



SHANDONG CHENMING PAPER HOLDINGS LIMITED*

2019 Third Quarterly Report

October 2019

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 this quarterly report which does not contain false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility for its contents.

All Directors were present at the Board meeting to consider and approve this quarterly report.

Chen Hongguo, the head of the Company, Dong Lianming, the head in charge of accounting, and Zhang Bo, 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 accounting data and financial indicators

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 as compared to the end of the prior year	
Total assets (RMB)	104,117,892,347.23	105,318,734,827.82	-1.14%	
Net assets attributable to shareholders of the Company (RMB)	24,484,857,440.77	25,048,731,454.79	-2.25%	
	The reporting period	Increase/decrease compared to the corresponding period of the prior year	The period 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 as compared to the corresponding period of the prior year
Revenue (RMB)	8,665,530,249.94	9.12%	22,014,178,363.64	-6.29%
Net profit attributable to shareholders of the Company (RMB)	557,960,253.43	-19.89%	1,067,755,825.72	-56.97%
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	447,511,508.11	-30.70%	750,656,504.32	-65.62%
Net cash flows from operating activities (RMB)	--	--	6,499,224,141.50	-28.37%
Basic earnings per share (RMB per share)	0.14	-22.22%	0.15	-72.22%
Diluted earnings per share (RMB per share)	0.14	-22.22%	0.15	-72.22%
Rate of return on net assets on weighted average basis	2.26%	-0.73%	2.47%	-6.29%

Explanation:

Net profit attributable to shareholders of the Company does not exclude the effect of the interest of perpetual bonds and the dividends of preference shares paid and declared to be paid. When calculating financial indicators such as earnings per share and the rate of return on net assets on weighted average basis, the interest for perpetual bonds from 1 January 2019 to 30 September 2019 of RMB145,101,369.86 and the dividend on preference shares paid in 2019 of RMB493,494,767.52 are deducted.

Items and amounts of extraordinary gains or losses

Applicable Not applicable

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

Unit: RMB

Item	Amount for the period from the beginning of the year to the end of the reporting period	Explanation
Profit or loss from disposal of non-current assets (including write-off of asset impairment provision)	152,787,688.63	
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	243,404,400.04	
Non-operating gains and losses other than the above items	10,767,741.03	
Gain or loss from changes in fair value of consumable biological assets subsequently measured at fair value	-1,883,064.80	
Less: Effect of income tax	86,364,950.62	
Effect of minority interests (after tax)	1,612,492.88	
Total	317,099,321.40	—

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 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 shareholding of the top ten shareholders

Unit: share

Total number of shareholders of ordinary shares as at the end of the reporting period holders of H shares	127,898, of which 107,553 were holders of A shares, 19,975 were holders of B shares and 370 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
---	--	---	---

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

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
CHENMIN GHOLDINGS COMPANY LIMITED	State-owned legal person	15.33%	445,396,128	0	Pledged	354,643,395
HKSCC NOMINEES LIMITED	Overseas legal person	12.84%	373,065,875	0		
CHENMING HOLDINGS (HONG KONG) LIMITED	Overseas legal person	12.54%	364,131,563	0		
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	State-owned legal person	2.07%	60,206,850	0		
AGRICULTURAL BANK OF CHINA LIMITED – CHINA SECURITIES 500 INDEX ETF SECURITIES INVESTMENT FUND	Others	0.50%	14,435,450	0		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.44%	12,912,357	0		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.42%	12,233,170	0		
CHEN Hongguo	Domestic nature person	0.38%	11,080,044	8,310,033		
CHEN Suiqiang (陳穗強)	Domestic nature person	0.38%	11,010,200	0		
JIN Xing	Domestic nature person	0.34%	9,917,002	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			
CHENMING HOLDINGS COMPANY LIMITED	445,396,128	RMB ordinary shares	445,396,128			
HKSCC NOMINEES LIMITED	373,065,875	Overseas listed foreign shares	373,065,875			
CHENMING HOLDINGS (HONG KONG) LIMITED	364,131,563	Domestic listed foreign shares	210,717,563			
		Overseas listed foreign shares	153,414,000			
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	60,206,850	RMB ordinary shares	60,206,850			
AGRICULTURAL BANK OF CHINA LIMITED – CHINA SECURITIES 500 INDEX ETF SECURITIES INVESTMENT FUND	14,435,450	RMB ordinary shares	14,435,450			
VANGUARD EMERGING MARKETS STOCK INDEX FUND	12,912,357	Domestic listed foreign shares	12,912,357			
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	12,233,170	Domestic listed foreign shares	12,233,170			
Chen Suiqiang (陳穗強)	11,010,200	RMB ordinary shares	11,010,200			

