



SHANDONG CHENMING PAPER HOLDINGS LIMITED

2015 Third Quarter Report

October 2015

I Important Notice

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 quarterly report, guarantee that there are no false representations, misleading statements or material omissions contained in this quarterly report, and are jointly and severally responsible for the liabilities of the Company.

All Directors were present in person at the Board meeting to consider and approve this quarter report.

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

II Major financial data and change of shareholders

I. Major accounting data and financial indicators

Retrospective adjustment to or restatement of the accounting data for prior years by the Company due to change of accounting policies and correction of accounting errors

☐ Yes ☒ No

	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 compared to the end of the prior year	
Total assets (RMB)	72,005,914,451.70	56,822,026,545.21	26.72%	
Net assets attributable to shareholders of the Company (RMB)	16,531,169,468.81	13,917,343,301.15	18.78%	
	The reporting period	Increase/decrease for the reporting period as compared to the corresponding period of the prior year	From the beginning of the year to the end of the reporting period	Increase/decrease for the period from the beginning of the year to the end of the reporting period compared to the corresponding period of the prior year
Revenue (RMB)	5,176,528,453.85	4.41%	14,895,226,131.61	6.09%
Net profit attributable to shareholders of the Company (RMB)	284,937,568.33	188.58%	561,325,638.84	64.52%
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	209,199,874.65	301.85%	383,662,094.59	249.19%
Net cash flows from operating activities (RMB)	—	—	-8,624,463,334.43	-740.92%
Basic earnings per share (RMB per share)	0.15	150.00%	0.29	61.11%
Diluted earnings per share (RMB per share)	0.15	150.00%	0.29	61.11%
Rate of return on net assets on weighted average basis	1.79%	1.06%	3.76%	1.31%

Items and amounts of extraordinary gains or losses

√ Applicable □ Not applicable

Unit: RMB

Item	Amounts for the period from the beginning of the year to the end of the reporting period	Note
Profit or loss from disposal of non-current assets (including write-off of provision for asset impairment)	4,599,072.37	
Government grants (except for the government grants closely related to the normal operation of the company and granted constantly at a fixed amount or quantity in accordance with a certain standard based on state policies)	123,009,380.79	
Profit or loss from debt restructuring	248,346.17	
Profit or loss arising from external entrusted loans	71,777,777.77	
Non-operating gains and losses other than the above items	9,513,142.36	
Gain or loss from changes in fair value of consumable productive assets subsequently measured at fair value	-2,177,906.88	
Less: Effect of income tax	29,025,762.22	
Effect of minority interests (after tax)	280,506.11	
Total	177,663,544.25	—

Notes for the Company's extraordinary gain or loss items as defined in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Extraordinary Gains or Losses and 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

No extraordinary gain or loss items as defined or illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Extraordinary Gains or Losses were defined by the Company as its recurring gain or loss items during the reporting period.

II. Total number of shareholders and the shareholding of the top ten shareholders as at the end of the reporting period

1. Total number of shareholders of ordinary shares and the shareholding of the top ten shareholders of ordinary shares as at the end of the reporting period

Unit: share

Total number of shareholders of ordinary shares as at the end of the reporting period	117,584, of which 88,562 holders of A shares, 28,511 holders of B shares and 511 holders of H shares.					
Shareholdings of top ten shareholders of ordinary shares						
Name of shareholders	Nature of shareholders	Percentage of shareholding	Number of shares held	Number of Restricted shares held	Share pledged or locked-up	
					Status of shares	Number
HKSCC NOMINEES LIMITED	Overseas legal person	18.11%	350,706,900	0		0
SHOUGUANG CHENMING HOLDINGS COMPANY LIMITED	State-owned legal person	15.13%	293,003,657	0	Pledged	146,500,000
CENTRAL HUIJIN INVESTMENT LTD.	Domestic ordinary legal person	2.07%	40,137,900	0		0
CHINA SECURITIES FINANCE CORPORATION LIMITED	Domestic ordinary legal person	1.79%	34,709,519	0		0
AGRICULTURAL BANK OF CHINA LIMITED — BAOYING TRANSITIONAL MOMENTUM FLEXIBLE ALLOCATIONHYBRID SECURITIE INVESTMENT FUND	Others	1.06%	20,502,241	0		0
NATIONAL SOCIAL SECURITY FUND 110	Others	0.89%	17,238,339	0		0
AGRICULTURAL BANK OF CHINA LIMITED -E FUND RUIHUI FLEXIBLE CONFIGURATION HYBRID SECURITIES INVESTMENT FUND	Others	0.88%	16,974,585	0		0
HARVEST FUND - AGRICULTURAL BANK - HARVEST CHINA SECURITIES FINANCE ASSET MANAGEMENT PLAN	Others	0.50%	9,694,900	0		0

Name of shareholders	Nature of shareholders	Percentage of shareholding	Number of shares held	Number of Restricted shares held	Share pledged or locked-up	
					Status of shares	Number
ICBC CREDIT SUISSE FUND - AGRICULTURAL BANK - ICBC CREDIT SUISSE CHINA SECURITIES FINANCE ASSET MANAGEMENT PLAN	Others	0.49%	9,562,602	0		0
JIN Xing	Domestic nature person	0.47%	9,087,700	0		0

