



SHANDONG CHENMING PAPER HOLDINGS LIMITED

Interim Report 2024

August 2024

I Important Notice, Table of Contents and Definitions

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

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

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

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

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

I Important Notice, Table of Contents and Definitions

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I Important Notice, Table of Contents and Definitions

Documents Available for Inspection

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

I Important Notice, Table of Contents and Definitions

Definitions

Item	Definition
Company, Group, Chenming Group, Chenming Paper or Chenming Paper Company	means Shandong Chenming Paper Holdings Limited and its subsidiaries
Parent Company or Shouguang Headquarters	means Shandong Chenming Paper Holdings Limited
Chenming Holdings	means Chenming Holdings Company Limited
Shenzhen Stock Exchange	means Shenzhen Stock Exchange
Stock Exchange	means The Stock Exchange of Hong Kong Limited
CSRC	means China Securities Regulatory Commission
Shandong CSRC	means Shandong branch of China Securities Regulatory Commission
Zhanjiang Chenming	means Zhanjiang Chenming Pulp & Paper Co., Ltd.
Jiangxi Chenming	means Jiangxi Chenming Paper Co., Ltd.
Huanggang Chenming	means Huanggang Chenming Pulp & Paper Co., Ltd.
Chenming (HK)	means Chenming (HK) Limited
Jilin Chenming	means Jilin Chenming Paper Co., Ltd.
Shouguang Meilun	means Shouguang Meilun Paper Co., Ltd.
Chenming Investment	means Shandong Chenming Investment Limited
Chenming Leasing	means Shandong Chenming Financial Leasing Co., Ltd. and its subsidiaries
Yujing Hotel	means Shandong Yujing Grand Hotel Co., Ltd.
Shanghai Chenming Sales	means Shanghai Chenming Pulp & Paper Sales Co., Ltd.
reporting period	means the period from 1 January 2024 to 30 June 2024
the beginning of the year or the period	means 1 January 2024
the end of the interim period or the period	means 30 June 2024

II Company Profile and Key Financial Indicators

I. Company profile

Stock abbreviation	晨鳴紙業 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		
Stock abbreviation before any changes	None		
Name in Chinese of the Company	山東晨鳴紙業集團股份有限公司		
Short name in Chinese of the Company	晨鳴紙業		
Name in English of the Company	SHANDONG CHENMING PAPER HOLDINGS LIMITED		
Short name in English of the Company	SCPH		
Legal representative of the Company	Chen Hongguo		

II. Contact persons and contact methods

	Secretary to the Board	Representatives for Security Affairs		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. Other information

1. Contact methods of the Company

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

Applicable Not applicable

There was no change of the registered address, office address, postal code, website, email and others of the Company during the reporting period. Please refer to the 2023 annual report for details.

2. Information disclosure and places for inspection

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

Applicable Not applicable

There was no change of the websites of the stock exchanges and the names and websites of the media where the Company discloses its interim report, and places for inspection of the Company's interim report during the reporting period. Please refer to the 2023 annual report for details.

3. Other relevant information

Whether other relevant information changed during the reporting period

Applicable Not applicable

II Company Profile and Key Financial Indicators

IV. Major accounting data and financial indicators

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

Yes No

	The reporting period	The corresponding period of the prior year	Increase/decrease for the reporting period as compared to the corresponding period of the prior year
Revenue (RMB)	13,884,731,519.04	12,564,962,781.31	10.50%
Net profit attributable to shareholders of the Company (RMB)	28,646,205.42	-688,080,164.10	104.16%
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	-270,865,043.51	-811,839,217.49	66.64%
Net cash flows from operating activities (RMB)	1,992,499,393.07	1,783,087,747.59	11.74%
Basic earnings per share (RMB per share)	0.01	-0.25	104.00%
Diluted earnings per share (RMB per share)	0.01	-0.25	104.00%
Rate of return on weighted average net assets	0.17%	-4.15%	Increase by 4.32 percentage points
	As at the end of the reporting period	As at the end of the prior year	Increase/decrease as at the end of the reporting period as compared to the end of the prior year
Total assets (RMB)	77,501,281,219.73	79,487,052,953.58	-2.50%
Net assets attributable to shareholders of the Company (RMB)	16,628,929,026.08	16,692,175,196.53	-0.38%

II Company Profile and Key Financial Indicators

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VI. Items and amounts of extraordinary gains or losses

Applicable Not applicable

Unit: RMB

Item	Amount	Description
Profit or loss from disposal of non-current assets (including write-off of provision for assets impairment)	235,133,918.55	
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	35,234,521.15	
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	-19,293,314.75	
Reversal of provision for impairment of receivables individually tested for impairment	26,150,527.36	
Profit or loss from debt restructuring	3,502,149.44	
Profit or loss from changes in the fair value of consumable biological assets subsequently measured at fair value	5,184,193.11	
Other non-operating income and expenses other than the above items	1,981,541.21	
Less: Effect of income tax	-13,171,226.69	
Effect of minority interests (after tax)	1,553,513.83	
Total	299,511,248.93	

II Company Profile and Key Financial Indicators

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	29,066,863.89	Government grants related to assets that are closely related to the Company's normal operations are subsequently amortised to other income, which has a continuing effect on the Company's profit or loss and is therefore accounted for as recurring profit or loss.

III Management Discussion and Analysis

I. Principal activities of the Company during the reporting period

1. Industry Situation

The paper making industry is an important industry closely related to the national economic development and social culture building. As an important pillar industry, paper making industry has high correlation with other industries, various fields such as publishing, printing, packaging, chemicals and the military industry. Hence, the paper making industry is highly sensitive to macroeconomic changes. Characterised as being technology-intensive, capital-intensive and resource-intensive, it is the macroeconomic “barometer”, as well as one of the important indicators of the modernisation and civilisation level of a country. Driven by a moderate economic recovery, there were signs of bottoming out in PPI of the paper making industry. From July 2023 to May 2024, PPI of the paper making industry maintained positive growth. It is expecting to gradually turn positive. The profitability of enterprises within the industry is expected to rebound. It is expected that the industry will continue its recovery trend in the second half of the year.

As a typical pro-cyclical industry, the paper making industry has a positive correlation with the macroeconomic trend, and is more sensitive to macroeconomic changes. According to the data of the National Bureau of Statistics, the growth of value-added industrial output of China’s paper making industry exceeded 10% during the first five months of the year. Total profit of paper making and paper-made products amounted to RMB18,670 million, up by 147.3% year on year. From the perspective of industry layout, the market concentration of China’s paper making industry is relatively low. The proportion of CR10 in China’s paper making industry of approximately 45% in 2022, compared with 90% for the CR10 in the United States, means much scope for improvement. From the perspective of China’s new production capacity, it is primarily contributed by leading enterprises. Relevant products tend to develop towards customised, green and light-weighted products, and industry upgrade is still in progress.

2. Business overview of the Company

The machine-made paper business is the major source of revenue and profit of the Company. There was no significant change in the principal activity and the business models such as procurement, production, marketing, and research and development.

During the reporting period, the Company actively optimised its product mix, adopted flexible sales strategies and enhanced asset management efficiency. As the sentiment in the industry bottomed out, the results of the Company entered a recovery phase, and its profitability improved quarter by quarter. Based on its accounting records, the Company realised revenue of RMB13,885 million and net profit of RMB26 million from January to June, reflecting a better development trend. At present, the Company has production bases in Shandong, Guangdong, Hubei, Jiangxi, Jilin and other places, with annual pulp and paper production capacity of 11 million tonnes. It is the first domestic paper making enterprise that achieves a balance between pulp production and paper making capacity in general. Looking forward, the Company will further implement its “pulp and paper integration strategy”, enhance asset allocation efficiency, strengthen cost management, optimise its product mix, and consolidate and expand sales markets, striving to improve corporate management levels and operation quality.

III Management Discussion and Analysis

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

3. Major products and their application

The Company attaches great importance to technology research and development and brand benefits. The Company has research institutions such as 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. It has introduced internationally advanced pulp and paper production technologies and equipment 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 making industry. During the reporting period, the Company successfully passed the audit of China Environmental United Certification Center, and was awarded the certificate of “China Environmental Labeling (Type I) Product Certification”.

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

Category	Major brands and types	Major manufacturing companies	Range of application
Culture paper series	<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.

III Management Discussion and Analysis

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

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

Category	Major brands and types	Major manufacturing companies	Range of application
White cardboard series	<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.

III Management Discussion and Analysis

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

As at 30 June 2024, the Group's current ratio was 56.88%. The quick ratio was 48.07%. The gearing ratio (i.e. total liabilities divided by total assets) was 73.30%.

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

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

As at 30 June 2024, the total bank borrowings of the Group were RMB36,305 million (as at the end of the prior year: the total bank borrowings of the Group was RMB39,430 million). As at 30 June 2024, the Group had monetary funds of RMB11,386 million (as at the end of the prior year: RMB12,125 million) in total (For the breakdown of monetary funds, please refer to X. VII. 1 Note on Monetary Funds in this report).

To strengthen its financial management, the Group established and optimised its strict internal control system on cash and capital management. The liquidity and repayment ability of the Group were in a good condition. As at 30 June 2024, the Group had 9,963 employees. The total staff remuneration for the first half of 2024 amounted to RMB561.2925 million (The Group had 10,604 employees in 2023. The total staff remuneration for 2023 amounted to RMB1,108.0430 million).

There was no major investment project of the Company during the second half of 2024.

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

For details of the assets with restricted ownership of the Group as at 30 June 2024, please refer to X. VII. 24. Details of assets with restricted ownership or right to use in this report.

III. Analysis of Core Competitiveness

After innovation and development for more than 60 years, the Company has created a strong brand influence and cultivated a solid comprehensive competitiveness. It promotes product upgrades, enhances R&D strength and improves core competitiveness by creating competitive advantages in an industry chain featured with pulp and paper integration. The core competitiveness of the Company did not underwent 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, with total production capacity of wood pulp reaching 4.30 million tonnes. 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.

III Management Discussion and Analysis

III. Analysis of Core Competitiveness (Cont'd)

2. Scale advantages

The paper making 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 making industry in China. Its large-scale production bases can be found in the major markets in Southern, Central, Northern, and Northeast China, with annual pulp and paper production capacity reaching 11 million tonnes, where reasonable production scale creates the marginal cost advantage. Meanwhile, by leveraging the scale advantages, the Company has built an international logistics centre and railway dedicated lines and docks, and constructed a comprehensive logistics service platform covering container shipping, bonded warehousing, transfer and storage at stations and terminals, realising the improvement of logistics efficiency and the stability of logistics costs.

3. Product advantages

The Company is an enterprise that offers the widest and the most complete product range in the paper making 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, and a collaborative innovation centre for cleaner production and refinery of light industry bio-based products. 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 460 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 73 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.

III Management Discussion and Analysis

III. Analysis of Core Competitiveness (Cont'd)

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.

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. The reclaimed water quality meets drinking water standards, which can save hundreds of thousands cubic metres of fresh water every day. Meanwhile, in response to the "dual carbon" policy, the Company actively introduces photovoltaic power generation and biomass power generation, continuously optimises the energy structure and improves the level of low-carbon production.

III Management Discussion and Analysis

IV. Analysis of principal operations

Overview

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

Year-on-year changes in major financial information

Unit: RMB

	The reporting period	The corresponding period of the prior year	Increase/ decrease year on year	Reason for the change
Other income	159,945,128.64	108,155,697.19	47.88%	Mainly due to the additional valued-added tax credit policy enjoyed by the Company as an advanced manufacturing enterprise during the reporting period.
Investment income	181,332,096.11	-42,756,726.88	524.10%	Mainly due to a year-on-year increase of gains on subsidiary disposal during the reporting period.
Gains on changes in fair value	-2,221,596.44	-19,815,797.83	88.79%	Mainly due to the fluctuation in shares of China Bohai Bank during the reporting period.
Credit impairment loss	-124,386,619.66	-43,081,750.88	188.72%	Mainly due to a year-on-year increase of provision for bad debts of accounts receivable during the reporting period.
Loss on impairment of assets	-3,041,427.75	-43,314,485.76	-92.98%	Mainly due to a year-on-year decrease of provision for impairment of finished products during the reporting period.
Gains on asset disposal	19,222,812.60	11,759,266.91	63.47%	Mainly due to a year-on-year increase of gains on fixed asset disposal during the reporting period.
Income tax expenses	-96,400,954.34	-211,491,182.14	54.42%	Mainly due to a year-on-year increase of the total profit realised by the Company during the reporting period.
Net cash flows from operating activities	1,992,499,393.07	1,783,087,747.59	11.74%	Mainly due to a year-on-year increase of sales volume during the reporting period.
Net cash flows from investing activities	571,305,188.14	46,500,863.35	1,128.59%	Mainly due to the receipt of consideration for disposal of equity interest in subsidiaries during the reporting period.
Net cash flows from financing activities	-2,547,689,483.86	-2,088,182,807.81	-22.01%	Mainly due to the reduction in debt size as a result of repayment of debt due during the reporting period.

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

Applicable Not applicable

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

III Management Discussion and Analysis

IV. Analysis of principal operations (Cont'd)

Components of revenue

Unit: RMB

Item	The reporting period		The corresponding period of the prior year		Increase/decrease year on year
	Amount	% of revenue	Amount	% of revenue	
Total revenue	13,884,731,519.04	100%	12,564,962,781.31	100%	10.50%

By industry

Machine-made paper	12,429,565,296.10	89.52%	11,300,765,054.86	89.94%	9.99%
Chemical pulp	676,203,401.45	4.87%	240,438,232.65	1.91%	181.24%
Electricity and steam	123,938,936.52	0.89%	120,561,393.77	0.96%	2.80%
Property rentals	93,524,660.28	0.67%	109,744,705.55	0.87%	-14.78%
Construction materials	87,284,048.72	0.63%	106,371,211.95	0.85%	-17.94%
Chemicals	54,442,131.87	0.39%	60,607,594.98	0.48%	-10.17%
Others	419,773,044.10	3.03%	626,474,587.55	4.99%	-32.99%

By product

Duplex press paper	3,710,036,202.61	26.72%	3,668,277,002.07	29.19%	1.14%
White cardboard	2,926,439,060.82	21.08%	2,540,842,151.66	20.22%	15.18%
Coated paper	2,407,591,953.96	17.34%	1,808,743,574.23	14.40%	33.11%
Electrostatic paper	2,038,760,449.85	14.68%	1,910,330,360.89	15.20%	6.72%
Anti-sticking raw paper	569,577,140.37	4.10%	572,047,556.98	4.55%	-0.43%
Thermal paper	259,624,961.63	1.87%	262,227,271.15	2.09%	-0.99%
Other machine-made paper	517,535,526.86	3.73%	538,297,137.88	4.28%	-3.86%
Chemical pulp	676,203,401.45	4.87%	240,438,232.65	1.91%	181.24%
Electricity and steam	123,938,936.52	0.89%	120,561,393.77	0.96%	2.80%
Property rentals	93,524,660.28	0.67%	109,744,705.55	0.87%	-14.78%
Construction materials	87,284,048.72	0.63%	106,371,211.95	0.85%	-17.94%
Chemicals	54,442,131.87	0.39%	60,607,594.98	0.48%	-10.17%
Others	419,773,044.10	3.03%	626,474,587.55	4.99%	-32.99%

By geographical segment

Mainland China	11,052,530,679.12	79.60%	9,191,090,980.52	73.15%	20.25%
Other countries and regions	2,832,200,839.92	20.40%	3,373,871,800.79	26.85%	-16.05%

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

√ Applicable □ Not applicable

III Management Discussion and Analysis

IV. Analysis of principal operations (Cont'd)

Components of revenue (Cont'd)

Unit: RMB

Item	Revenue	Operating costs	Gross profit margin	Increase/ decrease of revenue as compared to the corresponding period of the prior year	Increase/ decrease of operating costs as compared to the corresponding period of the prior year	Increase/ decrease of gross profit margin as compared to the corresponding period of the prior year
By industry						
Machine-made paper	12,429,565,296.10	11,003,034,856.86	11.48%	9.99%	5.92%	3.41%
By product						
Duplex press paper	3,710,036,202.61	3,228,388,604.27	12.98%	1.14%	-0.39%	1.34%
White cardboard	2,926,439,060.82	3,059,791,466.52	-4.56%	15.18%	16.91%	-1.56%
Coated paper	2,407,591,953.96	1,898,246,495.80	21.16%	33.11%	16.96%	10.89%
Electrostatic paper	2,038,760,449.85	1,609,617,857.89	21.05%	6.72%	-1.18%	6.32%
By geographical segment						
Mainland China	11,052,530,679.12	9,497,486,181.34	14.07%	20.25%	13.29%	5.28%
Other countries and regions	2,832,200,839.92	2,688,019,527.66	5.09%	-16.05%	-13.67%	-2.63%

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

Applicable Not applicable

III Management Discussion and Analysis

V. Analysis of non-principal operations

√ Applicable □ Not applicable

Unit: RMB

	Amount	As a percentage of total profit	Reason	Is it sustainable?
Other income	159,945,128.64	-228.36%	Receipt of government grants related to daily business activities	Including RMB53 million which was the annual amortisation amount of government grants received in prior periods, which was sustainable.
Investment income	181,332,096.11	-258.89%	Recognition of external investment income and dividends, as well as income from equity disposal and derecognition of financial assets during the reporting period	No
Gain or loss arising from the change in fair value	-2,221,596.44	3.17%	Fluctuations of fair values of the shares of China Bohai Bank as well as forestry assets	No
Credit impairment loss	-124,386,619.66	177.59%	Bad debt provisions for receivables	No
Gain on asset disposal	19,222,812.60	-27.44%	Gain arising from disposal of non-current assets	No

VI. Analysis of assets and liabilities

1. Material changes of asset items

Unit: RMB

	As at the end of the reporting period		As at the end of the prior year		Percentage change	Description
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary funds	11,386,010,001.55	14.69%	12,124,832,831.30	15.25%	-0.56%	Mainly due to a decrease in guarantee deposits maintained by the Company as at the end of the reporting period.
Inventories	4,261,634,676.93	5.50%	4,958,178,000.36	6.24%	-0.74%	Mainly due to a decrease in inventories of the Company as at the end of the reporting period.
Fixed assets	32,030,248,108.24	41.33%	33,186,248,169.56	41.75%	-0.42%	Mainly due to the effect of the disposal of equity interest in Yujing Hotel and Tuohan Plastic, the subsidiaries, by the Company during the reporting period, as well as ordinary amortisation.
Construction in progress	1,099,279,935.62	1.42%	859,617,965.16	1.08%	0.34%	Mainly due to an increase in investment in technology upgrade projects during the reporting period.
Short-term borrowings	30,264,463,843.14	39.05%	33,475,479,021.62	42.11%	-3.06%	Mainly due to a decrease in short-term debt size as at the end of the reporting period.
Bills payable	5,562,384,579.39	7.18%	4,618,986,463.95	5.81%	1.37%	Mainly due to an increase of payment for goods with bills by the Company during the reporting period.
Other receivables	3,257,911,098.58	4.20%	2,414,752,127.19	3.04%	1.16%	Mainly due to an increase in external open credit as at the end of the reporting period.
Long-term payables	2,279,402,749.15	2.94%	2,541,095,217.66	3.20%	-0.26%	Mainly due to the repayment of part of the equipment financing lease payment by the Company during the reporting period.

III Management Discussion and Analysis

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

2. Major assets overseas

Applicable Not applicable

3. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Opening balance	Profit or loss from change in fair value during the period	Cumulative fair value change charged to equity	Impairment provided during the period	Amount acquired during the period	Amount disposed of during the period	Other changes	Closing balance
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	46,294,291.71	-7,405,789.55	-157,122,291.08				308,917.72	39,197,419.88
2. Other non-current financial assets	781,561,040.57		59,269,016.38			1,483,295.37		780,077,745.20
3. Consumable biological assets measured at fair value	1,483,978,089.61	5,184,193.11	41,944,998.14		10,975,007.45	16,961,127.99		1,483,176,162.18
Total	2,311,833,421.89	-2,221,596.44	-55,908,276.56		10,975,007.45	18,444,423.36	308,917.72	2,302,451,327.26

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

Yes No

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

Unit: RMB

Item	Book balance	As at the end of the period		Book balance	As at the beginning of the period		
		Book value	Type of restriction		Book value	Type of restriction	Restriction
Monetary funds	10,583,179,917.00	10,583,179,917.00	Pledged	11,360,599,088.69	11,360,599,088.69	Pledged	As deposits for bank acceptance bills, letter of credit, letter of guarantee, loans, deposit reserves and interest receivable
Fixed assets	9,383,901,424.59	6,097,926,811.05	Charged	9,411,111,670.62	6,303,095,864.20	Charged	As collateral for bank borrowings and long-term payables
Investment properties	6,114,818,654.81	5,075,202,994.63	Charged	5,941,741,699.60	5,004,776,921.76	Charged	As collateral for bank borrowings
Intangible assets	849,460,775.99	645,269,711.95	Charged	865,105,844.99	665,784,045.39	Charged	As collateral for bank borrowings and long-term payables
Accounts receivable	84,955,640.31	84,502,139.21	Pledged	403,349,324.55	398,710,807.32	Pledged	As collateral for borrowings
Accounts receivable financing	20,000.00	20,000.00	Pledged	90,551,168.01	90,551,168.01	Pledged	As collateral for obtaining letters of credit
Total	27,016,336,412.70	22,486,101,573.84		28,072,458,796.46	23,823,517,895.37		

III Management Discussion and Analysis

VII. Analysis of investments

1. Overview

Applicable Not applicable

Investments during the reporting period (RMB)	Investments during the corresponding period of prior year (RMB)	Change
18,000,000.00	5,400,000.00	233.33%

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 raw materials	Capital increase	18,000,000.00	100%	Self-owned funds	Subsidiary	Long-term	Trading	Completed	N/A	2,968,937.54	No	N/A	N/A
Total	-	-	18,000,000.00	-	-	-	-	-	-	N/A	2,968,937.54	-	-	-

3. Material non-equity investments during the reporting period

Applicable Not applicable

III Management Discussion and Analysis

VII. Analysis of investments (Cont'd)

4. Financial asset investment

(1) Security investments

Applicable Not applicable

Unit: RMB

Type of security	Stock code	Abbreviation of stock name	Initial investment cost	Accounting measurement model	Book value at the beginning of the reporting period	Profit or loss from changes in fair value in the current period	Accumulated changes in fair value included in equity	Acquisition amount during the period	Disposal amount during the period	Profit or loss during the reporting period	Book value as at the end of the reporting period	Classification in account	Source of fund
Domestic and foreign shares	09668	China Bohai Bank	195,684,817.15	Measured at fair value	46,294,291.71	-7,405,789.55	-157,122,291.08	0.00	0.00	-7,096,871.83	39,197,419.88	Held-for-trading financial assets	Self-owned funds
Total			195,684,817.15	-	46,294,291.71	-7,405,789.55	-157,122,291.08	0.00	0.00	-7,096,871.83	39,197,419.88	-	-
Disclosure date of announcement in relation to the consideration and approval of securities investments by the Board				20 June 2020									
Disclosure date of announcement in relation to the consideration and approval of securities investments by the shareholders' general meeting (if any)				N/A									

(2) Derivative investments

Applicable Not applicable

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

5. Use of proceeds

Applicable Not applicable

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

III Management Discussion and Analysis

VIII. Disposal of material assets and equity interest

1. Disposal of material assets

Applicable Not applicable

2. Disposal of material equity interest

Applicable Not applicable

Counterparty(ies)	Equity interest disposed of	Disposal date	Transaction consideration (RMB'0,000)	Net profit contribution to the Company from the beginning of the period up to the disposal date (RMB'0,000)	Effect of disposal on the Company	Net profit contribution to the Company on equity disposal as a percentage of total net profit	Pricing basis of disposal of equity interest	Related party transaction or not	Relationship with counterparty(ies)	Relevant equity title fully transferred or not	Carried out on schedule or not, if not, the reasons and measures taken by the Company	Disclosure Date	Disclosure index
Shouguang Chenming Guanyuan Real Property Company Limited	Shandong Yujing Grand Hotel Co., Ltd.	31 March 2024	16,299.28	-517.17	The disposal of equity interest in Yujing Hotel and Tuonan Plastic, the subsidiaries, did not affect the normal operation of the Company, and the disposal of equity interest replenished the liquidity.	839.04%	Assessed value	Yes	A subsidiary of a company invested by Directors and members of the Senior Management of the Company	Yes	Yes	23 March 2024	http://www.cninfo.com.cn
Kunshan Dupen Electronics Technology Co., Ltd.	Kunshan Tuonan Plastic Products Co., Ltd.	29 February 2024	14,373.00	-265.33		120.21%	Assessed value	No	N/A	Yes	Yes	N/A	N/A

IX. Analysis of major subsidiaries and investees

Applicable Not applicable

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

Unit: RMB

Name of company	Type of company	Principal activities	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Zhanjiang Chenming Pulp & Paper Co., Ltd.	Subsidiary	Production and sale of duplex press paper, electrostatic paper and white cardboard etc.	6,913,572,423.00	24,372,968,723.19	8,615,753,892.14	6,278,830,552.25	-21,395,564.13	10,510,454.71
Shouguang Meilun Paper Co., Ltd.	Subsidiary	Production and sale of coated paper, culture paper, household paper and chemical pulp	4,801,045,519.00	16,441,594,138.29	8,338,012,784.20	4,684,096,701.75	29,489,563.03	40,515,254.62
Huanggang Chenming Pulp & Paper Co., Ltd.	Subsidiary	Production and sale of chemical pulp	3,350,000,000.00	8,035,223,901.08	3,356,605,015.66	2,709,134,386.20	62,285,942.49	57,107,544.38

III Management Discussion and Analysis

IX. Analysis of major subsidiaries and investees (Cont'd)

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 Yujing Grand Hotel Co., Ltd.	Disposal	Net profit increased by RMB221 million.
Kunshan Tuoan Plastic Products Co., Ltd.	Disposal	Net profit increased by RMB32 million.
Guangzhou Chenming Commercial Factoring Co., Ltd.	Deregistration	Net profit decreased by RMB5,300.

Particulars of major subsidiaries and investees

1. During the reporting period, the price of white paper board declined significantly due to an increase in supply and insufficient demand, and profit margins of Zhanjiang Chenming were squeezed.
2. During the reporting period, the production and sales volume of cultural paper and coated paper, the major products of Meilun Paper, increased year on year. The unit production cost decreased year on year while profit increased year on year.
3. During the reporting period, the price and sales volume of chemical pulp, the major product of Huanggang Chenming, increased, and its profitability increased year on year.

The Company enjoys the advantages of pulp and paper integration, large scale, comprehensive products, reasonable industrial layout, and advanced technical equipment. With the gradual rise in the selling prices of machine-made paper and the continuous optimisation of the cost side, the Company's profitability will further improve.

III Management Discussion and Analysis

X. Structured entities controlled by the Company

Applicable Not applicable

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

1. Macroeconomic and policy risk

Paper making 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 Papermaking 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, the policies on the papermaking industry may further adjust in the future. In addition, the fiscal and financial policies, bank interest rate, import and export policy and other policies may be adjusted in the future. All the above industrial policies and related policy adjustments will have an impact on the Company's operation and development.

In response to the above risks, the Company will pay close attention to the national industrial policy, and focus on its principal activities of pulp production and paper making. The Company will strive to its innovation-driven strategy, comprehensively optimise industrial structure and regional layout, and establish 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, reduce liability size, optimise its capital structure, enhance cost control, put greater efforts in disposal of non-major assets and improve asset quality, so as 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 Papermaking 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 Papermaking Industry, the Norm of Energy Consumption Per Unit Product of Pulp and Paper (GB31825-2024) 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, which can save fresh water of hundreds of thousands of cubic meters of per day. 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".

III Management Discussion and Analysis

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

3. Risk of price fluctuation of raw materials

The major raw materials of the papermaking 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 papermaking 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 operating 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, enhanced the strategic cooperation with quality suppliers, practiced source procurement, closely followed the price trends of the raw materials market, and improved its market research and judgment ability, in order to minimise the impact of fluctuations in raw material prices on the Company.

4. Risk of intensifying market competition

Although the papermaking 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 price of white cardboard remained at a low level with intensifying market competition.

In response to the aforesaid risks, the Company continues to promote technological innovation, and continuously improves its production equipment, processing design and process levels, implement lean production, improve product quality, and create brand benefits. At the same time, being market-oriented, the Company produces marketable products to meet the diverse needs, and establishes a differentiated and customised product mix so as to increase the added value of products. The Company further enhances cost control, improves production capacity utilisation rate, reduces unit costs, thereby realising cost reduction and efficiency improvement, and improving its corporate profitability.

5. 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.

To this end, Chenming Leasing has comprehensive risk prevention and control measures for the financial leasing business, with strong risk resistance and low risk of default. At present, the Company focuses on the development of its principal activities, i.e. pulp production and paper making, and continues to reduce the size of the financial leasing business. As at the end of the reporting period, the balance of financial leases of Chenming Leasing decreased to RMB4,936 million with the overall risks under control.

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

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

Yes No

IV Corporate Governance

I. 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

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

Applicable Not applicable

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

Applicable Not applicable

There was no change of Directors, Supervisors and Senior Management of the Company during the reporting period. Please see the 2023 annual report for details.

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

Applicable Not applicable

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

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

Applicable Not applicable

1. Equity incentive

- 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.

IV Corporate Governance

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

1. Equity incentive (Cont'd)

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

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 removed from office, which failed to comply with the unlocking conditions. The total number of restricted shares that have been granted to and held by the participants and have not yet been unlocked is 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 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 results for 2022 of the Company failed to pass the performance appraisal targets at company level set for the second unlocking period. Meanwhile, 5 participants lost their incentive qualification due to their resignation. The Board of the Company repurchased and cancelled 22,929,000 restricted A shares which had been granted to participants but not yet unlocked for the second unlocking period at a repurchase price of RMB2.5184172 per share (excluding the bank loan interest rate for the same term). On 20 November 2023, the Company completed the repurchase and cancellation procedures of the 22,929,000 restricted A shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

IV Corporate Governance

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

2. Implementation of the employee shareholding plan

Applicable Not applicable

3. Other employee incentive measure

Applicable Not applicable

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

(I) Compliance with the Code on Corporate Governance

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

(II) Securities transactions by Directors

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

V 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 bides 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 (GB 16297-1996), Emission Standard of Air Pollutants for Thermal Power Plants (GB 13223-2011), Emission Standard for Odor Pollutants (GB 14554-93), 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 (GB 31573-2015) and GB 18484-2020 (GB 18484-2020).

Wastewater: Integrated Wastewater Discharge Standard (GB 8978-1996), Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015), Discharge Standard of Water Pollutants for the Pulp and Paper Industry (GB 3544-2008) 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 (GB 12348-2008).

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.

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 11 June 2020 and valid up to 27 June 2025.

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.

