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山東晨鳴紙業集團股份有限公司
SHANDONG CHENMING PAPER HOLDINGS LIMITED*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(St ~~HK~~ A : 1812)

2023 T Q t R t

Shandong Chenming Paper Holdings Limited (the “Company”) is required to publish quarterly reports in accordance with the requirements of the China Securities Regulatory Commission.

The financial data contained in this quarterly report is unaudited and is prepared in accordance with the Accounting Standards for Business Enterprises. This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance. The same is also published on the website of Shenzhen Stock Exchange and in the newspapers in China.

IMPORTANT NOTICE:

1. 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”) 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.
2. The head of the Company, the head in charge of accounting and the head of the accounting department (Accounting Officer) declare that they warrant the truthfulness, accuracy and completeness of the financial information in this quarterly report.
3. Has the third quarterly report already been audited yet?

Yes No

(II) Applicable Not applicable

Unit: RMB

| Item | 2017 | 2016 | 2015 |
|---|----------------|----------------|------|
| Profit or loss from disposal of non-current assets (including write-off of asset impairment provision) | 370,338,205.22 | 379,456,232.27 | |
| Government grants (except for the government grants closely related to the ordinary course of business of the Company, and granted constantly at a fixed amount or quantity in accordance with a certain standard in compliance with national policies and regulations) accounted for in profit or loss for the current period | 29,138,553.70 | 137,294,250.89 | |
| Profit or loss from debt restructuring | - | -145,995.36 | |
| Except for effective hedging business conducted in the ordinary course of business of the Company, 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 gains from disposal of financial assets held for trading, financial liabilities held for trading, and financial assets available for sale | -2,407,719.04 | -27,973,296.29 | |
| Reversal of provision for impairment of account receivables that were individually tested for impairment | 4,796,596.50 | 73,383,040.16 | |
| Profit or loss from changes in fair value of consumable biological assets subsequently measured at fair value | - | 5,749,779.42 | |
| Other non-operating income and expense other than the above items | 474,140.57 | 917,995.67 | |
| Less: Effect of income tax | 39,318,946.10 | 78,983,009.52 | |
| Effect of minority interest (after tax) | 3,460,218.15 | 6,379,331.15 | |
| Total | 359,560,612.70 | 483,319,666.09 | - |

Details of other gain or loss items that fall within the definition of extraordinary gains or losses:

Applicable Not applicable

The Company did not have details of other gain or loss items that fall within the definition of extraordinary gains or losses.

Notes on the extraordinary gain or loss items as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Extraordinary Gains or Losses defined as recurring gain or loss items

Applicable Not applicable

No extraordinary gain or loss items as 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.

Explanation of the reasons leading to the major changes:

- (1) Financial assets held for trading decreased by 36.14% as compared to the beginning of the year, mainly due to the fluctuations in the share price of China Bohai Bank held by the Company during the reporting period.
- (2) Accounts receivable financing decreased by 39.03% as compared to the beginning of the year, mainly due to a decrease in bills held at the end of the reporting period from the beginning of the year.

2. Return to Profitability

Unit: RMB

| Item | June 2023 | June 2022 | Change | Ratio |
|--|-----------------|----------------|----------|-------|
| Other income | 137,294,250.89 | 209,186,744.05 | -34.37% | (1) |
| Investment income | 559,859,008.78 | -35,152,327.92 | 1692.67% | (2) |
| Gain on change in fair value | -22,223,516.87 | -69,087,362.75 | 67.83% | (3) |
| Credit impairment loss | -119,736,318.78 | -39,776,513.42 | 201.02% | (4) |
| Asset impairment loss | -43,314,485.76 | 1,936,644.09 | 2336.57% | (5) |
| Gain on disposal of assets | 28,898,907.59 | 2,438,642.89 | 1085.04% | (6) |
| Income tax expenses | -300,315,157.56 | -55,677,461.01 | -439.38% | (7) |
| Net profit attributable to shareholders of the Company | -768,293,423.52 | 240,575,860.63 | -419.36% | (8) |
| Profit or loss of minority interest | -51,139,366.19 | 60,786,319.81 | -184.13% | (9) |