Shareholdings of the top ten shareholders of ordinary shares of non-restricted shares			
Name of shareholders	Number of non-restricted shares held	Class of shares	
		Class of shares	Number
HKSCC NOMINEES LIMITED	350,706,900	Overseas listed foreign shares	350,706,900
SHOUGUANG CHENMING HOLDINGS COMPANY LIMITED	293,003,657	RMB ordinary shares	293,003,657
CENTRAL HUIJIN INVESTMENT LTD.	40,137,900	RMB ordinary shares	40,137,900
CHINA SECURITIES FINANCE CORPORATION LIMITED	34,709,519	RMB ordinary shares	34,709,519
AGRICULTURAL BANK OF CHINA LIMITED — BAOYING TRANSITIONAL MOMENTUM FLEXIBLE ALLOCATION HYBRID SECURITIE INVESTMENT FUND	20,502,241	RMB ordinary shares	20,502,241
NATIONAL SOCIAL SECURITY FUND 110	17,238,339	RMB ordinary shares	17,238,339
AGRICULTURAL BANK OF CHINA LIMITED - E FUND RUIHUI FLEXIBLE CONFIGURATION HYBRID SECURITIES INVESTMENT FUND	16,974,585	RMB ordinary shares	16,974,585
HARVEST FUND - AGRICULTURAL BANK - HARVEST CHINA SECURITIES FINANCE ASSET MANAGEMENT PLAN	9,694,900	RMB ordinary shares	9,694,900
ICBC CREDIT SUISSE FUND - AGRICULTURAL BANK - ICBC CREDIT SUISSE CHINA SECURITIES FINANCE ASSET MANAGEMENT PLAN	9,562,602	RMB ordinary shares	9,562,602
JIN Xing	9,087,700	RMB ordinary shares	1,231,600
		Domestic listed foreign shares	7,856,100
Explanation of the connected relationship or acting-in-concert relationship of the above shareholders	Shouguang Chenming Holdings Company Limited, a state-owned legal person shareholder, is not connected with any of the shareholders above. They are not persons acting in concert under Administration of Disclosure of Information on the Change of Shareholdings in Listed Companies Procedures. Save for the above, it is not aware that any other shareholders of tradable shares are persons acting in concert and is also not aware that any other shareholders of tradable shares are connected with each others.		

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

☐ Yes ☒ No

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

2. Total number of shareholders of preference shares and the shareholding of the top ten shareholders of preference shares as at the end of the reporting period

☐ Applicable ☒ Not applicable

III Material matters

I. Details and reasons for changes of major accounting statement items and financial indicators during the reporting period

☒ Applicable ☐ Not applicable

(I) Analysis of the assets and liabilities of the Company

Unit: RMB

Item	30 September 2015	31 December 2014	Change	Reason for change
Monetary funds	7,275,659,314.22	5,475,658,186.10	32.87%	(1)
Bills receivable	4,486,548,541.86	3,047,541,556.15	47.22%	(2)
Other receivables	4,601,621,364.74	1,776,467,886.07	159.03%	(3)
Available-for-sale financial assets	109,000,000.00	73,000,000.00	49.32%	(4)
Long-term receivables	9,528,717,700.36	1,420,598,667.99	570.75%	(5)
Long-term equity investments	82,439,231.42	36,087,848.12	128.44%	(6)
Construction in progress	5,594,217,039.73	3,709,270,828.53	50.82%	(7)
Bills payable	3,265,284,261.70	1,598,110,792.85	104.32%	(8)
Interest payable	246,098,198.25	150,047,305.50	64.01%	(9)
Other payables	1,187,723,709.51	783,790,884.61	51.54%	(10)
Other comprehensive income	-202,575,135.06	33,763,168.13	-699.99%	(11)

Explanation on major changes:

- (1) Monetary funds increased by 32.87% mainly due to the increase in guarantee deposit for bank acceptance, guarantees and loan application by the Company.
- (2) Bills receivable increased by 47.22% mainly due to the increase in the receivables settled by bills.
- (3) Other receivables increased by 159.03% mainly due to the new financial leasing business due within one year of the financial leasing company (the “Financial Leasing Company”), a subsidiary of the company.
- (4) Available-for-sale financial assets increased by 49.32% mainly due to the new equity investment made by the Financial Leasing Company, a subsidiary of the company, into Shanghai Leadbank Asset Management Co., Ltd.
- (5) Long-term receivables increased by 570.75% mainly due to the new long-term financial leasing business of more than one year of the Financial Leasing Company, a subsidiary of the company.

- (6) Long-term equity investments increased by 128.44% mainly due to the new equity investment made by the Company into Zhuhai Dechen New Third Board Equity Investment Fund Company (Limited Partnership).
- (7) Construction in progress increased by 50.82% mainly due to the increased investment in Zhanjiang Chenming 190,000 tonne high-end cultural paper project, Huanggang Chenming Forestry pulp integration project and Jiangxi Chenming Food packaging paper project.
- (8) Bills payable increased by 104.32% mainly due to the increase in the payment for goods by bank acceptance by the Company.
- (9) Interest payable increased by 64.01% mainly due to the interest on corporate bonds and medium-term notes accrued by the Company.
- (10) Other payables increased by 51.54% mainly due to the deposits received by the Financial Leasing Company, a subsidiary of the company, for the new financial leasing business due within one year.
- (11) Other comprehensive income decreased by 699.99% mainly due to exchange differences on translation of foreign operations resulting from fluctuation in RMB exchange rate.

