

Stock code: 000488, 200488

Stock abbreviation: Chenming Paper Chenming B

Announcement No.:2020-076

2020 Interim Report Summary of

SHANDONG CHENMING PAPER HOLDINGS LIMITED

1. IMPORTANT NOTICE

This interim report summary is extracted from the text of the interim report. For the full understanding of the operating results, financial situation and plan for future development of the Company, investors should read the full version of the interim report carefully published on the media designated by the CSRC and the website of The Stock Exchange of Hong Kong Limited.

Notice of non-standard auditor's opinion

☐ Applicable ☒ Not applicable

A proposed profit distribution plan on ordinary shares or a proposed plan on conversion of capital reserves into share capital for the reporting period was considered and passed by the Board

☐ Applicable ☒ Not applicable

The Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

A proposed profit distribution plan on preference shares for the reporting period was considered and approved by the Board

☐ Applicable ☒ Not applicable

II. BASIC INFORMATION ON THE COMPANY

1. Company profile

Stock abbreviation	晨鳴紙業	Stock code	000488
	晨鳴B		200488
	晨鳴優01		140003
	晨鳴優02		140004
	晨鳴優03		140005
Stock exchanges on which the shares are listed	Shenzhen Stock Exchange		
Stock abbreviation	Chenming Paper	Stock code	01812
Stock exchanges on which the shares are listed	The Stock Exchange of Hong Kong Limited		
Legal name in Chinese of the Company	山東晨鳴紙業集團股份有限公司		
Legal short name in Chinese of the Company	晨鳴紙業		
Legal name in English of the Company (if any)	SHANDONG CHENMING PAPER HOLDINGS LIMITED		
Legal short name in English of the Company (if any)	SCPH		
Legal representative of the Company	Chen Hongguo		

2. 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 for the reporting period as compared to the corresponding period of the prior year
Revenue (RMB)	13,599,805,765.86	13,348,648,113.70	1.88%
Net profit attributable to shareholders of the Company (RMB)	516,326,703.48	509,795,572.29	1.28%
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	67,882,116.23	303,144,996.21	-77.61%
Net cash flows from operating activities (RMB)	2,327,033,784.68	2,699,770,891.69	-13.81%
Basic earnings per share (RMB per share)	0.051	0.013	292.31%
Diluted earnings per share (RMB per share)	0.051	0.013	292.31%
Rate of return on weighted average net assets	0.84%	0.21%	Increase by 0.63 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 as compared to the end of the prior year
Total assets (RMB)	99,034,079,672.06	97,958,909,935.15	1.10%
Net assets attributable to shareholders of the Company (RMB)	24,907,632,671.76	25,169,743,863.75	-1.04%

Data description of basic earnings per share, diluted earnings per share, and rate of return on weighted average net assets:

Net profit attributable to shareholders of the Company does not exclude the effect of interest on perpetual bonds and the dividends on 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 on perpetual bonds from 1 January 2020 to 30 June 2020 of RMB96,734,246.58 and the dividend on preference shares paid and declared to be paid in 2020 of RMB270,776,073.42 are deducted.

3. Total number of shareholders and shareholdings

Unit: share

Total number of ordinary shareholders as at the end of the reporting period	109,060, of which 88,863 were holders of A shares, 19,834 were holders of B shares and 363 were holders of H shares			Total number of holders of preference shares with restored voting right as at the end of the reporting period (if any)			
Shareholdings of ordinary shareholders interested in more than 5% of the shares of the Company or Top 10 ordinary shareholders							
Name of shareholder	Nature of	Percentage	Number of	Changes	Number	Number	Share pledged or

