



SHANDONG CHENMING PAPER HOLDINGS LIMITED*
2016 Third Quarterly Report

October 2016

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 quarterly report.

Chen Hongguo, the head of the Company, Hu Jinbao, the head in charge of accounting and Dong Lianming, the head of the accounting department (Accounting Officer), declare that they warrant the truthfulness, accuracy and completeness of the financial statements in the quarterly 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)	85,756,600,987.16	77,961,699,547.59	10.00%	
Net assets attributable to shareholders of the Company (RMB)	21,965,933,958.53	16,871,494,584.82	30.20%	
	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)	5,965,699,811.33	15.25%	16,572,058,544.35	11.26%
Net profit attributable to shareholders of the Company (RMB)	614,998,648.94	115.84%	1,554,163,519.54	176.87%
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	522,725,460.32	149.87%	1,264,536,544.14	229.60%
Net cash flows from operating activities (RMB)	—	—	-3,120,091,496.30	63.82%
Basic earnings per share (RMB per share)	0.29	93.33%	0.74	155.17%
Diluted earnings per share (RMB per share)	0.29	93.33%	0.74	155.17%
Rate of return on net assets on weighted average basis	2.91%	1.12%	8.80%	5.04%

Note: Net profit attributable to ordinary shareholders of the Company shall exclude the effect of interest payment deferred and accumulated to subsequent periods for perpetual bonds under other equity instruments. The interest accrued but not yet declared for the perpetual bonds for the period from January to September of 2016 (of RMB114,645,792.35) was deducted when calculating the financial indicators such as earnings per share and the rate of return on net assets on weighted average basis.

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)	-1,336,416.11	
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)	312,406,806.87	
Profit or loss from debt restructuring	1,832,079.05	
Profit or loss arising from external entrusted loans	65,910,377.36	
Non-operating gains and losses other than the above items	6,029,580.49	
Gain or loss from changes in fair value of consumable biological assets subsequently measured at fair value	-10,599,543.68	
Less: Effect of income tax	81,481,835.71	
Effect of minority interests (after tax)	3,134,072.87	
Total	289,626,975.40	—

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 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 shareholdings of the top ten shareholders as at the end of the reporting period

1. Total number of shareholders of ordinary shares and shareholders of preference shares with restored voting rights and the shareholdings of the top ten shareholders

Unit: share

Total number of shareholders of ordinary shares as at the end of the reporting period	102,567, of which 78,829 were holders of A shares, 23,251 were holders of B shares and 487 were holders of H shares	Total number of shareholders of preference shares with restored voting right as at the end of the reporting period (if any)	0			
Shareholdings of top 10 shareholders						
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
SHOUGUANG CHENMING HOLDINGS COMPANY LIMITED	State-owned legal person	15.13%	293,003,657	0	Pledged	188,089,000
HKSCC NOMINEES LIMITED	Overseas legal person	13.26%	256,807,900	0		
CHENMING HOLDINGS (HONG KONG) LIMITED	Overseas legal person	7.26%	140,662,979	0		
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	Domestic non-state-owned legal person	2.07%	40,137,900	0		
HUATAI SECURITIES CO., LTD.	Domestic non-state-owned legal person	1.22%	23,654,061	0		
BOSERA FUNDS — BANK OF CHINA — PING AN LIFE INSURANCE — PING AN LIFE INSURANCE ENTRUSTED INVESTMENT NO.1 ASSET MANAGEMENT PLAN	Others	0.93%	18,000,000	0		
ANBANG ASSET MANAGEMENT — CHINA MERCHANTS BANK — ANBANG ASSET — CHINA MERCHANTS BANK — ANBANG ASSET — WIN-WIN NO.3 COLLECTIVE ASSET MANAGEMENT PRODUCT	Others	0.91%	17,584,190	0		
NATIONAL SOCIAL SECURITY FUND 418	Others	0.58%	11,156,400	0		

INDUSTRIAL AND COMMERCIAL BANK OF CHINA CO., LTD. — BOSERA EXCELLENT BRAND STOCK FUND (LOF)	Others	0.49%	9,500,000	0		
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.44%	8,608,238	0		

