



**SHANDONG CHENMING PAPER HOLDINGS LIMITED\***

**2020 Third Quarterly Report**

**October 2020**

## **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)	94,595,089,642.04	97,958,909,935.15	-3.43%	
Net assets attributable to shareholders of the Company (RMB)	23,352,056,656.52	25,169,743,863.75	-7.22%	
	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)	8,473,304,915.35	-2.22%	22,073,110,681.21	0.27%
Net profit attributable to shareholders of the Company (RMB)	560,227,575.14	0.41%	1,076,554,278.62	0.82%
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	463,336,879.91	3.54%	531,218,996.14	-29.23%
Net cash flows from operating activities (RMB)	--	--	7,268,850,121.56	11.84%
Basic earnings per share (RMB per share)	0.136	0.74%	0.187	26.35%
Diluted earnings per share (RMB per share)	0.136	0.74%	0.187	26.35%
Rate of return on net assets on weighted average basis	2.23%	-0.03%	3.07%	0.60%

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 2020 to 30 September 2020 of RMB145,632,876.71 and the dividend on preference shares paid in 2020 of RMB387,101,073.42 are deducted.

Items and amounts of extraordinary gains or losses

✓ Applicable ☐ Not applicable

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)	39,182,017.64	
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	872,260,380.05	
Gain or loss arising from change in fair value of financial assets held for trading and financial liabilities held for trading, as well as investment gain on disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, excluding the effective hedging business related to the normal operations of the Company	-6,592,990.05	
Change in fair value of consumable biological assets/change in fair value of other non-current financial assets	-9,246,743.86	
Non-operating income and expense other than the above items	-1,565,525.92	
Subtotal	894,037,137.86	
Less: Effects of income tax	206,911,149.92	
Effects of non-controlling interests (after tax)	141,790,705.46	
Total	545,335,282.48	--

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 the shareholding of the top ten shareholders

Unit: share

Total number of shareholders of ordinary shares as at the end of the reporting period	118,875, of which 97,991 were holders of A shares, 20,521 were holders of B shares and 363 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 the 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	349,370,000
HKSCC NOMINEES LIMITED	Overseas legal person	12.51%	373,331,125	0		
CHENMING HOLDINGS (HONG KONG) LIMITED	Overseas legal person	12.20%	364,131,563	0		
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	State-owned legal person	2.02%	60,206,850	0		
CHEN Hongguo	Domestic natural person	1.04%	31,080,044	28,310,033		
NATIONAL SOCIAL SECURITY FUND 418	Others	0.63%	18,734,946	0		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.59%	17,655,985	0		
BASIC PENSION INSURANCE FUND 1208	Others	0.46%	13,684,084	0		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.44%	13,121,946	0		

CHEN Suiqiang	Domestic natural person	0.42%	12,600,000	0	
Shareholding of the top ten shareholders of non-restricted shares					
Name of shareholders	Number of non-restricted shares held	Class of shares		Number	
		Class of shares			
CHENMING HOLDINGS COMPANY LIMITED	457,322,919	RMB ordinary shares		457,322,919	
HKSCC NOMINEES LIMITED	373,331,125	Overseas listed foreign shares		373,331,125	
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	
NATIONAL SOCIAL SECURITY FUND 418	18,734,946	RMB ordinary shares		18,734,946	
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	17,655,985	Domestic listed foreign shares		17,655,985	
BASIC PENSION INSURANCE FUND 1208	13,684,084	RMB ordinary shares		13,684,084	
VANGUARD EMERGING MARKETS STOCK INDEX FUND	13,121,946	Domestic listed foreign shares		13,121,946	
CHEN Suiqiang	12,600,000	RMB ordinary shares		12,600,000	
CITIC SECURITIES CO., LTD. - SOCIAL SECURITY FUND 1106	10,679,175	RMB ordinary shares		10,679,175	
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 the Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies. 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. It is also not aware that any other shareholders of tradable shares are related to each other.				
Securities margin trading of top	Chenming Holdings Company Limited held 457,322,919 RMB ordinary				

10 ordinary shareholders, if any	shares, of which 414,122,919 shares were held through ordinary account and 43,200,000 shares were held through credit guarantee security account.  Chen Suiqiang held 12,600,000 RMB ordinary shares, of which 0 share was held through ordinary account and 12,600,000 shares were held through credit guarantee security account.
----------------------------------	---

Whether an agreed repurchase transaction was entered into during the reporting period by the top 10 ordinary shareholders and top 10 non-restricted ordinary shareholders 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				8		
Shareholding 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
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		
SHANGHAI SHIJIE BUSINESS CONSULTING CO., LTD.	Domestic non-state-owned legal person	9.20%	4,140,100	0		
HENGFENG BANK CO., LTD.	Domestic non-state-owned legal person	8.89%	4,000,000	0		
LEAD CAPITAL MANAGEMENT CO., LTD. – LEAD CAPITAL - LI DE YING NO. 2 ASSET MANAGEMENT PLAN	Others	2.62%	1,179,900	0		
LEAD CAPITAL MANAGEMENT	Others	1.51%	680,000	0		