	shareholder	of sharehold- ing	shares held at the end of the reporting period	(increase or decrease) during the reporting period	of restricted shares held	of non-restr- ict shares held	locked-up	
							Statu- s of share s	Number
CHENMING HOLDINGS COMPANY LIMITED	State-owne d legal person	14.93%	445,396,128				Pledg e	322,700,000
HKSCC NOMINEES LIMITED	Overseas legal person	12.51%	373,325,625	161,750				
CHENMING HOLDINGS (HONG KONG) LIMITED	Overseas legal person	12.20%	364,131,563					
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	State-owne d legal person	2.02%	60,206,850					
Chen Hongguo	Domestic natural person	1.04%	31,080,044	20,000,000	28,310,033	2,770,011		
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Overseas legal person	0.79%	23,434,111	10,195,648				
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.49%	14,603,170	1,988,000				
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.44%	13,121,946	209,589				
Chen Suiqiang	Domestic natural person	0.43%	12,800,000	1,789,800				
NATIONAL SOCIAL SECURITY FUND 418	Others	0.42%	12,633,902	9,427,651				
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, Shouguang Chenming Holdings Company Limited, which is a state-owned legal person. 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.							
Other explanation:	Zhitong Certified Public Accountants issued the capital verification report on June 28, 2020, examined the subscription and contribution of A-share restricted stock equity incentive plan of the company up to June 23, 2020, and determined that the total share capital of the company has changed to 2984208200 shares.							

	On July 15, 2020, 79600000 restricted shares granted to the incentive personnel were issued and listed, and the number of shares held by Mr. Chen Hongguo became 31080044.		
Shareholdings of the top ten ordinary shareholders of non-restricted shares			
Name of shareholder	Number of non-restricted ordinary shares held as at the end of the reporting period	Class of shares	
		Class of shares	Number
CHENMING HOLDINGS COMPANY LIMITED	445,396,128	RMB ordinary shares	445,396,128
HKSCC NOMINEES LIMITED	373,325,625	Domestic listed foreign shares	373,325,625
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
HONG KONG SECURITIES CLEARING COMPANY LIMITED	23,434,111	RMB ordinary shares	23,434,111
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	14,603,170	Domestic listed foreign shares	14,603,170
VANGUARD EMERGING MARKETS STOCK INDEX FUND	13,121,946	Domestic listed foreign shares	13,121,946
Chen Suiqiang	12,800,000	RMB ordinary shares	12,800,000
NATIONAL SOCIAL SECURITY FUND 418	12,633,902	RMB ordinary shares	12,633,902
CITIC Securities Co., Ltd.-Social Security Fund 1106 Portfolio	10,679,175	RMB ordinary shares	10,679,175
Related party relationship or acting in concert among the top ten ordinary shareholders of non-restricted shares, and between the top ten ordinary shareholders of non-restricted shares and the top ten ordinary shareholders	A shareholder, Chenming Holdings (Hong Kong) Limited, which is an overseas legal person, is a wholly-owned subsidiary of a shareholder, Shouguang Chenming Holdings Company Limited, which is a state-owned legal person. 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 10 ordinary shareholders, if any	Chenming Holdings Company Limited held 445,396,128 RMB ordinary shares, of which 402,196,128 shares were held through ordinary account and 43,200,000 shares were held through credit guarantee security account. Chen Suiqiang held 12,800,000 RMB ordinary shares, of which 0 share was held through ordinary account and 12,800,000 shares were held through credit guarantee security account.		

4. Change of controlling shareholders or beneficial controllers

The change of controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

There was no change of controlling shareholders of the Company during the reporting period.

Change of beneficial controllers during the reporting period

☐ Applicable ☒ Not applicable

There was no change of beneficial controllers of the Company during the reporting period.

5. Total number of holders of preference shares and the shareholdings of top ten holders of preference shares

☒ Applicable ☐ Not applicable

Unit: share

Total number of shareholders of preference shares as at the end of the reporting period		8				
Holders holdings more than 5% of the preference shares or top ten holders of preference shares						
Name of shareholder	Nature of shareholder	Preference shareholding	Number of preference shares held at the end of the reporting period	Changes (increase or decrease) during the reporting period	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 MINTERNATIONAL TRUST CO., LTD. – HUILI NO.136 SINGLE CAPITAL TRUST	Others	14.22%	6,400,000	0		
QILU BANK CO., LTD. – QILU BANK QUANXIN WEALTH MANAGEMENT PRODUCT SERIES	Others	13.33%	6,000,000	0		
HENGFENG BANK CO., LTD.	Domestic non-state-owned legal person	11.11%	5,000,000	0		
SHANGHAI STATE-OWNED ASSETS OPERATION CO., LTD.	Domestic non-state-owned legal person	8.59%	3,867,000	2,867,000		
LEAD CAPITAL MANAGEMENT CO., LTD.- LEAD CAPITAL - LI DE YING NO. 1 ASSET MANAGEMENT PLAN	Others	1.51%	680,000	680,000		
LEAD CAPITAL MANAGEMENT CO., LTD. - LEAD CAPITAL- LI	Others	1.01%	453,000	453,000		

