunhe Trading Co., Ltd.	71,821,374.49	Under application
Shandong Chenming Paper Holdings Limited	1,325,945.32	Under application
Zhanjiang Chenming Pulp & Paper Co., Ltd.	56,507,180.99	Under application
Total	129,654,500.80	

(4) Impairment test on intangible assets

Applicable Not applicable

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

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
Kunshan Tuohan Plastic Products Co., Ltd.	26,946,905.38		26,946,905.38	
Jiangxi Chenming Port Co., Ltd.	8,273,638.42			8,273,638.42
Total	49,534,704.40		26,946,905.38	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	14,314,160.60	8,273,638.42		22,587,799.02

Explanation: The Company conducted profit forecast on Jiangxi Chenming Port Co., Ltd. in general. The recoverable amount was determined based on the present value of the estimated future cash flows. Future cash flows were determined based on the financial budget for 2025 to 2029, with weighted average asset cost of 4.09%. Other key assumptions used in estimating future cash flows included the estimated sales and gross profit based on the performance of such asset group in the past and the expectation to market development by the management. Upon assessment, the management is of the view that impairment occurred as a result of the acquisition of Jiangxi Chenming Port Co., Ltd.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

20. Goodwill (Continued)

(3) Relevant information on goodwill for asset group or combination of asset groups

Name	Composition and basis of asset group or combination of asset groups	Operating segment and basis	Whether it is consistent with prior year
Jiangxi Chenming Port Co., Ltd.	The company as a whole is regarded as an asset group or combination of asset groups.	Other segment	Yes

(4) Specific determination of recoverable amount

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

Applicable Not applicable

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

Applicable Not applicable

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

20. Goodwill (Continued)

(4) Specific determination of recoverable amount (Continued)

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment	Term of forecast period	Key parameter for forecast period	Key parameter for stabilisation period	Basis of determination of key parameter
							for stabilisation period
Jiangxi Chenming Port Co., Ltd.	-2,870,430.59	-30,547,385.05	8,273,638.42	5	Discount rate of 4.09%	Growth rate of zero	
Total	-2,870,430.59	-30,547,385.05	8,273,638.42				

(5) 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		262,430,000.00	13,121,499.99		249,308,500.01
Woodland expenses	5,952,099.77	3,584,440.65	1,409,772.51		8,126,767.91
Others	34,027,061.72	975,934.44	2,760,717.21		32,242,278.95
Total	39,979,161.49	266,990,375.09	17,291,989.71		289,677,546.87

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

22. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets before offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	722,577,808.85	148,433,553.46	2,170,702,373.93	509,035,457.40
Unrealised profit arising from intra-group transactions			7,605,345.40	1,901,336.35
Outstanding payables	257,788,652.79	56,051,325.73	121,528,026.20	18,553,482.43
Deferred income	134,649,677.05	20,197,451.55	144,721,508.43	21,708,225.98
Deductible loss	9,715,020,431.43	1,565,956,688.49	7,008,265,437.96	1,138,659,379.33
Total	10,830,036,570.12	1,790,639,019.23	9,452,822,691.92	1,689,857,881.49

(2) Deferred income tax liabilities before offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset valuation increment from business combinations involving entities not under common control	33,371,073.97	5,005,661.10	37,960,636.20	9,490,159.05
Unrealised profit arising from intra-group transactions	14,360,332.90	3,590,083.23		
Total	47,731,406.87	8,595,744.33	37,960,636.20	9,490,159.05

(3) Deferred income tax assets or liabilities presented as net amount after offsetting

Unit: RMB

Item	Offset of deferred income tax assets and liabilities at the end of the period	Closing balance of deferred income tax assets or liabilities after offsetting	Offset of deferred income tax assets and liabilities at the beginning of the period	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets		1,797,939,019.23		1,689,857,881.49
Deferred income tax liabilities		8,595,744.33		9,490,159.05

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

22. Deferred income tax assets/deferred income tax liabilities (Continued)

(4) The breakdown of unrecognised deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	5,404,679,879.65	53,265,395.05
Deductible loss	2,074,025,508.84	721,381,744.55
Total	7,478,705,388.49	774,647,139.60

(5) Expiry of deductible loss of unrecognised deferred income tax assets falls in the years as follows

Unit: RMB

Year	Closing balance	Opening balance	Remark
2024	—	158,265,081.51	
2025	208,245,408.21	226,672,646.51	
2026	590,291,155.76	61,481,717.71	
2027	110,332,902.30	77,967,748.73	
2028	425,783,078.02	196,994,550.09	
2029	739,372,964.55	—	
Total	2,074,025,508.84	721,381,744.55	

23. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Payments for engineering and equipment	125,012,037.98		125,012,037.98	1,055,195,141.00		1,055,195,141.00
Others	290,844,663.44		290,844,663.44	11,887,516.57		11,887,516.57
Total	415,856,701.42		415,856,701.42	1,067,082,657.57		1,067,082,657.57

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

24. Assets with restricted ownerships or right to use

Unit: RMB

Item	Book balance	End of the period			Beginning of the period			
		Carrying amount	Type of restriction	Restriction	Book balance	Carrying amount	Type of restriction	Restriction
Fixed assets	34,375,256,421.29	20,001,586,415.43	Charged	As collateral for bank borrowings and long-term payables (Note VII. 15)	9,411,111,670.62	6,303,095,864.20	Charged	As collateral for bank borrowings and long-term payables (Note VII. 15)
Investment property	6,742,657,317.44	5,433,525,500.09	Charged	As collateral for bank borrowings (Note VII. 14)	5,941,741,699.60	5,004,776,921.76	Charged	As collateral for bank borrowings (Note VII. 14)
Monetary funds	5,728,747,806.12	5,728,747,806.12	Pledged and locked-up	As deposits for acceptance bills and letters of credit, security deposits for loans, deposit reserves or account locked-up, interest receivable, freezing by litigation, etc. (Note VII. 1)	11,360,599,088.69	11,360,599,088.69	Pledged and locked-up	As deposits for bank acceptance bills and letters of credit, deposits for letter of guarantee, security deposits for loans, deposit reserves, interest receivable, etc. (Note VII. 1)
Intangible assets	1,789,243,785.12	1,312,981,381.52	Charged	As collateral for bank borrowings and long-term payables (Note VII. 19)	865,105,844.99	665,784,045.39	Charged	As collateral for bank borrowings and long-term payables (Note VII. 19)
Long-term equity investments	1,549,103,158.31	1,549,103,158.31	Freezing	Freeze for non-payment (Note VII. 12)				
Accounts receivable	207,017,962.56	206,147,426.74	Pledged	As pledge for borrowings (Note VII. 4)	403,349,324.55	398,710,807.32	Pledged	As pledge for borrowings (Note VII. 4)
Inventories	120,195,864.99	103,566,055.40	Court seizure	Seizure due to non-payment (Note VII. 8)				
Accounts receivable financing					90,551,168.01	90,551,168.01	Pledged	As pledge for obtaining letters of credit (Note VII. 5)
Total	50,512,222,315.83	34,335,657,743.61			28,072,458,796.46	23,823,517,895.37		

Other explanations:

As at 31 December 2024, housing, building structure and equipment with the book value of RMB20,001,586,415.43 (31 December 2023: book value of RMB6,303,095,864.20), investment properties with the book value of RMB5,433,525,500.09 (31 December 2023: book value of RMB5,004,776,921.76) and intangible assets with the book value of RMB1,312,981,381.52 (31 December 2023: book value of RMB665,784,045.39) were pledged as collateral for long-term borrowings of RMB3,669,467,809.18 (31 December 2023: RMB4,262,800,469.08), short-term borrowings of RMB1,375,200,404.98 (31 December 2023: RMB85,000,000.00) and long-term payables of RMB3,600,767,587.75 (31 December 2023: RMB4,345,793,513.95).

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

25. Short-term borrowings

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Discounted borrowings	8,292,279,333.33	12,270,872,000.00
Credit borrowings	8,179,010,348.64	9,908,287,425.27
Guaranteed borrowings	8,087,802,486.06	9,785,629,371.41
Mortgage borrowings	1,375,200,404.98	85,000,000.00
Pledged borrowings	846,066,236.10	1,425,690,224.94
Total	26,780,358,809.11	33,475,479,021.62

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 For classification and amount of pledged borrowings and mortgage assets, please see 1. Monetary funds and 24. Assets with restricted ownerships or right to use in Note VII.
- ③ Short-term borrowings included accrued interest of RMB28,011,462.42.
- ④ Mortgage borrowings of RMB1,340,000,000.00 were also guaranteed by related parties.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

25. Short-term borrowings (Continued)

(2) Overdue borrowings

At the end of the period, the overdue debts of the Company totalled RMB2,146,408,352.63, of which overdue short-term borrowings amounted to RMB469,368,352.63, and in accordance with Interpretation No. 17 of Accounting Standards for Business Enterprises, the liabilities transferred to short-term borrowings totalled RMB1,677,040,000.00, including overdue bank acceptance bills of RMB672,040,000.00, overdue long-term borrowings of RMB760,000,000.00, and non-current liabilities due within one year – bank loans of RMB245,000,000.00.

Major overdue borrowings

Unit: RMB

Borrower	Closing balance	Borrowing rate	Overdue time	Overdue interest rate
Guangdong Branch of China Development Bank	940,000,000.00	4.90%	20 December 2024	18%
Zhanjiang Branch of Bank of China Limited	65,000,000.00	5.50%	16 December 2024	18%
Total	1,005,000,000.00	—	—	—

26. Bills payable

Unit: RMB

Category	Closing balance	Opening balance
Commercial acceptance bills	1,213,818,112.99	3,604,737,193.92
Bank acceptance bills	210,100,000.00	1,014,249,270.03
Total	1,423,918,112.99	4,618,986,463.95

Explanation: Total outstanding bills payable due as at the end of the period amounted to RMB3,488,013,610.78, which was classified and presented as accounts payable, other payables and short-term borrowings.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

27. Accounts payable

(1) Particulars of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	7,272,978,630.96	3,329,807,929.61
Payment for engineering	217,322,928.02	222,541,200.98
Payment for equipment	117,822,089.47	107,663,951.56
Service fees	2,163,435.99	3,460,163.15
Others	98,680,322.03	239,147,624.90
Total	7,708,967,406.47	3,902,620,870.20

(2) Disclosure by ageing

Unit: RMB

Item	Closing balance	Reason for outstanding or not transfer
Within 1 year (including 1 year)	7,335,083,941.43	As agreed in the contract
1 to 2 years	106,143,394.23	As agreed in the contract
2 to 3 years	59,054,724.68	As agreed in the contract
Over 3 years	208,685,346.13	As agreed in the contract
Total	7,708,967,406.47	

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.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

28. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	2,710,367,670.63	2,414,752,127.19
Dividend payable	123,000,000.00	
Interest payable	63,042,283.31	
Total	2,896,409,953.94	2,414,752,127.19

(1) Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Interest on overdue borrowings	49,289,730.81	
Interest on overdue appropriation of funds	8,842,575.24	
Interest on overdue bills	2,397,040.00	
Interest on overdue finance lease payments	2,512,937.26	
Total	63,042,283.31	

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

28. Other payables (Continued)

(2) Dividend payable

Unit: RMB

Item	Closing balance	Opening balance
Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)	54,000,000.00	
Jianxin Financial Asset Investment Co., Ltd.	42,000,000.00	
Weifang Chenrong Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership)	27,000,000.00	
Total	123,000,000.00	

(3) Other payables

1) Other payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Open credit	2,194,650,156.21	1,090,141,993.83
Accrued expenses	282,776,392.24	381,781,932.14
Guarantee deposit, deposit and warranty	182,034,513.50	785,572,067.82
The obligation to repurchase shares under the share incentive scheme		63,764,745.74
Others	50,906,608.68	93,491,387.66
Total	2,710,367,670.63	2,414,752,127.19

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

29. Receipts in advance

(1) Particulars of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Prepaid rents and property fees	54,538,940.24	16,242,921.65
Total	54,538,940.24	16,242,921.65

30. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods in advance	274,829,824.35	1,443,680,155.62
Total	274,829,824.35	1,443,680,155.62

31. Staff remuneration payables

(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	73,907,233.82	1,115,270,025.78	939,413,563.31	249,763,696.29
II. Retirement benefit plan-defined contribution scheme	429,924.62	203,383,411.91	202,189,372.82	1,623,963.71
III. Termination benefits		2,723,742.39	2,723,742.39	
Total	74,337,158.44	1,321,377,180.08	1,144,326,678.52	251,387,660.00

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

31. Staff remuneration payables (Continued)

(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	54,425,637.71	902,478,029.92	730,326,586.08	226,577,081.55
2. Staff welfare		44,825,885.55	44,825,885.55	
3. Social insurance premium	1,399,223.32	92,517,903.30	93,360,611.91	556,514.71
Of which: Medical insurance premium	494,472.68	82,002,818.75	81,987,906.18	509,385.25
Work-related injury insurance premium	15,635.74	8,898,721.30	8,903,837.95	10,519.09
Maternity insurance premium	889,114.90	1,616,363.25	2,468,867.78	36,610.37
4. Housing provident funds	6,932,114.30	65,262,274.21	61,060,892.04	11,133,496.47
5. Union funds and workers' education	7,813,758.78	8,869,633.29	6,331,051.46	10,352,340.61
6. Other short-term remuneration	3,336,499.71	1,316,299.51	3,508,536.27	1,144,262.95
Total	73,907,233.82	1,115,270,025.78	939,413,563.31	249,763,696.29

(3) Defined contribution plan

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance premiums	415,282.27	195,084,561.53	194,235,970.48	1,263,873.32
2. Unemployment insurance premiums	14,642.35	8,298,850.38	7,953,402.34	360,090.39
Total	429,924.62	203,383,411.91	202,189,372.82	1,623,963.71

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

32. Tax payables

Unit: RMB

Item	Closing balance	Opening balance
Value added tax	86,589,345.15	40,076,417.59
Property tax	44,930,390.41	15,486,094.67
Land use tax	19,563,508.13	11,149,858.80
Stamp duty	11,784,134.43	10,875,401.17
Enterprise income tax	6,750,896.17	6,720,397.49
Resource tax	5,839,230.84	3,000,000.00
Urban maintenance and construction tax	5,779,995.16	2,396,420.76
Educational surcharges and others	4,599,189.85	2,062,463.52
Environmental protection tax	3,282,700.03	3,698,248.00
Individual income tax	2,280,921.30	2,184,712.31
Land appreciation tax	2,024,028.20	2,059,693.25
Total	193,424,339.67	99,709,707.56

33. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	1,207,756,283.94	1,273,902,656.06
Long-term payables due within one year	367,723,693.41	2,354,342,454.51
Lease liabilities due within one year	2,456,986.79	3,692,567.25
Total	1,577,936,964.14	3,631,937,677.82

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

34. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Overdue finance leasing borrowings	2,680,562,600.58	
Short-term financial leasing borrowings		100,000,000.00
Total	2,680,562,600.58	100,000,000.00

35. Long-term borrowings

(1) Types of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Mortgage borrowings	3,669,467,809.18	4,262,800,469.08
Credit borrowings	1,221,043,391.30	834,545,402.88
Guaranteed borrowings	1,080,907,277.70	857,571,273.74
Subtotal	5,971,418,478.18	5,954,917,145.70
Less: Long-term borrowings due within one year	1,207,756,283.94	1,273,902,656.06
Total	4,763,662,194.24	4,681,014,489.64

Explanation of the types of long-term borrowings:

- ① For classification and amount of mortgage assets of mortgage borrowings, please see 1. Monetary funds and 24. Assets with restricted ownerships or right to use in Note VII.
- ② In accordance with Interpretation No. 17 of Accounting Standards for Business Enterprises, the Company reclassified long-term borrowings 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 Mortgage borrowings of RMB3,160,106,586.05 were also guaranteed by related parties.
- ④ Long-term payables included accrued interest of RMB1,777,044.45.

XII Financial Report

VII. Notes to items of the consolidated financial statements (*Continued*)

36. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payments payable	52,866,869.42	64,264,374.68
Less: Unrecognised financing expenses	13,317,409.57	18,584,784.58
Subtotal	39,549,459.85	45,679,590.10
Less: Lease liabilities due within one year	2,456,986.79	3,692,567.25
Total	37,092,473.06	41,987,022.85

37. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	774,965,008.29	2,541,095,217.66
Total	774,965,008.29	2,541,095,217.66

Explanation: In accordance with Interpretation No. 17 of Accounting Standards for Business Enterprises, the Company reclassified long-term payables that were past due and non-current liabilities that were previously reported as due within one year. The loan agreement stipulates that in the event of a loan overdue, the creditor shall require the borrower to immediately repay the full amount of the loan. Since the above debts had triggered the default clause in the contract and no extension agreement had been reached with the creditors on the balance sheet date, based on the characteristics of liquidity risk and the immediacy of repayment obligations, the Company adjusted the full amount of the book balance to the "other current liabilities" account.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

37. Long-term payables (Continued)

(1) By nature

Unit: RMB

Item	Closing balance	Opening balance
Financial leasing borrowings	3,600,767,587.75	4,345,793,513.95
China Development Bank Special Fund	275,000,000.00	343,750,000.00
Contributions by other partners	137,894,158.22	199,894,158.22
Retention for the financial leasing operations	6,000,000.00	6,000,000.00
Subtotal	4,019,661,745.97	4,895,437,672.17
Less: Other current liabilities	2,876,973,044.27	
Less: Long-term payables due within one year	367,723,693.41	2,354,342,454.51
Total	774,965,008.29	2,541,095,217.66

Other explanation:

Contributions by other partners refer to the contributions made by other partners to Weifang Chenming Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership) and Weifang Chendu Equity Investment Partnership (Limited Partnership), and such contributions are reclassified as financial liabilities on a consolidation basis.

38. Provisions

Unit: RMB

Item	Closing balance	Opening balance	Reason
Pending litigations	5,935,000.00		Estimated compensation for losses
Total	5,935,000.00		

Other explanation:

The Company was involved in a number of legal proceedings, and a total of RMB5,935,000.00 was provided as provisions based on the potential compensation for losses.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

39. Deferred income

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reason
Government grants	1,337,864,114.70	7,770,000.00	104,694,629.18	1,240,939,485.52	Financial provision
Total	1,337,864,114.70	7,770,000.00	104,694,629.18	1,240,939,485.52	—

Items in respect of government grants

Unit: RMB

Liability item	Opening balance	New grants during the period	Include in non-operating income for the period	Include in other income for the period	Charge against cost expenses	Other changes	Closing balance	Asset-related/income-related
Funding for environmental protection	524,694,035.24	4,500,000.00		50,778,082.72			478,415,952.52	Income-related
Huanggang forestry-pulp-paper project	445,968,305.25			25,026,217.80			420,942,087.45	Asset-related
Infrastructure and environmental protection engineering	196,803,377.25			11,517,589.45			185,285,787.80	Asset-related
Financial subsidies for technological transformation project	95,106,015.68	3,270,000.00		8,958,104.96			89,417,910.72	Asset-related
Zhanjiang forestry-pulp-paper project	42,617,331.35			4,094,632.92			38,522,698.43	Asset-related
Project fund for National Key Technology Research and Development Program	793,725.00			164,700.00			629,025.00	Asset-related
Others	31,881,324.93			4,155,301.33			27,726,023.60	Asset-related
Total	1,337,864,114.70	7,770,000.00		104,694,629.18			1,240,939,485.52	

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

40. Share capital

Unit: RMB

	Opening balance	Repurchase of restricted shares	Increase/decrease during the year (+/-)			Subtotal	Closing balance
			Bonus issue	Shares converted from reserves	Others		
Total number of shares	2,956,813,200.00	-22,257,000.00			-22,257,000.00	2,934,556,200.00	

Explanation: On 31 July 2024, the Company convened the fifteenth extraordinary meeting of the tenth session of the Board and the sixth extraordinary meeting of the tenth session of the Supervisory Committee, at which the Resolution on the Failure Fulfilment of the Unlocking Conditions for the Third Unlocking Period under the 2020 Restricted A Share Incentive Scheme and Repurchase and Cancellation of Certain Restricted Shares was considered and approved. Grant Thornton (Special General Partnership) issued a Capital Verification Report (Zhi Tong Yan Zi (2024) No. 371C000421) for the repurchase of restricted shares during the period. Upon the completion of share repurchase, the total number of shares of the Company changed from 2,956,813,200 to 2,934,556,200.

41. Capital reserves

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Share incentive	4,599,770,312.40		121,112,276.86	4,478,658,035.54
Other capital reserves	729,020,587.21			729,020,587.21
Total	5,328,790,899.61		121,112,276.86	5,207,678,622.75

Other explanations, including changes (increase or decrease) during the period and reasons for such changes: ① The Company acquired partial equity interest in Shouguang Meilun Paper Co., Ltd., a subsidiary, from minority shareholders, resulting in a decrease in capital reserves of RMB9,957,619.55; ② the Company contributed capital to Shandong Yujing Grand Hotel Co., Ltd., resulting in a decrease in capital reserves of RMB67,989,974.96; ③ the change of capital reserves of Guangdong Nanyue Bank Co., Ltd., an associate of the Company, resulted in a decrease in capital reserves of RMB1,989,232.35; ④ the repurchase of the restricted shares not to be unlocked in the current period reduced capital reserves by RMB41,175,450.00.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

42. Treasury shares

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Share incentive	63,432,450.00		63,432,450.00	
Total	63,432,450.00		63,432,450.00	

Explanation: Due to failure in fulfilling the unlocking conditions, the Company repurchased certain restricted shares, with a reduction of RMB63,432,450.00 in treasury shares.