Explanation of the reasons leading to the major changes:

- (1) Other income decreased by 34.37% as compared to the corresponding period of last year, mainly due to a year-on-year decrease in government grants associated with ordinary operating activities received by the Company during the reporting period.
- (2) Investment income increased by 1,692.67% as compared to the corresponding period of last year, mainly due to disposal of Wuhan Chenming and an increase in gain on investment in associates recognised during the reporting period.
- (3) Gain on change in fair value increased by 67.83% as compared to the corresponding period of last year, mainly due to the fluctuations in the share price of China Bohai Bank held by the Company during the reporting period.

- (4) Credit impairment loss increased by 201.02% as compared to the corresponding period of last year, mainly due to a year-on-year increase of the Company's provision for bad debts during the reporting period.
- (5) Asset impairment loss increased by 2,336.57% as compared to the corresponding period of last year, mainly due to a year-on-year increase of provision for impairment of inventories of machine-made paper during the reporting period.
- (6) Gain on disposal of assets increased by 1,085.04% as compared to the corresponding period of last year, mainly due to the disposal of properties by Meilun Paper, a subsidiary, during the reporting period.
- (7) Income tax expenses decreased by 439.38% as compared to the corresponding period of last year, mainly due to a year-on-year decrease in total profit achieved by the Company during the reporting period.
- (8) Net profit attributable to shareholders of the Company decreased by 419.36% as compared to the corresponding period of last year, mainly due to a year-on-year decrease in the Company's profit resulting from a year-on-year decrease of the sales volume and selling prices of the Company's machine-made paper during the reporting period.
- (9) Profit or loss of minority interest decreased by 184.13% as compared to the corresponding period of last year, mainly due to a year-on-year decrease in the operating profit of certain non-wholly-owned subsidiaries during the reporting period.

3. A (A) t t

Unit: RMB

| It | J S t 2023 | J S t 2022 | C | R (A) |
|---|-------------------|-------------------|----------|----------|
| Net cash flows from operating activities | 3,641,357,960.67 | 1,149,199,574.17 | 216.86% | (1) |
| Net cash flows from investment activities | -26,410,486.71 | -999,164,406.72 | 97.36% | (2) |
| Net cash flows from financing activities | -4,637,764,465.71 | -1,241,316,289.61 | -273.62% | (3) |

Explanation of the reasons leading to the major changes:

- (1) Cash flows from operating activities increased by 216.86% as compared to the corresponding period of last year, mainly due to a year-on-year decrease in cash paid for the purchase of goods as a result of the year-on-year decrease in prices of raw materials and energy such as wood chips and raw coal during the reporting period.
- (2) Cash flows from investment activities increased by 97.36% as compared to the corresponding period of last year, mainly due to the year-on-year decrease in project investments by the Company during the reporting period.
- (3) Cash flows from financing activities decreased by 273.62% as compared to the corresponding period of last year, mainly due to the reduction in debt size by the Company during the reporting period.

