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审计署国外贷援款项目审计服务中心

Audit Service Center of China National Audit Office for
Foreign Loan and Assistance Projects

审计报告

Audit Report

审外中报〔2013〕43号

AUDIT REPORT〔2013〕NO.43

项目名称：全球环境基金赠款中国制浆造纸行业二恶英减排项目

Project Name: Dioxins Reduction from the Pulp and Paper Industry

Project Granted by GEF

赠款号： TF011898

Grant No. : TF011898

项目执行单位：环境保护部环境保护对外合作中心

Project Entity: Foreign Economic Cooperation Office, Ministry of
Environmental Protection

会计期间：自示范企业开始实施改造活动至2012年12月31日

Accounting Period: From the Beginning of Demonstration Enterprises
Activities to December 31, 2012

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一、审计师意见

审计师意见

环境保护部环境保护对外合作中心:

我们审计了全球环境基金赠款中国制浆造纸行业二恶英减排项目2012年12月31日的资金平衡表及截至该日同期间的项目进度表、赠款协定执行情况表和专用账户报表等特定目的财务报表及财务报表附注(第7页至第18页)。

(一) 项目执行单位及财政部国际司对财务报表的责任

编制上述财务报表中的资金平衡表、项目进度表、赠款协定执行情况表是你单位的责任,编制专用账户报表是财政部国际司的责任,这种责任包括:

1. 按照中国的会计准则、会计制度和本项目赠款协定的要求编制项目财务报表,并使其实现公允反映;
2. 设计、执行和维护必要的内部控制,以使项目财务报表不存在由于舞弊或错误而导致的重大错报。

(二) 审计责任

我们的责任是在执行审计工作的基础上对财务报表发表审计意见。我们按照中国国家审计准则和国际审计准则的规定执行了审计工作,上述准则要求我们遵守审计职业要求,计划和执行审计工作以对项目财务报表是否不存在重大错报获取合理保证。

为获取有关财务报表金额和披露信息的有关证据,我们实施了必要的审计程序。我们运用职业判断选择审计程序,这些程序包括对由于舞弊或错误导致的财务报表重大错报风险的评估。在进行风险评估时,为了设计恰当的审计程序,我们考虑了与财务报表相关的内部控制,但目的并非对内部控制的有效性发表意见。审计工作还包括评价所选用会计政策的恰当

性和作出会计估计的合理性，以及评价财务报表的总体列报。

我们相信，我们获取的审计证据是适当的、充分的，为发表审计意见提供了基础。

（三）审计意见


我们认为，第一段所列财务报表在所有重大方面按照中国的会计准则、会计制度和本项目赠款协定的要求编制，公允反映了全球环境基金赠款中国制浆造纸行业二恶英减排项目 2012 年 12 月 31 日的财务状况及截至该日同期间的财务收支、项目执行和专用账户收支情况。

（四）其他事项

我们还审查了本期内报送给世界银行的第 1 号提款申请书及所附资料。我们认为，这些资料均符合赠款协议的要求，可以作为申请提款的依据。

此外，我们了解到，由于岳阳林纸股份有限公司（4 个示范改造企业之一）提出的调整技术方案不符合项目技术要求，已于 2013 年 5 月提出了退出申请。环境保护部环境保护对外合作中心已启动替代企业的筛选和评估程序。

本审计师意见之后，共同构成审计报告的还有两项内容：财务报表及财务报表附注和审计发现的问题及建议。



审计署国外贷款项目审计服务中心

2013年6月27日

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I. Auditor's Opinion

Auditor's Opinion

To Foreign Economic Cooperation Office of Ministry of Environmental Protection

We have audited the special purpose financial statements (from Page 7 to Page 18) of Dioxins Reduction from the Pulp and Paper Industry Project Granted by GEF, which comprise the Balance Sheet as of December 31, 2012, the Summary of Sources and Uses of Funds by Project Component, the Statement of Implementation of Grant Agreement and the Special Account Statement for the period then ended, and Notes to the Financial Statements.