43. Other comprehensive income

Other comprehensive income attributable to the Company in the balance sheet is as follows:

Unit: RMB

Item	Opening balance	Amount during the period		Closing balance
		Attributable to the parent company after tax	Less: Transferred from other comprehensive income in prior periods to retained earnings during the period	
I. Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods				
II. Other comprehensive income that will be reclassified to profit and loss in subsequent periods				
1. Other comprehensive income that may be reclassified to profit and loss under the equity method	-864,881,489.08	-48,827,181.07		-913,708,670.15
2. Translation differences of financial statements denominated in foreign currency	-11,140,109.71	6,370,472.83		-4,769,636.88
	-853,741,379.37	-55,197,653.90		-908,939,033.27
Total other comprehensive income	-864,881,489.08	-48,827,181.07		-913,708,670.15

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

43. Other comprehensive income (Continued)

Other comprehensive income attributable to the parent company in the income statement:

Unit: RMB

Item	Incurred before income tax for the period	Amount during the period		Less: Attributable to minority shareholders after tax	Attributable to parent company after tax
		Less: Transferred from other comprehensive income in prior periods to profit or loss during the period	Less: Income tax expenses		
I. Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods					
II. Other comprehensive income that will be reclassified to profit and loss in subsequent periods	-48,827,181.07				-48,827,181.07
1. Other comprehensive income that may be reclassified to profit and loss under the equity method	6,370,472.83				6,370,472.83
2. Translation differences of financial statements denominated in foreign currency	-55,197,653.90				-55,197,653.90
Total other comprehensive income	-48,827,181.07				-48,827,181.07

44. Special reserves

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Production safety expenses	23,322,829.57	19,870,503.88	16,392,841.92	26,800,491.53
Total	23,322,829.57	19,870,503.88	16,392,841.92	26,800,491.53

45. 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

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

46. General risk provisions

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
General risk provisions	79,370,294.91	1,580,289.20		80,950,584.11
Total	79,370,294.91	1,580,289.20		80,950,584.11

Explanation: The general risk provisions are accrued by the Company's subsidiaries Shandong Chenming Group Finance Co., Ltd. and Shandong Chenming Commercial Factoring Co., Ltd. based on 1% of the balance of the receivables. Accordingly, the balance of the general risk provisions was adjusted based on the balance of the receivables.

47. Retained profit

Unit: RMB

Item	The period	The prior period
Retained profit as at the end of the prior year before adjustment	8,020,182,801.55	9,390,642,477.57
Adjustment to opening balance of retained earnings (increase +, decrease -)		
Opening balance of retained profit after adjustment	8,020,182,801.55	9,390,642,477.57
Add: Net profit for the period attributable to shareholders of the parent company	-7,410,784,491.65	-1,281,289,649.82
Less: Transfer of general risk provisions	1,580,289.20	-529,973.80
Perpetual Bonds interest payable		89,700,000.00
Retained profit as at the end of the period	607,818,020.70	8,020,182,801.55

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

48. Revenue and operating costs

Unit: RMB

Item	Amount during the period		Amount during the prior period	
	Revenue	Costs	Revenue	Costs
Principal activities	22,602,034,544.86	22,085,665,323.51	26,368,633,225.48	24,241,469,338.15
Other activities	127,440,307.90	59,163,344.92	239,937,002.72	204,016,961.78
Total	22,729,474,852.76	22,144,828,668.43	26,608,570,228.20	24,445,486,299.93

Whether the lower of the audited net profit before or after deducting extraordinary gains or losses is a negative number

Yes No

Unit: RMB

Item	Current year	Specific deductions	Prior year	Specific deductions
Revenue	22,729,474,852.76		26,608,570,228.20	
Total deductions from revenue	159,980,820.39	Revenue from sales of materials of RMB105,595,945.36 and other revenue of RMB54,384,875.03.	986,216,965.96	Revenue from sales of materials of RMB900,376,053.88 and other revenue of RMB85,840,912.08.
Proportion of total deductions from revenue to revenue	0.70%		3.71%	
I. Revenue from operations not related to principal operations				
1. Revenue from operations other than normal operation, such as revenue realised from leasing fixed assets, intangible assets, packaging materials, sales of materials, exchanges for non-monetary assets with materials, engaging in entrusted management business, and revenue included in revenue from principal operations but generated from operations other than normal operation of the Company.	159,980,820.39	Revenue from sales of materials of RMB105,595,945.36 and other revenue of RMB54,384,875.03.	986,216,965.96	Revenue from sales of materials of RMB900,376,053.88 and other revenue of RMB85,840,912.08.
Subtotal of revenue from operations not related to principal operations	159,980,820.39	Revenue from sales of materials of RMB105,595,945.36 and other revenue of RMB54,384,875.03.	986,216,965.96	Revenue from sales of materials of RMB900,376,053.88 and other revenue of RMB85,840,912.08.
II. Income without commercial substance				
III. Other income not related to the principal operations or without commercial substance				
Revenue after deductions	22,569,494,032.37	Revenue from sales of materials of RMB105,595,945.36 and other revenue of RMB54,384,875.03.	25,622,353,262.24	Revenue from sales of materials of RMB900,376,053.88 and other revenue of RMB85,840,912.08.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

48. Revenue and operating costs (Continued)

Breakdown of revenue and operating costs:

Unit: RMB

Category of contract	Machine-made paper		Financial services		Hotel and property rentals		Others		Total	
	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Type of business	22,121,097,000.91	21,633,558,055.36	194,122,370.30	754,872.50	195,920,780.92	213,936,663.38	218,334,700.63	296,579,077.19	22,729,474,852.76	22,144,828,668.43
Including:										
Machine-made paper	20,179,848,508.57	19,870,513,391.35							20,179,848,508.57	19,870,513,391.35
Chemical pulp	1,519,262,130.75	1,370,195,011.59							1,519,262,130.75	1,370,195,011.59
Electricity and steam	216,763,239.54	259,600,886.37							216,763,239.54	259,600,886.37
Construction materials							127,783,427.12	135,982,330.21	127,783,427.12	135,982,330.21
Hotel and property rentals					193,494,961.95	213,050,117.25			193,494,961.95	213,050,117.25
Paper chemicals	88,627,247.45	76,919,302.04							88,627,247.45	76,919,302.04
Others	116,595,874.60	56,329,464.01	194,122,370.30	754,872.50	2,425,818.97	886,546.13	90,551,273.51	160,596,746.98	403,695,337.38	218,567,629.62
By geographical area	22,121,097,000.91	21,633,558,055.36	194,122,370.30	754,872.50	195,920,780.92	213,936,663.38	218,334,700.63	296,579,077.19	22,729,474,852.76	22,144,828,668.43
Including:										
Mainland China	17,473,683,752.92	17,001,454,557.91	194,122,370.30	754,872.50	195,920,780.92	213,936,663.38	218,334,700.63	296,579,077.19	18,082,061,604.77	17,512,725,170.98
Other countries and regions	4,647,413,247.99	4,632,103,497.45							4,647,413,247.99	4,632,103,497.45
By the timing of delivery	22,121,097,000.91	21,633,558,055.36	194,122,370.30	754,872.50	195,920,780.92	213,936,663.38	218,334,700.63	296,579,077.19	22,729,474,852.76	22,144,828,668.43
Including:										
Goods (at a point in time)	21,894,912,696.29	21,371,499,091.00			1,036,801.87	886,546.13	218,334,700.63	296,579,077.19	22,114,284,198.79	21,668,964,714.32
Services (within a certain period)	226,184,304.62	262,058,964.36	194,122,370.30	754,872.50	194,883,979.05	213,050,117.25			615,190,653.97	475,863,954.11
By sales channel	22,121,097,000.91	21,633,558,055.36	194,122,370.30	754,872.50	195,920,780.92	213,936,663.38	218,334,700.63	296,579,077.19	22,729,474,852.76	22,144,828,668.43
Including:										
Distribution	16,965,016,680.69	16,675,644,976.42							16,965,016,680.69	16,675,644,976.42
Direct sales	5,156,080,320.22	4,957,913,078.94	194,122,370.30	754,872.50	195,920,780.92	213,936,663.38	218,334,700.63	296,579,077.19	5,764,458,172.07	5,469,183,692.01

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

48. Revenue and operating costs (Continued)

Breakdown of revenue from principal activities

① By industry

Unit: RMB

Name of industry	Amount for the year		Amount for the prior year	
	Revenue	Costs	Revenue	Costs
Machine-made paper	20,179,848,508.57	19,870,513,391.35	23,892,883,773.10	22,038,839,089.61
Chemical pulp	1,519,262,130.75	1,370,195,011.59	551,886,319.48	549,401,517.97
Electricity and steam	216,763,239.54	259,600,886.37	223,450,300.54	212,089,570.22
Hotel and property rentals	193,494,961.95	213,050,117.25	212,364,573.64	202,364,469.60
Construction materials	127,783,427.12	135,982,330.21	222,788,884.78	216,481,504.04
Paper chemicals	88,627,247.45	76,919,302.04	128,495,469.03	118,581,502.40
Others	276,255,029.48	159,404,284.70	1,136,763,904.91	903,711,684.31
Total	22,602,034,544.86	22,085,665,323.51	26,368,633,225.48	24,241,469,338.15

② Machine-made paper, by main product type

Unit: RMB

Name of industry	Amount for the year		Amount for the prior year	
	Revenue	Costs	Revenue	Costs
Duplex press paper	6,117,888,314.70	5,767,014,322.77	7,702,426,452.75	6,929,011,543.24
White paper board	4,553,056,974.25	5,140,713,897.07	5,477,558,929.56	5,673,086,405.12
Coated paper	3,758,928,113.95	3,263,366,438.24	3,925,663,395.23	3,389,639,629.49
Electrostatic paper	3,547,162,310.53	3,146,628,608.35	4,005,559,008.36	3,410,527,141.51
Anti-sticking raw paper	909,489,122.98	772,483,237.25	1,127,626,969.18	947,141,370.39
Thermal paper	432,929,902.58	422,071,788.54	553,666,757.69	484,068,025.05
Others	860,393,769.58	814,075,382.06	1,100,382,260.33	1,032,967,683.96
Shutdown loss		544,159,717.07		172,397,290.85
Total	20,179,848,508.57	19,870,513,391.35	23,892,883,773.10	22,038,839,089.61

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

48. Revenue and operating costs (Continued)

③ Machine-made paper, by geographical segment

Unit: RMB

Name of industry	Amount for the year		Amount for the prior year	
	Revenue	Costs	Revenue	Costs
Mainland China	15,532,435,260.58	15,238,409,893.90	17,366,661,577.26	15,915,850,731.09
Other countries and regions	4,647,413,247.99	4,632,103,497.45	6,526,222,195.84	6,122,988,358.52
Total	20,179,848,508.57	19,870,513,391.35	23,892,883,773.10	22,038,839,089.61

④ Revenue from top 5 customers

Unit: RMB

Period	Total revenue from top 5 customers	Percentage of the total revenue in the same period (%)
2024	6,640,449,070.92	29.22%
2023	5,966,203,769.14	22.42%

Information related to performance obligations:

Item	Time for fulfilment of performance obligations	Significant terms of payment	Nature of goods that the Company undertakes to transfer	Whether the person is the primary person in charge	Company's commitments expected to be refunded to customers	Types of quality assurance offered by the Company and related obligations
Machine-made paper	Domestic sales on the day of delivery to the customer; foreign sales on the day of customs clearance	Domestic sales tend to be provided on an invoice basis; foreign sales tend to be prepaid.	Produces easily distinguishable	Yes	None	Guaranteed quality assurance, should there be objections to product quality within 7 days of arrival, the products can be returned and exchanged.

Other explanations: The Company's performance obligations for sales of machine-made paper are generally less than one year, and the Company takes advance payments or provides credit terms depending on the customer. When the Company is the primary responsible party for a sale, it generally obtains the unconditional right to receive payment when control of the merchandise is transferred to the customer either at the time of shipment or upon delivery to the destination specified by the customer.

Information related to the transaction price allocated to residual performance obligations:

As at the end of the reporting period, the amount of revenue with signed contracts but unfulfilled or uncompleted performance obligation was RMB274,829,824.35, in which RMB274,829,824.35 was expected to be recognised in 2025.

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

49. Taxes and surcharges

Unit: RMB

Item	Amount during the period	Amount during the prior period
Property tax	85,290,265.89	88,246,740.83
Stamp duty	46,117,978.93	42,431,971.88
Land use tax	41,247,568.81	34,743,967.04
Urban maintenance and construction tax	13,956,911.51	18,839,445.01
Resource tax	12,908,476.74	13,725,384.40
Environmental tax	12,876,424.84	13,009,450.64
Educational surcharges	6,220,575.30	8,522,314.82
Local education surcharges	4,147,050.24	5,859,476.27
Water conservation funds	901,231.53	848,092.68
Others	2,294,796.67	1,575,521.55
Total	225,961,280.46	227,802,365.12

Note: For details of the calculation basis of various taxes and surcharges, please refer to Note VI, Taxes.

50. General and administrative expenses

Unit: RMB

Item	Amount during the period	Amount during the prior period
Wages and surcharges	246,167,228.89	229,206,077.91
Depreciation expenses	128,779,641.74	91,759,528.87
Business hospitality expenses	90,745,828.51	94,404,109.34
Amortisation of intangible assets and long-term expenses	51,506,321.75	48,832,351.39
Legal costs	47,505,377.69	20,252,237.24
Welfare expenses	45,660,222.08	58,663,557.66
Litigation expenses	23,259,822.70	1,692,917.44
Intermediary service expenses	22,648,125.77	21,621,384.60
Repair cost and consumption of materials	15,827,440.75	23,468,894.14
Insurance premium	14,953,971.53	16,758,186.64
Travel expenses	11,382,389.61	15,150,365.49
Office expenses	3,249,506.16	3,871,812.80
Termination benefits expenses	2,591,967.39	2,091,062.84
Others	46,891,129.43	62,547,295.65
Total	751,168,974.00	690,319,782.01

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

51. Sales and distribution expenses

Unit: RMB

Item	Amount during the period	Amount during the prior period
Wages and surcharges	132,918,538.10	109,381,728.48
Business hospitality expenses	47,459,555.70	51,126,929.37
Travel expenses	28,721,204.65	28,631,831.59
Rental expenses	6,921,416.15	7,343,527.12
Depreciation expenses	4,742,847.33	4,677,235.58
Selling commissions	4,618,204.21	6,940,887.40
Office expenses	2,117,947.35	4,241,864.88
Others	13,671,395.63	18,655,633.01
Total	241,171,109.12	230,999,637.43

52. Research and development expense

Unit: RMB

Item	Amount during the period	Amount during the prior period
Consumption of materials	725,049,519.67	781,407,604.78
Utilities	130,904,560.17	155,276,067.70
Wages and surcharges	123,022,797.35	129,508,833.28
Depreciation expenses	64,184,587.23	56,914,306.41
Insurance premium	25,909,846.14	26,981,737.42
Welfare expenses	4,556,030.19	3,362,929.39
Housing provident funds	4,151,966.75	4,435,343.17
Union funds	1,271,458.04	1,323,605.61
Other expenses	1,280,988.88	5,209,270.37
Total	1,080,331,754.42	1,164,419,698.13

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

53. Finance expenses

Unit: RMB

Item	Amount during the period	Amount during the prior period
Interest expenses	1,869,661,335.22	1,908,394,881.89
Less: Capitalised interest amount		
Interest income	182,479,117.53	201,101,017.34
Foreign exchange gains and losses	-50,235,759.26	-25,018,964.43
Less: Capitalisation of foreign exchange gains and losses		
Bank charges and others	331,036,008.91	327,391,808.02
Total	1,967,982,467.341	2,009,666,708.14

54. Other income

Unit: RMB

Source of other income	Amount during the period	Amount during the prior period
Government grants – amortised deferred income included in profit or loss	104,694,629.18	133,096,353.76
Government grants – directly included in profit or loss	15,808,074.49	36,809,925.69
Additional deduction of VAT	174,580,943.06	154,495,020.82
Refund of handling fees for withholding and payment of individual income tax	513,801.11	2,522,709.33
Gain on debt restructuring	205,966.46	10,400,321.83
Total	295,803,414.30	337,324,331.43

Note: For more information on government grants, please refer to Note XI. Government grants.

55. Gain on change in fair value

Unit: RMB

Source of gain on change in fair value	Amount during the period	Amount during the prior period
Financial assets held for trading	-9,757,917.81	-28,740,129.26
Other non-current financial assets	-29,047,290.52	-3,590,983.62
Gain on change in fair value of consumable biological assets measured at fair value	-153,411,759.17	6,775,808.38
Total	-192,216,967.50	-25,555,304.50

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

56. Investment income

Unit: RMB

Item	Amount during the period	Amount during the prior period
Dividend on financial assets held for trading and other non-current financial assets	23,957,613.40	39,529,607.69
Investment gain on debt restructuring	3,313,951.90	44,897,024.23
Investment gain on disposal of long-term equity investments	-2,985,381.21	391,450,223.81
Investment gain on derecognition of financial assets	-101,812,317.04	-99,744,741.95
Income from long-term equity investments accounted for using the equity method	-689,387,136.28	128,934,922.00
Total	-766,913,269.23	505,067,035.78

57. Credit impairment loss

Unit: RMB

Item	Amount during the period	Amount during the prior period
Bad debt loss of accounts receivable	-738,698,849.57	-96,453,353.50
Bad debt loss of other receivables	-991,241,165.49	-47,363,307.69
Bad debt loss of financial lease payments	-1,468,149,193.40	-176,139,588.20
Total	-3,198,089,208.46	-319,956,249.39

58. Loss on impairment of assets

Unit: RMB

Item	Amount during the period	Amount during the prior period
Impairment losses on goodwill	-8,273,638.42	
Impairment losses on bearer biological assets	-9,352,071.80	
Impairment losses on long-term equity investments	-17,088,890.78	
Inventory impairment losses	-20,403,446.82	-44,344,534.62
Impairment losses on fixed assets	-69,027,097.92	
Impairment losses on investment properties	-102,227,990.09	
Impairment losses on construction in progress	-106,382,270.42	-662,764.60
Total	-332,755,406.25	-45,007,299.22

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

59. Asset disposal income

Unit: RMB

Item	Amount during the period	Amount during the prior period
Sublease (“-” denotes loss)	27,779,307.50	3,780,766.85
Gain on disposal of fixed assets (“-” denotes loss)	27,626,956.14	11,090,813.00
Gain on disposal of intangible assets (“-” denotes loss)		-264,150.94
Total	55,406,263.64	14,607,428.91

60. Non-operating income

Unit: RMB

Item	Amount during the period	Amount during the prior period	Included in non-recurring profit or loss in the period
Fines, compensation income	3,064,805.35	1,965,328.23	3,064,805.35
Gain on damage and retirement of non-current assets	836,632.57	450,007.54	836,632.57
Exempted debts	766,729.62	222,676.32	766,729.62
Government grants		72,000.00	
Others	479,470.17	288,757.32	479,470.17
Total	5,147,637.71	2,998,769.41	5,147,637.71

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

61. Non-operating expenses

Unit: RMB

Item	Amount during the period	Amount during the prior period	Included in non-recurring profit or loss in the period
Loss on damage and retirement of non-current assets	18,017,286.66	4,940,010.70	18,017,286.66
Utilisation, cancellation and trading of carbon emission quota	10,143,868.80	13,613,560.97	10,143,868.80
Litigation compensation	8,683,133.63		8,683,133.63
Donation	300,000.00	505,280.00	300,000.00
Others	459,888.85		459,888.85
Total	37,604,177.94	19,058,851.67	37,604,177.94

62. Income tax expenses

(1) Particulars of income tax expenses

Unit: RMB

Item	Amount during the period	Amount during the prior period
Current income tax calculated according to tax law and related regulations	29,520,796.36	26,624,910.52
Deferred income tax expenses	-89,692,493.81	-409,686,894.47
Total	-60,171,697.45	-383,061,983.95

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

62. Income tax expenses (Continued)

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

Unit: RMB

Item	Amount during the period
Total profit	-7,853,191,114.74
Income tax expenses calculated at statutory (or applicable) tax rates	-1,177,978,667.21
Effect of different tax rates applicable to certain subsidiaries	-289,098,723.65
Adjustments to income tax for prior periods	53,667,789.92
Profit and loss of joint ventures and associates accounted for using the equity method	127,351,544.10
Income not subject to tax (listed with “-”)	-3,815,166.49
Non-deductible costs, expenses and losses	16,175,703.25
The impact of tax rate changes on the opening deferred income tax balance	
Tax effect of utilisation of unrecognised deductible losses and deductible temporary differences in the previous year (listed with “-”)	-22,376,863.40
Tax effect of utilisation of unrecognised deductible losses and deductible temporary differences	1,340,443,501.17
Tax effect of R&D fee deduction (listed with “-”)	-101,346,229.46
The pre-tax deduction of the interest on Perpetual Bonds accounted as equity	
Tax incentives such as 10% deduction for income from particle board	-3,194,585.68
Deferred income taxes that have not been recognised as deductible losses and deductible temporary differences in previous years are reversed in the current period.	
Income tax expense	-60,171,697.45