V Environmental and Social Responsibility

I. Major environmental protection matters (Cont'd)

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	Way of emission	Number of emission outlets	Distribution of emission outlets	Emission concentration/intensity	Pollutant emission standards implemented	Total emissions	Approved total emissions	Excessive emissions	
Shandong Chenming Paper Holdings Limited	Exhaust gas	SO ₂	Organised emission	2	Chenming Industrial Park	Power plant no. 1: 9.66mg/m ³	35mg/m ³	Power plant no. 1: 10.65t	160.32t/year	No	
						Power plant no. 2: 10.5mg/m ³		Power plant no. 2: 11.43t			
		NO _x	Organised emission	2	Chenming Industrial Park	Power plant no. 1: 40.6mg/m ³	50mg/m ³	Power plant no. 1: 43.2t	233.91t/year	No	
						Power plant no. 2: 38.3mg/m ³		Power plant no. 2: 40.23t			
		Particulates	Organised emission	2	Chenming Industrial Park	Power plant no. 1: 0.658mg/m ³	5mg/m ³	Power plant no. 1: 0.703t	23.39t/year	No	
						Power plant no. 2: 0.544mg/m ³		Power plant no. 2: 0.561t			
	Wastewater	COD	Indirect emission	2	Chenming Industrial Park	Sewage outlet no. 1: 147mg/L	300mg/L	Sewage outlet no. 1: 737t	6,510.74t/year	No	
						Sewage outlet no. 2: 204mg/L		Sewage outlet no. 2: 1161t			
		Ammonia nitrogen	Indirect emission	2	Chenming Industrial Park	Sewage outlet no. 1: 4.93mg/L	30mg/L	Sewage outlet no. 1: 25.72t	650.7t/year	No	
						Sewage outlet no. 2: 0.526mg/L		Sewage outlet no. 2: 2.892t			
		Total nitrogen	Indirect emission	2	Chenming Industrial Park	Sewage outlet no. 1: 19.5 mg/L	70mg/L	Sewage outlet no. 1: 98.86t	1,519.1t/year	No	
						Sewage outlet no. 2: 15.4 mg/L		Sewage outlet no. 2: 87.6t			
Shouguang Meilun Paper Co., Ltd.	Exhaust gas	SO ₂	Organised emission	4	Chenming Industrial Park	Power plant no. 1: 18.7mg/m ³	35mg/m ³ (self-owned power plant),	Power plant no. 1: 12.63t	342.89t/year	No	
						Power plant no. 2: 14.5mg/m ³	50mg/m ³ (chemical pulp mill)	Power plant no. 2: 10.78t			
		Alkali recovery: 7.91mg/m ³	Lime kiln: 3.2mg/m ³	Alkali recovery: 47.68t	Lime kiln: 2.49t	Power plant no. 1: 38.2mg/m ³	50mg/m ³ (self-owned power plant),	Power plant no. 1: 25.11t			
									Power plant no. 2: 37.5mg/m ³	100mg/m ³ (chemical pulp mill)	Power plant no. 2: 27.78t
		Alkali recovery: 79.6mg/m ³	Lime kiln: 14.1mg/m ³	Alkali recovery: 402.83t	Lime kiln: 11.8t	Power plant no. 1: 0.281mg/m ³	5mg/m ³ (self-owned power plant),	Power plant no. 1: 0.182t			
									Power plant no. 2: 0.435mg/m ³	10mg/m ³ (chemical pulp mill)	Power plant no. 2: 0.321t
	Alkali recovery: 2.06mg/m ³	Lime kiln: 1.09mg/m ³	Alkali recovery: 11.422t	Lime kiln: 0.756t	Particulates	Organised emission	4	Chenming Industrial Park	Power plant no. 1: 0.281mg/m ³	5mg/m ³ (self-owned power plant),	Power plant no. 1: 0.182t
	Alkali recovery: 2.06mg/m ³	Lime kiln: 1.09mg/m ³	Alkali recovery: 11.422t	Lime kiln: 0.756t	Particulates	Organised emission	4	Chenming Industrial Park	Power plant no. 1: 0.281mg/m ³	5mg/m ³ (self-owned power plant),	Power plant no. 1: 0.182t

V Environmental and Social Responsibility

I. Major environmental protection matters (Cont'd)

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

Name of company or subsidiary	Category of major pollutants and specific pollutants	Name of major pollutants and specific pollutants	Way of emission	Number of emission outlets	Distribution of emission outlets	Emission concentration/intensity	Pollutant emission standards implemented	Total emissions	Approved total emissions	Excessive emissions
Jiangxi Chenming Paper Co., Ltd.	Exhaust gas	SO ₂	Organised emission	1	Thermal power plant	240T/h furnace: 18.56mg/m ³	200mg/m ³	21.02t	806t/year	No
		NO _x	Organised emission	1	Thermal power plant	240T/h furnace: 35.36mg/m ³	200mg/m ³	38.60t	806t/year	No
		Particulates	Organised emission	1	Thermal power plant	240T/h furnace: 2.99mg/m ³	30mg/m ³	3.55t	135t/year	No
	Wastewater	COD	Direct emission	1	Total wastewater discharge	31.31mg/L	90mg/L	72.35t	1,260t/year	No
		Ammonia nitrogen	Direct emission	1	Total wastewater discharge	1.04mg/L	8mg/L	2.22t	112t/year	No
		Total nitrogen	Direct emission	1	Total wastewater discharge	3.05mg/L	12mg/L	6.31t	/	No
Jilin Chenming Paper Co., Ltd.	Exhaust gas	SO ₂	Organised emission	3 (2 in use, 1 spare)	Within factory area	4.06mg/m ³	100mg/m ³	1.27t	97t/year	No
		NO _x	Organised emission	3 (2 in use, 1 spare)	Within factory area	39.41mg/m ³	100mg/m ³	11.70t	213t/year	No
		Particulates	Organised emission	3 (2 in use, 1 spare)	Within factory area	8.70mg/m ³	30mg/m ³	2.63t	51.66t/year	No
	Wastewater	COD	Indirect emission	1	Total wastewater discharge	132.35mg/L	120mg/L	346.03t	6,000t/year	No
		Ammonia nitrogen	Indirect emission	1	Total wastewater discharge	1.65mg/L	45mg/L	4.34t	500t/year	No
		Total nitrogen	Indirect emission	1	Total wastewater discharge	6.02mg/L	50mg/L	15.65t	/	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	Exhaust gas	SO ₂	Organised emission	6	Within factory area	Power plant no. 1: 2.5mg/m ³ Power plant no. 2: 3.3mg/m ³ Power plant no. 3: 2.3mg/m ³ Power plant no. 4: 0.8mg/m ³ Lime kiln: 20.4mg/m ³ Alkali furnace: 23.9mg/m ³	Power plant: 35mg/m ³ Lime kiln: 200mg/m ³ Alkali furnace: 200mg/m ³	87t	620t/year	No

V Environmental and Social Responsibility

I. Major environmental protection matters (Cont'd)

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

Name of company or subsidiary	Category of major pollutants and specific pollutants	Name of major pollutants and specific pollutants	Way of emission	Number of emission outlets	Distribution of emission outlets	Emission concentration/intensity	Pollutant emission standards implemented	Total emissions	Approved total emissions	Excessive emissions	
Huanggang Chenming Pulp & Paper Co., Ltd.	Exhaust gas	NO _x	Organised emission	6	Within factory area	Power plant no. 1: 20.3mg/m ³ Power plant no. 2: 25.2mg/m ³ Power plant no. 3: 19.6mg/m ³ Power plant no. 4: 10.2mg/m ³ Lime kiln: 126.4mg/m ³ Alkali furnace: 82.8mg/m ³	Power plant: 50mg/m ³ Lime kiln: 200mg/m ³ Alkali furnace: 200mg/m ³	208.32t	1,800t/year	No	
		Particulates	Organised emission	6	Within factory area	Power plant no. 1: 2.7mg/m ³ Power plant no. 2: 3.9mg/m ³ Power plant no. 3: 2.4mg/m ³ Power plant no. 4: 0.8mg/m ³ Lime kiln: 16.5mg/m ³ Alkali furnace: 8.1mg/m ³	Power plant: 10mg/m ³ Lime kiln: 30mg/m ³ Alkali furnace: 30mg/m ³	24.58t	195.06t/year	No	
		Wastewater	COD	Direct emission	1	Wastewater discharge	35mg/L	90mg/L	488t	1,943t/year	No
		Ammonia nitrogen	Direct emission	1	Wastewater discharge	0.89mg/L	8mg/L	13t	43.9t/year	No	
	Exhaust gas	Total nitrogen	Direct emission	1	Wastewater discharge	2.18mg/L	12mg/L	31.256t	320.4t/year	No	
		SO ₂	Organised emission	1	Lime kiln chimney	23.264mg/m ³	80mg/m ³	8.747t	142.872t/year	No	
		SO ₂	Organised emission	1	Alkali furnace chimney	29.065mg/m ³	200mg/m ³	68.174t	328.417t/year	No	
		NO _x	Organised emission	1	Lime kiln chimney	102.261mg/m ³	180mg/m ³	37.022t	181.887t/year	No	
		NO _x	Organised emission	1	Alkali furnace chimney	141.435 mg/m ³	200mg/m ³	298.203t	950.829t/year	No	
		Particulates	Organised emission	1	Lime kiln chimney	14.76 mg/m ³	200mg/m ³	5.243t	45.311t/year	No	
	Wastewater	Particulates	Organised emission	1	Alkali furnace chimney	15.165mg/m ³	30mg/m ³	28.066t	83.759t/year	No	
		COD	Indirect emission	1	Total wastewater discharge	25.69 mg/L	150mg/L	121.859t	398.911t/year	No	
		Ammonia nitrogen	Indirect emission	1	Total wastewater discharge	1.269 mg/L	14mg/L	6.014t	39.891t/year	No	
		Total nitrogen	Indirect emission	1	Total wastewater discharge	3.917mg/L	29mg/L	18.318t	/	No	

V Environmental and Social Responsibility

I. Major environmental protection matters (Cont'd)

Treatment of pollutants

1. Shandong Chenming Paper Holdings Limited

Its own power plant uses the exhaust gas treatment process of limestone-gypsum desulfurisation+SNCR selective non-catalytic reduction denitration+electric and bag composite dust removal+wet type electric dust removal. In the first half of 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 plant of Shouguang Zhongye Water Co., Ltd., and partially reused in production lines. In the first half of 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 desulfurisation + 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 the first half of 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 desulfurisation + SNCR catalytic reduction denitrification+ electric and bag composite dust removal + 90-metre desulfurisation 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 the first half of 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.

V Environmental and Social Responsibility

I. Major environmental protection matters (Cont'd)

Treatment of pollutants (Cont'd)

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 desulfurisation 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), and the discharge is up to the standard.

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

The thermal power plant of Zhangjiang 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. The discharge is up to the standard. The lime kiln uses limestone to fix sulphur and five electrostatic precipitators to remove dust. The discharge is up to the standard.

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

V Environmental and Social Responsibility

I. Major environmental protection matters (Cont'd)

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 the first half of 2024, the Company paid environmental protection tax amounting to RMB7.2513 million.

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.

V Environmental and Social Responsibility

I. Major environmental protection matters (Cont'd)

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.

V Environmental and Social Responsibility

I. Major environmental protection matters (Cont'd)

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, electricity, 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.

Other environmental protection related information

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

V Environmental and Social Responsibility

II. Social responsibility

Chenming Paper takes “Creating Value, Contributing to Society” as its corporate mission. During the reporting period, the Company focused on the development of its principal activities, i.e. pulp production and paper making. It continuously strengthened its supply chain management, improved its product quality, and enhanced its customer service levels, striving to create economic value. At the same time, the Company placed equal importance on social value and economic value. It continued to regulate its corporate governance practices, valued the investor relations management, protected the rights of its employees, and strengthened its responsibilities for safety and environmental protection. The Company effectively fulfilled its social responsibilities to stakeholders such as shareholders, employees, customers and suppliers, aiming to become a company that created effective value for society and realised its corporate vision of “Building a Superior and Stronger Enterprise, and Crafting a Century-Long Chenming”.

1. Compliance operation to build strong foundation for governance

During the reporting period, the Company consistently implemented the reform of the independent director system of listed companies. Eight corporate governance systems including The Measures for Administration of Independent Directors, the Articles of Association, the Procedural Rules of the Board Meeting and the Procedural Rules of the General Meeting were amended to further improve independent Directors’ ability to perform their duties and fully utilising the role of independent Directors. The Company valued the investor relations management. The communication and exchange with investors were strengthened through various channels. On 7 April 2024, the Company held the 2023 annual results briefing and replied more than 40 questions from investors on the Shenzhen Stock Exchange Interactive Yi platform. The Company ensured that its investor hotline was accessible. The announcements published in Shenzhen and Hong Kong were available under the investor relations column of the Company’s official website to enable convenient access for investors. During the reporting period, the Company held 3 Board meetings and 2 meetings of the Supervisory Committee. All Directors and Supervisors of the Company were present at each meeting where resolutions were passed with the procedure for consideration and approval of resolutions being legal and compliant. The 2023 annual general meeting of the Company was held on-site and online to ensure shareholders’ rights to know, participate in, and vote on the material matters of the Company. Some Directors attended the general meeting in person, and visited the Company’s factories before the meeting to understand the operations of the Company, thus safeguarding the interests of the Company’s shareholders, especially the small and medium-sized shareholders, in a practical manner.

2. Care for employees to empower talent development

The Company adheres to the employment philosophy of “Cultivating Talents, Retaining Talents, and Making Good Use of Talents”. Being people-oriented, it protects employees’ occupational health and safety while attaches importance to employees’ career development planning, in order to gather up employees’ love and dedication for work to help the high quality development of the Company. During the reporting period, the Company took the 23rd “safety production month” as an opportunity to launch a series of safety education activities to thoroughly implement the safety production policy of “safety first, prevention-oriented and comprehensive management”, and enhance the safety awareness of all employees, thus safeguarding the health and safety of employees. The Company attached great importance to employee training. It set up a diversified and customised training platform. Categorised specialized training was launched according to the training needs of each department and the requirements of the positions to strengthen the specificity and efficiency of training, and to cultivate high quality talents. A sound performance appraisal and compensation management system was established to provide competitive compensation and benefits, and create a clear path for promotion, so that employees can share the fruits of the development of the Company. The trade union committee fully played a role as a bridge in an effort to build a harmonious labour relationship and realise growing together with employees by giving out birthday cakes to employees, organising cultural and sports activities such as table tennis, basketball and badminton, and organising quarterly employee seminars addressing employees’ difficulties.

V Environmental and Social Responsibility

II. Social responsibility (Cont'd)

3. Sincerity towards customers to promote win-win cooperation

During the reporting period, the Company adhered to the core values of “Integrity, Win-Win and Sharing” to proactively establish win-win strategic partnerships with customers and suppliers. For the protection of customers’ rights, the Company adhered to the marketing philosophy of “Integrity, Mutual Benefit and Better Future for All”. It was customer-centred and market demand-oriented, and constantly strengthened technological innovation and improved product quality to meet customer demand and create benefits of branding. Meanwhile, it regulated the after-sales management of products, formulated the “Customer Complaint Handling Regulations”, optimised the customer complaint handling process, and continuously improved customer service satisfaction. For the protection of suppliers’ rights, the Company constantly optimised the supply chain management, and had systems of the Company such as the Subsidiary Regional Procurement Management Measures and the Tender Management System in place. It strived to create a fair and just competition environment for suppliers, and strengthen strategic cooperation with high quality suppliers to ensure the quality of raw materials and their stable supply, thus realising cost reduction and efficiency increase, mutual benefit and win-win cooperation.

4. Green development to protect the ecological environment

The Company adheres to the concepts of “lucid waters and lush mountains are invaluable assets”, and “green development, eco-friendly Chenming”. It steadfastly follows the high quality development path of giving priority to the ecology and adopting a green and low-carbon policy, and strives to promote economic and ecological development together to realise a “win-win” situation in terms of economic benefits and environmental benefits. During the reporting period, the Company actively promoted clean production, vigorously promoted the treatment of “three wastes”, and vigorously implemented energy saving and emission reduction. It had advanced pollution treatment facilities including the alkali recovery system, reclaimed water treatment system, reclaimed water reuse system, and black liquor comprehensive utilisation system to ensure that all indicators met the requirements of the national environmental protection standards. Meanwhile, the Company attached importance to technology research and development, and actively developed green products. It successfully passed the audit of China Environmental United Certification Center and was awarded the certificate of “China Environmental Labeling (Type I) Product Certification”. The Type I certified products covered the offset printing paper series and the coated paper series. The Company practically took the main social responsibility of protecting the ecological environment.

VI Material Matters

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

Applicable Not applicable

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

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

Applicable Not applicable

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

III. External guarantees against the rules and regulations

Applicable Not applicable

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

IV. Engagement or dismissal of accounting firms

Has the interim financial report been audited?

Yes No

The interim report of the Company is unaudited.

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

Applicable Not applicable

VI. Opinions of the Board regarding the "modified auditor's report" for the prior year

Applicable Not applicable

VII. Matters related to bankruptcy and reorganisation

Applicable Not applicable

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

VI Material Matters

VIII. Litigation

Material litigation and arbitration

Applicable Not applicable

General information on the litigation (arbitration)	Amount involved	Whether provisions are made	Progress	Trial results and impact	Enforcement of judgment	Date of disclosure	Disclosure index
Statutory demand and winding-up petition	HK\$389,112,432.44	No	On 10 August 2023, the 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

Other litigations

Applicable Not applicable

General information on the litigation (arbitration)	Amount involved (RMB'0,000)	Whether provisions are made	Progress	Trial results and impact	Enforcement of judgment	Date of disclosure	Disclosure index
Summary of matters not subject to disclosure as material litigation (arbitration) in which Chenming Leasing is the plaintiff	68,306.47	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.	Enforcement of the judgment was in progress.	N/A	N/A
Summary of matters not subject to disclosure as material litigation (arbitration) in which Chenming Leasing is the defendant	130.00	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	44,863.62	No	The amount involved in ongoing cases was RMB48.7686 million; the amount involved in resolved cases was RMB399.8676 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 RMB121,300, 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 the Company and other subsidiaries of the Company are the defendant	27,717.65	No	The amount involved in ongoing cases was RMB257.6573 million; the amount involved in resolved cases was RMB19.5192 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

VI Material Matters

IX. Punishment and rectification

Applicable Not applicable

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

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

Applicable Not applicable

XI. Significant related party transactions

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

Applicable Not applicable

Related party	Relationship with the Company	Types of the related party transactions	Subject matter of the related party transactions	Pricing basis of the related party transaction	Related party transaction price	Amount of related party transactions (RMB'0,000)	Percentage as the amount of similar transactions	Amount of transactions approved (RMB'0,000)	Whether exceeding approved cap	Settlement of related party transactions	Market price of available similar transaction	Disclosure date	Disclosure index
Weifang Port Wood Chip Wharf Co., Ltd.	Joint venture	Labour services	Port miscellaneous fees	Market price	Market price	5,619.11	12.40%	11,000.00	No	Bank acceptance and telegraphic transfer	N/A	29 March 2024	http://www.cninfo.com.cn
Total				—	—	5,619.11	—	11,000.00	—	—	—	—	—
Particulars on refund of bulk sale							Nil						
Estimated total amount for day-to-day related party transactions to be conducted during the period (by types of transactions) and their actual implementing during the reporting period (if any)							Nil						
Reasons for large differences between transaction price and market reference price (if applicable)							N/A						

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

Applicable Not applicable

In order to further focus on the development of its principal business of pulp production and paper making, divest the non-principal business, continuously optimise its asset structure, improve its asset quality, increase its cash inflow and enhance its profitability, the Company transferred its 90.05% equity interest in Yujing Hotel and the debts of Yujing Hotel payable to the Company amounting to RMB193.5072 million to Shouguang Chenming Guangyuan Real Property Company Limited, a related party, for a consideration of RMB356.50 million. The consideration was determined based on the Asset Valuation Report (Tian Hao Zi Ping Bao Zi [2024] J No. 0004), with 31 December 2023 as its benchmark date, prepared by Tinh International Real Estate Land Assets Appraisal Group Co. Ltd.. Upon completion of the transaction, the Company ceased to have any equity interest in Yujing Hotel.

VI Material Matters

XI. Significant related party transactions (Cont'd)

2. Related party transaction in connection with purchase or sale of assets or equity interest (Cont'd)

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	Book value of the transferred asset (RMB'0,000)	Assess value of the transferred asset (RMB'0,000)	Transfer price (RMB'0'000)	Settlement of related party transaction	Gains or losses on transaction (RMB0,000)	Disclosure date	Disclosure index
Shouguang Chenming Guangyuan Real Property Company Limited	Subsidiary of a company invested by Directors and Senior Management of the Company	Equity transfer	Transfer of 90.05% equity interest in Yujing Hotel to Guangyuan Real Property from Shandong Chenming	Assess value	-4,054.23	18,071.76	16,299.28	Cash and notes	20,353.51	23 March 2024	http://www.cninfo.com.cn
Reason for a greater difference between the transfer price and the book value or the assessed value (if any)				The main reason was the property and land appraisal appreciation of Yujing Hotel.							
Effect on the operating results and financial position of the Company				The disposal of Yujing Hotel, a subsidiary, did not affect the normal operations of the Company and the proceeds from the equity disposal replenished the liquidity.							
The performance of the performance targets during the reporting period if any performance targets were involved in the relevant transaction				Nil							

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%	31.63	1,074.35
Weifang Port Wood Chip Wharf Co., Ltd.	Joint venture	Financial support	No	7,555.47	3,500.00	3,500.00	6.00%	191.10	7,746.57
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	Associate	Financial support	No	22,725.27			4.75%	539.07	23,264.34

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.

VI Material Matters

XI. Significant related party transactions (Cont'd)

4. Related creditors' rights and debts transactions (Cont'd)

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	15,475.00	17,410.00	Market interest rate	174.98	11,801.27
Guangdong Nanyue Bank Co., Ltd.	Associate	Borrowing	206,906.00	218,598.00	206,906.00	Market interest rate	2,460.56	218,598.00
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.

VI Material Matters

XII. Material contracts and implementation

1. Custody, contracting and leasing

(1) Custody

Applicable Not applicable

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

(2) Contracting

Applicable Not applicable

In April 2023, Jiangxi Chenming, a subsidiary, acquired equity interest in Jiangxi Port, which was included in the scope of consolidation. The principal activities of Jiangxi Chenming 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 do not have any contracting project during the reporting period that generated profit or loss for the Company representing more than 10% of the Company's total profit 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	First half of 2024
Low-value leases	3,235,879.40
Total	3,235,879.40

VI Material Matters

XII. Material contracts and implementation (Cont'd)

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

(3) Leasing (Cont'd) As a lessor

Where an operating lease is formed:

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

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

Unit: RMB

Item	First half of 2024
Lease income	88,182,141.14

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

Unit: RMB

Year	30 June 2024
Within 1 year after the balance sheet date	174,536,416.38
1 to 2 years after the balance sheet date	165,465,795.09
2 to 3 years after the balance sheet date	167,667,038.24
3 to 4 years after the balance sheet date	161,101,058.01
4 to 5 years after the balance sheet date	162,012,344.71
More than 5 years after the balance sheet date	163,111,818.84
Total	993,894,471.27

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.

VI Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees

√ Applicable □ Not applicable

(1) Guarantees

During the reporting period, the Company provided guarantee to subsidiaries and the guarantee amount incurred was RMB7,426.6000 million. As at 30 June 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 RMB12,752.4198 million, representing 76.69% of the equity attributable to shareholders of the Company as at the end of June 2024.

Unit: RMB'0,000

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	Guarantee to related parties or not
Weifang Port Wood Chip Wharf Co., Ltd.	24 July 2017	17,500.00	20 December 2017	8,500.00	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 Properties	Equity transfer payment of RMB160 million	2 years	No	No
Zhanjiang Dingjin Trading Co., Ltd.	7 December 2022	13,558.19	7 December 2022	13,558.19	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)				83,058.19	

VI Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Guarantees to subsidiaries from the Company							Fulfilled or not	Guarantee to related parties or not
		Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term		
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2022	31,384.03	17 June 2022	31,384.03	General guarantee	Nil	Nil	3 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30 March 2023	349,840.93	2 June 2023	349,840.93	General guarantee	Nil	Nil	3 years	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	28 March 2024	1,070,000.00	15 May 2024	117,464.60	General guarantee	Nil	Nil	1 year	No	No
Shouguang Meilun Paper Co., Ltd.	30 March 2023	69,130.27	12 July 2023	69,130.27	General guarantee	Nil	Nil	1 year	No	No
Shouguang Meilun Paper Co., Ltd.	28 March 2024	500,000.00	27 May 2024	101,919.51	General guarantee	Nil	Nil	1 year	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2022	5,760.00	31 March 2023	5,760.00	General guarantee	Nil	Nil	1.5 years	No	No
Jiangxi Chenming Paper Co., Ltd.	30 March 2023	59,336.21	27 June 2023	59,336.21	General guarantee	Nil	Nil	1.25 years	No	No
Jiangxi Chenming Paper Co., Ltd.	28 March 2024	430,000.00	31 May 2024	74,000.00	General guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30 March 2023	33,500.00	12 July 2023	33,500.00	General guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	28 March 2024	350,000.00	20 May 2024	9,000.00	General guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Paper Technology Co., Ltd.	28 March 2024	470,000.00			General guarantee	Nil	Nil	1 year	No	No
Chenming (HK) Limited	30 March 2023	3,441.73	4 January 2024	3,441.73	General guarantee	Nil	Nil	1 year	No	No
Chenming (HK) Limited	28 March 2024	200,000.00	17 June 2024	1,415.00	General guarantee	Nil	Nil	1 year	No	No
Zhanjiang Chenming Arboriculture Development Co., Ltd.	28 March 2024	30,000.00			General guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Paper Co., Ltd.	30 March 2023	30,000.00	15 December 2023	20,000.00	General guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Paper Co., Ltd.	24 December 2023	50,000.00	29 December 2023	31,114.55	General guarantee	Nil	Nil	1 year	No	No
Jilin Chenming Paper Co., Ltd.	28 March 2024	130,000.00	19 June 2024	1,600.00	General guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Art Paper Co., Ltd.	28 March 2024	20,000.00			General guarantee	Nil	Nil	1 year	No	No
Chenming (Singapore) Co., Ltd.	28 March 2024	50,000.00			General guarantee	Nil	Nil	1 year	No	No

VI Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Guarantees to subsidiaries from the Company								Guarantee to related parties or not
		Amount of guarantee	Guarantee date	Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	
Shandong Chenming Paper Sales Co., Ltd.	30 March 2023	159,277.01	14 August 2023	159,277.01	General guarantee	Nil	Nil	1 year	No	No
Shandong Chenming Paper Sales Co., Ltd.	28 March 2024	350,000.00	23 May 2024	42,000.00	General guarantee	Nil	Nil	1 year	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	30 March 2022	950.00	13 February 2023	950.00	General guarantee	Nil	Nil	3 years	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	30 March 2023	450.00	21 November 2023	450.00	General guarantee	Nil	Nil	1 year	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	28 March 2024	100,000.00	4 June 2024	5,400.00	General guarantee	Nil	Nil	1 year	No	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	19 June 2024	-10,000.00			General guarantee	Nil	Nil	1 year	No	No
Shanghai Heruiming Property Management Co., Ltd.	19 June 2024	10,000.00			General guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Pulp & Fiber Trading Co., Ltd.	30 March 2023	4,000.00	31 August 2023	4,000.00	General guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Pulp & Fiber Trading Co., Ltd.	28 March 2024	30,000.00			General guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Import and Export Trade Co., Ltd.	30 March 2023	14,999.96	21 December 2023	14,999.96	General guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Import and Export Trade Co., Ltd.	28 March 2024	100,000.00			General guarantee	Nil	Nil	1 year	No	No
Hainan Chenming Technology Co., Ltd.	30 March 2023	47,240.00	29 November 2023	47,240.00	General guarantee	Nil	Nil	1 year	No	No
Hainan Chenming Technology Co., Ltd.	28 March 2024	120,000.00	21 May 2024	8,960.00	General guarantee	Nil	Nil	1 year	No	No

VI Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantee provided	Guarantees to subsidiaries from the Company					Guarantee to related parties or not
					Type of guarantee	Collateral	Counter-guarantee	Term	Fulfilled or not	
Chenming (Overseas) Co., Ltd.	28 March 2024	30,000.00			General guarantee	Nil	Nil	1 year	No	No
Nanchang Chenming Arboriculture Development Co., Ltd.	28 March 2024	10,000.00			General guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Papermaking Machine Co., Ltd.	28 March 2024	5,000.00			General guarantee	Nil	Nil	1 year	No	No
Shouguang Hongxiang Printing and Packaging Co., Ltd.	28 March 2024	5,000.00			General guarantee	Nil	Nil	1 year	No	No
Shouguang Hongyi Decorative Packaging Co., Ltd.	28 March 2024	5,000.00			General guarantee	Nil	Nil	1 year	No	No
Shouguang Chenming Modern Logistic Co., Ltd.	28 March 2024	5,000.00			General guarantee	Nil	Nil	1 year	No	No
Foshan Chenming Import and Export Trade Co., Ltd.	28 March 2024	50,000.00			General guarantee	Nil	Nil	1 year	No	No
Shanghai Hongtai Property Management Co., Ltd.	28 March 2024	10,000.00			General guarantee	Nil	Nil	1 year	No	No
Total amount of guarantee provided for subsidiaries approved during the reporting period (B1)					Total amount of guarantee provided for subsidiaries during the reporting period (B2)					742,660.00
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (B3)					Total balance of guarantee provided for subsidiaries as at the end of the reporting period (B4)					1,192,183.79

VI Material Matters

XII. Material contracts and implementation (Cont'd)

2. Significant guarantees (Cont'd)

(1) Guarantees (Cont'd)

Name of obligee	Date of the related announcement disclosing the guarantee amount	Amount of guarantee	Guarantee date	Guarantees between subsidiaries					Fulfilled or not	Guarantee to related parties or not
				Guarantee provided	Type of guarantee	Collateral	Counter-guarantee	Term		
Shouguang Meilun Paper Co., Ltd.	28 March 2024	60,000.00			General guarantee	Nil	Nil	1 year	No	No
Huanggang Chenming Pulp & Paper Co., Ltd.	28 March 2024	20,000.00			General guarantee	Nil	Nil	1 year	No	No
Shouguang Meilun Paper Co., Ltd.	28 March 2024	20,000.00			General guarantee	Nil	Nil	1 year	No	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	28 March 2024	30,000.00			General guarantee	Nil	Nil	1 year	No	No
Total amount of guarantee provided for subsidiaries approved during the reporting period (C1)				130,000.00	Total amount of guarantee provided for subsidiaries during the reporting period (C2)					0.00
Total amount of guarantee provided for subsidiaries approved as at the end of the reporting period (C3)				130,000.00	Total balance of guarantee provided for subsidiaries as at the end of the reporting period (C4)					0.00

Total amount of guarantee provided (i.e. sum of the above three guarantee amount)			
Total amount of guarantee approved during the reporting period (A1+B1+C1)	4,216,000.00	Total amount of guarantee during the reporting period (A2+B2+C2)	758,660.00
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)	5,152,068.32	Total balance of guarantee as at the end of the reporting period (A4+B4+C4)	1,275,241.98
The percentage of total amount of guarantee provided (i.e. A4+B4+C4) to the net assets of the Company			76.69%
Of which:			
Balance of guarantee provided for shareholders, beneficial controllers and its related parties (D)			0.00
Balance of guarantee directly or indirectly provided for obligors with gearing ratio over 70% (E)			461,613.17
Total amount of guarantee provided in excess of 50% of net assets (F)			443,795.53
Sum of the above three amount of guarantee (D+E+F)			905,408.71
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

3. Entrusted wealth management

Applicable Not applicable

4. Other material contracts

Applicable Not applicable

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

VI Material Matters

XIII. Other matters of significance

√ Applicable Not applicable

1. Information disclosure index for 2024 Interim 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 Ten 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 Ten 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

VI Material Matters

XIII. Other matters of significance (Cont'd)

1. Information disclosure index for 2024 Interim Report (Cont'd)

Announcement no.	Subject matter	Date of publication	Publication website and index
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
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

XIV. Matters of significant of subsidiaries of the Company

Applicable Not applicable

VII 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%				2,709,225	2,709,225	39,287,812	1.33%
1. Shares held by other domestic investors	36,578,587	1.24%				2,709,225	2,709,225	39,287,812	1.33%
Including: Shares held by domestic natural persons	36,578,587	1.24%				2,709,225	2,709,225	39,287,812	1.33%
II. Non-restricted shares	2,920,234,613	98.76%				-2,709,225	-2,709,225	2,917,525,388	98.67%
1. RMB ordinary shares	1,685,544,097	57.00%				-2,709,225	-2,709,225	1,682,834,872	56.91%
2. Domestic listed foreign shares	706,385,266	23.89%						706,385,266	23.89%
3. Overseas listed foreign shares	528,305,250	17.87%						528,305,250	17.87%
III. Total number of shares	2,956,813,200	100.00%						2,956,813,200	100.00%

The reasons for such changes

Applicable Not applicable

The Shenzhen Branch of China Securities Depository and Clearing Corporation Limited recalculated the statutory quota of transferable shares for the Directors, Supervisors and Senior Management of the Company this year at 25% on the first trading day of this year based on the shares of the Company registered under the names of its Directors, Supervisors and Senior Management on the last trading day of the previous year, resulting in an increase of 2,709,225 RMB ordinary shares altogether in the locked-up shares of the Senior Management.