Project Entity and the International Department of Ministry of Finance Responsibility for the Financial Statements

The preparation of the Balance Sheet, the Summary of Sources and Uses of Funds by Project Component, the Statement of Implementation of Grant Agreement is the responsibility of your entity, while the preparation of the Special Account Statement is the responsibility of the International Department of Ministry of Finance, which includes:

- i. Preparing and fair presenting the accompanying financial statements in accordance with Chinese accounting standards and system, and the requirements of the project grant agreement;
- ii. Designing, implementing and maintaining necessary internal control to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Government Auditing Standards of the People's Republic of China and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is appropriate and sufficient to provide a basis for our audit opinion.

Opinion


In our opinion, the financial statements identified in the first paragraph present fairly, in all material respects, financial position of Dioxins Reduction from the Pulp and Paper Industry Project Granted by GEF as of December 31, 2012, its financial receipts and disbursements, the project implementation and the receipts and disbursements of the special account for the period then ended in accordance with Chinese accounting standards and system, and the requirements of the project grant agreement.

Other Matters

We also examined the withdrawal application No.1 and the attached documents submitted to the World Bank during the period. In our opinion, those documents comply with the project grant agreement and can serve as basis for grant withdrawal.

In addition, we learned that Yueyang Woods Paper Joint Stock Company (one of four demonstration enterprises) has applied to exit in May, 2013, because the technique adjustment scheme does not meet the technical requirements of the project. And Foreign Economic Cooperation Office of Ministry of Environmental Protection has started the screening and evaluation procedures of alternative enterprises.

The audit report consists of the Auditor's Opinion and two more parts hereinafter: Financial Statements and Notes to the Financial Statements, Audit Findings and Recommendations.



Audit Service Center of China National Audit Office for
Foreign Loan and Assistance Projects
June 27, 2013

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The English translation is for the convenience of report users; Please take the Chinese audit report as the only official version.

二、财务报表及财务报表附注

II. Financial Statements and Notes to the Financial Statements

(一) 资金平衡表

i. Balance Sheet

资金平衡表
BALANCE SHEET

2012年12月31日

(As of Dec. 31, 2012)

项目名称: 全球环境基金赠款中国制浆造纸行业二恶英减排项目

Project Name: Dioxins Reduction from the Pulp and Paper Industry

Project Granted by GEF

编报单位: 环境保护部环境保护对外合作中心

Entity Name: Foreign Economic Cooperation Office, Ministry of Environment Protection

赠款号: TF011898

Grant No.: TF011898

货币单位: 人民币元

Currency Unit: RMB Yuan

资金占用 Application of Fund	行次 Line No.	期初数 Beginning Balance	期末数 Ending Balance
一、项目支出合计 Total Project Expenditures	1	0.00	147,905,955.69
1.交付使用资产 Fixed Assets Transferred	2	0.00	134,426,339.74
2.待核销项目支出 Construction Expenditures to be Disposed	3	0.00	0.00
3.转出投资 Investments Transferred-out	4	0.00	0.00
4.在建工程 Construction in Progress	5	0.00	13,479,615.95
二、器材 Equipment	6	0.00	0.00
其中: 待处理器材损失 Including: Equipment Losses in Suspense	7	0.00	0.00
三、货币资金合计 Total Cash and Bank	8	0.00	12,758,052.00
1.银行存款 Cash in Bank	9	0.00	12,758,052.00
其中: 专用账户存款 Including: Special Account	10	0.00	12,571,000.00
2.现金 Cash on Hand	11	0.00	0.00
四、预付及应收款合计 Total Prepaid and Receivable	12	0.00	0.00
五、固定资产合计 Total Fixed Assets	13	0.00	0.00