(II) Reasons for significant year on year changes of income statement items during the reporting period

Unit: RMB

Item	January - September 2015	January - September 2014	Change	Reason for change
Business taxes and surcharges	87,653,078.10	59,123,220.53	48.25%	(1)
Administrative expenses	1,013,255,447.51	804,817,760.04	25.90%	(2)
Finance expenses	1,233,143,023.92	946,282,893.04	30.31%	(3)
Loss on impairment of assets	68,857,328.06	22,008,283.96	212.87%	(4)
Investment income	77,519,744.85	45,626,015.23	69.90%	(5)
Non-operating income	145,464,747.36	324,243,019.51	-55.14%	(6)
Non-operating expenses	5,005,703.10	14,344,376.32	-65.10%	(7)
Income tax expenses	293,576,753.60	56,092,305.40	423.38%	(8)

Explanation on major changes:

- (1) Business taxes and surcharges increased by 48.25% mainly due to the new financial leasing business of the Financial Leasing Company, a subsidiary of the company .
- (2) Administrative expenses increased by 25.90% mainly due to the increase in research and development expenditure due to greater research and development investment of Meilun Paper and Zhanjiang Chenming, two subsidiaries of the company.
- (3) Finance expenses increased by 30.31% mainly due to interest expenses and the increase in exchange loss resulting from the depreciation of RMB.
- (4) Loss on impairment of assets increased by 212.87% mainly due to the increase in bad debt provision resulting from the increase in receivables
- (5) Investment income increased by 69.90% mainly due to the increase in the income from external entrusted loans, as well as the loss on disposal of Xinli Power in the prior year.
- (6) Non-operating income decreased by 55.14% mainly due to the gain on disposal of intangible assets by Jiangxi Chenming, a subsidiary of the company, in the prior year.
- (7) Non-operating expenses decreased by 65.10% mainly due to the decrease in the loss on disposal of non-current assets by the Company.
- (8) Income tax expenses increased by 423.38% mainly due to the year-on-year increase in the profitability of the Company.

(III) Analysis of cash flows during the reporting period

Unit: RMB

Item	January - September 2015	January - September 2014	Change	Reason for change
Net cash flows from operating activities	-8,624,463,334.43	1,345,633,170.22	-740.92%	(1)
Net cash flows from investing activities	-1,169,249,574.83	-2,315,636,367.42	49.51%	(2)
Net cash flows from financing activities	9,447,300,758.44	1,856,086,808.55	408.99%	(3)

Explanation on major changes:

- (1) Net cash flows from operating activities decreased by 740.92% mainly due to the new financial leasing business of the Financial Leasing Company, a subsidiary of the company.
- (2) Net cash flows from investing activities increased by 49.51% mainly due to the new business of entrusted loans of RMB1.0 billion undertaken by the Company in the prior year.
- (3) Net cash flows from financing activities increased by 408.99% mainly due to the issue of short-term commercial paper and perpetual bonds by the Company during the current period.

II. Progress in respect to material matters and analysis of the related effects and solutions

☒ Applicable ☐ Not applicable

Matters relating to non-public offer of preference shares

On 29 December 2014, the resolution on the proposal on non-public offer of preference shares and related resolutions were considered and approved at the fifth extraordinary general meeting of the seventh session of the Board of the Company.

On 11 February 2015, the Company received the Reply on Issues Regarding the Non-public Offer of Preference Shares by Shandong Chenming Paper Holdings Limited (Lu Quo Zi Chan Quan Zi [2015] No. 4) issued by Stated-owned Assets Supervision and Administration Commission of Shandong Province, which agreed the non-public offer of not more than 45 million preference shares by the Company.

On 13 February 2015, the Company convened the 2015 First Extraordinary General Meeting, the 2015 First Class Meeting for Holders of Domestic Listed Shares (A shares and B shares) and the 2015 First Class Meeting for Holders of Overseas Listed Shares (H shares), at which the resolutions on the non-public offer of preference share proposal and related resolutions were considered and approved respectively.

On 2 March 2015, the Company received China Securities Regulatory Commission (“CSRC”) Notice of acceptance of application for administrative approval (No. 150373) from CSRC. Having examined the information submitted by the Company in support of its application for

administrative approval for Confirmation of Issue of Preference Shares by Listed Company, CSRC was of the opinion that the information in support of application was complete and complied with legal requirements, and decided to accept the said application for administrative approval.

On 15 May 2015, the Company and its sponsor for the non-public issue of the preference shares received Reply on Application for Non-Public Issue of Preference Shares by Shandong Chenming Paper Holdings Limited (CSRC Notice of Reply on Administrative Approval-requiring Projects (No. 150373) (the “Reply”) from CSRC. According to the requirements of the Reply, explanation and analysis had been made by the Company on relevant issues in accordance therewith.

On 5 June 2015, the Company convened the sixth board meeting of the seventh Board, at which the resolution on the amendments to the non-public offer of preference share proposal and disclosed the proposal as amended on the same date.

On 9 June 2015, the Company published the announcement in respect of the Reply on Application for Non-Public Issue of Preference Shares and the Announcement in Respect of Supplementary Disclosure Required under the Reply from CSRC on Application for Issue of Non-Public Preference Shares. Materials for the supplementary disclosure required were sent to the CSRC within two business days.