| S t t t - t t | | | |
|--|--|--------------------------------|-------------|
| N | N t t | C | |
| | | C | N |
| CHENMING HOLDINGS COMPANY LIMITED | 457,322,919 | RMB ordinary shares | 457,322,919 |
| HKSCC NOMINEES LIMITED | 373,444,025 | Overseas listed foreign shares | 373,444,025 |
| CHENMING HOLDINGS (HONG KONG) LIMITED <i>(Note 1)</i> | 364,131,563 | Domestic listed foreign shares | 210,717,563 |
| | | Overseas listed foreign shares | 153,414,000 |
| HONG Zejun | 84,200,000 | RMB ordinary shares | 84,200,000 |
| SHANDONG SUN HOLDINGS GROUP CO., LTD. | 24,987,117 | RMB ordinary shares | 24,987,117 |
| CHINA MERCHANTS SECURITIES (HK) CO., LIMITED | 20,217,332 | Domestic listed foreign shares | 20,217,332 |
| VANGUARD EMERGING MARKETS STOCK INDEX FUND | 14,852,146 | Domestic listed foreign shares | 14,852,146 |
| VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND | 14,771,945 | Domestic listed foreign shares | 14,771,945 |
| HONG KONG SECURITIES CLEARING COMPANY LIMITED | 14,226,733 | RMB ordinary shares | 14,226,733 |
| DU Haibin | 12,273,802 | RMB ordinary shares | 12,273,802 |
| 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. A shareholder, CHEN Hongguo, is the legal representative and chairman of Chenming Holdings Company Limited. Save for the above, it is not aware that any other shareholders above are persons acting in concert. It is also not aware that any other shareholders above are related to each other. | | |
| Securities margin trading of top ten shareholders | Chenming Holdings Company Limited held 457,322,919 RMB ordinary shares, of which 326,322,919 shares were held through ordinary account | | |

Note 1: In order to meet its own capital needs, Chenming Holdings (Hong Kong) Limited conducted share financing business with overseas institutions, entrusting 210,717,563 B shares and 153,414,000 H shares of the Company held by it to the custody brokerage designated by overseas institutions. The aforesaid shares were subject to the risk of not to be recovered, which may lead to a reduction in the shareholding in the Company, but does not affect Chenming Holdings' position as the first largest shareholder, and does not affect the control of the Company. For details, please refer to the announcement disclosed by the Company on CNINFO on 18 July 2023 (announcement no.: 2023-058) and the inside information announcement disclosed by the Company on the website of Hong Kong Stock Exchange on 18 July 2023.

(II) T t A t t t
A
 Applicable Not applicable

III. OTHER MATERIAL MATTERS

Applicable Not applicable

1. R t t RMB1

On 11 July 2017, the Company issued the 2017 First Tranche of Medium-term Notes (Bond abbreviation: 17 Lu Chenming MTN001, bond code: 101779001) amounting to RMB1 billion with a term of 3+N. According to the "Prospectus of the Company's 2017 First Tranche of Medium-term Notes", "17 Lu Chenming MTN001" is subject to the issuer's redemption option. On 11 May 2023, the Company disclosed the Announcement on the Exercise of the Redemption Option of the 2017 First Tranche of Medium-term Notes on Shanghai Clearing House (www.shclearing.com) and Chinamoney (www.chinamoney.com.cn). The Company redeemed the RMB1 billion perpetual bonds in full on 12 July 2023, and the principal and interest payment amounted to RMB1,089.70 million. To date, all the bonds of the Company have been redeemed.

For details, please refer to the relevant announcement disclosed by the Company on CNINFO on 15 July 2023 (announcement no.: 2023-049) and the overseas regulatory announcement disclosed by the Company on the website of Hong Kong Stock Exchange on 14 July 2023.

2. Disposal of 65.21% Equity Interest in Wuhan Chenming

In order to promote industrial upgrading, the Company relocated the main equipment of the household paper production line and the special paper production line of Wuhan Chenming Hanyang Paper Holdings Co., Ltd. (“Wuhan Chenming”) to Shouguang production base and Zhanjiang production base respectively. On 28 April 2023, the Company convened the fifth meeting of the tenth session of the Board to consider and approve the State-owned Construction Land Use Right Resumption Agreement entered into by Wuhan Chenming with the Branch Center in Wuhan Economic and Technological Development Zone of Wuhan Land Consolidation Reserve Center in relation to land acquisition and reserve.