63. Items on statements of cash flow

(1) Cash relating to operating activities

Cash received relating to other operating activities

Unit: RMB

Item	Amount during the period	Amount during the prior period
Net proceedings from the financial leasing business	260,647,420.02	615,990,074.21
Finance expenses – Interest income	145,479,117.53	192,639,004.29
Open credit and other income	93,824,314.21	185,197,937.53
Government grants	24,021,791.25	36,369,756.40
Default penalty and fine	882,182.24	988,348.52
Total	524,854,825.25	1,031,185,120.95

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

63. Items on statements of cash flow (Continued)

(1) Cash relating to operating activities (Continued)

Cash paid relating to other operating activities

Unit: RMB

Item	Amount during the period	Amount during the prior period
Transportation expenses	658,951,178.78	827,892,596.27
Financial institutions charge	251,788,057.09	231,394,529.58
Net investment in factoring business	127,400,000.00	
Business hospitality expenses	120,249,429.77	126,982,128.56
Intermediary service expenses	57,572,669.84	42,941,628.90
Travel expenses	39,774,276.92	44,024,694.22
Cargo handling charges	22,750,943.01	16,197,187.56
Waste disposal expenses	19,349,998.12	15,654,882.06
Leasing expenses	13,784,498.82	13,911,319.46
Repair expenses	11,283,362.12	23,853,382.84
Office expenses	10,013,183.60	8,375,443.12
Insurance premium	9,735,854.15	16,063,115.65
Others	82,890,384.62	190,183,959.20
Total	1,425,543,836.84	1,557,474,867.42

(2) Cash relating to investing activities

Significant cash received relating to investing activities

Unit: RMB

Item	Amount during the period	Amount during the prior period
Net cash received from disposal of subsidiaries	503,938,946.58	99,329,954.44
Demolition or relocation compensation received		138,000,000.00
Disposal of properties or property assets		61,500,000.00
Total	503,938,946.58	298,829,954.44

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

63. Items on statements of cash flow (Continued)

(2) Cash relating to investing activities (Continued)

Significant cash paid relating to investing activities

Unit: RMB

Item	Amount during the period	Amount during the prior period
Expenses on construction projects, land and fixed assets		314,376,125.86
Net cash paid for acquisition of subsidiaries		4,934,751.03
Total		319,310,876.89

(3) Cash relating to financing activities

Cash received relating to other financing activities

Unit: RMB

Item	Amount during the period	Amount during the prior period
Net recovery of guarantee deposit	5,592,493,318.93	434,899,520.51
Equipment leaseback	1,246,000,000.00	2,116,532,500.00
Current accounts		135,100,000.00
Deposit for finance lease		10,758,363.18
Total	6,838,493,318.93	2,697,290,383.69

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

63. Items on statements of cash flow (Continued)

(3) Cash relating to financing activities (Continued)

Cash paid relating to other financing activities

Unit: RMB

Item	Amount during the period	Amount during the prior period
Repayment of equipment leaseback	2,134,347,896.07	2,761,859,486.35
Acquisition of non-controlling interests	300,000,000.00	200,000,000.00
China Development Bank equity	68,750,000.00	68,750,000.00
Current accounts	68,200,000.00	
Share repurchase under the share incentive scheme	67,391,949.19	66,228,770.38
Security deposit for financial leasing	22,550,000.00	68,250,000.00
Lease payable	1,465,902.88	7,013,099.60
Repayment of Perpetual Bonds		1,000,000,000.00
Repayment of bonds		350,000,000.00
Repayment of Perpetual Bonds interest		89,700,000.00
Total	2,662,705,748.14	4,611,801,356.33

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	33,475,479,021.62	23,806,795,311.77	1,382,346,360.93	31,884,261,885.21		26,780,358,809.11
Long-term borrowings	5,954,917,145.70	2,360,645,554.68	108,429,947.45	1,437,574,169.65	1,015,000,000.00	5,971,418,478.18
Long-term payables	4,895,437,672.17	1,246,000,000.00	143,321,969.87	2,265,097,896.07		4,019,661,745.97
Other payables (financing)	282,524,750.00	1,056,991,631.38		267,610,000.00		1,071,906,381.38
Lease liabilities	45,679,590.10		5,267,375.01	1,465,902.88	9,931,602.38	39,549,459.85
Total	44,654,038,179.59	28,470,432,497.83	1,639,365,653.26	35,856,009,853.81	1,024,931,602.38	37,882,894,874.49

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

64. Supplementary information on cash flow statement

(1) Supplementary information on cash flow statement

Unit: RMB

Supplementary information	Amount for the period	Amount for the prior period
1. Reconciliation of net profit as cash flows from operating activities:		
Net profit	-7,793,019,417.29	-1,326,642,417.86
Add: Provision for impairment	3,530,844,614.71	364,963,548.61
Depreciation of fixed assets, depreciation of investment properties, and depreciation of bearer biological assets	2,309,092,359.37	2,258,072,937.60
Depreciation of right-of-use assets	9,158,391.16	7,674,988.32
Amortisation of intangible assets	53,604,298.74	53,903,852.31
Amortisation of long-term prepaid expenses	17,291,989.71	4,580,218.92
Loss on disposal of fixed assets, intangible assets and other long-term assets (“-” denotes gain)	-55,406,263.64	-14,607,428.91
Loss on retirement of fixed assets (“-” denotes gain)	17,180,654.09	4,490,003.16
Loss on changes in fair value (“-” denotes gain)	192,216,967.50	25,555,304.50
Finance expenses (“-” denotes gain)	1,869,661,335.22	1,908,394,881.89
Investment loss (“-” denotes gain)	766,913,269.23	-505,067,035.78
Decrease in deferred income tax assets (“-” denotes increase)	-100,781,137.74	-354,157,315.89
Increase in deferred income tax liabilities (“-” denotes decrease)	-894,414.72	1,308,894.76
Decrease in inventories (“-” denotes increase)	1,876,512,079.56	741,332,805.87
Decrease in operating receivables (“-” denotes increase)	795,688,330.88	348,500,778.63
Increase in operating payables (“-” denotes decrease)	-864,871,392.18	871,645,292.69
Others		
Net cash flows from operating activities	2,623,191,664.60	4,389,949,308.82
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		
Addition of right-of-use assets	103,125,000.00	
3. Net change in cash and cash equivalents:		
Closing balance of cash	151,943,246.31	764,233,742.61
Less: Opening balance of cash	764,233,742.61	2,159,460,149.51
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-612,290,496.30	-1,395,226,406.90

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

64. Supplementary information on cash flow statement (Continued)

(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 during the period	143,730,000.00
Of which: Kunshan Tuoan Plastic Products Co., Ltd.	143,730,000.00
Less: Cash and cash equivalents held by the subsidiary on the date of loss of control	20,091,053.42
Of which: Kunshan Tuoan Plastic Products Co., Ltd.	20,091,053.42
Add: Cash or cash equivalents received in the current period from disposal of subsidiaries during previous periods	380,300,000.00
Of which: Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	380,000,000.00
Zhanjiang Chenming New-style Wall Materials Co., Ltd.	300,000.00
Net cash received from disposal of subsidiaries	503,938,946.58

(3) Cash and cash equivalents composition

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	151,943,246.31	764,233,742.61
Of which: Treasury cash	1,363,319.76	3,674,805.36
Bank deposit that can be used for payment at any time	150,579,926.55	760,558,937.25
III. Balance of cash and cash equivalent at the end of the period	151,943,246.31	764,233,742.61
Of which: Restricted cash and cash equivalents used by the Company or subsidiaries within the Group		

(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	5,728,747,806.12	11,321,241,125.05	See Note VII.1 for details
Interest accrued on deposits	29,188,759.75	39,357,963.64	See Note VII.1 for details
Total	5,757,936,565.87	11,360,599,088.69	

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

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

Nil

66. Foreign currency items

(1) Foreign currency items

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Monetary funds			
Of which: USD	54,052,617.90	7.1884	388,551,838.51
EUR	1,094,935.39	7.5257	8,240,155.26
HKD	1,554,765.99	0.9260	1,439,713.31
GBP	1,777.90	9.0765	16,137.11
SGD	3,985.09	5.3214	21,206.26
JPY	1,197.00	0.0462	55.30
Accounts receivables			
Of which: USD	3,390,727.72	7.1884	24,373,907.14
EUR	100,814.49	7.5257	758,699.61
JPY	146,734,998.00	0.0462	6,779,156.91
Other receivables			
Of which: USD	1,043,513.63	7.1884	7,501,193.38
EUR	191,821.66	7.5257	1,443,592.27
Accounts payable			
Of which: USD	92,261,475.49	7.1884	663,212,390.41
EUR	1,048,028.29	7.5257	7,887,146.50
Other payables			
Of which: USD	533,977.32	7.1884	3,838,442.57
EUR	9,519.99	7.5257	71,644.59
Long-term borrowings			
Of which: EUR	4,042,908.00	7.5257	30,425,712.74

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

66. Foreign currency items (Continued)

- (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 incorporation Functional currency	Functional currency
1	Chenming GmbH	Hamburg, Germany	Hamburg, Germany	EUR
2	Chenming Paper Korea Co., Ltd.	Seoul, Korea	Seoul, Korea	KRW
3	Chenming Paper Japan Co., Ltd.	Tokyo, Japan	Tokyo, Japan	JPY
4	Chenming Paper United States Co., Ltd.	Los Angeles, USA	Los Angeles, USA	USD
5	Chenming (Overseas) Limited	Hong Kong, China	Hong Kong, China	USD
6	Chenming (Singapore) Limited	Singapore	Singapore	USD
7	Chenming (HK) Limited	Hong Kong, China	Hong Kong, China	USD

67. Leases

- (1) The Company as a lessee

Unit: RMB

Item	Amount during the period
Short-term lease expenses	7,529,440.55

- (2) The Company as a lessor

Operating lease as a lessor

Applicable Not applicable

Lease income

Unit: RMB

Item	Amount during the period
Lease income	173,983,222.36

XII Financial Report

VII. Notes to items of the consolidated financial statements (Continued)

67. Leases (Continued)

(2) The Company as a lessor (Continued)

The Company 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	152,207,821.18	179,905,002.33
The second year	159,924,290.10	168,651,189.37
The third year	157,974,084.34	167,585,064.63
The fourth year	160,776,701.99	162,996,827.55
The fifth year	158,478,080.32	159,887,562.91
Five years later	155,500,794.16	165,396,559.34
Total	944,861,772.09	1,004,422,206.13

VIII. R&D Expenses

Unit: RMB

Item	Amount during the period	Amount during the prior period
Consumption of materials	725,049,519.67	781,407,604.78
Utilities	130,904,560.17	155,276,067.70
Wages and surcharges	123,022,797.35	129,508,833.28
Depreciation expenses	64,184,587.23	56,914,306.41
Insurance premium	25,909,846.14	26,981,737.42
Welfare expenses	4,556,030.19	3,362,929.39
Housing provident funds	4,151,966.75	4,435,343.17
Union funds	1,271,458.04	1,323,605.61
Other expenses	1,280,988.88	5,209,270.37
Total	1,080,331,754.42	1,164,419,698.13
Including: R&D expenses included in profit or loss	1,080,331,754.42	1,164,419,698.13

XII Financial Report

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	Fair value of remaining shareholding as of the date of loss of control	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	Relevant other comprehensive income of former subsidiary transferred to profit or loss or retained profit
											as per consolidated financial statements	as per consolidated financial statements
Kunshan Tuon Plastic Products Co., Ltd.	143,730,000.00	100.00	Transfer	February 29, 2024	Loss of control	12,619,604.72	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

Applicable Not applicable

2. Change in scope of consolidation due to other reasons

During the year, 2 subsidiaries were newly established, namely Shandong Chenming Industrial Trading Co., Ltd. and Hubei Chenming Technology Industrial Co., Ltd. 2 subsidiaries were deregistered, namely Chenming International Co., Ltd. and Guangzhou Chenming Commercial Factoring Co., Ltd.

XII Financial Report

X. Interest in Other Entities

1. Interest in subsidiaries

(1) Constitution of the Group

Unit: RMB'0,000

Name of subsidiary	Register capital	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding		Acquisition	Issued debt securities	Issued share capital
						Direct	Indirect			
Shouguang Meilun Paper Co., Ltd.	480,104.55	Shouguang	Shouguang	Paper making	For-profit corporation	68.28		Establishment	0	0
Shouguang Meichen Energy Technology Co., Ltd.	100.00	Shouguang	Shouguang	Electricity	For-profit corporation		100	Establishment	0	0
Shandong Chenming Industrial Trading Co., Ltd.	1,000	Weifang	Weifang	Paper making	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		Establishment	0	0
Shandong Chenming Paper Sales Co., Ltd.	10,000.00	Shouguang	Shouguang	Sales of paper product	For-profit corporation	100		Establishment	0	0
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	10,000.00	Shanghai	Shanghai	Sales of paper product	For-profit corporation		100	Establishment	0	0
Shandong Chenming Paper Sales Co., Ltd.	10,000.00	Shouguang	Shouguang	Sales of paper product	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	20,000.00	Haikou	Haikou	Wholesale and retail	For-profit corporation		100	Establishment	0	0
Foshan Chenming Import and Export Trade Co., Ltd.	20,000.00	Foshan	Foshan	Trading	For-profit corporation		100	Establishment	0	0
Shanghai Herui Investment Co., Ltd.	30,150.00	Shanghai	Shanghai	Business services	For-profit corporation		100	Merger and acquisition	0	0
Zhanjiang Chenming Technology Development Co., Ltd.	10,000.00	Zhanjiang	Zhanjiang	Paper making	For-profit corporation		100	Establishment	0	0
Zhanjiang Meilun Pulp & Paper Co., Ltd.	10,000.00	Zhanjiang	Zhanjiang	Paper making	For-profit corporation		100	Establishment	0	0

XII Financial Report

X. Interest in Other Entities (Continued)

1. Interest in subsidiaries (Continued)

(1) Constitution of the Group (Continued)

Name of subsidiary	Register capital	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding		Acquisition	Issued debt securities	Issued share capital
						Direct	Indirect			
Guangdong Chenming Panels Co., Ltd.	1,000.00	Guangdong	Guangdong	Panels	For-profit corporation	100		Establishment	0	0
Jiangxi Chenming Tea Co., Ltd.	1,000.00	Jiangxi	Jiangxi	Tea business	For-profit corporation	100		Establishment	0	0
Jiangxi Chenming Paper Co., Ltd.	32,673.32(USD)	Nanchang	Nanchang	Paper making	For-profit corporation	100		Establishment	0	0
Jiangxi Chenming Logistics Co., Ltd.	500.00	Nanchang	Nanchang	Logistics	For-profit corporation	100		Establishment	0	0
Nanchang Shengheng Trading Co., Ltd.	10,000.00	Nanchang	Nanchang	Trading	For-profit corporation	100		Establishment	0	0
Nanchang Kunheng Trading Co., Ltd.	1,000.00	Nanchang	Nanchang	Trading	For-profit corporation	100		Establishment	0	0
Nanchang Chenming Arboriculture Development Co., Ltd.	1,000.00	Nanchang	Nanchang	Arboriculture	For-profit corporation	100		Establishment	0	0
Jiangxi Chenming Port Co., Ltd.	1,507.00	Jiangxi	Jiangxi	Cargo transportation	For-profit corporation	100		Merger and acquisition	0	0
Shandong Dingkun Asset Management Partnership (Limited Partnership)	100,100.00	Shouguang	Shouguang	Business services	For-profit corporation	100		Establishment	0	0
Shouguang Kunhe Trading Co., Ltd.	1,000.00	Shouguang	Shouguang	Trading	For-profit corporation	100		Establishment	0	0
Jilin Chenming Paper Co., Ltd.	300,000.00	Jilin	Jilin	Paper making	For-profit corporation	100		Acquisition	0	0
Fuyu Chenming Paper Co., Ltd.	30,800.00	Fuyu	Fuyu	Paper making	For-profit corporation	100		Establishment	0	0
Jilin Chenming New Wall Materials Co., Ltd.	1,000.00	Jilin	Jilin	Wall materials	For-profit corporation	100		Establishment	0	0
Jilin Chenming Logistics Co., Ltd.	1,000.00	Jilin	Jilin	Logistics	For-profit corporation	100		Establishment	0	0
Jilin Chenming Pulp and Paper Trading Co., Ltd.	5,000.00	Huanggang	Huanggang	Trading	For-profit corporation	100		Establishment	0	0
Huanggang Chenming Pulp & Paper Co., Ltd.	335,000.00	Huanggang	Huanggang	Pulp production	For-profit corporation	70.15	29.85	Establishment	0	0
Huanggang Chenming Pulp & Fiber Trading Co., Ltd.	100,000.00	Huanggang	Huanggang	Paper making	For-profit corporation	100		Establishment	0	0
Huanggang Chenming Port Service Co., Ltd.	5,000.00	Huanggang	Huanggang	Port services	For-profit corporation	100		Establishment	0	0
Hubei Huanggang Chenming Equity Investment	300.00	Huanggang	Huanggang	Capital market services	For-profit corporation	60		Establishment	0	0

XII Financial Report

X. Interest in Other Entities (Continued)

1. Interest in subsidiaries (Continued)

(1) Constitution of the Group (Continued)

Name of subsidiary	Register capital	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding		Acquisition	Issued debt securities	Issued share capital
						Direct	Indirect			
Hubei Chenming Technology Industrial Co., Ltd.	5000.00	Huanggang	Huanggang	Paper product trading	For-profit corporation		100	Establishment	0	0
Shandong Chenming Group Finance Co., Ltd.	500,000.00	Jinan	Jinan	Finance	For-profit corporation	80	20	Establishment	0	0
Shandong Chenming Financial Leasing Co., Ltd.	587,200.00	Jinan	Jinan	Finance leases	For-profit corporation		100	Establishment	0	0
Chenming (HK) Limited	9,990.00(USD)	Hong Kong	Hong Kong	Paper product trading	For-profit corporation		100	Establishment	0	0
Qingdao Chenming Nonghai Financial Leasing Co., Ltd	500,000.00	Qingdao	Qingdao	Finance leases	For-profit corporation		100	Establishment	0	0
Shanghai Chenming Financial Leasing Co., Ltd.	100,000.00	Shanghai	Shanghai	Finance leases	For-profit corporation		100	Establishment	0	0
Wuhan Junheng Property Management Co. Ltd.	39,600.00	Wuhan	Wuhan	Property	For-profit corporation		100	Merger and acquisition	0	0
Guangzhou Chenming Property Management Co., Ltd.	100,000.00	Guangzhou	Guangzhou	Property	For-profit corporation		100	Establishment	0	0
Shandong Chenming Investment Limited	20,000.00	Jinan	Jinan	Investment	For-profit corporation		100	Establishment	0	0
Shanxi Fuyin Industrial Trading Co., Ltd.	36,000.00	Taiyuan	Taiyuan	Wholesale and retail	For-profit corporation		100	Acquisition	0	0
Chongmin Culture Development (Shanghai) Co., Ltd.	20,000.00	Shanghai	Shanghai	For-profit corporation	For-profit corporation		100	Acquisition	0	0
Jinan Chenming Paper Sales Co., Ltd.	10,000.00	Jinan	Jinan	Investment management/ Paper product trading	For-profit corporation	100		Establishment	0	0
Shandong Chenming Commercial Factoring Co., Ltd.	20,000.00	Jinan	Jinan	Business factoring	For-profit corporation		100	Establishment	0	0
Chenming GmbH	65.00 (USD)	Germany	Germany	Paper product trading	For-profit corporation	100		Establishment	0	0
Chenming Paper Japan Co., Ltd	150.00 (USD)	Japan	Japan	Paper product trading	For-profit corporation		100	Establishment	0	0
Chenming Paper United States Co., Ltd.	100.00 (USD)	the United States	the United States	Paper product trading	For-profit corporation	100		Establishment	0	0
Chenming Paper Korea Co., Ltd.	100.00 (USD)	Korea	Korea	Paper product trading	For-profit corporation	100		Establishment	0	0
Chenming (Overseas) Limited	2,000.00 (USD)	Hong Kong	Hong Kong	Paper product trading	For-profit corporation		100	Establishment	0	0
Chenming (Singapore) Limited	2,000.00 (USD)	Singapore	Singapore	Paper product trading	For-profit corporation		100	Establishment	0	0

XII Financial Report

X. Interest in Other Entities (Continued)

1. Interest in subsidiaries (Continued)

(1) Constitution of the Group (Continued)