DE YING NO. 2 ASSET MANAGEMENT PLAN						
Description of different requirements on other terms of preference shares held other than dividend distribution and residual property distribution (Note 4)	Nil					
Related party relationship or acting in concert among the top ten holders of preference shares, and between the top ten holders of preference shares and the top ten ordinary shareholders	The aforesaid holders of preference shares, “BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO., LTD. – HUILI NO.167 SINGLE CAPITAL TRUST” and “BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO., LTD. – HUILI NO.136 SINGLE CAPITAL TRUST” are persons acting in concert, 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 top ten ordinary shareholders are related to each other.					

6. Information on corporate bonds

Are there any corporate bonds offered to the public by the Company and listed on stock exchanges which do not become due as at the date of approval of the interim report or overdue but not fully settled?

Yes

(1) Basic information on corporate bonds

Name of bond	Bond abbreviation	Bond code	Issue date	Maturity date	Outstanding amount of the bonds (RMB'0,000)	Interest rate	Payment method
The public issuance of the corporate bonds of Shandong Chenming Paper Holdings Limited to qualified investors in 2017 (tranche I)	17 Chenming Bond 01	112570	17 August 2017	21 August 2022	9,000	7.28%	Interest is paid annually. The principal amount and the last interest payment will be paid on the maturity date.
The public issuance of the corporate bonds of Shandong Chenming Paper	18 Chenming Bond 01	112641	29 March 2018	2 April 2023	35,000	7.60%	Interest is paid annually. The principal amount and the last interest payment

Holdings Limited to qualified investors in 2018 (tranche I)						will be paid on the maturity date.
Stock exchange on which corporate bonds are listed or transferred	Shenzhen Stock Exchange					
Investor eligibility arrangement	Online subscription: Public investors with A share security account opened under China Securities Depository and Clearing Co., Ltd. Offline subscription: Institutional investors with A share security account opened under China Securities Depository and Clearing Co., Ltd.					
Interest payment of corporate bonds during the reporting period	The payment of principal and interest for the bond repurchase portion of 18 Chenming Bond 01 and the resale of the bonds was completed during the reporting period. The number of the resale was 3,500,000, and the average resale price was RMB100 each. For details, please refer to the relevant announcements as disclosed on 19 February, 11 February, 25 February, 28 February, 31 March, 30 April and 1 June 2020.					
Performance of relevant terms during the reporting period, for special terms such as issuer or investor option and interchangeable for corporate bonds (if any)	Both 17 Chenming Bond 01 and 18 Chenming Bond 01 attach with options for the issuer to adjust the coupon rate and for investors to resell. The issuer has the right to determine the adjustment to the coupon rate for the following 3 years at the end of the second year and the adjustment to the coupon rate for the following year as the end of the fourth year. After issuing the announcement on whether the coupon rate of the relevant tranche of bonds will be adjusted and the range of adjustment, the investors have the right to register for reselling during the period as announced to resell all or part of the relevant tranche of bonds held to the issuer at par value.					

(2) Financial indicators as at the end of the reporting period

Unit: RMB'0,000

Item	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
Gearing ratio	82.81%	85.30%	-2.49%
Current ratio	73.49%	73.11%	0.38%
Quick ratio	72.80%	76.24%	-3.44%
	The reporting period	The corresponding period of the prior year	Increase/decrease of the reporting period as compared to corresponding period of the prior year
EBITDA interest coverage ratio	2.75	2.20	25%
Loans payment ratio	100.00%	100.00%	0.00%
Interest payment ratio	100.00%	100.00%	0.00%

Major reason for more than 30% in year-on-year change for the above accounting data and financial indicators:

√ Applicable □ Not applicable

EBITDA interest coverage ratio recorded an increase of 25% mainly due to the year-on-year decrease of interest

expenses during the reporting period.