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

JIN Xing	9,917,002	Domestic listed foreign shares	9,917,002
LSV EMERGING MARKETS EQUITY FUND,L.P.	9,154,200	Domestic listed foreign shares	9,154,200
Related party relationship or acting in concert among the above shareholders	Chenming Holdings (Hong Kong) Limited, an overseas legal person shareholder, is a wholly-owned subsidiary of Chenming Holdings Company Limited, which is a state-owned legal person shareholder. Hence they are persons acting in concert under Administration Measure on Disclosure of Information on the Change of Shareholding in Listed Companies (上市公司股東持股變動信息披露管理辦法). A shareholder, Chen Hongguo, is the legal representative, chairman and general manager of Chenming Holdings Company Limited. Save for the above, it is not aware that any other shareholders of tradable shares are persons acting in concert and it is also not aware that any other shareholders of tradable shares are related to each other.		
Securities margin trading of top 10 ordinary shareholders (if any)	Chenming Holdings Company Limited holds 445,396,128 RMB ordinary shares, of which 402,196,128 shares are held through ordinary account and 43,200,000 shares are held through credit guarantee securities accounts; Chen Suiqiang (陳穗強) holds 11,010,200 RMB ordinary shares, of which 0 shares are held through ordinary account and 11,010,200 shares are held through credit guarantee securities accounts.		

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 shareholders	Nature of shareholders	Percentage of share holding	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	Others	14.22%	6,400,000	0		

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

CAPITAL TRUST						
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 among the above shareholders	Shareholders of preference shares, namely “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 any other shareholders of preference shares are persons acting in concert and it is also not aware that any other shareholders of preference shares are related to each other.					

III Material Matters

I. Details of changes in major financial data and financial indicators during the reporting period and reasons thereof

√ Applicable □ Not applicable

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

Unit: RMB

Item	30 September 2019	31 December 2018	Change	Reason for change
Bills receivable	783,620,411.85	1,213,116,491.46	-35.40%	(1)
Non-current assets due within one year	5,671,647,640.06	4,007,503,281.86	41.53%	(2)
Long-term receivables	3,877,741,117.94	7,926,610,770.86	-51.08%	(3)
Other non-current financial assets	763,160,000.00	103,000,000.00	640.93%	(4)
Bills payable	2,271,206,630.23	4,218,969,554.93	-46.17%	(5)
Contract liabilities	1,078,697,907.67	419,540,133.74	157.11%	(6)
Other payables	2,627,180,153.42	1,777,718,017.48	47.78%	(7)
Other current liabilities	930,173,869.45	2,816,956,481.68	-66.98%	(8)
Other non-current liabilities	3,043,787,568.44	2,047,948,069.73	48.63%	(9)

Explanation of the reasons leading to the major changes:

- (1) Bills receivable decreased by 35.40% as compared to the beginning of the year mainly due to the Company's increased payment by bills resulting in decreased subsisting bills.
- (2) Non-current assets due within one year increased by 41.53% as compared to the beginning of the year mainly due to increased payments for financing lease due within one year.
- (3) Long-term receivables decreased by 51.08% as compared to the beginning of the year mainly due to reduced size of financing lease business of the Company.
- (4) Other non-current financial assets increased by 640.93% as compared to the beginning of the year mainly due to the Company's increased investment of RMB662 million in Guangdong Nanyue Bank during the reporting period.
- (5) Bill receivables decreased by 46.17% as compared to the beginning of the year mainly due to decreased payment for goods by bills subsisting at the end of the reporting period.
- (6) Contract liabilities increased by 157.11% as compared to the beginning of the year mainly due to increased receipt of prepayment by the Company during the reporting period.
- (7) Other payables increased by 47.78% as compared to the beginning of the year mainly due to the Company's increase in borrowings from its controlling shareholder Chenming Holdings Company

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

Limited during the reporting period.

- (8) Other current liabilities decreased by 66.98% as compared to the beginning of the year mainly due to the Company's repayment of part of the short-term commercial paper falling due during the reporting period.
- (9) Other non-current liabilities increased by 48.63% as compared to the beginning of the year mainly due to the Company's issue of RMB1.2 billion medium-term notes during the reporting period.