Shareholdings of the top ten shareholders of non-restricted shares			
Name of shareholders	Number of non-restricted shares held	Class of shares	
		Class of shares	Number
SHOUGUANG CHENMING HOLDINGS COMPANY LIMITED	293,003,657	RMB ordinary shares	293,003,657
HKSCC NOMINEES LIMITED	256,807,900	Overseas listed foreign shares	256,807,900
CHENMING HOLDINGS (HONG KONG) LIMITED	140,662,979	Domestic listed foreign shares	46,447,979
		Overseas listed foreign shares	94,215,000
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	40,137,900	RMB ordinary shares	40,137,900
HUATAI SECURITIES CO., LTD.	23,654,061	RMB ordinary shares	23,654,061
BOSERA FUNDS — BANK OF CHINA — PING AN LIFE INSURANCE — PING AN LIFE INSURANCE ENTRUSTED INVESTMENT NO.1 ASSET MANAGEMENT PLAN	18,000,000	RMB ordinary shares	18,000,000
ANBANG ASSET MANAGEMENT — CHINA MERCHANTS BANK — ANBANG ASSET — CHINA MERCHANTS BANK — ANBANG ASSET — WIN-WIN NO.3 COLLECTIVE ASSET MANAGEMENT PRODUCT	17,584,190	RMB ordinary shares	17,584,190
NATIONAL SOCIAL SECURITY FUND 418	11,156,400	RMB ordinary shares	11,156,400
INDUSTRIAL AND COMMERCIAL BANK OF CHINA CO., LTD. — BOSERA EXCELLENT BRAND STOCK FUND (LOF)	9,500,000	RMB ordinary shares	9,500,000
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	8,608,238	Domestic listed foreign shares	8,608,238
Connected relationship or acting-in-concert relationship 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, Shouguang Chenming Holdings Company Limited, which is a state-owned legal person. Hence they are persons acting in concert under Administration of Disclosure of Information on the Change of Shareholding 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 it is also not aware that any other shareholders of tradable shares are connected with each other.		

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

Yes No

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

2. Total number of shareholders of preference shares and shareholdings of the top ten shareholders of preference shares

Applicable No applicable

Unit: share

Total number of shareholders of preference shares as at the end of the reporting period	10					
Shareholdings of the top ten shareholders of preference 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
GUOXIN LEASING CO., LTD.	Domestic non-state-owned legal person	17.78%	8,000,000	0		
BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO.,LTD. — HUILI NO.136 SINGLE CAPITAL TRUST	Others	14.22%	6,400,000	0		
BEIJING YIBEN ZHONGXING INVESTMENT MANAGEMENT CO., LTD.	Domestic non-state-owned legal person	13.56%	6,100,000	0		

QILU BANK CO., LTD. — QILU BANK QUANXIN WEALTH MANAGEMENT PRODUCT SERIES	Others	13.33%	6,000,000	0		
HENGFENG BANK CO., LTD.	Domestic non-state-owned legal person	11.11%	5,000,000	0		
LAIWU GUANGYANG INVESTMENT CO., LTD.	Domestic non-state-owned legal person	10.00%	4,500,000	0		
SHANGHAI STATE-OWNED ASSETS OPERATION CO., LTD.	State-owned legal person	6.67%	3,000,000	0		
NCF — MINSHENG BANK — CHINA FORTUNE INTERNATIONAL TRUST — CHINA FORTUNE TRUST · MIN XIN NO. 11 SINGLE CAPITAL TRUST	Others	4.44%	2,000,000	0		
SHANDONG TAISHAN STEEL GROUP COMPANY LIMITED	Domestic non-state-owned legal person	4.44%	2,000,000	0		
SHANDONG DONGTAI IMPORT AND EXPORT CO., LTD.	Domestic non-state-owned legal person	4.44%	2,000,000	0		
Shareholdings of the top ten shareholders of non-restricted preference shares						
Name of shareholders		Total number of non-restricted preference shares held				
GUOXIN LEASING CO., LTD.		8,000,000				
BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO., LTD. — HUILI NO.136 SINGLE CAPITAL TRUST		6,400,000				
BEIJING YIBEN ZHONGXING INVESTMENT MANAGEMENT CO., LTD.		6,100,000				
QILU BANK CO., LTD. — QILU BANK QUANXIN WEALTH MANAGEMENT PRODUCT SERIES		6,000,000				
HENGFENG BANK CO., LTD.		5,000,000				
LAIWU GUANGYANG INVESTMENT CO., LTD.		4,500,000				
SHANGHAI STATE-OWNED ASSETS OPERATION CO., LTD.		3,000,000				
NCF — MINSHENG BANK — CHINA FORTUNE INTERNATIONAL TRUST — CHINA FORTUNE TRUST · MIN XIN NO. 11 SINGLE CAPITAL TRUST		2,000,000				
SHANDONG TAISHAN STEEL GROUP COMPANY LIMITED		2,000,000				
SHANDONG DONGTAI IMPORT AND EXPORT CO., LTD.		2,000,000				
Connected relationship or acting-in-concert relationship among the above shareholders		It is not aware that the above shareholders of preference shares are persons acting in concert and it is also not aware that the above shareholders of preference shares are connected with each other.				