CO., LTD.- LEAD CAPITAL – LI DE YING NO. 1 ASSET MANAGEMENT PLAN						
Related party relationship or acting in concert among the above shareholders	<p>Among the above 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”, and “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 whether the remaining holders of preference shares are persons acting in concert. It is also not aware that the top ten holders of preference shares and the aforesaid ordinary shareholders are related to each other.</p>					



### 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 2020	31 December 2019	Change	Reason for change
Accounts receivable financing	646,109,530.46	442,915,861.70	45.88%	(1)
Financial assets held for trading	189,091,827.10	-	100%	(2)
Other current assets	4,876,429,272.68	8,108,707,394.70	-39.86%	(3)
Construction in progress	455,329,505.32	5,476,122,928.95	-91.69%	(4)
Bills payable	4,165,556,883.13	1,515,048,206.00	174.95%	(5)
Taxes payable	473,218,536.70	311,554,116.73	51.89%	(6)
Other non-current liabilities	1,387,172,269.72	3,042,841,328.86	-54.41%	(7)
Other equity instruments	5,473,500,000.00	7,465,500,000.00	-26.68%	(8)
Minority interest	1,647,087,783.82	1,170,029,016.80	40.77%	(9)

Explanation of the reasons leading to the major changes:

- (1) Accounts receivable financing increased by 45.88% 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.
- (2) Financial assets held for trading increased by 100%, mainly due to the increase in the securities investment during the reporting period.
- (3) Other current assets decreased by 39.86% as compared to the beginning of the year, mainly due to the decrease in the size of the short-term financial lease business as at the end of the reporting period from the beginning of the year.
- (4) Construction in progress decreased by 91.69% as compared to the beginning of the year, mainly due to the reclassification of the Huanggang Chenming pulp production project during the reporting period.
- (5) Bills payable increased by 174.95% as compared to the beginning of the year, mainly due to the increase in payment for goods with bills during the reporting period.
- (6) Taxes payable increased by 51.89% as compared to the beginning of the year, mainly due to the increase in income tax payable at the end of the reporting period from the beginning of the year.
- (7) Other non-current liabilities decreased by 54.41% as compared to the beginning of the year, mainly due to the reclassification of the Company's RMB2 billion medium-term notes to liabilities due within one year during the reporting period.
- (8) Other equity instruments decreased by 26.68% as compared to the beginning of the year, mainly due to the payment of RMB2 billion perpetual bonds by the Company during the reporting period.
- (9) Minority interest increased by 40.77% as compared to the beginning of the year, mainly due to the capital

injection into Shouguang Meilun by Dongxing Securities during the reporting period.

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

Unit: RMB

Item	January – September 2020	January – September 2019	Change	Reason for change
Sales and distribution expenses	1,011,570,307.54	963,752,678.83	4.96%	(1)
Research and development expenses	865,743,883.85	705,690,315.68	22.68%	(2)
Other income	226,087,658.21	59,641,233.95	279.08%	(3)
Loss on impairment of assets	-13,570,727.71	82,790,921.68	-116.39%	(4)
Non-operating income	666,294,459.14	268,505,785.14	148.15%	(5)

Explanation of the reasons leading to the major changes:

- (1) Selling and distribution expenses increased by 4.96% as compared to the corresponding period of last year, mainly due to the increase in sales and the year-on-year increase in transportation expenses during the reporting period.
- (2) Research and development expense increased by 22.68% as compared to the corresponding period of last year, mainly due to the increase in research and development investment during the reporting period.
- (3) Other income increased by 279.08% as compared to the corresponding period of last year, mainly due to the year-on-year increase in government grants received by the Company during the reporting period.
- (4) Impairment loss of assets increased by 116.39% as compared to the corresponding period of last year, mainly due to the changes in the conditions of inventory impairment and the reversal of impairment provision for inventories in the last year.
- (5) Non-operating income increased by 148.15% as compared to the corresponding period of last year, mainly due to the receipt of final payment of relocation compensation of Wuhan Chenming during the reporting period.

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

Unit: RMB

Item	January – September 2020	January – September 2019	Change	Reason for change
Net cash flows from operating activities	7,268,850,121.56	6,499,224,141.50	11.84%	(1)
Net cash flows from investment activities	431,479,896.26	-1,620,520,894.62	126.63%	(2)
Net cash flows from financing activities	-8,245,064,466.81	-4,486,844,584.52	-83.76%	(3)

Explanation of the reasons leading to the major changes:

- (1) Net cash flows from operating activities increased by 11.84% as compared to the corresponding period of last year, mainly due to the increase in payment with bills by the Company and the decrease in purchase of raw materials with spot exchange during the reporting period.
- (2) Net cash flows from investing activities increased by 126.63% as compared to the corresponding period of last year, mainly due to the year-on-year decrease in project investment during the reporting period.
- (3) Net cash flows from financing activities decreased by 83.76% as compared to the corresponding period of last year, mainly due to the reduction in the borrowings size of the Company during the reporting period.