(II) Reasons for significant year-on-year changes of income statement items

Unit: RMB

Item	January - September 2019	January - September 2018	Change	Reason for change
Interest income	304,096,729.01	240,596,355.69	26.39%	(1)
Loss on impairment of credit	-261,549,886.93	-183,525,156.37	42.51%	(2)
Non-operating income	268,505,785.14	213,875,626.25	25.54%	(3)
Income tax expenses	286,659,474.62	553,555,763.61	-48.21%	(4)

Explanation of the reasons leading to the major changes:

- (1) Interest income increased by 26.39% as compared to the corresponding period of last year mainly due to the year-on-year increase in subsisting monetary funds during the reporting period.
- (2) Loss on impairment of credit increased by 42.51% as compared to the corresponding period of last year mainly due to the year-on-year increase in the Company's impairment provision for accounts receivable.
- (3) Non-operating income increased by 25.54% as compared to the corresponding period of last year mainly due to increased government grants received by the Company during the reporting period
- (4) Income tax expenses decreased by 48.21% as compared to the corresponding period of last year mainly due to year-on-year decrease in profit recorded by the Company during the reporting period.

(III) Analysis of cash flows during the reporting period

Unit: RMB

Item	January - September 2019	January - September 2018	Change	Reason for change
Net cash flows from operating activities	6,499,224,141.50	9,073,361,847.59	-28.37%	(1)
Net cash flows from investment activities	-1,620,520,894.62	-2,476,359,313.37	34.56%	(2)
Net cash flows from financing activities	-4,486,844,584.52	-4,988,513,761.32	10.06%	(3)

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

Explanation of the reasons leading to the major changes:

- (1) Net cash flows from operating activities decreased by 28.37% as compared to the corresponding period of last year mainly due to year-on-year decrease in profit recorded by the Company during the reporting period.
- (2) Net cash flows from investing activities increased by 34.56% as compared to the corresponding period of last year mainly due to year-on-year decrease in projects during the reporting period.
- (3) Net cash flows from financing activities increased by 10.06% as compared to the corresponding period of last year mainly due to year-on-year decrease in bonus distribution by the Company during the reporting period.

II. Analysis of and description on the progress of material matters, their impacts and solutions

Applicable Not applicable

Progress of the implementation of share repurchase

Applicable Not applicable

Progress of the implementation of reduction of shares repurchased by way of centralized bidding

Applicable Not 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 Not applicable

During the reporting period, there were no 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.

IV. Security investments

Applicable Not applicable

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

V. Entrusted wealth management

Applicable Not applicable

The Company did not have any entrusted wealth management during the reporting period.

VI. Derivative investments

Applicable Not applicable

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

VII. Registration form for reception of research investigations, communications and interviews during the reporting period

Applicable Not applicable

No research investigations, communications and interviews of the Company occurred during the reporting period.

VIII. External guarantees against rules and regulations

Applicable Not applicable

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

VIII. 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 2019

Unit: RMB

Item	30 September 2019	31 December 2018
CURRENT ASSETS :		
Monetary funds	21,902,281,589.46	19,292,774,747.79
Bills receivable	783,620,411.85	1,213,116,491.46
Accounts receivable	3,568,511,583.34	3,404,487,004.59
Prepayments	668,903,792.02	863,739,020.74
Other receivables	2,832,210,651.42	2,133,089,983.39
Including: Interest receivable	152,432,010.49	198,577,632.43
Inventories	4,804,144,399.56	6,771,488,433.74
Non-current assets due within one year	5,671,647,640.06	4,007,503,281.86
Other current assets	9,122,121,778.38	10,281,312,825.13
Total current assets	49,353,441,846.09	47,967,511,788.70
NON-CURRENT ASSETS :		
Long-term receivables	3,877,741,117.94	7,926,610,770.86
Long-term equity investments	631,018,808.70	484,674,282.77
Other non-current financial assets	763,160,000.00	103,000,000.00
Investment properties	4,693,663,472.02	4,844,993,039.62
Fixed assets	29,770,120,566.35	27,913,986,152.68
Construction in progress	9,792,251,992.31	11,871,350,821.55
right-of-use asset		
Intangible assets	1,805,080,230.05	1,939,355,274.98
Goodwill	5,969,626.57	5,969,626.57
Long-term prepaid expenses	127,173,284.78	134,916,241.81
Deferred income tax assets	811,119,510.65	603,873,698.62
Other non-current assets	2,487,151,891.77	1,522,493,129.66
Total non-current assets	54,764,450,501.14	57,351,223,039.12
Total assets	104,117,892,347.23	105,318,734,827.82
CURRENT LIABILITIES :		
Short-term borrowings	44,411,584,724.66	40,227,945,361.89
Bills payable	2,271,206,630.23	4,218,969,554.93