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 2016	31 December 2015	Change	Reason for change
Prepayments	1,858,415,373.03	1,072,990,234.05	73.20%	(1)
Non-current assets due within one year	4,510,195,162.57	2,893,133,653.86	55.89%	(2)
Other current assets	9,882,868,253.14	7,582,839,356.54	30.33%	(3)
Other non-current assets	317,421,600.75	1,242,358,865.33	-74.45%	(4)
Bills payable	2,279,626,195.75	3,281,599,412.31	-30.53%	(5)
Non-current liabilities due within one year	3,205,586,768.36	5,471,286,735.91	-41.41%	(6)
Long-term payables	3,297,077,770.35	344,000,000.00	858.45%	(7)
Special payables	481,039,716.66	176,983,516.66	171.80%	(8)
Other equity instruments	7,060,300,000.00	2,582,800,000.00	173.36%	(9)

Explanation of the reasons leading to the major changes:

- (1) Prepayments increased by 73.20% as compared to the beginning of the year mainly due to an increase in prepayments for raw materials for the year.
- (2) Non-current assets due within one year increased by 55.89% as compared to the beginning of the year mainly due to an increase in long-term finance lease payments due within one year and the reclassification of entrusted loans of RMB900 million due within one year.
- (3) Other current assets increased by 30.33% as compared to the beginning of the year mainly due to an increase in receivables under financial leases due within one year.
- (4) Other non-current liabilities decreased by 74.45% as compared to the beginning of the year mainly due to the reclassification of entrusted loans of RMB900 million into non-current assets due within one year.
- (5) Bills payable decreased by 30.53% as compared to the beginning of the year mainly due to an decrease in payments by bills.

- (6) Non-current assets due within one year decreased by 41.41% as compared to the beginning of the year mainly due to the repayment of corporate bonds of RMB2,000 million.
- (7) Long-term payables increased by 858.45% as compared to the beginning of the year mainly due to an increase of payments for equipment finance leases of the Company.
- (8) Special payables increased by 171.80% as compared to the beginning of the year mainly due to the government special fund of RMB304 million received by Huanggang Chenming, a subsidiary of the Company.
- (9) Other equity instruments increased by 173.36% as compared to the beginning of the year mainly due to the issue of preference shares in the amount of RMB4,500 million.

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

Unit: RMB

Item	January - September 2016	January - September 2015	Change	Reasons for change
Business taxes and surcharges	115,224,750.98	87,653,078.10	31.46%	(1)
Asset impairment losses	133,759,958.97	68,857,328.06	94.26%	(2)
Investment income	59,098,978.74	77,519,744.85	-23.76%	(3)
Non-operating income	331,382,681.55	145,464,747.36	127.81%	(4)
Non-operating expenses	6,804,497.54	5,005,703.10	35.93%	(5)
Income tax expenses	406,419,988.73	293,576,753.60	38.44%	(6)

Explanation of the reasons leading to the major changes:

- (1) Business taxes and surcharges increased by 31.46% as compared to the corresponding period of last year mainly due to the higher revenues of the Company resulting from a rise in prices of the products and an increase of sales.
- (2) Asset impairment losses increased by 94.26% as compared to the corresponding period of last year mainly due to impairment provisions for fixed assets made by Fuyu Chenming, a subsidiary of the Company.

- (3) Investment income decreased by 23.76% as compared to the corresponding period of last year mainly due to an increase in investment loss from long-term equity investments accounted for using the equity method.
- (4) Non-operating income increased by 127.81% as compared to the corresponding period of last year mainly due to an increase in the government grants received by the Company.
- (5) Non-operating expenses increased by 35.93% as compared to the corresponding period of last year mainly due to an increase in net loss on disposal of fixed assets.
- (6) Income tax expenses increased by 38.44% as compared to the corresponding period of last year mainly due to the higher profitability of the Company.

(III) Analysis of cash flows during the reporting period

Unit: RMB

Item	January - September 2016	January - September 2015	Change	Reasons for change
Net cash flows from operating activities	-3,120,091,496.30	-8,624,463,334.43	63.82%	(1)
Net cash flows from investment activities	-895,903,143.36	-1,169,249,574.83	23.38%	(2)
Net cash flows from financing activities	4,698,016,246.43	9,447,300,758.44	-50.27%	(3)

Explanation of the reasons leading to the major changes:

- (1) Net cash flows from operating activities increased by 63.82% mainly due to a decrease in net external investment of the financial leasing business.
- (2) Net cash flows from investing activities increased by 23.38% mainly due to an increase in special government grants received during the period.
- (3) Net cash flows from financial activities decreased by 50.27% mainly due to the repayment of short-term commercial paper, corporate bonds and privately placed bonds during the period.

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

Applicable Not applicable

1. Completion of the non-public issue of 45.00 million preference shares with proceeds of RMB4,500 million.

On 17 September 2015, as approved by the document Zheng Jian Xu Ke No. [2015] 2130 issued by China Securities Regulatory Commission to issue not more than 45,000,000 preference shares, the Company issued 22,500,000 preference shares on 17 March 2016 with actual net proceeds of RMB2,238.75 million (net of issue also expenses) from the non-public issue of this tranche of preference shares; 10,000,000 preference shares were issued by the Company on 17 August 2016 with actual net proceeds of RMB995.00 million (net of issue expenses) from the non-public issue of this tranche of preference shares were; and 12,500,000 preference shares were issued by the Company on 22 September 2016 with actual net proceeds of RMB1,243.75 million (net of issue expenses) from the non-public issue of this tranche of preference shares.