**II. Analysis of and description on the progress of material matters, their impacts and solutions**✓ Applicable ☐ Not applicable**1. Completion of registration of shares granted under the 2020 Restricted A Share Incentive Scheme.**

On 15 May 2020, the Company convened the 2020 second extraordinary general meeting, the 2020 first class meeting for holders of domestic-listed shares and the 2020 first class meeting for holders of overseas-listed shares, during which matters in relation to the implementation of the 2020 Restricted A Share Incentive Scheme by the Company were considered and approved. On 29 May 2020, the Company convened the tenth extraordinary meeting of the ninth session of the Board, during which the issuance of shares to 111 participants to the incentive scheme and the granting of 79.6 million restricted A shares were approved. During the reporting period, the registration of the 79.6 million restricted A shares was completed at Shenzhen Branch of China Securities Depository and Clearing Company Limited, and such shares were listed on 15 July 2020.

For details, please refer to the relevant announcement (announcement no.: 2020-061) of the Company published on CNINFO on 9 July 2020.

**2. Completion of the implementation of the increase in shareholding of the controlling shareholder**

Due to its confidence in the Company's future business growth and development prospects, as at 9 September 2020, Chenming Holdings Company Limited, the controlling shareholder, cumulatively increased its shareholding in the Company by 17,817,434 A shares through centralized bidding on the Shanghai Stock Exchange trading system, representing 0.6% of the Company's total share capital. In aggregate, the increase in shareholding amounted to RMB100,118,100, and the implementation of the increase in shareholding was completed.

For details, please refer to the relevant announcement (announcement no.: 2020-087) of the Company published on CNINFO on 10 September 2020.

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. Financial asset investments****1. Security investments**

✓ Applicable ☐ Not applicable

Unit: RMB

Type of security	Stock code	Stock abbreviation	Initial investment cost	Model of accounting measurement	Opening carrying amount	Profit or loss from change in fair value during the period	Cumulative fair value change charged to equity	Purchases during the period	Disposals during the period	Gains or losses during the reporting period	Carrying amount as at the end of the period	Accounting items	Source of fund
Domestic and overseas shares	09668	Bohai Bank	195,684,817.15	Measurement at fair value	0.00	-6,592,990.05	-6,592,990.05	195,684,817.15	0.00	-6,592,990.05	189,091,827.10	Financial assets held for trading	Self-owned funds
Total			195,684,817.15	--	0.00	-6,592,990.05	-6,592,990.05	195,684,817.15	0.00	-6,592,990.05	189,091,827.10	--	--
Date of announcement relating to the securities investment approved by the board							20 June 2020						
Date of announcement relating to the securities investment approved by the board (if any)							Nil						

## 2. Derivative investments

☐ Applicable ☒ Not applicable

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

## V. Progress of investment projects with proceeds

☐ Applicable ☒ Not applicable

## VI. Estimate of the operating results for 2020

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 operations

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

☒ Applicable ☐ Not applicable

Time of reception	Place of reception	Mode of reception	Type of subject of reception	Subject of reception	Major topics discussed and information provided	Index for the basic information of the investigation
29 September 2020	Panorama • Roadshow platform	Online	Individuals and institutions	Investors participating in the 2020 investor online collective reception day event for listed companies in Shandong	Corporate governance, development strategy, and operating conditions	Panorama • Roadshow <a href="http://rs.p5w.net/">http://rs.p5w.net/</a>

## IV Financial Statements

### I. Financial Statements

#### 1. Consolidated balance sheet

Prepared by: Shangdong Chenming Paper Holdings Limited

30 September 2020

Unit: RMB

Item	30 September 2020	31 December 2019
<b>CURRENT ASSETS :</b>		
Monetary funds	17,486,813,167.47	19,306,529,473.33
Financial assets held for trading	189,091,827.10	
Bills receivable		
Accounts receivable	2,459,250,782.88	2,525,083,311.03
Accounts receivable financing	646,109,530.46	442,915,861.70
Prepayments	932,619,933.04	603,573,549.08
Other receivables	2,266,523,374.40	2,216,654,598.66
Including: Interest receivable		
Dividends receivable		13,000,000.00
Inventories	5,338,687,801.95	4,774,430,110.81
Contract assets		
Assets held-for-sale		
Non-current assets due within one year	7,265,642,098.07	6,974,539,613.30
Other current assets	4,876,429,272.68	8,108,707,394.70
Total current assets	41,461,167,788.05	44,952,433,912.61
<b>NON-CURRENT ASSETS:</b>		
Debt investments		
Other debt investments		
Long-term receivables	2,522,108,649.88	1,200,575,810.95
Long-term equity investments	3,835,285,635.60	3,606,339,023.74
Investment in other equity instruments		
Other non-current financial assets	147,445,653.55	147,445,653.55
Investment property	5,182,352,435.80	5,082,362,293.11
Fixed assets	37,970,292,532.85	34,439,935,032.69