Name of subsidiary	Register capital	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding		Acquisition	Issued debt securities	Issued share capital
						Direct	Indirect			
Meilun (BVI) Limited	5.00 (USD)	Cayman	Cayman	Commerce	For-profit corporation		100	Establishment	0	0
Shanghai Chenming Industry Co., Ltd.	370,000.00	Shanghai	Shanghai	Property investment and management	For-profit corporation		100	Establishment	0	0
Shanghai Chenyin Trading Co., Ltd.	41,000.00	Shanghai	Shanghai	Trading	For-profit corporation		51	Establishment	0	0
Shanghai Hongtai Real Estate Co., Ltd.	6,0391.77	Shanghai	Shanghai	Real estate	For-profit corporation		100	Merger and acquisition	0	0
Shanghai Hongtai Property Management Co., Ltd.	200.00	Shanghai	Shanghai	Property	For-profit corporation		100	Merger and acquisition	0	0
Shouguang Chenming Papermaking Machine Co., Ltd.	200.00	Shouguang	Shouguang	Machinery manufacturing	For-profit corporation	100		Establishment	0	0
Shouguang Hongxiang Printing and Packaging Co., Ltd.	80.00	Shouguang	Shouguang	Printing and packaging	For-profit corporation	100		Acquisition	0	0
Shouguang Chenming Modern Logistic Co., Ltd.	1,000.00	Shouguang	Shouguang	Transportation	For-profit corporation	100		Establishment	0	0
Shouguang Hongyi Decorative Packaging Co., Ltd.	200.00	Shouguang	Shouguang	Packaging	For-profit corporation		100	Merger and acquisition	0	0
Shouguang Xinyuan Coal Co., Ltd.	300.00	Shouguang	Shouguang	Coal	For-profit corporation		100	Merger and acquisition	0	0
Shouguang Wei Yuan Logistics Company Limited	393.00	Shouguang	Shouguang	Logistics	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	100,000.00	Weifang	Weifang	Fund	For-profit corporation		79	Establishment	0	0
Weifang Chendu Equity Investment Partnership (Limited Partnership)	32,000.00	Shouguang	Shouguang	Capital market services	For-profit corporation	79.69		Establishment	0	0
Nanjing Chenming Culture Communication Co., Ltd	500.00	Nanjing	Nanjing	Marketing	For-profit corporation		100	Establishment	0	0
Shandong Yujing Grand Hotel Co., Ltd.	4,192.48(USD)	Shouguang	Shouguang	Catering	For-profit corporation	90.05		Establishment	0	0

XII Financial Report

X. Interest in Other Entities (Continued)

(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.	31.72	-179,691,337.36	123,000,000.00	1,610,257,206.10
Zhanjiang Chenming Pulp & Paper Co., Ltd.	19.72	-176,278,564.86		1,404,432,439.55

(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.	10,198,457,312.12	9,544,065,823.56	19,742,523,135.68	12,006,315,839.27	7,392,419.69	12,013,708,258.96	5,534,633,307.08	10,096,140,872.04	15,630,774,179.12	6,282,312,497.46	888,031,988.48	7,170,344,485.94
Zhanjiang Chenming Pulp & Paper Co., Ltd.	8,429,523,896.97	11,986,351,774.32	20,415,875,711.29	11,877,878,416.94	473,681,057.41	12,351,559,474.35	12,562,782,806.69	13,116,686,959.25	25,679,469,765.94	14,866,141,937.07	1,876,669,919.47	16,742,811,856.54

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.	8,141,538,879.98	-570,290,773.09	-570,290,773.09	498,166,092.88	9,084,559,413.98	153,008,366.72	153,008,366.72	1,528,677,090.76
Zhanjiang Chenming Pulp & Paper Co., Ltd.	10,918,531,151.42	-883,547,814.00	-877,177,341.17	349,194,411.81	11,000,808,231.98	-541,888,245.61	-543,112,252.63	1,332,553,432.65

XII Financial Report

X. Interest in Other Entities (Continued)

2. Transaction changing shareholding in but not causing to loss of control over subsidiaries

(1) Changing in shareholding in subsidiaries

The Company previously held 64.87% equity interest in Shouguang Meilun Paper Co., Ltd. In 2024, the Company and Dongxing Securities Investment Co., Ltd. and SWSC Innovation Investment Co., Ltd. entered into an equity transfer agreement in relation to the transfer of an aggregate of 3.41% equity interest in Shouguang Meilun Paper Co., Ltd to the Company. The equity transfer transaction did not result in the loss of control over Shouguang Meilun Paper Co., Ltd. by the Company. As at 30 June 2024, the equity transfer agreement was completed, and the total transaction consideration paid was RMB300 million. The transaction resulted in a decrease in minority interest by RMB290.0424 million, and a decrease in capital reserves by RMB9,957,600.

(2) Effect of the transactions on minority interest and equity attributable to the owners of the parent company

Unit: RMB

Item	Shouguang Meilun Paper Co., Ltd.
Cost of acquisition	300,000,000.00
– Cash	300,000,000.00
Total cost of acquisition/disposal consideration	300,000,000.00
Less: Share of net assets of the subsidiary calculated based on the proportion of equity interest acquired/disposed of	290,042,380.45
Difference	9,957,619.55
Of which: Capital reserve adjustment	9,957,619.55

3. Interest in joint arrangements or associates

(1) Major joint ventures and associates

Name of joint venture and associate	Principle place of business	Place of incorporation	Nature of business	Shareholding		Accounting method for investment in joint ventures or associates
				Direct (%)	Indirect (%)	
I. Joint venture						
Shouguang Jintou Industrial Investment Partnership (Limited Partnership)	Shouguang	Shouguang	Investment		49.57	Equity method
II. Associate						
Guangdong Nanyue Bank Co., Ltd.	Guangdong	Guangdong	Bank		4.46	Equity method

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).

XII Financial Report

X. Interest in Other Entities (Continued)

3. Interest in joint arrangements or associates (Continued)

(2) Key financial information of major joint ventures

Unit: RMB

	Closing balance/ Amount during the period Shouguang Jintou Industrial Investment Partnership (Limited Partnership)	Opening balance/ Amount during the prior period Shouguang Jintou Industrial Investment Partnership (Limited Partnership)
Current assets	1,469,875,783.97	1,775,433,885.35
Of which: Cash and cash equivalents	11,415,277.31	1,047,090.41
Non-current assets	594,445,221.29	408,884,578.74
Total assets	2,064,321,005.26	2,184,318,464.09
Current liabilities	257,355,454.66	104,387,199.50
Non-current liabilities	22,702,318.57	5,805,542.05
Total liabilities	280,057,773.23	110,192,741.55
Net assets	1,784,263,232.03	2,074,125,722.54
Of which: Minority interest	5,172,055.47	
Equity interest attributable to shareholders of the parent company	1,779,091,176.56	2,074,125,722.54
Share of net assets based on shareholding	881,884,821.67	1,028,131,675.91
Adjustments		
Of which: Others	897,206,354.89	1,316,438,571.64
Impairment provision		
Carrying amount of equity investment in joint ventures	1,779,091,176.56	2,344,570,247.55
Revenue	503,795,502.75	857,541,982.94
Finance expenses	1,790,006.41	765,662.12
Income tax expenses		
Net profit	-565,479,070.99	-15,428,414.12
Total comprehensive income	-565,479,070.99	-15,428,414.12
Dividends received from joint ventures during the year		

XII Financial Report

X. Interest in Other Entities *(Continued)*

3. Interest in joint arrangements or associates *(Continued)*

(3) Key financial information of major associates

Unit: RMB

	Closing balance/ Amount during the period Guangdong Nanyue Bank Co., Ltd.	Opening balance/ Amount during the prior period Guangdong Nanyue Bank Co., Ltd.
Current assets	195,708,622,711.11	194,828,415,917.54
Non-current assets	132,561,137,018.86	111,581,185,310.11
Total assets	328,269,759,729.97	306,409,601,227.65
Current liabilities	273,238,389,155.39	250,233,916,389.30
Non-current liabilities	24,657,998,149.20	26,252,549,634.28
Total liabilities	297,896,387,304.59	276,486,466,023.58
Net assets	30,373,372,425.38	29,923,135,204.07
Of which: Minority interest		68,358,275.97
Equity interest attributable to shareholders of the parent company	30,373,372,425.38	29,854,776,928.10
Share of net assets based on shareholding	1,354,652,410.17	1,331,523,051.00
Adjustments		
Of which: Goodwill		
Others		
Carrying amount of equity investment in associates	1,354,652,410.17	1,331,523,051.00
Fair value of equity investment with a quoted price in the open market		
Revenue	2,784,608,144.97	2,739,283,882.64
Net profit	420,235,807.79	416,331,873.52
Other comprehensive income	142,835,713.60	-9,346,709.52
Total comprehensive income	563,071,521.39	406,985,164.00
Dividends received from associates during the year		

XII Financial Report

X. Interest in Other Entities *(Continued)*

3. Interest in joint arrangements or associates *(Continued)*

(4) Summary financial information of non-major joint ventures and associates

Unit: RMB

	Closing balance/ Amount during the period	Opening balance/ Amount during the prior period
Joint ventures:		
Total carrying amount of investment	192,441,660.84	197,483,273.06
Total amount of the following items based on shareholding		
Net profit	8,537,278.56	16,545,813.91
Other comprehensive income		
Total comprehensive income	8,537,278.56	16,545,813.91
Associates:		
Total carrying amount of investment	644,850,163.97	811,622,814.12
Total amount of the following items based on shareholding		
Net profit	-151,193,462.54	102,840,690.39
Other comprehensive income		
Total comprehensive income	-151,193,462.54	102,840,690.39

XII Financial Report

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

Subsidy 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	524,694,035.24	4,500,000.00		50,778,082.72		478,415,952.52	Asset-related
Huanggang pulp-forestry-paper project	Deferred income	445,968,305.25			25,026,217.80		420,942,087.45	Asset-related
Infrastructure and environmental protection engineering	Deferred income	196,803,377.25			11,517,589.45		185,285,787.80	Asset-related
Financial subsidies for technical transformation project	Deferred income	95,106,015.68	3,270,000.00		8,958,104.96		89,417,910.72	Asset-related
Zhanjiang forestry-pulp-paper project	Deferred income	42,617,331.35			4,094,632.92		38,522,698.43	Asset-related
Project fund for National Key Technology Research and Development Program	Deferred income	793,725.00			164,700.00		629,025.00	Asset-related
Others	Deferred income	31,881,324.93			4,155,301.33		27,726,023.60	Asset-related
Total		1,337,864,114.70	7,770,000.00		104,694,629.18		1,240,939,485.52	

XII Financial Report

XI. Government grants (Continued)

3. Government grants included in profit or loss for the period:

✓ Applicable Not applicable

Unit: RMB

Subsidy item	Accounting item	Amount during the period	Amount during the prior period
Funding for environmental protection	Other gains	50,778,082.72	51,761,248.56
Huanggang pulp-forestry-paper project	Other gains	25,026,217.80	25,026,217.80
Sewage treatment and water conservation transformation project	Other gains	11,517,589.45	11,517,589.44
Financial subsidies for technological transformation project	Other gains	8,958,104.96	39,699,264.96
Special fund for the development of modern commerce and trade	Other gains	4,946,000.00	
Zhanjiang forestry-pulp-paper project	Other gains	4,094,632.92	4,094,632.92
Employment stabilisation subsidy	Other gains	3,388,129.28	1,143,782.30
Government awards	Other gains	3,153,800.00	13,580,000.00
Special subsidy for foreign trade	Other gains	2,660,000.00	11,140,000.00
Afforestation subsidy	Other gains	1,032,091.00	4,487,983.85
Project Funding for National Key Technology	Other gains	164,700.00	164,700.00
Industrial development subsidy	Other gains	117,967.00	
Immediate VAT refund	Other gains		3,186,241.18
Enterprise reform and development subsidies	Other gains		904,184.00
Social security subsidy	Other gains		46,689.71
R&D subsidy	Other gains		4,000.00
Others	Other gains	4,665,388.54	3,221,744.73
Total		120,502,703.67	169,978,279.45

XII. Risk relating to financial instruments

Main financial instruments of the Group include monetary funds, bills receivable, accounts receivable, accounts receivable financing, other receivables, non-current assets due within one year, other current assets, financial assets held for trading, other non-current financial assets, long-term receivables, bills payable, accounts payable, other payables, short-term borrowings, financial liabilities held for trading, non-current liabilities due within one year, long-term borrowings, lease liabilities and long-term payables. Details of financial instruments refer to related notes. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these exposures to ensure that the above risks are controlled in a limited extent.

1. Risk management goals and policies

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).

XII. Risk relating to financial instruments *(Continued)*

1. Risk management goals and policies *(Continued)*

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 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.

The board of directors is responsible to plan and establish the Company's risk management structure, make risk management policies and related guidelines, and supervise the implementation of risk management. The Company has already made risk management risks to identify and analyse risks that the Company face. These policies mentioned specific risks, covering market, credit risk and liquidity risk etc. The Company regularly assesses market environment and the operation of the Company changes to determine if to make alteration to risk management policy and systems. The Company's risk management is implemented by Risk Management Committee according to the approval of the board of directors. The Risk Management Committee works closely with other business department of the Company to identify, evaluating and avoiding certain risks. The Company's internal audit department will audit the risk management control and procedures regularly and report the result to audit committee of the Company.

The Company spreads risks through diverse investment and business lines, and through making risk management policy to reduce risks of single industry, specific area and counterpart.

(1) Credit risk

Credit risk refers to risk associated with the default of contract obligation of a transaction counterparty resulting in financial losses to the Company.

The Company manages credit risk based category. Credit risks mainly arose from bank deposit, bills receivable, accounts receivable, other receivables and long-term receivables etc.

The Company's bank deposit mainly deposits in state-owned banks and other large and medium-sized listed banks. The Company anticipated that the bank deposit does not have significant credit risk.

For accounts receivables, other receivables and long-term receivables, the Company set related policies to control exposure of credit risks. The Company evaluates client's credit quality and set related credit period based on the client's financial status, credit records and other factors such as current market situation etc. The Company keeps monitor the client's credit record and for client with deteriorate credit records, the Company will ensure the credit risk is under control in whole by means of written notice of payment collection, shorten or cancel credit period.

The Company's debtor spread over different industry and area. The Company continued to assess the credit evaluation to receivables and purchase credit guarantee insurance if necessary.

The biggest credit risk exposure of the Company is the carrying amount of each financial asset in the balance sheet. The Company did not provide financial guarantee which resulted in credit risks.

The amount of top 5 accounts receivable of the Company accounted for 39.64% (2023: 36.65%) of the Company's total accounts receivables. The amount of top 5 other receivable of the Company accounted for 66.28% (2023: 70.32%) of the Company's total other receivables.

XII Financial Report

XII. Risk relating to financial instruments *(Continued)*

1. Risk management goals and policies *(Continued)*

(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 31 December 2024, the Company's unused bank loan credit was RMB11,176.9188 million (has been completely frozen and cannot be used) (31 December 2023: RMB44,131.5478 million). The closing balance of financial assets of the Company due within one year amounted to RMB17,548.7745 million, while the closing balance of financial liabilities due within one year amounted to RMB43,191.8401 million. The financial assets due within one year was less than that of financial liabilities.

As at the end of the period, the financial assets, financial liabilities and off balance sheet guarantee held by the Company are analysed by their maturity date as below at their remaining undiscounted contractual cash flows (in RMB'0,000):

Item	Closing balance				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial assets					
Monetary funds	588,069.11				588,069.11
Financial assets held for trading	3,725.93				3,725.93
Bills receivable	50,660.57				50,660.57
Accounts receivable	266,836.20				266,836.20
Accounts receivable financing	10,073.08				10,073.08
Other receivables	256,175.64				256,175.64
Long-term receivables		11,281.94	22,341.95	1,432.04	35,055.93
Other non-current financial assets				75,103.05	75,103.05
Other current assets	88,236.02				88,236.02
Non-current assets due within one year	491,100.90				491,100.90
Total financial assets	1,754,877.45	11,281.94	22,341.95	76,535.09	1,865,036.43
Financial liabilities:					
Short-term borrowings	2,675,234.73				2,675,234.73
Bills payable	142,391.81				142,391.81
Accounts payable	770,896.74				770,896.74
Other payables	283,336.77				283,336.77
Non-current liabilities due within one year	160,954.54				160,954.54
Other current liabilities	286,369.42				286,369.42
Long-term borrowings		165,672.85	109,483.19	201,032.48	476,188.52
Lease liabilities		286.71	1,011.20	3,615.65	4,913.56
Long-term payables		46,996.82	34,565.33		81,562.15
Total financial liabilities and contingent liabilities	4,319,184.01	212,956.38	145,059.72	204,648.13	4,881,848.24

XII Financial Report

XII. Risk relating to financial instruments *(Continued)*

1. Risk management goals and policies *(Continued)*

(2) Liquidity risk *(Continued)*

As at the end of the prior year, the financial assets, financial liabilities and off-balance sheet guarantee held by the Company are analysed by their maturity date as below at their remaining undiscounted contractual cash flows (in RMB'0,000):

Item	Closing balance of the prior year				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial assets:					
Monetary funds	1,208,547.49				1,208,547.49
Financial assets held for trading	4,629.43				4,629.43
Bills receivable	41,160.00				41,160.00
Accounts receivables	307,757.71				307,757.71
Accounts receivable financing	21,588.42				21,588.42
Other receivables	273,484.02				273,484.02
Long-term receivables		29,478.61	6,700.00		36,178.61
Other non-current financial assets				78,156.10	78,156.10
Other current assets	69,994.65				69,994.65
Non-current assets due within one year	529,707.20				529,707.20
Total financial assets	2,456,868.92	29,478.61	6,700.00	78,156.10	2,571,203.63
Financial liabilities					
Short-term borrowings	3,344,774.24				3,344,774.24
Bills payable	461,898.65				461,898.65
Accounts payable	390,262.09				390,262.09
Other payables	241,475.21				241,475.21
Non-current liabilities due within one year	374,650.69				374,650.69
Other current liabilities	10,000.00				10,000.00
Long-term borrowings		84,962.58	115,780.76	267,358.11	468,101.45
Lease liabilities		453.22	354.01	5,249.95	6,057.18
Long-term payables		149,201.63	112,355.62		261,557.25
Total financial liabilities and contingent liabilities	4,823,060.88	234,617.43	228,490.39	272,608.06	5,558,776.76

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 Financial Report

XII. Risk relating to financial instruments *(Continued)*

1. Risk management goals and policies *(Continued)*

(3) Market risk

Market risk includes interest rate risk and currency risk, 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 continuously monitors the interest rate position of the Company. The Company did not enter into any interest rate hedging arrangements. But 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		
Of which: Short-term borrowings	2,675,234.73	3,344,774.24
Long-term borrowings	476,188.52	468,101.45
Long-term borrowings due within one year	120,435.06	127,390.27
Total	3,271,858.31	3,940,265.96
Financial instrument with float interest rate		
Financial assets		
Of which: Monetary funds	587,932.77	1,208,180.01
Total	587,932.77	1,208,180.01

XII Financial Report

XII. Risk relating to financial instruments *(Continued)*

1. Risk management goals and policies *(Continued)*

(3) Market risk *(Continued)*

Interest rate risk *(Continued)*

The financial instruments held by the Company at the reporting date expose the Company to fair value interest rate risk. This sensitivity analysis as above has been determined assuming that the change in interest rates had occurred at the reporting date and arisen from the recalculation of the above financial instrument issued at new interest rates. The non-derivative tools issued at floating interest rate held by the Company at the reporting date expose the Company to cash flow interest rate risk. The effect to the net profit and shareholder's equity illustrated in the sensitivity analysis as above is arisen from the effect to the annual estimate amount of interest expenses or revenue at the floating interest rate. The analysis is performed on the same basis for prior year.

Exchange rate risk

Exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will be fluctuated due to the changes in foreign currency rates. Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The principal business of the Company is situated within the PRC and is denominated in RMB. However, foreign exchange risks still exist for the assets and liabilities in foreign currencies and future foreign currency transactions as recognised by the Company (assets and liabilities in foreign currencies and foreign currency transactions are mainly denominated in US dollar, Euro, Hong Kong dollar and Japanese yen).

The following table details the financial assets and liabilities held by the Company which denominated in foreign currencies and amounted to RMB as at 31 December 2024 are as follows (in RMB'0,000):

Item	Liabilities denominated in foreign currency		Assets denominated in foreign currency	
	Closing balance	Closing balance of the prior year	Closing balance	Closing balance of the prior year
USD	66,705.08	60,628.27	42,042.69	45,596.22
EUR	3,838.45	1,460.24	1,044.24	4,305.63
HKD			143.97	204.24
JPY			677.92	736.8
SGD			2.12	
GBP			1.61	1.33
Total	70,543.53	62,088.51	43,912.55	50,844.22

The Group 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 Group may aim to avoid foreign exchange risk by signing forward foreign exchange contracts or currency swap contracts.