III. Discussion and Analysis of Operations

1. Overview of operations during the reporting period

Whether the Company needs to comply with the disclosure requirements of specific industries

No

During the reporting period, the paper making industry was greatly affected by the epidemic, the paper industry was in short supply of raw materials, logistics was blocked, and the operation and production resumption rate was low within the industry. The overseas epidemic outbreak suppressed the overseas demand for paper products in the paper industry. In addition, the domestic demand for paper had been sluggish since the epidemic. The downward pressure on the prices of major paper types had increased. There was a significant decline in the economic benefit of the paper making industry as a whole.

Wuhan Chenming and Huanggang Chenming, subsidiaries of the Company, were at the centre of the epidemic. Their suspension of production to fight against the epidemic affected the overall performance of the Company to a certain extent. However, other major production bases of the Company not only did their best to prevent and control the epidemic, but also achieved production at close to full capacity, gradually demonstrating the benefits of pulp and paper integration. Various operating indicators improved during the first half of the year as compared to the corresponding period of last year, including completing pulp production of 1.66 million tonnes and machine-made paper production of 2.75 million tonnes, representing a year-on-year increase of 59.70% and 27.90% respectively; achieving revenue of RMB13.6 billion, representing a year-on-year increase of 1.88%; and achieving net profit of RMB516 million, steadily increasing from the corresponding period of last year.

In the second half of the year, with the epidemic further under control, the economy is expected to gradually regain its vitality, market demand will gradually rebound, and the prices of the Company's major paper types will steadily rise. Coupled with the gradual recovery of wood pulp market prices, the core advantage of pulp and paper balance of the Company will be further brought into play. The performance of the Company will significantly improve with the recovery of the national economy and market conditions.

The major financial data of the Company during the reporting period are as follows:

Item	During the reporting period	During the corresponding period of the prior year	Increase/decrease year on year	Reason for the change
Revenue	13,599,805,765.86	13,348,648,113.70	1.88%	
Operating costs	10,185,300,033.31	9,754,097,799.82	4.42%	
Selling and distribution expenses	652,742,420.35	590,584,957.47	10.52%	Transportation expenses increased year on year during the reporting period.
Administrative expenses	491,987,245.33	562,417,399.25	-12.52%	Depreciation expenses decreased year on year during the reporting period.
Research and development expense	548,557,146.89	431,483,716.06	27.13%	The Company increased efforts in research and development during the reporting period.
Finance expenses	1,346,217,562.46	1,516,848,723.80	-11.25%	Income expenses decreased year on year during the reporting period.
Net cash flows from operating activities	2,327,033,784.68	2,699,770,891.69	-13.81%	Net recovery of the leasing company decreased year on year during the reporting period.
Net cash flows	94,823,534.32	-2,094,526,965.30	104.53%	The payment for the equity interest in

from investing activities				Nanyue Bank was made during the corresponding period of last year.
Net cash flows from financing activities	-3,094,384,197.10	-780,976,710.04	-296.22%	The Company reduced its debts during the reporting period.

2. Events relating to financial reporting

(1) Reason for changes in accounting policies, accounting estimates and accounting methods as compared to the financial report for the prior year

☐ Applicable ☒ Not applicable

There was no change in accounting policies, accounting estimates and accounting methods of the Company during the reporting period.

(2) Reason for retrospective restatement to correct major accounting errors during the reporting period

☐ Applicable ☒ Not applicable

No retrospective restatement was made to correct major accounting errors during the reporting period.

(3) Reason for changes in scope of the consolidated financial statements as compared to the financial report for the prior accounting period

☒ Applicable ☐ Not applicable

During the reporting period, two companies were removed from the scope of consolidation, namely Qingdao Chenming International Logistics Co., Ltd. and Shouguang Chenming Art Paper Co., Ltd; and two companies were added into the scope of consolidation, namely Chenming (Overseas) Co., Ltd. and Chenming (Singapore) Co., Ltd.