



**SHANDONG CHENMING PAPER HOLDINGS LIMITED**

**2017 Third Quarterly Report**

**October 2017**

## **I Important Notice**

**The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”), the directors (the “Director”), the supervisors (the “Supervisors”) and the senior management (the “Senior Management”) of the Company hereby warrant that the contents of this quarterly report are true, accurate and complete, and there are no false representations, misleading statements or material omissions, and are jointly and severally responsible for the liabilities of the Company.**

**All Directors were present 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 this quarterly report.**

## II General Information of the Company

### I. Major financial data and change of shareholders

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

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)	98,789,227,727.27	82,285,354,532.14	20.06%	
Net assets attributable to shareholders of the Company (RMB)	26,596,099,057.59	22,218,808,367.43	19.70%	
	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)	8,179,965,762.07	37.12%	21,929,200,769.31	32.33%
Net profit attributable to shareholders of the Company (RMB)	966,000,240.51	57.07%	2,711,515,078.74	74.47%
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	927,544,638.20	77.44%	2,550,839,196.40	101.72%
Net cash flows from operating activities (RMB)	--	--	-1,613,139,694.33	48.30%
Basic earnings per share (RMB per share)	0.41	41.38%	1.16	56.76%
Diluted earnings per share (RMB per share)	0.41	41.38%	1.16	56.76%
Rate of return on net assets on weighted average basis	2.41%	-0.50%	9.65%	0.85%

Items and amounts of extraordinary gains or losses

Applicable  Not applicable

Unit: RMB

Item	Amount	Note
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Profit or loss from disposal of non-current assets (including write-off of provision for assets impairment)	-475,168.69	
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) accounted for in profit or loss for the current period	176,601,739.21	
Gain or loss on external entrusted loans	13,312,368.97	
Non-operating income and expenses other than the above items	-11,009,851.10	
Gain or loss from changes in fair value of consumable biological assets subsequently measured at fair value	21,051,219.02	
Less: Effect of income tax	37,188,106.97	
Effect of minority interest (after tax)	1,616,318.10	
Total	160,675,882.34	--

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 shareholders of preference shares with restored voting rights and the shareholding of the top ten shareholders

Unit: share

Total number of shareholders of ordinary shares as at the end of the reporting period	89,049, of which 69,448 were holders of A shares, 19,188 were holders of B shares and 413 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			
Shareholding 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	154,273,000

HKSCC NOMINEES LIMITED	Overseas legal person	12.85%	248,769,250	0		
CHENMING HOLDINGS (HONG KONG) LIMITED	Overseas legal person	11.75%	227,556,921	0		
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	State-owned legal person	2.07%	40,137,900	0		
CHINA MERCHANTS BANK CO., LTD. —EVERBRIGHT PRAMERICA ADVANTAGE ALLOCATION STOCK FUND	Others	0.75%	14,497,314	0		
NATIONAL SOCIAL SECURITY FUND 403	Others	0.56%	10,853,596	0		
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.44%	8,608,238	0		
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED —EVERBRIGHT PRAMERICA MADE IN CHINA 2025 FLEXIBLE ALLOCATION MIXED SECURITIES INVESTMENT FUND	Others	0.43%	8,280,589	0		
JIN Xing	Domestic nature person	0.39%	7,630,100	0		
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Overseas legal person	0.36%	6,899,610	0		
Shareholding 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	248,769,250	Overseas listed foreign shares	248,769,250			
CHENMING HOLDINGS (HONG KONG) LIMITED	227,556,921	Domestic listed foreign shares	125,280,921			
		Overseas listed foreign shares	102,276,000			
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	40,137,900	RMB ordinary shares	40,137,900			
CHINA MERCHANTS BANK CO., LTD. —EVERBRIGHT PRAMERICA ADVANTAGE ALLOCATION STOCK FUND	14,497,314	RMB ordinary shares	14,497,314			
NATIONAL SOCIAL SECURITY FUND 403	10,853,596	RMB ordinary shares	10,853,596			
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	8,608,238	Domestic listed foreign shares	8,608,238			