XII Financial Report

XII. Risk relating to financial instruments *(Continued)*

1. Risk management goals and policies *(Continued)*

(3) Market risk *(Continued)*

Exchange rate risk *(Continued)*

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%	-1,233.12	5%	-751.60
Decrease in exchange rate of USD	-5%	1,233.12	-5%	751.60
Increase in exchange rate of Euro	5%	-139.71	5%	142.27
Decrease in exchange rate of Euro	-5%	139.71	-5%	-142.27

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. 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 -19.52% (prior year: -38.03%) in equity securities investment prices on the Company's current profit and loss and other comprehensive income is as follows (unit: RMB'0,000):

Item	Increase (decrease) in after-tax profits		Increase (decrease) in other comprehensive income	
	Balance for the period	Balance for the prior period	Balance for the period	Balance for the prior period
Due to the rise in the price of equity securities investment				
Due to the decline in the price of equity securities investment	-903.50	-2,841.42		

XII Financial Report

XII. Risk relating to financial instruments (Continued)

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 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 31 December 2024, the Company's gearing ratio is 79.79% (31 December 2023: 73.46%).

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
Endorsement or discounting	Bills receivable	223,000.00	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	5,008,422,470.60	Derecognised	Where the Company transferred substantially all of the risks and rewards
Total		5,008,645,470.60		

(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
Accounts receivable financing	Endorsement or discounting	5,008,422,470.60	976,279.14
Total		5,008,422,470.60	976,279.14

XII Financial Report

XIII. Fair value disclosure

1. Fair value of assets and liabilities measured at fair value as at the end of the period

Based on the inputs of the lowest level that are of great significance to the measurement as a whole in the fair value measurement, the fair value can be categorised as:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable inputs other than the quoted market price of assets or liabilities in Level 1, either directly (the prices) or indirectly (derived from prices).

Level 3: Any input that is not based on observable market data (unobservable inputs) is used for assets or liabilities

(1) Items and amounts measured at fair value

As at the end of the period, assets and liabilities measured at fair value are listed as follows based on the three hierarchies as set out above:

Unit: RMB

Item	Fair value at the end of the period			Total
	Fair value measurements categorised into Level 1	Fair value measurements categorised into Level 2	Fair value measurements categorised into Level 3	
I. Measurement of fair value on an ongoing basis				
(i) Financial assets held for trading	37,259,325.70			37,259,325.70
1. Equity instrument investments	37,259,325.70			37,259,325.70
(ii) Accounts receivable financing			100,730,797.32	100,730,797.32
(iii) Other non-current financial assets			751,030,454.68	751,030,454.68
(iv) Biological assets			1,256,379,773.85	1,256,379,773.85
1. Consumable biological assets			1,256,379,773.85	1,256,379,773.85
Total assets measured at fair value on an ongoing basis	37,259,325.70		2,108,141,025.85	2,145,400,351.55
II. Non-continuous measurement of fair value				

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. For other non-current financial assets that are not traded in an active market, the fair value at the end of the period is determined by evaluating the investment in Shandong Hongqiao Venture Capital Co., Ltd.; for the investment in Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership) and Jiaohui Chenming Zhuli (Suzhou) Emerging Industry Development Fund Partnership (Limited Partnership), The Company determines the fair value at the end of the period by calculating the average price-earnings ratio, price-to-book ratio and price-to-sales ratio of listed companies in the same industry; the fair value of the investment in Shanghai Hengzhan Venture Capital Center (Limited Partnership) and Lide Technology Co., Ltd. is based on historical cost.

XII Financial Report

XIII. Fair value disclosure (Continued)

1. Fair value of assets and liabilities measured at fair value as at the end of the period (Continued)

(2) Quantitative information about significant unobservable inputs used in the Level 3 fair value measurement that are significant

Item	Fair value as at the end of the period	Valuation techniques	Unobservable inputs	Range
Equity instrument investments:				
Shandong Hongqiao Venture Capital Co., Ltd.	58,220,000.00	Cost method		
Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)	406,763,465.62	See explanation for details		
Jiaohui Chenming Zhuli (Suzhou) Emerging Industry Development Fund Partnership (Limited Partnership)	243,238,260.24	See explanation for details		
Consumable biological assets:				
Forestry	1,256,379,773.85	Roll back method of market price	Unit price per tonne of Eucalyptus wood Unit price per tonne of wet pine Unit price per tonne of fir wood	RMB515 RMB525 RMB560

Explanation: The Company has no active trading market for Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership) and Jiaohui Chenming Zhuli (Suzhou) Emerging Industry Development Fund Partnership (Limited Partnership). The Company determines the fair value at the end of the period by calculating the average price-earnings ratio, price-to-book ratio and price-to-sales ratio of listed companies in the same industry.

(3) Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy

Item (current amount)	Opening balance	Transfer to third level	Transfer from third level	Total profit or loss for the period		Closing balance
				Transferred to profit and loss	Transferred to other comprehensive income	
Accounts receivable financing	215,884,249.97		115,153,452.65			100,730,797.32
Other non-current financial assets	781,561,040.57		1,483,295.37	-29,047,290.52		751,030,454.68
biological assets:	1,483,978,089.61		74,186,556.59	-153,411,759.17		1,256,379,773.85
Consumable biological assets	1,483,978,089.61		74,186,556.59	-153,411,759.17		1,256,379,773.85
Total	2,481,423,380.15		190,823,304.61	-182,459,049.69		2,108,141,025.85

XIV. Related parties and related party transactions

1. Parent company of the Company

Name of parent company	Place of incorporation	Business nature	Registered capital	Shareholding of the parent company in the Company	Voting right of the parent company in the Company
Chenming Holdings Co., Ltd.	Shouguang	Investment in manufacture of paper, electricity, steam, and arboriculture	1,238,787,700	27.87%	27.87%

XII Financial Report

XIV. Related parties and related party transactions (Continued)

1. Parent company of the Company (Continued)

Description of the parent company of the Company:

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.

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 Terminal Co., Ltd.	A joint venture of the Company
Shouguang Meite Environmental Technology Co., Ltd.	A joint venture of the Company
Weifang Xingxing United Chemical Co., Ltd.	A joint venture of the Company
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	A joint venture of the Company
Wuhan Chenming Qianneng Electric Power Co., Ltd.	A subsidiary of an associate of the Company
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	An associate of the Company
Chenming (Qingdao) Asset Management Co., Ltd.	An associate of the Company
Guangdong Nanyue Bank Co., Ltd.	An associate of the Company
Xuchang Chenming Paper Co., Ltd.	An associate of the Company

4. Other related parties

Name of other related parties	Relation
Shouguang Huixin Construction Materials Co., Ltd.	A subsidiary of a company invested by the Directors and Senior Management of the Company
Lide Technology Co., Ltd.	A subsidiary of a company invested by the Directors and Senior Management of the Company
Shouguang Chenming Guangyuan Real Property	A subsidiary of a company invested by the Directors and Senior Management of the Company
Hu Changqing, Li Xingchun, Li Weixian, Li Feng, Han Tingde, Li Chuanxuan, Li Zhihui, Sun Jianfei, Yin Meiqun, Yang Biao, Li Kang, Pan Ailing, Zhang Hong, Qiu Lanju, Sang Ailing, Li Zhenzhong, Li Mingtang, Ge Guangming, Dong Lianming, Yuan Xikun, Zhu Hanliang, Chen Hongguo and Li Xueqin	Key management personnel of the Company

XII Financial Report

XIV. Related parties and related party transactions (Continued)

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	Details of related party transaction	Amount during the period	Transaction facility approved	Whether the transaction facility is exceeded	Amount during the prior period
Weifang Port Wood Chip Terminal Co., Ltd.	Port miscellaneous expenses	86,203,912.59	110,000,000.00	No	78,803,278.24
Shouguang Meite Environmental Technology Co., Ltd.	Purchase of chemical materials	22,683,726.74	N/A	N/A	79,998,572.97

Table on sales of goods/providing of services

Unit: RMB

Related party	Details of related party transaction	Amount during the period	Amount during the prior period
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	Sales of electricity and steam	13,910,563.45	16,738,082.47
Shouguang Huixin Construction Materials Co., Ltd.	Sales of cement, coal, oil, etc.	238,057.97	141,035.23
Shouguang Meite Environmental Technology Co., Ltd.	Sales of electricity and water	2,922,144.29	8,446,713.09

(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 Chenming Huisen New-style Construction Materials Co., Ltd.	Land	233,944.95	222,477.07
Shouguang Huixin Construction Materials Co., Ltd.	Land	123,853.21	123,853.21
Shouguang Meite Environmental Technology Co., Ltd.	Housing	1,467,889.91	1,467,889.91
Chenming (Qingdao) Asset Management Co., Ltd.	Housing	667,610.46	789,102.99
Lide Technology Co., Ltd.	Housing	1,918,497.41	1,898,020.91

XII Financial Report

XIV. Related parties and related party transactions (Continued)

5. Related party transactions (Continued)

(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
Weifang Port Wood Chip Terminal Co., Ltd.	78,400,000.00	December 20, 2017	December 20, 2027	No
Chenming (HK) Limited	19,847,274.98	July 26, 2024	November 27, 2024	No
Chenming (HK) Limited	16,115,273.43	August 16, 2024	November 18, 2024	No
Chenming (HK) Limited	21,281,944.00	August 23, 2024	November 22, 2024	No
Chenming (HK) Limited	13,316,268.34	September 05, 2024	February 28, 2025	No
Chenming (HK) Limited	18,788,303.91	September 14, 2024	December 20, 2024	No
Chenming (HK) Limited	8,322,140.90	September 30, 2024	December 11, 2024	No
Chenming (HK) Limited	9,754,153.58	October 01, 2024	March 28, 2025	No
Chenming (HK) Limited	16,023,277.62	October 17, 2024	February 09, 2025	No
Chenming (HK) Limited	19,603,059.42	October 21, 2024	February 14, 2025	No
Chenming (HK) Limited	20,759,723.14	October 30, 2024	February 22, 2025	No
Chenming (HK) Limited	16,169,531.51	October 31, 2024	February 24, 2025	No
Chenming (HK) Limited	16,466,280.98	December 02, 2024	March 03, 2025	No
Chenming (HK) Limited	17,251,967.49	December 11, 2024	March 11, 2025	No
Chenming (HK) Limited	5,000,000.00	December 15, 2024	January 15, 2025	No
Chenming (HK) Limited	5,000,000.00	December 15, 2024	January 27, 2025	No
Chenming (HK) Limited	17,456,804.00	December 15, 2024	February 07, 2025	No
Chenming (HK) Limited	3,134,501.82	December 23, 2024	March 24, 2025	No
Chenming (HK) Limited	9,330,232.59	December 30, 2024	June 30, 2025	No
Hainan Chenming Technology Co., Ltd.	30,000,000.00	February 02, 2024	January 29, 2025	No
Hainan Chenming Technology Co., Ltd.	20,000,000.00	February 05, 2024	January 31, 2025	No
Hainan Chenming Technology Co., Ltd.	39,600,000.00	May 21, 2024	November 21, 2024	No
Hainan Chenming Technology Co., Ltd.	8,400,000.00	July 02, 2024	January 02, 2025	No
Hainan Chenming Technology Co., Ltd.	126,000,000.00	September 29, 2024	March 29, 2025	No
Hainan Chenming Technology Co., Ltd.	50,500,000.00	November 27, 2024	November 26, 2025	No
Hainan Chenming Technology Co., Ltd.	19,500,000.00	November 28, 2024	November 27, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	563,640,000.00	December 16, 2019	December 15, 2031	No
Huanggang Chenming Pulp & Paper Co., Ltd.	200,000,000.00	September 30, 2020	December 15, 2031	No
Huanggang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	May 20, 2022	May 27, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	11,060,000.00	October 13, 2022	September 28, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	38,993,016.93	November 30, 2022	November 30, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	17,510,595.47	January 12, 2023	January 12, 2026	No
Huanggang Chenming Pulp & Paper Co., Ltd.	4,299,000.00	February 09, 2023	September 28, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	886,000.00	February 28, 2023	September 28, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	March 09, 2023	March 09, 2026	No
Huanggang Chenming Pulp & Paper Co., Ltd.	25,219,402.86	April 22, 2023	April 10, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	4,407,000.00	April 25, 2023	September 28, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	19,107,717.37	May 10, 2023	May 10, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	2,586,696.60	May 23, 2023	September 28, 2027	No

XII Financial Report

XIV. Related parties and related party transactions (Continued)

5. Related party transactions (Continued)

(3) Related party guarantee (Continued)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Huanggang Chenming Pulp & Paper Co., Ltd.	16,414,514.00	May 29, 2023	September 28, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	2,950,000.00	June 09, 2023	September 28, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	10,970,000.00	June 27, 2023	September 28, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	100,365,399.49	July 06, 2023	July 15, 2026	No
Huanggang Chenming Pulp & Paper Co., Ltd.	6,727,100.00	August 29, 2023	September 28, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	4,220,000.00	September 20, 2023	September 28, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	10,465,335.60	October 13, 2023	September 28, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	November 23, 2023	November 23, 2024	No
Huanggang Chenming Pulp & Paper Co., Ltd.	78,236,501.55	January 30, 2024	February 05, 2027	No
Huanggang Chenming Pulp & Paper Co., Ltd.	20,000,000.00	April 28, 2024	April 27, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	90,000,000.00	May 20, 2024	May 19, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	10,000,000.00	June 25, 2024	December 22, 2024	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	July 19, 2024	July 18, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	July 19, 2024	January 15, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	August 01, 2024	July 29, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	10,000,000.00	August 01, 2024	January 27, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	14,000,000.00	August 01, 2024	July 29, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	45,000,000.00	August 14, 2024	August 13, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	14,250,600.00	August 23, 2024	February 19, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	15,749,400.00	September 10, 2024	February 18, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	15,995,000.00	September 14, 2024	September 12, 2025	No
Huanggang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	October 18, 2024	October 18, 2025	No
Jilin Chenming Pulp and Paper Trading Co., Ltd.	10,000,000.00	November 13, 2023	November 13, 2024	No
Jilin Chenming Pulp and Paper Trading Co., Ltd.	10,000,000.00	November 24, 2023	November 22, 2024	No
Jilin Chenming Pulp and Paper Trading Co., Ltd.	10,000,000.00	September 24, 2024	September 24, 2025	No
Jilin Chenming Paper Co., Ltd.	184,225,999.23	December 15, 2023	December 15, 2025	No
Jilin Chenming Paper Co., Ltd.	16,000,000.00	June 19, 2024	June 17, 2025	No
Jilin Chenming Paper Co., Ltd.	60,000,000.00	July 18, 2024	January 17, 2025	No
Jilin Chenming Paper Co., Ltd.	120,000,000.00	July 19, 2024	January 18, 2025	No
Jilin Chenming Paper Co., Ltd.	35,000,000.00	July 24, 2024	January 21, 2025	No
Jilin Chenming Paper Co., Ltd.	15,000,000.00	September 10, 2024	March 10, 2025	No
Jilin Chenming Paper Co., Ltd.	91,498,111.11	September 29, 2024	September 28, 2026	No
Jilin Chenming Paper Co., Ltd.	35,000,000.00	October 15, 2024	April 15, 2025	No
Jiangxi Chenming Logistics Co., Ltd.	4,600,000.00	April 29, 2024	April 29, 2025	No
Jiangxi Chenming Paper Co., Ltd.	106,975,661.00	February 28, 2022	February 28, 2027	No
Jiangxi Chenming Paper Co., Ltd.	7,971,781.19	April 01, 2022	April 01, 2025	No
Jiangxi Chenming Paper Co., Ltd.	52,835,042.81	May 23, 2022	May 15, 2025	No
Jiangxi Chenming Paper Co., Ltd.	8,609,827.27	August 18, 2022	February 18, 2025	No
Jiangxi Chenming Paper Co., Ltd.	5,000,000.00	October 11, 2022	October 11, 2025	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	September 08, 2023	August 22, 2026	No

XII Financial Report

XIV. Related parties and related party transactions (Continued)

5. Related party transactions (Continued)

(3) Related party guarantee (Continued)

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.	40,000,000.00	November 14, 2023	November 14, 2024	No
Jiangxi Chenming Paper Co., Ltd.	15,334,938.09	December 04, 2023	June 03, 2025	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	March 08, 2024	March 07, 2025	No
Jiangxi Chenming Paper Co., Ltd.	50,000,000.00	March 13, 2024	March 08, 2025	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	March 25, 2024	March 25, 2025	No
Jiangxi Chenming Paper Co., Ltd.	70,000,000.00	April 25, 2024	April 24, 2025	No
Jiangxi Chenming Paper Co., Ltd.	39,999,702.50	April 30, 2024	October 29, 2024	No
Jiangxi Chenming Paper Co., Ltd.	5,000,000.00	May 31, 2024	May 26, 2025	No
Jiangxi Chenming Paper Co., Ltd.	200,000,000.00	May 31, 2024	November 29, 2025	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	June 07, 2024	June 03, 2025	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	June 11, 2024	June 09, 2025	No
Jiangxi Chenming Paper Co., Ltd.	250,000,000.00	June 13, 2024	December 12, 2025	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	June 17, 2024	June 13, 2025	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	June 18, 2024	June 16, 2025	No
Jiangxi Chenming Paper Co., Ltd.	17,000,000.00	June 20, 2024	June 15, 2025	No
Jiangxi Chenming Paper Co., Ltd.	16,000,000.00	June 21, 2024	June 17, 2025	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	June 24, 2024	June 20, 2025	No
Jiangxi Chenming Paper Co., Ltd.	200,000,000.00	July 02, 2024	July 01, 2025	No
Jiangxi Chenming Paper Co., Ltd.	50,000,000.00	July 02, 2024	December 31, 2025	No
Jiangxi Chenming Paper Co., Ltd.	100,000,000.00	July 05, 2024	July 01, 2025	No
Jiangxi Chenming Paper Co., Ltd.	193,450,000.00	August 23, 2024	February 18, 2025	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	August 30, 2024	August 26, 2025	No
Jiangxi Chenming Paper Co., Ltd.	70,000,000.00	September 13, 2024	March 13, 2025	No
Jiangxi Chenming Paper Co., Ltd.	80,000,000.00	September 14, 2024	March 14, 2025	No
Jiangxi Chenming Paper Co., Ltd.	1,300,000.00	September 29, 2024	September 24, 2025	No
Jiangxi Chenming Paper Co., Ltd.	57,600,000.00	September 29, 2024	March 29, 2026	No
Jiangxi Chenming Paper Co., Ltd.	29,700,000.00	October 17, 2024	October 17, 2027	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	October 31, 2024	October 27, 2025	No
Jiangxi Chenming Paper Co., Ltd.	4,950,000.00	November 12, 2024	May 12, 2025	No
Jiangxi Chenming Paper Co., Ltd.	4,950,000.00	November 13, 2024	May 13, 2025	No
Jiangxi Chenming Paper Co., Ltd.	9,900,000.00	November 14, 2024	May 14, 2025	No
Jiangxi Chenming Paper Co., Ltd.	19,800,000.00	November 15, 2024	May 15, 2025	No
Jiangxi Chenming Paper Co., Ltd.	20,000,000.00	December 13, 2024	November 30, 2025	No
Jiangxi Chenming Paper Co., Ltd.	20,000,000.00	December 16, 2024	November 30, 2025	No
Jiangxi Chenming Paper Co., Ltd.	20,000,000.00	December 18, 2024	November 30, 2025	No
Jiangxi Chenming Paper Co., Ltd.	3,500,000.00	December 19, 2024	November 30, 2025	No
Jiangxi Chenming Paper Co., Ltd.	6,500,000.00	December 25, 2024	November 30, 2025	No
Jiangxi Chenming Paper Co., Ltd.	9,900,000.00	December 26, 2024	June 26, 2025	No
Jiangxi Chenming Paper Co., Ltd.	10,450,000.00	December 27, 2024	June 27, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	40,000,000.00	November 28, 2023	November 28, 2024	No
Shandong Chenming Paper Sales Co., Ltd.	150,000,000.00	February 08, 2024	February 12, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	258,402,137.74	April 01, 2024	April 02, 2025	No