On 8 September 2023 and 26 September 2023, the Company convened the tenth extraordinary meeting of the tenth session of the Board and the 2023 third extraordinary general meeting respectively to consider and approve the Resolution on the Disposal of 65.21% Equity Interest in Wuhan Chenming. In order to further optimise the Company’s assets structure, revitalise inefficient assets and improve asset utilisation efficiency, recover capitals as soon as possible and increase cash inflows, focus on pulp production and papermaking and enhance profitability, the Company disposed of 65.21% equity interest in Wuhan Chenming to Wuhan Yuanfeng Yinhu Industrial Investment Partnership (Limited Partnership) for a consideration of RMB480 million. Upon the completion of this transaction, Wuhan Chenming will be an investee of the Company and cease to be consolidated into the Company’s financial statements.

For details, please refer to the relevant announcements disclosed by the Company on CNINFO on 9 September and 27 September 2023 (announcement no.: 2023-068 and 2023-073) and the overseas regulatory announcements disclosed by the Company on the website of Hong Kong Stock Exchange on 8 September and 26 September 2023.

3. Introduction of Strategic Investor to Zhanjiang Chenming

On 20 September 2023, the Company held the eleventh extraordinary meeting of the tenth session of the Board to consider and approve the Resolution on the Capital Contribution for Share Increase and Introduction of a Strategic Investor for a Majority-owned Subsidiary. As Zhanjiang Chenming Pulp & Paper Co., Ltd. (“Zhanjiang Chenming”), a majority-owned subsidiary of the Company, was highly recognised for its good development prospects and the strategic layout of pulp and paper integration, Shandong Caixin Investment Co., Ltd., a wholly-owned subsidiary of Shandong Caixin Assets Operation Co., Ltd., an important backbone state-owned enterprise in Shandong province, would contribute capital to Zhanjiang Chenming with a total capital contribution of RMB300.00 million.

For details, please refer to the relevant announcement disclosed by the Company on CNINFO on 21 September 2023 (announcement no.: 2023-072) and the overseas regulatory announcement disclosed by the Company on the website of Hong Kong Stock Exchange on 20 September 2023.

IV. QUARTERLY FINANCIAL STATEMENTS

(I) Financial Statement

1. Current Assets

Prepared by: Shandong Chenming Paper Holdings Limited

30 September 2023

Unit: RMB

| Item | 30 September 2023 | 31 December 2022 |
|--|-------------------|-------------------|
| CURRENT ASSETS: | | |
| Monetary funds | 12,308,496,881.61 | 14,000,434,986.08 |
| Financial assets held for trading | 47,706,856.58 | 74,708,444.88 |
| Accounts receivable | 2,718,104,939.61 | 3,212,260,445.96 |
| Accounts receivable financing | 563,936,083.99 | 924,960,384.16 |
| Prepayments | 974,472,944.15 | 788,191,626.82 |
| Other receivables | 2,014,173,246.07 | 1,717,445,443.44 |
| Including: Interest receivable | – | – |
| Dividend receivable | – | – |
| Inventories | 5,537,347,962.68 | 6,821,916,159.95 |
| Non-current assets due within one year | 3,791,206,151.21 | 3,998,724,415.85 |
| Other current assets | 1,028,051,705.41 | 1,180,807,801.62 |
| Total current assets | 28,983,496,771.31 | 32,719,449,708.76 |

| It | 30 S t 2023 | 31 D A 2022 |
|------------------------------------|--------------------|--------------------|
| NON-CURRENT ASSETS: | | |
| Long-term receivables | 1,313,789,095.14 | 1,486,807,783.47 |
| Long-term equity investments | 4,833,586,822.62 | 4,277,013,369.56 |
| Other non-current financial assets | 785,374,459.73 | 786,750,761.62 |
| Investment property | 6,098,404,916.44 | 6,256,723,113.15 |
| Fixed assets | 32,233,394,717.79 | 33,797,738,695.30 |
| Construction in progress | 781,700,024.22 | 558,866,880.36 |
| Bearer biological assets | 17,124,687.36 | 13,697,336.80 |
| Right-of-use assets | 172,690,960.43 | 181,614,699.25 |
| Intangible assets | 1,932,744,523.14 | 1,831,338,830.92 |
| Goodwill | 35,220,543.80 | 26,946,905.38 |
| Long-term prepaid expenses | 40,789,194.69 | 44,462,851.45 |
| Deferred income tax assets | 1,582,022,923.56 | 1,335,700,565.60 |
| Other non-current assets | 1,015,830,817.06 | 983,905,908.00 |
| Total non-current assets | 50,842,673,685.98 | 51,581,567,700.86 |
| Total assets | 79,826,170,457.29 | 84,301,017,409.62 |