Item	30 September 2020	31 December 2019
Construction in progress	455,329,505.32	5,476,122,928.95
Right-of-use assets	147,129,301.04	152,141,882.05
Intangible assets	1,828,187,648.67	1,781,061,904.51
Development expenditure		
Goodwill	5,969,626.57	5,969,626.57
Long-term prepaid expenses	46,317,772.47	48,203,408.71
Deferred income tax assets	943,032,126.13	892,442,631.04
Other non-current assets	50,470,966.11	173,875,826.67
Total non-current assets	53,133,921,853.99	53,006,476,022.54
Total assets	94,595,089,642.04	97,958,909,935.15
CURRENT LIABILITIES:		
Short-term borrowings	34,844,113,549.98	36,883,156,014.19
Financial liabilities held for trading		
Bills payable	4,165,556,883.13	1,515,048,206.00
Accounts payable	3,818,079,499.31	4,351,087,581.98
Receipts in advance		
Contract liabilities	1,223,586,364.44	968,082,063.13
Employee benefits payable	243,302,520.73	190,229,883.52
Taxes payable	473,218,536.70	311,554,116.73
Other payables	1,968,444,026.25	2,594,249,626.54
Including: Interest payable	122,575,261.67	208,189,699.15
Dividend payable		
Liabilities held-for-sale		
Non-current assets due within one year	7,345,250,544.13	5,662,958,920.03
Other current liabilities	155,711,997.16	222,402,500.00
Total current liabilities	54,237,263,921.83	52,698,768,912.12
NON-CURRENT LIABILITIES:		
Long-term borrowings	7,871,064,710.32	9,140,339,693.56
Bonds payable	1,558,756,456.07	1,258,270,909.49
Including: Preference shares		
Perpetual bonds		
Lease liabilities	60,271,769.90	59,697,128.65
Long-term payables	2,490,047,622.42	3,321,535,538.94
Long-term employee benefits payable		

Item	30 September 2020	31 December 2019
Provisions	325,259,082.28	325,259,082.28
Deferred income	1,666,109,369.16	1,771,013,335.11
Deferred income tax liabilities		1,411,125.59
Other non-current liabilities	1,387,172,269.72	3,042,841,328.86
Total non-current liabilities	15,358,681,279.87	18,920,368,142.48
TOTAL LIABILITIES	69,595,945,201.70	71,619,137,054.60
OWNERS' EQUITY:		
Share capital	2,984,208,200.00	2,904,608,200.00
Other equity instruments	5,473,500,000.00	7,465,500,000.00
Including: Preference shares	4,477,500,000.00	4,477,500,000.00
Perpetual bonds	996,000,000.00	2,988,000,000.00
Capital reserves	5,256,000,531.30	5,086,686,427.30
Less: Treasury shares	226,860,000.00	
Other comprehensive income	-785,213,057.79	-879,452,135.10
Special reserves	-	-
Surplus reserves	1,212,009,109.97	1,212,009,109.97
General risk reserves	74,122,644.20	74,122,644.20
Retained profit	9,364,289,228.84	9,306,269,617.38
Total equity attributable to equity holders of the company	23,352,056,656.52	25,169,743,863.75
Minority interest	1,647,087,783.82	1,170,029,016.80
Total owners' equity	24,999,144,440.34	26,339,772,880.55
TOTAL LIABILITIES AND OWNERS' EQUITY	94,595,089,642.04	97,958,909,935.15

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	30 September 2020	31 December 2019
<b>CURRENT ASSETS :</b>		
Monetary funds	6,353,643,948.78	9,001,257,324.52
Financial assets held for trading		
Bills receivable	1,689,170,000.00	3,254,460,000.00
Accounts receivable	742,330,617.37	39,204,670.00
Accounts receivable financing	92,509,620.51	189,873,567.14
Prepayments	325,939,372.49	722,472,479.01
Other receivables	10,548,910,904.10	13,975,590,537.58
Including: Interest receivable		
Dividends receivable		
Inventories	880,563,153.40	696,487,727.53
Contract assets		
Assets held-for-sale		
Non-current assets due within one year	245,631,300.05	129,546,826.00
Other current assets	81,935,906.10	80,815,659.84
Total current assets	20,960,634,822.80	28,089,708,791.62
<b>NON-CURRENT ASSETS:</b>		
Debt investments		
Other debt investments		
Long-term receivables	28,467,038.25	418,750,862.51
Long-term equity investments	22,449,689,544.10	23,629,780,317.87
Investment in other equity instruments		3,000,000.00
Other non-current financial assets	147,445,653.55	147,445,653.55
Investment property		
Fixed assets	4,043,600,693.20	3,901,007,932.88
Construction in progress	46,206,919.27	350,623,821.42
Bearer biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	538,608,376.11	446,430,156.00
Development expenditure		