Approval of changes in shareholding

Applicable Not applicable

Transfer of shares arising from changes in shareholding

Applicable Not applicable

Progress of share repurchase

Applicable Not applicable

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

Applicable Not applicable

VII Changes in Share Capital and Shareholders

I. Changes in shares (Cont'd)

1. Changes in shares (Cont'd)

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

2. Changes in restricted shares

Applicable Not applicable

Unit: share

Name of shareholder	Restricted shares at the beginning of the period	Restricted shares released during the period	Restricted shares increased during the period	Restricted shares at the end of the period	Reason for restriction	Date of release from restriction
Chen Hongguo	17,310,033		1,500,000	18,810,033	Restricted shares of the participants of the Share Incentive Scheme; locked-up shares of Directors, Supervisors and Senior Management	In accordance with the Share Incentive Scheme (Draft) and relevant requirements for shares held by Directors, Supervisors and Senior Management
Hu Changqing	1,532,143		187,500	1,719,643	Restricted shares of the participants of the Share Incentive Scheme; locked-up shares of Directors, Supervisors and Senior Management	In accordance with the Share Incentive Scheme (Draft) and relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Xingchun	2,250,000		375,000	2,625,000	Restricted shares of the participants of the Share Incentive Scheme; locked-up shares of Directors, Supervisors and Senior Management	In accordance with the Share Incentive Scheme (Draft) and relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Feng	1,579,520		112,500	1,692,020	Restricted shares of the participants of the Share Incentive Scheme; locked-up shares of Directors, Supervisors and Senior Management	In accordance with the Share Incentive Scheme (Draft) and relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Weixian	603,600		117,975	721,575	Restricted shares of the participants of the Share Incentive Scheme; locked-up shares of Directors, Supervisors and Senior Management	In accordance with the Share Incentive Scheme (Draft) and relevant requirements for shares held by Directors, Supervisors and Senior Management

VII Changes in Share Capital and Shareholders

I. Changes in shares (Cont'd)

2. Changes in restricted shares (Cont'd)

Name of shareholder	Restricted shares at the beginning of the period	Restricted shares released during the period	Restricted shares increased during the period	Restricted shares at the end of the period	Reason for restriction	Date of release from restriction
Li Xueqin	1,995,991		225,000	2,220,991	Restricted shares of the participants of the Share Incentive Scheme; locked-up shares of Directors, Supervisors and Senior Management	In accordance with the Share Incentive Scheme (Draft) and relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Zhenzhong	859,800		150,000	1,009,800	Restricted shares of the participants of the Share Incentive Scheme; locked-up shares of Directors, Supervisors and Senior Management	In accordance with the Share Incentive Scheme (Draft) and relevant requirements for shares held by Directors, Supervisors and Senior Management
Li Mingtang	300,000		37,500	337,500	Restricted shares of the participants of the Share Incentive Scheme; locked-up shares of Directors, Supervisors and Senior Management	In accordance with the Share Incentive Scheme (Draft) and relevant requirements for shares held by Directors, Supervisors and Senior Management
Dong Lianming	300,000		37,500	337,500	Restricted shares of the participants of the Share Incentive Scheme; locked-up shares of Directors, Supervisors and Senior Management	In accordance with the Share Incentive Scheme (Draft) and relevant requirements for shares held by Directors, Supervisors and Senior Management
Yuan Xikun	168,525	33,750		134,775	Restricted shares of the participants of the Share Incentive Scheme; locked-up shares of Directors, Supervisors and Senior Management	2 January 2024
Total	26,899,612	33,750	2,742,975	29,608,837	—	—

II. Issuance and listing of securities

Applicable Not applicable

VII Changes in Share Capital and Shareholders

III. Total number of shareholders and shareholdings

Unit: share

Total number of ordinary shareholders as at the end of the reporting period	138,850, of which 118,008 were holders of A shares, 20,519 were holders of B shares and 323 were holders of H shares	Total number of holders of preference shares with restored voting right as at the end of the reporting period	0
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Shareholdings of ordinary shareholders interested in more than 5% or top ten ordinary shareholders (excluding the shares lent under refinancing business)

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of ordinary shares held at the end of the reporting period	Changes (increase or decrease) during the reporting period	Number of restricted ordinary shares held Status of shares	Number of non-restricted ordinary shares held Number	Share pledged, marked or locked-up Status of shares	Number
CHENMING HOLDINGS COMPANY LIMITED	State-owned legal person	15.47%	457,322,919	0	0	457,322,919	Pledged	288,778,200
HKSCC NOMINEES LIMITED	Overseas legal person	12.63%	373,430,775	-30,500	0	373,430,775		
CHENMING HOLDINGS (HONG KONG) LIMITED (Note 1)	Overseas legal person	12.32%	364,131,563	0	0	364,131,563		
Chen Hongguo	Domestic natural person	0.85%	25,080,044	0	18,810,033	6,270,011		
SHANDONG SUN HOLDINGS GROUP CO., LTD.	Domestic non-state-owned legal person	0.84%	24,827,117	-160,000	0	24,827,117		
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED	Overseas legal person	0.72%	21,186,095	213,837	0	21,186,095		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.50%	14,771,945	0	0	14,771,945		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.49%	14,535,446	-316,700	0	14,535,446		
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Overseas legal person	0.42%	12,305,222	1,053,442	0	12,305,222		
Xu Hekun	Domestic natural person	0.23%	6,789,900	550,100	0	6,789,900		
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; A shareholder, Chen Hongguo, is the legal representative and chairman of Chenming Holdings Company Limited. 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								Nil

VII Changes in Share Capital and Shareholders

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

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

Name of shareholder	Class of shares	Number of non-restricted shares held as at the end of the reporting period	Class of shares	Number
CHENMING HOLDINGS COMPANY LIMITED		457,322,919	RMB ordinary shares	457,322,919
HKSCC NOMINEES LIMITED		373,430,775	Overseas listed foreign shares	373,430,775
CHENMING HOLDINGS (HONG KONG) LIMITED (Note 1)		364,131,563	Domestic listed foreign shares Overseas listed foreign shares	210,717,563 153,414,000
SHANDONG SUN HOLDINGS GROUP CO., LTD.		24,827,117	RMB ordinary shares	24,827,117
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED		21,186,095	Domestic listed foreign shares	21,186,095
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND		14,771,945	Domestic listed foreign shares	14,771,945
VANGUARD EMERGING MARKETS STOCK INDEX FUND		14,535,446	Domestic listed foreign shares	14,535,446
HONG KONG SECURITIES CLEARING COMPANY LIMITED		12,305,222	RMB ordinary shares	12,305,222
Xu Hekun		6,789,900	Domestic listed foreign shares	6,789,900
Chen Hongguo		6,270,011	RMB ordinary shares	6,270,011

Related party relationship or acting in concert among the top ten non-restricted ordinary shareholders, and between the top ten non-restricted ordinary shareholders and the top ten ordinary 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. A shareholder, Chen Hongguo, is the legal representative and chairman of Chenming Holdings Company Limited. 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 10 ordinary shareholders

Chenming Holdings Company Limited held 457,322,919 RMB ordinary shares, of which 326,322,919 shares were held through ordinary account and 131,000,000 shares were held through credit guarantee security account;

Shandong Sun Holdings Group Co., Ltd. held 24,827,117 RMB ordinary shares, of which no share was held through ordinary account and 24,827,117 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.

VII Changes in Share Capital and Shareholders

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Yes No

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

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

Applicable Not applicable

There was no change in the shareholding of the Directors, Supervisors and Senior Management of the Company during the reporting period. Please see the 2023 annual report for details.

V. Change of controlling shareholders or beneficial controllers

Change of controlling shareholders during the reporting period

Applicable Not applicable

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

Change of beneficial controllers during the reporting period

Applicable Not applicable

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

VII Changes in Share Capital and Shareholders

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

As at 30 June 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:

Company

Name	Position	Number of shares (A shares) held as at the end of the reporting period (shares)	As a percentage of the total share capital of the Company
Directors			
Chen Hongguo (Note 2)	Chairman	25,080,044	0.85%
Hu Changqing	Executive Director and vice chairman	2,292,857	0.08%
Li Xingchun	Executive Director and vice chairman	3,500,000	0.12%
Li Feng	Executive Director and deputy general manager	2,256,027	0.08%
Li Weixian	Executive Director and general manager	962,100	0.03%
Han Tingde	Non-executive Director	–	–
Li Chuanxuan	Non-executive Director	–	–
Li Zhihui	Independent non-executive Director	–	–
Sun Jianfei	Independent non-executive Director	–	–
Yin Meiqun	Independent non-executive Director	–	–
Yang Biao	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	–	–

Associated corporation(s)

Name	Position	Name of associated corporation(s)	Number of shares held at the beginning of the reporting period (shares)	Change during the period (+/-)	Number of shares held at the end of the reporting period (shares)
Chen Hongguo	Director	Shouguang Henglian Enterprise Investment Co. Ltd. (Note 3)	231,000,000	–	231,000,000

Note 2: Save for the 25,080,044 A shares held personally, Chen Hongguo is deemed to be interested in the 2,961,322 A shares held by his spouse, Li Xueqin.

Note 3: Chen Hongguo and his spouse, Li Xueqin, collectively hold 76.79% equity interests in Shouguang Henglian Enterprise Investment Co. Ltd., (hereinafter referred to as “Shouguang Henglian”). As a result, Shouguang Henglian is deemed to be controlled by Chen Hongguo. Accordingly, the 231,000,000 shares in Chenming Holdings (approximately 18.65% of the total share capital of Chenming Holdings) held by Shouguang Henglian are also deemed to be held by Chen Hongguo.

VII Changes in Share Capital and Shareholders

VI. Securities interests held by Directors, Supervisors and chief executives disclosed in accordance with the Listing Rules of Hong Kong Stock Exchange (Cont'd)

Save as disclosed above, as at 30 June 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 Listing Rules of Hong Kong Stock Exchange.

As at 30 June 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.

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

As at 30 June 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 SFO:

Name	Number of shares held (shares)	Approximate shareholding as a percentage of	
		Total share capital (%)	Class of shares (%)
Chenming Holdings Company Limited	457,322,919 A shares (L)	15.47	26.56
Chenming Holdings (Hong Kong) Limited	210,717,563 B shares (L)	7.13	29.83
Chenming Holdings (Hong Kong) Limited	153,414,000 H shares (L)	5.19	29.04

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

Save as disclosed above, as at 30 June 2024, no other person had interests or short positions in the Company's shares and underlying shares as recorded in the register maintained under section 336 of the SFO.

VIII Preference Shares

Applicable Not applicable

The Company had no preference shares during the reporting period.

IX Bonds

Applicable Not applicable

X Financial Report

I. Auditors' Report

Is the interim report audited

Yes No

The interim financial report is unaudited.

II. Financial Statements

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

1. Consolidated Balance Sheet

Prepared by: Shandong Chenming Paper Holdings Limited

30 June 2024

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	11,386,010,001.55	12,124,832,831.30
Financial assets held for trading	39,197,419.88	46,294,291.71
Bills receivable	674,962,254.15	411,600,000.00
Accounts receivable	2,967,220,987.04	2,528,507,059.83
Accounts receivable financing	22,065,605.03	215,884,249.97
Prepayments	947,491,125.52	825,135,156.21
Other receivables	2,076,983,663.17	2,224,904,557.88
Including: Interest receivable	–	–
Dividend receivable	22,659,149.81	–
Inventories	4,261,634,676.93	4,958,178,000.36
Including: Data resources	–	–
Non-current assets due within one year	3,990,527,056.67	4,161,725,935.75
Other current assets	1,148,814,363.92	1,068,826,944.78
Total current assets	27,514,907,153.86	28,565,889,027.79
NON-CURRENT ASSETS:		
Long-term receivables	557,470,810.47	339,293,533.35
Long-term equity investments	4,649,654,565.49	4,685,199,385.73
Other non-current financial assets	780,077,745.20	781,561,040.57
Investment property	5,945,948,712.41	6,049,242,696.36
Fixed assets	32,030,248,108.24	33,186,248,169.56
Construction in progress	1,099,279,935.62	859,617,965.16
Bearer biological assets	17,962,753.60	17,684,687.36
Right-of-use assets	162,392,245.57	167,815,311.50
Intangible assets	1,954,534,646.07	2,002,360,891.85
Including: Data resources	–	–
Goodwill	8,273,638.42	35,220,543.80
Long-term prepaid expenses	38,127,162.73	39,979,161.49
Deferred income tax assets	1,814,848,473.90	1,689,857,881.49
Other non-current assets	927,555,268.15	1,067,082,657.57
Total non-current assets	49,986,374,065.87	50,921,163,925.79
Total assets	77,501,281,219.73	79,487,052,953.58

X Financial Report

II. Financial Statements (Cont'd)

1. Consolidated Balance Sheet (Cont'd)

Item	Closing balance	Opening balance
CURRENT LIABILITIES:		
Short-term borrowings	30,264,463,843.14	33,475,479,021.62
Bills payable	5,562,384,579.39	4,618,986,463.95
Accounts payable	4,077,198,162.78	3,902,620,870.20
Receipts in advance	14,398,554.70	16,242,921.65
Contract liabilities	1,517,098,339.47	1,443,680,155.62
Employee benefits payable	45,123,764.43	74,337,158.44
Taxes payable	117,268,252.12	99,709,707.56
Other payables	3,257,911,098.58	2,414,752,127.19
Including: Interest payable	—	—
Dividend payable	123,000,000.00	—
Non-current liabilities due within one year	3,446,557,991.71	3,631,937,677.82
Other current liabilities	70,000,000.00	100,000,000.00
Total current liabilities	48,372,404,586.32	49,777,746,104.05
NON-CURRENT LIABILITIES:		
Long-term borrowings	4,824,800,796.90	4,681,014,489.64
Lease liabilities	40,363,786.09	41,987,022.85
Long-term payables	2,279,402,749.15	2,541,095,217.66
Deferred income	1,287,765,254.49	1,337,864,114.70
Deferred income tax liabilities	5,309,034.50	9,490,159.05
Total non-current liabilities	8,437,641,621.13	8,611,451,003.90
Total liabilities	56,810,046,207.45	58,389,197,107.95
OWNERS' EQUITY:		
Share capital	2,956,813,200.00	2,956,813,200.00
Capital reserves	5,250,308,143.66	5,328,790,899.61
Less: Treasury shares	63,432,450.00	63,432,450.00
Other comprehensive income	-880,417,248.35	-864,881,489.08
Special reserves	25,448,968.92	23,322,829.57
Surplus reserves	1,212,009,109.97	1,212,009,109.97
General risk provisions	79,383,656.75	79,370,294.91
Retained profit	8,048,815,645.13	8,020,182,801.55
Total equity attributable to owners of the Company	16,628,929,026.08	16,692,175,196.53
Minority interest	4,062,305,986.20	4,405,680,649.10
Total owners' equity	20,691,235,012.28	21,097,855,845.63
Total liabilities and owners' equity	77,501,281,219.73	79,487,052,953.58

Legal Representative:
Chen Hongguo

Financial controller:
Dong Lianming

Head of the financial department:
Zhang Bo

X Financial Report

II. Financial Statements (Cont'd)

2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	3,742,119,283.91	4,421,608,897.40
Bills receivable	1,321,153,335.77	3,024,868,267.23
Accounts receivable	596,472,975.92	28,216,771.01
Prepayments	796,610,369.65	476,746,114.74
Other receivables	8,434,729,619.19	9,237,241,240.86
Including: Interest receivable	—	—
Dividend receivable	—	—
Inventories	458,644,458.00	554,028,121.69
Including: Data resources	—	—
Non-current assets due within one year	11,999,841.81	3,428,684.19
Other current assets	60,160,557.12	62,834,527.02
Total current assets	15,421,890,441.37	17,808,972,624.14
NON-CURRENT ASSETS:		
Long-term receivables	—	12,485,720.05
Long-term equity investments	18,350,419,572.99	18,298,999,830.51
Other non-current financial assets	120,978,728.82	122,462,024.19
Fixed assets	3,309,104,120.55	3,415,454,701.17
Construction in progress	68,141,078.94	38,707,761.30
Intangible assets	469,179,017.08	476,297,197.96
Including: Data resources	—	—
Deferred income tax assets	595,834,951.98	571,194,789.79
Other non-current assets	12,692,260.70	12,692,260.70
Total non-current assets	22,926,349,731.06	22,948,294,285.67
Total assets	38,348,240,172.43	40,757,266,909.81
CURRENT LIABILITIES:		
Short-term borrowings	10,214,591,919.09	13,172,491,176.11
Bills payable	7,054,959,474.13	6,699,118,643.16
Accounts payable	1,767,901,706.21	1,817,323,321.03
Contract liabilities	447,913,981.07	1,454,807,158.83
Employee benefits payable	24,946,017.66	38,778,024.93
Taxes payable	11,430,805.78	9,022,105.28
Other payables	698,141,854.70	1,412,965,873.90
Including: Interest payable	—	—
Dividend payable	—	—
Non-current liabilities due within one year	1,619,986,231.69	734,311,029.42
Total current liabilities	21,839,871,990.33	25,338,817,332.66

X Financial Report

II. Financial Statements (Cont'd)

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

Item	Closing balance	Opening balance
NON-CURRENT LIABILITIES:	–	–
Long-term borrowings	879,554,888.89	1,795,000,000.00
Long-term payables	3,274,187,773.93	1,281,983,636.99
Deferred income	30,670,590.28	31,530,836.20
Total non-current liabilities	4,184,413,253.10	3,108,514,473.19
Total liabilities	26,024,285,243.43	28,447,331,805.85
OWNERS' EQUITY:	–	–
Share capital	2,956,813,200.00	2,956,813,200.00
Capital reserves	5,073,338,869.19	5,073,338,869.19
Less: Treasury shares	63,432,450.00	63,432,450.00
Special reserves	6,008,954.43	4,612,641.99
Surplus reserves	1,199,819,528.06	1,199,819,528.06
Retained profit	3,151,406,827.32	3,138,783,314.72
Total owners' equity	12,323,954,929.00	12,309,935,103.96
Total liabilities and owners' equity	38,348,240,172.43	40,757,266,909.81

X Financial Report

II. Financial Statements (Cont'd)

3. Consolidated Income Statement

Unit: RMB

Item	First half of 2024	First half of 2023
I. Total revenue	13,884,731,519.04	12,564,962,781.31
Including: Revenue	13,884,731,519.04	12,564,962,781.31
II. Total operating costs	14,187,361,954.59	13,439,844,164.10
Including: Operating costs	12,185,505,709.00	11,496,731,662.58
Taxes and surcharges	116,747,402.65	105,817,810.49
Sales and distribution expenses	99,303,831.21	106,666,717.54
General and administrative expenses	317,435,416.15	328,296,224.86
Research and development expense	611,914,096.41	552,804,828.58
Finance expenses	856,455,499.17	849,526,920.05
Including: Interest expenses	854,610,967.90	856,872,614.18
Interest income	104,024,655.22	94,532,686.92
Add: Other income	159,945,128.64	108,155,697.19
Investment income ("-" denotes loss)	181,332,096.11	-42,756,726.88
Including: Investment income from associates and joint ventures	-38,682,172.19	23,934,269.81
Gains on derecognition of financial assets measured at amortised cost	-23,412,008.23	-67,175,214.10
Gain on change in fair value ("-" denotes loss)	-2,221,596.44	-19,815,797.83
Credit impairment loss ("-" denotes loss)	-124,386,619.66	-43,081,750.88
Loss on impairment of assets ("-" denotes loss)	-3,041,427.75	-43,314,485.76
Gain on disposal of assets ("-" denotes loss)	19,222,812.60	11,759,266.91
III. Operating profit ("-" denotes loss)	-71,780,042.05	-903,935,180.04
Add: Non-operating income	2,751,486.93	940,805.30
Less: Non-operating expenses	1,013,551.00	3,138,190.06
IV. Total profit ("-" denotes total loss)	-70,042,106.12	-906,132,564.80
Less: Income tax expenses	-96,400,954.34	-211,491,182.14
V. Net profit ("-" denotes net loss)	26,358,848.22	-694,641,382.66
(i) Classification according to the continuity of operation		
1. Net profit from continuing operations ("-" denotes net loss)	26,358,848.22	-694,641,382.66
2. Net profit from discontinued operations ("-" denotes net loss)	-	-
(ii) Classification according to ownership		
1. Net profit attributable to shareholders of the Company ("-" denotes net loss)	28,646,205.42	-688,080,164.10
2. Profit or loss of minority interest ("-" denotes net loss)	-2,287,357.20	-6,561,218.56
VI. Net other comprehensive income after tax	-15,535,759.27	-85,733,908.54
Net other comprehensive income after tax attributable to owners of the Company	-15,535,759.27	-85,733,908.54
(i) Other comprehensive income that cannot be reclassified to profit and loss	-	-
(ii) Other comprehensive income that will be reclassified to profit and loss	-15,535,759.27	-85,733,908.54
1. Exchange differences arising from translation of financial statements denominated in foreign currencies	-19,208,272.66	-88,339,013.66
2. Other comprehensive income that may be reclassified to profit and loss under the equity method	3,672,513.39	2,605,105.12
Other comprehensive income, net of tax attributable to minority interest	-	-

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II. Financial Statements (Cont'd)

3. Consolidated Income Statement (Cont'd)

Item	First half of 2024	First half of 2023
VII. Total comprehensive income	10,823,088.95	-780,375,291.20
Total comprehensive income attributable to owners of the Company	13,110,446.15	-773,814,072.64
Total comprehensive income attributable to minority interest	-2,287,357.20	-6,561,218.56
VIII. Earnings per share:		
(i) Basic earnings per share	0.01	-0.25
(ii) Diluted earnings per share	0.01	-0.25

Legal Representative:
Chen Hongguo

Financial controller:
Dong Lianming

Head of the financial department:
Zhang Bo

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II. Financial Statements (Cont'd)

4. Income statement of the Company

Unit: RMB

Item	First half of 2024	First half of 2023
I. Revenue	4,405,643,431.81	3,904,584,964.10
Less: Operating costs	4,045,995,379.91	3,746,877,337.08
Taxes and surcharges	24,633,366.92	19,988,361.19
Sales and distribution expenses	4,006,101.04	4,148,207.41
General and administrative expenses	87,291,113.29	51,547,136.68
Research and development expense	125,852,983.90	117,941,892.00
Finance expenses	122,304,383.31	125,869,235.74
Including: Interest expenses	215,154,909.24	245,995,158.97
Interest income	151,576,285.23	212,850,374.32
Add: Other income	29,945,854.40	13,833,015.46
Investment income ("-" denotes loss)	-54,484,706.48	55,178,952.64
Including: Investment income from associates and joint ventures	-36,830,257.52	-2,829,947.39
Gains on derecognition of financial assets measured at amortised cost ("-" denotes loss)	-10,845,725.80	-22,621,312.74
Gain on change in fair value ("-" denotes loss)		
Credit impairment loss ("-" denotes loss)	-1,228,938.13	-6,264,582.46
Loss on impairment of assets ("-" denotes loss)	-673,567.00	
Gain on disposal of assets ("-" denotes loss)	18,393,499.78	9,745,045.43
II. Operating profit ("-" denotes loss)	-12,487,753.99	-89,294,774.93
Add: Non-operating income	1,065,964.61	451,184.77
Less: Non-operating expenses	594,860.21	1,912,008.53
III. Total profit ("-" denotes total loss)	-12,016,649.59	-90,755,598.69
Less: Income tax expenses	-24,640,162.19	-41,697,391.77
IV. Net profit ("-" denotes net loss)	12,623,512.60	-49,058,206.92
(i) Net profit from continuing operations ("-" denotes net loss)	12,623,512.60	-49,058,206.92
(ii) Net profit from discontinued operations ("-" denotes net loss)	-	-
V. Total comprehensive income	12,623,512.60	-49,058,206.92

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II. Financial Statements (Cont'd)

5. Consolidated cash flow statement

Unit: RMB

Item	First half of 2024	First half of 2023
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	14,231,647,331.45	12,654,981,362.62
Tax rebates received	8,107,525.70	109,519,774.17
Cash received relating to other operating activities	150,658,134.92	880,312,282.56
Subtotal of cash inflows from operating activities	14,390,412,992.07	13,644,813,419.35
Cash paid for goods and services	10,553,832,290.81	9,962,778,364.17
Cash paid to and for employees	657,515,276.65	667,506,780.80
Payments of taxes and surcharges	242,371,386.74	428,775,626.59
Cash paid relating to other operating activities	944,194,644.80	802,664,900.20
Subtotal of cash outflows from operating activities	12,397,913,599.00	11,861,725,671.76
Net cash flows from operating activities	1,992,499,393.07	1,783,087,747.59
II. Cash flows from investing activities:		
Cash received from investments	1,483,295.37	6,376,301.89
Cash received from investment income	1,298,463.59	1,730,212.77
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	14,657,469.09	147,784,119.60
Net cash received from disposal of subsidiaries and other business units	610,107,490.67	–
Subtotal of cash inflows from investing activities	627,546,718.72	155,890,634.26
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	56,241,530.58	104,455,019.88
Net cash paid for acquisition of subsidiaries and other business units	–	4,934,751.03
Subtotal of cash outflows from investing activities	56,241,530.58	109,389,770.91
Net cash flows from investing activities	571,305,188.14	46,500,863.35

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II. Financial Statements (Cont'd)

5. Consolidated cash flow statement (Cont'd)

Item	First half of 2024	First half of 2023
III. Cash flows from financing activities:		
Cash received from borrowings	15,651,271,993.47	17,765,551,073.77
Cash received relating to other financing activities	1,852,785,703.00	1,128,264,589.15
Subtotal of cash inflows from financing activities	17,504,057,696.47	18,893,815,662.92
Cash repayments of amounts borrowed	17,359,068,511.55	18,186,471,433.20
Cash paid for dividend and profit distribution or interest payment	905,617,475.65	853,357,265.46
Including: Dividend and profit paid by subsidiaries to minority shareholders	–	9,419,178.08
Cash paid relating to other financing activities	1,787,061,193.13	1,942,169,772.07
Subtotal of cash outflows from financing activities	20,051,747,180.33	20,981,998,470.73
Net cash flows from financing activities	-2,547,689,483.86	-2,088,182,807.81
IV. Effect of foreign exchange rate changes on cash and cash equivalents	22,481,244.59	-58,096,458.38
V. Net increase in cash and cash equivalents	38,596,341.94	-316,690,655.25
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	802,830,084.55	1,842,769,494.26

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II. Financial Statements (Cont'd)

6. Cash flow statement of the Company

Unit: RMB

Item	First half of 2024	First half of 2023
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	4,389,348,030.24	3,929,585,126.95
Tax rebates received	–	10,186,261.55
Cash received relating to other operating activities	159,626,585.94	244,461,863.48
Subtotal of cash inflows from operating activities	4,548,974,616.18	4,184,233,251.98
Cash paid for goods and services	3,833,931,092.64	3,646,421,670.77
Cash paid to and for employees	152,875,362.26	159,974,284.62
Payments of taxes and surcharges	23,260,283.18	23,767,270.65
Cash paid relating to other operating activities	185,450,974.46	222,463,991.65
Subtotal of cash outflows from operating activities	4,195,517,712.54	4,052,627,217.69
Net cash flows from operating activities	353,456,903.64	131,606,034.29
II. Cash flows from investing activities:		
Cash received from investments	488,776,095.37	6,376,301.89
Cash received from investment income	110,698,463.59	81,730,212.77
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	14,521,469.09	40,443,619.60
Subtotal of cash inflows from investing activities	613,996,028.05	128,550,134.26
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	5,342,093.92	19,406,565.34
Subtotal of cash outflows from investing activities	5,342,093.92	19,406,565.34
Net cash flows from investing activities	608,653,934.13	109,143,568.92

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II. Financial Statements (Cont'd)

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

Item	First half of 2024	First half of 2023
III. Cash flows from financing activities:		
Cash received from borrowings	10,107,406,194.25	10,014,688,564.21
Cash received relating to other financing activities	757,331,971.66	1,362,715,891.06
Subtotal of cash inflows from financing activities	10,864,738,165.91	11,377,404,455.27
Cash repayments of amounts borrowed	11,078,908,500.08	10,389,789,485.97
Cash paid for dividend and profit distribution or interest payment	207,045,676.09	242,860,355.63
Cash paid relating to other financing activities	464,307,395.90	438,804,497.05
Subtotal of cash outflows from financing activities	11,750,261,572.07	11,071,454,338.65
Net cash flows from financing activities	-885,523,406.16	305,950,116.62
IV. Effect of foreign exchange rate changes on cash and cash equivalents	1,254,926.56	-3,138,503.82
V. Net increase in cash and cash equivalents	77,842,358.17	543,561,216.01
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	428,629,197.57	777,533,165.00