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED – EVERBRIGHT PRAMERICA MADE IN CHINA 2025 FLEXIBLE ALLOCATION MIXED SECURITIES INVESTMENT FUND	8,280,589	RMB ordinary shares	8,280,589
JIN Xing	7,630,100	Domestic listed foreign shares	7,630,100
HONG KONG SECURITIES CLEARING COMPANY LIMITED	6,899,610	RMB ordinary shares	6,899,610
Related party 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. HKSCC NOMINEES LIMITED and HONG KONG SECURITIES CLEARING COMPANY LIMITED are wholly-owned subsidiaries of HONG KONG EXCHANGES AND CLEARING LIMITED. 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 related to 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 shareholding of the top ten shareholders of preference shares

Applicable  Not applicable

Unit: share

Total number of shareholders of preference shares as at the end of the reporting period					7	
Shareholding of the top ten shareholders of preference shares						
Name of shareholder	Nature of Shareholders	Percentage of shareholding	Number of shares held	Number of restricted shares held	Share pledged or locked-up	
					Status of shares	Number
BEIJING YIBEN ZHONGXING INVESTMENT MANAGEMENT CO., LTD.	Domestic non-state-owned legal person	27.78%	12,500,000	0	Pledged	12,500,000
BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO., LTD. - HUILI NO.167 SINGLE CAPITAL TRUST	Others	22.44%	10,100,000	0		
BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO., LTD. - HUILI NO.136 SINGLE CAPITAL TRUST	Others	14.22%	6,400,000	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		
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		
Related party relationship or acting in concert relationship among the above shareholders	The aforesaid holders of preference shares, “BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO., LTD. - HUILI NO.167 SINGLE CAPITAL TRUST” and “BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO., LTD. - HUILI NO.136 SINGLE CAPITAL TRUST”, are persons acting in concert. Save for the above, it is not aware that the remaining holders of preference shares, and the top ten holders of preference shares and the top ten holders of ordinary shares are related to each other or are persons acting in concert.					

### III Material matters

#### I. Details and reasons for changes of major financial data and financial indicators during the reporting period

√ Applicable    □ No applicable

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

Unit: RMB

Item	30 September 2017	31 December 2016	Change	Reason for change
Monetary funds	14,767,294,153.38	10,109,930,319.49	46.07%	(1)
Bills receivable	4,667,456,461.50	1,590,460,875.23	193.47%	(2)
Prepayments	2,456,350,916.92	1,511,362,674.64	62.53%	(3)
Other current assets	11,472,578,975.95	6,616,744,831.28	73.39%	(4)
Long-term equity investments	196,324,628.83	67,251,992.88	191.92%	(5)
Construction in progress	6,943,190,111.56	4,115,194,870.23	68.72%	(6)
Intangible assets	2,099,221,292.45	1,540,959,330.74	36.23%	(7)
Bills payable	1,378,417,276.47	515,301,703.08	167.50%	(8)
Interest payable	208,900,615.00	30,731,253.71	579.77%	(9)
Long-term payables	6,015,612,933.90	3,951,368,854.00	52.24%	(10)

Explanation of the reasons leading to the major changes:

- (1) Monetary funds increased by 46.07% as compared to the beginning of the year mainly due to an increase in other monetary funds of the Company.
- (2) Bills receivable increased by 193.47% as compared to the beginning of the year mainly due to an increase in sales income of the Company, as well as an increase in letters of credit for pledged bills and bills.
- (3) Prepayments increased by 62.53% as compared to the beginning of the year mainly due to an increase in prepayments for raw materials in order to reduce the procurement costs.
- (4) Other current assets increased by 73.39% as compared to the beginning of the year mainly due to an increase in receivables under financial lease due within one year.
- (5) Long-term equity investments increased by 191.92% as compared to the beginning of the year mainly due to the new equity investment in Weifang Sime Darby West Port.
- (6) Construction in progress increased by 68.72% as compared to the beginning of the year mainly due to an increase in investments in projects, including the forestry paper integration project of Huanggang Chenming.
- (7) Intangible assets increased by 36.23% as compared to the beginning of the year mainly due to the land use rights newly acquired by Huanggang Pulp and Haiming Mining, the subsidiaries of the Company.
- (8) Bills payable increased by 167.50% as compared to the beginning of the year mainly due to an increase in payments for goods through issuance of bills.