Item	30 September 2020	31 December 2019
Goodwill		
Long-term prepaid expenses		
Deferred income tax assets	405,055,394.12	426,711,909.98
Other non-current assets		110,930,000.00
Total non-current assets	27,659,073,618.60	29,434,680,654.21
Total assets	48,619,708,441.40	57,524,389,445.83
CURRENT LIABILITIES:		
Short-term borrowings	11,977,894,807.77	11,601,509,632.09
Financial liabilities held for trading		
Bills payable	8,568,988,482.46	9,890,041,170.20
Accounts payable	976,199,992.44	833,526,295.40
Receipts in advance		
Contract liabilities	1,586,942,663.11	2,096,436,345.90
Employee benefits payable	73,746,920.90	71,040,017.13
Taxes payable	111,921,468.72	76,872,851.56
Other payables	3,365,780,716.24	6,426,648,847.95
Including: Interest payable	83,604,527.77	127,278,083.35
Dividend payable		
Liabilities held-for-sale		
Non-current liabilities due within one year	1,954,953,332.87	3,695,934,663.30
Other current liabilities	306,997,500.01	932,402,500.00
Total current liabilities	28,923,425,884.52	35,624,412,323.53
NON- CURRENT LIABILITIES:		
Long-term borrowings	1,150,692,035.94	150,692,035.94
Bonds payable	439,950,500.00	89,070,000.00
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	671,919,435.31	1,167,426,124.98
Long-term employee benefits payable		
Provisions	325,259,082.28	325,259,082.28
Deferred income	38,940,459.23	42,070,840.27
Deferred income tax liabilities		
Other non-current liabilities	1,793,483,343.67	2,789,283,340.67

Item	30 September 2020	31 December 2019
Total non-current liabilities	4,420,244,856.43	4,563,801,424.14
TOTAL LIABILITIES	33,343,670,740.95	40,188,213,747.67
OWNERS' EQUITY:		
Share capital	2,984,208,200.00	2,904,608,200.00
Other equity instruments	5,473,500,000.00	7,465,500,000.00
Including: Preference shares	4,477,500,000.00	4,477,500,000.00
Perpetual bonds	996,000,000.00	2,988,000,000.00
Capital reserves	5,091,821,539.19	4,953,557,435.19
Less: Treasury shares	226,860,000.00	
Other comprehensive income		
Special reserves		
Surplus reserves	1,199,819,528.06	1,199,819,528.06
General risk reserves	753,548,433.20	812,690,534.91
Total owners' equity	15,276,037,700.45	17,336,175,698.16
TOTAL LIABILITIES AND OWNERS' EQUITY	48,619,708,441.40	57,524,389,445.83

## 3. Consolidated income statement for the reporting period

Unit: RMB

Item	Amounts for the period	Amounts for the prior period
I. Total revenue	8,473,304,915.35	8,665,530,249.94
Including: Revenue	8,473,304,915.35	8,665,530,249.94
II. Total operating costs	8,015,225,647.68	7,902,495,189.97
Including: Operating costs	6,426,184,198.87	6,283,700,892.83
Taxes and surcharges	63,667,198.96	57,547,747.02
Sales and distribution expenses	358,827,887.19	373,167,721.36
General and administrative expenses	237,652,742.13	246,100,352.99
Research and development expenses	317,186,736.96	274,206,599.62
Finance expenses	611,706,883.57	667,771,876.15
Including: Interest expenses	696,344,047.21	777,506,849.57
Interest income	125,934,498.91	90,102,448.79
Plus: Other income	92,653,683.76	20,809,943.31
Investment income (“-” denotes loss)	64,675,083.25	175,779,271.30
Including: Investment income from associates and joint ventures	62,040,735.99	811,698.89
Gain on change in fair value (“-” denotes loss)	-6,592,990.05	
Credit impairment loss (“-” denotes loss)	17,208,777.85	-199,109,603.59
Asset impairment loss (“-” denotes loss)	-13,407,009.95	
Gain on disposal of assets (“-” denotes loss)	28,934,169.36	-38,828,228.51
III. Operating profit (“-” denotes loss)	641,550,981.89	721,686,442.48
Plus: Non-operating income	23,894,341.36	31,033,192.17
Less: Non-operating expenses	9,516,535.09	11,007,861.52
IV. Total profit (“-” denotes total loss)	655,928,788.16	741,711,773.13
Less: Income tax expenses	93,841,592.57	160,781,655.00
V. Net profit (“-” denotes net loss)	562,087,195.59	580,930,118.13
(I) Classification according to the continuity of operation		
1. Net profit from continuing operations (“-” denotes net loss)	562,087,195.59	580,930,118.13
2. Net profit from discontinued operations (“-” denotes net loss)		
(II) Classification according to ownership		
1. Net profit attributable to shareholders of the Company	560,227,575.14	557,960,253.43