II. Financial Statements (Cont'd)

7. Consolidated statement of changes in owners' equity

Amount for the period

Unit: RMB

Item	Equity attributable to owners of the Company										Total owners' equity			
	Share capital	Preference shares	Other equity instruments	Capital reserves	Treasury shares	Less: 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	2,956,013,200.00	-	-	5,328,790,089.61	63,432,450.00	-864,881,489.08	23,322,898.57	1,212,009,109.97	79,370,294.91	8,020,182,801.55	-	16,632,715,195.53	4,405,880,649.10	21,097,855,845.63
II. Balance as at the beginning of the year	2,956,013,200.00	-	-	5,328,790,089.61	63,432,450.00	-864,881,489.08	23,322,898.57	1,212,009,109.97	79,370,294.91	8,020,182,801.55	-	16,632,715,195.53	4,405,880,649.10	21,097,855,845.63
III. Changes in the period ("-" denotes decrease)	-	-	-	-78,482,755.95	-	-15,535,793.27	2,126,139.35	-	13,361.84	28,632,843.58	-	-63,246,170.45	-343,374,682.90	-406,620,833.35
(i) Total comprehensive income	-	-	-	-	-	-15,535,793.27	-	-	-	28,632,843.58	-	13,110,446.15	-2,287,357.20	10,823,088.95
(ii) Capital paid in and reduced by owners	-	-	-	-78,482,755.95	-	-	-	-	-	-	-	-78,482,755.95	-290,042,380.45	-368,525,136.40
1. Ordinary shares paid by owners	-	-	-	-	-	-	-	-	-	-	-	-	-290,042,380.45	-290,042,380.45
2. Others	-	-	-	-78,482,755.95	-	-	-	-	-	-	-	-78,482,755.95	-	-78,482,755.95
(iii) Profit distribution	-	-	-	-	-	-	-	-	13,361.84	-13,361.84	-	-	-123,000,000.00	-123,000,000.00
1. Transfer to general risk provisions	-	-	-	-	-	-	-	-	13,361.84	-13,361.84	-	-	-	-
2. Distribution to owners (for shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-123,000,000.00	-123,000,000.00
(iv) Transfer within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	71,955,074.75	71,955,074.75
1. Others	-	-	-	-	-	-	-	-	-	-	-	-	71,955,074.75	71,955,074.75
(v) Special reserves	-	-	-	-	-	-	2,126,139.35	-	-	-	-	2,126,139.35	-	2,126,139.35
1. Withdrawn in the period	-	-	-	-	-	-	5,053,378.02	-	-	-	-	5,053,378.02	-	5,053,378.02
2. Used in the period	-	-	-	-	-	-	-2,927,238.67	-	-	-	-	-2,927,238.67	-	-2,927,238.67
IV. Balance as at the end of the period	2,956,013,200.00	-	-	5,250,308,143.66	63,432,450.00	-880,417,248.35	25,449,038.92	1,212,009,109.97	79,383,656.75	8,048,815,645.13	-	16,628,929,026.08	4,082,395,988.20	20,891,235,012.28

II. Financial Statements (Cont'd)

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

Amounts for the prior year

Unit: RMB

Item	First half of 2023														
	Share capital	Preference shares	Other equity instruments	Capital reserves	Treasury shares	Less: comprehensive income	Other comprehensive income	Special reserves	Surplus reserves	General risk provisions	Retained profit	Others	Subtotal	Minority interest	Total owners' equity
I. Balance as at the end of the prior year	2,979,742,200.00	-	866,000,000.00	-	5,361,200,822.29	128,780,100.00	-821,940,894.57	15,791,710.85	1,212,009,109.97	79,900,288.71	9,800,642,477.57	-	-19,084,566,494.92	4,643,888,325.69	23,728,253,820.61
II. Balance as at the beginning of the year	2,979,742,200.00	-	866,000,000.00	-	5,361,200,822.29	128,780,100.00	-821,940,894.57	15,791,710.85	1,212,009,109.97	79,900,288.71	9,800,642,477.57	-	-19,084,566,494.92	4,643,888,325.69	23,728,253,820.61
III. Changes in the period ("-" denotes decrease)	-	-	-	-27,467,821.92	-	-	-84,733,900.54	4,123,023.54	-	-	-688,000,164.10	-	-797,138,571.02	-15,980,396.64	-813,138,967.66
(i) Total comprehensive income	-	-	-	-	-	-	-84,733,900.54	-	-	-	-688,000,164.10	-	-773,814,072.64	-6,561,218.56	-780,375,291.20
(ii) Capital paid in and reduced by owners	-	-	-	-27,467,821.92	-	-	-	-	-	-	-	-	-27,467,821.92	-	-27,467,821.92
1. Amount of share-based payments recognized in owners' equity	-	-	-	-27,467,821.92	-	-	-	-	-	-	-	-	-27,467,821.92	-	-27,467,821.92
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-9,419,178.08	-9,419,178.08
1. Distribution to shareholders (or owners)	-	-	-	-	-	-	-	-	-	-	-	-	-	-9,419,178.08	-9,419,178.08
(iv) Special reserves	-	-	-	-	-	-	-	4,123,023.54	-	-	-	-	4,123,023.54	-	4,123,023.54
1. Withdrawn in the period	-	-	-	-	-	-	-	13,373,517.00	-	-	-	-	13,373,517.00	-	13,373,517.00
2. Used in the period (denotes in "-")	-	-	-	-	-	-	-	-9,250,493.46	-	-	-	-	-9,250,493.46	-	-9,250,493.46
IV. Balance as at the end of the period	2,979,742,200.00	-	866,000,000.00	-	5,333,733,000.37	128,780,100.00	-907,674,803.11	19,914,734.49	1,212,009,109.97	79,900,288.71	8,702,562,313.47	-	-18,287,406,923.90	4,627,707,929.05	22,915,114,862.95

II. Financial Statements (Cont'd)

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

Amount for the period

Unit: RMB

Item	First half of 2024							Total owners' equity		
	Share capital	Preference shares	Other equity instruments	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves		Retained profit	Others
I. Balance as at the end of the prior year	2,956,813,200.00	-	-	63,432,450.00	-	4,612,641.99	1,199,819,528.06	3,188,783,314.72	-	12,309,935,103.96
II. Balance as at the beginning of the year	2,956,813,200.00	-	-	63,432,450.00	-	4,612,641.99	1,199,819,528.06	3,188,783,314.72	-	12,309,935,103.96
III. Changes in the period ("-" denotes decrease)	-	-	-	-	-	1,396,312.44	-	12,623,512.60	-	14,019,825.04
(i) Total comprehensive income	-	-	-	-	-	-	-	12,623,512.60	-	12,623,512.60
(ii) Special reserves	-	-	-	-	-	1,396,312.44	-	-	-	1,396,312.44
1. Withdrawn in the period	-	-	-	-	-	1,396,312.44	-	-	-	1,396,312.44
IV. Balance as at the end of the period	2,956,813,200.00	-	-	63,432,450.00	-	6,008,954.43	1,199,819,528.06	3,151,406,827.32	-	12,323,954,929.00

II. Financial Statements (Cont'd)

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

Amounts for the prior year

Unit: RMB

Item	Other equity instruments							First half of 2023				Total owners' equity
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserves	Treasury shares	Less: comprehensive income	Other comprehensive income	Special reserves	Surplus reserves	Retained profit	
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	-	13,318,007,078.48
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	-	13,318,007,078.48
III. Changes in the period ("-" denotes decrease)	-	-	-	-	-27,467,521.92	-	-	1,261,601.44	-	-65,980,906.92	-	-92,186,827.40
(i) Total comprehensive income	-	-	-	-	-	-	-	-	-	-65,980,906.92	-	-65,980,906.92
(ii) Capital paid in and reduced by owners	-	-	-	-	-27,467,521.92	-	-	-	-	-	-	-27,467,521.92
1. Amount of share-based payments recognised in owners' equity	-	-	-	-	-27,467,521.92	-	-	-	-	-	-	-27,467,521.92
(iv) Special reserves	-	-	-	-	-	-	-	1,261,601.44	-	-	-	1,261,601.44
1. Withdrawn in the period	-	-	-	-	-	-	-	1,261,601.44	-	-	-	1,261,601.44
2. Used in the period	-	-	-	-	-	-	-	-23,300.97	-	-	-	-23,300.97
IV. Balance as at the end of the period	2,979,742,200.00	-	996,000,000.00	-	5,119,757,519.19	128,780,100.00	-	3,327,739.59	1,199,819,528.06	3,055,953,364.24	-	13,225,820,251.08

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III. Company overview

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

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

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

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

As at 30 June 2024, the total share capital of the Company was 2,956,813,200 shares. For details, please refer to Note VII. 39.

Principal business activities: the Company is principally engaged in, among other things, processing and sale of paper products (including machine-made paper and paper board), 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 tenth meeting of the tenth session of the board of directors of the Company (the “Board”) on 14 August 2024.

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IV. Basis of Preparation of the Financial Statements

1. Basis of preparation

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

The financial statements are presented on a going concern.

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

2. Going concern

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

V. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates are indicated as follows:

The Company and its subsidiaries are principally engaged in machine-made paper, electricity and steam, construction materials, paper making chemical products, processing of moulds, hotel management and other operations. The Company and its subsidiaries formulated certain specific accounting policies and accounting estimates for the transactions and matters such as revenue recognition, determination of performance progress and R&D expenses based on their actual production and operation characteristics pursuant to the requirements under the relevant ASBEs. For details, please refer to this Note V. 30 “Revenue”. For the critical accounting judgments and estimates made by the management, please refer to Note V. 40 “Changes in significant accounting policies and accounting estimates”.

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

These financial statements have been prepared in conformity with the ASBEs, which truly and fully reflect the financial position of the consolidated entity and the Company as at 30 June 2024 and relevant information such as the operating results and cash flows of the consolidated entity and the Company for the first half of 2024.

2. Accounting period

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

3. Operating cycle

The operating cycle of the Company lasts for 12 months.

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

4. Functional currency

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

5. Determination method and selection basis of importance standards

Item	Importance standards
Significant accounts receivable with single provision for bad debt 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

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

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

(1) Business combination under common control

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

Business combinations involving entities under common control and achieved in stages

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

(2) Business combination not under common control

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

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

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

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

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

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

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

(3) Transaction fees attribution during business combination

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

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

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.

(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

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

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

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

(1) Joint operations

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

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

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

(2) Joint ventures

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

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

9. Standards for recognising cash and cash equivalents

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

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

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

(1) Foreign currency operations

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

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

(2) Translation of financial statements denominated in foreign currency

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

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

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

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

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

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

11. Financial instruments

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

(1) Recognition and derecognition of financial instruments

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

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

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

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

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

(2) Classification and measurement of financial assets

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

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

Financial assets measured at amortised cost

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

The Company's business model for managing such financial assets is to collect contractual cash flows;

The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

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

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

11. Financial instruments (Cont'd)

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

Financial assets measured at fair value through other comprehensive income

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

The Company's business model for managing such financial assets is achieved both by collecting collect contractual cash flows and selling such financial assets;

The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets measured at fair value through profit or loss

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

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

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

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

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

11. Financial instruments (Cont'd)

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

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

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

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.

(3) Classification and measurement of financial liabilities

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

Financial liabilities measured at fair value through profit or loss

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

Financial liabilities measured at amortised cost

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

Classification between financial liabilities and equity instruments

A financial liability is a liability if:

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

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

11. Financial instruments (Cont'd)

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

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

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

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

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

(4) Fair value of financial instruments

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

(5) Impairment of financial assets

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

Financial assets measured at amortised cost;

Receivables and investment in debt instruments measured at fair value through other comprehensive income;

Contract assets as defined in the Accounting Standards for Business Enterprises No. 14 – Revenue;

Lease receivables;

Financial guarantee contracts (except those measured at fair value through profit or loss or formed by continuing involvement of transferred financial assets or the transfer does not qualify for derecognition).

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

11. Financial instruments (Cont'd)

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

Measurement of ECLs

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

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

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

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

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

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

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

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

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

11. Financial instruments (Cont'd)

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

Bills receivable and accounts receivable

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

When the Company is unable to assess the information of ECLs for an individual financial asset at a reasonable cost, it classifies bills receivable and accounts 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. Bills receivable

Bills receivable portfolio 1: Bank acceptance bills

Bills receivable portfolio 2: Commercial acceptance bills

B. Accounts receivable

Accounts receivable portfolio 1: Due from related party customers

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

Accounts receivable portfolio 3: Factoring receivables

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

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

Other receivables

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

Other receivables portfolio 1: Amount due from government authorities

Other receivables portfolio 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.

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

11. Financial instruments (Cont'd)

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

Long-term receivables

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

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

A. Finance lease receivables

Finance lease receivables portfolio 1: Receivables not past due

Finance lease receivables portfolio 2: Overdue receivables

B. Other long-term receivables

Other long-term receivables portfolio 1: Deposits receivable

Other long-term receivables portfolio 2: Other receivables

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

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

Debt investments and other debt investments

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

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

11. Financial instruments (Cont'd)

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

Assessment of significant increase in credit risk

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

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

The debtor's failure to make payments of principal and interest on their contractually due dates;

An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any);

An actual or expected significant deterioration in the operating results of the debtor;

Existing or expected changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

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

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

Credit-impaired financial assets

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

Significant financial difficulty of the issuer or debtor;

A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;

For economic or contractual reasons relating to the debtor's financial difficulty, the Company having granted to the debtor a concession that would not otherwise consider;

It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

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

11. Financial instruments (Cont'd)

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

Presentation of provisions for ECLs

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

Write-offs

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

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

(6) Transfer of financial assets

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

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

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

(7) Offset of financial assets and financial liabilities

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

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

12. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

13. Inventories

(1) Classification of inventories

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

(2) Pricing of inventories dispatched

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

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

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

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

13. Inventories (Cont'd)

(3) Recognition of and provision for inventory impairment

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

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

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

At the balance sheet date, in case the factors causing inventory impairment no longer exists, the original provision for inventory impairment shall be reversed.

(4) Inventory stock taking system

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

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

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

Packaging materials for turnover are amortised when issued for use.

14. Long-term equity investments

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

(1) Determination of initial investment cost

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. Investment property

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

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

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

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

16. Fixed assets

(1) Conditions for recognition

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

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

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

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

(2) Depreciation method

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	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.

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

16. Fixed assets (Cont'd)

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

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

(5) Disposal of fixed assets

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

The Company regards the fixed assets that have been replaced due to technological transformation or elimination of outdated production capacity and have no subsequent plan for use, but have not reached the retirement standard, as idle fixed assets. The depreciation method for idle fixed assets remains unchanged from before it was idle.

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.

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

19. Borrowing costs

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

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

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

(2) Capitalisation period of borrowing costs

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

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

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

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

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

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

20. Biological assets

(1) Standards for recognising 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%

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.

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

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

21. Intangible assets

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

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

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

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

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

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

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

22. R&D expenses

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

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

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

23. Asset impairment

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

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

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

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

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

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

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

24. Long-term prepaid expenses

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

25. Contract liabilities

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

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

26. Employee benefits

(1) Scope of employee benefits

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

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

(2) Short-term staff remuneration

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

(3) Post-employment benefits

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

Defined contribution plans

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

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

Defined benefit plans

For defined benefit plans, the actuarial valuation is carried out by an independent actuary on the annual balance sheet date, and the cost of providing benefits is determined by the expected cumulative benefit unit method. The cost of staff remuneration arising from the Company's defined benefit plans includes the following components:

- ① Service cost, including current service cost, past service cost, and settlement gain or loss. In particular, the current service cost refers to the increase in the present value of obligations of defined benefit plans arising from the service provided by staff in the current period; the past service cost refers to the increase or decrease in the present value of obligations of defined benefit plans related to the service of the staff in the previous period arising from the revision of defined benefit plans.
- ② Net interest on net liabilities or net assets of defined benefit plans, including interest income from the assets under the plans, interest expense arising from the obligations of defined benefit plans, and interest affected by asset caps.
- ③ Changes arising from the remeasurement of net liabilities or net assets of defined benefit plans.

Unless other accounting standards require or allow costs of staff welfare to be included in costs of assets, the Company will include the above items ① and ② in the current profit and loss; and include item ③ in other comprehensive income which will not be transferred back to profit or loss in subsequent accounting periods. When the original defined benefit plan is terminated, all the part originally included in other comprehensive income shall be transferred to retained profit within the scope of equity.

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

26. Employee benefits (Cont'd)

(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.

(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 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.

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

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.

(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.

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

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

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

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.

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

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.

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

30. Revenue

(1) General principles

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

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

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

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

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

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

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

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

30. Revenue (Cont'd)

(2) Specific methods

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

Sales of goods

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

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

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

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

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

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

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

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

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

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

30. Revenue (Cont'd)

(2) Specific methods (Cont'd)

Provision of hotel and property services

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

Provision of financial leasing and factoring services

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

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

There are two cases for financial assets with credit impairment:

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

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

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

31. Contract costs

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

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

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

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

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

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

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

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

32. Government grants

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

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

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

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

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

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

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

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

33. Deferred income tax assets/deferred income tax liabilities

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

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

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

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

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

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

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

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

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

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

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

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

34. Lease

(1) Identification of leases

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

(2) The Company as lessee

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

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

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

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

34. Lease (Cont'd)

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

Short-term lease

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

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

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

Low-value equipment

Transportation vehicles

Low-value asset lease

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

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

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

Lease modification

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

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

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

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

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

34. Lease (Cont'd)

(3) The Company as lessor

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

Finance leases

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

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

Operating lease

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

Lease modification

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

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

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

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

34. Lease (Cont'd)

(4) Sublease

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

(5) Sale and leaseback

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

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

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

35. Right-of-use assets

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

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

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

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

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

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

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

36. Production safety expenses and maintenance costs

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

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

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

37. Repurchase of shares

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

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

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

38. Debt restructuring

(1) The Company as the debtor

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

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

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

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

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

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

38. Debt restructuring (Cont'd)

(2) The Company as the creditor

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

If debt restructuring is carried out by repaying debts with assets, the Company shall initially recognise assets other than the transferred financial assets at cost. In particular, the cost of inventories includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, insurance and other costs, for bringing the assets to the current position and condition; the cost of investment in associates or joint ventures includes the fair value of the debt receivable and any directly attributable 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.

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

39. Critical accounting judgments and estimates

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

Classification of financial assets

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

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

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

Measurement of the ECLs of accounts receivable

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

Measurement of past due credit losses on finance lease receivables

The Company calculates the ECLs of 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 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.

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

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

Impairment of goodwill

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

Impairment of inventories

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

Impairment of fixed assets and long-term equity investments

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

40. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

There were no changes in the significant accounting policies of the Company during the year.

(2) Changes in significant accounting estimates

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

(3) Adjustments to relevant items at the beginning of the year in the financial statements arising from the first-time adoption of new accounting standards in 2024

Applicable Not applicable

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VI. Taxation

1. Main tax types and tax rates

Tax type	Tax base	Tax rate
Value added tax (VAT)	VAT payable (VAT payable is calculated by multiplying taxable sales amount by the applicable tax rate less current deductible input VAT)	13/9/6
Property tax	Rental income and property price	1.2/12
Urban maintenance and construction tax	Actual turnover tax paid	7
Enterprise income tax (EIT)	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
Shouguang Shun Da Customs Declaration Co., Ltd.	20
Zhanjiang Chenming Arboriculture Development Co., Ltd.	Exempt from EIT
Nanchang Chenming Arboriculture Development Co., Ltd.	Exempt from EIT
Chenming Arboriculture Co., Ltd.	Exempt from EIT
Yangjiang Chenming Arboriculture Development Co., Ltd.	Exempt from EIT

2. Tax incentives

(1) Enterprise income tax

On 15 December 2021, the Company received a high and new technology enterprise certificate with a certification number of GR202137005666. 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 2021 to 2023.

Shouguang Meilun Paper Co., Ltd., a subsidiary of the Company, received a high and new technology enterprise certificate with a certification number of GR202137005468 on 15 December 2021. 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 2021 to 2023.

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VI. Taxation (Cont'd)

2. Tax incentives (Cont'd)

(1) Enterprise income tax (Cont'd)

Jilin Chenming Paper Co., Ltd., a subsidiary of the Company, 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.

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 GR202144001212 on 20 December 2021. 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 2021 to 2023.

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

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

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

VII. Notes to Items of the Consolidated Financial Statements

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Treasury cash	4,129,836.09	3,674,805.36
Bank deposit	798,700,248.46	760,558,937.25
Other monetary funds	10,543,555,422.05	11,321,241,125.05
Interest accrued on deposits	39,624,494.95	39,357,963.64
Total	11,386,010,001.55	12,124,832,831.30
Of which: Total deposits in overseas banks	214,470,161.75	261,470,228.68

Other explanations:

- ① Other monetary funds of RMB7,492,911,199.09 were the guarantee deposit for the application for acceptance bills by the Company;
- ② Other monetary funds of RMB2,598,772,139.21 were the guarantee deposit for the application for letter of credit with the banks by the Company;
- ③ Other monetary funds of RMB408,529,872.18 were the guarantee deposit for the application for loans with the banks by the Company;
- ④ Other monetary funds of RMB33,260,000.00 were the Company's statutory reserve deposits with the People's Bank of China;
- ⑤ Other monetary funds of RMB10,082,211.57 were locked-up due to reasons such as litigations or being unused for a long time, resulting in restriction on the use of that account's balance.

2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	39,197,419.88	46,294,291.71
Of which: Investment in equity instruments	39,197,419.88	46,294,291.71
Total	39,197,419.88	46,294,291.71

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

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

3. Bills receivable

(1) Bills receivable by category

Unit: RMB

Item	Closing balance	Opening balance
Commercial acceptance bills	674,962,254.15	411,600,000.00
Total	674,962,254.15	411,600,000.00

(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
Bills receivable assessed collectively for bad debt provision	674,962,254.15	100.00%			674,962,254.15	411,600,000.00	100.00%			411,600,000.00
Including:										
Commercial acceptance bills	674,962,254.15	100.00%			674,962,254.15	411,600,000.00	100.00%			411,600,000.00
Total	674,962,254.15	100.00%			674,962,254.15	411,600,000.00	100.00%			411,600,000.00

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

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage
Commercial acceptance bills	674,962,254.15		
Total	674,962,254.15		

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

3. Bills receivable (Cont'd)

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

Unit: RMB

Item	Amount derecognised as at the end of the period	Amount not yet derecognised as at the end of the period
Commercial acceptance bills		77,408,961.64
Total		77,408,961.64

4. Accounts receivable

(1) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	2,018,934,956.91	1,561,046,809.05
1 to 2 years	231,466,242.34	385,112,389.04
2 to 3 years	907,544,853.12	722,669,952.03
Over 3 years	407,392,203.57	408,747,914.19
Subtotal	3,565,338,255.94	3,077,577,064.31
Bad debts provision	598,117,268.90	549,070,004.48
Total	2,967,220,987.04	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.

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

4. Accounts receivable (Cont'd)

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Book balance		Closing balance			Book balance		Opening balance		
	Amount	Percentage (%)	Bad debts provision		Carrying amount	Amount	Percentage (%)	Bad debts provision		Carrying amount
			Amount	Provision percentage (%)				Amount	Provision percentage (%)	
Accounts receivable assessed individually for bad debt provision	200,147,048.86	5.61	192,205,340.86	96.03	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	3,365,191,207.08	94.39	405,911,928.04	12.06	2,959,279,279.04	2,876,502,809.63	93.47	355,937,457.80	12.37	2,520,565,351.83
Including:										
Due from related party customers	4,454,075.91	0.12	982,547.42	22.06	3,471,528.49	2,359.03	0.00	23.18	0.98	2,335.85
Due from non-related party customers	2,028,298,177.39	56.89	84,942,867.56	4.19	1,943,355,309.83	1,545,540,409.94	50.22	81,008,019.20	5.24	1,464,532,390.74
Factoring receivables	1,332,438,953.78	37.37	319,986,513.06	24.02	1,012,452,440.72	1,330,960,040.66	43.25	274,929,415.42	20.66	1,056,030,625.24
Total	3,565,338,255.94	100.00	598,117,268.90	16.78	2,967,220,987.04	3,077,577,064.31	100.00	549,070,004.48	17.84	2,528,507,059.83

Items assessed individually for bad debt provision

Unit: RMB

Name	Opening balance		Closing balance			Provision reason
	Book balance	Bad debts provision	Book balance	Bad debts provision	Provision percentage (%)	
Hengfeng Hongyuan Real Estate Holdings Co., Ltd.	45,493,811.40	45,493,811.40	45,493,811.40	45,493,811.40	100.00	Long outstanding
Foshan Shunde Xingchen Paper Co., Ltd.	26,697,528.70	26,697,528.70	26,697,528.70	26,697,528.70	100.00	Long outstanding
Wuhan Tianrui Paper Co., Ltd.	17,600,000.00	9,658,292.00	17,600,000.00	9,658,292.00	54.88	Long outstanding
Shandong Bisheng Printing Materials Co., Ltd.	14,813,369.27	14,813,369.27	14,813,369.27	14,813,369.27	100.00	Long outstanding
Zhengzhou Hongyang Paper Products Co., Ltd.	14,753,432.93	14,753,432.93	14,573,432.93	14,573,432.93	100.00	Long outstanding
Henan Yibang Technology Trading Co., Ltd.	13,396,601.22	13,396,601.22	13,396,601.22	13,396,601.22	100.00	Long outstanding
49 companies including Shandong Yiming New Material Technology Corp Co., Ltd.	68,319,511.16	68,319,511.16	67,572,305.34	67,572,305.34	100.00	Long outstanding
Total	201,074,254.68	193,132,546.68	200,147,048.86	192,205,340.86	96.03	

VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

4. Accounts receivable (Cont'd)

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

Items assessed collectively for bad debt provision: Due from related party customers

Name	Book balance	Closing balance Bad debts provision	Provision percentage (%)
Within 1 year	4,451,716.88	982,382.29	22.07
1 to 2 years	2,359.03	165.13	7.00
Total	4,454,075.91	982,547.42	22.06

Items assessed collectively for bad debt provision: Receivables from non-related party customer

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage (%)
Within 1 year	1,909,978,867.41	30,445,041.38	1.59
1 to 2 years	55,550,505.52	5,708,109.05	10.28
2 to 3 years	5,475,630.97	1,815,779.28	33.16
Over 3 years	57,293,173.49	46,973,937.85	81.99
Total	2,028,298,177.39	84,942,867.56	4.19

Items assessed collectively for bad debt provision: Factoring receivables

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage (%)
Within 1 year	104,504,372.62	5,514,174.58	5.28
1 to 2 years	175,913,377.79	32,121,647.90	18.26
2 to 3 years	902,069,222.15	212,199,833.59	23.52
Over 3 years	149,951,981.22	70,150,856.99	46.78
Total	1,332,438,953.78	319,986,513.06	24.02

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

4. Accounts receivable (Cont'd)

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

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Provision	Changes in the period			Closing balance
			Recovery or reversal	Written-off	Others	
Bad debts provision	549,070,004.48	52,619,258.38	2,605,396.98		-966,596.98	598,117,268.90
Total	549,070,004.48	52,619,258.38	2,605,396.98		-966,596.98	598,117,268.90

Explanation: "Others" was due to disposal of subsidiaries.

(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 RMB1,126,885,955.42 in total, accounting for 31.61% of the total closing balance of accounts receivable and contract assets. The closing balance of the corresponding bad debt provision amounted to RMB270,139,608.82 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
Customer 1	481,810,233.33	13.51	108,757,408.67
Customer 2	222,656,666.64	6.25	53,542,297.56
Customer 3	198,948,388.79	5.58	36,107,859.62
Customer 4	121,908,333.33	3.42	31,619,632.99
Customer 5	101,562,333.33	2.85	40,112,409.98
Total	1,126,885,955.42	31.61	270,139,608.82

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

5. Accounts receivable financing

(1) Accounts receivable financing by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	22,065,605.03	215,884,249.97
Total	22,065,605.03	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.

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Book balance		Closing balance			Book balance		Opening balance		
	Amount	Percentage	Amount	Bad debts provision Provision percentage	Carrying amount	Amount	Percentage	Amount	Bad debts provision Provision percentage	Carrying amount
Items assessed collectively for bad debt provision	22,065,605.03				22,065,605.03	215,884,249.97				215,884,249.97
Including:										
Bank acceptance bills	22,065,605.03				22,065,605.03	215,884,249.97				215,884,249.97
Total	22,065,605.03				22,065,605.03	215,884,249.97				215,884,249.97

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

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage
Bank acceptance bills	22,065,605.03		
Total	22,065,605.03		

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

5. Accounts receivable financing (Cont'd)

(3) Accounts receivable financing pledged by the Company as at the end of the period

Unit: RMB

Item	Amount pledged as at the end of the period
Bank acceptance bills	20,000.00
Total	20,000.00

(4) 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	7,834,710,831.76	
Total	7,834,710,831.76	

6. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividend receivable	22,659,149.81	
Other receivables	2,054,324,513.36	2,224,904,557.88
Total	2,076,983,663.17	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	
Total	22,659,149.81	

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

6. Other receivables (Cont'd)

(2) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Open credit	2,528,395,095.81	2,691,372,170.61
Reserve and borrowings	23,191,956.67	27,444,170.92
Guarantee deposit and deposit	15,279,813.49	12,578,821.54
Others	9,674,231.25	3,445,072.68
subtotal	2,576,541,097.22	2,734,840,235.75
Bad debt provision	522,216,583.86	509,935,677.87
Total	2,054,324,513.36	2,224,904,557.88

2) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	825,043,943.26	1,052,737,595.00
1 to 2 years	361,343,970.53	291,207,253.53
2 to 3 years	233,310,980.82	204,348,508.24
Over 3 years	1,156,842,202.61	1,186,546,878.98
subtotal	2,576,541,097.22	2,734,840,235.75
Bad debt provision	522,216,583.86	509,935,677.87
Total	2,054,324,513.36	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.

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

6. Other receivables (Cont'd)

(2) Other receivables (Cont'd)

3) Disclosure by bad debt provision method

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	2,888,840.71		25,844,198.73	28,733,039.44
Reversal for the period	1,016,204.97		74,074.59	1,090,279.56
Transfer for the period				
Write-off for the period				
Other changes	-1,635,900.55		-13,725,953.34	-15,361,853.89
Balance as at 30 June 2024	87,777,001.47		434,439,582.39	522,216,583.86

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			Closing balance
			Recovery or reversal	Transfer or write-off	Others	
Other receivables	509,935,677.87	28,733,039.44	1,090,279.56		-15,361,853.89	522,216,583.86
Total	509,935,677.87	28,733,039.44	1,090,279.56		-15,361,853.89	522,216,583.86

Explanation of others: Others was the external transfer of subsidiary and transfer of debts.

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

6. Other receivables (Cont'd)

(2) Other receivables (Cont'd)

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

The total amount of the Company's top five other receivables based on closing balance of debtors for the year was RMB1,720,808,887.00, which accounted for 66.79% of the closing balance of the total other receivables. The closing balance of corresponding bad debt provision amounted to RMB250,907,576.27.

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	3 to 4 years	18.35%	84,556,765.37
Customer 2	Consideration for debt transfer	453,002,316.85	4 to 5 years	17.58%	158,550,810.90
Customer 3	Consideration for debt transfer	390,000,000.00	Within 1 year	15.14%	7,800,000.00
Customer 4	Financial support	232,643,410.74	Within 1 year	9.03%	
Customer 5	Consideration for debt transfer	172,308,375.85	Within 1 year	6.69%	
Total		1,720,808,887.00		66.79%	250,907,576.27

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

7. Prepayments

(1) Prepayments by ageing

Unit: RMB

Ageing	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	901,296,304.14	95.12	790,687,918.61	95.83
1 to 2 years	46,194,821.38	4.88	34,447,237.60	4.17
Total	947,491,125.52	100.00	825,135,156.21	100.00

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

The total amount of top five prepayments based on closing balance of prepaid parties for the period amounted to RMB295,215,506.98, accounting for 31.16% 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	112,414,309.24	11.86
Customer 2	64,772,536.70	6.84
Customer 3	45,579,894.13	4.81
Customer 4	36,419,766.91	3.84
Customer 5	36,029,000.00	3.80
Total	295,215,506.98	31.16

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

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	1,684,074,471.64	18,015,768.76	1,666,058,702.88	1,977,478,797.85	18,030,837.14	1,959,447,960.71
Work-in-process products	83,546,759.61		83,546,759.61	102,415,558.33		102,415,558.33
Goods in stock	1,031,894,480.01	3,041,427.75	1,028,853,052.26	1,413,366,440.57	1,030,048.86	1,412,336,391.71
Consumable biological assets	1,483,176,162.18		1,483,176,162.18	1,483,978,089.61		1,483,978,089.61
Total	4,282,691,873.44	21,057,196.51	4,261,634,676.93	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 written-off	Others	
Raw materials	18,030,837.14			15,068.38		18,015,768.76
Goods in stock	1,030,048.86	3,041,427.75		1,030,048.86		3,041,427.75
Total	19,060,886.00	3,041,427.75		1,045,117.24		21,057,196.51

Item	Basis for recognition of net realisable value/residual consideration with future cost	Reason for reversal or written-off of impairment provision for inventories/performance costs during the period
Raw materials	The cost of raw materials is higher than their net realisable value	Written-off of impairment provision for inventories due to sales of impaired spare parts during the period
Goods in stock	The cost of goods in stock is higher than their net realisable value	Written-off of impairment provision for inventories due to sales of impaired goods in stock during the period

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

9. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term receivables due within one year	3,990,527,056.67	4,161,725,935.75
Total	3,990,527,056.67	4,161,725,935.75

Explanations: ① Long-term receivables due within one year amounting to RMB3,892,561,045.68 (amount for the prior year: RMB4,054,545,080.32) were financial lease receivables;

② Long-term receivables due within one year amounting to RMB97,966,010.99 (amount for the prior year: RMB107,180,855.43) were deposits receivable.