2. Non-public issue of A shares

At the fourth extraordinary meeting of the eight session of the Board, the Resolution on the Adjustments to the Use of Proceeds, Proceeds Amount, Issue Price and Issue Volume for the Non-Public Issues of A Shares and relevant resolutions were considered and approved. In view of recent fluctuation in the securities market and the actual condition of the Company, based on the authorisation granted to the Board at the general meeting, the Company intended to cancel the utilisation of proceeds of RMB1,500.00 million for the repayment of bank loans. The proceeds to be raised from the issue will be adjusted from not more than RMB5,200.00 million (inclusive) to not more than RMB3,700.00 million (inclusive). It is proposed that the proceeds, net of issue expenses, will be fully utilised for the bleached sulfate pine chemical pulp project with annual production capacity of 400,000 tonnes. On 27 September 2016, the Company issued the Announcement on the Reply on the Supplementary Feedback on the Application Documents Regarding the Non-public Issue of Shares and the Reply on the Supplementary Feedback on the Application Documents Regarding the Non-public Issue of Shares.

As of the disclosure date of this report, the Company has not obtained relevant approval from China Securities Regulatory Commission (“CSRC”). The Company will disclose information on CSRC approval in a timely manner.

Material matter	Date of disclosure	Search index of the ad-hoc report disclosure website
Second Revised Proposal on the Non-public Issue of Shares for 2016	27 September 2016	http://www.cninfo.com.cn
Reply on the Supplementary Feedback on the Application Documents Regarding the Non-public Issue of Shares (I)	27 September 2016	http://www.cninfo.com.cn
Announcement on the Reply on the Supplementary Feedback on the Application Documents Regarding the Non-public Issue of Shares	27 September 2016	http://www.cninfo.com.cn
Report on Non-public Issue of Preference Shares (Third Tranche)	30 September 2016	http://www.cninfo.com.cn
Report on Non-public Issue of Preference Shares (Second Tranche)	25 August 2016	http://www.cninfo.com.cn
Report on Non-public Issue of Preference Shares	25 March 2016	http://www.cninfo.com.cn

III. Undertakings of the Company, shareholders, beneficial controllers, acquirers, directors, supervisors, senior management or other related parties performed during the reporting period and not yet performed and subsisting as at the end of the reporting period

√ Applicable □ Not applicable

Undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Date of undertaking	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.	Non-competitive undertaking	(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 Company to jeopardise the legal interests of Chenming Group and its shareholders with other persons or companies or on their behalf.	22 May 2008	9999-12-31	Strictly performed

	Shouguang Chenming Holdings Co., Ltd.	Defective properties	(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	9999-12-31	Strictly performed
Equity incentive undertaking						
Other undertakings made to minority shareholders of the Company	The Company	Undertaking of specific remedial measures in the non-public issue of preference shares	Taking into consideration the dilution of the current return of shareholders of ordinary shares due to the issue of preference shares, in order to maintain compliance with the Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Small and Medium Investors in Capital Market, protect the interests of shareholders of ordinary shares and make up for the potential loss of current return due to the issue of preference shares, the Company has undertaken to adopt various measures to ensure the effective use of proceeds, prevent the dilution of the current return and enhance future profitability.	25 March 2016	9999-12-31	Strictly performed
Does the undertaking performed timely?	Yes					

IV. Estimate of the operating results for 2016

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 explanation

Applicable Not applicable

V. Security investments

Applicable Not applicable

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

VI. Derivatives investments

Applicable Not applicable

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

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

Applicable Not applicable

Date of reception	Manner of reception	Class of parties accomm odated	Index of the basic information on research investigations
5 May 2016	On-site research investigation	Institutions	http://www.cninfo.com.cn
19 May 2016	On-site research investigation	Institutions	http://www.cninfo.com.cn
27 June 2016	On-site research investigation	Institutions	http://www.cninfo.com.cn