(9) Interest payable increased by 579.77% as compared to the beginning of the year mainly due to an increase in outstanding payables for corporate bonds and interests for medium-term notes.

(10) Long-term payables increased by 52.24% as compared to the beginning of the year mainly due to the addition of payables under financial leaseback leases.

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

Unit: RMB

Item	January - September 2017	January - September 2016	Change	Reason for change
Sales revenue	21,929,200,769.31	16,572,058,544.35	32.33%	(1)
Business taxes and surcharges	162,946,170.78	115,224,750.98	41.42%	(2)
Administrative expenses	1,359,800,918.78	1,085,916,429.65	25.22%	(3)
Finance expenses	1,723,984,373.79	1,393,180,175.66	23.74%	(4)
Investment income	121,348,201.62	59,098,978.74	105.33%	(5)
Non-operating income	210,450,367.20	331,382,681.55	-36.49%	(6)

Explanation of the reasons leading to the major changes:

(1) Sales revenue increased by 32.33% as compared to the corresponding period of last year mainly due to an increase in sales volume of machine made paper and the rise in selling prices.

(2) Business taxes and surcharges increased by 41.42% as compared to the corresponding period of last year mainly due to the reclassification of taxes under administrative expenses.

(3) Administrative expenses increased by 25.22% as compared to the corresponding period of last year mainly due to an increase in expenses for research and development as compared to the corresponding period of last year.

(4) Finance expenses increased by 23.74% as compared to the corresponding period of last year mainly due to an increase in expenses for interests as compared to the corresponding period of last year.

(5) Investment income increased by 105.33% as compared to the corresponding period of last year mainly due to the provision made by the Company for the investment income from Guangdong Dejun.

(6) Non-operating income decreased by 36.49% as compared to the corresponding period of last year mainly due to a decrease in government grants received by the Company during the period.

**(III) Analysis of cash flows during the reporting period**

Unit: RMB

Item	January - September 2017	January - September 2016	Change	Reason for change
Net cash flows from operating activities	-1,613,139,694.33	-3,120,091,496.30	48.30%	(1)
Net cash flows from investment activities	-1,483,934,428.52	-895,903,143.36	-65.64%	(2)
Net cash flows from financing activities	4,859,032,582.33	4,698,016,246.43	3.43%	-

Explanation of the reasons leading to the major changes:

(1) Net cash flows from operating activities increased by 48.30% as compared to the corresponding period of last year mainly due to an increase in sales revenue resulting from the recovery of the paper market and a decrease in net investments in financial leases.

(2) Net cash flows from investment activities decreased by 65.64% as compared to the corresponding period of last year mainly due to an increase in cash paid for investments by the Company.

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

Applicable     No applicable

## **III. Undertakings made by parties involved in undertakings including the Company's beneficial controllers, shareholders, related parties, bidders and the Company subsisting during the reporting period**

Applicable     No applicable

During the reporting period, there was no undertaking made by parties involved in undertakings including the Company's beneficial controllers, shareholders, related parties, bidders and the Company during the reporting period or prior periods but subsisting to the end of the reporting period.

## **IV. Estimate of the operating results for 2017**

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     No applicable

## **V. Security investments**

Applicable     No applicable

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

## **VI. Derivatives investments**

Applicable     No 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     No applicable

The Company did not have any reception of research investigations, communications and interviews during the reporting period.

## **VIII. External guarantees against the rules and regulations**

Applicable     No 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     No 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.