1) Particulars of impairment provision

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			1,067,619,552.90	1,067,619,552.90
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			55,740,138.52	55,740,138.52
Reversal for the period			25,674,797.18	25,674,797.18
Transfer for the period				
Write-off for the period			41,314,296.74	41,314,296.74
Other changes			-18,883,742.54	-18,883,742.54
Balance as at 30 June 2024			1,037,486,854.96	1,037,486,854.96

Explanation of other changes: Other changes are the decrease in the amount of bad debt provision for the transfer of debt for the Shandong Leasing Xuchang Chenming Project.

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Receivables under financial lease due within one year	494,989,361.76	400,411,532.31
Prepaid expenses	290,816,055.05	201,963,827.62
Factoring receivables due within one year	254,389,157.48	261,871,191.52
Input tax amount to be deducted	52,532,417.19	119,271,427.68
Prepaid tax	18,423,599.16	47,645,192.37
Other payments	37,663,773.28	37,663,773.28
Total	1,148,814,363.92	1,068,826,944.78

11. Long-term receivables

(1) Particulars of long-term receivables

Unit: RMB

Item	Closing balance			Opening balance			Discount rate range
	Book balance	Bad debts provision	Carrying amount	Book balance	Bad debts provision	Carrying amount	
Finance lease payments	5,443,874,214.18	1,038,902,375.27	4,404,971,838.91	5,329,611,463.14	1,070,429,664.01	4,259,181,799.13	4%-12%
Less: Unrealised financing income	144,584,049.03		144,584,049.03	66,941,274.36		66,941,274.36	
Deposit for finance lease	304,882,741.47		304,882,741.47	329,246,696.64		329,246,696.64	
Less: Unrealised financing income	17,272,664.21		17,272,664.21	20,467,752.31		20,467,752.31	
Subtotal	5,586,900,242.41	1,038,902,375.27	4,547,997,867.14	5,571,449,133.11	1,070,429,664.01	4,501,019,469.10	
Less: Long-term receivables due within one year	5,028,013,911.63	1,037,486,854.96	3,990,527,056.67	5,229,345,488.65	1,067,619,552.90	4,161,725,935.75	
Total	558,886,330.78	1,415,520.31	557,470,810.47	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		Carrying amount	Book balance		Opening balance		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)		Amount	Percentage (%)	Amount	Provision percentage (%)	
Items assessed collectively for bad debt provision	558,886,330.78	100.00	1,415,520.31	0.25	557,470,810.47	342,103,644.46	100.00	2,810,111.11	0.82	339,293,533.35
Including:										
Receivables not past due	369,242,264.51	66.07	1,415,520.31	0.38	367,826,744.20	140,505,555.56	41.07	2,810,111.11	2.00	137,695,444.45
Deposits receivable	189,644,066.27	33.93			189,644,066.27	201,598,088.90	58.93			201,598,088.90
Total	558,886,330.78	100.00	1,415,520.31	0.25	557,470,810.47	342,103,644.46	100.00	2,810,111.11	0.82	339,293,533.35

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

11. Long-term receivables (Cont'd)

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

Name of category being assessed collectively for bad debt provision: Receivables not past due

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage (%)
Maturity date within 1 year			
Maturity date 1 to 2 years	149,595,206.83	1,415,520.31	0.95
Maturity date 2 to 3 years	79,361,873.50		
Maturity date over 3 year	140,285,184.18		
Total	369,242,264.51	1,415,520.31	0.38

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

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage
Maturity date within 1 year			
Maturity date 1 to 2 years	144,907,006.65		
Maturity date 2 to 3 years	38,737,059.62		
Maturity date over 3 year	6,000,000.00		
Total	189,644,066.27		

Provision for bad debts made on a general model of ECL:

Unit: RMB

Bad debts provision	Stage 1 ECLs for the next 12 months	Stage 2 Lifetime ECLs (not credit- impaired)	Stage 3 Lifetime ECLs (credit- impaired)	Total
Balance as at 1 January 2024	2,810,111.11			2,810,111.11
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				
Reversal for the period				
Transfer for the period				
Write-off for the period				
Other changes	-1,394,590.80			-1,394,590.80
Balance as at 30 June 2024	1,415,520.31			1,415,520.31

Other explanations: Other changes in the period was the amount of bad debt provision reclassified to non-current assets due within one year.

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

11. Long-term receivables (Cont'd)

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

Unit: RMB

Category	Opening balance	Provision	Changes in the period			Closing balance
			Recovery or reversal	Transfer or write-off	Others	
Bad debts provision	2,810,111.11			-1,394,590.80	1,415,520.31	
Total	2,810,111.11			-1,394,590.80	1,415,520.31	

Other explanations: Others in the period was the amount of bad debt provision reclassified to non-current assets due within one year.

12. Long-term equity investments

Unit: RMB

Investee	Opening balance (carrying amount)	Opening balance of impairment provision	Additional contribution	Withdrawn contribution	Change for the period					Closing balance (carrying amount)	Closing balance of impairment provision
					Investment gain or loss recognised under equity method	Adjustment of other comprehensive income	Other change in equity interest	Distribution of cash dividend or profit declared	Impairment provision		
I. Joint ventures											
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	7,400,283.59				466,616.49						7,866,900.08
Weifang Port Wood Chip Wharf Co., Ltd.	79,142,080.56				8,850,767.29						87,992,847.85
Shouguang Meite Environmental Technology Co., Ltd.	19,066,523.79				1,141,859.56						20,208,383.35
Shouguang Jintou Industrial Investment Partnership (Limited Partnership)	2,344,570,247.55				-19,202,925.23						2,325,367,322.32
Weifang Xingxing United Chemical Co., Ltd.	91,874,385.12										91,874,385.12
Subtotal	2,542,053,520.61				-8,743,681.89						2,533,309,838.72

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

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

Investee	Opening balance (carrying amount)	Opening balance of impairment provision	Additional contribution	Withdrawn contribution	Investment gain or loss recognised under equity method	Change for the period		Distribution of cash dividend or profit declared	Impairment provision	Others	Closing balance (carrying amount)	Closing balance of impairment provision
						Adjustment of other comprehensive income	Other change in equity interest					
II. Associates												
Zhuhai Dechen New Third Board Equity Investment Fund Company (Limited Partnership)	27,263,804.36				-4,094.51						27,259,709.85	
Ningbo Kaichen Huamei Equity Investment Fund Partnership (Limited Partnership)	278,128,830.13				-45,877,685.10						232,251,145.03	
Nanchang Tianchen Port Co., Ltd.	58,147,506.39				3,213,081.57						61,360,587.96	
Goldtrust Futures Co., Ltd.	187,786,626.28				5,646,638.65						193,433,264.93	
Xuchang Chenming Paper Co., Ltd.		5,994,545.96										5,994,545.96
Chenming (Qingdao) Asset Management Co., Ltd.	8,377,144.65				-265,861.69						8,111,282.96	
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	251,918,902.31				-3,070,493.34						248,848,408.97	
Guangdong Nanyue Bank Co., Ltd.	1,331,523,051.00				10,419,924.12	3,672,513.39	-535,161.44				1,345,080,327.07	
Subtotal	2,143,145,865.12	5,994,545.96			-29,938,490.30	3,672,513.39	-535,161.44				2,116,344,726.77	5,994,545.96
Total	4,685,199,385.73	5,994,545.96			-38,682,172.19	3,672,513.39	-535,161.44				4,649,654,565.49	5,994,545.96

Explanation: Weifang Xingxing United Chemical Co., Ltd. was completely shut down due to demolition and relocation, and each of the shareholders planned to withdraw their investments. The Company ceased to account for Weifang Xingxing United Chemical Co., Ltd. using the equity method, and the carrying amount as at the end of the period was basically in line with the expected 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

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

13. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Investment in debt instruments	659,099,016.38	659,099,016.38
Investment in equity instruments	120,978,728.82	122,462,024.19
Total	780,077,745.20	781,561,040.57

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	6,005,490.93	6,005,490.93
(1) Disposal	6,005,490.93	6,005,490.93
4. Closing balance	7,136,915,722.94	7,136,915,722.94
II. Accumulated depreciation and accumulated amortisation		
1. Opening balance	1,093,678,517.51	1,093,678,517.51
2. Increase during the period	98,230,727.37	98,230,727.37
(1) Provision or amortisation	98,230,727.37	98,230,727.37
3. Decrease during the period	942,234.35	942,234.35
(1) Disposal	942,234.35	942,234.35
4. Closing balance	1,190,967,010.53	1,190,967,010.53
III. Impairment provision		
IV. Carrying amount		
1. Closing carrying amount	5,945,948,712.41	5,945,948,712.41
2. Opening carrying amount	6,049,242,696.36	6,049,242,696.36

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

14. Investment property (Cont'd)

(1) Investment property under the cost method (Cont'd)

Note: Investment properties under the Company primarily include:

- ① Pujiang International Finance Plaza, located at No. 1098, Dongdaming Road, Hongkou District, Shanghai, is a long-term held office property of Shanghai Hongtai Real Estate Co., Ltd., a subsidiary of the Company, and leasehold land mainly used for external rental or office purposes;
- ② Jinan Chenming Finance Building (濟南晨鳴金融大廈), located in No. 7 Zone, Hanyu Financial Business Center, No. 7000, Jingshi Road, Jinan Innovation Zone, is a long-term held office property of Shandong Chenming Investment Limited, a subsidiary of the Company, and leasehold land mainly used for external rental or office purposes;
- ③ Fatum Apartment (法朵公寓), located at No. 463, Anbo Road, No. 22, Lane 467, Anbo Road, Yangpu District, Shanghai, is a long-term held apartment 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.

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

Applicable Not applicable

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

Applicable Not applicable

(2) Investment property under the fair value method

Applicable Not applicable

15. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	32,030,248,108.24	33,186,248,169.56
Total	32,030,248,108.24	33,186,248,169.56

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

15. Fixed assets (Cont'd)

(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	14,898,024.10	63,006,764.77	15,391.42	3,650,702.64	81,570,882.93
(1) Acquisition	5,822,121.62	63,006,764.77	15,391.42	3,650,702.64	72,494,980.45
(2) Debt restructuring	9,075,902.48				9,075,902.48
3. Decrease during the period	232,951,355.76	80,766,052.43	6,155,991.15	133,382,484.79	453,255,884.13
(1) Disposal or retirement	232,951,355.76	80,766,052.43	6,155,991.15	133,382,484.79	453,255,884.13
4. Closing balance	11,504,899,774.75	43,115,977,306.49	288,671,726.27	269,142,736.46	55,178,691,543.97
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	146,873,482.40	886,740,254.94	9,309,022.49	3,901,562.14	1,046,824,321.97
(1) Provision	146,873,482.40	886,740,254.94	9,309,022.49	3,901,562.14	1,046,824,321.97
3. Decrease during the period	73,439,297.48	67,585,194.44	5,478,653.88	116,006,116.05	262,509,261.85
(1) Disposal or retirement	73,439,297.48	67,585,194.44	5,478,653.88	116,006,116.05	262,509,261.85
4. Closing balance	2,697,699,767.13	19,869,656,854.59	225,835,471.94	151,207,878.76	22,944,399,972.42
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					
3. Decrease during the period					
4. Closing balance	27,808,852.79	168,785,487.47	13,889.13	7,435,233.92	204,043,463.31
IV. Carrying amount					
1. Closing carrying amount	8,779,391,154.83	23,077,534,964.43	62,822,365.20	110,499,623.78	32,030,248,108.24
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

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

15. Fixed assets (Cont'd)

(2) Particulars of temporarily idle fixed assets

Unit: RMB

Item	Original carrying amount	Accumulated depreciation	Impairment provision	Carrying amount	Remark
Housing and building structure	72,585,434.37	26,237,134.48	3,093,008.64	43,255,291.25	
Machinery and equipment	915,384,576.13	605,131,651.56	147,820,099.87	162,432,824.70	
Electronic equipment and others	478,399.18	430,559.26	7,187.27	40,652.65	
Total	988,448,409.68	631,799,345.30	150,920,295.78	205,728,768.60	

(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 (Zhanjiang Chenming Pulp & Paper Co., Ltd.)	964,116,878.13	Under application
Housing and building structure (Huanggang Chenming Pulp & Paper Co., Ltd.)	537,475,350.83	Under application
Housing and building structure (Shouguang Meilun Paper Co., Ltd.)	474,762,523.91	Under application
Housing and building structure (Jilin Chenming Paper Co., Ltd.)	357,832,450.57	Under application
Housing and building structure (Jiangxi Chenming Paper Co., Ltd.)	192,089,591.58	Under application
Housing and building structure (Shandong Chenming Paper Holdings Limited)	133,131,559.85	Under application
Total	2,659,408,354.87	

(4) Impairment test on fixed assets

Applicable Not applicable

16. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	1,092,039,980.28	852,139,418.48
Materials for project	7,239,955.34	7,478,546.68
Total	1,099,279,935.62	859,617,965.16

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

16. Construction in progress (Cont'd)

(1) Particulars of construction in progress

Unit: RMB

Item	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)	569,740,174.02		569,740,174.02	533,417,722.83		533,417,722.83
Chemical pulp flue gas denitrification technological transformation project (Huanggang Pulp & Paper)	290,050,326.03		290,050,326.03	156,604,031.76		156,604,031.76
Technological transformation project	182,762,744.92	662,764.60	182,099,980.32	130,674,807.30	662,764.60	130,012,042.70
300,000 tonnes softwood pulp project (Shandong Chenming)	11,564,392.43		11,564,392.43	8,941,631.08		8,941,631.08
Others	59,723,779.24	21,138,671.76	38,585,107.48	44,302,661.87	21,138,671.76	23,163,990.11
Total	1,113,841,416.64	21,801,436.36	1,092,039,980.28	873,940,854.84	21,801,436.36	852,139,418.48

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

Unit: RMB

Project name	Budget	Opening balance	Increase during the period	Transfer to fixed asset during the period	Other deductions during the period	Closing balance	Accumulated investment to budget	Construction progress	Accumulated capitalised interest	Including:		Source of fund
										Capitalised interest amount during the period	Capitalisation 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	36,322,451.19			569,740,174.02	71.22%	71.00%			Self-owned funds and borrowings	
300,000 tonnes softwood pulp project (Shandong Chenming)	1,488,980,000.00	8,941,631.08	2,622,761.35			11,564,392.43	0.78%	0.70%			Self-owned funds and borrowings	
Total	2,288,980,000.00	542,359,353.91	38,945,212.54			581,304,566.45						

(3) Impairment provision for construction in progress

Applicable Not applicable

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

16. Construction in progress (Cont'd)

(4) Materials for project

Unit: RMB

Item	Closing balance		Carrying amount	Opening balance		Carrying amount
	Book balance	Impairment provision		Book balance	Impairment provision	
Special materials	7,239,955.34		7,239,955.34	7,478,546.68		7,478,546.68
Total	7,239,955.34		7,239,955.34	7,478,546.68		7,478,546.68

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	278,066.24	278,066.24
(1) Cultivation	278,066.24	278,066.24
3. Decrease during the period		
4. Closing balance	17,962,753.60	17,962,753.60
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		
3. Decrease during the period		
4. Closing balance		
IV. Carrying amount		
1. Closing carrying amount	17,962,753.60	17,962,753.60
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

(3) Bearer biological assets measured at fair value

Applicable Not applicable

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

18. Right-of-use assets

(1) Particulars of right-of-use assets

Unit: RMB

Item	Land use rights	Housing and building structure	Total
I. Original carrying amount			
1. Opening balance	198,089,207.01	5,521,837.26	203,611,044.27
2. Increase during the period			
3. Decrease during the period	2,250,074.74	12,385.32	2,262,460.06
(1) Transfer	2,126,221.54		2,126,221.54
(2) Other decreases	123,853.20	12,385.32	136,238.52
4. Closing balance	195,839,132.27	5,509,451.94	201,348,584.21
II. Accumulated depreciation			
1. Opening balance	34,470,758.27	1,324,974.50	35,795,732.77
2. Increase during the period	3,725,504.84	135,477.64	3,860,982.48
(1) Provision	3,725,504.84	135,477.64	3,860,982.48
3. Decrease during the period	700,376.61		700,376.61
(1) Disposal	700,376.61		700,376.61
4. Closing balance	37,495,886.50	1,460,452.14	38,956,338.64
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	158,343,245.77	4,048,999.80	162,392,245.57
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

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VII. Notes to Items of the Consolidated Financial Statements (Cont'd)

19. Intangible assets

(1) Particulars of intangible assets

Unit: RMB

Item	Land use rights	Software	Patents	Certificates of third party right	Total
I. Original carrying amount					
1. Opening balance	2,525,157,831.82	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	63,881,675.77	1,020,714.08			64,902,389.85
(1) Disposal	63,881,675.77	1,020,714.08			64,902,389.85
4. Closing balance	2,481,984,850.05	22,288,434.63	27,493,613.05	15,908,674.87	2,547,675,572.60
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	26,669,309.88		47,475.00		26,716,784.88
(1) Provision	26,669,309.88		47,475.00		26,716,784.88
3. Decrease during the period	22,072,347.46	1,011,887.49			23,084,234.95
(1) Disposal	22,072,347.46	1,011,887.49			23,084,234.95
4. Closing balance	554,045,584.37	21,988,096.85	1,198,570.44	15,908,674.87	593,140,926.53
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	1,927,939,265.68	300,337.78	26,295,042.61		1,954,534,646.07
2. Opening carrying amount	1,975,709,209.87	309,164.37	26,342,517.61		2,002,360,891.85

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

(2) Impairment test on intangible assets

Applicable Not applicable

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

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
Kunshan Tuohan Plastic Products Co., Ltd.	26,946,905.38		26,946,905.38	
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	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
Total	14,314,160.60			14,314,160.60

(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
Jilin Chenming Paper Co., Ltd.	The company as a whole is regarded as an asset group or combination of asset groups	Machine-made paper segment	Yes
Jiangxi Chenming Port Co., Ltd.	The company as a whole is regarded as an asset group or combination of asset groups	Other segment	Yes

Other explanation: With the category of the principal activities as the basis for determining its reporting segments, the Company regarded Jilin Chenming Paper Co., Ltd. and Jiangxi Chenming Port Co., Ltd. as an asset group as a whole, respectively.

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

20. Goodwill (Cont'd)

(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

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.	-2,458,522.71	13,494,715.71	0.00	5	Discount rate of 6.23%	Value added of zero	Estimation
Total	-2,458,522.71	13,494,715.71	0.00				

21. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increase during the period	Amortisation during the period	Other deductions	Closing balance
Woodland expenses	5,952,099.77		306,730.58		5,645,369.19
Others	34,027,061.72		1,357,483.45	187,784.73	32,481,793.54
Total	39,979,161.49		1,664,214.03	187,784.73	38,127,162.73

Other Explanation: Other deduction was due to the disposal of subsidiary.

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

22. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets before offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible loss	7,733,097,173.05	1,257,426,863.67	7,008,265,437.96	1,138,659,379.33
Provision for impairment of assets	2,197,977,157.68	515,876,810.64	2,170,702,373.93	509,035,457.40
Deferred income	142,842,333.42	21,426,350.01	144,721,508.43	21,708,225.98
Outstanding payables	107,821,937.83	16,497,569.18	121,528,026.20	18,553,482.43
Unrealised profit arising from intra-group transactions	14,483,521.60	3,620,880.40	7,605,345.40	1,901,336.35
Total	10,196,222,123.58	1,814,848,473.90	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	21,236,138.00	5,309,034.50	37,960,636.20	9,490,159.05
Total	21,236,138.00	5,309,034.50	37,960,636.20	9,490,159.05

(3) The breakdown of unrecognised deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible loss	600,327,728.14	721,381,744.55
Deductible temporary difference	51,626,100.24	53,265,395.05
Total	651,953,828.38	774,647,139.60

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

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

(4) Expiry of deductible loss of unrecognised deferred income tax assets falls in the years as follows

Unit: RMB

Year	Closing balance	Opening balance	Remark
2024	—	158,265,081.51	
2025	208,380,555.63	226,672,646.51	
2026	73,280,337.38	61,481,717.71	
2027	24,609,377.94	77,967,748.73	
2028	140,072,946.12	196,994,550.09	
2029	153,984,511.07	—	
Total	600,327,728.14	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	915,667,751.58		915,667,751.58	1,055,195,141.00		1,055,195,141.00
Others	11,887,516.57		11,887,516.57	11,887,516.57		11,887,516.57
Total	927,555,268.15		927,555,268.15	1,067,082,657.57		1,067,082,657.57

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

24. Assets with restricted ownerships or right to use

Unit: RMB

Item	Book balance	Closing balance			Book balance	Opening balance		
		Carrying amount	Type of restriction	Restriction		Carrying amount	Type of restriction	Restriction
Monetary funds	10,583,179,917.00	10,583,179,917.00	Pledged	As deposits for acceptance bills and letters of credit, deposits for letter of guarantee, security deposits for loans, deposit reserves, interest receivable, etc. (Note VII. 1)	11,360,599,088.69	11,360,599,088.69	Pledged	As deposits for acceptance bills and letters of credit, deposits for letter of guarantee, security deposits for loans, deposit reserves, interest receivable, etc. (Note VII. 1)
Fixed assets	9,383,901,424.59	6,097,926,811.05	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 properties	6,114,818,654.81	5,075,202,994.63	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)
Intangible assets	849,460,775.99	645,269,711.95	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)
Accounts receivable	84,955,640.31	84,502,139.21	Pledged	As pledge for borrowings (Note VII. 4)	403,349,324.55	398,710,807.32	Pledged	As pledge for borrowings (Note VII. 4)
Accounts receivable financing	20,000.00	20,000.00	Pledged	As pledge for obtaining letters of credit (Note VII. 5)	90,551,168.01	90,551,168.01	Pledged	As pledge for obtaining letters of credit (Note VII. 5)
Total	27,016,336,412.70	22,486,101,573.84			28,072,458,796.46	23,823,517,895.37		

Other explanation:

As at 30 June 2024, housing, building structure and equipment with the carrying amount of RMB6,097,926,811.05 (31 December 2023: carrying amount of RMB6,303,095,864.20), investment properties with the carrying amount of RMB5,075,202,994.63 (31 December 2023: carrying amount of RMB5,004,776,921.76) and intangible assets with the carrying amount of RMB645,269,711.95 (31 December 2023: carrying amount of RMB665,784,045.39) were pledged as collateral for long-term borrowings of RMB4,140,020,848.22 (31 December 2023: RMB4,262,800,469.08) and short-term borrowings of RMB20,000,000.00 (31 December 2023: RMB85,000,000.00).

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

25. Short-term borrowings

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Discounted borrowings	11,608,999,222.36	12,270,872,000.00
Credit borrowings	9,359,698,029.18	9,908,287,425.27
Guaranteed borrowings	8,882,107,193.62	9,785,629,371.41
Pledged borrowings	393,659,397.98	1,425,690,224.94
Mortgage borrowings	20,000,000.00	85,000,000.00
Total	30,264,463,843.14	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 Overdue outstanding short-term borrowings: total outstanding short-term borrowings overdue as at the end of the year amounted to RMB0.00.
- ④ Short-term borrowings included accrued interest of RMB25,209,675.76.

26. Bills payable

Unit: RMB

Category	Closing balance	Opening balance
Commercial acceptance bills	4,267,192,499.15	3,604,737,193.92
Bank acceptance bills	1,295,192,080.24	1,014,249,270.03
Total	5,562,384,579.39	4,618,986,463.95

Total outstanding bills payable due as at the end of the period amounted to RMB0.00.

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

27. Accounts payable

(1) Particulars of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	3,398,430,307.19	3,329,807,929.61
Payment for engineering	193,203,879.71	222,541,200.98
Payment for equipment	170,057,669.66	107,663,951.56
Others	315,506,306.22	242,607,788.05
Total	4,077,198,162.78	3,902,620,870.20

(2) Disclosure by ageing

Unit: RMB

Ageing	Closing balance	Opening balance
Within 1 year (including 1 year)	3,625,253,454.21	3,361,203,746.72
1 to 2 years	187,319,359.25	267,905,274.76
2 to 3 years	26,049,232.73	30,677,976.15
Over 3 years	238,576,116.59	242,833,872.57
Total	4,077,198,162.78	3,902,620,870.20

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.

28. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	3,134,911,098.58	2,414,752,127.19
Dividend payable	123,000,000.00	
Total	3,257,911,098.58	2,414,752,127.19

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

28. Other payables (Cont'd)

(1) Dividend payable

Unit: RMB

Item	Closing balance	Opening balance
Dividend declared but not yet distributed to minority shareholders by subsidiary	123,000,000.00	
Total	123,000,000.00	

(2) Other payables

1) Other payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Open credit	1,800,239,769.12	1,090,141,993.83
Deposit	825,462,360.02	785,572,067.82
Accrued expenses	387,260,893.04	381,781,932.14
The obligation to repurchase shares under the share incentive scheme	63,764,745.74	63,764,745.74
Others	58,183,330.66	93,491,387.66
Total	3,134,911,098.58	2,414,752,127.19

2) Significant other payables aged over 1 year

Unit: RMB

Item	Closing balance	Reason for outstanding or not transfer
MCC Fujian Investment Construction Co., Ltd.	570,000,000.00	Project deposits

29. Receipts in advance

(1) Particulars of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Prepaid rents and property fees	14,398,554.70	16,242,921.65
Total	14,398,554.70	16,242,921.65

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

30. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods in advance	1,517,098,339.47	1,443,680,155.62
Total	1,517,098,339.47	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	529,423,606.94	561,292,469.88	42,038,370.88
II. Retirement benefit plan-defined contribution scheme	429,924.62	99,262,593.28	96,607,124.35	3,085,393.55
III. Termination benefits		125,413.81	125,413.81	
Total	74,337,158.44	628,811,614.03	658,025,008.04	45,123,764.43

(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	425,802,119.58	458,852,591.65	21,375,165.64
2. Staff welfare		15,273,065.83	15,273,065.83	
3. Social insurance premium	1,399,223.32	46,066,674.16	45,310,915.75	2,154,981.73
Including: Medical insurance premium	494,472.68	41,159,193.08	40,339,349.29	1,314,316.47
Maternity insurance premium	15,635.74	4,275,281.74	4,157,106.70	133,810.78
Work-related injury insurance premium	889,114.90	632,199.34	814,459.76	706,854.48
4. Housing provident funds	6,932,114.30	33,425,836.04	34,912,499.03	5,445,451.31
5. Union funds and workers' education	7,813,758.78	8,010,810.96	3,540,075.58	12,284,494.16
6. Other short-term remuneration	3,336,499.71	845,100.37	3,403,322.04	778,278.04
Total	73,907,233.82	529,423,606.94	561,292,469.88	42,038,370.88

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

31. Staff remuneration payables (Cont'd)

(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	95,010,017.51	92,753,288.64	2,672,011.14
2. Unemployment insurance premiums	14,642.35	4,252,575.77	3,853,835.71	413,382.41
Total	429,924.62	99,262,593.28	96,607,124.35	3,085,393.55

32. Tax payables

Unit: RMB

Item	Closing balance	Opening balance
Value added tax	45,997,159.91	40,076,417.59
Property tax	24,506,123.53	15,486,094.67
Stamp duty	13,952,948.04	10,875,401.17
Land use tax	11,754,662.06	11,149,858.80
Enterprise income tax	7,007,345.92	6,720,397.49
Environmental protection tax	3,199,355.75	3,698,248.00
Resource tax	3,000,000.00	3,000,000.00
Urban maintenance and construction tax	2,251,418.40	2,396,420.76
Land appreciation tax	2,024,028.20	2,059,693.25
Educational surcharges and others	1,889,242.09	2,062,463.52
Individual income tax	1,685,968.22	2,184,712.31
Total	117,268,252.12	99,709,707.56

33. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables due within one year	2,226,743,234.92	2,354,342,454.51
Long-term borrowings due within one year	1,216,122,189.54	1,273,902,656.06
Lease liabilities due within one year	3,692,567.25	3,692,567.25
Total	3,446,557,991.71	3,631,937,677.82

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

34. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Short-term financial leasing borrowings	70,000,000.00	100,000,000.00
Total	70,000,000.00	100,000,000.00

35. Long-term borrowings

(1) Types of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Mortgage borrowings	4,140,020,848.22	4,262,800,469.08
Guaranteed borrowings	1,074,338,325.07	857,571,273.74
Credit borrowings	826,563,813.15	834,545,402.88
Less: Long-term borrowings due within one year	1,216,122,189.54	1,273,902,656.06
Total	4,824,800,796.90	4,681,014,489.64

Explanation of the types of long-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 Long-term borrowings included accrued interest of RMB554,888.89.

36. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payments payable	61,566,153.14	64,264,374.68
Less: Unrecognised financing expenses	17,509,799.80	18,584,784.58
Less: Lease liabilities due within one year	3,692,567.25	3,692,567.25
Total	40,363,786.09	41,987,022.85

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

37. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	2,279,402,749.15	2,541,095,217.66
Total	2,279,402,749.15	2,541,095,217.66

(1) Long-term payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Financial leasing borrowings	4,031,251,825.85	4,345,793,513.95
China Development Bank Special Fund	275,000,000.00	343,750,000.00
Contributions by other partners	199,894,158.22	199,894,158.22
Retention for the financial leasing operations		6,000,000.00
Less: Long-term payables due within one year	2,226,743,234.92	2,354,342,454.51
Total	2,279,402,749.15	2,541,095,217.66

Other explanations:

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), the special structured entities of the Company, and such contributions are reclassified as financial liabilities on a consolidation basis.