On 21 August 2015, the application for non-public issue of preference shares of the Company was reviewed and approved by the Public Offering Review Committee of the CSRC.

On 22 September 2015, the Company obtained the Reply on Approval of Non-public Issue of Preference Shares of Shandong Chenming Paper Holdings Limited (CSRC Approval [2015] No. 2130) from CSRC, which approved the non-public issue of no more than 45 million preference shares of RMB100 each by the Company.

Overview of material matters	Date of disclosure	Disclosure website index of tentative announcements
Approval of Application for Non-public Issue of Preference Shares by CSRC	23 September 2015	http://www.cninfo.com.cn , 2015-056

III. Undertakings made by the Company and shareholders interested in 5% or more of the shares of the Company made during the reporting period or prior periods but subsisting to the reporting period

✓ Applicable □ Not applicable

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

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

IV. Estimate of the operating results for 2015

Warning of projection on cumulative net profit for the period from the beginning of the year to the end of the next reporting period to be at a loss or expected to have material changes as compared to the corresponding period of prior year and its explanation

☐ Applicable ☒ Not applicable

V. Security investments

☐ Applicable ☒ Not applicable

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

VI. Equity interests held in other listed companies

☐ Applicable ☒ Not applicable

The Company did not hold any equity interests in other listed companies as at the end of the reporting period.

VII. Derivatives investments

☐ Applicable ☒ Not applicable

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

VIII. Registration report on reception of research investigations, communications and interviews during the reporting period

☒ Applicable ☐ Not applicable

Date of reception	Place of reception	Manner of reception	Class of parties accommodated	Parties accommodated	Main topics of discussion and information provided
13 January 2015	The Company's conference room	On-site research investigation	Institution	Guotai Junan Securities Co. Ltd.	Recent production and operation of the Company and development of the industry
13 January 2015	The Company's conference room	On-site research investigation	Institution	27 fund companies including Shenying Wanguo, BOC Schroder Fund, HuaAn Funds, GTJA Allianz Funds, Fullgoal Fund, Zhong Ou AMC, Lion Fund, CPIC, Harfor Fund, Caitong Securities, Franklin Templeton Sealand Fund, Baoying Fund, Caitong Fund, First-Trust Fund, Tongben Investment, Oriental Capital, Minsheng Royal Fund, HFT Investment, China Life Asset Management, Yongjin Asset Management, CICC, ICBCCS, CITICPE, China AMC, Minsen Investment etc	Recent production and operation of the Company and development of the industry
28 January 2015	The Company's conference room	On-site research investigation	Institution	Brilliance Asset Management Limited	Recent production and operation of the Company and development of the industry

IV Financial Statements

I. Financial Statements

1. Consolidated Balance Sheet

Prepared by: Shandong Chenming Paper Holdings Limited

30 September 2015

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	7,275,659,314.22	5,475,658,186.10
Bills receivable	4,486,548,541.86	3,047,541,556.15
Accounts receivable	3,797,927,782.56	3,489,409,369.20
Prepayments	1,771,760,324.52	1,838,017,454.90
Other receivables	4,601,621,364.74	1,776,467,886.07
Inventories	5,272,000,785.01	5,420,740,468.60
Non-current assets due within one year	531,953,215.18	865,738,333.65
Other current assets	1,471,503,086.68	1,656,602,232.09
Total current assets	29,208,974,414.77	23,570,175,486.76
NON-CURRENT ASSETS:		
Available-for-sale financial assets	109,000,000.00	73,000,000.00
Long-term receivables	9,528,717,700.36	1,420,598,667.99
Long-term equity investments	82,439,231.42	36,087,848.12
Investment property	16,431,495.88	17,735,187.91
Fixed assets	23,944,718,312.93	24,744,731,705.04
Construction in progress	5,594,217,039.73	3,709,270,828.53
Construction materials	16,545,864.01	22,955,982.38
Intangible assets	1,470,811,921.34	1,319,104,425.04
Goodwill	20,283,787.17	20,283,787.17
Long-term prepaid expenses	168,236,214.50	173,690,747.83
Deferred income tax assets	651,414,227.59	620,267,636.44
Other non-current assets	1,194,124,242.00	1,094,124,242.00
Total non-current assets	42,796,940,036.93	33,251,851,058.45
Total assets	72,005,914,451.70	56,822,026,545.21
CURRENT LIABILITIES:		
Short-term borrowings	23,543,580,333.86	20,470,296,592.92
Bills payable	3,265,284,261.70	1,598,110,792.85
Accounts payable	3,148,768,075.86	3,408,366,113.93
Advance receipts	270,040,619.71	270,056,726.88
Staff remuneration payables	193,770,342.24	153,926,042.30

