



SHANDONG CHENMING PAPER HOLDINGS LIMITED*

2021 First Quarterly Report

April 2021

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 that the truthfulness, accuracy and completeness of this quarterly report which does not contain 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, 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

| | The reporting period | The corresponding period of the prior year | Increase/decrease compared to the corresponding period of the prior year |
|--|---------------------------------------|--|---|
| Revenue (RMB) | 10,205,724,007.89 | 6,085,376,805.28 | 67.71% |
| Net profit attributable to shareholders of the Company (RMB) | 1,179,076,577.84 | 202,790,856.25 | 481.42% |
| Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB) | 1,165,076,739.34 | 143,993,251.71 | 709.12% |
| Net cash flows from operating activities (RMB) | 3,386,890,222.27 | 655,581,522.20 | 416.62% |
| Basic earnings per share (RMB per share) | 0.365 | 0.019 | 1821.05% |
| Diluted earnings per share (RMB per share) | 0.365 | 0.019 | 1821.05% |
| Rate of return on weighted average net assets | 5.51% | 0.32% | Increase of 5.19 percentage point |
| | 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) | 90,924,591,156.25 | 91,575,457,828.62 | -0.71% |
| Net assets attributable to shareholders of the Company (RMB) | 22,926,769,322.29 | 24,276,968,789.00 | -5.56% |

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 weighted average net assets, the interest for perpetual bonds from 1 January to 31 March 2021 of RMB22,117,808.22 and the dividend on preference shares paid in 2021 of RMB98,100,000.00 are deducted.

Items and amounts of extraordinary gains or losses

Applicable Not applicable

Unit: RMB

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| 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 asset impairment provision) | 8,707,022.62 | |
| 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 | 58,441,146.99 | |
| Except for effective hedging business conducted in the ordinary course of business of the Company, gain or loss arising from the change in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, as well as investment gains from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments | -59,993,447.44 | |
| Investment income from dividend of non-current financial assets | 15,000,000.00 | |
| Non-operating income and expenses other than the above items | 6,906,710.91 | |
| Less: Effect of income tax | 14,401,525.18 | |
| Effect of minority interest (after tax) | 660,069.40 | |
| Total | 13,999,838.50 | -- |

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 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 shareholdings of the top ten shareholders

Unit: share

| | | | |
|---|--|--|---|
| Total number of shareholders of ordinary shares as at the end of the reporting period | 136,238, of which 116,697 were holders of A shares, 19,201 were holders of B shares and 340 were holders of H shares | Total number of shareholders of preference shares with restored voting right as at the end of the reporting period | 0 |
|---|--|--|---|

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| Shareholding of top ten 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 |
| CHENMING HOLDINGS COMPANY LIMITED | State-owned legal person | 15.32% | 457,322,919 | 0 | Pledged | 212,970,000 |
| HKSCC NOMINEES LIMITED | Overseas legal person | 12.52% | 373,513,625 | 0 | | |
| CHENMING HOLDINGS (HONG KONG) LIMITED | Overseas legal person | 12.20% | 364,131,563 | 0 | | |
| NINGBO ASIA PAPER TUBE CARTON CO., LTD. (寧波亞洲紙管紙箱有限公司) | Domestic non-state owned legal person | 3.89% | 116,080,074 | 0 | | |
| HONG KONG SECURITIES CLEARING COMPANY LIMITED | Overseas legal person | 1.35% | 40,230,192 | 0 | | |
| CHEN HONGGUO | Domestic nature person | 1.04% | 31,080,044 | 23,310,033 | | |
| GUO TAI JUN AN SECURITIES (HONGKONG) LIMITED | Overseas legal person | 0.78% | 23,332,494 | 0 | | |
| UBS AG LONDON BRANCH | Overseas legal person | 0.58% | 17,318,262 | 0 | | |
| BANK OF CHINA LIMITED – GUOTAI ZHIYUAN ADVANTAGEOUS HYBRID SECURITIES INVESTMENT FUND (中國銀行股份有限公司－國泰致遠優勢混合型證券投資基金) | Others | 0.55% | 16,500,069 | 0 | | |
| VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND | Overseas legal person | 0.50% | 14,771,945 | 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 | | | |
| CHENMING HOLDINGS COMPANY LIMITED | 457,322,919 | RMB ordinary shares | 457,322,919 | | | |
| HKSCC NOMINEES LIMITED | 373,513,625 | Overseas listed foreign shares | 373,513,625 | | | |
| CHENMING HOLDINGS (HONG KONG) LIMITED | 364,131,563 | Domestic listed foreign shares | 210,717,563 | | | |