| It | 30 S t 2023 | 31 D (A 2022 |
|---|--------------------|---------------------|
| CURRENT LIABILITIES: | | |
| Short-term borrowings | 33,465,003,554.55 | 36,385,048,295.02 |
| Bills payable | 3,911,374,951.07 | 3,128,595,835.04 |
| Accounts payable | 4,240,398,770.67 | 4,114,966,767.76 |
| Receipts in advance | 28,214,837.65 | 14,261,436.67 |
| Contract liabilities | 1,414,915,865.71 | 1,306,029,389.80 |
| Employee benefits payable | 99,657,961.78 | 144,925,887.00 |
| Taxes payable | 271,025,259.94 | 261,011,669.09 |
| Other payables | 2,023,590,405.41 | 1,870,403,909.17 |
| Including: Interest payable | – | 15,895,930.51 |
| Dividend payable | – | – |
| Non-current liabilities due within one year | 4,030,059,844.73 | 4,673,505,241.86 |
| Total current liabilities | 49,484,241,451.51 | 51,898,748,431.41 |
| NON-CURRENT LIABILITIES: | | |
| Long-term borrowings | 4,622,942,930.15 | 3,982,236,251.08 |
| Lease liabilities | 49,288,793.84 | 53,596,047.46 |
| Long-term payables | 2,727,054,453.24 | 3,160,771,126.31 |
| Deferred income | 1,361,476,810.43 | 1,469,230,468.46 |
| Deferred income tax liabilities | 13,496,228.11 | 8,181,264.29 |
| Total non-current liabilities | 8,774,259,215.77 | 8,674,015,157.60 |
| Total liabilities | 58,258,500,667.28 | 60,572,763,589.01 |

| It | 30 S t 2023 | 31 D A 2022 |
|------------------------------|-------------------|-------------------|
| OWNERS' EQUITY: | | |
| Share capital | 2,979,742,200.00 | 2,979,742,200.00 |
| Other equity instruments | – | 996,000,000.00 |
| Including: Preference shares | – | – |
| Perpetual bonds | – | 996,000,000.00 |
| Capital reserves | 5,370,361,586.04 | 5,361,200,522.29 |
| Less: Treasury shares | 128,780,100.00 | 128,780,100.00 |
| Other comprehensive income | -898,939,411.05 | -821,940,694.57 |
| Special reserves | 21,456,914.53 | 15,791,710.95 |
| Surplus reserves | 1,212,009,109.97 | 1,212,009,109.97 |
| General risk provisions | 79,900,268.71 | 79,900,268.71 |
| Retained profit | 8,532,649,054.05 | 9,390,642,477.57 |
| T t q t tt t t t C | 17,168,399,622.25 | 19,084,565,494.92 |
| Minority interest | 4,399,270,167.76 | 4,643,688,325.69 |
| T t t ' q t | 21,567,669,790.01 | 23,728,253,820.61 |
| T t t t ' q t | 79,826,170,457.29 | 84,301,017,409.62 |