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

Accounts payable	3,504,666,567.82	4,150,228,644.66
Staff remuneration payables	167,458,919.28	135,373,407.70
Taxes payable	414,935,438.62	451,651,198.64
Other payables	2,627,180,153.42	1,777,718,017.48
Including: Interest payable	152,427,875.76	226,788,777.59
Contract liabilities	1,078,697,907.67	419,540,133.74
Non-current liabilities due within one year	5,295,745,735.86	7,216,305,771.01
Other current liabilities	930,173,869.45	2,816,956,481.68
Total current liabilities	60,701,649,947.01	61,414,688,571.73
NON-CURRENT LIABILITIES :		
Long-term borrowings	7,710,298,646.89	7,798,934,484.94
Bonds payable	2,143,362,700.00	2,097,562,500.00
Lease liability		
Long-term payables	3,223,265,717.82	3,900,255,693.44
Provisions	325,259,082.28	325,259,082.28
Deferred income	1,788,699,616.43	1,862,395,197.61
Other non-current liabilities	3,043,787,568.44	2,047,948,069.73
Total non-current liabilities	18,234,673,331.86	18,032,355,028.00
TOTAL LIABILITIES	78,936,323,278.87	79,447,043,599.73
OWNERS' EQUITY :		
Share capital	2,904,608,200.00	2,904,608,200.00
Other equity instruments	7,465,500,000.00	7,465,500,000.00
Including: Preference shares	4,477,500,000.00	4,477,500,000.00
Perpetual bonds	2,988,000,000.00	2,988,000,000.00
Capital reserves	5,091,449,915.14	5,091,449,915.14
Other comprehensive income	-983,549,285.23	-736,520,181.01
Special reserves		3,257,998.47
Surplus reserves	1,148,888,912.11	1,148,888,912.11
General risk reserves	64,123,919.23	64,123,919.23
Retained profit	8,793,835,779.52	9,107,422,690.85
Total equity attributable to equity holders of the company	24,484,857,440.77	25,048,731,454.79
Minority interest	696,711,627.59	822,959,773.30
Total owners' equity	25,181,569,068.36	25,871,691,228.09
TOTAL LIABILITIES AND OWNERS' EQUITY	104,117,892,347.23	105,318,734,827.82

Legal Representative:
Chen Hongguo

Head in charge of accounting:
Dong Lianming

Head of the accounting department:
Zhang Bo

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

2、Balance sheet of the Company

Unit: RMB

Item	30 September 2019	31 December 2018
CURRENT ASSETS:		
Monetary funds	10,059,882,337.31	8,160,234,434.15
Bills receivable	110,992,047.81	436,662,187.80
Accounts receivable	214,885,021.93	1,349,276,965.04
Prepayments	1,229,473,417.10	1,584,388,551.00
Other receivables	12,993,562,279.42	19,405,314,961.24
Including: Interest receivable	77,237,795.30	77,257,506.25
Dividends receivable	23,353,000.00	
Inventories	674,822,830.84	1,133,888,230.37
Other current assets	116,840,878.41	140,126,157.18
Total current assets	25,400,458,812.82	32,209,891,486.78
NON-CURRENT ASSETS:		
Long-term receivables	499,325,607.06	516,925,607.06
Long-term equity investments	23,474,557,179.93	22,487,417,443.24
Investment in other equity instruments		3,000,000.00
Other non-current financial assets	104,000,000.00	103,000,000.00
Fixed assets	3,745,689,416.60	2,103,164,588.93
Construction in progress	560,423,045.57	2,014,493,138.68
right-of-use asset		
Intangible assets	449,414,082.63	458,365,862.52
Deferred income tax assets	417,818,598.32	303,861,021.95
Other non-current assets	49,300,000.00	9,800,000.00
Total non-current assets	29,300,527,930.11	28,000,027,662.38
Total assets	54,700,986,742.93	60,209,919,149.16
CURRENT LIABILITIES:		
Short-term borrowings	9,041,667,219.00	7,668,689,104.31
Bills payable	10,806,174,171.79	10,595,836,030.46
Accounts payable	1,071,011,265.11	722,999,244.33
Contract liabilities	3,239,026,611.09	3,299,778,982.47
Staff remuneration payables	66,714,895.93	53,899,651.15
Taxes payable	77,347,779.14	59,595,083.56
Other payables	3,022,054,639.84	5,465,488,890.52
Including: Interest payable	114,939,083.35	139,444,333.34
Non-current liabilities due within one year	2,885,129,810.97	3,256,715,148.39
Other current liabilities	1,860,519,444.45	3,527,956,481.68
Total current liabilities	32,069,645,837.32	34,650,958,616.87