38. 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	3,270,000.00	53,368,860.21	1,287,765,254.49	Financial provision
Total	1,337,864,114.70	3,270,000.00	53,368,860.21	1,287,765,254.49	

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

38. Deferred income (Cont'd)

Items in respect of government grants:

Liability item	Opening balance	New grants during the period	Include in other income for the period	Other changes	Closing balance	Asset-related/ income-related
Funding for environmental protection	524,694,035.24		25,239,041.36		499,454,993.88	Asset-related
Huanggang forestry-pulp-paper project	445,968,305.25		12,513,108.90		433,455,196.35	Asset-related
Infrastructure and environmental protection engineering	196,803,377.25		5,758,794.72		191,044,582.53	Asset-related
Financial subsidies for technological transformation project	95,106,015.68	3,270,000.00	4,416,552.48		93,959,463.20	Asset-related
Zhanjiang forestry-pulp-paper project	42,617,331.35		2,047,316.46		40,570,014.89	Asset-related
Project fund for National Key Technology Research and Development Program	793,725.00		82,350.00		711,375.00	Asset-related
Others	31,881,324.93		3,311,696.29		28,569,628.64	Asset-related
Total	1,337,864,114.70	3,270,000.00	53,368,860.21		1,287,765,254.49	

39. Share capital

Unit: RMB

	Opening balance	New issue	Increase/decrease during the year (+/-)			Subtotal	Closing balance
			Bonus issue	Shares converted from reserves	Others		
Total number of shares	2,956,813,200.00						2,956,813,200.00

40. Capital reserves

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (share premium)	4,599,770,312.40	1,240,406.74	79,723,162.69	4,521,287,556.45
Other capital reserves	729,020,587.21			729,020,587.21
Total	5,328,790,899.61	1,240,406.74	79,723,162.69	5,250,308,143.66

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

40. Capital reserves (Cont'd)

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 Guangdong Nanyue Bank Co., Ltd., an associate of the Company, purchased certain interests from minority shareholders, resulting in decrease in capital reserves of RMB535,161.44.

41. 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

42. Other comprehensive income

Other comprehensive income attributable to the Company in the balance sheet is as follows:

Unit: RMB

Item	Opening balance	Amount for 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 and loss				
II. Other comprehensive income that will be reclassified to profit and loss	-864,881,489.08	-15,535,759.27		-880,417,248.35
1. Other comprehensive income that may be reclassified to profit and loss under the equity method	-11,140,109.71	3,672,513.39		-7,467,596.32
2. Exchange differences arising from translation of financial statements denominated in foreign currencies	-853,741,379.37	-19,208,272.66		-872,949,652.03
Total other comprehensive income	-864,881,489.08	-15,535,759.27		-880,417,248.35

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

42. Other comprehensive income (Cont'd)

Other comprehensive income attributable to the parent company in the income statement:

Unit: RMB

Item	Incurred before income tax for the period	Amount for the period		Less: Income tax expenses	Less: Attributable to minority shareholders after tax	Attributable to the parent company after tax
		Less: Transferred from other comprehensive income in prior periods to profit or loss during the period				
I. Other comprehensive income that cannot be reclassified to profit and loss						
II. Other comprehensive income that will be reclassified to profit and loss	-15,535,759.27					-15,535,759.27
1. Other comprehensive income that may be reclassified to profit and loss under the equity method	3,672,513.39					3,672,513.39
2. Exchange differences arising from translation of financial statements denominated in foreign currencies	-19,208,272.66					-19,208,272.66
Total other comprehensive income	-15,535,759.27					-15,535,759.27

43. General risk provisions

Unit: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
General risk provisions	79,370,294.91	13,361.84		79,383,656.75
Total	79,370,294.91	13,361.84		79,383,656.75

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 receivables. Accordingly, the balance of the general risk provisions was adjusted based on the balance of the receivables.

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	5,053,378.02	2,927,238.67	25,448,968.92
Total	23,322,829.57	5,053,378.02	2,927,238.67	25,448,968.92

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

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

46. Retained profit

Unit: RMB

Item	The period	The prior period
Retained profit as at the end of the prior period 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	28,646,205.42	-1,281,289,649.82
Less: Transfer of statutory surplus reserves		
Transfer of discretionary surplus reserves		
Transfer of general risk reserves	13,361.84	-529,973.80
Perpetual bonds interest payable		89,700,000.00
Retained profit as at the end of the period	8,048,815,645.13	8,020,182,801.55

47. Revenue and operating costs

Unit: RMB

Item	Amount for the period		Amount for the prior period	
	Revenue	Costs	Revenue	Costs
Principal activities	13,762,711,500.16	12,089,871,177.87	12,420,935,712.78	11,377,205,194.89
Other activities	122,020,018.88	95,634,531.13	144,027,068.53	119,526,467.69
Total	13,884,731,519.04	12,185,505,709.00	12,564,962,781.31	11,496,731,662.58

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

47. Revenue and operating costs (Cont'd)

Breakdown of revenue and operating costs:

Unit: RMB

Category of contract	Machine-made paper		Financial services		Properties and rentals		Others		Total	
	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Type of business	13,481,661,035.71	11,924,438,705.06	146,357,054.10	731,119.28	96,646,679.91	105,057,448.14	160,066,749.32	155,278,436.52	13,884,731,519.04	12,185,505,709.00
Including:										
Machine-made paper	12,429,565,296.10	11,003,034,856.86							12,429,565,296.10	11,003,034,856.86
Chemical pulp	676,203,401.45	559,225,217.42							676,203,401.45	559,225,217.42
Electricity and steam	123,938,936.52	150,426,816.88							123,938,936.52	150,426,816.88
Construction materials					-	-	87,284,048.72	88,181,069.93	87,284,048.72	88,181,069.93
Properties and rentals					93,524,660.28	94,794,899.59			93,524,660.28	94,794,899.59
Paper chemicals	54,442,131.87	47,128,441.11							54,442,131.87	47,128,441.11
Others	197,511,269.77	164,623,372.79	146,357,054.10	731,119.28	3,122,019.63	10,262,548.55	72,782,700.60	67,097,366.59	419,773,044.10	242,714,407.21
By geographical area	13,481,661,035.71	11,924,438,705.06	146,357,054.10	731,119.28	96,646,679.91	105,057,448.14	160,066,749.32	155,278,436.52	13,884,731,519.04	12,185,505,709.00
Including:										
Mainland China	10,649,460,195.79	9,236,419,177.40	146,357,054.10	731,119.28	96,646,679.91	105,057,448.14	160,066,749.32	155,278,436.52	11,052,530,679.12	9,497,486,181.34
Other countries and regions	2,832,200,839.92	2,688,019,527.66							2,832,200,839.92	2,688,019,527.66
By the timing of delivery	13,481,661,035.71	11,924,438,705.06	146,357,054.10	731,119.28	96,646,679.91	105,057,448.14	160,066,749.32	155,278,436.52	13,884,731,519.04	12,185,505,709.00
Including:										
Goods (at a point in time)	13,355,608,712.96	11,768,812,209.08					159,251,216.13	155,278,436.52	13,514,859,929.09	11,924,090,645.60
Services (within a certain period)	126,052,322.75	155,626,495.98	146,357,054.10	731,119.28	96,646,679.91	105,057,448.14	815,533.19	-	369,871,589.95	261,415,063.40
By sales channel	13,481,661,035.71	11,924,438,705.06	146,357,054.10	731,119.28	96,646,679.91	105,057,448.14	160,066,749.32	155,278,436.52	13,884,731,519.04	12,185,505,709.00
Including:										
Distribution	9,515,928,871.04	8,395,207,255.25							9,515,928,871.04	8,395,207,255.25
Direct sales	3,965,732,164.67	3,529,231,449.81	146,357,054.10	731,119.28	96,646,679.91	105,057,448.14	160,066,749.32	155,278,436.52	4,368,802,648.00	3,790,298,453.75
Total	13,481,661,035.71	11,924,438,705.06	146,357,054.10	731,119.28	96,646,679.91	105,057,448.14	160,066,749.32	155,278,436.52	13,884,731,519.04	12,185,505,709.00

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

47. Revenue and operating costs (Cont'd)

Information related to performance obligations:

Item	Time for fulfilment of performance obligations	Significant terms of payment	Nature of goods that the Company undertakes to transfer	Whether the person is the primary person in charge	Company's commitments expected to be refunded to customers	Types of quality assurance offered by the Company and related obligations
Machine-made paper	Domestic sales on the day of delivery to the customer; foreign sales on the day of customs clearance	Domestic sales tend to be provided on an invoice basis; foreign sales tend to be prepaid	Produces easily distinguishable	Yes	None	Guaranteed quality assurance, should there be objections to product quality within 7 days of arrival, the products can be returned and exchanged.

Other explanations: The Company's performance obligations for sales of machine-made paper are generally less than one year, and the Company takes advance payments or provides credit terms depending on the customer. When the Company is the primary responsible party for a sale, it generally obtains the unconditional right to receive payment when control of the merchandise is transferred to the customer either at the time of shipment or upon delivery to the destination specified by the customer.

Information related to the transaction price allocated to residual performance obligations:

As at the end of the reporting period, the amount of revenue with signed contracts but unfulfilled or uncompleted performance obligation was RMB1,517,098,339.47, in which RMB1,517,098,339.47 was expected to be recognised in 2024.

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

48. Taxes and surcharges

Unit: RMB

Item	Amount for the period	Amount for the prior period
Property tax	41,691,189.19	43,867,342.48
Stamp duty	27,045,444.39	20,624,364.19
Land use tax	23,596,390.50	17,689,934.66
Water resource tax	7,474,477.00	7,866,553.80
Environmental protection tax	6,753,382.64	6,474,664.23
Urban maintenance and construction tax	5,628,724.65	5,065,031.72
Educational surcharges and local education surcharge	4,107,340.96	3,832,275.95
Local water conservation funds	424,555.73	375,223.40
Vehicle and vessel tax	25,897.59	22,420.06
Total	116,747,402.65	105,817,810.49

49. General and administrative expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Wages and surcharges	107,661,916.80	118,217,373.00
Depreciation expenses	59,471,794.52	44,973,785.82
Hospitality expenses	47,703,471.67	44,140,876.01
Amortisation of intangible assets	25,046,414.18	23,286,773.73
Welfare expenses	23,910,644.65	31,454,087.17
Legal costs	10,840,988.90	6,650,909.23
Insurance premium	6,695,006.66	9,440,871.93
Repair fees	6,462,342.01	9,337,357.64
Intermediary service expenses	4,654,917.80	8,597,192.82
Others	24,987,918.96	32,196,997.51
Total	317,435,416.15	328,296,224.86

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

50. Sales and distribution expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Wages and surcharges	48,843,122.23	50,366,970.26
Hospitality expenses	21,071,398.70	23,235,804.11
Travel expenses	13,823,032.53	12,003,217.19
Rental expenses	3,428,387.22	3,238,179.10
Selling commissions	2,472,705.10	3,387,483.92
Depreciation expenses	1,480,291.62	2,820,127.76
Office expenses	1,175,994.99	1,137,272.19
Warehouse expenses	301,394.66	429,220.85
Others	6,707,504.16	10,048,442.16
Total	99,303,831.21	106,666,717.54

51. Research and development expense

Unit: RMB

Item	Amount for the period	Amount for the prior period
Consumption of materials	414,455,113.32	366,319,485.67
Utilities	76,607,858.27	75,235,547.39
Wages and surcharges	63,586,172.66	66,209,728.31
Depreciation expenses	36,311,580.22	23,682,873.40
Insurance premium	13,601,674.17	13,868,772.48
Welfare expenses	3,372,176.58	3,443,387.62
Housing provident funds	2,265,763.36	2,384,161.81
Other expenses	1,713,757.83	1,660,871.90
Total	611,914,096.41	552,804,828.58

52. Finance expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Interest expenses	854,610,967.90	856,872,614.18
Interest income	104,024,655.22	94,532,686.92
Foreign exchange gains and losses	-40,639,311.96	-34,863,785.35
Bank charges and others	146,508,498.45	122,050,778.14
Total	856,455,499.17	849,526,920.05

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

53. Other income

Unit: RMB

Source of other income	Amount for the period	Amount for the prior period
Additional deduction of VAT	94,956,915.41	
Government grants – amortised deferred income included in profit or loss	53,368,860.21	82,410,962.30
Government grants – directly included in profit or loss	10,932,524.83	25,744,734.89
Refund of handling fees for withholding and payment of individual income tax	498,630.65	
Gain on debt restructuring	188,197.54	
Total	159,945,128.64	108,155,697.19

54. Gain on change in fair value

Unit: RMB

Source of gain on change in fair value	Amount for the period	Amount for the prior period
Gain on change in fair value of consumable biological assets measured at fair value	5,184,193.11	5,749,779.42
Financial assets held for trading	-7,405,789.55	-25,565,577.25
Total	-2,221,596.44	-19,815,797.83

55. Investment income

Unit: RMB

Item	Amount for the period	Amount for the prior period
Investment gain on disposal of long-term equity investments	216,154,711.23	
Investment income on holding other non-current financial assets	23,957,613.40	630,212.77
Gain on debt restructuring	3,313,951.90	-145,995.36
Income from long-term equity investments accounted for using the equity method	-38,682,172.19	23,934,269.81
Investment gain on derecognition of financial assets	-23,412,008.23	-67,175,214.10
Total	181,332,096.11	-42,756,726.88

56. Credit impairment loss

Unit: RMB

Item	Amount for the period	Amount for the prior period
Bad debt loss of accounts receivable	-124,386,619.66	-43,081,750.88
Total	-124,386,619.66	-43,081,750.88

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

57. Loss on impairment of assets

Unit: RMB

Item	Amount for the period	Amount for the prior period
Loss on inventory impairment	-3,041,427.75	-43,314,485.76
Total	-3,041,427.75	-43,314,485.76

58. Non-operating income

Unit: RMB

Item	Amount for the period	Amount for the prior period	Included in non-recurring profit or loss in the period
Fine income	1,900,470.03	323,305.00	1,900,470.03
Gain on damage and retirement of non-current assets	395,610.51	433,184.77	395,610.51
Exempted debts	366,717.74	12,888.00	366,717.74
Others	88,688.65	171,427.53	88,688.65
Total	2,751,486.93	940,805.30	2,751,486.93

59. Non-operating expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period	Included in non-recurring profit or loss in the period
Loss on damage and retirement of non-current assets	639,215.79	3,074,424.63	639,215.79
Donation	300,000.00		300,000.00
Others	74,335.21	63,765.43	74,335.21
Total	1,013,551.00	3,138,190.06	1,013,551.00

60. Asset disposal income

Unit: RMB

Source of asset disposal income	Amount for the period	Amount for the prior period
Gain on disposal of fixed assets ("-" denotes loss)	19,222,812.60	11,759,266.91
Total	19,222,812.60	11,759,266.91

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

61. Income tax expenses

(1) Particulars of income tax expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Income tax expenses for the period	30,685,170.68	22,508,021.82
Deferred income tax expenses	-127,086,125.02	-233,999,203.96
Total	-96,400,954.34	-211,491,182.14

(2) Reconciliation between accounting profit and income tax expenses

Unit: RMB

Item	Amount for the period
Total profit	-70,042,106.12
Income tax expenses calculated at statutory/applicable tax rates	-10,506,315.92
Effect of different tax rates applicable to subsidiaries	-46,483,903.78
Effect of adjustments for income tax for prior periods	11,537,775.39
Profit and loss of joint ventures and associates accounted for using the equity method	-10,700,688.45
Effect of income not subject to tax	-3,690,697.97
Effect of non-deductible costs, expenses and losses	10,819,433.00
Effect of utilisation of previously unrecognised deductible loss on deferred income tax assets	-27,072,452.40
Effect of current unrecognised deductible temporary difference or deductible loss arising from deferred tax income assets	37,402,548.77
Tax effect of R&D fee deduction (listed with“-”)	-57,706,652.98
Income tax expense	-96,400,954.34

62. Other comprehensive income

Please refer to note VII. 42.

63. Items on statements of cash flow

(1) Cash relating to operating activities

Cash received relating to other operating activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Interest income	98,034,655.22	96,517,182.23
Open credit and other income	37,948,513.99	128,779,296.53
Government grants	14,674,965.71	16,978,364.27
Net proceedings from the financial leasing business		638,037,439.53
Total	150,658,134.92	880,312,282.56

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

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

(1) Cash relating to operating activities (Cont'd)

Cash paid relating to other operating activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Expenses and open credit	944,194,644.80	802,664,900.20
Total	944,194,644.80	802,664,900.20

(2) Cash relating to financing activities

Cash received relating to other financing activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Equipment finance lease received	1,075,100,000.00	1,122,264,589.15
Deposit for finance lease		6,000,000.00
Net recovery of guarantee deposit	777,685,703.00	
Total	1,852,785,703.00	1,128,264,589.15

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

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

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

Cash paid relating to other financing activities

Unit: RMB

Item	Amount for the period	Amount for the prior period
Repayment of equipment finance lease	1,379,961,193.13	1,376,861,062.23
Acquisition of non-controlling interests	300,000,000.00	
Repayment of borrowings from China Development Bank funds	68,750,000.00	68,750,000.00
Current accounts	19,350,000.00	
Payment of deposit for equipment finance lease	19,000,000.00	49,250,000.00
Repayment of bonds		350,000,000.00
Net expense of guarantee deposit		97,308,709.84
Total	1,787,061,193.13	1,942,169,772.07

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	14,019,854,718.40	101,648,246.53	16,828,518,143.41	504,000,000.00	30,264,463,843.14
Long-term borrowings	5,954,917,145.70	612,417,275.07	27,366,519.99	524,387,954.32	29,390,000.00	6,040,922,986.44
Long-term payables	4,895,437,672.17	1,075,100,000.00	167,914,684.43	1,483,163,328.15	149,143,044.38	4,506,145,984.07
Lease liabilities	45,679,590.10		881,727.48	1,272,376.61	1,232,587.63	44,056,353.34
Other payables (financing)	282,524,750.00	1,019,000,000.00		156,030,000.00		1,145,494,750.00
Long-term receivables (deposit for financial leasing)	308,778,944.33		51,600,826.68	19,000,000.00	11,431,959.61	287,610,077.26
Other monetary funds (net change of guarantee deposit)	11,321,241,125.05	777,685,703.00				10,543,555,422.05
Total	56,284,058,248.97	17,504,057,696.47	349,412,005.11	19,012,371,802.49	695,197,591.62	52,832,249,416.30

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

64. Supplementary information on cash flow statement

(1) Supplementary information on cash flow statement

Unit: RMB

Supplementary information	Amount for the period	Amount for the prior period
1. Reconciliation of net profit as cash flows from operating activities:		
Net profit	26,358,848.22	-694,641,382.66
Add: Provision for impairment of assets	127,428,047.41	86,396,236.64
Depreciation of fixed assets and investment property	1,145,055,049.34	1,128,930,791.82
Depreciation of right-of-use assets	3,860,982.48	3,572,130.01
Amortisation of intangible assets	26,716,784.88	26,601,501.33
Amortisation of long-term prepaid expenses	1,664,214.03	2,970,626.13
Loss on disposal of fixed assets, intangible assets and other long-term assets (“-” denotes gain)	-19,222,812.60	-11,759,266.91
Loss on retirement of fixed assets (“-” denotes gain)	243,605.28	2,641,239.86
Loss on changes in fair value (“-” denotes gain)	2,221,596.44	19,815,797.83
Finance expenses (“-” denotes gain)	854,610,967.90	856,872,614.18
Investment loss (“-” denotes gain)	-181,332,096.11	42,756,726.88
Decrease in deferred income tax assets (“-” denotes increase)	-124,990,592.41	-226,570,060.35
Increase in deferred income tax liabilities (“-” denotes decrease)	-4,181,124.55	5,466,650.50
Decrease in inventories (“-” denotes increase)	694,547,012.92	35,683,655.24
Decrease in operating receivables (“-” denotes increase)	-544,020,781.43	643,109,345.71
Increase in operating payables (“-” denotes decrease)	-16,460,308.73	-138,758,858.62
Others		
Net cash flows from operating activities	1,992,499,393.07	1,783,087,747.59
2. Major investing and financing activities not involving cash settlements:		
Capital converted from debts		
Convertible corporate bonds due within one year		
Fixed assets under finance leases		
3. Net change in cash and cash equivalents:		
Closing balance of cash	802,830,084.55	1,842,769,494.26
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	38,596,341.94	-316,690,655.25

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

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

(2) Net cash 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	251,022,800.00
Including: Kunshan Tuoan Plastic Products Co., Ltd.	143,730,000.00
Shandong Yujing Grand Hotel Co., Ltd.	107,292,800.00
Less: Cash and cash equivalents held by the subsidiary on the date of loss of control	20,915,309.33
Including: Kunshan Tuoan Plastic Products Co., Ltd.	20,091,053.42
Shandong Yujing Grand Hotel Co., Ltd.	824,255.91
Add: Cash or cash equivalents received in the current period from disposal of subsidiaries during previous periods	380,000,000.00
Including: Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	380,000,000.00
Net cash received from disposal of subsidiaries	610,107,490.67

(3) Cash and cash equivalents composition

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	802,830,084.55	764,233,742.61
Including: Treasury cash	4,129,836.09	3,674,805.36
Bank deposit that can be used for payment at any time	798,700,248.46	760,558,937.25
II. Cash equivalents		
III. Balance of cash and cash equivalent at end of period	802,830,084.55	764,233,742.61

(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	10,543,555,422.05	11,321,241,125.05	See Note VII.1 for details
Interest accrued on deposits	39,624,494.95	39,357,963.64	See Note VII.1 for details
Total	10,583,179,917.00	11,360,599,088.69	

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

Explanation of the item name of "others" and the adjustment amount to the balance as at the end of the previous year:
Nil

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

66. Foreign currency items

(1) Foreign currency items

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Monetary funds			
Including: USD	39,951,997.81	7.1268	284,729,897.99
EUR	1,570,740.11	7.6617	12,034,539.50
HKD	394,815.28	0.9127	360,340.01
GBP	1,777.90	9.0430	16,077.55
JPY	1,197.00	0.0447	53.55
Accounts receivable			
Including: USD	8,726,610.89	7.1268	62,192,810.49
EUR	17,223.10	7.6617	131,958.23
JPY	146,734,998.00	0.0447	6,559,054.41
Other receivables			
Including: USD	1,084,115.80	7.1268	7,726,276.48
EUR	80,841.81	7.6617	619,385.70
Accounts payable			
Including: USD	18,990,945.76	7.1268	135,344,672.24
EUR	766,383.12	7.6617	5,871,797.55
Long-term borrowings			
Including: EUR	4,492,120.00	7.6617	34,417,275.80

(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
1	Chenming GmbH	Hamburg, Germany	Hamburg, Germany	EUR
2	Chenming Paper Korea Co., Ltd.	Seoul, Korea	Seoul, Korea	KRW
3	Chenming International Co., Ltd.	Los Angeles, USA	Los Angeles, USA	USD
4	Chenming Paper Japan Co., Ltd.	Tokyo, Japan	Tokyo, Japan	JPY
5	Chenming Paper United States Co., Ltd.	Los Angeles, USA	Los Angeles, USA	USD
6	Chenming (Overseas) Limited	Hong Kong, China	Hong Kong, China	USD
7	Chenming (Singapore) Limited	Singapore	Singapore	USD
8	Chenming (HK) Limited	Hong Kong, China	Hong Kong, China	USD

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

67. Leases

(1) The Company as a lessee

Simplified treatment of lease expenses for short-term leases or leases of low-value assets

Applicable Not applicable

Unit: RMB

Item	Amount for the period
Short-term lease	3,235,879.40
Total	3,235,879.40

(2) The Company as a lessor

Operating lease as a lessor

Applicable Not applicable

Unit: RMB

Item	Lease income	Including: income related to variable lease payments not included in lease receipts
Lease income	88,182,141.14	
Total	88,182,141.14	

Financial lease as a lessor

Applicable Not applicable

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VII. Notes to Items of The Consolidated Financial Statements (Cont'd)

67. Leases (Cont'd)

(2) The Company as a lessor (Cont'd)

Undiscounted lease payments for each of the next five years

Unit: RMB

Item	Annual undiscounted lease payments	
	Closing balance	Opening balance
The first year	174,536,416.38	179,905,002.33
The second year	165,465,795.09	168,651,189.37
The third year	167,667,038.24	167,585,064.63
The fourth year	161,101,058.01	162,996,827.55
The fifth year	162,012,344.71	159,887,562.91
Five years later	163,111,818.84	165,396,559.34
Total undiscounted lease payments after five years	993,894,471.27	1,004,422,206.13

VIII. R&D Expenses

Unit: RMB

Item	Amount for the period	Amount for the prior period
Consumption of materials	414,455,113.32	366,319,485.67
Utilities	76,607,858.27	75,235,547.39
Wages and surcharges	63,586,172.66	66,209,728.31
Depreciation expenses	36,311,580.22	23,682,873.40
Insurance premium	13,601,674.17	13,868,772.48
Welfare expenses	3,372,176.58	3,443,387.62
Housing provident funds	2,265,763.36	2,384,161.81
Other expenses	1,713,757.83	1,660,871.90
Total	611,914,096.41	552,804,828.58
Including: R&D expenses included in profit or loss	611,914,096.41	552,804,828.58

IX. Change in Scope of Consolidation

1. Disposal of a subsidiary

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

Yes No

Unit: RMB

Name of subsidiary	Disposal consideration at the date of loss of control	Disposal percentage at the date of loss of control	Disposal method at the date of loss of control	Date of loss of control	The basis for determining the date of loss of control	Difference between consideration and share of net assets of relevant subsidiary as per consolidated financial statements	Remaining shareholding as of the date of loss of control	Carrying amount of remaining shareholding as of the date of loss of control as per consolidated financial statements	Fair value of remaining shareholding as of the date of loss of control as per consolidated financial statements	Gain or loss in fair value of remaining shareholding	Determination and key assumption of fair value of remaining shareholding as of the date of loss of control as per consolidated financial statements	
											Relevant other comprehensive income of former subsidiary transferred to profit or loss or retained profit	
Shandong Yijing Grand Hotel Co., Ltd.	162,892,813.25	90.05%	Transfer	2024-3-31	Loss of control	203,535,106.51						
Kunshan Tuan Plastic Products Co., Ltd.	143,730,000.00	100.00%	Transfer	2024-2-29	Loss of control	12,619,604.72						

Any situation where investments in subsidiaries are disposed of step by step through multiple transactions and control is lost during the period

Yes No

2. Change in scope of consolidation due to other reasons

During the period, 1 subsidiary was deregistered, namely Guangzhou Chenming Commercial Factoring Co., Ltd.

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X. Interest in Other Entities

1. Interest in subsidiaries

(1) Constitution of the Group

Unit: RMB'0,000

Name of subsidiary	Register capital	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
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	Paper product trading	For-profit corporation		100%	Establishment	0	0
Shouguang Chenming Import and Export Trade Co., Ltd.	70,000.00	Shouguang	Shouguang	Trading	For-profit corporation	35.71%	64.29%	Establishment	0	0
Jiangxi Chenming Supply Chain Management Co., Ltd.	200.00	Jiangxi	Jiangxi	Trading	For-profit corporation		70%	Establishment	0	0
Zhanjiang Chenming Pulp & Paper Co., Ltd.	691,357.24	Zhanjiang	Zhanjiang	Paper making	For-profit corporation	80.28%		Establishment	0	0
Zhanjiang Chenming Arboriculture Development Co., Ltd.	130,000.00	Zhanjiang	Zhanjiang	Arboriculture	For-profit corporation		100%	Establishment	0	0
Yangjiang Chenming Arboriculture Development Co., Ltd.	22,000.00	Yangjiang	Yangjiang	Arboriculture	For-profit corporation		100%	Establishment	0	0
Guangdong Huirui Investment Co., Ltd.	25,800.00	Zhanjiang	Zhanjiang	Investment	For-profit corporation		100%	Establishment	0	0
Hubei Changjiang Chenming Huanggang Equity Investment Fund Partnership (Limited Partnership)	200,100.00	Huanggang	Huanggang	Fund	For-profit corporation		59.97%	Establishment	0	0
Hainan Chenming Technology Co., Ltd.	20,000.00	Haikou	Haikou	Wholesale and retail	For-profit corporation		100%	Establishment	0	0
Foshan Chenming Import and Export Trade Co., Ltd.	20,000.00	Foshan	Foshan	Trading	For-profit corporation		100%	Establishment	0	0
Shanghai Heruiming Property Management Co., Ltd.	30,150.00	Shanghai	Shanghai	Business services	For-profit corporation		100%	Merger and acquisition	0	0
Zhanjiang Chenming Port Co., Ltd.	10,000.00	Zhanjiang	Zhanjiang	Port services	For-profit corporation		100%	Establishment	0	0
Zhanjiang Meilun Pulp & Paper Co., Ltd.	10,000.00	Zhanjiang	Zhanjiang	Paper making	For-profit corporation		100%	Establishment	0	0
Guangdong Chenming Panels Co., Ltd.	1,000.00	Guangdong	Guangdong	Panels	For-profit corporation		100%	Establishment	0	0
Jiangxi Chenming Tea Co., Ltd.	1,000.00	Jiangxi	Jiangxi	Tea business	For-profit corporation		100%	Establishment	0	0
Jiangxi Chenming Paper Co., Ltd.	32,673.32(USD)	Nanchang	Nanchang	Paper making	For-profit corporation		100%	Establishment	0	0
Jiangxi Chenming Logistics Co., Ltd.	500.00	Nanchang	Nanchang	Logistics	For-profit corporation		100%	Establishment	0	0
Nanchang Shengheng Trading Co., Ltd.	1,000.00	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

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X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

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

Name of subsidiary	Register capital	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding		Acquisition	Issued debt securities	Issued share capital
						Direct	Indirect			
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		
Jilin Chenming Paper Co., Ltd.	150,000.00	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-style Wall Materials Co., Ltd	1,000.00	Jilin	Jilin	Wall materials	For-profit corporation		100%	Establishment	0	0
Jilin Chenming Logistics Co., Ltd.	500.00	Jilin	Jilin	Logistics	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 Paper Technology Co., Ltd.	100,000.00	Huanggang	Huanggang	Paper making	For-profit corporation		100%	Establishment	0	0
Huanggang Chenming Port Service Co., Ltd.	5,000.00	Huanggang	Huanggang	Port services	For-profit corporation		100%	Establishment	0	0
Huanggang Chenming Pulp & Fiber Trading Co., Ltd.	5,000.00	Huanggang	Huanggang	Trading	For-profit corporation		100%	Establishment	0	0
Hubei Huanggang Chenming Equity Investment Fund Management Co., Ltd.	300.00	Huanggang	Huanggang	Capital market services	For-profit corporation		60%	Establishment	0	0
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

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X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

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

Name of subsidiary	Register capital	Principle place of business	Place of incorporation	Nature of business	Type of legal person	Shareholding		Acquisition	Issued debt securities	Issued share capital
						Direct	Indirect			
Chongmin Culture Development (Shanghai) Co., Ltd.	20,000.00	Shanghai	Shanghai	Leasing and business services	For-profit corporation		100%	Acquisition	0	0
Jinan Chenming Paper Sales Co., Ltd.	10,000.00	Jinan	Jinan	Investment management/ Paper product trading	For-profit corporation	100%		Establishment	0	0
Shandong Chenming Commercial Factoring Co., Ltd.	20,000.00	Jinan	Jinan	Business factoring	For-profit corporation		100%	Establishment	0	0
Chenming GmbH	65.00 (USD)	Germany	Germany	Paper product trading	For-profit corporation	100%		Establishment	0	0
Chenming Paper Japan Co., Ltd.	150.00 (USD)	Japan	Japan	Paper product trading	For-profit corporation		100%	Establishment	0	0
Chenming International Co., Ltd.	100.00 (USD)	The United States	The United States	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
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.	60,391.77	Shanghai	Shanghai	Real estate	For-profit corporation		100%	Merger and acquisition	0	0
Shanghai Hongtai Property Management Co., Ltd.	200.00	Shanghai	Shanghai	Property	For-profit corporation		100%	Merger and acquisition	0	0
Shouguang Chenming Papermaking Machine Co., Ltd.	200.00	Shouguang	Shouguang	Machinery manufacturing	For-profit corporation	100%		Establishment	0	0
Shouguang Hongxiang Printing and Packaging Co., Ltd.	80.00	Shouguang	Shouguang	Printing and packaging	For-profit corporation	100%		Acquisition	0	0
Shouguang Chenming Modern Logistic Co., Ltd.	1,000.00	Shouguang	Shouguang	Transportation	For-profit corporation	100%		Establishment	0	0
Shouguang Hongyi Decorative Packaging Co., Ltd.	200.00	Shouguang	Shouguang	Packaging	For-profit corporation		100%	Merger and acquisition	0	0

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X. Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

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

Name of subsidiary	Register capital	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 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
Shouguang Shun Da Customs Declaration Co., Ltd.	150.00	Shouguang	Shouguang	Customs declaration	For-profit corporation	100%		Establishment	0	0
Huanggang Chenming Arboriculture Development Co., Ltd.	7,000.00	Huanggang	Huanggang	Arboriculture	For-profit corporation	100%		Establishment	0	0
Chenming Arboriculture Co., Ltd.	10,000.00	Wuhan	Wuhan	Arboriculture	For-profit corporation	100%		Establishment	0	0
Hailaer Chenming Paper Co., Ltd.	1,600.00	Hailaer	Hailaer	Paper making	For-profit corporation	75%		Establishment	0	0
Weifang Chenming Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership)	100,000.00	Weifang	Weifang	Fund	For-profit corporation	79%		Establishment	0	0
Weifang Chendu Equity Investment Partnership (Limited Partnership)	32,000.00	Shouguang	Shouguang	Capital market services	For-profit corporation	79.69%		Establishment	0	0
Nanjing Chenming Culture Communication Co., Ltd.	500.00	Nanjing	Nanjing	Marketing	For-profit corporation		100%	Establishment	0	0

(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%	14,034,956.42	123,000,000.00	1,803,983,499.88
Zhanjiang Chenming Pulp & Paper Co., Ltd.	19.72%	-1,288,359.90		1,579,422,644.51

X: Interest in Other Entities (Cont'd)

1. Interest in subsidiaries (Cont'd)

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

Name of subsidiary	Non-current assets		Closing balance		Non-current liabilities		Opening balance		Non-current liabilities		Unit: RMB	
	Current assets	Non-current assets	Total assets	Current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities		
Shouguang Meilun Paper Co., Ltd.	6,586,281,476.07	9,855,312,662.22	16,441,594,138.29	6,998,813,646.60	1,104,767,705.49	8,103,581,354.09	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.	12,089,985,789.76	12,282,982,933.43	24,372,968,723.19	13,847,904,342.71	1,574,758,664.42	15,422,663,007.13	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

Name of subsidiary	Amount for the period		Amount for the prior period		Unit: RMB	
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities		
Shouguang Meilun Paper Co., Ltd.	4,684,096,701.75	40,515,254.62	40,515,254.62	759,366,495.73	153,008,366.72	1,528,677,090.76
Zhanjiang Chenming Pulp & Paper Co., Ltd.	6,278,830,552.25	3,686,976.50	7,359,489.89	671,266,132.58	-541,888,245.61	1,332,553,432.65

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X. Interest in Other Entities (Cont'd)

2 Transaction changing shareholding in but not causing to loss of control over subsidiaries

(1) Changing in shareholding in subsidiaries

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/disposal consideration	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	
Shouguang Jintou Industrial Investment Partnership (Limited Partnership)	Shouguang	Shouguang	Investment		49.57%	Equity method
Guangdong Nanyue Bank Co., Ltd.	Guangdong	Guangdong	Bank		4.46%	Equity method

The basis for holding less than 20% of the voting power of the investee but having significant influence, and the basis for holding 20% or more of the voting power of the investee but not having significant influence:

The Company holds 4.46% equity interest in Guangdong Nanyue Bank Co., Ltd. but is the second largest shareholder and is able to exercise significant influence over Guangdong Nanyue Bank Co., Ltd. by appointing one director to the board of directors (out of a total of nine directors on the board of directors).