Item	Closing balance	Opening balance
Taxes payable	201,026,653.89	161,100,088.94
Interest payable	246,098,198.25	150,047,305.50
Dividend payable	1,187,723,709.51	783,790,884.61
Other payables	1,155,263,500.00	1,099,968,900.00
Non-current liabilities due within one year	7,201,960,555.55	
Total current liabilities	40,413,516,250.57	28,095,663,447.93
NON-CURRENT LIABILITIES:		
Long-term borrowings	4,504,586,347.85	4,378,290,245.19
Bonds payable	5,784,055,517.50	5,777,131,308.01
Long-term payables	184,000,000.00	
Special payables	161,983,516.66	161,983,516.66
Deferred income	1,440,956,975.54	1,476,121,434.78
Other non-current liabilities	2,590,779,342.55	2,584,768,359.64
Total non-current liabilities	14,666,361,700.10	14,378,294,864.28
TOTAL LIABILITIES	55,079,877,950.67	42,473,958,312.21
OWNERS' EQUITY:		
Share capital	1,936,405,467.00	1,936,405,467.00
Other equity instruments	2,582,800,000.00	
Including: Perpetual bonds	2,582,800,000.00	
Capital reserves	6,149,138,276.81	6,149,136,873.41
Other comprehensive income	-202,575,135.06	33,763,168.13
Surplus reserves	1,132,116,106.40	1,132,116,106.40
Retained profit	4,933,284,753.66	4,665,921,686.21
Total equity attributable to equity holders of the company	16,531,169,468.81	13,917,343,301.15
Minority interest	394,867,032.22	430,724,931.85
Total owners' equity	16,926,036,501.03	14,348,068,233.00
TOTAL LIABILITIES AND OWNERS' EQUITY	72,005,914,451.70	56,822,026,545.21

Legal Representative:
Chen Hongguo

Financial controller:
Dong Lianming

Head of the
accountary department: Li Dong

2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	4,366,073,237.20	2,345,637,944.73
Bills receivable	1,675,767,730.02	3,516,397,335.06
Accounts receivable	2,166,245,219.83	3,503,819,172.94
Prepayments	1,542,557,668.55	1,734,892,571.69
Other receivables	16,972,335,044.54	9,312,981,273.16
Inventories	912,713,230.45	824,854,551.21
Non-current assets due within one year		300,000,000.00
Other current assets	42,494,564.53	114,216,338.90
Total current assets	27,678,186,695.12	21,652,799,187.69
NON-CURRENT ASSETS:		
Available-for-sale financial assets	73,000,000.00	73,000,000.00
Long-term equity investments	12,526,665,506.00	12,370,935,132.02
Investment property	16,431,495.88	17,735,187.91
Fixed assets	3,437,526,203.14	3,350,685,307.94
Construction in progress	122,112,865.46	323,543,539.92
Construction materials	1,494,815.38	1,564,277.42
Intangible assets	310,953,966.09	246,581,452.71
Deferred income tax assets	149,419,011.05	41,033,875.05
Other non-current assets	900,000,000.00	900,000,000.00
Total non-current assets	17,537,603,863.00	17,325,078,772.97
TOTAL ASSETS	45,215,790,558.12	38,977,877,960.66
CURRENT LIABILITIES:		
Short-term borrowings	6,267,700,091.21	9,143,654,360.01
Bills payable	1,008,267,187.81	680,548,319.01
Accounts payable	897,054,487.69	693,506,846.35
Advance receipts	692,267,441.52	1,724,744.50
Staff remuneration payables	101,570,049.13	75,683,362.25
Taxes payable	17,775,972.54	30,908,886.06
Interest payable	246,098,198.25	150,047,305.50
Dividend payable		
Other payables	2,790,154,542.78	4,141,133,979.84
Non-current liabilities due within one year	781,678,000.00	494,760,000.00
Other current liabilities	7,201,960,555.55	
Total current liabilities	20,004,526,526.48	15,411,967,803.52
NON-CURRENT LIABILITIES:		
Long-term borrowings	350,692,035.94	867,832,035.94
Bonds payable	5,784,055,517.50	5,777,131,308.01
Deferred income	62,174,938.01	44,507,433.25

Item	Closing balance	Opening balance
Other non-current liabilities	2,590,779,342.55	2,584,768,359.64
Total non-current liabilities	8,787,701,834.00	9,274,239,136.84
Total liabilities	28,792,228,360.48	24,686,206,940.36
OWNERS' EQUITY:		
Share capital	1,936,405,467.00	1,936,405,467.00
Other equity instruments	2,582,800,000.00	
Including: Preference shares		
Perpetual bonds	2,582,800,000.00	
Capital reserves	5,938,840,660.10	5,938,839,256.70
Surplus reserves	1,119,926,524.49	1,119,926,524.49
Retained profit	4,845,589,546.05	5,296,499,772.11
Total owners' equity	16,423,562,197.64	14,291,671,020.30
TOTAL LIABILITIES AND OWNERS' EQUITY	45,215,790,558.12	38,977,877,960.66