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

NON-CURRENT LIABILITIES:		
Long-term borrowings	311,892,587.73	1,335,482,969.43
Bonds payable	988,035,000.00	2,097,562,500.00
Lease liability		
Long-term payables	965,186,645.51	2,072,502,840.48
Provisions	325,259,082.28	325,259,082.28
Deferred income	43,156,133.95	46,412,014.99
Other non-current liabilities	2,787,883,339.67	1,592,166,670.00
Total non-current liabilities	5,421,412,789.14	7,469,386,077.18
TOTAL LIABILITIES	37,491,058,626.46	42,120,344,694.05
OWNERS' EQUITY:		
Share capital	2,904,608,200.00	2,904,608,200.00
Other equity instruments	7,465,500,000.00	7,465,500,000.00
Including: Preference shares	4,477,500,000.00	4,477,500,000.00
Perpetual bonds	2,988,000,000.00	2,988,000,000.00
Capital reserves	4,953,557,435.19	4,953,557,435.19
Surplus reserves	1,136,699,330.20	1,136,699,330.20
Retained profit	749,563,151.08	1,629,209,489.72
Total owners' equity	17,209,928,116.47	18,089,574,455.11
TOTAL LIABILITIES AND OWNERS' EQUITY	54,700,986,742.93	60,209,919,149.16

3. Consolidated income statement for the Period

Unit: RMB

Item	Amounts for the period	Amounts for the prior period
I. Total revenue	8,665,530,249.94	7,941,434,778.16
Including: Revenue	8,665,530,249.94	7,941,434,778.16
II. Total operating costs	7,902,495,189.97	7,218,784,688.46
Including: Operating costs	6,283,700,892.83	5,506,076,479.61
Taxes and surcharges	57,547,747.02	68,040,535.03
Sales and distribution expenses	373,167,721.36	324,607,159.50
General and administrative expenses	246,100,352.99	230,957,952.48
Research and development expenses	274,206,599.62	245,095,355.24
Finance expenses	667,771,876.15	844,007,206.60
Including: Interest expenses	777,506,849.57	909,153,291.74
Interest income	90,102,448.79	81,499,764.35
Plus: Other income	20,809,943.31	23,494,829.18
Investment income ("-" denotes loss)	175,779,271.30	127,336,281.28
Including: Investment income from associates and joint ventures	811,698.89	-6,572,934.11

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

Credit impairment loss (“-” denotes loss)	-199,109,603.59	-33,069,486.40
Gain on disposal of assets (“-” denotes loss)	-38,828,228.51	2,935,235.19
III. Operating profit (“-” denotes loss)	721,686,442.48	843,346,948.95
Plus: Non-operating income	31,033,192.17	22,243,068.90
Less: Non-operating expenses	11,007,861.52	13,045,182.22
IV. Total profit (“-” denotes total loss)	741,711,773.13	852,544,835.63
Less: Income tax expenses	160,781,655.00	119,353,651.11
V. Net profit (“-” denotes net loss)	580,930,118.13	733,191,184.52
(I) Classification according to the continuity of operation		
Net profit from continuing operations (“-” denotes net loss)	580,930,118.13	733,191,184.52
(II) Classification according to ownership		
1. Net profit attributable to shareholders of the Company	557,960,253.43	696,526,748.13
2. Profit or loss of minority interest	22,969,864.70	36,664,436.39
VI. Net other comprehensive income after tax	-231,012,416.02	-300,157,276.21
Net other comprehensive income after tax attributable to shareholders of the Company	-231,012,416.02	-300,157,276.21
Other comprehensive income that will be reclassified to profit or loss in subsequent periods	-231,012,416.02	-300,157,276.21
Exchange differences on translation of foreign operations	-231,012,416.02	-300,157,276.21
VII. Total comprehensive income	349,917,702.11	433,033,908.31
Total other comprehensive income attributable to shareholders of the Company	326,947,837.41	396,369,471.92
Total comprehensive income attributable to minority interest	22,969,864.70	36,664,436.39
VIII. Earnings per share:		
(I) Basic earnings per share	0.14	0.18
(II) Diluted earnings per share	0.14	0.18