Item	Amounts for the period	Amounts for the prior period
2. Profit or loss of minority interest	1,859,620.45	22,969,864.70
VI. Net other comprehensive income after tax	202,803,164.91	-231,012,416.02
Net other comprehensive income after tax attributable to	202,803,164.91	-231,012,416.02
(II) Other comprehensive income that will be reclassified to	202,803,164.91	-231,012,416.02
1. Translation differences of financial statements	202,803,164.91	-231,012,416.02
Net other comprehensive income after tax attributable to minority interest		
VII. Total comprehensive income	764,890,360.50	349,917,702.11
Total comprehensive income attributable to shareholders of the	763,030,740.05	326,947,837.41
Total comprehensive income attributable to minority interest	1,859,620.45	22,969,864.70
VIII. Earnings per share:		
(I) Basic earnings per share	0.136	0.135
(II) Diluted earnings per share	0.136	0.135

Legal Representative: Chen Hongguo    Head in charge of accounting: Dong Lianming    Head of the accounting department: Zhang Bo

#### 4. Statement of profit or loss and other comprehensive income of the Company for the reporting period

Unit: RMB

Item	Amounts for the period	Amounts for the prior period
I. Revenue	2,276,595,383.89	2,000,086,603.00
Less: Operating costs	1,829,561,648.41	1,509,980,777.19
Taxes and surcharges	22,676,611.57	8,956,107.34
Sales and distribution expenses	63,495,307.13	60,328,897.34
General and administrative expenses	70,602,249.69	97,046,884.52
Research and development expenses	79,872,864.77	82,066,921.93
Finance expenses	35,567,588.94	527,818,510.79
Including: Interest expenses	324,537,885.27	680,271,275.54
Interest income	276,222,561.01	160,658,344.73
Plus: Other income	1,759,793.68	1,075,008.68
Investment income ("-" denotes loss)	-984,567.48	276,223,938.89
Including: Investment income from associates and joint ventures	-984,567.48	-1,560,406.88
Gains from changes in fair value ("-" denotes loss)		

Item	Amounts for the period	Amounts for the prior period
Credit impairment loss (“-” denotes loss)	4,534,752.29	-47,516,333.91
Loss on impairment of assets (“-” denotes loss)		
Gain on disposal of assets (“-” denotes loss)	23,262,231.81	-5,712,679.60
II. Operating profit (“-” denotes loss)	203,391,323.68	-62,041,562.05
Plus: Non-operating income	1,109,607.69	11,070,851.80
Less: Non-operating expenses	563,591.87	6,387,118.13
III. Total profit (“-” denotes total loss)	203,937,339.50	-57,357,828.38
Less: Income tax expenses	21,691,423.04	-17,381,871.64
IV. Net profit (“-” denotes net loss)	182,245,916.46	-39,975,956.74
(I) Net profit from continuing operations (“-” denotes net loss)	182,245,916.46	-39,975,956.74
VI. Total comprehensive income	182,245,916.46	-39,975,956.74

#### 5. Consolidated statement of profit or loss 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	22,073,110,681.21	22,014,178,363.64
Including: Revenue	22,073,110,681.21	22,014,178,363.64
II. Total operating costs	21,347,078,154.23	20,892,416,331.43
Including: Operating costs	16,611,484,232.18	16,037,798,692.65
Taxes and surcharges	170,715,297.17	192,036,292.08
Sales and distribution expenses	1,011,570,307.54	963,752,678.83
General and administrative expenses	729,639,987.46	808,517,752.24
Research and development expenses	865,743,883.85	705,690,315.68
Finance expenses	1,957,924,446.03	2,184,620,599.95
Including: Interest expenses	2,135,844,207.98	2,354,263,128.87
Interest income	402,049,517.88	304,096,729.01
Plus: Other income	226,087,658.21	59,641,233.95
Investment income (“-” denotes loss)	201,568,566.22	166,312,098.33
Including: Investment income from associates and joint ventures	184,790,525.01	-8,655,474.08
Gain from changes in fair value (“-” denotes loss)	-15,839,733.91	-1,883,064.80
Credit impairment loss (“-” denotes loss)	-240,647,125.75	-261,549,886.93