**X. Fulfilment of social responsibility regarding specialised poverty relief**

Applicable     No applicable

## IV Financial Statements

### I. Financial Statements

#### 1. Consolidated Balance Sheet

Prepared by: Shandong Chenming Paper Holdings Limited

30 September 2017

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	14,767,294,153.38	10,109,930,319.49
Bills receivable	4,667,456,461.50	1,590,460,875.23
Accounts receivable	3,949,840,303.80	3,974,065,104.15
Prepayments	2,456,350,916.92	1,511,362,674.64
Other receivables	1,843,427,753.66	1,614,214,645.48
Inventories	5,408,154,387.01	4,862,668,746.90
Non-current assets due within one year	5,409,102,920.25	5,487,376,588.22
Other current assets	11,472,578,975.95	6,616,744,831.28
Total current assets	49,974,205,872.47	35,766,823,785.39
Non-current assets:		
Available-for-sale financial assets	2,453,000,000.00	1,945,000,000.00
Long-term receivables	8,764,627,044.99	8,844,262,173.65
Long-term equity investments	196,324,628.83	67,251,992.88
Investment properties		14,258,675.83
Fixed assets	27,270,769,747.52	28,811,555,365.39
Construction in progress	6,943,190,111.56	4,115,194,870.23
Construction materials	12,186,789.61	18,847,584.79
Intangible assets	2,099,221,292.45	1,540,959,330.74
Goodwill	20,283,787.17	20,283,787.17
Long-term prepaid expenses	140,919,078.86	157,772,100.69
Deferred income tax assets	513,772,113.99	497,457,826.70
Other non-current assets	400,727,259.82	485,687,038.68
Total non-current assets	48,815,021,854.80	46,518,530,746.75
Total assets	98,789,227,727.27	82,285,354,532.14
Current liabilities:		

Short-term borrowings	32,460,742,633.40	27,875,506,988.53
Bills payable	1,378,417,276.47	515,301,703.08
Accounts payable	3,422,433,283.43	3,724,266,382.06
Advance receipts	348,029,214.86	377,135,566.33
Staff remuneration payables	176,726,960.48	159,968,262.82
Taxes payable	342,381,176.72	236,927,459.78
Interest payable	208,900,615.00	30,731,253.71
Other payables	1,268,610,813.05	948,919,195.80
Non-current liabilities due within one year	7,124,994,924.39	6,237,021,557.17
Other current liabilities	8,157,339,181.03	6,602,863,069.45
Total current liabilities	54,888,576,078.83	46,708,641,438.73
Non-current liabilities:		
Long-term borrowings	6,314,079,606.96	6,935,598,781.23
Bonds payable	2,196,003,710.72	
Long-term payables	6,015,612,933.90	3,951,368,854.00
Special payables	681,039,716.66	681,039,716.66
Deferred income	1,449,022,671.76	1,443,846,526.33
Other non-current liabilities	250,000,000.00	
Total non-current liabilities	16,905,758,640.00	13,011,853,878.22
Total liabilities	71,794,334,718.83	59,720,495,316.95
Owners' equity:		
Share capital	1,936,405,467.00	1,936,405,467.00
Other equity instruments	10,048,300,000.00	7,060,300,000.00
Including: Preference shares	4,477,500,000.00	4,477,500,000.00
Perpetual bonds	5,570,800,000.00	2,582,800,000.00
Capital reserves	6,149,257,784.90	6,149,257,784.90
Other comprehensive	-478,784,772.93	-805,245,771.89
Surplus reserves	1,132,116,106.40	1,132,116,106.40
Retained profit	7,808,804,472.22	6,745,974,781.02
Total equity attributable to shareholders of the Company	26,596,099,057.59	22,218,808,367.43
Minority interest	398,793,950.85	346,050,847.76
Total owners' equity	26,994,893,008.44	22,564,859,215.19
Total liabilities and owners' equity	98,789,227,727.27	82,285,354,532.14