VIII. 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.

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

Applicable Not applicable

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

IV Financial Statements

I. Financial Statements

1. Consolidated Balance Sheet

Prepared by: Shandong Chenming Paper Holdings Limited

30 September 2016

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	11,556,857,100.00	8,984,326,016.01
Bills receivable	2,918,489,409.92	3,998,782,845.65
Accounts receivable	3,629,832,726.16	3,951,287,979.32
Prepayments	1,858,415,373.03	1,072,990,234.05
Other receivables	1,620,882,909.58	1,469,573,364.01
Inventories	5,199,609,548.00	5,210,917,891.42
Non-current assets due within one year	4,510,195,162.57	2,893,133,653.86
Other current assets	9,882,868,253.14	7,582,839,356.54
Total current assets	41,177,150,482.40	35,163,851,340.86
NON-CURRENT ASSETS:		
Available-for-sale financial assets	109,000,000.00	109,000,000.00
Long-term receivables	10,697,834,976.50	9,084,087,143.84
Long-term equity investments	63,680,857.75	70,492,256.38
Investment property	14,693,239.84	15,996,931.87
Fixed assets	24,651,242,069.32	24,169,725,529.18
Construction in progress	6,479,169,627.05	5,829,619,258.48
Construction materials	17,631,449.28	14,662,116.76
Intangible assets	1,547,109,861.69	1,462,706,060.63
Goodwill	20,283,787.17	20,283,787.17
Long-term prepaid expenses	159,639,080.28	165,686,946.61
Deferred income tax assets	501,743,955.13	613,229,310.48
Other non-current assets	317,421,600.75	1,242,358,865.33
Total non-current assets	44,579,450,504.76	42,797,848,206.73
Total assets	85,756,600,987.16	77,961,699,547.59
CURRENT LIABILITIES:		
Short-term borrowings	28,509,061,842.06	24,755,535,672.86
Bills payable	2,279,626,195.75	3,281,599,412.31
Accounts payable	2,904,703,825.68	2,942,337,386.57
Advance receipts	229,741,598.03	180,504,227.01
Staff remuneration payables	177,092,814.74	205,840,694.03
Taxes payable	189,353,706.24	194,852,483.80

Item	Closing balance	Opening balance
Interest payable	178,253,753.71	150,075,698.23
Other payables	930,743,530.04	1,158,567,353.38
Non-current liabilities due within one year	3,205,586,768.36	5,471,286,735.91
Other current liabilities	9,161,954,101.68	10,293,543,297.00
Total current liabilities	47,766,118,136.29	48,634,142,961.10
NON-CURRENT LIABILITIES:		
Long-term borrowings	6,641,725,554.98	5,169,381,063.83
Bonds payable	3,792,620,016.26	3,788,539,249.59
Long-term payables	3,297,077,770.35	344,000,000.00
Special payables	481,039,716.66	176,983,516.66
Deferred income	1,440,576,343.09	1,495,104,889.26
Other non-current liabilities	0.00	1,094,621,421.67
Total non-current liabilities	15,653,039,401.34	12,068,630,141.01
TOTAL LIABILITIES	63,419,157,537.63	60,702,773,102.11
OWNERS' EQUITY:		
Share capital	1,936,405,467.00	1,936,405,467.00
Other equity instruments	7,060,300,000.00	2,582,800,000.00
Including: Preference shares	4,477,500,000.00	0.00
Perpetual bonds	2,582,800,000.00	2,582,800,000.00
Capital reserves	6,149,150,177.41	6,149,138,276.81
Other comprehensive income	-550,112,347.53	-345,014,864.26
Surplus reserves	1,132,116,106.40	1,132,116,106.40
Retained profit	6,238,074,555.25	5,416,049,598.87
Total equity attributable to equity holders of the company	21,965,933,958.53	16,871,494,584.82
Minority interest	371,509,491.00	387,431,860.66
Total owners' equity	22,337,443,449.53	17,258,926,445.48
TOTAL LIABILITIES AND OWNERS' EQUITY	85,756,600,987.16	77,961,699,547.59

Legal Representative:
Chen Hongguo

Head in charge of
accounting:
Hu Jinbao

Head of the accounting
department:
Dong Lianming

2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
CURRENT ASSETS:		
Monetary funds	7,693,569,916.06	5,700,832,345.61
Bills receivable	405,420,289.67	1,279,192,805.78
Accounts receivable	2,119,523,678.37	2,054,668,707.47
Prepayment	961,849,838.50	354,158,061.49
Interest receivable	5,277,524.75	0.00
Dividend receivable	200,000,000.00	200,000,000.00
Other receivables	26,835,382,857.96	23,168,599,276.40
Inventories	765,625,458.88	770,515,314.04
Non-current assets due within one year	900,000,000.00	0.00
Other current assets	0.00	44,180,954.64
Total current assets	39,886,649,564.19	33,572,147,465.43
NON-CURRENT ASSETS:		
Available-for-sale financial assets	73,000,000.00	73,000,000.00
Long-term equity investments	14,767,170,076.34	13,526,953,706.49
Investment property	14,693,239.84	15,996,931.87
Fixed assets	3,374,995,429.64	3,494,527,564.35
Construction in progress	50,679,037.47	39,945,237.44
Construction materials	71,973.35	1,480,399.83
Intangible assets	302,728,264.73	308,890,444.95
Deferred income tax assets	157,647,459.43	146,800,984.93
Other non-current assets	0.00	900,000,000.00
Total non-current assets	18,740,985,480.80	18,507,595,269.86
TOTAL ASSETS	58,627,635,044.99	52,079,742,735.29
CURRENT LIABILITIES:		
Short-term borrowings	7,486,448,606.02	7,288,876,600.43
Bills payable	2,305,000,000.00	1,095,500,000.00
Accounts payable	1,009,126,854.94	952,024,758.38
Advance receipts	3,203,012,664.28	735,151,335.79
Staff remuneration payables	73,643,744.23	84,950,702.67
Taxes payable	34,728,038.71	37,964,445.54
Interest payable	178,253,753.71	150,075,698.23
Other payables	4,465,354,796.73	4,342,643,198.14
Non-current liabilities due within one year	2,231,500,380.11	4,339,346,982.33
Other current liabilities	9,161,954,101.68	10,293,543,297.00
Total current liabilities	30,149,022,940.41	29,320,077,018.51
NON-CURRENT LIABILITIES:		
Long-term borrowings	1,551,378,311.41	1,051,891,417.64
Bonds payable	3,792,620,016.26	3,788,539,249.59
Long-term payables	2,346,687,666.84	0.00