3. Consolidated Income Statement for the Reporting Period

Unit: RMB

Item	Amounts for the reporting period	Amounts for the prior period
I. Total revenue	5,176,528,453.85	4,957,710,823.44
Including: Revenue	5,176,528,453.85	4,957,710,823.44
II. Total operating costs	4,884,195,563.83	4,941,446,219.63
Including: Operating costs	3,663,452,008.01	3,984,381,243.53
Business taxes and surcharges	36,419,101.44	23,622,752.75
Sales expenses	304,163,150.41	303,393,591.78
Administrative expenses	359,001,478.25	304,683,878.41
Finance expenses	487,670,744.81	319,671,104.57
Loss on impairment of assets	33,489,080.91	5,693,648.59
Plus: Gain on change in fair value ("-" denotes loss)		
Investment income ("-" denotes loss)	30,886,998.53	24,407,767.41
Including: Investment income from associates and joint ventures	-1,503,585.25	-1,072,793.04
III. Operating profit ("-" denotes loss)	323,219,888.55	40,672,371.22
Plus: Non-operating income	70,374,708.87	70,531,646.73
Including: Gain on disposal of non-current assets	489,331.81	3,350,564.03
Less: Non-operating expenses	1,674,673.26	316,270.45
Including: Loss on disposal of non-current assets	249,189.04	856,245.58
IV. Total profit ("-" denotes total loss)	391,919,924.16	110,887,747.50
Less: Income tax expenses	120,165,450.99	22,059,260.28
V. Net profit ("-" denotes net loss)	271,754,473.17	88,828,487.22
Net profit attributable to owners of the Company	284,937,568.33	98,736,396.40
Minority interest	-13,183,095.16	-9,907,909.18
VI. Other comprehensive income after tax, net	-252,355,593.07	5,074,774.50
Other comprehensive income after tax attributable to owners of the Company, net	-252,355,593.07	5,074,774.50
(I) Other comprehensive income that will not be reclassified to profit and loss in subsequent periods		

Item	Amounts for the reporting period	Amounts for the prior period
1. Change in remeasurement of net defined benefit liability or assets		
2. Share of other comprehensive income of investees that will not be reclassified to profit and loss		
(II) Other comprehensive income that will be reclassified to profit and loss in subsequent periods	-252,355,593.07	5,074,774.50
1. Share of other comprehensive income of equity accounted investees that will be reclassified to profit and loss in subsequent periods		
2. Gains and losses from changes in fair value of available-for-sale financial assets		
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		
4. Effective portion of hedging gains and losses from cash flows		
5. Exchange differences on translation of foreign operations	-252,355,593.07	5,074,774.50
Net other comprehensive income after tax attributable to minority interests		
VII. Total comprehensive income	19,398,880.10	93,903,261.72
Total comprehensive income attributable to owners of the Company	32,581,975.26	103,811,170.90

Item	Amounts for the reporting period	Amounts for the prior period
Total comprehensive income attributable to minority interest	-13,183,095.16	-9,907,909.18
VIII.Earnings per share:		
(I) Basic earnings per share	0.15	0.06
(II) Diluted earnings per share	0.15	0.06

Legal Representative: Financial controller: Head of the financial department:
Chen Hongguo Dong Lianming Li Dong

4. Income statement of the Company for the Reporting Period

Unit: RMB

Item	Amounts for the reporting period	Amounts for the prior period
I. Revenue	1,878,838,439.05	2,090,570,411.61
Less: Operating costs	1,537,566,162.27	1,690,111,970.35
Business taxes and surcharges	7,890,558.36	11,091,563.47
Selling expenses	73,636,182.42	75,639,274.24
Administrative expenses	132,936,512.18	134,735,705.98
Finance expenses	389,353,175.95	256,461,350.38
Loss on impairment of assets	2,884,263.80	2,603,282.18
Plus: Gain on change in fair value (“-” denotes loss)		
Investment income (“-” denotes loss)	32,467,707.72	726,068,888.89
Including: Investment income from associates and joint ventures	-65,625.61	74,995.11
II. Operating profit (“-” denotes loss)	-232,960,708.21	645,996,153.90
Plus: Non-operating income	36,199,171.33	20,615,908.61
Including: Gain on disposal of non-current assets	7,836.79	
Less: Non-operating expenses	646,959.76	1,822,855.67
Including: Loss on disposal of non-current assets	96,959.76	822,855.67
III. Total profit (“-” denotes total loss)	-197,408,496.64	664,789,206.84
Less: Income tax expenses	-34,405,902.11	-10,305,116.56
IV. Net profit (“-” denotes net loss)	-163,002,594.53	675,094,323.40
V. Other comprehensive income after tax, net		
(I) Other comprehensive income that will not be reclassified to profit and loss in subsequent periods		

Item	Amounts for the reporting period	Amounts for the prior period
1. Change in remeasurement of net defined benefit liability or assets		
2. Share of other comprehensive income of investees that will not be reclassified to profit and loss		
(II) Other comprehensive income that will be reclassified to profit and loss in subsequent periods		
1. Share of other comprehensive income of equity accounted investees that will be reclassified to profit and loss in subsequent periods		
2. Gains and losses from changes in fair value of available-for-sale financial assets		
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		
4. Effective portion of hedging gains and losses from cash flows		
5. Exchange differences on translation of foreign operations		
6. Others		
VI. Total comprehensive income	-163,002,594.53	675,094,323.40
VIII. Earnings per share:		

Item	Amounts for the reporting period	Amounts for the prior period
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Income Statement from the beginning of the year to the end of the reporting period