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X. Interest in Other Entities (Cont'd)

3 Interest in joint arrangements or associates (Cont'd)

(2) Key financial information of major joint ventures

Unit: RMB

Shouguang Jintou Industrial Investment Partnership (Limited Partnership)	Closing balance/ amount for the period	Opening balance/ amount for the prior period
Current assets	2,364,434,510.35	1,775,433,885.35
Of which: Cash and cash equivalents	1,897,392.08	1,047,090.41
Non-current assets	393,384,007.57	408,884,578.74
Total assets	2,757,818,517.92	2,184,318,464.09
Current liabilities	696,815,230.96	104,387,199.50
Non-current liabilities	6,080,489.65	5,805,542.05
Total liabilities	702,895,720.61	110,192,741.55
Minority interest		
Equity interest attributable to shareholders of the parent company	2,054,922,797.31	2,074,125,722.54
Share of net assets based on shareholding	1,018,612,901.09	1,028,131,675.91
Adjustments		
– Others	1,306,754,421.23	1,316,438,571.64
Carrying amount of equity investment in joint ventures	2,325,367,322.32	2,344,570,247.55
Fair value of equity investment in joint ventures where publicly quoted prices exist		
Revenue	305,986,438.14	
Finance expenses	1,809,456.02	1,620,207.86
Income tax expenses	-616,895.19	
Net profit	-19,202,925.23	-1,620,207.86
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-19,202,925.23	-1,620,207.86
Dividends received from joint ventures during the year		

X Financial Report

X. Interest in Other Entities (Cont'd)

3 Interest in joint arrangements or associates (Cont'd)

(3) Key financial information of major associates

Unit: RMB

Guangdong Nanyue Bank Co., Ltd.	Closing balance/ amount for the period	Opening balance/ amount for the prior period
Current assets	204,880,976,101.06	194,828,415,917.54
Non-current assets	115,126,420,036.44	111,581,185,310.11
Total assets	320,007,396,137.50	306,409,601,227.65
Current liabilities	262,494,142,140.38	250,233,916,389.30
Non-current liabilities	27,354,502,269.11	26,252,549,634.28
Total liabilities	289,848,644,409.49	276,486,466,023.58
Minority interest		68,358,275.97
Equity interest attributable to shareholders of the parent company	30,158,751,728.01	29,854,776,928.10
Share of net assets based on shareholding	1,345,080,327.07	1,331,523,051.00
Adjustments		
– Goodwill		
– Unrealised profit arising from intra-group transactions		
– Others		
Carrying amount of equity investment in associates	1,345,080,327.07	1,331,523,051.00
Fair value of equity investment in associates where publicly quoted prices exist		
Revenue	1,263,828,453.62	2,739,283,882.64
Net profit	233,504,987.79	416,331,873.52
Net profit from discontinued operations		
Other comprehensive income	82,343,349.45	-9,346,709.52
Total comprehensive income	315,848,337.24	406,985,164.00
Dividends received from associates during the year		

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X. Interest in Other Entities (Cont'd)

3 Interest in joint arrangements or associates (Cont'd)

(4) Summary financial information of non-major joint ventures and associates

Unit: RMB

	Closing balance/ amount for the period	Opening balance/ amount for the prior period
Joint ventures:		
Total carrying amount of investment	207,942,516.40	197,483,273.06
Total amount of the following items based on shareholding		
– Net profit	10,459,243.34	5,160,237
– Other comprehensive income		
– Total comprehensive income	10,459,243.34	5,160,237
Associates:		
Total carrying amount of investment	771,264,399.70	811,622,814.12
Total amount of the following items based on shareholding		
– Net profit	-40,358,414.42	3,643,661.92
– Other comprehensive income		
– Total comprehensive income	-40,358,414.42	3,643,661.92

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

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XI. Government Grants (Cont'd)

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			25,239,041.36		499,454,993.88	Asset-related
Huanggang pulp-forestry-paper project	Deferred income	445,968,305.25			12,513,108.90		433,455,196.35	Asset-related
Infrastructure and environmental protection engineering transformation project	Deferred income	196,803,377.25			5,758,794.72		191,044,582.53	Asset-related
Financial subsidies for technical transformation project	Deferred income	95,106,015.68	3,270,000.00		4,416,552.48		93,959,463.20	Asset-related
Zhanjiang forestry-pulp-paper project	Deferred income	42,617,331.35			2,047,316.46		40,570,014.89	Asset-related
Project fund for National Key Technology Research and Development Program	Deferred income	793,725.00			82,350.00		711,375.00	Asset-related
Others	Deferred income	31,881,324.93			3,311,696.29		28,569,628.64	Asset-related
Total		1,337,864,114.70	3,270,000.00		53,368,860.21		1,287,765,254.49	

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XI. Government Grants (Cont'd)

3. Government grants included in profit or loss for the period

Applicable Not applicable

Unit: RMB

Subsidy item	Accounting item	Amount for the period	Amount for the prior period
Funding for environmental protection	Other income	25,239,041.36	26,594,207.20
Huanggang forestry-pulp-paper project	Other income	12,513,108.90	12,513,108.90
Financial subsidies for technological transformation project	Other income	11,626,552.48	35,191,957.48
Sewage treatment and water conservation transformation project	Other income	5,758,794.72	
Zhanjiang forestry-pulp-paper project	Other income	2,047,316.46	2,047,316.46
Government rewards	Other income	1,510,920.00	7,220,880.00
Subsidy for job expansion	Other income	938,615.16	52,000.00
Afforestation subsidy			
Other income		491,960.00	459,000.12
Incentive fund for smart manufacturing regulatory Enterprises	Other income	400,000.00	612,000.00
Job stabilisation subsidy	Other income	288,435.21	9,500.00
Project fund for National Key Technology Research and Development Program	Other income	82,350.00	82,350.00
Unemployment Insurance	Other income	46,500.00	
Refund of tax	Other income	30,124.00	2,877,613.59
Refund of tax service handling fees	Other income	15,170.46	
Railway subsidy	Other income	800.00	
Special subsidy for foreign trade	Other income		10,833,800.00
Infrastructure and environmental protection engineering	Other income		5,758,794.72
Immediate VAT refund	Other income		3,186,241.18
Others	Other income	3,311,696.29	716,927.54
Total		64,301,385.04	108,155,697.19

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, financial assets held for trading, other current assets, long-term receivables, other non-current financial assets, bills payable, accounts payable, other payables, short-term borrowings, non-current liabilities due within one year, long-term borrowings, bonds payable, lease liabilities and long-term payables. Details of financial instruments refer to related notes. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these exposures to ensure that the above risks are controlled in a limited extent.

1. Various risks from financial instruments

The Company aims to seek the appropriate balance between the risks and benefits in order to mitigate the adverse effects on the Company's financial performance from financial risk. Based on such objectives, the Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and devise corresponding internal control procedures, and to monitor risks faced by the Company. Such risk management policies and internal control systems are reviewed regularly to adapt to changes in market conditions and the Company's activities. The internal audit department of the Company undertakes both regular and ad-hoc reviews of risk management controls and procedures

Risks associated with the financial instrument of the Company mainly include credit risk, liquidity risk, market risk (including exchange rate risk, interest rate risk and commodity price risk).

The board of directors is responsible to plan and establish the Company's risk management structure, make risk management policies and related guidelines, and supervise the implementation of risk management. The Company has already made risk management risks to identify and analyse risks that the Company face. These policies mentioned specific risks, covering market, credit risk and liquidity risk etc. The Company regularly assesses market environment and the operation of the Company changes to determine if to make alteration to risk management policy and systems. The Company's risk management is implemented by Risk Management Committee according to the approval of the board of directors. The Risk Management Committee works closely with other business department of the Company to identify, evaluating and avoiding certain risks. The Company's internal audit department will audit the risk management control and procedures regularly and report the result to audit committee of the Company.

The Company spreads risks through diverse investment and business lines, and through making risk management policy to reduce risks of single industry, specific area and 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.

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XII. Risk Relating to Financial Instruments (Cont'd)

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

(1) Credit risk (Cont'd)

For accounts receivables, other receivables and long-term receivables, the Company set related policies to control exposure of credit risks. The Company evaluates client's credit quality and set related credit period based on the client's financial status, credit records and other factors such as current market situation etc. The Company keeps monitor the client's credit record and for client with deteriorate credit records, the Company will ensure the credit risk is under control in whole by means of written notice of payment collection, shorten or cancel credit period.

The Company's debtor spread over different industry and area. The Company continued to assess the credit evaluation to receivables and purchase credit guarantee insurance if necessary.

The biggest credit risk exposure of the Company is the carrying amount of each financial asset in the balance sheet. The Company did not provide financial guarantee which resulted in credit risks.

The amount of top 5 accounts receivable of the Company accounted for 31.61% (2023: 36.65%) of the Company's total accounts receivables. The amount of top 5 other receivable of the Company accounted for 66.79% (2023: 70.32%) of the Company's total other receivables.

(2) Liquidity risk

Liquidity risk refers to the risks that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

To manage the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management of the Company monitors the usage of bank borrowings and ensures compliance with the borrowing agreements. In the meantime, the Company obtain commitments from major financial institutions to provide sufficient standby funds to meet short-term and long-term funding needs.

Operating cash of the Company was generated from capital and bank and other borrowings. As at 30 June 2024, the Company's unused bank loan credit was RMB41,846.7437 million (31 December 2023: RMB44,131.5478 million). The closing balance of financial assets of the Company due within one year amounted to RMB24,099.4235 million, while the closing balance of financial liabilities due within one year amounted to RMB46,718.3898 million. The financial assets due within one year was less than that of financial liabilities. To manage liquidity risk, in 2024, the Company will focus on its major operations, actively divest or dispose non-principal assets, and put greater efforts in recovery of financial lease payment. In addition to controlling its capital expenditures, the Company will also strengthen internal control and further lower its costs. The Company will enhance market operations, boost sales volume and enhance corporate efficiency.

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XII. Risk Relating to Financial Instruments (Cont'd)

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

(2) Liquidity risk (Cont'd)

As at the end of the period, the financial assets, financial liabilities and off balance sheet guarantee held by the Company are analysed by their maturity date as below at their remaining undiscounted contractual cash flows (in RMB'0,000):

Item	Within 1 year	Closing balance			Total
		1 to 2 years	2 to 5 years	Over 5 years	
Financial assets:					
Monetary funds	1,134,638.55				1,134,638.55
Financial assets held for trading	3,919.74				3,919.74
Bills receivable	67,496.23				67,496.23
Accounts receivable	356,533.83				356,533.83
Accounts receivable financing	2,206.56				2,206.56
Other receivables	257,654.11				257,654.11
Long-term receivables		32,591.75	29,728.47		62,320.22
Other non-current financial assets				78,007.77	78,007.77
Other current assets	74,937.85				74,937.85
Non-current assets due within one year	512,555.48				512,555.48
Total financial assets	2,409,942.35	32,591.75	29,728.47	78,007.77	2,550,270.34
Financial liabilities:					
Short-term borrowings	3,023,925.42				3,023,925.42
Bills payable	556,238.46				556,238.46
Accounts payable	407,719.82				407,719.82
Other payables	313,491.11				313,491.11
Non-current liabilities due within one year	363,464.18				363,464.18
Other current liabilities	7,000.00				7,000.00
Long-term borrowings		148,238.04	142,739.05	191,502.99	482,480.08
Lease liabilities		183.40	354.01	5,249.95	5,787.36
Long-term payables		174,236.65	61,580.10		235,816.75
Total financial liabilities and contingent liabilities	4,671,838.99	322,658.09	204,673.16	196,752.94	5,395,923.18

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XII. Risk Relating to Financial Instruments (Cont'd)

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

(2) Liquidity risk (Cont'd)

As at the end of the prior year, the financial assets, financial liabilities and off-balance sheet guarantee held by the Company are analysed by their maturity date as below at their remaining undiscounted contractual cash flows (in RMB'0,000):

Item	Balance as at the end of the prior year				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial assets:9					
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 receivable	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.

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XII. Risk Relating to Financial Instruments (Cont'd)

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

(3) Market risk

Market risk 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	3,023,925.42	3,344,774.24
Long-term borrowings	482,480.08	468,101.45
Long-term borrowings due within one year	121,612.22	127,390.27
Total	3,628,017.72	3,940,265.96
Financial instrument with float interest rate		
Financial assets		
Of which: Monetary funds	1,134,225.57	1,208,180.01
Total	1,134,225.57	1,208,180.01

XII. Risk Relating to Financial Instruments (Cont'd)

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

(3) Market risk (Cont'd)

Interest rate risk (Cont'd)

As at 30 June 2024, if the interest rates of borrowings at floating interest rates increase or decrease by 25 basis points with all other factors remain unchanged, the Company's net profit and shareholders' equity will increase or decrease by RMB3,464,300 (31 December 2023: RMB3,733,100). The bank's interest settlement date is generally the 20th of each month, according to the accounting period, so you need to consider the interest rate for the next 11 days, the balance of the current loan * the average borrowing rate for the year * 25%/360 * 11 * 25%.

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, Japanese yen, South Korean Won, Euro, Hong Kong dollar and British pound).

The following table details the financial assets and liabilities held by the Company which denominated in foreign currencies and amounted to RMB as at 30 June 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	13,534.47	60,628.27	35,464.90	45,596.22
EUR	4,028.91	1,460.24	1,278.59	4,305.63
HKD			36.03	204.24
JPY			655.91	736.80
GBP			1.61	1.33
Total	17,563.38	62,088.51	37,437.04	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.

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XII. Risk Relating to Financial Instruments (Cont'd)

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

(3) Market risk (Cont'd)

Exchange rate risk (Cont'd)

With other variables unchanged, the after-tax effect of the possible reasonable changes in the exchange rate of foreign currency to RMB on the current profit and loss of the Company is as follows (in RMB'0,000):

Increase (decrease) in after-tax profits	Amount for the period		Amount for the prior period	
Increase in exchange rate of USD	5%	1,096.52	5%	-751.60
Decrease in exchange rate of USD	-5%	-1,096.52	-5%	751.60
Increase in exchange rate of Euro	5%	-137.52	5%	142.27
Decrease in exchange rate of Euro	-5%	137.52	-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 -15.33% (prior year: -32.49%) 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	-709.69	-2,427.46		

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XII. Risk Relating to Financial Instruments (Cont'd)

2. Capital management

The objective of the Company's capital risk management is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust its financing methods, adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or disposes assets to reduce its liabilities.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net liabilities divided by total capital. As at 30 June 2024, the Company's gearing ratio is 73.30% (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	Bank acceptance bills	7,834,710,831.76	Derecognised	Bank acceptance bills were derecognised as such bills for endorsement or discounting were accepted by banks with higher credit rating, their credit risk and deferred payment risk were low, the interest rate risk associated with the bills was transferred to banks, and it can be determined that the major risks and rewards of the ownership of the bills were transferred.
External transfer	Debt receivable	31,119,840.10	Derecognised	Where the Company transferred substantially all of the risks and rewards related to the ownership of the financial asset to the transferee
Total		7,865,830,671.86		

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XII. Risk Relating to Financial Instruments (Cont'd)

3. Financial assets (Cont'd)

(2) Financial assets derecognised due to transfer

Applicable Not applicable

Unit: RMB

Item	Method of financial assets transfer	Amount of financial assets derecognised	Gains or losses associated with derecognition
Bank acceptance bills	Endorsement or discounting	7,834,710,831.76	-57,402,168.13
Debt receivable	External transfer	31,119,840.10	33,990,159.90
Total		7,865,830,671.86	-23,412,008.23

XIII. Fair Value Disclosure

1. Fair value of assets and liabilities measured at fair value as at the end of the period

Unit: RMB

Item	Level 1 fair value measurement	Fair value as at the end of the period		Total
		Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuous measurement of fair value	—	—	—	—
(i) Financial assets held for trading	39,197,419.88			39,197,419.88
1. Financial assets measured at fair value through profit or loss	39,197,419.88			39,197,419.88
(1) Equity instrument investments	39,197,419.88			39,197,419.88
(ii) Accounts receivable financing			22,065,605.03	22,065,605.03
(iii) Other non-current financial assets			780,077,745.20	780,077,745.20
(iv) Biological assets			1,483,176,162.18	1,483,176,162.18
1. Consumable biological assets			1,483,176,162.18	1,483,176,162.18
Total assets continuously measured at fair value	39,197,419.88		2,285,319,512.41	2,324,516,932.29
II. Non-continuous measurement of fair value	—	—	—	—
(i) Assets held for sale				
Total assets measured at fair value not on an ongoing basis				
Total liabilities measured at fair value not on an ongoing basis				

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XIII. Fair Value Disclosure (Cont'd)

2. Basis for determining the market value of continuous and non-continuous level 1 fair value measurement items

For financial assets traded in active markets, the Company determines their fair value using quoted prices in active markets.

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

Unit: RMB

Item	Fair value as at the end of the period	Valuation techniques	Unobservable inputs	Range
Equity instrument investments:				
Shandong Hongqiao Venture Capital Co., Ltd.	78,170,000.00	Cost method		
Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership)	400,041,731.59	See explanation for details		
Jiaohui Chenming Zhuli (Suzhou) Emerging Industry Development Fund Partnership (Limited Partnership)	259,057,284.79	See explanation for details		
Consumable biological assets:				
Forestry	1,483,176,162.18	Roll back method of market price	Unit price per tonne of Eucalyptus wood	RMB550
			Unit price per tonne of wet pine	RMB545
			Unit price per tonne of fir wood	RMB620

Note: For other non-current financial assets not traded in an active market, particularly the investment in Shandong Hongqiao Venture Capital Co., Ltd., its fair value as at the end of the period was determined through appraisal, and particularly the investment in Weifang Chenchuang Equity Investment Fund Partnership (Limited Partnership) and Jiaohui Chenming Zhuli (Suzhou) Emerging Industry Development Fund Partnership (Limited Partnership), due to the withdrawal or entry of shareholders of the underlying companies during the period, the Company measured their fair value as at the end of the period with reference to the transaction prices of changes in shareholders.

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XIV. Related Parties and Related Party Transactions

1. Parent company of the Company

Name of parent company	Place of incorporation	Business nature	Registered capital (RMB'0,000)	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	123,878.77	27.78%	27.78%

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 IX. 1.

3. Joint ventures and associates of the Company

For details of material joint ventures and associates of the Company, please refer to Note IX. 2.

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
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	A joint venture of the Company
Weifang Port Wood Chip Wharf Co., Ltd.	A joint venture of the Company
Shouguang Meite Environmental Technology Co., Ltd.	A joint venture of the Company
Weifang Xingxing United Chemical Co., Ltd.	A joint venture of the Company
Chenming (Qingdao) Asset Management Co., Ltd.	An associate of the Company
Guangdong Nanyue Bank Co., Ltd.	An associate of the Company
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	An associate of the Company

Other explanation: The former name of Weifang Port Wood Chip Wharf Co., Ltd. was Weifang Sime Darby West Port Co., Ltd.

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XIV. Related Parties and Related Party Transactions (Cont'd)

4. Other related parties

Name of other related parties	Relation
Shouguang Huixin Construction Materials Co., Ltd.	A subsidiary of a company invested by the Directors and Senior Management of the Company
Lide Technology Co., Ltd.	An investee of the Company
Shouguang Chenming Guangyuan Real Property Company Limited	A subsidiary of a company invested by the Directors and Senior Management of the Company
Shandong Yujing Grand Hotel Co., Ltd.	A subsidiary of a company invested by the Directors and Senior Management of the Company
Chen Hongguo, Hu Changqing, Li Xingchun, Li Weixian, Li Feng, Li Kang, Qiu Lanju, Sang Ailing, Li Xueqin, Li Zhenzhong, Li Mingtang, Ge Guangming, Dong Lianming, Yuan Xikun, etc.	Key management personnel of the Company

5. Related party transactions

(1) Purchase and sales of goods and rendering and receiving services

Table on purchase of goods/receiving of services

Unit: RMB

Related party	Details of related party transaction	Amount for the period	Transaction facility approved	Whether the transaction facility is exceeded	Amount for the prior period
Weifang Port Wood Chip Wharf Co., Ltd.	Port miscellaneous expenses	56,191,147.39	110,000,000.00	No	20,317,747.45
Shandong Yujing Grand Hotel Co., Ltd.	Accommodation and food expenses	691,058.37	N/A	N/A	—
Shouguang Meite Environmental Technology Co., Ltd.	Purchase of chemical materials	15,577,072.00	N/A	N/A	45,798,569.04

Table on sales of goods/providing of services

Unit: RMB

Related party	Details of related party transaction	Amount for the period	Amount for the prior period
Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	Sales of electricity and steam	6,547,010.44	7,876,218.22
Shouguang Huixin Construction Materials Co., Ltd.	Sales of cement, coal, oil, etc.	60,485.79	55,815.97
Shandong Yujing Grand Hotel Co., Ltd.	Sales of electricity and oil	26,143.93	—
Shouguang Meite Environmental Technology Co., Ltd.	Sales of electricity and water	2,153,097.10	4,292,299.10

(2) Related party leasing

The Company as lessor:

Unit: RMB

Name of lessee	Type of leased asset	Lease income recognised for the current period	Lease income recognised for the previous period
Shouguang Meite Environmental Technology Co., Ltd.	Housing and building structure	733,944.95	733,944.95
Chenming (Qingdao) Asset Management Co., Ltd.	Housing and building structure	506,019.39	431,707.46
Lide Technology Co., Ltd.	Housing and building structure	949,010.43	949,010.43

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XIV. Related Parties and Related Party Transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee

The Company as guarantor

Unit: RMB

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Weifang Port Wood Chip Wharf Co., Ltd.	85,000,000.00	2017-12-20	2027-12-20	No
Shouguang Meilun Paper Co., Ltd.	91,760,456.12	2023-7-25	2024-7-25	No
Shouguang Meilun Paper Co., Ltd.	20,000,000.00	2023-8-25	2024-8-24	No
Shouguang Meilun Paper Co., Ltd.	10,000,000.00	2024-1-3	2025-1-2	No
Shouguang Meilun Paper Co., Ltd.	101,044,826.08	2024-5-27	2025-5-28	No
Shouguang Meilun Paper Co., Ltd.	45,727,471.68	2024-5-31	2025-5-31	No
Shouguang Meilun Paper Co., Ltd.	98,114,605.57	2024-6-4	2025-6-5	No
Shouguang Meilun Paper Co., Ltd.	178,130,000.00	2024-6-26	2025-6-25	No
Shouguang Meilun Paper Co., Ltd.	205,149,907.49	2024-1-10	2024-7-9	No
Shouguang Meilun Paper Co., Ltd.	35,479,479.53	2024-2-6	2024-8-5	No
Shouguang Meilun Paper Co., Ltd.	44,000,000.00	2024-2-27	2025-2-26	No
Shouguang Meilun Paper Co., Ltd.	190,445,746.04	2024-6-19	2024-12-16	No
Shouguang Meilun Paper Co., Ltd.	70,732,488.20	2024-6-24	2024-12-23	No
Shouguang Meilun Paper Co., Ltd.	20,000,000.00	2023-8-25	2024-8-23	No
Shouguang Meilun Paper Co., Ltd.	5,000,000.00	2024-3-7	2025-3-7	No
Shouguang Meilun Paper Co., Ltd.	50,000,000.00	2023-7-12	2024-7-12	No
Shouguang Meilun Paper Co., Ltd.	15,000,000.00	2024-1-3	2024-12-27	No
Shouguang Meilun Paper Co., Ltd.	90,000,000.00	2023-10-23	2024-10-23	No
Shouguang Meilun Paper Co., Ltd.	185,000,000.00	2024-6-13	2024-12-11	No
Shouguang Meilun Paper Co., Ltd.	100,000,000.00	2024-6-13	2024-12-11	No
Shouguang Meilun Paper Co., Ltd.	43,000,000.00	2023-12-19	2024-12-18	No
Shouguang Meilun Paper Co., Ltd.	10,000,000.00	2024-4-12	2024-12-11	No
Shouguang Meilun Paper Co., Ltd.	10,000,000.00	2024-4-12	2024-12-11	No
Shouguang Meilun Paper Co., Ltd.	50,000,000.00	2024-6-28	2025-6-27	No
Shouguang Meilun Paper Co., Ltd.	41,912,850.21	2024-4-12	2025-4-12	No
Shandong Chenming Paper Sales Co., Ltd.	296,829,334.44	2023-8-14	2024-8-14	No
Shandong Chenming Paper Sales Co., Ltd.	111,125,326.61	2023-9-18	2024-9-18	No
Shandong Chenming Paper Sales Co., Ltd.	54,723,975.97	2023-9-26	2024-9-26	No
Shandong Chenming Paper Sales Co., Ltd.	181,517,502.43	2023-10-7	2024-10-7	No
Shandong Chenming Paper Sales Co., Ltd.	198,262,078.03	2023-10-7	2024-10-7	No
Shandong Chenming Paper Sales Co., Ltd.	50,000,000.00	2023-10-18	2024-10-11	No
Shandong Chenming Paper Sales Co., Ltd.	40,000,000.00	2023-11-28	2024-11-28	No
Shandong Chenming Paper Sales Co., Ltd.	50,000,000.00	2024-1-4	2024-7-2	No
Shandong Chenming Paper Sales Co., Ltd.	150,000,000.00	2024-2-8	2025-2-12	No
Shandong Chenming Paper Sales Co., Ltd.	329,962,137.74	2024-4-1	2025-4-2	No
Shandong Chenming Paper Sales Co., Ltd.	130,349,733.69	2024-4-3	2025-4-7	No
Shandong Chenming Paper Sales Co., Ltd.	160,000,000.00	2024-5-23	2024-11-19	No
Shandong Chenming Paper Sales Co., Ltd.	260,000,000.00	2024-5-23	2024-11-19	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	4,500,000.00	2023-11-21	2024-11-20	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	8,000,000.00	2024-6-4	2025-5-30	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	9,000,000.00	2024-6-6	2024-11-20	No

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XIV. Related Parties and Related Party Transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	9,000,000.00	2024-6-14	2025-6-9	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	8,000,000.00	2024-6-20	2025-5-28	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	20,000,000.00	2024-6-21	2025-6-18	No
Chenming (HK) Limited	14,150,000.00	2024-6-17	2024-8-5	No
Chenming (HK) Limited	34,417,275.07	2024-1-4	2030-1-3	No
Jilin Chenming Paper Co., Ltd.	14,000,000.00	2024-3-11	2024-9-6	No
Jilin Chenming Paper Co., Ltd.	33,505,524.00	2024-1-19	2024-7-23	No
Jilin Chenming Paper Co., Ltd.	16,000,000.00	2024-6-19	2025-6-17	No
Jilin Chenming Paper Co., Ltd.	63,640,000.00	2024-4-16	2024-10-16	No
Jilin Chenming Paper Co., Ltd.	200,000,000.00	2024-1-19	2024-7-18	No
Jilin Chenming Paper Co., Ltd.	200,000,000.00	2023-12-15	2025-12-15	No
Huanggang Chenming Pulp & Paper Co., Ltd.	45,000,000.00	2023-8-10	2024-8-9	No
Huanggang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2023-7-18	2024-7-17	No
Huanggang Chenming Pulp & Paper Co., Ltd.	90,000,000.00	2024-5-20	2025-5-19	No
Huanggang Chenming Pulp & Paper Co., Ltd.	20,000,000.00	2024-4-28	2025-4-27	No
Huanggang Chenming Pulp & Paper Co., Ltd.	20,000,000.00	2023-8-18	2024-8-16	No
Huanggang Chenming Pulp & Paper Co., Ltd.	120,000,000.00	2023-7-12	2024-7-11	No
Huanggang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	2023-9-28	2024-9-28	No
Huanggang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	2023-10-13	2024-10-13	No
Huanggang Chenming Pulp & Fiber Trading Co., Ltd.	10,000,000.00	2023-8-31	2024-8-30	No
Huanggang Chenming Pulp & Fiber Trading Co., Ltd.	10,000,000.00	2023-9-26	2024-9-26	No
Huanggang Chenming Pulp & Fiber Trading Co., Ltd.	10,000,000.00	2023-11-13	2024-11-13	No
Huanggang Chenming Pulp & Fiber Trading Co., Ltd.	10,000,000.00	2023-11-24	2024-11-22	No
Shouguang Chenming Import and Export Trade Co., Ltd.	149,999,600.00	2023-12-21	2024-6-19	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	200,000,000.00	2023-7-21	2024-7-20	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,000,000.00	2023-7-28	2024-7-27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2023-8-8	2024-8-7	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2023-8-11	2024-8-10	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	3,900,000.00	2023-8-11	2024-8-10	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	2023-8-14	2024-8-13	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	59,000,000.00	2023-8-14	2024-8-13	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2023-8-24	2024-8-23	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2023-9-27	2024-9-26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	78,000,000.00	2023-10-11	2024-10-11	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	113,000,000.00	2023-10-12	2024-10-12	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	85,500,000.00	2023-11-29	2024-11-21	No