Item	Closing balance	Opening balance
Deferred income	57,658,091.40	61,468,322.53
Other non-current liabilities	0.00	1,094,621,421.67
Total non-current liabilities	7,748,344,085.91	5,996,520,411.43
Total liabilities	37,897,367,026.32	35,316,597,429.94
OWNERS' EQUITY:		
Share capital	1,936,405,467.00	1,936,405,467.00
Other equity instruments	7,060,300,000.00	2,582,800,000.00
Including: Preference shares	4,477,500,000.00	0.00
Perpetual bonds	2,582,800,000.00	2,582,800,000.00
Capital reserves	5,938,852,560.70	5,938,840,660.10
Surplus reserves	1,119,926,524.49	1,119,926,524.49
Retained profit	4,674,783,466.48	5,185,172,653.76
Total owners' equity	20,730,268,018.67	16,763,145,305.35
TOTAL LIABILITIES AND OWNERS' EQUITY	58,627,635,044.99	52,079,742,735.29

3. Consolidated Income Statement for the Reporting Period

Unit: RMB

Item	Amounts for the reporting period	Amounts for the prior period
I. Total revenue	5,965,699,811.33	5,176,528,453.85
Including: Revenue	5,965,699,811.33	5,176,528,453.85
II. Total operating costs	5,377,887,845.68	4,884,195,563.83
Including: Operating costs	4,144,701,407.84	3,663,452,008.01
Business taxes and surcharges	29,736,313.69	36,419,101.44
Sales and distribution expenses	289,990,334.43	304,163,150.41
General and administrative expenses	391,902,602.27	359,001,478.25
Finance expenses	424,836,614.05	487,670,744.81
Loss on impairment of assets	96,720,573.40	33,489,080.91
Plus: Gain on change in fair value ("-" denotes loss)	0.00	0.00
Investment income ("-" denotes loss)	22,090,548.96	30,886,998.53
Including: Investment income from associates and joint ventures	392,435.75	-1,503,585.25
III. Operating profit ("-" denotes loss)	609,902,514.61	323,219,888.55
Plus: Non-operating income	102,474,327.24	70,374,708.87
Including: Gain on disposal of non-current assets	324,435.53	489,331.81
Less: Non-operating expenses	801,515.18	1,674,673.26
Including: Loss on disposal of non-current assets	34,165.48	249,189.04

Item	Amounts for the reporting period	Amounts for the prior period
IV. Total profit (“-” denotes total loss)	711,575,326.67	391,919,924.16
Less: Income tax expenses	99,388,566.27	120,165,450.99
V. Net profit (“-” denotes net loss)	612,186,760.40	271,754,473.17
Net profit attributable to shareholders of the Company	614,998,648.94	284,937,568.33
Profit or loss of minority interest	-2,811,888.54	-13,183,095.16
VI. Other comprehensive income after tax, (net)	-50,780,213.13	-252,355,593.07
Other comprehensive income after tax attributable to shareholders of the Company, (net)	-50,780,213.13	-252,355,593.07
(II) Other comprehensive income that will be reclassified to profit or loss in subsequent periods	-50,780,213.13	-252,355,593.07
5. Exchange differences on translation of foreign operations	-50,780,213.13	-252,355,593.07
VII. Total comprehensive income	561,406,547.27	19,398,880.10
Total other comprehensive income attributable to shareholders of the Company	564,218,435.81	32,581,975.26
Total comprehensive income attributable to minority interest	-2,811,888.54	-13,183,095.16
VIII. Earnings per share:		
(I) Basic earnings per share	0.29	0.15
(II) Diluted earnings per share	0.29	0.15