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| | | | |
|--|--|--------------------------------|-------------|
| | | Overseas listed foreign shares | 153,414,000 |
| NINGBO ASIA PAPER TUBE CARTON CO., LTD. (寧波亞洲紙管紙箱有限公司) | 116,080,074 | RMB ordinary shares | 116,080,074 |
| HONG KONG SECURITIES CLEARING COMPANY LIMITED | 40,230,192 | RMB ordinary shares | 40,230,192 |
| GUO TAI JUN AN SECURITIES (HONGKONG) LIMITED | 23,332,494 | Domestic listed foreign shares | 23,332,494 |
| UBS AG LONDON BRANCH | 17,318,262 | Domestic listed foreign shares | 17,318,262 |
| BANK OF CHINA LIMITED – GUOTAI ZHIYUAN ADVANTAGEOUS HYBRID SECURITIES INVESTMENT FUND (中國銀行股份有限公司 – 國泰致遠優勢混合型證券投資基金) | 16,500,069 | RMB ordinary shares | 16,500,069 |
| VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND | 14,771,945 | Domestic listed foreign shares | 14,771,945 |
| MORGAN STANLEY & CO. INTERNATIONAL PLC | 14,470,378 | Domestic listed foreign shares | 14,470,378 |
| Related party relationship or acting in concert 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, Chenming Holdings Company Limited, which is a state-owned legal person. 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 aforementioned shareholders are persons acting in concert. It is also not aware that any other aforementioned shareholders are related to each other. | | |
| Securities margin trading of top 10 shareholders, if any | Chenming Holdings Company Limited held 457,322,919 RMB ordinary shares, of which 379,522,919 shares were held through ordinary account and 77,800,000 shares were held through credit guarantee securities account; Ningbo Asia Paper Tube Carton Co., Ltd. held 116,080,074 RMB ordinary shares, of which 0 shares were held through ordinary account and 116,080,074 shares were held through credit guarantee securities account. | | |

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

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| Total number of shareholders of preference shares as at the end of the reporting period | | 6 | | | | |
|---|---|----------------------------|-----------------------|----------------------------------|----------------------------|-----------|
| 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 |
| BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO., LTD. – HUILI NO. 136 SINGLE CAPITAL TRUST | Others | 28.44% | 6,400,000 | 0 | | |
| BEIJING YIBEN ZHONGXING INVESTMENT MANAGEMENT CO., LTD. | Domestic non-state-owned legal person | 27.11% | 6,100,000 | 0 | Pledged | 6,100,000 |
| SHANGHAI SHIJIE BUSINESS CONSULTING CO., LTD. | Domestic non-state-owned legal person | 19.51% | 4,390,100 | 0 | Pledged | 4,140,000 |
| HENGFENG BANK CO., LTD. | Domestic non-state-owned legal person | 13.33% | 3,000,000 | 0 | | |
| LEAD CAPITAL MANAGEMENT CO., LTD. – LEAD CAPITAL – LI DE YING NO. 1 ASSET MANAGEMENT PLAN | Others | 5.91% | 1,330,000 | 0 | | |
| LEAD CAPITAL MANAGEMENT CO., LTD. – LEAD CAPITAL – LI DE YING NO. 2 ASSET MANAGEMENT PLAN | Others | 5.69% | 1,279,900 | 0 | | |
| Related party relationship or acting in concert among the above shareholders | <p>“LEAD CAPITAL MANAGEMENT CO., LTD. – LEAD CAPITAL – LI DE YING NO. 1 ASSET MANAGEMENT PLAN” and “LEAD CAPITAL MANAGEMENT CO., LTD. – LEAD CAPITAL – LI DE YING NO. 2 ASSET MANAGEMENT PLAN” 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 whether there is any related party relationship between the above shareholders of preference shares and the top ten shareholders of ordinary shares.</p> | | | | | |

III Material matters

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

√ Applicable □ Not applicable

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

Unit: RMB

| Item | 31 March 2021 | 31 December 2020 | Change | Reason for change |
|-----------------------------------|------------------|------------------|----------|-------------------|
| Financial assets held for trading | 133,349,089.17 | 192,907,800.62 | -30.87% | (1) |
| Accounts receivable financing | 1,071,559,674.38 | 488,385,666.76 | 119.41% | (2) |
| Bills payable | 3,432,666,717.36 | 2,998,936,736.34 | 14.46% | (3) |
| Contract liabilities | 1,278,950,068.66 | 1,051,147,044.74 | 21.67% | (4) |
| Other current liabilities | | 157,037,833.35 | -100.00% | (5) |
| Other equity instruments | 3,234,750,000.00 | 5,473,500,000.00 | -40.90% | (6) |
| Minority interest | 2,490,325,610.41 | 1,523,294,926.24 | 63.48% | (7) |

Explanation of the reasons leading to the major changes:

- (1) Financial assets held for trading decreased by 30.87% as compared to the beginning of the year, mainly due to the change in the fair value of the shares of China Bohai Bank held by the Company during the reporting period.
- (2) Accounts receivable financing increased by 119.41% as compared to the beginning of the year, mainly due to the increase in bills held at the end of the reporting period from the beginning of the year.
- (3) Bills payable increased by 14.46% as compared to the beginning of the year, mainly due to the increase in payment for goods with bills during the reporting period.
- (4) Contract liabilities increased by 21.67% as compared to the beginning of the year, mainly due to the increase in advance payment from the customers of the Company.
- (5) Other current liabilities decreased by 100% as compared to the beginning of the year, mainly due to the repayment of all super & short-term commercial papers by the Company during the reporting period.
- (6) Other equity instruments decreased by 40.9% as compared to the beginning of the year, mainly due to the repayment of RMB2.25 billion preference shares by the Company during the reporting period.
- (7) Minority interest increased by 63.48% as compared to the beginning of the year, mainly due to the introduction of an investor by Meilun Paper, a subsidiary, for its capital increase during the reporting period.