Unit: RMB

Item	Amounts for the reporting period	Amounts for the prior period
I. Total revenue	14,895,226,131.61	14,039,731,402.45
Including: Revenue	14,895,226,131.61	14,039,731,402.45
II. Total operating costs	14,291,982,521.03	14,023,599,432.69
Including: Operating costs	11,033,836,669.32	11,363,379,871.84
Business taxes and surcharges	87,653,078.10	59,123,220.53
Sales expenses	855,236,974.12	827,987,403.28
Administrative expenses	1,013,255,447.51	804,817,760.04
Finance expenses	1,233,143,023.92	946,282,893.04
Loss on impairment of assets	68,857,328.06	22,008,283.96
Plus: Gain on change in fair value (“-” denotes loss)	-2,177,906.88	967,670.22
Investment income (“-” denotes loss)	77,519,744.85	45,626,015.23
Including: Investment income from associates and joint ventures	-3,648,616.70	-2,962,964.04
Exchange gains (“-” denotes loss)		
III. Operating profit (“-” denotes loss)	678,585,448.55	62,725,655.21
Plus: Non-operating income	145,464,747.36	324,243,019.51
Including: Gain on disposal of non-current assets	7,532,010.75	85,880,173.65
Less: Non-operating expenses	5,005,703.10	14,344,376.32
Including: Loss on disposal of non-current assets	2,932,938.38	9,620,919.84
IV. Total profit (“-” denotes total loss)	819,044,492.81	372,624,298.40
Less: Income tax expenses	293,576,753.60	56,092,305.40
V. Net profit (“-” denotes net loss)	525,467,739.21	316,531,993.00
Net profit attributable to owners of the Company	561,325,638.84	341,197,491.42
Minority interest	-35,857,899.63	-24,665,498.42

Item	Amounts for the reporting period	Amounts for the prior period
VI. Other comprehensive income after tax, net	-236,338,303.19	2,768,996.58
Other comprehensive income after tax attributable to owners of the Company, net	-236,338,303.19	2,768,996.58
(I) Other comprehensive income that will not be reclassified to profit and loss in subsequent periods		
1. Change in remeasurement of net defined benefit liability or assets		
2. Share of other comprehensive income of investees that will not be reclassified to profit and loss		
(II) Other comprehensive income that will be reclassified to profit and loss in subsequent periods	-236,338,303.19	2,768,996.58
1. Share of other comprehensive income of equity accounted investees that will be reclassified to profit and loss in subsequent periods		
2. Gains and losses from changes in fair value of available-for-sale financial assets		
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		

Item	Amounts for the reporting period	Amounts for the prior period
4. Effective portion of hedging gains and losses from cash flows		
5. Exchange differences on translation of foreign operations	-236,338,303.19	2,768,996.58
6. Others		
Net other comprehensive income after tax attributable to minority interests		
VII. Total comprehensive income	289,129,436.02	319,300,989.58
Total comprehensive income attributable to owners of the Company	324,987,335.65	343,966,488.00
Total comprehensive income attributable to minority interest	-35,857,899.63	-24,665,498.42
VIII. Earnings per share:		
(I) Basic earnings per share	0.29	0.18
(II) Diluted earnings per share	0.29	0.18

6. Income Statement from the beginning of the year to the end of the reporting period of the Company

Unit: RMB

Item	Amounts for the reporting period	Amounts for the prior period
I. revenue	5,047,278,382.44	6,087,362,415.99
Less: Operating costs	4,136,925,880.78	4,847,384,999.67
Business taxes and surcharges	21,119,502.75	27,340,586.96
Sales expenses	206,026,652.66	217,177,078.18
Administrative expenses	379,989,979.55	398,140,062.77
Finance expenses	1,044,808,233.11	675,547,032.46
Loss on impairment of assets	3,497,972.04	3,134,745.48
Plus: Gain on change in fair value (“-” denotes loss)		
Investment income (“-” denotes loss)	441,800,307.30	954,100,926.82
Including: Investment income from associates and joint ventures	-413,026.02	343.23
II. Operating profit (“-” denotes loss)	-303,289,531.15	872,738,837.29
Plus: Non-operating income	40,822,266.23	73,241,851.40
Including: Gain on disposal of non-current assets	2,770,339.41	1,152,350.23
Less: Non-operating expenses	2,722,776.20	4,459,000.11
Including: Loss on disposal of non-current assets	2,019,888.74	1,030,707.27
III. Total profit (“-” denotes total loss)	-265,190,041.12	941,521,688.58
Less: Income tax expenses	-108,385,136.00	-9,419,183.74
IV. Net profit (“-” denotes net loss)	-156,804,905.12	950,940,872.32
V. Other comprehensive income after tax, net		
(I) Other comprehensive income that will not be reclassified to profit and loss in subsequent periods		

Item	Amounts for the reporting period	Amounts for the prior period
1. Change in remeasurement of net defined benefit liability or assets		
2. Share of other comprehensive income of investees that will not be reclassified to profit and loss		
(II) Other comprehensive income that will be reclassified to profit and loss in subsequent periods		
1. Share of other comprehensive income of equity accounted investees that will be reclassified to profit and loss in subsequent periods		
2. Gains and losses from changes in fair value of available-for-sale financial assets		
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		
4. Effective portion of hedging gains and losses from cash flows		
5. Exchange differences on translation of foreign operations		
6. Others		
VI. Total comprehensive income	-156,804,905.12	950,940,872.32
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