Legal Representative:

Chen Hongguo

Head in charge of accounting:

Dong Lianming

Head of the accounting department:

Zhang Bo

4. Income statement of the Company

Unit: RMB

Item	Amounts for the period	Amounts for the prior period
I. Revenue	2,000,086,603.00	1,261,921,341.41
Less: Operating costs	1,509,980,777.19	908,457,085.81
Taxes and surcharges	8,956,107.34	12,885,905.11
Sales and distribution expenses	60,328,897.34	47,689,998.79
General and administrative expenses	97,046,884.52	93,493,353.35
Research and development expenses	82,066,921.93	59,219,583.02

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

Finance expenses	527,818,510.79	453,694,048.02
Including: Interest expenses	680,271,275.54	696,626,615.28
Interest income	160,658,344.73	314,594,724.63
Plus: Other income	1,075,008.68	
Investment income (“-” denotes loss)	276,223,938.89	294,222,268.43
Including: Investment income from associates and joint ventures	-1,560,406.88	-5,777,731.57
Credit impairment loss (“-” denotes loss)	-47,516,333.91	-7,239,283.13
Gain on disposal of assets (“-” denotes loss)	-5,712,679.60	1,970,855.12
II. Operating Profit (“-” denotes loss)	-62,041,562.05	-24,564,792.27
Plus: Non-operating income	11,070,851.80	268,363.50
Less: Non-operating expenses	6,387,118.13	6,916,026.81
III. Total profit (“-” denotes total loss)	-57,357,828.38	-31,212,455.58
Less: Income tax expenses	-17,381,871.64	-59,221,592.13
IV. Net profit (“-” denotes net loss)	-39,975,956.74	28,009,136.55
Net profit from continuing operations (“-” denotes net loss)	-39,975,956.74	28,009,136.55
IV. Total comprehensive income	-39,975,956.74	28,009,136.55

5. Consolidated income statement for the period 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	22,014,178,363.64	23,492,768,818.05
Including: Revenue	22,014,178,363.64	23,492,768,818.05
II. Total operating costs	20,892,416,331.43	20,685,327,112.35
Including: Operating costs	16,037,798,692.65	15,765,961,398.47
Taxes and surcharges	192,036,292.08	197,549,747.01
Sales and distribution expenses	963,752,678.83	930,070,485.21
General and administrative expenses	808,517,752.24	725,799,621.03
Research and development expenses	705,690,315.68	723,110,209.34
Finance expenses	2,184,620,599.95	2,342,835,651.29
Including: Interest expenses	2,354,263,128.87	2,466,934,321.95
Interest income	304,096,729.01	240,596,355.69
Plus: Other income	59,641,233.95	83,167,106.06
Investment income (“-” denotes loss)	166,312,098.33	185,650,350.16
Including: Investment income from associates and joint ventures	-8,655,474.08	-23,726,437.11
Gain on change in fair value (“-” denotes loss)	-1,883,064.80	-23,973,841.55
Credit impairment loss (“-” denotes loss)	-261,549,886.93	-183,525,156.37