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

Unit: RMB

| Item | January – March 2021 | January – March 2020 | Change | Reasons for change |
|--------------------------------------|----------------------|----------------------|---------|--------------------|
| Revenue | 10,205,724,007.89 | 6,085,376,805.28 | 67.71% | (1) |
| Research and development expenditure | 365,485,850.44 | 253,652,714.07 | 44.09% | (2) |
| Gain on disposal of assets | 4,804,612.13 | -16,937,727.55 | 128.37% | (3) |

Explanation of the reasons leading to the major changes:

(1) Revenue increased by 67.71% as compared to the corresponding period of last year, mainly due to the year-on-year increase in the sales and selling prices of machine-made paper s during the reporting period.

(2) Research and development expense increased by 44.09% as compared to the corresponding period of last year, mainly due to the increase in research and development investment of the Company during the reporting period.

(3) Gain on disposal of asset increased by 128.37% as compared to the corresponding period of last year, mainly due to the year-on-year increase in gain on disposal of asset during the reporting period.

(III) Analysis of cash flows during the reporting period

Unit: RMB

| Item | January – March 2021 | January – March 2020 | Change | Reasons for change |
|---|----------------------|----------------------|----------|--------------------|
| Net cash flows from operating activities | 3,386,890,222.27 | 655,581,522.20 | 416.62% | (1) |
| Net cash flows from investment activities | -187,483,014.24 | 330,801,082.22 | -156.68% | (2) |
| Net cash flows from financing activities | -3,285,797,443.75 | -2,087,152,482.74 | -57.43% | (3) |

Explanation of the reasons leading to the major changes:

(1) Cash flows from operating activities increased by 416.62% as compared to the corresponding period of last year, mainly due to the year-on-year significant growth of the profitability of the Company during the reporting period.

(2) Cash flows from investing activities decreased by 156.68% as compared to the corresponding period of last year, mainly due to the year-on-year increase in investment expenditure as a result of the increase of investment of RMB400 million by Chenming GDR Fund to Chenchuang Fund during the reporting period.

(3) Cash flows from financing activities decreased by 57.43% as compared to the corresponding period of last year, mainly due to the further reduction in the liability size of the Company during the reporting period.

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

√ Applicable □ Not applicable

| Summary of important events | Date of disclosure | Search index of interim report disclosure website |
|--|--------------------|---|
| The matters relating to the “Proposal on the Domestic Listed Foreign Shares of the Company Changing Listing Venue to be Listed and Traded on the Main Board of The Stock Exchange of Hong Kong Limited by Way of Conversion” was considered and approved at the seventeenth extraordinary meeting of ninth session of the Board, the 2021 first extraordinary general meeting, the 2021 first class meeting for holders of domestic-listed shares and the 2021 first class meeting for holders of overseas-listed shares of the Company. | 30 January 2021 | http://www.cninfo.com.cn |
| | 18 February 2021 | |
| | 10 March 2021 | |

Progress of share repurchase

Applicable Not applicable

1. Redemption of first-tranche preference shares in full

On 18 February 2021, the Company held the eighteenth extraordinary meeting of the ninth session of the Board to consider and approve the “Resolution on Redemption of the First-Tranche Preference Shares”, which agreed the Company’s full redemption of the first-tranche preference shares (the “Chenming You 01”) totaling 22.5 million shares. The redemption price was the par value of the preference share (RMB100 per share) plus the amount of dividend declared but not yet paid for the current period (i.e. RMB4.36 per share). The redemption time is the payment date of fixed dividend of “Chenming You 01”.

On 17 March 2021, the Company paid a total of RMB2,348.1 million in redemption to shareholders of the first-tranche preference shares to fully redeem 22.5 million shares of first-tranche preference shares of the Company. On 18 March 2021, the Company received the “Redemption Results Statement” from the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The redemption and delisting of “Chenming You 01” has been completed.

For details, please refer to the relevant announcements disclosed by the Company on www.cninfo.com.cn on 19 February, 26 February, 5 March, 12 March, 16 March and 19 March 2021. The announcement number are: 2021-013, 2021-014, 2021-016, 2021-017, 2021-019, 2021-020, 2021-022, 2021-023.