Item	Amounts for the period	Amounts for the prior period
Loss on impairment of assets (“-” denotes loss)	-13,570,727.71	82,790,921.68
Gain on disposal of assets (“-” denotes loss)	24,228,282.47	-15,331,491.17
III. Operating profit (“-” denotes loss)	907,859,446.51	1,151,741,843.27
Plus: Non-operating income	666,294,459.14	268,505,785.14
Less: Non-operating expenses	18,524,079.27	16,057,989.71
IV. Total profit (“-” denotes total loss)	1,555,629,826.38	1,404,189,638.70
Less: Income tax expenses	331,801,780.72	286,659,474.62
V. Net profit (“-” denotes net loss)	1,223,828,045.66	1,117,530,164.08
(I) Classification according to the continuity of operation		
1. Net profit from continuing operations (“-” denotes net loss)	1,223,828,045.66	1,117,530,164.08
2. Net profit from discontinued operations (“-” denotes net loss)		
(II) Classification according to ownership		
1. Net profit attributable to shareholders of the Company	1,076,554,278.62	1,067,755,825.72
2. Profit or loss of minority interests	147,273,767.04	49,774,338.36
VI. Net other comprehensive income after tax	94,239,077.31	-247,029,104.22
Net other comprehensive income after tax attributable to shareholders of the Company	94,239,077.31	-247,029,104.22
(II) Other comprehensive income that will be reclassified to profit or loss	94,239,077.31	-247,029,104.22
1. Exchange differences on translation	94,239,077.31	-247,029,104.22
Net other comprehensive income after tax attributable to minority interest		
VII. Total comprehensive income	1,318,067,122.97	870,501,059.86
Total comprehensive income attributable to shareholders of the Company	1,170,793,355.93	820,726,721.50
Total comprehensive income attributable to minority interest	147,273,767.04	49,774,338.36
VIII. Earnings per share:		
(I) Basic earnings per share	0.187	0.148
(II) Diluted earnings per share	0.187	0.148

Legal Representative: Chen Hongguo    Head in charge of accounting: Dong Lianming    Head of the accounting department: Zhang Bo

**6. Statement of profit or loss 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	6,123,789,041.42	4,696,099,019.10
Less: Operating costs	4,858,035,120.83	3,613,267,928.83
Taxes and surcharges	43,406,698.99	31,340,628.12
Sales and distribution expenses	187,644,083.02	156,262,010.50
General and administrative expenses	229,708,685.85	257,448,680.43
Research and development expenses	208,535,860.54	204,332,393.43
Finance expenses	416,134,913.98	1,379,257,085.04
Including: Interest expenses	1,128,352,909.69	1,977,451,686.00
Interest income	788,346,047.09	684,663,818.41
Plus: Other income	5,924,476.14	3,255,881.04
Investment income (“-” denotes loss)	681,684,463.59	1,286,777,082.46
Including: Investment income from in associates and joint ventures	-2,645,536.41	-14,360,263.31
Gains from changes in fair value (“-” denotes loss)		
Credit impairment loss (“-” denotes loss)	19,772,653.80	-48,361,072.12
Loss on impairment of assets (“-” denotes loss)		
Gains on disposal of assets (“-” denotes loss)	39,365,091.11	16,703,489.82
II. Operating profit (“-” denotes loss)	927,070,362.85	312,565,673.95
Plus: Non-operating income	55,795,173.30	89,014,190.80
Less: Non-operating expenses	1,816,454.84	10,583,044.24
III. Total profit (“-” denotes total loss)	981,049,081.31	390,996,820.51
Less: Income tax expenses	21,656,515.86	-113,957,576.37
IV. Net profit (“-” denotes net loss)	959,392,565.45	504,954,396.88
(I) Net profit from continuing operations (“-” denotes net loss)	959,392,565.45	504,954,396.88
V. Total comprehensive income	959,392,565.45	504,954,396.88



**7. Consolidated statement of cash flows 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
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services	24,709,035,873.24	24,694,452,196.67
Tax rebates received	4,987,490.79	3,235,185.49
Cash received relating to other operating activities	3,128,476,419.91	4,789,319,464.29
Subtotal of cash inflows from operating activities	27,842,499,783.94	29,487,006,846.45
Cash paid for goods and services	17,553,230,744.56	18,654,617,667.62
Cash paid to and for employees	887,119,561.10	957,941,627.76
Payments of taxes and surcharges	919,411,194.62	1,440,370,577.89
Cash paid relating to other operating activities	1,213,888,162.10	1,934,852,831.68
Subtotal of cash outflows from operating activities	20,573,649,662.38	22,987,782,704.95
Net cash flows from operating activities	7,268,850,121.56	6,499,224,141.50
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments		2,784,345.77
Cash received from investments income	26,760,712.33	12,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	131,924,763.00	131,375,805.90
Net cash received from disposal of subsidiaries and other business units	217,547,669.15	221,000,000.00
Cash received relating to other investing activities	409,282,077.65	767,670,000.00
Subtotal of cash inflows from investing activities	785,515,222.13	1,134,830,151.67
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	225,778,525.87	926,528,167.05
Cash paid on investments	124,256,800.00	1,639,194,479.24
Net cash paid for acquisition of subsidiaries and other business entities		
Cash paid relating to other investing activities	4,000,000.00	189,628,400.00
Subtotal of cash outflows from investing activities	354,035,325.87	2,755,351,046.29
Net cash flows from investing activities	431,479,896.26	-1,620,520,894.62
<b>III. Cash flows from financing activities:</b>		
Cash receipts from capital contributions	596,070,000.00	