Legal Representative:
CHEN Hongguo

Financial controller:
DONG Lianming

Head of the
financial department:
ZHANG Bo

2. C t t t t t t t t t t t

Unit: RMB

| It | A t | A t |
|---|-------------------|-------------------|
| I. Total revenue | 19,721,856,232.05 | 25,356,033,895.76 |
| Including: Revenue | 19,721,856,232.05 | 25,356,033,895.76 |
| II. Total operating costs | 21,379,907,220.64 | 25,159,168,151.47 |
| Including: Operating costs | 18,339,887,716.53 | 21,776,704,144.94 |
| Taxes and surcharges | 177,602,066.45 | 173,762,349.09 |
| Sales and distribution expenses | 169,600,667.50 | 211,648,240.10 |
| General and administrative expenses | 520,498,796.69 | 533,251,815.08 |
| Research and development expenses | 824,079,516.18 | 978,386,493.77 |
| Finance expenses | 1,348,238,457.29 | 1,485,415,108.49 |
| Including: Interest expenses | 1,299,077,501.52 | 1,471,057,552.72 |
| Interest income | 118,875,037.93 | 183,204,055.55 |
| Plus: Other income | 137,294,250.89 | 209,186,744.05 |
| Investment income (“-” denotes loss) | 559,859,008.78 | -35,152,327.92 |
| Including: Investment income from associates and joint ventures | 265,167,737.51 | 36,362,903.71 |
| Gains on derecognition of financial assets measured at amortised cost | -97,405,717.01 | -105,681,243.38 |
| Gain from changes in fair value (“-” denotes loss) | -22,223,516.87 | -69,087,362.75 |
| Credit impairment loss (“-” denotes loss) | -119,736,318.78 | -39,776,513.42 |
| Loss on impairment of assets (“-” denotes loss) | -43,314,485.76 | 1,936,644.09 |
| Gain on disposal of assets (“-” denotes loss) | 28,898,907.59 | 2,438,642.89 |
| III. Operating profit (“-” denotes loss) | -1,117,273,142.74 | 266,411,571.23 |
| Plus: Non-operating income | 1,429,354.48 | 2,781,177.51 |
| Less: Non-operating expenses | 3,904,159.01 | 23,508,029.31 |

| It | A t | A t |
|--|-------------------|-----------------|
| IV. Total profit (“-” denotes total loss) | -1,119,747,947.27 | 245,684,719.43 |
| Less: Income tax expenses | -300,315,157.56 | -55,677,461.01 |
| V. Net profit (“-” denotes net loss) | -819,432,789.71 | 301,362,180.44 |
| (I) Classification according to the continuity of operation | | |
| 1. Net profit from continuing operations (“-” denotes net loss) | -819,432,789.71 | 301,362,180.44 |
| (II) Classification according to ownership | | |
| 1. Net profit attributable to owners of the Company | -768,293,423.52 | 240,575,860.63 |
| 2. Profit or loss of minority interest | -51,139,366.19 | 60,786,319.81 |
| VI. Net other comprehensive income after tax | -76,998,716.48 | -313,546,897.19 |
| Net other comprehensive income after tax attributable to owners of the Company | -76,998,716.48 | -313,546,897.19 |
| (I) Other comprehensive income that cannot be reclassified to profit or loss | - | - |
| (II) Other comprehensive income that will be reclassified to profit or loss | -76,998,716.48 | -313,546,897.19 |
| 1. Exchange differences on translation | -74,623,005.70 | -313,546,897.19 |
| 2. Other comprehensive income that may be reclassified to profit or loss under the equity method | -2,375,710.78 | - |
| Net other comprehensive income after tax attributable to minority interest | - | - |
| VII. Total comprehensive income | -896,431,506.19 | -12,184,716.75 |
| Total comprehensive income attributable to owners of the Company | -845,292,140.00 | -72,971,036.56 |
| Total comprehensive income attributable to minority interest | -51,139,366.19 | 60,786,319.81 |
| VIII. Earnings per share: | | |
| (I) Basic earnings per share | -0.278 | 0.060 |
| (II) Diluted earnings per share | -0.278 | 0.060 |

Legal Representative:
CHEN Hongguo

Financial controller:
DONG Lianming

Head of the
financial department:
ZHANG Bo

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