Legal Representative: Chen Hongguo

Financial controller: Hu Jinbao

Head of the financial department: Dong Lianming

**2. Balance sheet of the Company**

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	11,254,727,006.01	7,934,163,265.76
Bills receivable	840,178,623.78	112,943,069.85
Accounts receivable	50,074,012.43	84,089,911.81
Prepayments	3,329,268,322.12	1,003,699,885.05
Interest receivable	11,885,269.32	
Other receivables	25,317,847,533.75	22,848,685,985.74
Inventories	784,361,615.71	663,006,714.42
Non-current assets due within one year		900,000,000.00
Total current assets	41,588,342,383.12	33,546,588,832.63
Non-current assets:		
Available-for-sale financial assets	2,453,000,000.00	1,909,000,000.00
Long-term equity investments	16,526,374,314.95	14,558,097,658.49
Investment properties		14,258,675.83
Fixed assets	2,381,873,175.73	3,343,366,320.45
Construction in progress	985,994,828.50	52,757,799.47
Construction materials		71,973.35
Intangible assets	473,409,711.42	300,218,996.05
Deferred income tax assets	164,239,626.96	164,139,190.27
Other non-current assets	54,800,000.00	67,400,000.00
Total non-current assets	23,039,691,657.56	20,409,310,613.91
Total assets	64,628,034,040.68	53,955,899,446.54
Current liabilities:		
Short-term borrowings	6,881,572,995.23	8,203,392,554.58
Bills payable	7,475,670,000.00	3,057,000,000.00
Accounts payable	545,682,916.92	654,411,787.56
Advance receipts	83,292,178.72	537,139,483.60
Staff remuneration payables	65,037,092.32	58,599,576.37
Taxes payable	78,812,639.95	43,087,056.70
Interest payable	174,160,615.00	30,731,253.71
Other payables	5,586,207,008.40	3,689,371,275.46

Non-current liabilities due within one year	5,559,196,937.99	5,648,861,310.04
Other current liabilities	8,157,339,181.03	6,602,863,069.45
Total current liabilities	34,606,971,565.56	28,525,457,367.47
Non-current liabilities:		
Long-term borrowings	771,497,413.63	1,521,611,382.77
Bonds payable	1,198,260,000.00	
Long-term payables	5,070,422,830.39	3,005,178,750.49
Deferred income	52,738,483.25	56,572,797.75
Other non-current liabilities	250,000,000.00	
Total non-current liabilities	7,342,918,727.27	4,583,362,931.01
Total liabilities	41,949,890,292.83	33,108,820,298.48
Owners' equity:		
Share capital	1,936,405,467.00	1,936,405,467.00
Other equity instruments	10,048,300,000.00	7,060,300,000.00
Including: Preference shares	4,477,500,000.00	4,477,500,000.00
Perpetual bonds	5,570,800,000.00	2,582,800,000.00
Capital reserves	5,938,960,168.19	5,938,960,168.19
Surplus reserves	1,119,926,524.49	1,119,926,524.49
Retained profit	3,634,551,588.17	4,791,486,988.38
Total owners' equity	22,678,143,747.85	20,847,079,148.06
Total liabilities and owners' equity	64,628,034,040.68	53,955,899,446.54

### 3. Consolidated income statement during the reporting period

Unit: RMB

Item	Amounts for the period	Amounts for the prior period
I. Total revenue	8,179,965,762.07	5,965,699,811.33
Including: Revenue	8,179,965,762.07	5,965,699,811.33
II. Total operating costs	7,089,959,307.39	5,377,887,845.68
Including: Operating costs	5,463,612,011.51	4,144,701,407.84
Taxes and surcharges	56,986,158.42	29,736,313.69
Sales and distribution expenses	343,307,442.54	289,990,334.43
General and administrative expenses	503,445,919.61	391,902,602.27
Finance expenses	668,587,867.43	424,836,614.05
Loss on impairment of assets	54,019,907.88	96,720,573.40