XII Financial Report

XIV. Related parties and related party transactions (Continued)

5. Related party transactions (Continued)

(3) Related party guarantee (Continued)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Shandong Chenming Paper Sales Co., Ltd.	101,549,733.69	April 03, 2024	April 07, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	203,370,000.00	August 14, 2024	August 15, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	50,000,000.00	August 22, 2024	November 20, 2024	No
Shandong Chenming Paper Sales Co., Ltd.	120,000,000.00	September 04, 2024	March 03, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	280,000,000.00	September 05, 2024	March 04, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	43,000,000.00	September 05, 2024	December 04, 2024	No
Shandong Chenming Paper Sales Co., Ltd.	100,000,000.00	September 09, 2024	September 10, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	32,680,000.00	September 19, 2024	September 19, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	50,000,000.00	September 24, 2024	September 23, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	25,000,000.00	September 26, 2024	March 26, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	50,000,000.00	September 27, 2024	March 27, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	50,000,000.00	September 29, 2024	March 29, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	25,000,000.00	September 30, 2024	March 30, 2025	No
Shandong Chenming Paper Sales Co., Ltd.	153,820,000.00	October 09, 2024	October 10, 2025	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	9,250,000.00	February 13, 2023	February 12, 2026	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	4,411,888.83	November 21, 2023	November 20, 2024	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	5,600,000.00	June 04, 2024	May 30, 2025	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	9,000,000.00	June 06, 2024	November 20, 2024	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	6,300,000.00	June 14, 2024	June 09, 2025	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	5,600,000.00	June 20, 2024	May 28, 2025	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	20,000,000.00	June 21, 2024	June 18, 2025	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	35,200,404.98	August 23, 2024	November 21, 2024	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	520,000,000.00	October 18, 2024	September 24, 2029	No
Shanghai Heruiming Property Management Co., Ltd.	59,980,000.00	May 23, 2024	November 08, 2024	No
Shanghai Heruiming Property Management Co., Ltd.	20,000,000.00	June 27, 2024	January 06, 2025	No
Shanghai Hongtai Real Estate Co., Ltd.	2,004,545,455.00	June 09, 2023	March 20, 2038	No
Shouguang Chenming Import and Export Trade Co., Ltd.	31,179,628.93	August 25, 2024	November 25, 2024	No
Shouguang Chenming Import and Export Trade Co., Ltd.	72,595,822.02	August 26, 2024	November 25, 2024	No
Shouguang Chenming Import and Export Trade Co., Ltd.	31,892,669.52	September 24, 2024	December 25, 2024	No
Shouguang Chenming Import and Export Trade Co., Ltd.	90,959,280.79	September 26, 2024	December 25, 2024	No
Shouguang Chenming Import and Export Trade Co., Ltd.	28,842,694.68	October 27, 2024	January 25, 2025	No
Shouguang Chenming Import and Export Trade Co., Ltd.	44,522,892.05	October 28, 2024	January 25, 2025	No
Shouguang Chenming Import and Export Trade Co., Ltd.	90,000,000.00	December 16, 2024	December 15, 2025	No
Shouguang Chenming Import and Export Trade Co., Ltd.	30,000,000.00	December 27, 2024	June 27, 2025	No
Shouguang Chenming Papermaking Machine Co., Ltd.	9,979,722.22	November 14, 2023	November 14, 2024	No
Shouguang Hongxiang Printing and Packaging Co., Ltd.	9,856,554.16	November 15, 2023	November 14, 2024	No
Shouguang Meilun Paper Co., Ltd.	236,000,000.00	September 09, 2021	August 20, 2026	No
Shouguang Meilun Paper Co., Ltd.	13,265,425.74	December 14, 2021	December 14, 2025	No
Shouguang Meilun Paper Co., Ltd.	2,999,174.16	December 20, 2021	December 20, 2024	No
Shouguang Meilun Paper Co., Ltd.	147,158,650.41	March 14, 2022	March 14, 2027	No
Shouguang Meilun Paper Co., Ltd.	8,861,179.27	May 24, 2022	May 25, 2025	No
Shouguang Meilun Paper Co., Ltd.	13,845,230.30	June 06, 2022	June 05, 2025	No

XII Financial Report

XIV. Related parties and related party transactions (Continued)

5. Related party transactions (Continued)

(3) Related party guarantee (Continued)

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.	21,399,530.65	June 28, 2022	June 28, 2025	No
Shouguang Meilun Paper Co., Ltd.	30,000,000.00	August 25, 2022	August 25, 2025	No
Shouguang Meilun Paper Co., Ltd.	21,466,666.64	September 30, 2022	September 29, 2025	No
Shouguang Meilun Paper Co., Ltd.	109,591,059.28	November 25, 2022	January 15, 2028	No
Shouguang Meilun Paper Co., Ltd.	195,000,000.00	December 27, 2022	December 26, 2027	No
Shouguang Meilun Paper Co., Ltd.	5,074,948.25	December 29, 2022	December 29, 2024	No
Shouguang Meilun Paper Co., Ltd.	12,000,000.00	January 18, 2023	January 18, 2026	No
Shouguang Meilun Paper Co., Ltd.	5,000,000.00	March 29, 2023	March 29, 2025	No
Shouguang Meilun Paper Co., Ltd.	106,670,000.00	June 09, 2023	May 20, 2027	No
Shouguang Meilun Paper Co., Ltd.	34,420,409.16	August 30, 2023	August 30, 2026	No
Shouguang Meilun Paper Co., Ltd.	17,178,745.04	October 08, 2023	April 15, 2025	No
Shouguang Meilun Paper Co., Ltd.	71,649,000.00	October 23, 2023	October 23, 2024	No
Shouguang Meilun Paper Co., Ltd.	42,974,114.02	October 25, 2023	October 25, 2026	No
Shouguang Meilun Paper Co., Ltd.	15,000,000.00	January 03, 2024	December 27, 2024	No
Shouguang Meilun Paper Co., Ltd.	500,000,000.00	January 18, 2024	January 18, 2027	No
Shouguang Meilun Paper Co., Ltd.	41,278,885.85	January 29, 2024	January 28, 2027	No
Shouguang Meilun Paper Co., Ltd.	44,000,000.00	February 27, 2024	February 26, 2025	No
Shouguang Meilun Paper Co., Ltd.	5,000,000.00	March 07, 2024	March 07, 2025	No
Shouguang Meilun Paper Co., Ltd.	22,446,656.28	April 12, 2024	April 12, 2025	No
Shouguang Meilun Paper Co., Ltd.	46,166,000.00	May 24, 2024	May 24, 2027	No
Shouguang Meilun Paper Co., Ltd.	56,044,826.08	May 27, 2024	May 28, 2025	No
Shouguang Meilun Paper Co., Ltd.	69,241,000.00	May 28, 2024	May 28, 2027	No
Shouguang Meilun Paper Co., Ltd.	45,727,471.68	May 31, 2024	June 03, 2025	No
Shouguang Meilun Paper Co., Ltd.	98,114,605.57	June 04, 2024	June 05, 2025	No
Shouguang Meilun Paper Co., Ltd.	178,130,000.00	June 26, 2024	June 25, 2025	No
Shouguang Meilun Paper Co., Ltd.	50,000,000.00	June 28, 2024	June 27, 2025	No
Shouguang Meilun Paper Co., Ltd.	20,000,000.00	June 28, 2024	June 24, 2025	No
Shouguang Meilun Paper Co., Ltd.	10,000,000.00	June 28, 2024	June 26, 2025	No
Shouguang Meilun Paper Co., Ltd.	10,000,000.00	June 28, 2024	June 26, 2025	No
Shouguang Meilun Paper Co., Ltd.	27,000,000.00	June 28, 2024	June 28, 2027	No
Shouguang Meilun Paper Co., Ltd.	70,000,000.00	July 01, 2024	January 01, 2025	No
Shouguang Meilun Paper Co., Ltd.	51,392,466.44	July 05, 2024	January 05, 2026	No
Shouguang Meilun Paper Co., Ltd.	94,028,794.20	July 10, 2024	January 07, 2025	No
Shouguang Meilun Paper Co., Ltd.	9,500,000.00	July 11, 2024	July 11, 2026	No
Shouguang Meilun Paper Co., Ltd.	30,000,000.00	July 23, 2024	July 23, 2025	No
Shouguang Meilun Paper Co., Ltd.	91,760,000.00	July 25, 2024	July 25, 2025	No
Shouguang Meilun Paper Co., Ltd.	25,120,755.08	August 06, 2024	February 05, 2025	No
Shouguang Meilun Paper Co., Ltd.	60,000,000.00	August 06, 2024	February 06, 2025	No
Shouguang Meilun Paper Co., Ltd.	20,000,000.00	August 27, 2024	February 27, 2025	No
Shouguang Meilun Paper Co., Ltd.	15,900,000.00	December 05, 2024	December 05, 2025	No
Shouguang Meilun Paper Co., Ltd.	43,000,000.00	December 09, 2024	December 08, 2025	No

XII Financial Report

XIV. Related parties and related party transactions *(Continued)*

5. Related party transactions *(Continued)*

(3) Related party guarantee *(Continued)*

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.	10,000,000.00	December 09, 2024	December 09, 2025	No
Shouguang Meilun Paper Co., Ltd.	10,000,000.00	December 09, 2024	December 09, 2025	No
Shouguang Meilun Paper Co., Ltd.	62,000,000.00	December 09, 2024	June 09, 2025	No
Shouguang Meilun Paper Co., Ltd.	199,500,000.00	December 12, 2024	November 12, 2025	No
Shouguang Meilun Paper Co., Ltd.	133,253,598.00	December 13, 2024	December 12, 2025	No
Shouguang Meilun Paper Co., Ltd.	49,497,280.00	December 16, 2024	December 15, 2025	No
Shouguang Meilun Paper Co., Ltd.	10,000,000.00	December 27, 2024	December 26, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	March 14, 2016	March 13, 2028	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	175,000,000.00	August 18, 2016	March 13, 2028	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	940,000,000.00	March 26, 2018	March 25, 2029	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	130,000,000.00	June 17, 2022	June 16, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,540,260.41	June 29, 2022	June 29, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	51,000,000.00	March 31, 2023	March 30, 2026	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	90,000,000.00	June 02, 2023	June 02, 2026	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,900,191.21	June 20, 2023	June 20, 2026	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	200,000,000.00	July 12, 2023	July 12, 2026	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	164,172,110.17	November 08, 2023	November 08, 2028	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	85,500,000.00	November 29, 2023	November 21, 2024	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	December 09, 2023	December 08, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	January 03, 2024	January 02, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	205,000,000.00	March 20, 2024	March 20, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	38,000,000.00	March 21, 2024	March 20, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	10,500,000.00	March 26, 2024	March 26, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	31,000,000.00	March 28, 2024	March 27, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	March 29, 2024	March 27, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	April 29, 2024	October 29, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	25,000,000.00	May 16, 2024	May 15, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	75,770,782.44	May 23, 2024	November 26, 2024	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,000,000.00	May 27, 2024	May 26, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	45,000,000.00	May 29, 2024	May 28, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	63,000,000.00	May 31, 2024	May 29, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	40,000,000.00	June 06, 2024	June 05, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	38,372,000.00	June 06, 2024	June 03, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	47,784,000.00	June 06, 2024	June 03, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	48,000,000.00	June 26, 2024	June 25, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	58,940,000.00	June 27, 2024	December 27, 2024	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	70,000,000.00	June 27, 2024	December 27, 2024	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	62,000,000.00	June 28, 2024	June 26, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	26,620,000.00	June 28, 2024	December 28, 2024	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	25,000,000.00	June 28, 2024	December 28, 2024	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	69,440,000.00	June 28, 2024	December 28, 2024	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	70,500,000.00	July 01, 2024	January 03, 2025	No

XII Financial Report

XIV. Related parties and related party transactions (Continued)

5. Related party transactions (Continued)

(3) Related party guarantee (Continued)

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.	30,000,000.00	July 02, 2024	January 02, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	July 09, 2024	January 03, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	85,000,000.00	July 11, 2024	January 11, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	200,000,000.00	July 12, 2024	July 11, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	July 15, 2024	January 10, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	29,000,000.00	July 18, 2024	July 17, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	July 23, 2024	July 22, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	July 24, 2024	July 22, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	41,408,350.00	July 24, 2024	July 22, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,399,224.00	August 06, 2024	August 05, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,000,000.00	August 07, 2024	August 06, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	59,000,000.00	August 08, 2024	August 07, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	August 14, 2024	August 13, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	August 14, 2024	February 14, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	September 12, 2024	January 12, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	September 13, 2024	September 13, 2027	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	September 20, 2024	January 17, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	September 25, 2024	September 24, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	78,000,000.00	October 10, 2024	October 10, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	62,000,000.00	October 11, 2024	April 10, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	110,000,000.00	October 15, 2024	October 14, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,000,000.00	October 15, 2024	April 14, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	5,000,000.00	October 17, 2024	January 16, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,290,000.00	October 17, 2024	April 17, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	98,700,000.00	November 11, 2024	May 09, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	167,500,000.00	November 11, 2024	November 10, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,290,000.00	November 12, 2024	May 10, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	6,000,000.00	November 13, 2024	May 12, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,200,000.00	November 14, 2024	November 13, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	59,460,000.00	November 20, 2024	November 19, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	November 27, 2024	May 26, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	47,500,000.00	December 18, 2024	June 17, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	December 19, 2024	June 18, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000.00	December 26, 2024	June 26, 2025	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	49,950,000.00	December 30, 2024	June 30, 2025	No
Foshan Chenming Import and Export Trade Co., Ltd.	5,000,000.00	September 29, 2024	March 28, 2025	No
Hainan Chenming Technology	50,000,000.00	April 10, 2024	April 07, 2025	No
Zhanjiang Chenming Arboriculture Development Co., Ltd.	44,160,000.00	March 29, 2024	March 27, 2026	No
Huanggang Chenming Port Service Co., Ltd.	6,000,000.00	December 27, 2023	December 20, 2025	No
Jilin Chenming Pulp and Paper Trading Co., Ltd.	10,000,000.00	September 26, 2024	September 26, 2025	No
Total	19,032,267,355.72			

XII Financial Report

XIV. Related parties and related party transactions (Continued)

5. Related party transactions (Continued)

(4) Related party lending and borrowing

Unit: RMB

Related party	Borrowing amount	Commencement date	Expiry date	Description
Borrowing				
Chenming Holdings Co., Ltd.	292,510,000.00	April 11, 2024	31 December 2024	Controlling shareholder
Guangdong Nanyue Bank Co., Ltd.	857,890,000.00	March 26, 2024	31 December 2024	Associate
Lending				
Weifang Port Wood Chip Terminal Co., Ltd.	35,000,000.00	June 28, 2024	June 27, 2025	Joint venture

(5) Remuneration of key management staff

The Company has 23 key management staff for the period and 23 for the prior period. The remuneration payment is as follows:

Unit: RMB'0,000

Item	Amount during the period	Amount during the prior period
Remuneration of key management staff	1,622.15	2,361.67

① Distribution band of remuneration of key management staff

Band of annual remuneration	Amount during the year (RMB'0,000)	Amount during the prior year (RMB'0,000)
Total	1,622.15	2,361.67
Of which: (number of staff in each band of amount)		
RMB4.00-4.80 million		1
RMB3.20-3.60 million		
RMB2.80-3.20 million		
RMB2.40-2.80 million		1
RMB2.00-2.40 million		
RMB1.60-2.00 million	2	2
RMB1.20-1.60 million	2	1
RMB0.80-1.20 million		4
RMB4.00-4.80 million	4	2
RMB3.20-3.60 million	15	12

XII Financial Report

XIV. Related parties and related party transactions (Continued)

5. Related party transactions (Continued)

(5) Remuneration of key management staff (Continued)

② Breakdown of remuneration of key management staff

Key management staff	Amount during the year (RMB'0,000)							Total (RMB'0,000)
	Fees	Bonuses	Salaries, allowances and benefits	Social welfare contribution		Housing fund		
				Social insurance	Of which: Pension insurance			
Yin Meiqun			20.00					20.00
Yang Biao			20.00					20.00
Sun Jianfei			20.00					20.00
Li Zihui			20.00					20.00
Subtotal of independent non-executive Director			80.00					80.00
Li Chuanxuan			20.00					20.00
Han Tingde			20.00					20.00
Subtotal of non-executive Directors			40.00					40.00
Chen Hongguo			199.17	6.78	4.32	1.52		207.47
Hu Changjin			159.60	11.31	7.05	3.09		174.00
Li Xingchun			201.00					201.00
Li Feng			150.46	11.31	7.05	5.29		167.06
Li Weixian			84.64	7.24	4.60	1.66		93.54
Subtotal of executive Directors			794.87	36.64	23.02	11.56		843.07
Li Kang			48.05	6.67	4.25	1.52		56.24
Pan Ailing			10.00					10.00
Zhang Hong			10.00					10.00
Qiu Lanju			46.25	6.84	4.24	1.72		54.81
Sang Ailing			19.16	3.63	2.25	0.85		23.64
Total of Supervisors			133.46	17.14	10.74	4.09		154.69
Subtotal of other Senior Management			452.72	41.67	26.17	10.00		504.39
Total			1,501.05	95.45	59.93	25.65		1,622.15

XII Financial Report

XIV. Related parties and related party transactions (Continued)

5. Related party transactions (Continued)

(5) Remuneration of key management staff (Continued)

② Breakdown of remuneration of key management staff (Continued)

Key management staff	Amount during the year (RMB'0,000)						Total (RMB'0,000)
	Fees	Bonuses	Salaries, allowances and benefits	Social welfare contribution		Housing fund	
				Social insurance	Of which: Pension insurance		
Yin Meiqun			20.00				20.00
Yang Biao			20.00				20.00
Sun Jianfei			20.00				20.00
Li Zihui			20.00				20.00
Subtotal of independent non-executive Director			80.00				80.00
Li Chuanxuan			20.00				20.00
Han Tingde			20.00				20.00
Subtotal of non-executive Directors			40.00				40.00
Chen Hongguo			308.90	6.93	4.42	1.59	317.42
Hu Changqin			188.78	9.93	6.04	2.54	201.25
Li Xingchun			420.00				420.00
Li Feng			135.86	6.93	4.42	1.59	144.38
Li Weixian			216.56	11.32	6.79	5.08	232.96
Subtotal of executive Directors			1,270.10	35.11	21.67	10.80	1,316.01
Li Kang			75.78	6.93	4.42	1.59	84.30
Pan Ailing			10.00				10.00
Zhang Hong			10.00				10.00
Qiu Lanju			66.95	6.46	4.07	1.62	75.03
Sang Ailing			17.60	3.64	2.27	0.85	22.09
Total of Supervisors			180.33	17.03	10.76	4.06	201.42
Subtotal of other Senior Management			674.44	40.17	25.47	9.63	724.24
Total			2,244.87	92.31	57.90	24.49	2,361.67

Note: Social welfare contribution includes basic pension insurance, medical insurance, work-related injury insurance, maternity insurance, and unemployment insurance.

XIV. Related parties and related party transactions (Continued)

5. Related party transactions (Continued)

(5) Remuneration of key management staff (Continued)

- ③ The 5 highest paid individuals of the Company during the year included 4 directors of the Company and 1 other senior management personnel. The remuneration range of 1 senior management personnel was RMB0.80 million to RMB1.20 million, with salaries, allowances and benefits amounting to RMB1.0608 million and an annual salary of RMB1.1498 million, social insurance of RMB72,400 (including pension insurance of RMB46,000), and housing provident fund of RMB16,600.

A. Remuneration of the five highest paid individuals

Item	Amounts during the period	Amounts during the prior year
Salaries, allowances and benefits	816.31	1,295.83
Housing provident fund	11.56	10.83
Social welfare contribution	36.64	34.64
Of which: Pension insurance	23.02	21.32
Total	864.51	1,341.30

B. Distribution band of remuneration of the five highest paid individuals

Band of annual remuneration	Number of individuals during the year	Number of individuals during the prior year
RMB4.00-4.80 million		1
RMB3.20-3.60 million		
RMB2.80-3.20 million		1
RMB2.40-2.80 million		
RMB2.00-2.40 million	2	2
RMB1.60-2.00 million	2	1
RMB1.20-1.60 million		
RMB0.80-1.20 million	1	

- ④ For the financial year ended 31 December 2024, no other bonuses, which are discretionary or are based on the Company's, the Company's or any member of the Company's performance, were paid to or receivable by the 5 highest paid individuals, and no other emoluments were paid by the Company to the Directors of the Company and the 5 highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office. None of the Directors waived any emoluments during the year.

XII Financial Report

XIV. Related parties and related party transactions (Continued)

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.	903,414.15	6,323.90		
Accounts receivable	Lide Technology Co., Ltd.	171,451.91	1,200.16		
Accounts receivable	Chenming (Qingdao) Asset Management Co., Ltd.			2,359.03	23.18
Accounts receivable	Shouguang Chenming Guangyuan Property Management Co., Ltd.	870,685.06	6,094.80		
Other receivables	Wuhan Chenming Hanyang Paper Holdings Co., Ltd	238,093,358.44	13,523,702.76	227,252,701.60	
Other receivables	Shouguang Meite Environmental Technology Co., Ltd.	11,179,201.88	5,603,487.91	10,427,200.00	2,102,653.38
Other receivables	Weifang Port Wood Chip Terminal Co., Ltd.	79,397,749.84	12,131,778.23	75,554,749.84	8,991,998.46
Other receivables	Shouguang Chenming Guangyuan Real Property	22,000.00	1,100.00		

(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	72,483.77
Accounts payable	Wuhan Chenming Hanyang Paper Holdings Co., Ltd	13,921,249.12	14,334,304.63
Accounts payable	Weifang Xingxing United Chemical Co., Ltd.	26,905,494.34	26,905,494.34
Accounts payable	Weifang Port Wood Chip Terminal Co., Ltd.	22,610,306.71	6,932,747.45
Accounts payable	Shouguang Meite Environmental Technology Co., Ltd.	15,292,739.96	12,973,303.12
Accounts payable	Shouguang Huixin Construction Materials Co., Ltd.	42,929.24	
Other payables	Wuhan Chenming Hanyang Paper Holdings Co., Ltd	5,194,879.89	305,000,000.00
Other payables	Lide Technology Co., Ltd.	559,897.05	559,897.05
Other payables	Chenming (Qingdao) Asset Management Co., Ltd.		115,583.42
Other payables	Chenming Holdings Co., Ltd.	38,500,000.00	135,612,917.24
Other payables	Weifang Xingxing United Chemical Co., Ltd.	16,860,000.00	16,860,000.00
Other payables	Shouguang Chenming Guangyuan Real Property	197,714,644.82	

XIV. Related parties and related party transactions (Continued)

6. Related party accounts receivable and accounts payable (Continued)

(3) Deposits with related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Bank deposit	Guangdong Nanyue Bank Co., Ltd.	1,891,614.39	7,189,314.62
Other monetary funds	Guangdong Nanyue Bank Co., Ltd.	87,600,000.00	1,311,200,000.00

(4) Loans from related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Short-term borrowings	Guangdong Nanyue Bank Co., Ltd.	857,890,000.00	2,069,060,000.00

XV. Share-based Payment

1. General information of share-based payment

Applicable Not applicable

2. Equity-settled share-based payment

Applicable Not applicable

3. Cash-settled share-based payment

Applicable Not applicable

4. Share-based payment expense for the period

Applicable Not applicable

XII Financial Report

XVI. Undertaking and contingency

1. Significant commitments

(1) Capital commitments

Unit: RMB

Capital commitments contracted for but not yet necessary to be recognised on the balance sheet	Closing balance	Balance as at the end of the prior year
Commitments in relation to acquisition and construction of long-term assets	298,488,760.20	288,776,312.58

(2) Other commitments

As at 31 December 2024, the Company has no other commitments that should be disclosed.