7. Consolidated cash flow statement from the beginning of the year to the end of the reporting period

Unit: RMB

Item	Amounts for the reporting period	Amounts for the prior period
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	15,190,399,778.65	14,904,943,600.80
Tax rebates received	3,089,102.57	10,401,960.37
Cash received relating to other operating activities	1,054,621,353.56	303,995,832.41
Subtotal of cash inflows from operating activities	16,248,110,234.78	15,219,341,393.58
Cash paid for goods and services	12,298,195,594.69	11,659,833,146.60
Cash paid to and for employees	635,401,102.08	636,888,268.64
Payments of taxes	779,860,506.20	679,879,465.81
Cash paid relating to other operating activities	11,159,116,366.24	897,107,342.31
Subtotal of cash outflows from operating activities	24,872,573,569.21	13,873,708,223.36
Net cash flows from operating activities	-8,624,463,334.43	1,345,633,170.22
II. Cash flows from investing activities:		
Cash received from investments	400,000,000.00	
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	175,409.96	38,059,229.00
Net cash received from disposal of subsidiaries and other business units		75,035,211.41
Cash received relating to other investing activities	46,401,366.66	292,669,675.00
Subtotal of cash inflows from investing activities	446,576,776.62	405,764,115.41
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	1,229,826,351.45	1,718,400,482.83

Item	Amounts for the reporting period	Amounts for the prior period
Cash paid on investments	386,000,000.00	3,000,000.00
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities		1,000,000,000.00
Subtotal of cash outflows from investing activities	1,615,826,351.45	2,721,400,482.83
Net cash flows from investing activities	-1,169,249,574.83	-2,315,636,367.42
III. Cash flows from financing activities:		
Cash received from borrowings	25,899,697,270.87	18,618,568,208.40
Cash received from bond issue		
Cash received relating to other financing activities	9,663,427,778.00	746,800,830.12
Subtotal of cash inflows from financing activities	35,563,125,048.87	19,365,369,038.52
Cash repayments of amounts borrowed	22,645,377,952.17	14,065,961,967.04
Cash paid for dividend and profit distribution or interest payment	1,358,824,694.29	1,517,548,355.93
Including: dividend and profit paid to minority interest by subsidiaries		3,251,866.09
Cash paid relating to other financing activities	2,111,621,643.97	1,925,771,907.00
Subtotal of cash outflows from financing activities	26,115,824,290.43	17,509,282,229.97
Net cash flows from financing activities	9,447,300,758.44	1,856,086,808.55
IV. Effect of foreign exchange rate changes on cash and cash equivalents	34,793,895.67	-15,067,277.57
V. Net increase in cash and cash equivalents	-311,618,255.15	871,016,333.78
Plus: Balance of cash and cash equivalents as at the beginning of the period	976,096,861.30	726,532,928.96
VI. Balance of cash and cash equivalents as at the end of the period	664,478,606.15	1,597,549,262.74

8. Cash flow statement of the Company from the beginning of the year to the end of the reporting period

Unit: RMB

Item	Amounts for the reporting period	Amounts for the prior period
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	5,210,843,830.78	5,371,474,096.02
Tax rebates received		
Cash received relating to other operating activities	141,891,448.03	110,879,238.34
Subtotal of cash inflows from operating activities	5,352,735,278.81	5,482,353,334.36
Cash paid for goods and services	8,327,029,875.12	2,488,364,932.95
Cash paid to and for employees	260,064,379.66	299,515,071.91
Payments of taxes	102,183,916.09	244,244,379.01
Cash paid relating to other operating activities	162,169,448.03	152,112,593.05
Subtotal of cash outflows from operating activities	8,851,447,618.90	3,184,236,976.92
Net cash flows from operating activities	-3,498,712,340.09	2,298,116,357.44
II. Cash flows from investing activities:		
Cash received from investments	600,000,000.00	1,000,000,000.00
Cash received from investment income	903,625.62	64,127,102.21
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	63,697.60	17,069.00
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	31,144,666.66	
Subtotal of cash inflows from investing activities	632,111,989.88	1,064,144,171.21
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	83,729,374.57	115,959,072.50
Cash paid on investments	459,143,400.00	2,748,929,592.00

Item	Amounts for the reporting period	Amounts for the prior period
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities		1,000,000,000.00
Subtotal of cash outflows from investing activities	542,872,774.57	3,864,888,664.50
Net cash flows from investing activities	89,239,215.31	-2,800,744,493.29
III. Cash flows from financing activities:		
Cash received from capital contribution		
Cash received from borrowings	7,779,390,636.80	10,978,803,329.35
Cash received from bond issue		
Cash received relating to other financing activities	9,663,427,778.00	884,960,591.31
Subtotal of cash inflows from financing activities	17,442,818,414.80	11,863,763,920.66
Cash repayments of amounts borrowed	10,884,994,455.54	8,187,049,989.79
Cash paid for dividend and profit distribution or interest payment	1,142,470,646.57	1,085,259,221.76
Cash paid relating to other financing activities	1,018,085,783.84	1,904,400,000.00
Subtotal of cash outflows from financing activities	13,045,550,885.95	11,176,709,211.55
Net cash flows from financing activities	4,397,267,528.85	687,054,709.11
IV. Effect of foreign exchange rate changes on cash and cash equivalents	14,555,105.56	-9,697,907.74
V. Net increase in cash and cash equivalents	1,002,349,509.63	174,728,665.52
Plus: Space Balance of cash and cash equivalents as at the beginning of the period	40,590,357.33	64,392,029.09
VI. Balance of cash and cash equivalents as at the end of the period	1,042,939,866.96	239,120,694.61

II. Auditors' Report

Is the third quarter report audited

☐ Yes ☒ No

The third quarter report of the Company is unaudited.

Shandong Chenming Paper Holdings Limited

22 October 2015