

2023 Interim Report Summary of Shandong Chenming Paper Holdings Limited

I. IMPORTANT NOTICE

This interim report summary is extracted from the text of the interim report. For the full understanding of the operating results, financial position and plan for further development, investors should carefully read the text of the interim report published on the media as designated by the CSRC.

All directors have attended the board meeting to review this report.

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 proposes not to distribute cash dividend, issue bonus share, or capitalise from capital reserves

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 ABOUT THE COMPANY

1. Company profile

Stock abbreviation	晨鸣纸业	Stock code	000488
	晨鸣 B		200488
Stock exchange on which the shares are listed	Shenzhen Stock Exchange		
Stock abbreviation	CHENMING PAPER	Stock code	01812
Stock exchange on which the shares are listed	The Stock Exchange of Hong Kong Limited		
Stock abbreviation before any changes (if any)	None		
Contact persons and contact methods	Secretary to the Board	Hong Kong Company Secretary	
Name	Yuan Xikun	Chu Hon Leung	
Correspondence address	No.2199East Nongsheng Road, Shouguang City, Shandong Province	22nd Floor, World Wide House, Central, Hong Kong	
Telephone	0536-2158008	00852-21629600	
Email address	chenmingpaper@163.com	liamchu@li-partners.com	

2. Major financial 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)	12,564,962,781.31	16,676,428,365.83	-24.65%
Net profit attributable to shareholders of the Company (RMB)	-688,080,164.10	230,141,463.76	-398.98%
Net profit after extraordinary gains or losses attributable to shareholders of the Company	-811,839,217.49	173,407,927.13	-568.17%

(RMB)			
Net cash flows from operating activities (RMB)	1,783,087,747.59	998,264,209.45	78.62%
Basic earnings per share (RMB per share)	-0.250	0.064	-490.63%
Diluted earnings per share (RMB per share)	-0.250	0.064	-490.63%
Rate of return on weighted average net assets	-4.15%	1.02%	Decrease by 5.17 percentage points
	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)	82,652,860,756.58	84,301,017,409.62	-1.96%
Net assets attributable to shareholders of the Company (RMB)	18,287,406,923.90	19,084,565,494.92	-4.18%

Data specification: The net profit attributable to shareholders of the Company does not exclude the effect of the interest payment deferred and accumulated to subsequent periods for Perpetual Bonds. When calculating financial indicators such as earnings per share and rate of return on weighted average net assets, the interest on Perpetual Bonds of RMB44,481,369.86 during the reporting period is deducted.

3. Share capital and shareholders

Unit: Shares

Total number of ordinary shareholders as at the end of the reporting period	146,991, of which 125,210 were holders of A shares, 21,454 were holders of B shares and 327 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)	0			
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares held	Number of restricted shares held	Share pledged, marked or locked-up	
					Status of shares	Number
CHENMING HOLDINGS COMPANY LIMITED	State-owned legal person	15.35%	457,322,919	0	Pledged	247,040,000
HKSCC NOMINEES LIMITED	Overseas legal person	12.53%	373,440,375	0		
CHENMING HOLDINGS (HONG KONG) LIMITED(Note 1)	Overseas legal person	12.22%	364,131,563	0		
Hong Zejun	Domestic natural person	3.02%	90,000,000	0		
Chen Hongguo	Domestic natural person	1.04%	31,080,044	23,310,033		
SHANDONG SUN HOLDINGS GROUP CO., LTD.	Domestic non-state-owned legal person	0.84%	24,987,117	0		
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED	Overseas legal person	0.58%	17,378,201	0		
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Overseas legal person	0.54%	15,968,039	0		
Du Haibin	Domestic natural person	0.53%	15,766,502	0		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.50%	14,852,146	0		
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 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 shareholders	Chenming Holdings Company Limited held 457,322,919 RMB ordinary shares, of which 326,322,919 shares were held through ordinary account and 131,000,000 shares were held through credit guarantee security account; Hong Zejun held 90,000,000 RMB ordinary shares, of which 5,800,000 shares were held through ordinary account and 84,200,000 shares were held through credit guarantee security account; Shandong Sun Holdings Group Co., Ltd. held 24,987,117 RMB ordinary shares, of which no share was held through ordinary account and 24,987,117 shares were held through credit guarantee security 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 are subject to the risk of not to be recovered, which may lead to a reduction in the Company's shareholding, but does not affect Chenming Holdings' position as the largest shareholder, and does not affect the Company's control. For details, please refer to the announcement disclosed by the Company on CNINFO on 18

July 2023 (announcement no.: 2023-058) and the insider information disclosed by the Company on the website of Hong Kong Stock Exchange on 18 July 2023.

4. Change of controlling shareholders or beneficial controllers

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

There was no shareholding by holders of preference shares of the Company during the reporting period.

6. Bonds subsisting as at the date of approval of the interim report

Applicable Not applicable

(1) Basic information on bonds

Name of bond	Bond abbreviation	Bond code	Issue date	Maturity date	Outstanding amount of the bonds (RMB'0,000)	Interest rate
2017 first tranche of medium-term notes of Shandong Chenming Paper Holdings Limited	17 Lu Chenming MTN001	101779001	11 July 2017	12 July 2023	100,000.00	8.97%

Other explanations:

According to the "Prospectus of the 2017 First Tranche of Medium-term Notes of Shandong Chenming Paper Holdings Limited", "17 Lu Chenming MTN001" is subject to the issuer's redemption option. On 11 May 2023, the Company published the Announcement on the Exercise of the Redemption Option of the 2017 First Tranche of Medium-term Notes and the Announcement on the Redemption of the 2017 First Tranche of Medium-term Notes on Shanghai Clearing House (www.shclearing.com) and Chinamoney (www.chinamoney.com.cn). The Company chose to redeem "17 Lu Chenming MTN001" in full, and completed the payment of the principal and interest on 12 July 2023. To date, all the bonds of the Company have been redeemed.