Legal Representative:
Chen Hongguo

Head in charge of
accounting:
Hu Jinbao

Head of the financial
department:
Dong Lianming

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	1,800,634,310.34	1,878,838,439.05
Less: Operating costs	1,433,887,369.01	1,537,566,162.27
Business taxes and surcharges	10,099,093.08	7,890,558.36
Sales and distribution expenses	68,618,973.83	73,636,182.42
General and administrative expenses	140,786,536.50	132,936,512.18
Finance expenses	54,057,408.65	389,353,175.95
Loss on impairment of assets	-4,942,941.64	2,884,263.80
Plus: Gain on change in fair value (“-” denotes loss)	0.00	0.00
Investment income (“-” denotes loss)	21,954,581.39	32,467,707.72
Including: Investment income from associates and joint ventures	256,468.18	-65,625.61
II. Operating profit (“-” denotes loss)	120,082,452.30	-232,960,708.21
Plus: Non-operating income	51,354,806.03	36,199,171.33
Including: Gain on disposal of non-current assets	0.00	7,836.79
Less: Non-operating expenses	470,784.28	646,959.76
Including: Loss on disposal of non-current assets	784.28	96,959.76
III. Total profit (“-” denotes total loss)	170,966,474.05	-197,408,496.64
Less: Income tax expenses	19,922,995.56	-34,405,902.11
IV. Net profit (“-” denotes net loss)	151,043,478.49	-163,002,594.53
V. Other comprehensive income after tax, (net)	0.00	0.00
VI. Total comprehensive income	151,043,478.49	-163,002,594.53
VII. Earnings per share:		
(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	16,572,058,544.35	14,895,226,131.61
Including: Revenue	16,572,058,544.35	14,895,226,131.61
II. Total operating costs	15,000,475,024.81	14,291,982,521.03
Including: Operating costs	11,408,668,718.07	11,033,836,669.32
Business taxes and surcharges	115,224,750.98	87,653,078.10
Sales and distribution expenses	863,724,991.48	855,236,974.12
General and administrative expenses	1,085,916,429.65	1,013,255,447.51
Finance expenses	1,393,180,175.66	1,233,143,023.92
Loss on impairment of assets	133,759,958.97	68,857,328.06
Plus: Gain on change in fair value (“-” denotes loss)	-10,599,543.68	-2,177,906.88
Investment income (“-”denotes loss)	59,098,978.74	77,519,744.85
Including: Investment income from associates and joint ventures	-6,811,398.62	-3,648,616.70
III. Operating profit (“-” denotes loss)	1,620,082,954.60	678,585,448.55
Plus: Non-operating income	331,382,681.55	145,464,747.36
Including: Gain on disposal of non-current assets	2,741,063.58	7,532,010.75
Less: Non-operating expenses	6,804,497.54	5,005,703.10
Including: Loss on disposal of non-current assets	4,077,479.69	2,932,938.38
IV. Total profit (“-” denotes total loss)	1,944,661,138.61	819,044,492.81
Less: Income tax expenses	406,419,988.73	293,576,753.60
V. Net profit (“-” denotes net loss)	1,538,241,149.88	525,467,739.21
Net profit attributable to owners of the Company	1,554,163,519.54	561,325,638.84
Minority interest	-15,922,369.66	-35,857,899.63
VI. Other comprehensive income after tax, net	-205,097,483.27	-236,338,303.19
Other comprehensive income after tax attributable to owners of the Company, (net)	-205,097,483.27	-236,338,303.19
(II) Other comprehensive income that will be reclassified to profit and loss in subsequent periods	-205,097,483.27	-236,338,303.19
5. Exchange differences on translation of foreign operations	-205,097,483.27	-236,338,303.19
VII. Total comprehensive income	1,333,143,666.61	289,129,436.02
Total comprehensive income attributable to owners of the Company	1,349,066,036.27	324,987,335.65

Item	Amounts for the reporting period	Amounts for the prior period
Total comprehensive income attributable to minority interest	-15,922,369.66	-35,857,899.63
VIII. Earnings per share:		
(I) Basic earnings per share	0.74	0.29
(II) Diluted earnings per share	0.74	0.29

6. Income 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. Revenue	5,205,542,239.30	5,047,278,382.44
Less: Operating costs	4,183,283,135.43	4,136,925,880.78
Business taxes and surcharges	23,130,058.25	21,119,502.75
Sales and distribution expenses	196,681,913.14	206,026,652.66
General and administrative expenses	408,342,264.32	379,989,979.55
Finance expenses	544,626,983.09	1,044,808,233.11
Loss on impairment of assets	-3,586,791.16	3,497,972.04
Plus: Gain on change in fair value (“-” denotes loss)	0.00	0.00
Investment income (“-”denotes loss)	266,126,747.21	441,800,307.30
Including: Investment income from associates and joint ventures	216,369.85	-413,026.02
II. Operating profit (“-” denotes loss)	119,191,423.44	-303,289,531.15
Plus: Non-operating income	91,356,544.13	40,822,266.23
Including: Gain on disposal of non-current assets	373,450.11	2,770,339.41
Less: Non-operating expenses	492,515.62	2,722,776.20
Including: Loss on disposal of non-current assets	22,515.62	2,019,888.74
III. Total profit (“-” denotes total loss)	210,055,451.95	-265,190,041.12
Less: Income tax expenses	-13,617,000.87	-108,385,136.00
IV. Net profit (“-” denotes net loss)	223,672,452.82	-156,804,905.12
V. Other comprehensive income after tax, (net)	0.00	0.00
VI. Total comprehensive income	223,672,452.82	-156,804,905.12
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	16,060,904,509.24	15,190,399,778.65
Tax rebates received	5,646,133.71	3,089,102.57
Cash received relating to other operating activities	651,590,955.66	1,054,621,353.56
Subtotal of cash inflows from operating activities	16,718,141,598.61	16,248,110,234.78
Cash paid for goods and services	11,147,598,194.09	12,298,195,594.69
Cash paid to and for employees	714,282,143.95	635,401,102.08
Payments of taxes	969,117,648.05	779,860,506.20
Cash paid relating to other operating activities	7,007,235,108.82	11,159,116,366.24
Subtotal of cash outflows from operating activities	19,838,233,094.91	24,872,573,569.21
Net cash flows from operating activities	-3,120,091,496.30	-8,624,463,334.43
II. Cash flows from investing activities:		
Cash received from investments	0.00	400,000,000.00
Cash received from investment income	68,750,383.34	0.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	215,006.40	175,409.96
Cash received relating to other investing activities	304,056,200.00	46,401,366.66
Subtotal of cash inflows from investing activities	373,021,589.74	446,576,776.62
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	1,268,924,733.10	1,229,826,351.45
Cash paid on investments	0.00	386,000,000.00
Subtotal of cash outflows from investing activities	1,268,924,733.10	1,615,826,351.45
Net cash flows from investing activities	-895,903,143.36	-1,169,249,574.83
III. Cash flows from financing activities:		
Cash received from borrowings	37,799,886,869.48	25,899,697,270.87
Cash received relating to other financing activities	18,328,338,789.75	9,663,427,778.00
Subtotal of cash inflows from financing activities	56,128,225,659.23	35,563,125,048.87
Cash repayments of amounts borrowed	32,481,340,263.49	22,645,377,952.17