Progress of decrease in the holding of repurchased shares by way of 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. Financial asset investment

1. Security investments

Applicable Not applicable

Unit: RMB

| Type of security | Stock code | Abbreviation of stock name | Initial investment cost | Accounting measurement model | Book value at the beginning of the reporting period | Profit or loss from changes in fair value in the current period | Accumulated changes in fair value included in equity | Purchased amount in the current period | Sold amount in the current period | Profit or loss during the reporting period | Book value at the end of the reporting period | Classification in accounts | Source of fund |
|------------------|------------|----------------------------|-------------------------|------------------------------|---|---|--|--|-----------------------------------|--|---|----------------------------|------------------|
| Domestic and | 09668 | China Bohai | 195,684,817.15 | Measured at fair | 192,907,800.62 | -59,558,711.45 | -62,335,727.98 | 0.00 | 0.00 | -59,558,711.45 | 133,349,089.17 | Held-for-trading | Self-owned funds |

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| foreign shares | Bank | value | | | | | | | | | financial assets | and borrowings |
|---|----------------|-------|----------------|----------------|----------------|------|----------------|----------------|----------------|----|------------------|----------------|
| Total | 195,684,817.15 | -- | 192,907,800.62 | -59,558,711.45 | -62,335,727.98 | 0.00 | 0.00 | -59,558,711.45 | 133,349,089.17 | -- | -- | |
| Disclosure date of announcement in relation to the consideration and approval of securities investments by the Board | | | | | | | 20 June 2020 | | | | | |
| Disclosure date of announcement in relation to the consideration and approval of securities investments by the shareholders' general meeting (if any) | | | | | | | Not applicable | | | | | |

2. Derivatives investments

Applicable Not applicable

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

V. Progress in respect of investment projects funded by raised proceeds

Applicable Not applicable

VI. Estimate of the operating results for January – June 2021

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

Applicable Not applicable

VII. Material contracts in day-to-day operation

Applicable Not applicable

VIII. Entrusted wealth management

Applicable Not applicable

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

IX. External guarantees against the 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.

X. 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.

XI. Reception of research investigations, communications and interviews during the reporting period

Applicable Not applicable

| Date of reception | Site of reception | Way of reception | Type of recipient | Recipient | Major discussion points and information provided | Index of the basic particulars of the survey |
|-------------------|--|------------------|-------------------------------------|---|--|---|
| 31 March 2021 | Meeting room of the Company and production plant | Field research | Institutions, individuals and media | Guotai Anbao Fund, Northeast Securities, Orient Securities, Donghai Securities, Dongxing Securities, minority shareholders, Securities Times, etc | Company's main operating conditions, business conditions, project progress, etc. | For details, please refer to the Investor Relations Activity Record Sheet on www.cninfo.com.cn |
| 31 March 2021 | Online live stream platform: Panorama•Interactive Platform for Investors Relationship (全景網•投資者關係互動平台) | Others | Others | Investors participating in the 2020 Annual Result Briefing of the Company | Company and industry overview, the Company's 2020 operating results and future prospects, project progress, etc. | For details, please refer to the Investor Relations Activity Record Sheet on www.cninfo.com.cn |

IV Financial Statements

I. Financial Statements

1. Consolidated balance sheet

Prepared by: Shandong Chenming Paper Holdings Limited

31 March 2021

Unit: RMB

| Item | 31 March 2021 | 31 March 2020 |
|--|-------------------|-------------------|
| CURRENT ASSETS: | | |
| Monetary funds | 17,928,720,606.11 | 17,759,537,598.98 |
| Financial assets held for trading | 133,349,089.17 | 192,907,800.62 |
| Accounts receivable | 2,131,776,277.60 | 1,984,931,665.82 |
| Accounts receivable financing | 1,071,559,674.38 | 488,385,666.76 |
| Prepayments | 970,225,012.16 | 964,290,512.36 |
| Other receivables | 2,328,858,634.34 | 2,417,240,559.46 |
| Including: Interest receivable | | |
| Dividends receivable | | |
| Inventories | 4,792,168,427.01 | 5,135,293,347.82 |
| Non-current assets due within one year | 4,177,625,745.65 | 4,222,744,207.34 |
| Other current assets | 2,994,706,976.55 | 2,716,918,695.85 |
| Total current assets | 36,528,990,442.97 | 35,882,250,055.01 |
| NON-CURRENT ASSETS: | | |
| Long-term receivables | 3,564,138,570.89 | 4,658,884,857.95 |
| Long-term equity investments | 4,330,470,084.83 | 3,906,158,402.45 |
| Other non-current financial assets | 141,910,000.00 | 145,910,000.00 |
| Investment properties | 5,904,542,766.83 | 5,943,159,568.00 |
| Fixed assets | 37,069,924,037.14 | 37,651,706,658.97 |
| Construction in progress | 209,993,857.82 | 179,857,941.83 |
| Right-of-use assets | 203,959,508.33 | 205,876,719.75 |
| Intangible assets | 1,760,834,492.05 | 1,774,624,509.33 |
| Goodwill | 32,916,531.95 | 32,916,531.95 |
| Long-term prepaid expenses | 50,192,010.61 | 51,061,485.49 |
| Deferred income tax assets | 1,080,558,605.22 | 1,084,164,679.14 |