资金占用 Application of Fund	行次 Line No.	期初数 Beginning Balance	期末数 Ending Balance
固定资产原价 Fixed Assets Cost	14	0.00	0.00
减：累计折旧 Less: Accumulated Depreciation	15	0.00	0.00
固定资产净值 Fixed Assets Net	16	0.00	0.00
固定资产清理 Fixed Assets Pending Disposal	17	0.00	0.00
待处理固定资产损失 Fixed Assets Losses in Suspense	18	0.00	0.00
资金占用合计 Total Application of Fund	19	0.00	160,664,007.69
一、拨入配套资金合计 Co-funding Received	20	0.00	139,934,231.10
二、拨入赠款合计 Total Grant	21	0.00	12,571,000.00
三、应付款合计 Total Payable	22	0.00	8,158,776.59
四、未交款合计 Other Payable	23	0.00	0.00
五、其他拨款 Other Fund	24	0.00	0.00
六、留成收入 Retained Earnings	25	0.00	0.00
资金来源合计 Total Sources of Fund	26	0.00	160,664,007.69

(二) 项目进度表

ii. Summary of Sources and Uses of Funds by Project Component

项目进度表 (一)

SUMMARY OF SOURCES AND USES OF FUNDS BY PROJECT COMPONENT I

本期截至 2012 年 12 月 31 日

(For the Period Ended December 31, 2012)

项目名称: 全球环境基金赠款中国制浆造纸行业二恶英减排项目

Project Name: Dioxins Reduction from the Pulp and Paper Industry Project Granted by GEF

编报单位: 环境保护部环境保护对外合作中心

Entity Name: Foreign Economic Cooperation Office, Ministry of Environment Protection

赠款号: TF011898

Grant No.: TF011898

货币单位: 人民币元

Currency Unit: RMB Yuan

	本期 Current Period			累计 Cumulative		
	本年计划额 Current year Budget	本期发生额 Current Period Actual	本期完成比 Current period % completed	项目总计划额 Life of PAD	累计完成额 Cumulative Actual	累计完成比 Cumulative % completed
资金来源合计 Total Sources of Fund	-	152,505,231.10	-	511,110,000.00	152,505,231.10	29.84%
一、全球环境基金赠款 GEF Financing	-	12,571,000.00	-	94,650,000.00	12,571,000.00	13.28%
二、配套资金 Counterpart Financing	-	139,934,231.10	-	416,460,000.00	139,934,231.10	33.60%
资金运用合计 Total Application of Funds	-	147,905,955.69	-	511,110,000.00	147,905,955.69	28.94%
1. 示范企业二恶英减排“最佳可行技术/最佳环境实践”投资改造 BAT/BEP Investment in Participating Mills	-	147,456,068.69	-	464,668,400.00	147,456,068.69	31.73%
2. 编制并推动实施行业二恶英减排行动计划 National Action Plan for Sector-Wide Replication	-	209,906.00	-	16,153,600.00	209,906.00	1.30%
3. 监督与评估 Monitoring and Evaluation	-	166,054.00	-	7,572,000.00	166,054.00	2.19%
4. 项目管理 Project Management	-	73,927.00	-	22,716,000.00	73,927.00	0.33%
差异 Difference	-	4,599,275.41	-	-	4,599,275.41	-
1. 应收款变化 Change in Receivables	-	-	-	-	-	-
2. 应付款变化 Change in Payables	-	(8,158,776.59)	-	-	(8,158,776.59)	-
3. 货币资金变化 Change in Cash and Bank	-	12,758,052.00	-	-	12,758,052.00	-
4. 其他 Other	-	-	-	-	-	-

项目进度表 (二)

SUMMARY OF SOURCES AND USES OF FUNDS BY PROJECT COMPONENT II

本期截至: 2012年12月31日

(For the Period Ended December 31, 2012)

项目名称: 全球环境基金赠款中国制浆造纸行业二恶英减排项目

赠款号: TF011898

Project Name: Dioxins Reduction from the Pulp and Paper Industry Project
Granted by GEF

Grant No.: TF011898

编报单位: 环境保护部环境保护对外合作中心

货币单位: 人民币元

Entity Name: Foreign Economic Cooperation Office, Ministry of Environment Protection