(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
Gearing ratio	72.28%	71.85%
Current ratio	62.61%	63.04%
Quick ratio	49.20%	49.90%
Item	The reporting period	The corresponding period of the prior year
Net profit after extraordinary gains or losses	-81,183.92	17,340.79
EBITDA interest coverage ratio	1.36	2.72
Interest coverage ratio	-0.09	1.33
Cash interest coverage ratio	2.98	2.11

III. Matters of significance

1. Entering into the Strategic Cooperation Agreement with China Construction Bank Shandong Branch

On 24 April 2023, The Company entered into the Strategic Cooperation Agreement with China Construction Bank Co., Ltd. Shandong Branch (hereinafter referred to as “CCB Shandong”), in which both parties agreed to conduct comprehensive cooperation in the commercial banking and investment banking business, provided that laws and regulations, regulatory requirements, internal risk management system and relevant business operation procedures of CCB Shandong are complied, internal approval from CCB Shandong is obtained and credit conditions are met. After entering into the Agreement, Shandong Construction Bank will be able to fully utilise its service resources to prioritise providing comprehensive financial services to the Company and its subsidiaries, which will help the Company further broaden financing channels, optimise capital structure, enhance capital strength and achieve sound development by relying on the high-quality resources and platforms of large state-owned commercial banks.

For details, please refer to the relevant announcement disclosed by the Company on Cninfo on 26 April 2023 (announcement number: 2023-036) and the overseas regulatory announcement disclosed by the Company on the website of Hong Kong Stock Exchange on 25 April 2023.

2. Repayment of the “18 Chenming Bond 01” of RMB350 million on schedule and completion of delisting

On 3 April 2023, the Company entrusted the Shenzhen Branch of China Securities Depository & Clearing Co., Ltd. to complete the payment of principal and interest of “18 Chenming Bond 01” of RMB350 million in accordance with the “First Tranche of Corporate Bonds Publicly Issued to Qualified Investors in 2018”. The bond was delisted from the Shenzhen Stock Exchange on the same day.

For details, please refer to the relevant announcement disclosed by the Company on CNINFO on 30 March 2023 (announcement number: 2023-015) and the overseas regulatory announcement disclosed by the Company on the website of Hong Kong Stock Exchange on 30 March 2023.

3. Proposed full redemption of perpetual bonds of RMB1 billion

On 11 July 2017, the Company issued “17 Lu Chenming MTN001” 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. The Company proposed to redeem the RMB1 billion perpetual bonds in full. The principal and interest payment on 12 July 2023 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 Shanghai Clearing (www.shclearing.com) and China Money (www.chinamoney.com.cn) on 11 May 2023.

4. Termination of asset purchase through the issuance of shares and cash payments

On 27 February 2023, the Company convened the 2023 first extraordinary general meeting, the 2023 first class meeting for holders of domestic-listed shares and the 2023 first class meeting for holders of overseas-listed shares, at which the Company considered and approved relevant resolutions including the Report on the Agreement on Asset Purchase through Issuance of Shares and Cash Payments and Connected Transactions (Draft) of the Company. The Company intended to acquire 1.19% equity interests in Shouguang Meilun held by Dongxing Securities Investment Co., Ltd., 44.44% limited partnership share in Chenrong Fund held by Chongqing International Trust Inc. through issuance of shares. The Company’s wholly-owned subsidiary, Chenming Investment, intends to acquire 0.22% general partnership interest in Chenrong Fund held by Chenming (Qingdao) Asset Management Co., Ltd.’s through cash payment. The type of shares to be issued by the Company is A shares, the price of the shares to be issued is RMB4.42 per share, and the number of shares to be issued is 71,841,345 shares.

On 14 March 2023, the Company received the Notice on the Acceptance of Application Documents for Asset Purchase through the Issuance of Shares of Shandong Chenming Paper Holdings Limited (Shen Zheng Shang Shen [2023] No. 259) (《關於受理山東晨鳴紙業集團股份有限公司發行股份購買資產申請文件的通知》(深證上審[2023]259號)) from the Shenzhen Stock Exchange.

On 29 June 2023, the Company convened the eighth extraordinary general meeting of the tenth session of the Board and the Fourth extraordinary general meeting of the tenth session of the Supervisory Committee, at which the Company considered and approved the Resolution on the Termination of the Asset Purchase through Issuance of Shares and Cash Payments and Connected Transactions and Withdrawal of the Application Documents and agreed to terminate the transaction, sign the relevant termination agreement with the counterparty if needed and apply to the Shenzhen Stock Exchange for relevant application documents for the withdrawal of the transaction.

For details, please refer to the relevant announcement disclosed by the Company on CNINFO on 28 February 2023, 16 March 2023 and 30 June 2023 (announcement number: 2023-010, 2023-014, 2023-048) and the relevant announcement disclosed by the Company on the website of Hong Kong Stock Exchange on 27 February 2023, 15 March 2023 and 29 June 2023.