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| | | |
|---|--------------------------|--------------------------|
| Other non-current assets | 46,160,247.61 | 58,886,418.75 |
| Total non-current assets | 54,395,600,713.28 | 55,693,207,773.61 |
| Total assets | 90,924,591,156.25 | 91,575,457,828.62 |
| CURRENT LIABILITIES: | | |
| Short-term borrowings | 33,268,267,316.37 | 32,793,992,957.86 |
| Bills payable | 3,432,666,717.36 | 2,998,936,736.34 |
| Accounts payable | 3,855,682,286.87 | 4,042,430,732.31 |
| Contract liabilities | 1,278,950,068.66 | 1,051,147,044.74 |
| Staff remuneration payables | 246,600,772.07 | 232,376,585.31 |
| Taxes payable | 577,871,369.35 | 652,647,840.63 |
| Other payables | 2,158,460,520.52 | 1,956,715,367.83 |
| Including: Interest payable | 124,127,590.49 | 178,992,959.85 |
| Non-current liabilities due within one year | 6,455,050,444.78 | 7,160,949,615.93 |
| Other current liabilities | | 157,037,833.35 |
| Total current liabilities | 51,273,549,495.98 | 51,046,234,714.30 |
| NON-CURRENT LIABILITIES: | | |
| Long-term borrowings | 7,910,917,576.83 | 8,077,150,979.15 |
| Bonds payable | 1,431,094,643.22 | 1,536,877,351.46 |
| Lease liabilities | 60,507,444.90 | 60,271,769.90 |
| Long-term payables | 2,097,419,701.30 | 2,295,309,357.74 |
| Provisions | 325,259,082.28 | 325,259,082.28 |
| Deferred income | 1,611,501,629.24 | 1,637,996,636.51 |
| Deferred income tax liabilities | 6,572,535.97 | 6,572,535.97 |
| Other non-current liabilities | 790,674,113.83 | 789,521,686.07 |
| Total non-current liabilities | 14,233,946,727.57 | 14,728,959,399.08 |
| TOTAL LIABILITIES | 65,507,496,223.55 | 65,775,194,113.38 |
| OWNERS' EQUITY: | | |
| Share Capital | 2,984,208,200.00 | 2,984,208,200.00 |
| Other equity instruments | 3,234,750,000.00 | 5,473,500,000.00 |
| Including: Preference shares | 2,238,750,000.00 | 4,477,500,000.00 |
| Perpetual bonds | 996,000,000.00 | 996,000,000.00 |
| Capital reserves | 5,164,584,381.71 | 5,321,911,413.75 |
| Less: Treasury shares | 226,860,000.00 | 226,860,000.00 |
| Other comprehensive income | -596,785,620.17 | -561,686,607.66 |
| Surplus reserves | 1,212,009,109.97 | 1,212,009,109.97 |

Shandong Chenming Paper Holdings Limited 2021 First Quarterly Report

| | | |
|---|--------------------------|--------------------------|
| General risk provisions | 74,122,644.20 | 74,122,644.20 |
| Retained profit | 11,080,740,606.58 | 9,999,764,028.74 |
| TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | 22,926,769,322.29 | 24,276,968,789.00 |
| Minority interest | 2,490,325,610.41 | 1,523,294,926.24 |
| Total owners' equity | 25,417,094,932.70 | 25,800,263,715.24 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | 90,924,591,156.25 | 91,575,457,828.62 |

Legal Representative:

Chen Hongguo

Head in charge of accounting:

Dong Lianming

Head of the accounting department:

Zhang Bo

2. Balance sheet of the Company

Unit: RMB

| Item | 31 March 2021 | 31 March 2020 |
|--|--------------------------|--------------------------|
| CURRENT ASSETS: | | |
| Monetary funds | 5,486,271,398.73 | 4,720,330,804.07 |
| Bills receivable | 2,056,450,000.00 | 1,470,720,000.00 |
| Accounts receivable | 135,621,541.49 | 694,836,561.24 |
| Accounts receivable financing | 34,707,031.58 | 24,339,933.19 |
| Prepayments | 2,036,291,136.24 | 1,697,770,445.12 |
| Other receivables | 10,188,381,508.11 | 10,637,425,503.02 |
| Including: Interest receivable | | |
| Dividends receivable | | 200,000,000.00 |
| Inventories | 684,167,021.66 | 637,293,495.29 |
| Non-current assets due within one year | 90,210,433.35 | 146,934,211.22 |
| Other current assets | 37,260,448.37 | 45,764,272.71 |
| Total current assets | 20,749,360,519.53 | 20,075,415,225.86 |
| NON-CURRENT ASSETS: | | |
| Long-term receivables | 56,275,718.51 | 64,762,373.99 |
| Long-term equity investments | 22,535,647,973.47 | 22,192,108,035.92 |
| Other non-current financial assets | 141,910,000.00 | 141,910,000.00 |
| Fixed assets | 3,923,747,756.69 | 3,984,339,880.51 |
| Construction in progress | 81,012,306.96 | 80,192,749.46 |
| Intangible assets | 531,192,360.51 | 534,900,368.31 |
| Deferred income tax assets | 365,117,536.32 | 418,717,829.13 |
| Total non-current assets | 27,634,903,652.46 | 27,416,931,237.32 |
| Total assets | 48,384,264,171.99 | 47,492,346,463.18 |