Currency Unit: RMB Yuan

项目内容 Project Component	项目支出 Project Expenditure							
	累计支出 Cumulative Amount	已交付资产 Assets Transferred				在建工程 Work in Progress	待核销项目支出 Construction Expenditures to be disposed	转出投资 Investments Transferred-out
		固定资产 Fixed Asset	流动资产 Current Asset	无形资产 Intangible Asset	递延资产 Deferred Asset			
1. 示范企业二恶英减排“最佳可行技术/最佳环境实践”投资改造 BAT/BEP Investment in Participating Mills	147,456,068.69	134,426,339.74				13,029,728.95		
2. 编制并推动实施行业二恶英减排行动计划 National Action Plan for Sector-Wide Replication	209,906.00					209,906.00		
3. 监督与评估 Monitoring and Evaluation	166,054.00					166,054.00		
4. 项目管理 Project Management	73,927.00					73,927.00		
合计	147,905,955.69	134,426,339.74				13,479,615.95		

(三) 赠款协定执行情况表

iii. Statement of Implementation of Grant Agreement

赠款协定执行情况表

STATEMENT OF IMPLEMENTATION OF GRANT AGREEMENT

本期截至 2012 年 12 月 31 日
(For the Period Ended December 31, 2012)

项目名称: 全球环境基金赠款中国制浆造纸行业二恶英减排项目

Project Name: Dioxins Reduction from the Pulp and Paper Industry Project

Granted by GEF

编报单位: 环境报保护环境保护对外合作中心

Entity Name: Foreign Economic Cooperation Office, Ministry of Environment Protection

赠款号: TF011898

Grant No.: TF011898

货币单位: 人民币元/美元

Currency Unit: RMB Yuan/USD

类别 Category	核定赠款金额 (美元) Grant Amount (USD)	本期提款数 Current-period Withdrawals		累计提款数 Cumulative Withdrawals	
		美元 USD	折合人民币 RMB	美元 USD	折合人民币 RMB
1. 货物、非咨询类服务、咨询服务、培训和研讨会、增量运营费用 Goods, non-consulting services, consultants' services, Training; workshops and Incremental Operating Costs	3,820,000.00	0.00	0.00	0.00	0.00
2. 四家示范改造企业开展“最佳可行技术/最佳环境实践”所需赠款资金 Sub-grants for Mill BAT/BEP Investment Plans	11,180,000.00	0.00	0.00	0.00	0.00
3. 专用账户 Special Account		2,000,000.00	12,571,000.00	2,000,000.00	12,571,000.00
总计 Total	15,000,000.00	2,000,000.00	12,571,000.00	2,000,000.00	12,571,000.00

(四) 专用账户报表

iv. Special Account Statement

专用账户报表

SPECIAL ACCOUNT STATEMENT

本期截至 2012 年 12 月 31 日

(For the Period Ended December 31, 2012)

项目名称: 全球环境基金赠款中国制浆造纸行业二恶英减排项目
Project Name: Dioxins Reduction from the Pulp and Paper Industry
Project Granted by GEF
赠款号: TF011898
Grant No.: TF011898
编报单位: 中华人民共和国财政部国际司
Prepared by: International Department of MOF

开户银行名称: 中信银行总行营业部
Depository Bank: China CITIC Bank
H.O. General Banking, Beijing, China
账号: 7111011482600007959
Account No: 7111011482600007959
货币单位: USD
Currency Unit: USD