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

Asset impairment loss (“-” denotes loss)	82,790,921.68	
Gain on disposal of assets (“-” denotes loss)	-15,331,491.17	725,186.56
III. Operating profit (“-” denotes loss)	1,151,741,843.27	2,869,485,350.56
Plus: Non-operating income	268,505,785.14	213,875,626.25
Less: Non-operating expenses	16,057,989.71	13,491,403.54
IV. Total profit (“-” denotes total loss)	1,404,189,638.70	3,069,869,573.27
Less: Income tax expenses	286,659,474.62	553,555,763.61
V. Net profit (“-” denotes net loss)	1,117,530,164.08	2,516,313,809.66
(I) Classification according to the continuity of operation		
Net profit from continuing operations (“-” denotes net loss)	1,117,530,164.08	2,516,313,809.66
(II) Classification according to ownership		
3. Net profit attributable to shareholders of the Company	1,067,755,825.72	2,481,157,773.44
4. Profit or loss of minority interest	49,774,338.36	35,156,036.22
VI. Net other comprehensive income after tax	-247,029,104.22	-403,391,386.59
Net other comprehensive income after tax attributable to shareholders of the Company	-247,029,104.22	-403,391,386.59
Other comprehensive income that will be reclassified to profit or loss in subsequent periods	-247,029,104.22	-403,391,386.59
Exchange differences on translation of foreign operations	-247,029,104.22	-403,391,386.59
VII. Total comprehensive income	870,501,059.86	2,112,922,423.07
Total other comprehensive income attributable to shareholders of the Company	820,726,721.50	2,077,766,386.85
Total comprehensive income attributable to minority interest	49,774,338.36	35,156,036.22
VIII. Earnings per share:		
(I) Basic earnings per share	0.15	0.54
(II) Diluted earnings per share	0.15	0.54

Legal Representative:
Chen Hongguo

Head in charge of accounting:
Dong Lianming

Head of the accounting department:
Zhang Bo

6. Income statement of the Company for the period 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	4,696,099,019.10	4,078,215,827.23
Less: Operating costs	3,613,267,928.83	2,882,818,698.89
Taxes and surcharges	31,340,628.12	57,455,929.28
Sales and distribution expenses	156,262,010.50	137,742,324.61

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

General and administrative expenses	257,448,680.43	233,936,154.40
Research and development expenses	204,332,393.43	172,154,901.59
Finance expenses	1,379,257,085.04	903,986,694.58
Including: Interest expenses	1,977,451,686.00	1,910,292,825.08
Interest income	684,663,818.41	1,152,849,226.50
Interest income	3,255,881.04	2,170,587.30
Investment income (“-” denotes loss)	1,286,777,082.46	351,894,141.34
Including: Investment income from associates and joint ventures	-14,360,263.31	-9,855,858.66
Credit impairment loss (“-” denotes loss)	-48,361,072.12	-3,976,204.29
Gain on disposal of assets (“-” denotes loss)	16,703,489.82	566,364.87
II. Operating profit (“-” denotes loss)	312,565,673.95	40,776,013.10
Plus: Non-operating income	89,014,190.80	159,402,602.05
Less: Non-operating expenses	10,583,044.24	6,916,026.81
III. Total profit (“-” denotes total loss)	390,996,820.51	193,262,588.34
Less: Income tax expenses	-113,957,576.37	-32,650,646.92
IV. Net profit (“-” denotes net loss)	504,954,396.88	225,913,235.26
Net profit from continuing operations (“-” denotes net loss)	504,954,396.88	225,913,235.26
VI. Total comprehensive income	504,954,396.88	225,913,235.26

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

Item	Amounts for the period	Amounts for the prior period
Unit: RMB		
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	24,694,452,196.67	22,826,321,614.77
Tax refund received	3,235,185.49	9,286,422.78
Cash received relating to other operating activities	4,789,319,464.29	6,112,249,944.86
Subtotal of cash inflows from operating activities	29,487,006,846.45	28,947,857,982.41
Cash paid for goods and services	18,654,617,667.62	15,406,856,581.77
Cash paid to and for employees	957,941,627.76	931,350,643.01
Payments of taxes and surcharges	1,440,370,577.89	1,712,799,956.34
Cash paid relating to other operating activities	1,934,852,831.68	1,823,488,953.71
Subtotal of cash outflows from operating activities	22,987,782,704.95	19,874,496,134.83
Net cash flows from operating activities	6,499,224,141.50	9,073,361,847.59
II. Cash flows from investment activities:		
Cash received from investments	2,784,345.77	2,390,000,000.00