Shandong Chenming Paper Holdings Limited 2021 First Quarterly Report

| | | |
|---|--------------------------|--------------------------|
| CURRENT LIABILITIES: | | |
| Short-term borrowings | 12,447,825,609.09 | 10,929,616,612.59 |
| Bills payable | 9,384,833,589.13 | 7,603,416,890.27 |
| Accounts payable | 954,674,397.02 | 812,111,491.23 |
| Contract liabilities | 2,069,347,573.92 | 156,487,086.88 |
| Staff remuneration payables | 95,055,564.92 | 89,416,732.50 |
| Taxes payable | 106,605,422.38 | 147,669,266.97 |
| Other payables | 3,136,617,221.24 | 5,869,352,883.62 |
| Including: Interest payable | 47,051,472.24 | 97,497,305.56 |
| Non-current liabilities due within one year | 1,386,461,648.99 | 2,374,029,490.27 |
| Other current liabilities | | 312,130,833.35 |
| Total current liabilities | 29,581,421,026.69 | 28,294,231,287.68 |
| NON-CURRENT LIABILITIES: | | |
| Long-term borrowings | 1,254,500,000.00 | 1,295,000,000.00 |
| Bonds payable | 349,964,000.00 | 439,957,250.00 |
| Long-term payables | 540,701,875.78 | 631,776,192.80 |
| Provisions | 325,259,082.28 | 325,259,082.28 |
| Deferred income | 37,304,871.87 | 38,017,165.55 |
| Other non-current liabilities | 1,196,116,666.67 | 1,194,883,344.67 |
| Total non-current liabilities | 3,703,846,496.60 | 3,924,893,035.30 |
| TOTAL LIABILITIES | 33,285,267,523.29 | 32,219,124,322.98 |
| OWNERS' EQUITY: | | |
| Share Capital | 2,984,208,200.00 | 2,984,208,200.00 |
| Other equity instruments | 3,234,750,000.00 | 5,473,500,000.00 |
| Including: Preference shares | 2,238,750,000.00 | 4,477,500,000.00 |
| Perpetual bonds | 996,000,000.00 | 996,000,000.00 |
| Capital reserves | 5,126,981,432.38 | 5,124,308,464.42 |
| Less: Treasury shares | 226,860,000.00 | 226,860,000.00 |
| Surplus reserves | 1,199,819,528.06 | 1,199,819,528.06 |
| Retained profit | 2,780,097,488.26 | 718,245,947.72 |
| Total owners' equity | 15,098,996,648.70 | 15,273,222,140.20 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | 48,384,264,171.99 | 47,492,346,463.18 |

3. Consolidated Income Statement

Unit: RMB

Shandong Chenming Paper Holdings Limited 2021 First Quarterly Report

| Item | Amounts for the period | Amounts for the prior period |
|--|---------------------------|---------------------------------|
| I. Total revenue | 10,205,724,007.89 | 6,085,376,805.28 |
| Including: Revenue | 10,205,724,007.89 | 6,085,376,805.28 |
| II. Total operating costs | 8,699,358,923.27 | 5,834,610,012.18 |
| Including: Operating costs | 7,237,915,113.40 | 4,562,294,089.65 |
| Taxes and surcharges | 78,065,205.81 | 47,639,420.31 |
| Sales and distribution expenses | 69,649,821.99 | 72,504,493.86 |
| General and administrative expenses | 249,151,918.06 | 246,726,191.21 |
| Research and development expenses | 365,485,850.44 | 253,652,714.07 |
| Finance expenses | 699,091,013.57 | 651,793,103.08 |
| Including: Interest expenses | 731,861,718.88 | 673,866,359.05 |
| Interest income | 75,556,660.16 | 81,512,048.23 |
| Plus: Other income | 58,431,534.65 | 60,795,590.78 |
| Investment income (“-” denotes loss) | 62,891,682.38 | 89,156,680.14 |
| Including: Investment income from associates and joint ventures | 45,311,682.38 | 76,715,510.22 |
| Gain on change in fair value (“-” denotes loss) | -59,993,447.44 | |
| Credit impairment loss (“-” denotes loss) | -118,711,577.64 | -179,716,703.05 |
| Loss on impairment of assets (“-” denotes loss) | -56,357.78 | -164,217.76 |
| Gain on disposal of assets (“-” denotes loss) | 4,804,612.13 | -16,937,727.55 |
| III. Operating profit (“-” denotes loss) | 1,453,731,530.92 | 203,900,415.66 |
| Plus: Non-operating income | 9,178,708.39 | 29,326,528.55 |
| Less: Non-operating expenses | 749,586.99 | 2,456,719.00 |
| IV. Total profit (“-” denotes total loss) | 1,462,160,652.32 | 230,770,225.21 |
| Less: Income tax expenses | 216,053,390.31 | 19,890,332.52 |
| V. Net profit (“-” denotes net loss) | 1,246,107,262.01 | 210,879,892.69 |
| (I) Classification according to the continuity of operation | | |
| Net profit from continuing operations (“-” denotes net loss) | 1,246,107,262.01 | 210,879,892.69 |
| (II) Classification according to ownership | | |
| 1. Net profit attributable to shareholders of the Company | 1,179,076,577.84 | 202,790,856.25 |
| 2. Profit or loss of minority interest | 67,030,684.17 | 8,089,036.44 |
| VI. Net other comprehensive income after tax | -35,099,012.51 | -109,991,102.69 |
| Net other comprehensive income after tax attributable to shareholders of the Company | -35,099,012.51 | -109,991,102.69 |
| (I) Other comprehensive income that will be reclassified to profit and loss | -35,099,012.51 | -109,991,102.69 |