Plus: Investment income (“-” denotes loss)	55,483,529.26	22,090,548.96
Including: Investment income from associates and joint ventures	27,516,929.26	392,435.75
III. Operating profit (“-” denotes loss)	1,145,489,983.94	609,902,514.61
Plus: Non-operating income	51,931,072.52	102,474,327.24
Including: Gain on disposal of non-current assets	1,243,031.34	324,435.53
Less: Non-operating expenses	3,578,969.93	801,515.18
Including: Loss on disposal of non-current assets	2,063,003.02	34,165.48
IV. Total profit (“-” denotes total loss)	1,193,842,086.53	711,575,326.67
Less: Income tax expenses	217,301,563.56	99,388,566.27
V. Net profit (“-” denotes net loss)	976,540,522.97	612,186,760.40
Net profit attributable to shareholders of the Company	966,000,240.51	614,998,648.94
Profit or loss of minority interest	10,540,282.46	-2,811,888.54
VI. Net other comprehensive income after tax	155,763,579.06	-50,780,213.13
Net other comprehensive income after tax attributable to shareholders of the Company	155,763,579.06	-50,780,213.13
Other comprehensive income that will be reclassified to profit or loss in subsequent periods	155,763,579.06	-50,780,213.13
Translation difference of financial statements denominated in foreign currency	155,763,579.06	-50,780,213.13
VII. Total comprehensive income	1,132,304,102.03	561,406,547.27
Total other comprehensive income attributable to shareholders of the Company	1,121,763,819.57	564,218,435.81
Total comprehensive income attributable to minority interest	10,540,282.46	-2,811,888.54
VIII. Earnings per share:		
(I) Basic earnings per share	0.41	0.29
(II) Diluted earnings per share	0.41	0.29

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

#### 4. Income statement of the Company during the reporting period

Unit: RMB

Item	Amounts for the period	Amounts for the prior period
I. Revenue	1,706,131,164.94	1,800,634,310.34
Less: Operating costs	1,193,116,257.66	1,433,887,369.01

Taxes and surcharges	18,092,927.04	10,099,093.08
Sales and distribution expenses	64,749,892.58	68,618,973.83
General and administrative expenses	158,346,538.91	140,786,536.50
Finance expenses	224,536,497.92	54,057,408.65
Loss on impairment of assets	-1,721,797.89	-4,942,941.64
Plus: Investment income (“-” denotes loss)	27,471,467.73	21,954,581.39
Including: Investment income from associates and joint ventures	-495,132.27	256,468.18
II. Operating profit (“-” denotes loss)	76,482,316.45	120,082,452.30
Plus: Non-operating income	4,343,228.95	51,354,806.03
Including: Gain on disposal of non-current assets	564,393.38	
Less: Non-operating expenses	1,825,070.96	470,784.28
Including: Loss on disposal of non-current assets	1,325,070.96	784.28
III. Total profit (“-” denotes total loss)	79,000,474.44	170,966,474.05
Less: Income tax expenses	-20,254,937.09	19,922,995.56
IV. Net profit (“-” denotes net loss)	99,255,411.53	151,043,478.49
V. Net other comprehensive income after tax	0	0
VI. Total comprehensive income	99,255,411.53	151,043,478.49
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 period	Amounts for the prior period
I. Total revenue	21,929,200,769.31	16,572,058,544.35
Including: Revenue	21,929,200,769.31	16,572,058,544.35
II. Total operating costs	18,970,046,742.20	15,000,475,024.81
Including: Operating costs	14,634,679,000.00	11,408,668,718.07
Taxes and surcharges	162,946,170.78	115,224,750.98
Sales and distribution expenses	984,805,717.89	863,724,991.48
General and administrative expenses	1,359,800,918.78	1,085,916,429.65
Finance expenses	1,723,984,373.79	1,393,180,175.66
Loss on impairment of assets	103,830,560.96	133,759,958.97