A 部分: 本期专用账户收支情况 Part A-Account Activity for the period	金额 Amount
期初余额 Beginning balance	0.00
增加 add:	
本期世界银行回补总额 Total amount deposited by World Bank	2,000,000.00
本期利息收入总额 (存入专用账户部分) Total interest earned this period if deposited in Special Account	0.00
减少 Deduct:	
本期支付总额 Total amount withdrawn	0.00
期末余额(2012/12/31) Ending balance(Dec.31,2012)	2,000,000.00
B 部分: 专用账户调节 Part B-Account Reconciliation	
1. 世界银行首次存款总额 Amount advanced by World Bank	2,000,000.00
减少 Deduct:	
2. 世界银行回收总额 Total amount recovered by World Bank	0.00
3. 本期期末专用账户首次存款净额 Outstanding amount advanced to the Special Account at Dec.31,2012	2,000,000.0
4. 专用账户期末余额 (2012/12/31) End balance of Special Account at Dec.31,2012	2,000,000.00
增加 add:	
5. 截至本期期末已申请报账但尚未回补金额 Amount claimed but not yet credited at month/day/year	0.00
申请书号 Application No.	金额 Amount
6. 截至本期期末已支付但尚未申请报账金额 Amount withdrawn but yet claimed	0.00
减少 deduct:	
7. 利息收入 (存入专用账户部分) Interest earned (if included in Special Account)	0.00
8. 本期期末专用账户首次存款净额 Total advance to Special Account accounted at Dec.31,2012	2,000,000.00

（五）财务报表附注

财务报表附注

1. 项目基本情况

项目全称为全球环境基金赠款中国制浆造纸行业二恶英减排项目，项目赠款协议于2012年5月25日由国际复兴开发银行（简称世界银行）与中华人民共和国财政部（简称财政部）共同签署。财政部与环境保护部（简称环保部）签署转赠协议，由环境保护部环境保护对外合作中心（简称环保部对外合作中心）负责赠款的使用、管理和监督，环保部对外合作中心于2012年6月25日与四家示范企业签订绩效融资协议。项目计划投资总额为8100万美元（折合人民币51111万元），其中：赠款资金1500万美元，配套资金6600万美元。该项目目标为选择四个非木浆制浆造纸厂开展二恶英减排“最佳可行技术/最佳环境实践”（BAT/BEP）示范改造，支持中国制定减排的长期行动计划，推动全行业应用“最佳可行技术/最佳环境实践”。项目内容主要包括以下四部分：（1）在四家非木浆制浆造纸厂以无元素氯（ECF）漂白工艺替代原有的元素氯漂白工艺，尽量降低二恶英排放；（2）编制行业二恶英减排的行动计划；（3）对四家企业的基线和改造后的情况进行独立核查，从而对二恶英减排、水质达标参数以及实现的节水进行量化评估，并将在整个执行期对项目进行监督与评估活动；（4）环保部对外合作中心对项目具体管理和开展相关活动。

2. 会计核算原则

2.1 本项目财务报表按照财政部《世界银行贷款项目会计核算办法》（财际字〔2000〕13号）的要求编制。

2.2 会计事项按权责发生制办理，采用借贷记账法，以人民币为记账本位币。

2.3 会计年度采用公历年制，即从公历每年一月一日起至十二月三十一日止。本期报表会计期间为自示范企业开始实施示范改造起至2012年12月31日。其中：南宁糖业股份有限公司项目报表期间为2007年至2012年12月31日，四川省金福纸品有限责任公司、岳阳林纸股份有限公司和中冶美利纸业股份有限公司3家公司报表期间均为2011年至2012年12月31日。环保部对外合作中心及财政部国际司专用账户的资金收支均为2012年度。

2.4 本项目财务报表除项目进度表项目总计划额折算汇率采用世行项目

评估文件中选择的汇率 1 美元=人民币 6.31 元外，其余报表均采用 2012 年 12 月 31 日汇率，即 1 美元=人民币 6.2855 元。

3. 报表编制范围

3.1 本项目的专用账户报表由财政部国际司编制。

3.2 本期财务报表编制范围包括：岳阳林纸股份有限公司、南宁糖业股份有限公司、四川省金福纸品有限责任公司和中冶美利纸业股份有限公司 4 家示范企业及环保部对外合作中心的项目财务报表及财政部国际司的专用账户报表。环保部对外合作中心负责对本级、各示范企业及财政部国际司专用账户报表数据进行汇总，各报表单位对本单位提供报表的真实性、完整性负责。