Shandong Chenming Paper Holdings Limited 2021 First Quarterly Report

| | | |
|--|------------------|-----------------|
| Exchange differences on translation | -35,099,012.51 | -109,991,102.69 |
| VII. Total comprehensive income | 1,211,008,249.50 | 100,888,790.00 |
| Total comprehensive income attributable to shareholders of the Company | 1,143,977,565.33 | 92,799,753.56 |
| Total comprehensive income attributable to minority interest | 67,030,684.17 | 8,089,036.44 |
| VIII. Earnings per share: | | |
| (I) Basic earnings per share | 0.365 | 0.019 |
| (II) Diluted earnings per share | 0.365 | 0.019 |

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 | 2,613,450,941.85 | 1,916,635,173.20 |
| Less: Operating costs | 1,922,596,656.63 | 1,492,710,855.82 |
| Taxes and surcharges | 20,845,842.17 | 9,314,020.08 |
| Sales and distribution expenses | 1,825,850.25 | 2,498,008.29 |
| General and administrative expenses | 64,144,088.86 | 72,148,076.69 |
| Research and development expenses | 106,717,546.36 | 61,093,032.27 |
| Finance expenses | 127,483,129.49 | 227,917,229.09 |
| Including: Interest expenses | 233,988,045.40 | 422,979,137.81 |
| Interest income | 142,052,390.18 | 231,893,683.70 |
| Plus: Other income | 903,193.98 | 1,085,293.68 |
| Investment income (“-” denotes loss) | 1,814,669,937.55 | 501,463,589.70 |
| Including: Investment income from associates and joint ventures | -330,062.45 | -1,636,410.30 |
| Credit impairment loss (“-” denotes loss) | 24,671,113.05 | 17,806,046.25 |
| Gain on disposal of assets (“-” denotes loss) | 3,232,429.29 | 5,198,189.62 |
| II. Operating profit (“-” denotes loss) | 2,213,314,501.96 | 576,507,070.21 |
| Plus: Non-operating income | 332,512.00 | 3,006,242.05 |
| Less: Non-operating expenses | 95,180.61 | 102,862.97 |
| III. Total profit (“-” denotes total loss) | 2,213,551,833.35 | 579,410,449.29 |
| Less: Income tax expenses | 53,600,292.81 | 5,134,164.16 |
| IV. Net profit (“-” denotes net loss) | 2,159,951,540.54 | 574,276,285.13 |
| Net profit from continuing operations (“-” denotes net loss) | 2,159,951,540.54 | 574,276,285.13 |

Shandong Chenming Paper Holdings Limited 2021 First Quarterly Report

| | | |
|---------------------------------|------------------|----------------|
| V. Total comprehensive income | 2,159,951,540.54 | 574,276,285.13 |
| VI. Earnings per share: | | |
| (I) Basic earnings per share | | |
| (II) Diluted earnings per share | | |

5. Consolidated cash flow statement

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 | 10,744,320,121.77 | 6,083,538,589.42 |
| Tax rebates received | 597,608.00 | 152,548.94 |
| Cash received relating to other operating activities | 582,514,746.24 | 654,984,761.52 |
| Subtotal of cash inflows from operating activities | 11,327,432,476.01 | 6,738,675,899.88 |
| Cash paid for goods and services | 6,594,672,121.55 | 5,294,624,400.87 |
| Cash paid to and for employees | 284,568,485.66 | 262,530,875.99 |
| Payments of taxes and surcharges | 653,100,300.70 | 193,288,988.67 |
| Cash paid relating to other operating activities | 408,201,345.83 | 332,650,112.15 |
| Subtotal of cash outflows from operating activities | 7,940,542,253.74 | 6,083,094,377.68 |
| Net cash flows from operating activities | 3,386,890,222.27 | 655,581,522.20 |
| II. Cash flows from investing activities: | | |
| Cash received from investment income | 43,000,000.00 | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 3,263,265.60 | 73,153,160.00 |
| Net cash received from disposal of subsidiaries and other business units | 10,000,000.00 | 217,810,000.00 |
| Cash received relating to other investing activities | 240,000,000.00 | 129,197,968.06 |
| Subtotal of cash inflows from investing activities | 296,263,265.60 | 420,161,128.06 |
| Cash paid for purchase of fixed assets, intangible assets and other long-term assets | 83,746,279.84 | 57,107,045.84 |
| Cash paid on investments | 400,000,000.00 | 32,253,000.00 |
| Subtotal of cash outflows from investing activities | 483,746,279.84 | 89,360,045.84 |
| Net cash flows from investing activities | -187,483,014.24 | 330,801,082.22 |
| III. Cash flows from financing activities: | | |
| Cash received from investments | 900,000,000.00 | |
| Including: Cash received from subsidiaries from minority investment | 900,000,000.00 | |
| Cash received from borrowings | 10,320,674,739.57 | 8,767,475,858.20 |