Plus: Gain on change in fair value (“-” denotes loss)	-11,009,851.10	-10,599,543.68
Investment income (“-” denotes loss)	121,348,201.62	59,098,978.74
Including: Investment income from associates and joint ventures	23,362,635.96	-6,811,398.62
III. Operating profit (“-” denotes loss)	3,069,492,377.63	1,620,082,954.60
Plus: Non-operating income	210,450,367.20	331,382,681.55
Including: Gain on disposal of non-current assets	3,065,955.29	2,741,063.58
Less: Non-operating expenses	7,129,672.35	6,804,497.54
Including: Loss on disposal of non-current assets	3,541,123.98	4,077,479.69
IV. Total profit (“-” denotes total loss)	3,272,813,072.48	1,944,661,138.61
Less: Income tax expenses	548,554,890.64	406,419,988.73
V. Net profit (“-” denotes net loss)	2,724,258,181.84	1,538,241,149.88
Net profit attributable to shareholders of the Company	2,711,515,078.74	1,554,163,519.54
Profit or loss of minority interest	12,743,103.10	-15,922,369.66
VI. Net other comprehensive income after tax	326,460,998.96	-205,097,483.27
Net other comprehensive income after tax attributable to shareholders of the Company	326,460,998.96	-205,097,483.27
Other comprehensive income that will be reclassified to profit or loss in subsequent periods	326,460,998.96	-205,097,483.27
Translation difference of financial statements denominated in foreign currency	326,460,998.96	-205,097,483.27
VII. Total comprehensive income	3,050,719,180.80	1,333,143,666.61
Total other comprehensive income attributable to shareholders of the Company	3,037,976,077.70	1,349,066,036.27
Total comprehensive income attributable to minority interest	12,743,103.10	-15,922,369.66
VIII. Earnings per share:		
(I) Basic earnings per share	1.16	0.74
(II) Diluted earnings per share	1.16	0.74

## 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 period	Amounts for the prior period
I. Revenue	5,388,701,473.86	5,205,542,239.30
Less: Operating costs	3,753,815,510.75	4,183,283,135.43
Taxes and surcharges	56,290,076.46	23,130,058.25

Sales and distribution expenses	196,448,912.34	196,681,913.14
General and administrative expenses	464,970,811.33	408,342,264.32
Finance expenses	526,756,927.96	544,626,983.09
Loss on impairment of assets	11,317,153.72	-3,586,791.16
Plus: Investment income (“-” denotes loss)	96,961,416.40	266,126,747.21
Including: Investment income from associates and joint ventures	-525,752.57	216,369.85
II. Operating profit (“-” denotes loss)	476,063,497.70	119,191,423.44
Plus: Non-operating income	17,494,858.09	91,356,544.13
Including: Gain on disposal of non-current assets	933,699.78	373,450.11
Less: Non-operating expenses	1,908,805.14	492,515.62
Including: Loss on disposal of non-current assets	1,408,805.14	22,515.62
III. Total profit (“-” denotes total loss)	491,649,550.65	210,055,451.95
Less: Income tax expenses	-100,436.69	-13,617,000.87
IV. Net profit (“-” denotes net loss)	491,749,987.34	223,672,452.82
V. Net other comprehensive income after tax	0	0
VI. Total comprehensive income	491,749,987.34	223,672,452.82
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 period	Amounts for the prior period
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	20,682,008,390.14	16,060,904,509.24
Tax rebates received	6,142,112.71	5,646,133.71
Cash received relating to other operating activities	679,050,296.06	651,590,955.66
Subtotal of cash inflows from operating activities	21,367,200,798.91	16,718,141,598.61
Cash paid for goods and services	13,560,139,182.92	11,147,598,194.09
Cash paid to and for employees	796,561,408.01	714,282,143.95
Payments of taxes	1,212,046,214.97	969,117,648.05
Cash paid relating to other operating activities	7,411,593,687.34	7,007,235,108.82
Subtotal of cash outflows from operating activities	22,980,340,493.24	19,838,233,094.91