Item	Amounts for the period	Amounts for the prior period
Including: Cash receipts from capital contributions by minority shareholders of subsidiaries		
Cash received from borrowings	19,337,769,412.42	28,024,258,208.07
Cash received relating to other financing activities	2,738,933,979.49	4,096,789,134.60
Subtotal of cash inflows from financing activities	22,672,773,391.91	32,121,047,342.67
Cash repayments of amounts borrowed	22,137,188,922.54	23,844,425,199.09
Cash paid for dividend and profit distribution or interest payment	2,572,090,031.97	3,051,263,128.87
Cash paid relating to other financing activities	6,208,558,904.21	9,712,203,599.23
Subtotal of cash outflows from financing activities	30,917,837,858.72	36,607,891,927.19
Net cash flows from financing activities	-8,245,064,466.81	-4,486,844,584.52
IV. Effect of foreign exchange rates changes on cash and cash equivalents	49,151,722.66	-377,093,948.33
V. Net increase in cash and cash equivalents	-495,582,726.33	14,764,714.03
Plus: Balance of cash and cash equivalents as at the beginning of the period	2,890,328,027.40	2,381,558,242.52
VI. Balance of cash and cash equivalents as at the end of the period	2,394,745,301.07	2,396,322,956.55

#### 8. Statement of cash flows 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	6,282,142,625.71	6,426,249,401.49
Tax rebates received		
Cash received relating to other operating activities	202,526,578.83	1,296,334,093.23
Subtotal of cash inflows from operating activities	6,484,669,204.54	7,722,583,494.72
Cash paid for goods and services	4,955,500,996.59	1,643,706,437.55
Cash paid to and for employees	259,796,913.91	324,122,682.18
Payments of taxes and surcharges	150,054,752.93	145,658,208.00
Cash paid relating to other operating activities	535,044,976.64	815,945,979.17
Subtotal of cash outflows from operating activities	5,900,397,640.07	2,929,433,306.90
Net cash flows from operating activities	584,271,564.47	4,793,150,187.82
II. Cash flows from investing activities:		

Item	Amounts for the period	Amounts for the prior period
Cash received from disposal of investments	1,466,082,906.51	2,784,345.77
Cash received from investment income	682,430,000.00	2,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	104,624,763.00	75,806,913.60
Net cash received from disposal of subsidiaries and other business entities		221,000,000.00
Cash received relating to other investing activities	409,282,077.65	767,670,000.00
Subtotal of cash inflows from investing activities	2,662,419,747.16	1,069,261,259.37
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	6,337,885.55	39,680,681.99
Cash paid on investments		1,147,500,000.00
Net cash paid for acquisition of subsidiaries and other business entities		
Cash paid relating to other investing activities		
Subtotal of cash outflows from investing activities	6,337,885.55	1,187,180,681.99
Net cash flows from investing activities	2,656,081,861.61	-117,919,422.62
III. Cash flows from financing activities:		
Cash receipts from capital contributions	226,860,000.00	
Cash received from borrowings	12,457,501,284.37	8,067,108,555.77
Cash received relating to other financing activities	3,859,765,533.92	5,638,813,889.00
Subtotal of cash inflows from financing activities	16,544,126,818.29	13,705,922,444.77
Cash repayments of amounts borrowed	12,114,948,547.18	8,335,983,231.30
Cash paid for dividend and profit distribution or interest payment	801,386,060.50	1,471,593,054.48
Cash paid relating to other financing activities	6,215,246,529.40	8,479,116,872.45
Subtotal of cash outflows from financing activities	19,131,581,137.08	18,286,693,158.23
Net cash flows from financing activities	-2,587,454,318.79	-4,580,770,713.46
IV. Effect of foreign exchange rate changes on cash and cash equivalents	1,867,883.13	-3,844,637.47
V. Net increase in cash and cash equivalents	654,766,990.42	90,615,414.27
Plus: Balance of cash and cash equivalents as at the beginning of the period	136,328,721.71	607,805,063.02
VI. Balance of cash and cash equivalents as at the end of the period	791,095,712.13	698,420,477.29

## **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 Revenue and the New Standards for Lease in 2020**

☐ 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 Revenue and the New Standards for Lease in 2020**

☐ 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**

22 October 2020