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| | | |
|--|-------------------|-------------------|
| Cash received relating to other financing activities | 204,630,000.00 | 320,000,000.00 |
| Subtotal of cash inflows from financing activities | 11,425,304,739.57 | 9,087,475,858.20 |
| Cash repayments of amounts borrowed | 9,707,520,165.73 | 9,045,058,473.31 |
| Cash paid for dividend and profit distribution or interest payment | 702,671,547.99 | 718,587,541.05 |
| Cash paid relating to other financing activities | 4,300,910,469.60 | 1,410,982,326.58 |
| Subtotal of cash outflows from financing activities | 14,711,102,183.32 | 11,174,628,340.94 |
| Net cash flows from financing activities | -3,285,797,443.75 | -2,087,152,482.74 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | -6,328,260.97 | -8,973,806.00 |
| V. Net increase in cash and cash equivalents | -92,718,496.69 | -1,109,743,684.32 |
| Plus: Balance of cash and cash equivalents as at the beginning of the period | 4,389,169,963.79 | 2,890,328,027.41 |
| VI. Balance of cash and cash equivalents as at the end of the period | 4,296,451,467.10 | 1,780,584,343.09 |

6. Cash flow statement of the Company

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 | 3,203,517,391.29 | 2,016,322,718.53 |
| Tax rebates received | 90,900.00 | |
| Cash received relating to other operating activities | 36,255,390.79 | 80,132,375.79 |
| Subtotal of cash inflows from operating activities | 3,239,863,682.08 | 2,096,455,094.32 |
| Cash paid for goods and services | 1,440,944,427.90 | 1,053,052,884.20 |
| Cash paid to and for employees | 78,272,356.22 | 77,807,706.75 |
| Payments of taxes and surcharges | 133,440,933.20 | 30,799,543.79 |
| Cash paid relating to other operating activities | 61,160,034.75 | 98,434,983.32 |
| Subtotal of cash outflows from operating activities | 1,713,817,752.07 | 1,260,095,118.06 |
| Net cash flows from operating activities | 1,526,045,930.01 | 836,359,976.26 |
| II. Cash flows from investing activities: | | |
| Cash received from investment income | 2,015,000,000.00 | 500,000,000.00 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 92,435.99 | 1,153,160.00 |
| Net cash received from disposal of subsidiaries and other business units | | 217,810,000.00 |
| Cash received relating to other investing activities | 240,000,000.00 | 129,197,968.06 |
| Subtotal of cash inflows from investing activities | 2,255,092,435.99 | 848,161,128.06 |
| Cash paid for purchase of fixed assets, intangible assets and other long-term assets | | 2,025,213.00 |

Shandong Chenming Paper Holdings Limited 2021 First Quarterly Report

| | | |
|--|-------------------|-------------------|
| Cash paid on investments | 314,370,000.00 | 27,500,000.00 |
| Subtotal of cash outflows from investing activities | 314,370,000.00 | 29,525,213.00 |
| Net cash flows from investing activities | 1,940,722,435.99 | 818,635,915.06 |
| III. Cash flows from financing activities: | | |
| Cash received borrowings | 6,409,417,925.50 | 5,527,955,369.41 |
| Cash received relating to other financing activities | | 695,738,215.55 |
| Subtotal of cash inflows from financing activities | 6,409,417,925.50 | 6,223,693,584.96 |
| Cash repayments of amounts borrowed | 5,064,328,929.00 | 6,174,301,531.59 |
| Cash paid for dividend and profit distribution or interest payment | 206,137,718.69 | 422,979,137.81 |
| Cash paid relating to other financing activities | 4,232,236,767.53 | 1,389,481,422.69 |
| Subtotal of cash outflows from financing activities | 9,502,703,415.22 | 7,986,762,092.09 |
| Net cash flows from financing activities | -3,093,285,489.72 | -1,763,068,507.13 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | 956,450.07 | 226,208.85 |
| V. Net increase in cash and cash equivalents | 374,439,326.35 | -107,846,406.96 |
| Plus: Balance of cash and cash equivalents as at the beginning of the period | 301,284,723.52 | 136,328,721.71 |
| VI. Balance of cash and cash equivalents as at the end of the period | 675,724,049.87 | 28,482,314.75 |

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 first adoption of the New Standards for Lease in 2021**

Applicable Not applicable

2. Reason for the retrospective adjustment to the comparative data in the prior period due to the first adoption of the New Standards for Lease in 2021

Applicable Not applicable

III. Auditors' Report

Has the first quarterly report already been audited yet?

Yes No

The first quarterly report of the Company is unaudited.

The Board of Shandong Chenming Paper Holdings Limited

19 April 2021