Net cash flows from operating activities	-1,613,139,694.33	-3,120,091,496.30
II. Cash flows from investment activities:		
Cash received from investment income	16,861,112.27	68,750,383.34
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	395,843.67	215,006.40
Cash received relating to other investment activities	972,391,073.00	304,056,200.00
Subtotal of cash inflows from investment activities	989,648,028.94	373,021,589.74
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	1,859,472,457.46	1,268,924,733.10
Cash paid on investments	614,110,000.00	
Subtotal of cash outflows from investment activities	2,473,582,457.46	1,268,924,733.10
Net cash flows from investment activities	-1,483,934,428.52	-895,903,143.36
III. Cash flows from financing activities:		
Cash received from investments	40,000,000.00	
Cash received from borrowings	39,497,574,620.08	37,799,886,869.48
Cash received relating to other financing activities	13,220,512,476.06	18,328,338,789.75
Subtotal of cash inflows from financing activities	52,758,087,096.14	56,128,225,659.23
Cash paid for repayments of amounts borrowed	31,347,684,782.25	32,481,340,263.49
Cash paid for dividend and profit distribution or interest payment	3,743,137,077.79	1,570,444,086.84
Cash paid relating to other financing activities	12,808,232,653.77	17,378,425,062.47
Subtotal of cash outflows from financing activities	47,899,054,513.81	51,430,209,412.80
Net cash flows from financing activities	4,859,032,582.33	4,698,016,246.43
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-28,349,867.42	-2,961,648.36
V. Net increase in cash and cash equivalents	1,733,608,592.06	679,059,958.41
Plus: Balance of cash and cash equivalents as at the beginning of the period	1,979,861,045.62	1,888,107,493.76
VI. Balance of cash and cash equivalents as at the end of the period	3,713,469,637.68	2,567,167,452.17

### 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 period	Amounts for the prior period
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	4,878,948,116.17	5,414,479,352.87
Cash received relating to other operating activities	1,113,913,447.97	167,105,052.62

Subtotal of cash inflows from operating activities	5,992,861,564.14	5,581,584,405.49
Cash paid for goods and services	3,360,835,113.73	3,892,542,059.80
Cash paid to and for employees	303,489,318.02	287,707,598.25
Payments of taxes	281,187,045.12	185,838,759.30
Cash paid relating to other operating activities	689,143,413.39	184,927,673.92
Subtotal of cash outflows from operating activities	4,634,654,890.26	4,551,016,091.27
Net cash flows from operating activities	1,358,206,673.88	1,030,568,314.22
II. Cash flows from investment activities:		
Cash received from investment income	16,861,111.11	268,750,383.34
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	17,628.00	93,406.40
Cash received relating to other investment activities	900,000,000.00	
Subtotal of cash inflows from investment activities	916,878,739.11	268,843,789.74
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	54,575,321.80	62,251.00
Cash paid on investments	2,673,511,220.00	1,240,000,000.00
Subtotal of cash outflows from investment activities	2,728,086,541.80	1,240,062,251.00
Net cash flows from investment activities	-1,811,207,802.69	-971,218,461.26
III. Cash flows from financing activities:		
Cash received from borrowings	21,235,270,880.03	27,598,877,726.66
Cash received relating to other financing activities	12,686,968,650.12	14,478,903,288.89
Subtotal of cash inflows from financing activities	33,922,239,530.15	42,077,781,015.55
Cash paid for repayments of amounts borrowed	19,317,134,289.21	23,603,939,264.28
Cash paid for dividend and profit distribution or interest payment	3,220,449,336.43	1,041,349,301.02
Cash paid relating to other financing activities	10,548,021,423.28	16,891,324,487.90
Subtotal of cash outflows from financing activities	33,085,605,048.92	41,536,613,053.20
Net cash flows from financing activities	836,634,481.23	541,167,962.35
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-368,087.45	-14,150,795.86
V. Net increase in cash and cash equivalents	383,265,264.97	586,367,019.45
Plus: Balance of cash and cash equivalents as at the beginning of the period	582,578,426.62	49,438,736.95
VI. Balance of cash and cash equivalents as at the end of the period	965,843,691.59	635,805,756.40

## **II. Auditors' Report**

Has the third quarterly report been audited?

Yes  No

The third quarterly report of the Company is unaudited.

Board of Directors  
SHANDONG CHENMING PAPER HOLDINGS LIMITED  
25 October 2017