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

Cash received from investment income	12,000,000.00	375,641,400.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	131,375,805.90	393,600.22
Net cash received from disposal of subsidiaries and other business units	221,000,000.00	19,610,260.70
Cash received relating to other investment activities	767,670,000.00	69,843,200.00
Subtotal of cash inflows from investment activities	1,134,830,151.67	2,855,488,460.92
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	926,528,167.05	3,142,851,174.29
Cash paid on investments	1,639,194,479.24	2,085,954,389.46
Cash paid relating to other investment activities	189,628,400.00	103,042,210.54
Subtotal of cash outflows from investment activities	2,755,351,046.29	5,331,847,774.29
Net cash flows from investment activities	-1,620,520,894.62	-2,476,359,313.37
III. Cash flows from financing activities:		
Cash received from borrowings	28,024,258,208.07	36,121,975,695.37
Cash received relating to other financing activities	4,096,789,134.60	14,012,509,155.81
Subtotal of cash inflows from financing activities	32,121,047,342.67	50,134,484,851.18
Cash repayments on borrowing	23,844,425,199.09	27,467,045,407.89
Cash paid for dividend and profit distribution or interest payment	3,051,263,128.87	4,438,836,047.90
Cash paid relating to other financing activities	9,712,203,599.23	23,217,117,156.71
Subtotal of cash outflows from financing activities	36,607,891,927.19	55,122,998,612.50
Net cash flows from financing activities	-4,486,844,584.52	-4,988,513,761.32
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-377,093,948.33	120,553,325.21
V. Net increase in cash and cash equivalents	14,764,714.03	1,729,042,098.10
Plus: Balance of cash and cash equivalents as at the beginning of the period	2,381,558,242.52	2,804,408,374.46
VI. Balance of cash and cash equivalents as at the end of the period	2,396,322,956.55	4,533,450,472.56

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

Item	Unit: RMB	
	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	6,426,249,401.49	5,529,614,111.40
Cash received relating to other operating activities	1,296,334,093.23	2,427,573,406.75
Subtotal of cash inflows from operating activities	7,722,583,494.72	7,957,187,518.15
Cash paid for goods and services	1,643,706,437.55	1,963,218,833.84
Cash paid to and for employees	324,122,682.18	299,290,526.60

Shangdong Chenming Paper Holdings Limited 2019 Third Quarterly Report

Payments of taxes and surcharges	145,658,208.00	286,150,551.10
Cash paid relating to other operating activities	815,945,979.17	1,834,166,575.63
Subtotal of cash outflows from operating activities	2,929,433,306.90	4,382,826,487.17
Net cash flows from operating activities	4,793,150,187.82	3,574,361,030.98
II. Cash flows from investment activities:		
Cash received from investments	2,784,345.77	2,350,000,000.00
Cash received from investment income	2,000,000.00	284,041,400.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	75,806,913.60	
Net cash received from disposal of subsidiaries and other business units	221,000,000.00	19,610,260.70
Cash received relating to other investment activities	767,670,000.00	
Subtotal of cash inflows from investment activities	1,069,261,259.37	2,653,651,660.70
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	39,680,681.99	47,475,737.37
Cash paid on investments	1,147,500,000.00	2,301,714,807.50
Subtotal of cash outflows from investment activities	1,187,180,681.99	2,349,190,544.87
Net cash flows from investment activities	-117,919,422.62	304,461,115.83
III. Cash flows from financing activities:		
Cash received from borrowings	8,067,108,555.77	9,487,503,196.92
Cash received relating to other financing activities	5,638,813,889.00	11,525,489,947.95
Subtotal of cash inflows from financing activities	13,705,922,444.77	21,012,993,144.87
Cash repayments on borrowing	8,335,983,231.30	8,707,654,631.90
Cash paid for dividend and profit distribution or interest payment	1,471,593,054.48	2,426,583,005.38
Cash paid relating to other financing activities	8,479,116,872.45	13,496,703,811.58
Subtotal of cash outflows from financing activities	18,286,693,158.23	24,630,941,448.86
Net cash flows from financing activities	-4,580,770,713.46	-3,617,948,303.99
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-3,844,637.47	-16,058,996.41
V. Net increase in cash and cash equivalents	90,615,414.27	244,814,846.41
Plus: Balance of cash and cash equivalents as at the beginning of the period	607,805,063.02	1,020,262,069.85
VI. Balance of cash and cash equivalents as at the end of the period	698,420,477.29	1,265,076,916.26

II. Reason for Adjustment in the Financial Statement

1. Adjustment to the relevant items in the financial statements at the beginning of the year due to the adoption starting from 2019 of the New Standards for Financial Instruments, the New Standards for Revenue and the New Standards for Lease

Applicable Not applicable

2. Reason for the retrospective adjustment to the comparative data in the prior period due to the adoption starting from 2019 of the New Standards for Financial Instruments and the New Standards for Lease

Applicable Not applicable

III. Auditors' Report

Has the third quarterly report already been audited yet?

Yes No

The third quarterly report of the Company is unaudited.

By order of the Board

Shandong Chenming Paper Holdings Limited

25 October 2019