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XIV. Related Parties and Related Party Transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Zhanjiang Chenming Pulp & Paper Co., Ltd.	6,000,000.00	2023-12-4	2024-11-26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2023-12-9	2024-12-8	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2024-1-3	2025-1-2	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	67,000,000.00	2024-1-11	2024-7-10	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	2024-1-16	2024-7-15	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	200,000,000.00	2024-1-23	2024-7-22	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	37,000,000.00	2024-1-18	2024-7-16	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	48,000,000.00	2024-2-1	2024-7-26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	6,000,000.00	2024-3-18	2024-9-11	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	38,000,000.00	2024-3-21	2025-3-20	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	205,000,000.00	2024-3-20	2025-3-20	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	10,500,000.00	2024-3-26	2025-3-26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	31,000,000.00	2024-3-28	2025-3-27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	30,000,000.00	2024-3-29	2025-3-27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2024-4-9	2024-9-6	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,290,000.00	2024-4-15	2024-10-15	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	75,200,000.00	2024-5-11	2024-11-11	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	23,500,000.00	2024-5-11	2024-11-11	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,290,000.00	2024-5-15	2024-11-15	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	209,000,000.00	2024-5-16	2024-11-11	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	25,000,000.00	2024-5-16	2025-5-15	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	50,000,000.00	2024-5-22	2024-11-21	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	81,200,000.00	2024-5-23	2024-11-26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	60,000,000.00	2024-5-27	2025-5-26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	45,000,000.00	2024-5-29	2025-5-28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	63,000,000.00	2024-5-31	2025-5-29	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	40,000,000.00	2024-6-6	2025-6-5	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	38,372,000.00	2024-6-6	2025-6-3	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	47,784,000.00	2024-6-6	2025-6-3	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	40,000,000.00	2024-6-12	2024-12-11	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	48,000,000.00	2024-6-26	2025-6-25	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	62,000,000.00	2024-6-28	2025-6-26	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	70,540,260.41	2022-6-29	2025-6-29	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	61,000,000.00	2023-3-31	2026-3-30	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	120,000,000.00	2023-6-2	2026-6-2	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	68,993,057.40	2023-6-20	2026-6-20	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	250,000,000.00	2023-7-12	2026-7-12	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2024-4-29	2025-10-29	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	182,326,261.08	2023-11-8	2028-11-8	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	85,000,000.00	2024-1-12	2024-7-12	No

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XIV. Related Parties and Related Party Transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Zhanjiang Chenming Pulp & Paper Co., Ltd.	70,000,000.00	2024-2-7	2024-8-7	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	2024-3-28	2024-9-28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	56,000,000.00	2024-4-11	2024-10-11	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	42,000,000.00	2024-4-12	2024-10-12	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	40,000,000.00	2024-5-13	2024-11-13	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	20,200,000.00	2024-5-14	2024-11-14	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	40,000,000.00	2024-5-14	2024-11-14	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	65,000,000.00	2024-6-24	2024-12-24	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	58,940,000.00	2024-6-27	2024-12-27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	70,000,000.00	2024-6-27	2024-12-27	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	26,620,000.00	2024-6-28	2024-12-28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	25,000,000.00	2024-6-28	2024-12-28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	69,440,000.00	2024-6-28	2024-12-28	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	70,000,000.00	2022-6-17	2025-6-16	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	70,000,000.00	2022-6-17	2025-6-16	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	42,300,000.00	2022-10-25	2024-10-19	No
Zhanjiang Chenming Pulp & Paper Co., Ltd.	100,000,000.00	2023-12-26	2025-1-24	No
Hainan Chenming Technology Co., Ltd.	60,000,000.00	2024-4-11	2024-10-11	No
Hainan Chenming Technology Co., Ltd.	50,000,000.00	2024-5-30	2024-11-30	No
Hainan Chenming Technology Co., Ltd.	50,050,000.00	2023-11-29	2024-11-22	No
Hainan Chenming Technology Co., Ltd.	19,950,000.00	2023-12-1	2024-11-25	No
Hainan Chenming Technology Co., Ltd.	56,400,000.00	2024-1-2	2027-7-2	No
Hainan Chenming Technology Co., Ltd.	186,000,000.00	2024-3-27	2024-9-27	No
Hainan Chenming Technology Co., Ltd.	30,000,000.00	2024-2-2	2025-1-29	No
Hainan Chenming Technology Co., Ltd.	20,000,000.00	2024-2-5	2025-1-31	No
Hainan Chenming Technology Co., Ltd.	39,600,000.00	2024-5-21	2024-11-21	No
Hainan Chenming Technology Co., Ltd.	50,000,000.00	2024-4-10	2025-4-7	No
Jiangxi Chenming Paper Co., Ltd.	100,000,000.00	2023-7-5	2024-7-4	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2023-9-5	2024-8-30	No
Jiangxi Chenming Paper Co., Ltd.	3,339,000.00	2023-12-25	2024-9-30	No
Jiangxi Chenming Paper Co., Ltd.	1,452,000.00	2024-1-29	2024-9-30	No
Jiangxi Chenming Paper Co., Ltd.	193,450,000.00	2024-2-23	2024-8-20	No
Jiangxi Chenming Paper Co., Ltd.	100,000,000.00	2024-3-13	2025-3-8	No
Jiangxi Chenming Paper Co., Ltd.	20,000,000.00	2024-3-22	2024-9-18	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2024-1-4	2024-10-30	No
Jiangxi Chenming Paper Co., Ltd.	70,000,000.00	2024-4-25	2025-4-24	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2024-6-7	2025-6-3	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2024-6-11	2025-6-9	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2024-6-17	2025-6-13	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2024-6-18	2025-6-16	No
Jiangxi Chenming Paper Co., Ltd.	16,000,000.00	2024-6-21	2025-6-17	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2024-6-24	2025-6-20	No
Jiangxi Chenming Paper Co., Ltd.	127,000,000.00	2024-6-20	2024-12-19	No
Jiangxi Chenming Paper Co., Ltd.	13,000,000.00	2024-6-26	2024-12-25	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2024-5-31	2025-5-26	No
Jiangxi Chenming Paper Co., Ltd.	34,000,000.00	2024-6-20	2025-6-15	No

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XIV. Related Parties and Related Party Transactions (Cont'd)

5. Related party transactions (Cont'd)

(3) Related party guarantee (Cont'd)

Party being guaranteed	Amount under guarantee	Commencement date of guarantee	Expiry date of guarantee	Whether performance of guarantee is completed
Jiangxi Chenming Paper Co., Ltd.	4,600,000.00	2024-4-29	2025-4-29	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2023-12-4	2025-6-3	No
Jiangxi Chenming Paper Co., Ltd.	10,000,000.00	2023-9-27	2024-9-20	No
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	9,500,000.00	2023-2-13	2026-2-12	No
Jiangxi Chenming Paper Co., Ltd.	200,000,000.00	2024-5-31	2025-11-29	No
Jiangxi Chenming Paper Co., Ltd.	250,000,000.00	2024-6-13	2025-12-12	No
Jiangxi Chenming Paper Co., Ltd.	30,000,000.00	2023-9-8	2026-8-22	No
Jiangxi Chenming Paper Co., Ltd.	27,900,000.00	2023-3-31	2024-9-30	No
Jiangxi Chenming Paper Co., Ltd.	29,700,000.00	2023-5-9	2024-9-30	No
Jiangxi Chenming Paper Co., Ltd.	2,295,000.00	2023-6-27	2024-9-30	No
Jiangxi Chenming Paper Co., Ltd.	5,035,000.00	2023-8-7	2024-9-30	No
Jiangxi Chenming Paper Co., Ltd.	3,191,050.00	2023-9-15	2024-9-30	No
Total	12,006,837,947.79			

(4) Related party lending and borrowing

Unit: RMB

Related party	Borrowing amount	Commencement date	Expiry date	Description
Borrowing				
Chenming Holdings Co., Ltd.	154,750,000.00	2024-4-11	2025-4-10	Controlling shareholder
Guangdong Nanyue Bank Co., Ltd.	2,185,980,000.00	2024-1-1	2024-12-31	Associate
Borrowing				
Weifang Port Wood Chip Wharf Co., Ltd.	35,000,000.00	2024-6-28	2025-6-27	Joint venture

(5) Related party asset transfer and debt restructuring

Unit: RMB

Related party	Details of related party transaction	Amount for the period	Amount for the prior period
Shouguang Chenming	Transfer of 90.05% equity interest in Yujing	162,992,813.25	0.00
Guangyuan Real Property Company Limited	Hotel to Guangyuan Real Property from Shandong Chenming		
Shouguang Chenming	Transfer of the debts of Yujing Hotel to	193,507,186.75	0.00
Guangyuan Real Property Company Limited	Guangyuan Real Property from Shandong Chenming		

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XIV. Related Parties and Related Party Transactions (Cont'd)

6. Related party accounts receivable and accounts payable

(1) Receivables

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debts provision	Book balance	Bad debts provision
Accounts receivable	Shouguang Chenming Huisen New-style Construction Materials Co., Ltd.	1,461,303.22	10,116.20		
Accounts receivable	Chenming (Qingdao) Asset Management Co., Ltd.	2,359.03	165.13	2,359.03	23.18
Accounts receivable	Shandong Yujing Grand Hotel Co., Ltd.	2,990,413.66	972,266.09		
Other receivables	Weifang Port Wood Chip Wharf Co., Ltd.	77,465,749.84	9,279,154.44	75,554,749.84	8,991,998.46
Other receivables	Shouguang Meite Environmental Technology Co., Ltd.	10,801,455.38	2,151,596.53	10,427,200.00	2,102,653.38
Other receivables	Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	232,643,410.74		227,252,701.60	
Other receivables	Chenming (Qingdao) Asset Management Co., Ltd.	81,000.00			
Other receivables	Shouguang Chenming Guangyuan Real Property Company Limited	172,308,375.85			
Prepayments	Shandong Yujing Grand Hotel Co., Ltd.	106,953.14			

(2) Payable

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Accounts payable	Weifang Port Wood Chip Wharf Co., Ltd.	29,897,541.51	6,932,747.45
Accounts payable	Shouguang Meite Environmental Technology Co., Ltd.	13,489,957.44	12,973,303.12
Accounts payable	Weifang Xingxing United Chemical Co., Ltd.	26,905,494.34	26,905,494.34
Accounts payable	Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	14,376,757.63	14,334,304.63
Accounts payable	Wuhan Chenming Qianneng Electric Power Co., Ltd.	4,859.22	72,483.77
Accounts payable	Shandong Yujing Grand Hotel Co., Ltd.	3,107,683.37	—
Other payables	Weifang Xingxing United Chemical Co., Ltd.	16,860,000.00	16,860,000.00
Other payables	Chenming Holdings Co., Ltd.	118,012,703.34	135,612,917.24
Other payables	Lide Technology Co., Ltd.	559,897.05	559,897.05
Other payables	Chenming (Qingdao) Asset Management Co., Ltd.	115,583.42	115,583.42
Other payables	Wuhan Chenming Hanyang Paper Holdings Co., Ltd.	365,200,000.00	305,000,000.00

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XIV. Related Parties and Related Party Transactions (Cont'd)

6. Related party accounts receivable and accounts payable (Cont'd)

(3) Deposits with related parties

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Bank deposit	Guangdong Nanyue Bank Co., Ltd.	20,415.23	7,189,314.62
Other monetary funds	Guangdong Nanyue Bank Co., Ltd.	1,057,450,000.00	1,311,200,000.00

(4) Loans from related parties

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Short-term borrowings	Guangdong Nanyue Bank Co., Ltd.	2,185,980,000.00	2,069,060,000.00

XV. Undertaking and contingency

1. Significant 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	301,225,074.72	288,776,312.58

2. Contingency

The Company has no other contingencies that should be disclosed.

XVI. Post-balance Sheet Event

There are no significant post-balance sheet events.

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XVII. Other Material Matters

1. 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.

- (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.

(2) Financial Information of Reporting Segment

Unit: RMB

Item	Machine-made paper	Financial services	Property and rentals	Others	Inter-segment offset	Total
Revenue	13,742,039,658.85	197,468,294.38	105,844,153.54	639,029,301.66	799,649,889.39	13,884,731,519.04
Of which: Revenue from external transactions	13,481,661,035.71	146,357,054.10	96,646,679.91	160,066,749.32		13,884,731,519.04
Revenue from inter-segment transactions	260,378,623.14	51,111,240.28	9,197,473.63	478,962,552.34	799,649,889.39	
Of which: Revenue from principal activities	13,555,077,570.55	197,468,294.38	102,722,133.91	299,057,442.10	391,613,940.78	13,762,711,500.16
Operating costs	12,191,395,099.29	70,513,208.68	105,182,654.77	629,707,810.33	811,293,064.07	12,185,505,709.00
Of which: Costs of principal activities	11,797,604,920.59	70,377,588.60	51,405,736.87	292,234,927.26	121,751,995.46	12,089,871,177.86
Operating expenses	90,578,013.33		6,328,139.21	2,397,678.67		99,303,831.21
Of which: Wages	46,380,498.49		1,631,650.31	830,973.43		48,843,122.23
Depreciation expenses	559,024.67		919,012.26	2,254.69		1,480,291.62
Office expenses	1,173,132.24		2,728.93	133.82		1,175,994.99
Travel expenses	13,603,124.89		-	219,907.64		13,823,032.53
Selling commissions			2,319,517.67	153,187.43		2,472,705.10
Rental expenses	3,372,915.52		-	55,471.70		3,428,387.22
Hospitality expenses	20,957,240.70		29,770.00	84,388.00		21,071,398.70
Warehouse expenses	219,860.17		-	81,534.49		301,394.66
Others	4,312,216.65		1,425,460.04	969,827.47		6,707,504.16
Operating profit/(loss)	38,220,171.96	29,331,645.10	-133,609,976.95	20,842,194.71	26,564,076.87	-71,780,042.05
Total assets	83,443,926,086.47	21,264,601,133.45	9,207,711,238.15	7,376,860,223.71	43,791,817,462.05	77,501,281,219.73
Total liabilities	61,722,970,828.65	3,858,321,675.59	4,894,655,332.89	2,157,498,738.00	15,823,400,367.68	56,810,046,207.45
Total cost of construction in progress incurred for the current period	239,900,561.80					239,900,561.80
Fixed assets purchased	66,028,316.59	3,115,957.85	199,070.00	3,151,636.01		72,494,980.45
Intangible assets purchased						

Basis of accounting: The transfer prices among the Company's segments were based on market prices.

XVII. Other Material Matters (Cont'd)

2. 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 S”), has commenced an equity financing business with three overseas organisations (hereinafter referred to as “Lenders”) in order to meet its own funding needs. In order to satisfy its funding needs, Hong Kong Chenming Holdings has commenced equity financing business with three overseas organisations (hereinafter referred to as the “Lenders”). Hong Kong Chenming Holdings deposited 210.72 million B shares (representing 7.07% of the total share capital of the Company) and 153.41 million H shares (representing 5.15% of the total share capital of the Company) held by Hong Kong Chenming Holdings with custodian designated by the Lenders, who provided the loan to Hong Kong Chenming Holdings.

After repaying the entire loan from one of the Lenders, Hong Kong Chenming Holdings requested for the return of the shares, but the lender refused to co-operate in the return of the 110 million B shares and 95 million H shares on the grounds that there had been a breach of contract of default during the life of the loan. Chenming Hong Kong Holdings verified the custody of the shares with the other two lenders who have not yet fully repaid the loans, and the lenders have not yet provided the required documentary proof of the safe custody of the shares.

After the Lender refused to return the Shares and failure in negotiation, Chenming Holdings is of the view that there is a risk of improper infringement on the legitimate rights and interests of Hong Kong Chenming Holdings, and it immediately sought help from the Chinese public security bureau and Hong Kong lawyers to collect effective evidence. As of the date of this announcement, Chenming Holdings is under normal production and operation, and is actively safeguarding its legitimate rights and interests through legal channels.

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 ArjowigginsHKK2Limited (“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 and the relevant arbitration hearing was held in May 2024, 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.

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

1. Accounts receivable

(1) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	586,716,474.76	18,345,187.32
1 to 2 years	11,500,000.00	11,500,000.00
2 to 3 years		
Over 3 years	3,002,821.17	3,002,821.17
Subtotal	601,219,295.93	32,848,008.49
Less: Bad debt provision	4,746,320.01	4,631,237.48
Total	596,472,975.92	28,216,771.01

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Closing balance		Bad debts provision		Carrying amount	Opening balance		Bad debts provision		Carrying amount
	Book balance	Percentage	Amount	Provision percentage		Book balance	Percentage	Amount	Provision percentage	
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	
Accounts receivable assessed individually for bad debt provision	4,422,600.00	0.74	4,422,600.00	100.00	-					
Accounts receivable assessed collectively for bad debt provision	596,796,695.93	99.26	323,720.01	0.05	596,472,975.92	32,848,008.49	100.00	4,631,237.48	14.10	28,216,771.01
Including:										
Due from related party customers	544,930,926.26	90.64			544,930,926.26	10,453,076.75	31.82			10,453,076.75
Due from non-related party customers	51,865,769.67	8.63	323,720.01	0.62	51,542,049.66	22,394,931.74	68.18	4,631,237.48	20.68	17,763,694.26
Total	601,219,295.93	100.00	4,746,320.01	0.79	596,472,975.92	32,848,008.49	100.00	4,631,237.48	14.10	28,216,771.01

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

1. Accounts receivable (Cont'd)

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

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	534,930,926.26		
1 to 2 years	10,000,000.00		
Total	544,930,926.26		

Items assessed collectively for bad debt provision: Receivables from non-related party customer

Unit: RMB

Name	Book balance	Closing balance Bad debts provision	Provision percentage (%)
Within 1 year	50,285,548.50	243,498.84	0.48
1 to 2 years	1,500,000.00		
2 to 3 years			
Over 3 years	80,221.17	80,221.17	100.00
Total	51,865,769.67	323,720.01	0.62

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

1. Accounts receivable (Cont'd)

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

Bad debt provision for the period:

Unit: RMB

Category	Opening balance	Provision	Changes in the period			Closing balance
			Recovery or reversal	Write-off	Others	
Bad debt provision	4,631,237.48	115,082.53				4,746,320.01
Total	4,631,237.48	115,082.53				4,746,320.01

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

The total amount of top five accounts receivable based on closing balance of debtors for the period amounted to RMB576,767,929.02 in total, accounting for 95.93% of the total closing balance of accounts receivable. The closing balance of the corresponding bad debt provision amounted to RMB157,570.79 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
Customer I	532,786,324.64	88.62	
Customer II	15,390,418.86	2.56	107,732.93
Customer III	12,144,601.62	2.02	
Customer IV	9,326,889.80	1.55	
Customer V	7,119,694.10	1.18	49,837.86
Total	576,767,929.02	95.93	157,570.79

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

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	8,434,729,619.19	9,237,241,240.86
Total	8,434,729,619.19	9,237,241,240.86

(1) Other receivables

1) Other receivables by nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Open credit	8,511,123,024.64	9,304,134,372.16
Reserve and borrowings	13,813,236.29	22,523,648.60
Guarantee deposit and deposit	740,000.00	740,000.00
Others	2,117,542.39	1,793,548.63
Subtotal	8,527,793,803.32	9,329,191,569.39
Bad debt provision	93,064,184.13	91,950,328.53
Total	8,434,729,619.19	9,237,241,240.86

2) Disclosure by ageing

Unit: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year (including 1 year)	8,396,377,054.37	9,165,796,778.41
1 to 2 years	15,192,309.74	76,289,024.67
2 to 3 years	35,152,531.61	7,386,768.10
2 to 3 years	81,071,907.60	79,718,998.21
Subtotal	8,527,793,803.32	9,329,191,569.39
Bad debt provision	93,064,184.13	91,950,328.53
Total	8,434,729,619.19	9,237,241,240.86

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

2. Other receivables (Cont'd)

(1) Other receivables (Cont'd)

3) Disclosure by bad debt provision method

Provision for bad debts made on a general model of ECL:

Unit: RMB

Bad debts provision	Stage 1 ECLs for the next 12 months	Stage 2 Lifetime ECLs (not credit-impaired)	Stage 3 Lifetime ECLs (credit-impaired)	Total
Balance as at 1 January 2024	41,856,357.86		50,093,970.67	91,950,328.53
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	838,532.49		315,323.11	1,153,855.60
Reversal for the period			40,000.00	40,000.00
Transfer for the period				
Write-off for the period				
Other changes				
Balance as at 30 June 2024	42,694,890.35		50,369,293.78	93,064,184.13

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			Closing balance
			Recovery or reversal	Transfer or Write-off	Others	
Other receivables	91,950,328.53	1,153,855.60	40,000.00			93,064,184.13
Total	91,950,328.53	1,153,855.60	40,000.00			93,064,184.13

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

2. Other receivables (Cont'd)

(1) Other receivables (Cont'd)

5) Top five accounts receivable based on closing balance of debtors

The total amount of top five other receivables based on closing balance of debtors for the period amounted to RMB5,617,224,908.44 in total, accounting for 65.87% of the total closing balance of other receivables. The closing balance of the corresponding bad debt provision amounted to RMB0.00 in total.

Unit: RMB

Name of entity	Nature	Closing balance	Ageing	Percentage to total closing balance of other receivables (%)	Closing balance of bad debt provision
Customer 1	Open credit	1,681,156,791.36	Within 1 year	19.71%	
Customer 2	Open credit	1,324,500,000.00	Within 1 year	15.53%	
Customer 3	Open credit	1,110,117,472.36	Within 1 year	13.02%	
Customer 4	Open credit	1,041,000,000.00	Within 1 year	12.21%	
Customer 5	Open credit	460,450,644.72	Within 1 year	5.40%	
Total		5,617,224,908.44		65.87%	

3. Long-term equity investments

Unit: RMB

Item	Book balance	Closing balance		Opening balance		
		Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Investment in subsidiaries	17,986,937,687.22		17,986,937,687.22	17,898,687,687.22		17,898,687,687.22
Investment in associates and joint ventures	369,476,431.73	5,994,545.96	363,481,885.77	406,306,689.25	5,994,545.96	400,312,143.29
Total	18,356,414,118.95	5,994,545.96	18,350,419,572.99	18,304,994,376.47	5,994,545.96	18,298,999,830.51

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

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

(1) Investment in subsidiaries

Unit: RMB

Investee	Opening balance (carrying amount)	Opening balance of impairment provision	Change for the period			Others	Closing balance (carrying amount)	Closing balance of impairment provision
			Additional contribution	Withdrawn contribution	Impairment provision			
Chenming Paper Korea Co., Ltd.	6,143,400.00						6,143,400.00	
Chenming GmbH	4,083,235.00						4,083,235.00	
Hailaer Chenming Paper Co., Ltd.	12,000,000.00						12,000,000.00	
Huanggang Chenming Pulp & Paper Co., Ltd.	2,350,000,000.00						2,350,000,000.00	
Huanggang Chenming Arboriculture Development Co., Ltd.	70,000,000.00						70,000,000.00	
Jinan Chenming Investment Management Co., Ltd.	100,000,000.00						100,000,000.00	
Shandong 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	
Shouguang Shun Da Customs Declaration 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						228,292,885.15	
Total	17,898,687,687.22		368,750,000.00	280,500,000.00			17,986,937,687.22	

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

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

(2) Investment in associates and joint ventures

Unit: RMB

Investee	Opening balance (carrying amount)	Opening balance of impairment provision	Additional contribution	Withdrawn contribution	Investment gain or loss recognised under equity method	Change for the period				Closing balance (carrying amount)	Closing balance of impairment provision	
						Adjustment of other comprehensive income	Other change in equity interest	Distribution of cash dividend or profit declared	Impairment provision			Others
I. Joint ventures												
Shouguang Chenming Huisen												
New-style Construction												
Materials Co., Ltd.	7,400,283.59				466,616.49						7,866,900.08	
Weifang Port Wood Chip Wharf												
Co., Ltd.	79,142,080.56				8,850,767.29						87,992,847.85	
Subtotal	86,542,364.15				9,317,383.78						95,859,747.93	
II. Associates												
Zhuhai Dechen New Third Board												
Equity Investment Fund												
Company (Limited Partnership)	27,263,804.36				-4,094.51						27,259,709.85	
Ningbo Kaichen Huamei Equity												
Investment Fund Partnership												
(Limited Partnership)	278,128,830.13				-45,877,685.10						232,251,145.03	
Chenming (Qingdao) Asset												
Management Co., Ltd.												
	8,377,144.65				-265,861.69						8,111,282.96	
Xuchang Chenming Paper												
Co., Ltd.		5,994,545.96										5,994,545.96
Subtotal	313,769,779.14	5,994,545.96			-46,147,641.30						267,622,137.84	5,994,545.96
Total	400,312,143.29	5,994,545.96			-36,830,257.52						363,481,885.77	5,994,545.96

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

Applicable Not applicable

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

Applicable Not applicable

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

4. Revenue and operating costs

Unit: RMB

Item	Amount for the period		Amount for the prior period	
	Revenue	Costs	Revenue	Costs
Principal activities	2,708,082,195.91	2,557,283,330.60	2,588,800,023.67	2,692,576,337.91
Other activities	1,697,561,235.90	1,488,712,049.31	1,315,784,940.43	1,054,300,999.17
Total	4,405,643,431.81	4,045,995,379.91	3,904,584,964.10	3,746,877,337.08

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 goods	2,708,082,195.91	2,557,283,330.60	1,697,561,235.90	1,488,712,049.31	4,405,643,431.81	4,045,995,379.91
Including:						
Machine-made paper	2,368,279,496.79	2,232,200,488.11			2,368,279,496.79	2,232,200,488.11
Others	339,802,699.12	325,082,842.49	1,697,561,235.90	1,488,712,049.31	2,037,363,935.02	1,813,794,891.80
By geographical area	2,708,082,195.91	2,557,283,330.60	1,697,561,235.90	1,488,712,049.31	4,405,643,431.81	4,045,995,379.91
Including:						
Mainland China	2,240,577,709.61	2,045,306,440.76	1,697,561,235.90	1,488,712,049.31	3,938,138,945.51	3,534,018,490.07
Other countries and regions	467,504,486.30	511,976,889.84			467,504,486.30	511,976,889.84
By the timing of delivery	2,708,082,195.91	2,557,283,330.60	1,697,561,235.90	1,488,712,049.31	4,405,643,431.81	4,045,995,379.91
Including:						
Goods (at a point in time)	2,708,082,195.91	2,557,283,330.60	1,596,441,200.61	1,407,025,247.63	4,304,523,396.52	3,964,308,578.23
Services (within a certain period)			101,120,035.29	81,686,801.68	101,120,035.29	81,686,801.68
By sales channels	2,708,082,195.91	2,557,283,330.60	1,697,561,235.90	1,488,712,049.31	4,405,643,431.81	4,045,995,379.91
Including:						
Distribution	2,708,082,195.91	2,557,283,330.60			2,708,082,195.91	2,557,283,330.60
Direct sales			1,697,561,235.90	1,488,712,049.31	1,697,561,235.90	1,488,712,049.31
Total	2,708,082,195.91	2,557,283,330.60	1,697,561,235.90	1,488,712,049.31	4,405,643,431.81	4,045,995,379.91

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

4. Revenue and operating costs (Cont'd)

Information related to performance obligations:

Item	Time for fulfilment of performance obligations	Significant terms of payment	Nature of goods that the Company undertakes to transfer	Whether the person is the primary person in charge	Company's commitments expected to be refunded to customers	Types of quality assurance offered by the Company and related obligations
Machine-made paper	Domestic sales on the day of delivery to the customer; foreign sales on the day of customs clearance	Domestic sales tend to be provided on an invoice basis; foreign sales tend to be prepaid.	Produces easily distinguishable	Yes	None	Guaranteed quality assurance, should there be objections to product quality within 7 days of arrival, the products can be returned and exchanged.

Other explanations: The Company's performance obligations for sales of machine-made paper are generally less than one year, and the Company takes advance payments or provides credit terms depending on the customer. When the Company is the primary responsible party for a sale, it generally obtains the unconditional right to receive payment when control of the merchandise is transferred to the customer either at the time of shipment or upon delivery to the destination specified by the customer.

Information related to the transaction price allocated to residual performance obligations:

At the end of the reporting period, the amount of revenue with signed contracts but unfulfilled or uncompleted performance obligation was RMB447,913,981.07, in which RMB447,913,981.07 was expected to be recognised in 2024.

5. Investment income

Item	Unit: RMB	
	Amount for the period	Amount for the prior period
Income from long-term equity investments accounted for using the cost method	109,400,000.00	80,000,000.00
Income from long-term equity investments accounted for using the equity method	-36,830,257.52	-2,829,947.39
Investment gain on disposal of long-term equity investments	-117,507,186.75	
Investment gain on holding other non-current financial assets	1,298,463.59	630,212.77
Investment gain on derecognition of financial assets	-10,845,725.80	-22,621,312.74
Total	-54,484,706.48	55,178,952.64

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XIX. Supplementary information

1. Breakdown of extraordinary gains or losses for the current period

Applicable Not applicable

Unit: RMB

Item	Amount	Description
Profit or loss from disposal of non-current assets	235,133,918.55	
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	35,234,521.15	
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	-19,293,314.75	
Reversal of provision for impairment of receivables individually tested for impairment	26,150,527.36	
Profit or loss from debt restructuring	3,502,149.44	
Profit or loss from changes in the fair value of consumable biological assets subsequently measured at fair value	5,184,193.11	
Other non-operating income and expenses other than the above items	1,981,541.21	
Net extraordinary gains or losses	287,893,536.07	
Less: Effect of income tax	-13,171,226.69	
Less: Effect of minority interest (after tax)	1,553,513.83	
Total	299,511,248.93	—

XIX. Supplementary information (Cont'd)

1. Breakdown of extraordinary gains or losses for the current period (Cont'd)

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

Applicable Not applicable

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

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

Applicable Not applicable

Item	Amount involved (RMB)	Reason
Other income	29,066,863.89	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.

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 earnings per share (RMB per share)	Diluted earnings per share (RMB per share)
Net profit attributable to ordinary shareholders of the Company	0.17	0.01	0.01
Net profit after extraordinary gains or losses attributable to ordinary shareholders of the Company	-1.63	-0.09	-0.09

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

The Board of Shandong Chenming Paper Holdings Limited
14 Aug 2024