Item	Amounts for the reporting period	Amounts for the prior period
Cash paid for dividend and profit distribution or interest payment	1,570,444,086.84	1,358,824,694.29
Cash paid relating to other financing activities	17,378,425,062.47	2,111,621,643.97
Subtotal of cash outflows from financing activities	51,430,209,412.80	26,115,824,290.43
Net cash flows from financing activities	4,698,016,246.43	9,447,300,758.44
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-2,961,648.36	34,793,895.67
V. Net increase in cash and cash equivalents	679,059,958.41	-311,618,255.15
Plus: Balance of cash and cash equivalents as at the beginning of the period	1,888,107,493.76	976,096,861.30
VI. Balance of cash and cash equivalents as at the end of the period	2,567,167,452.17	664,478,606.15

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	5,414,479,352.87	5,210,843,830.78
Cash received relating to other operating activities	167,105,052.62	141,891,448.03
Subtotal of cash inflows from operating activities	5,581,584,405.49	5,352,735,278.81
Cash paid for goods and services	3,892,542,059.80	8,327,029,875.12
Cash paid to and for employees	287,707,598.25	260,064,379.66
Payments of taxes	185,838,759.30	102,183,916.09
Cash paid relating to other operating activities	184,927,673.92	162,169,448.03
Subtotal of cash outflows from operating activities	4,551,016,091.27	8,851,447,618.90
Net cash flows from operating activities	1,030,568,314.22	-3,498,712,340.09
II. Cash flows from investing activities:		
Cash received from investments	0.00	600,000,000.00
Cash received from investment income	268,750,383.34	903,625.62
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	93,406.40	63,697.60

Item	Amounts for the reporting period	Amounts for the prior period
Cash received relating to other investing activities	0.00	31,144,666.66
Subtotal of cash inflows from investing activities	268,843,789.74	632,111,989.88
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	62,251.00	83,729,374.57
Cash paid on investments	1,240,000,000.00	459,143,400.00
Subtotal of cash outflows from investing activities	1,240,062,251.00	542,872,774.57
Net cash flows from investing activities	-971,218,461.26	89,239,215.31
III. Cash flows from financing activities:		
Cash received from borrowings	27,598,877,726.66	7,779,390,636.80
Cash received relating to other financing activities	14,478,903,288.89	9,663,427,778.00
Subtotal of cash inflows from financing activities	42,077,781,015.55	17,442,818,414.80
Cash repayments of amounts borrowed	23,603,939,264.28	10,884,994,455.54
Cash paid for dividend and profit distribution or interest payment	1,041,349,301.02	1,142,470,646.57
Cash paid relating to other financing activities	16,891,324,487.90	1,018,085,783.84
Subtotal of cash outflows from financing activities	41,536,613,053.20	13,045,550,885.95
Net cash flows from financing activities	541,167,962.35	4,397,267,528.85
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-14,150,795.86	14,555,105.56
V. Net increase in cash and cash equivalents	586,367,019.45	1,002,349,509.63
Plus: Balance of cash and cash equivalents as at the beginning of the period	49,438,736.95	40,590,357.33
VI. Balance of cash and cash equivalents as at the end of the period	635,805,756.40	1,042,939,866.96

II. Auditors' Report

Is the third quarterly report audited

Yes No

The third quarterly report of the Company is unaudited.

Board of Directors
SHANDONG CHENMING PAPER HOLDINGS LIMITED

25 October 2016