2. Contingency

(1) Contingent liabilities arising from pending litigation and arbitration and their financial impacts

Unit: RMB

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Guangdong Nanyue Bank Co., Ltd., Haitang Sub-branch	Zhanjiang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Intermediate People's Court of Zhanjiang City	452,700,000.00	Under first instance trial
Weifang Huiyu Ecological Agriculture Technology Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of overdue payment for goods	Kuiwen District People's Court of Weifang City	10,046,850.00	litigation hold
Guodu Venture Capital Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of equity transfer payment	People's Court of Dongcheng District, Beijing	63,706,000.00	Under first instance trial
Anhui Tongkang Industrial Development Co., Ltd.	Shouguang Meilun Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of commercial paper upon maturity	People's Court of Shouguang City	30,224,000.00	Under first instance trial
Hangzhou Changbao Agricultural Technology Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Fuyang District People's Court of Hangzhou City	15,200,000.00	Pending first instance trial
Beijing Ge En Mei Medical Technology Co., Ltd.	Shandong Chenming Paper Sales Co., Ltd.	Litigation filed by the plaintiff for default on repayment of borrowings	People's Court of Dongcheng District, Beijing	46,155,000.00	Under first instance trial
Zhangzhou Yuncheng Trading Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shouguang Chenming Import and Export Trade Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for goods	Longwen District People's Court of Zhangzhou City	300,427,000.00	Second instance appeal against the first instance ruling

XII Financial Report

XVI. Undertaking and contingency (Continued)

2. Contingency (Continued)

(1) Contingent liabilities arising from pending litigation and arbitration and their financial impacts (Continued)

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Industrial Bank Co., Ltd., Jilin Branch	Jilin Chenming Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of advance payments	Changyi District People's Court of Jilin City	35,050,000.00	Second instance appeal against the first instance ruling
Xinjiang Baoxin Hengyuan Logistics Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of overdue payment for goods	People's Court of Sanping Reclamation Area, the Xinjiang Production and Construction Corps	149,724,000.00	Second instance appeal against the first instance ruling
Ganzhou Gongfa Financial Leasing Co., Ltd.	Jiangxi Chenming Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited and Shandong Chenming Paper Sales Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	People's Court of Ganzhou Economic & Technological Development Zone	30,010,000.00	Pending first instance trial
Haicheng Senguang Real Estate Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shandong Chenming Paper Sales Co., Ltd.	Litigation filed by the plaintiff for default on repayment of borrowings	Haicheng City People's Court	21,000,000.00	Pending first instance trial
Jilin Ruihong Environmental Protection Technology Development Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of commercial paper upon maturity	Changyi District People's Court of Jilin City	10,372,800.00	Pending first instance trial
CIMC Eco Material Supply Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shouguang Meilun Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of commercial paper upon maturity	Shouguang City People's Court	12,004,700.00	Pending first instance trial
Xiamen Haitou Supply Chain Operation Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shouguang Chenming Import and Export Trade Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for goods	Intermediate People's Court of Xiamen city, Fujian Province	204,286,000.00	Pending first instance trial
Chengdu Si Di Ou Trading Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Wuhou District People's Court of Chengdu City	13,448,000.00	Pending first instance trial

XII Financial Report

XVI. Undertaking and contingency (Continued)

2. Contingency (Continued)

(1) Contingent liabilities arising from pending litigation and arbitration and their financial impacts (Continued)

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Quzhou Qijiang Qingqu Industry Development Co. Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of overdue payment for goods	Qijiang District People's Court of Quzhou City	101,181,400.00	Pending first instance trial
Jinan Yuxiao Group Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Shizhong District People's Court of Jinan City	50,000,000.00	Pending first instance trial
Shenzhen Financial Leasing (Group) Co., Ltd.	Huanggang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Guangling District People's Court of Yangzhou City	91,958,600.00	Pending first instance trial
Bank of Taian Co., Ltd., Taixi Branch	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of advance payments of the letter of credit.	Daiyue District People's Court of Tai'an City	150,000,000.00	Pending first instance trial
Fuzhou Agribusiness Supply Chain Co., Ltd.	Jilin Chenming Pulp and Paper Trading Co., Ltd. and Huanggang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for goods	Huangzhou District People's Court	17,891,000.00	Pending first instance trial
Great Wall Guoxing Financing Leasing Co., Ltd.	Huanggang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Wuchang District People's Court of Wuhan City	68,225,500.00	Second instance appeal against the first instance ruling
HNAC Grant Environmental Protection Technology (Beijing) Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of overdue payment for engineering	Intermediate People's Court of Weifang City	103,529,000.00	Appeal filed by the plaintiff after the first instance ruling and dismissal at the second instance
Village Committee of Beikoubu Village, Heguan Town, Qingzhou City	Shandong Chenming Paper Holdings Limited and Shouguang Meilun Paper Co., Ltd.	Litigation filed by the plaintiff for land infringement	Qingzhou City People's Court	11,879,000.00	Pending first instance ruling

XII Financial Report

XVI. Undertaking and contingency (Continued)

2. Contingency (Continued)

(1) Contingent liabilities arising from pending litigation and arbitration and their financial impacts (Continued)

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Qingdao Metro Financial Leasing Co., Ltd.	Shouguang Meilun Paper Co., Ltd. and Guangdong Chenming Panels Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Shibei District People's Court of Qingdao City	34,257,000.00	Second instance appeal against the first instance ruling
HNAC Grant Environmental Protection Technology (Beijing) Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for engineering	Mazhang District People's Court of Zhanjiang City	22,338,000.00	Appeal filed by the plaintiff after the first instance ruling and dismissal at the second instance
Luchuan County Yizhong Building Materials Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for goods and commercial paper upon maturity	Luchuan County People's Court	15,670,000.00	Pending first instance ruling
Sichuan Changhong Minsheng Logistics Co., Ltd.	Jilin Chenming Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of freight	People's Court of Shouguang City	12,179,200.00	Pending first instance trial
Shanghai Greenland Construction (Group) Co., Ltd.	Chongmin Culture Development (Shanghai) Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for engineering	Minhang District People's Court of Shanghai Municipality	39,998,000.00	Pending first instance ruling
Shanghai Yingmeng Century Business Management Co., Ltd.	Shanghai Hongtai Real Estate Co., Ltd.	Litigation filed by the plaintiff in relation to lease rental dispute	Hongkou District People's Court of Shanghai Municipality	93,887,000.00	Pending first instance ruling
Sichuan Nanchong Port Co., Ltd.	Shandong Chenming Paper Sales Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for goods	People's Court of Shouguang City	84,770,000.00	Second instance appeal against the first instance ruling
Minsheng Bank, Weigongcun Sub-branch	Shandong Chenming Paper Sales Co., Ltd.	Litigation filed by the plaintiff for the non-payment of advance payments of the letter of credit.	Beijing Financial Court	200,005,000.00	Pending first instance ruling
Total				2,492,123,050.00	

XII Financial Report

XVI. Undertaking and contingency (*Continued*)

2. Contingency (*Continued*)

(2) Equity interest subject to freeze

The Company's equity investments in subsidiaries being pledged as a result of overdue debts or financial guarantees are as follows:

Equity interest in entity pledged	Pledgee
Chongmin Culture Development (Shanghai) Co., Ltd.	Shanxi Fuyin Industrial Trading Co., Ltd.
Shanghai Heruiming Property Management Co., Ltd.	Wuchan Zhongda Asset Management (Zhejiang) Co., Ltd.
Shanghai Chenming Industry Co., Ltd.	Shouguang Huinong New Rural Construction Investment Development Co., Ltd.
Shanghai Chenming Industry Co., Ltd.	Shouguang Jin Choi Public Assets Management Co., Ltd.
Shanghai Chenming Industry Co., Ltd.	Shouguang Jinchun Trading Co., Ltd.
Huanggang Chenming Port Service Co., Ltd.	Hubei Port Commercial Factoring Co., Ltd.

As at 31 December 2024, the Company had no other contingencies that should be disclosed.

XII Financial Report

XVII. Post-balance sheet event

1. Notes to Other Post-balance Sheet Event

(1) Description of significant non-adjustments to post-balance sheet event

Unit: RMB

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
CIMC Yongfa (Tianjin) Financial Leasing Co., Ltd.	Shouguang Meilun Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Nanshan District People's Court of Shenzhen City, Guangdong Province	11,228,700.00	Pending first instance trial
CIMC Yongfa (Tianjin) Financial Leasing Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Nanshan District People's Court of Shenzhen City, Guangdong Province	73,038,000.00	Pending first instance trial
Xiamen Hengfeng Financial Leasing Co., Ltd.	Shouguang Meilun Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Huli District People's Court of Xiamen City	37,108,000.00	Pending first instance ruling
Hubei International Trade Group Co., Ltd.	Shouguang Chenming Import and Export Trade Co., Ltd.	Litigation filed by the plaintiff for the non-payment of overdue payment for goods	Intermediate People's Court of Wuhan City	131,806,900.00	Pending first instance trial
The Korea Development Bank, Qingdao Branch	Shouguang Meilun Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Intermediate People's Court of Qingdao City	72,016,700.00	Pending first instance ruling
Bank of China Limited, Zhanjiang Branch	Zhanjiang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings and non-payment of advance payments	Intermediate People's Court of Zhanjiang City	201,289,000.00	Pending first instance ruling
Shanghai Electric Financial Leasing Co., Ltd.	Shouguang Meilun Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Pudong New Area People's Court of Shanghai Municipality	51,212,600.00	Pending first instance ruling
Shandong Port Microfinance Co., Ltd.	Shouguang Chenming Import and Export Trade Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Shibei District People's Court of Qingdao City	75,206,300.00	Pending first instance ruling
Hubei Port Commercial Factoring Co., Ltd.	Huanggang Chenming Pulp & Fiber Trading Co., Ltd.	Litigation filed by the plaintiff for the non-payment of outstanding commercial factorings	Jiangnan District People's Court of Wuhan City	District 80,000,000.00	Pending first instance trial
Bank of Tianjin Co., Ltd., Jinan Branch	Shandong Chenming Investment Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Shizhong District People's Court of Jinan City	232,984,000.00	Pending first instance ruling

XII Financial Report

XVII. Post-balance sheet event *(Continued)*

1. Notes to Other Post-balance Sheet Event *(Continued)*

(1) Description of significant non-adjustments to post-balance sheet event *(Continued)*

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Wanjiang Financial Leasing Co., Ltd.	Huanggang Chenming Pulp & Fiber Trading Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Jiujiang District People's Court of Wuhu City, Anhui Province	2,0188,400.00	Pending first instance trial
Export-Import Bank of China, Guangdong Branch	Zhanjiang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Intermediate People's Court of Guangzhou City	100,000,000.00	Pending first instance trial
Industrial Bank Co., Ltd., Zhanjiang Branch	Zhanjiang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Intermediate People's Court of Zhanjiang City	269,880,000.00	Pending first instance ruling
China Guangfa Bank Co., Ltd., Zhanjiang Branch	Zhanjiang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for the non-payment of advance payments	Intermediate People's Court of Zhanjiang City	104,572,800.00	Pending first instance ruling
China Guangfa Bank Co., Ltd., Zhanjiang Branch	Zhanjiang Chenming Pulp & Paper Co., Ltd. and Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Intermediate People's Court of Zhanjiang City	447,500,000.00	Pending first instance ruling
Ligen Financial Leasing Co. Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd., Shandong Chenming Paper Holdings Limited and Guangzhou Chenming Property Management Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Tianhe District People's Court of Guangzhou City	65,289,000.00	Pending first instance trial
Guangdong Nanyue Bank Co., Ltd., Haitang Sub-branch	Shandong Chenming Paper Holdings Limited and Shouguang Chenming Import and Export Trade Co., Ltd.	Litigation filed by the plaintiff for default on repayment of borrowings	Intermediate People's Court of Zhanjiang City	317,590,000.00	Pending first instance trial
Zhanjiang Leilin Industrial Co. Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Mazhang District People's Court of Zhanjiang City	60,804,000.00	Pending first instance trial

XII Financial Report

XVII. Post-balance sheet event (Continued)

1. Notes to Other Post-balance Sheet Event (Continued)

(1) Description of significant non-adjustments to post-balance sheet event (Continued)

Plaintiff	Defendant	Cause of action	Trial to be heard	Amount of the subject matter	Case status
Bank of Communications Co., Ltd., Jilin Branch	Shandong Chenming Paper Holdings Limited and Jilin Chenming Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of borrowings	Changyi District People's Court of Jilin City	50,000,000.00	Pending first instance ruling
Hangzhou Chengtou Industrial Co., Ltd.	Shandong Chenming Paper Holdings Limited and Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Shangcheng District People's Court of Hangzhou City	48,887,500.00	Pending first instance trial
Qingdao Guosheng Financing Leasing Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shouguang Meilun Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Shibe District People's Court of Qingdao City	29,217,800.00	Pending first instance trial
Zhuhai Zhengfang Trading Co., Ltd.	Shandong Chenming Paper Holdings Limited and Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Xiangzhou District People's Court of Zhuhai City	15,192,800.00	Pending first instance trial
Shanghai Banghui Commercial Factoring Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Daxing District People's Court of Beijing City	13,677,100.00	Pending first instance ruling
Shanghai Banghui Commercial Factoring Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Daxing District People's Court of Beijing City	12,984,300.00	Pending first instance ruling
Zhonglin Group Leizhou Forestry Bureau Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Mazhang District People's Court of Zhanjiang City	12,845,000.00	Pending first instance trial
Shanghai Banghui Commercial Factoring Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Daxing District People's Court of Beijing City	12,749,500.00	Pending first instance ruling
Shanghai Banghui Commercial Factoring Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Daxing District People's Court of Beijing City	12,525,000.00	Pending first instance ruling
Qinshi New Energy (Zhanjiang) Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Mazhang District People's Court of Zhanjiang City	11,510,000.00	Pending first instance trial
Zhejiang Zheyin Financial Leasing Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shouguang Meilun Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Gongshu District People's Court of Hangzhou City	53,625,000.00	Pending first instance trial
Zhejiang Zheyin Financial Leasing Co., Ltd.	Shandong Chenming Paper Holdings Limited and Shouguang Meilun Paper Co., Ltd.	Litigation filed by the plaintiff for the non-payment of rent overdue under financial leasing	Gongshu District People's Court of Hangzhou City	15,078,000.00	Pending first instance trial
Shanghai Banghui Commercial Factoring Co., Ltd.	Shandong Chenming Paper Holdings Limited	Litigation filed by the plaintiff for default on repayment of borrowings	Daxing District People's Court of Beijing City	12,672,000.00	Pending first instance ruling
Shenzhen Jinjia Group Co., Ltd.	Zhanjiang Chenming Pulp & Paper Co., Ltd.	Litigation filed by the plaintiff for default on repayment of overdue payment for goods	Mazhang District People's Court of Zhanjiang City	59,318,000.00	Pending first instance ruling
Total				2,711,996,400.00	

XVIII. Other Material Matters

1. Transfer and Disposal of Significant Assets

In order to further optimise the asset structure, revitalise inefficient assets, improve asset utilisation efficiency, expedite capital recovery, increase cash inflow, focus on the main business of pulping and paper making, and enhance the Company's profitability, the Company externally transferred its 100% equity interest in Kunshan Tuohan Plastic Products Co., Ltd. for RMB143.73 million during the period, resulting in an investment gain of RMB12.6196 million.

2. Segment information

(1) Basis for determination and accounting policies

According to the Company's internal organisational structure, management requirements and internal reporting system, the Company's operating business is divided into 4 reporting segments. These report segments are determined based on the financial information required by the company's daily internal management. The management of the Group regularly evaluates the operating results of these reporting segments to determine the allocation of resources to them and evaluate their performance.

The Company's reporting segments include:

- (1) Machine paper segment, which is responsible for production and sales of machine paper;
- (2) Financial services segment, which provides financial services;
- (3) Hotels and property rentals segment, which is responsible for hotel services and property rental;
- (4) Other segments, which is responsible for the above segments otherwise.

The transfer prices of the transfer transactions between the Company's segments are based on market prices.

Segment report information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to management. These accounting policies and measurement basis are consistent with the accounting policies and measurement basis used in preparing the financial statements.

XII Financial Report

XVIII. Other Material Matters (Continued)

2. Segment information (Continued)

(2) Financial Information of Reporting Segment

Unit: RMB

Current period or end of the current period	Machine-made paper	Financial services	Hotels and property rentals	Others	Offset	Total
Revenue	22,631,951,988.07	294,265,189.14	218,472,144.22	875,895,266.62	1,291,109,735.29	22,729,474,852.76
Of which: Revenue from external transactions	22,121,097,000.91	194,122,370.30	195,920,780.92	218,334,700.63		22,729,474,852.76
Revenue from inter-segment transactions	510,854,987.16	100,142,818.84	22,551,363.30	657,560,565.99	1,291,109,735.29	
Of which: Revenue from principal activities	22,342,338,732.50	294,265,189.14	216,040,917.16	516,279,443.44	766,889,737.38	22,602,034,544.86
Operating costs	22,142,564,244.40	129,290,999.94	220,948,362.81	954,139,643.19	1,302,114,581.91	22,144,828,668.43
Of which: Costs of principal activities	21,817,408,428.61	129,290,999.94	220,061,816.68	604,455,575.82	685,551,497.54	22,085,665,323.51
Operating expenses	211,301,293.09		19,786,226.71	3,500,573.46	-6,583,015.86	241,171,109.12
Of which: Wages	125,648,321.41		6,041,820.39	1,228,396.30		132,918,538.10
Depreciation expenses	1,065,408.58		3,675,184.06	2,254.69		4,742,847.33
Office expenses	2,104,193.40		13,620.13	133.82		2,117,947.35
Travel expenses	28,246,818.27		3,097.06	471,289.32		28,721,204.65
Selling commissions	71,407.60		4,546,796.61			4,618,204.21
Rental expenses	6,821,793.52			99,622.63		6,921,416.15
Hospitality expenses	40,762,381.84		29,770.00	84,388.00	-6,583,015.86	47,459,555.70
Others	6,580,968.47		5,475,938.46	1,614,488.70		13,671,395.63
Operating profit/(loss)	-3,938,128,030.75	-2,518,087,175.80	-961,022,745.28	-367,642,543.68	35,854,079.00	-7,820,734,574.51
Total assets	70,105,850,088.46	12,533,349,415.32	8,425,823,090.03	7,499,755,004.88	35,055,482,456.61	63,509,295,142.08
Total liabilities	52,435,567,469.59	3,878,708,512.86	5,238,836,562.08	2,351,979,014.66	13,231,567,042.26	50,673,524,516.93
Total cost of construction in progress incurred for the current period	296,435,087.14		249,532.12			296,684,619.26
Fixed assets purchased	146,444,059.24	903,834.50	55,906,328.10	1,081,819.68		204,336,041.52
Intangible assets purchased						

XII Financial Report

XVIII. Other Material Matters (Continued)

2. Segment information (Continued)

(2) Financial Information of Reporting Segment (Continued)

Prior period or end of the prior period	Machine-made paper	Financial services	Hotels and property rentals	Others	Offset	Total
Revenue	26,058,035,388.40	301,292,707.38	254,837,443.63	1,219,004,554.91	1,224,599,866.12	26,608,570,228.20
Of which: Revenue from external transactions	25,702,327,302.60	164,338,689.66	219,640,822.73	522,263,413.21		26,608,570,228.20
Revenue from inter-segment transactions	355,708,085.80	136,954,017.72	35,196,620.90	696,741,141.70	1,224,599,866.12	
Of which: Revenue from principal activities	25,788,767,491.17	301,198,367.76	243,565,800.51	849,762,727.46	814,661,161.42	26,368,633,225.48
Operating costs	24,386,288,002.52	204,302,382.76	130,727,028.36	1,168,316,010.65	1,444,147,124.36	24,445,486,299.93
Of which: Costs of principal activities	23,814,132,560.42	204,302,382.76	122,251,073.59	794,535,943.46	693,752,622.08	24,241,469,338.15
Operating expenses	200,500,812.07	145,808.06	23,056,705.85	7,298,824.54	2,513.09	230,999,637.43
Of which: Wages	96,356,812.71	72,901.73	8,678,304.12	2,861,300.98		107,969,319.54
Depreciation expenses	1,512,250.48		3,152,288.23	12,696.87		4,677,235.58
Office expenses	2,423,476.31		312,114.69	2,058.20		2,737,649.20
Travel expenses	27,622,492.10	12,886.33	401,223.13	595,230.03		28,631,831.59
Selling commissions	806,731.10		5,681,138.21			6,487,869.31
Rental expenses	7,258,810.13			84,716.99		7,343,527.12
Hospitality expenses	49,883,644.70	60,020.00	8,206.24	1,046,790.23		50,998,661.17
Warehouse expenses				411,253.96		411,253.96
Others	14,636,594.54		4,823,431.23	2,284,777.28	2,513.09	21,742,289.96
Operating profit/(loss)	-1,160,171,360.20	-136,565,046.01	-155,575,612.67	-77,629,857.27	163,702,443.40	-1,693,644,319.55
Total assets	86,100,280,962.71	22,071,239,021.47	9,506,827,255.33	8,256,043,256.86	46,447,337,542.79	79,487,052,953.58
Total liabilities	64,520,459,199.32	4,546,731,289.22	4,386,780,705.48	2,745,589,649.10	17,810,363,735.17	58,389,197,107.95
Total cost of construction in progress incurred						
for the current period	475,949,831.35			2,547,924.54		478,497,755.89
Fixed assets purchased	295,923,899.03		273,136.94	2,265,531.65	5,638,663.73	292,823,903.89
Intangible assets purchased	148,906,631.36	1,278,301.89				150,184,933.25

XVIII. Other Material Matters (Continued)

3. Others

- (1) Chenming Holdings (Hong Kong) Limited (hereinafter referred to as “Hong Kong Chenming Holdings”), a wholly-owned subsidiary of Chenming Holdings Company Limited (hereinafter referred to as “Chenming Holdings”), in the case of the equity financing business dispute between Hong Kong Chenming Holdings and three overseas institutions (hereinafter referred to as “Lenders”) over the Company’s 210.72 million B shares (representing 7.16% of the total share capital of the Company) and 153.41 million H shares (representing 5.22% of the total share capital of the Company), Hong Kong Chenming Holdings has appointed counsel to take litigation and arbitration measures in the courts of the relevant jurisdictions.