4. 专用账户使用情况

本项目专用账户由财政部国际司管理，账户设在中信银行总行营业部，账号 7111011482600007959，币种为美元，首存款（即周转金额度）为 200 万美元。2012 年 11 月世界银行拨付专用账户周转金 2,000,000.00 美元，本期支出为 0.00 美元，年末余额为 2,000,000.00 美元。

5. 报表科目说明

5.1 项目支出

5.1.1 截至 2012 年 12 月 31 日，项目累计支出人民币 147,905,955.69 元，占项目投资总额的 29.84%。其中：示范企业二恶英减排“最佳可行技术/最佳环境实践”投资改造人民币 147,456,068.69 元；编制并推动实施行业二恶英减排行动计划人民币 209,906.00 元；监督与评估人民币 166,054.00 元；项目管理人民币 73,927.00 元。

5.1.2 交付使用资产余额人民币 134,426,339.74 元，为南宁糖业股份有限公司改造完成交付的二氧化氯设备、漂白系统等。

5.2 货币资金

截至 2012 年 12 月 31 日，项目货币资金余额人民币 12,758,052.00 元，其中：专用账户存款余额 2,000,000.00 美元，折合人民币 12,571,000.00 元。

5.3 拨入赠款

截至 2012 年 12 月 31 日，项目收到赠款 2,000,000.00 美元，折合人民币 12,571,000.00 元。

5.4 配套资金

截至 2012 年 12 月 31 日，配套资金累计到位人民币 139,934,231.10 元，占配套资金计划总额的 33.60%。其中：环保部对外合作中心配套资金人民币 550,000.00 元；南宁糖业股份有限公司配套资金人民币 126,450,502.15 元；中冶美利纸业股份有限公司配套资金人民币 1,304,187.95 元；岳阳林纸股份有限公司人民币 500,000.00 元；四川金福纸品有限责任公司人民币 11,129,541.00 元。

6. 其他情况说明

根据项目赠款协议，本项目协议签订日（2012 年 5 月 25 日）前至 2011 年 6 月 18 日的合格费用可追溯赠款支付。

v. Notes to the Financial Statements

Notes to the Financial Statements

1. Introduction of the project

The Global Environment Facility Grant Agreement of Dioxins Reduction from the Pulp and Paper Industry in China (therefore abbr. GA) was signed by the International Bank for Reconstruction and Development (therefore abbr. WB) with the Ministry of Finance, People's Republic of China (therefore abbr. MOF) on May 25, 2012. An implementation agreement was signed between MOF and the Ministry of Environmental Protection (therefore abbr. MEP) to cause Foreign Economic Cooperation Office (therefore abbr. FECO) of MEP to be responsible for the use, management and supervision of the grant. Performance-based Financing Agreements were signed between FECO and four non-wood pulp and paper mills on June 25, 2012. The total cost of the project is USD 81,000,000.00 (amounted to RMB 511,110,000.00 yuan), with USD 15,000,000.00 grant from GEF and USD 66,000,000.00 of co-financing. The objectives of the project are to (a) demonstrate the result of BAT/BEP adoption in four selected non-wood pulp mills; and (b) to support China to develop its long-term action plan to guide the promotion of a sector-wide BAT/BEP adoption. The project has four components: (1) BAT/BEP investment in participation mills: this component will support adoption of BAT/BEP in the four selected non-wood pulp mills by replacing the current elemental chlorine-based bleaching process by the elemental chlorine-free (ECF) process in order to minimize releases of dioxins and furans; (2) National action plan for sector-wide replication; (3) monitoring and evaluation: this component will carry out independent verification of baseline and sample results at the four mills to quantify reduction of dioxin releases as well as water quality parameters and water savings achieved. And project monitoring and evaluation activities will be carried out during the course of project implementation; (4) project management: this component will support provision of technical assistance to improve capacity of FECO to manage the implementation of the project.

2. Accounting principle

2.1 The financial statements was prepared in accordance with the Accounting Principle of the World Bank Loan Project (Caijizi [2000]13) from the Ministry of Finance.

2.2 Accounting transaction adopt the debit/credit double entry bookkeeping system on accrual basis. Currency unit for accounting is RMB.