On 28 June 2024, Hong Kong Chenming Holdings filed a complaint with the New York Court of the United States. On 29 October 2024, the New York Court of the United States held a pre-trial conference and ordered that the plaintiffs and the defendant must complete two rounds of cross-examinations before 28 February 2025.

On 22 November 2024, Hong Kong Chenming Holdings filed an amended complaint with the US court; and on 15 February 2025, it filed a reply to the defendant’s defence, pending further instructions from the court on subsequent procedures.

As of the date of this announcement, Chenming Holdings’ production and operations are normal, and it is actively safeguarding its legitimate rights and interests via legal means

There is a risk that the shares involved may not be returned, which may result in a decrease in the percentage of shareholding of Chenming Holdings in the Company, but will have no impact on the status of Chenming Holdings as the largest shareholder and will have no impact on the control of the Company.

- (2) On 14 June 2022, the Hong Kong Court of Final Appeal handed down its judgment in the case of H-share liquidation filed by ArjowigginsHKK2 Limited (“HKK2 Company”) in relation to the Company’s Joint Venture dispute and the Company has paid the relevant amount of compensation.

On 25 October 2022, the Company instructed its legal adviser in Hong Kong to apply to the Court of First Instance to seek the dismissal or adjournment of the winding-up petition filed by HKK2 against the Company. On 25 July 2023, the Court of First Instance held a hearing on the said application.

On 10 August 2023, the Company received a judgment from the judge of the Court of First Instance, Mr. Justice Harris, which ruled that the winding-up petition be stayed, given that the Company’s arbitration petition filed in the Hong Kong International Arbitration Centre in June 2022 against the Joint Venture Contracts formed the basis of the Company’s cross claim against HKK2 in the winding-up proceedings. The relevant arbitration hearing was heard at the Hong Kong International Arbitration Centre in May 2024 and the verdict is pending.

XII Financial Report

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

1. Accounts receivable

(1) Disclosure by ageing

Unit: RMB

Ageing	Closing balance	Opening balance
Within 1 year	240,828,735.48	18,345,187.32
1 to 2 years		11,500,000.00
2 to 3 years	1,500,000.00	
Over 3 years	3,002,821.17	3,002,821.17
Subtotal	245,331,556.65	32,848,008.49
Less: bad debt provision	4,543,616.41	4,631,237.48
Total	240,787,940.24	28,216,771.01

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Book balance		Closing balance			Book balance		Opening balance		
	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	245,331,556.65	100.00	4,543,616.41	1.85	240,787,940.24	32,848,008.49	100.00	4,631,237.48	14.10	28,216,771.01
Including:										
Due from related party	225,768,022.18	92.03	5,370.25		225,762,651.93	10,453,076.75	31.82			10,453,076.75
Due from non-related party	19,563,534.47	7.97	4,538,246.16	23.20	15,025,288.31	22,394,931.74	68.18	4,631,237.48	20.68	17,763,694.26
Total	245,331,556.65	100.00	4,543,616.41	1.85	240,787,940.24	32,848,008.49	100.00	4,631,237.48	14.10	28,216,771.01

XII Financial Report

XIV. Major Item Notes of the Parent Company's Financial Statements (Continued)

1. Accounts receivable (Continued)

(2) Disclosure by bad debt provision method (Continued)

Items assessed collectively for bad debt provision: Due from related party customers

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage (%)
Within 1 year	225,768,022.18	5,370.25	
Total	225,768,022.18	5,370.25	

Items assessed collectively for provision: Receivables from non-related party

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage (%)
Within 1 year	15,060,713.30	35,424.99	0.24
1 to 2 years			
2 to 3 years	1,500,000.00	1,500,000.00	100.00
Over 3 years	3,002,821.17	3,002,821.17	100.00
Total	19,563,534.47	4,538,246.16	23.20

If the bad debt provision of accounts receivable is made in accordance with the general model of ECLs:

Applicable Not applicable

XII Financial Report

XIV. Major Item Notes of the Parent Company's Financial Statements (Continued)

1. Accounts receivable (Continued)

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

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Provision	Changes in the period			Closing Provision balance
			Recovery or reversal	Write-off	Others	
Bad debt provision	4,631,237.48		87,621.07			4,543,616.41
Total	4,631,237.48		87,621.07			4,543,616.41

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

The total amount of top five accounts receivable and contract assets based on closing balance of debtors for the period amounted to RMB245,062,281.41 in total, accounting for 99.88% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding bad debt provision amounted to RMB4,462,071.86 in total.

Unit: RMB

Name of entity	Closing balance of accounts receivable	Percentage to total closing balance of accounts receivable (%)	Closing balance of bad debt provision of accounts receivable
Customer 1	235,000,843.97	95.79%	
Customer 2	4,422,600.00	1.80%	4,422,600.00
Customer 3	2,607,456.33	1.06%	18,252.19
Customer 4	2,264,202.90	0.92%	15,849.42
Customer 5	767,178.21	0.31%	5,370.25
Total	245,062,281.41	99.88%	4,462,071.86

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	8,459,731,199.92	9,237,241,240.86
Total	8,459,731,199.92	9,237,241,240.86

XII Financial Report

XIV. Major Item Notes of the Parent Company's Financial Statements (Continued)

2. Other receivables (Continued)

(1) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Item	Closing balance	Balance as at the end of the prior year
Open credit	8,539,141,510.67	9,304,134,372.16
Guarantee deposit and deposit	820,000.00	740,000.00
Reserve and borrowings	13,009,976.80	22,523,648.60
Others	1,150,970.20	1,793,548.63
Sub-total	8,554,122,457.67	9,329,191,569.39
Bad debt provision	94,391,257.75	91,950,328.53
Total	8,459,731,199.92	9,237,241,240.86

2) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Balance as at the end of the prior year
Within 1 year	8,439,577,689.53	9,165,796,778.41
1 to 2 years	8,767,733.14	76,289,024.67
2 to 3 years	41,423,849.01	7,386,768.10
Over 3 years	64,353,185.99	79,718,998.21
Subtotal	8,554,122,457.67	9,329,191,569.39
Bad debts provision	94,391,257.75	91,950,328.53
Total	8,459,731,199.92	9,237,241,240.86

3) Particulars of bad debt provision

Closing bad debt provision at stage 1:

Unit: RMB

Category	Book balance	Lifetime ECL rate (%)	Bad debts provision	Carrying amount
Bad debt provision assessed collectively	8,485,410,554.07	0.32	26,930,069.45	8,458,480,484.62
Amount due from government agencies	5,408,443.96	5.91	319,526.28	5,088,917.68
Amount due from related parties	8,462,533,948.96	0.30	25,662,066.54	8,436,871,882.42
Other receivables	17,468,161.15	5.43	948,476.63	16,519,684.52
Total	8,485,410,554.07	0.32	26,930,069.45	8,458,480,484.62

XIV. Major Item Notes of the Parent Company's Financial Statements (Continued)

2. Other receivables (Continued)

(1) Other receivables (Continued)

3) Particulars of bad debt provision (Continued)

As at the end of the period, the Group did not have interest receivables, dividends receivables and other receivables in phase 2

As at the end of the period, closing bad debt provision at stage 3:

Unit: RMB

Category	Book balance	Lifetime ECL rate (%)	Bad debts provision	Carrying amount
Bad debt provision assessed individually	68,711,903.60	98.18	67,461,188.30	1,250,715.30
Total	68,711,903.60	98.18	67,461,188.30	1,250,715.30

Bad debt provision assessed individually:

Unit: RMB

Category	Book balance	Lifetime ECL rate (%)	Bad debt provision	Carrying amount	Reason
Customer 1	2,844,459.53	100.00	2,844,459.53		Uncertain recovery to a certain extent
Customer 2	1,290,901.12	100.00	1,290,901.12		Uncertain recovery to a certain extent
Customer 3	760,073.40	100.00	760,073.40		Uncertain recovery to a certain extent
25 customers including customer 4	63,816,469.55	98.04	62,565,754.25	1,250,715.30	Uncertain recovery to a certain extent
Total	68,711,903.60	98.18	67,461,188.30	1,250,715.30	

XII Financial Report

XIV. Major Item Notes of the Parent Company's Financial Statements (Continued)

2. Other receivables (Continued)

(1) Other receivables (Continued)

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

Unit: RMB

Bad debts provision	Stage 1 ECLs for the next 12 months	Stage 2 Lifetime ECLs (not credit-impaired)	Stage 3 Lifetime ECLs (credit-impaired)	Total
Opening balance	41,856,357.86		50,093,970.67	91,950,328.53
Opening balance in the current period				
– Transferred to stage 2				
– Transferred to stage 3				
– Reversed to stage 2				
– Reversed to stage 1				
Provision for the period			17,367,217.63	17,367,217.63
Reversal for the period	14,926,288.41			14,926,288.41
Transfer for the period				
Write-off for the period				
Other changes				
Closing balance	26,930,069.45		67,461,188.30	94,391,257.75

XII Financial Report

XIV. Major Item Notes of the Parent Company's Financial Statements (Continued)

2. Other receivables (Continued)

(1) Other receivables (Continued)

5) Top five accounts receivable based on closing balance of debtors

The total amount of top five other receivables based on closing balance of debtors for the period amounted to RMB6,407,070,531.27 in total, accounting for 74.90% of the total closing balance of other receivables. The closing balance of the corresponding bad debt provision amounted to RMB0.00 in total.

Unit: RMB

Name of entity	Nature	Other receivables closing balance	Ageing	Percentage to total closing balance of other receivables (%)	Closing balance of bad debt provision
Customer 1	Open credit	2,442,033,001.14	Within 1 year	28.55	
Customer 2	Open credit	1,347,116,068.96	Within 1 year	15.75	
Customer 3	Open credit	1,255,354,827.07	Within 1 year	14.68	
Customer 4	Open credit	809,609,195.89	Within 1 year	9.46	
Customer 5	Open credit	552,957,438.21	Within 1 year	6.46	
Total		6,407,070,531.27		74.90	

3. Long-term equity investments

Unit: RMB

Item	Closing balance		Opening balance		Impairment provision
	Book balance	Impairment provision	Book balance	Impairment provision	
Investment in subsidiaries	18,327,937,687.22		18,327,937,687.22	17,898,687,687.22	17,898,687,687.22
Investment in joint ventures	95,685,951.23		95,685,951.23	86,542,364.15	86,542,364.15
Investment in associates	169,543,841.48	5,994,545.96	163,549,295.52	319,764,325.10	5,994,545.96
Total	18,593,167,479.93	5,994,545.96	18,587,172,933.97	18,304,994,376.47	5,994,545.96

XII Financial Report

XIV. Major Item Notes of the Parent Company's Financial Statements (Continued)

3. Long-term equity investments (Continued)

(1) Investment in subsidiaries

Unit: RMB

Investee	Opening balance (book value)	Opening balance of impairment provision	Change for the period			Closing balance (book value)	Closing balance of impairment provision
			Additional contribution	Withdrawn contribution	Impairment provision Others		
Chenming Paper Korea Co., Ltd.	6,143,400.00					6,143,400.00	
Chenming GmbH	4,083,235.00					4,083,235.00	
Hailaer Chenming Paper Co., Ltd.	12,000,000.00					12,000,000.00	
Huanggang Chenming Pulp & Paper Co., Ltd.	2,350,000,000.00					2,350,000,000.00	
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.	5,206,250,000.00		68,750,000.00			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.	4,649,441,979.31		300,000,000.00			4,949,441,979.31	
Shandong Chenming Paper Sales Co., Ltd.	1,500,000.00			1,500,000.00			
Shouguang Chenming Import and Export Trade Co., Ltd.	250,000,000.00					250,000,000.00	
Shouguang Chenming Papermaking Machine Co., Ltd.	2,000,000.00					2,000,000.00	
Shouguang Hongxiang Printing and Packaging Co., Ltd.	3,730,000.00					3,730,000.00	
Shandong Chenming Group Finance Co., Ltd.	4,000,000,000.00					4,000,000,000.00	
Chenming Arboriculture Co., Ltd.	45,000,000.00					45,000,000.00	
Chenming Paper United States Co., Ltd.	6,407,800.00					6,407,800.00	
Weifang Chenming Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership)	559,722,323.96					559,722,323.96	
Weifang Chendu Equity Investment Partnership (Limited Partnership)	228,292,885.15		62,000,000.00			290,292,885.15	
Subtotal	17,898,687,687.22		430,750,000.00	1,500,000.00		18,327,937,687.22	

XII Financial Report

XIV. Major Item Notes of the Parent Company's Financial Statements (Continued)

3. Long-term equity investments (Continued)

(2) Investment in associates and joint ventures

Unit: RMB

Investee	Opening balance (book value)	Opening balance of impairment provision	Additional contribution	Withdrawn contribution	Change for the period			Distribution of cash dividend or profit	Impairment provision	Others	Closing balance (book value)	Closing balance of impairment provision
					Investment gain or loss recognised under equity method	Adjustment of other comprehensive income	Other change in equity interest					
I. Associates												
Zhuhai Dechen New Third Board Equity Investment Fund Company (Limited Partnership)	27,263,804.36					-96,122.05					27,167,682.31	
Ningbo Kaichen Huamei Equity Investment Fund Partnership (Limited Partnership)	278,128,830.13					-142,574,010.13					135,554,820.00	
Chenming (Qingdao) Asset Management Co., Ltd.	8,377,144.65			7,822,100.00		271,748.56					826,793.21	
Xuchang Chenming Paper Co., Ltd.		5,994,545.96										5,994,545.96
Subtotal	313,769,779.14	5,994,545.96		7,822,100.00		-142,398,383.62					163,549,295.52	5,994,545.96
II. Joint ventures												
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	7,400,283.59					1,468,652.13		500,000.00			8,368,935.72	
Weifang Port Wood hip Wharf Co., Ltd.	79,142,080.56					8,174,934.95					87,317,015.51	
Subtotal	86,542,364.15					9,643,587.08		500,000.00			95,685,951.23	
Total	400,312,143.29	5,994,545.96		7,822,100.00		-132,754,796.54		500,000.00			259,235,246.75	5,994,545.96

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

Applicable Not applicable

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

Applicable Not applicable

XII Financial Report

XIV. Major Item Notes of the Parent Company's Financial Statements (Continued)

4. Revenue and operating costs

Unit: RMB

Item	Amount for the period		Amount for the prior period	
	Revenue	Operating costs	Revenue	Operating costs
Principal activities	4,647,274,143.27	4,671,882,008.18	5,560,666,894.03	5,556,483,312.72
Other activities	2,828,232,639.49	2,448,694,783.65	2,018,747,725.42	1,619,996,618.01
Total	7,475,506,782.76	7,120,576,791.83	7,579,414,619.45	7,176,479,930.73

Breakdown information of operating revenues and operating costs:

Unit: RMB

Category of contract	Machine-made paper		Others		Total	
	Operating Revenue	Operating Costs	Operating Revenue	Operating Costs	Operating Revenue	Operating Costs
Type of business	7,120,045,573.77	7,037,629,000.64	355,461,208.99	82,947,791.19	7,475,506,782.76	7,120,576,791.83
Including:						
Machine-made paper	4,647,274,143.27	4,671,882,008.18			4,647,274,143.27	4,671,882,008.18
Others	2,472,771,430.50	2,365,746,992.46	355,461,208.99	82,947,791.19	2,828,232,639.49	2,448,694,783.65
By geographical area	7,120,045,573.77	7,037,629,000.64	355,461,208.99	82,947,791.19	7,475,506,782.76	7,120,576,791.83
Including:						
Mainland China	6,334,195,700.16	6,134,340,692.53	355,461,208.99	82,947,791.19	6,689,656,909.15	6,217,288,483.72
Other countries and regions	785,849,873.61	903,288,308.11			785,849,873.61	903,288,308.11
By the timing of delivery	7,120,045,573.77	7,037,629,000.64	355,461,208.99	82,947,791.19	7,475,506,782.76	7,120,576,791.83
Including:						
Goods (at a point in time)	6,935,617,089.28	6,873,201,959.62	100,949,449.84	73,027,745.58	7,036,566,539.12	6,946,229,705.20
Services (within a certain period)	184,428,484.49	164,427,041.02	254,511,759.15	9,920,045.61	438,940,243.64	174,347,086.63
By sales channels	7,120,045,573.77	7,037,629,000.64	355,461,208.99	82,947,791.19	7,475,506,782.76	7,120,576,791.83
Including:						
Distribution	4,646,159,244.37	4,670,752,317.89			4,646,159,244.37	4,670,752,317.89
Direct sales	2,473,886,329.40	2,366,876,682.75	355,461,208.99	82,947,791.19	2,829,347,538.39	2,449,824,473.94

XII Financial Report

XIV. Major Item Notes of the Parent Company's Financial Statements (Continued)

4. Revenue and operating costs (Continued)

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 RMB1,795,549,425.10, in which RMB1,795,549,425.10 was expected to be recognised in 2025.

5. 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	47,000,000.00	88,000,000.00
Income from long-term equity investments accounted for using the equity method	-132,754,796.54	99,693,847.76
Investment gain on disposal of long-term equity investments		215,506,789.79
Investment gain on derecognition of financial assets	-17,770,062.57	-47,421,175.71
Investment gain on holding other non-current financial assets	1,298,463.59	1,867,060.62
Total	-102,226,395.52	357,646,522.46

XII Financial Report

XX. 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 (including write-off of provision for assets impairment)	35,240,228.34	
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	64,412,067.13	
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	-181,379,218.46	
Profit or loss from debt restructuring	3,519,918.36	
Profit or loss from changes in the fair value of consumable biological assets subsequently measured at fair value	-153,411,759.17	
Other non-operating income and expenses other than the above items	-15,275,886.14	
Total extraordinary gains or losses	-246,894,649.94	
Less: Effect of income tax of extraordinary gains or losses	-18,173,051.07	
Net extraordinary gains or losses	-228,721,598.87	
Less: Net effect of extraordinary gains or losses attributable to minority interest (after tax)	-20,322,564.54	
Extraordinary gains or losses attributable to ordinary shareholders of the Company	-208,399,034.33	

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

XII Financial Report

XX. Supplementary information (Continued)

1. Breakdown of extraordinary gains or losses for the current period (Continued)

Item	Amount involved	Reasons
Other income	56,090,636.54	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	Rate of return on net assets on weighted average basis	Earnings per share	
		Basic (RMB per share)	Diluted (RMB per share)
Net profit attributable to ordinary shareholders of the Company	-57.25	-2.53	-2.53
Net profit after extraordinary gains or losses attributable to ordinary shareholders of the Company	-55.64	-2.45	-2.45

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
31 May 2025



山東晨鳴紙業集團股份有限公司

SHANDONG CHENMING PAPER HOLDINGS LIMITED