2.3 Accounting period is the Gregorian calendar, which is from January 1 to December 31. Financial Statement for the current accounting period is from beginning of the BAT/BEP investment activities of the four demonstration enterprises to the date of December 31, 2012. Among all the four project enterprises, accounting period of Nanning Sugar Industry Co., Ltd is from 2007

to December 31, 2012; accounting period of the other three project enterprises, namely, Jinfu Paper Industry Co., Ltd. of Leshan City, Yueyang Woods Paper Joint Stock Company, MCC Meili Paper Industry Co., Ltd. are from 2011 to December 31, 2012; accounting period for FECO and MOF are the Gregorian calendar year 2012.

2.4 The exchange rate selected by the Project Appraisal Document (PAD)

(USD 1=RMB 6.31) was regarded as the available exchange rate in the Summary of Sources and Uses of Funds when calculating the total project cost and the exchange rate on December 31, 2012 (USD 1=RMB 6.2855) was selected in other project financial statements if mentioned.

3. Scope of the consolidated statements

3.1 The Statement of the Special Account was prepared by the International Department of MOF.

3.2 The Financial Statements include project financial statements of FECO and the other four project implementation enterprises of Nanning Sugar Industry Co., Ltd., MCC Meili Paper Industry Co., Ltd., Jinfu Paper Industry Co., Ltd. of Leshan City and Yueyang Woods Paper Joint Stock Company, and the Statement of the Special Account prepared by the International Department of MOF. FECO is responsible for the accuracy of the summarized figures rather than enterprises' individual financial statement, however, each entity has the responsibility for the authenticity and integrity of financial reports.

4. Notes to the application of Special Account

The special account of the project which managed by the International Department of MOF was set up in the CITIC Bank of China. The account number is 7111011482600007959 and currency unit is USD. The first withdrawal (namely turn-over fund) was USD 2,000,000.00. The World Bank deposited USD 2,000,000.00 as turn-over fund in November, 2012. The expenditure of project was USD 0.00 and the ending balance of 2012 was USD 2,000,000.00.

5. Notes to the Financial Statement Accounts

5.1 Project Expenditure

5.1.1 As of December 31, 2012, the accumulated project expenditure is RMB 147,905,955.69 yuan accounting for 29.84% of the total project cost, among which the payouts for BAT/BEP investment in participating mills is RMB 147,456,068.69 yuan, national action plan for sector-wide replication is RMB 209,906.00 yuan, monitoring and evaluation is RMB 166,054.00 yuan and project management is RMB 73,927.00 yuan.

5.1.2 The amount of the transferred fixed assets is RMB 134,426,339.74 yuan, which is the Chlorine dioxide equipment and Bleaching system etc. of the Nanning Sugar Industry Co., Ltd.

5.2 Cash and Bank

As of December 31, 2012, Cash and Bank accounts RMB 12,758,052.00 yuan,

including the turn-over fund USD 2,000,000.00, approximately RMB 12,571,000.00 yuan.

5.3 Grant

As of December 31, 2012, the accumulated grant received is USD 2,000,000.00, approximately RMB 12,571,000.00 yuan.

5.4 Co-financing fund

As of December 31, 2012, the accumulated co-financing fund received is RMB 139,934,231.10 yuan accounting for 33.60% of the total co-financing. Including: Co-financing fund received by FECO is RMB 550,000.00 yuan; co-financing fund received by Nanning Sugar Industry Co., Ltd. is RMB 126,450,502.15 yuan; co-financing fund received by MCC Meili Paper Industry Co., Ltd. is RMB 1,304,187.95 yuan; co-financing fund received by Yueyang Woods Paper Joint Stock Company is RMB 500,000.00 yuan; And co-financing fund received by Jinfu Paper Industry Co., Ltd. of Leshan City is RMB 11,129,541.00 yuan.

6. Others

Eligible Expenditures on or after June 18, 2011 and prior to the date of the GA (May 25, 2012) can be retrospectively recorded as grant expenditure according to the GA.