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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)
(Stock Code: 1812)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shandong Chenming Paper Holdings Limited (the “Company”) published the “2019 Annual Report Summary of Shandong Chenming Paper Holdings Limited” dated 27 March 2020 on the website of Shenzhen Stock Exchange. The following is a translation of the official announcement solely for the purpose of providing information.

By order of the Board
Shandong Chenming Paper Holdings Limited
Chen Hongguo
Chairman

Shandong, PRC
27 March 2020

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Hu Changqing and Mr. Li Xingchun; the non-executive Directors are Mr. Han Tingde and Mr. Li Chuanxuan; and the independent non-executive Directors are Ms. Yin Meiqun, Mr. Sun Jianfei and Mr. Yang Biao.

* *For identification purposes only*

2019 Annual Report Summary of Shandong Chenming Paper Holdings Limited

I. IMPORTANT NOTICE

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

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

Whether there is an increase of share capital from reserves

Yes No

Based on the total ordinary share capital of 2,904,608,200 shares as at the end of 2019, a cash dividend of RMB1.5 (tax inclusive) per 10 shares will be distributed to ordinary shareholders. No bonus shares (tax inclusive) will be issued. A cash dividend of RMB435,691,230 will be distributed to ordinary shareholders.

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

Applicable Not applicable

Based on the 1,162,790,698 simulated ordinary shares converted from the preference shares using a conversion ratio of 1 share valued at RMB3.87 as at the end of 2019, a cash dividend of RMB1.5 (tax inclusive) per 10 simulated ordinary shares converted from the preference shares will be distributed to holders of preference shares. A variable cash dividend of RMB174,418,604.70 will be distributed to holders of preference shares. In other words, a cash dividend of RMB3.87 (tax inclusive) per preference share with a nominal value of RMB100 each will be distributed to holders of preference shares.

Profit distribution for preference shares during the reporting period

Date of Distribution	Dividend Ratio	Distributed amount (RMB) (tax inclusive)	In compliance with the conditions and the relevant procedures of distribution or not	Way of dividend payment	Accumulated or not	Participation in distribution of remaining profit or not
18 March 2019	4.36%	98,100,000.00	Yes	Cash	No	Yes
9 August 2019	6.20%	279,069,767.52	Yes	Cash	No	Yes
16 August 2019	5.17%	51,700,000.00	Yes	Cash	No	Yes
23 September 2019	5.17%	64,625,000.00	Yes	Cash	No	Yes

II. BASIC INFORMATION ABOUT THE COMPANY

1. Company profile

Stock abbreviation	晨鸣纸业	Stock code	000488
	晨鸣B		200488
	晨鸣优01		140003
	晨鸣优02		140004
	晨鸣优03		140005
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		
Contact persons and contact methods	Secretary to the Board		Hong Kong Company Secretary
Name	Yuan Xikun		Chu Hon Leung
Correspondence Address	No. 2199 East Nongsheng Road, Shouguang City, Shandong Province		22nd Floor, World Wide House, Central, Hong Kong
Telephone	(86)-0536-2158008		+852-21629600
Facsimile	(86)-0536-2158977		+852-25010028
Email address	chenmingpaper@163.com		liamchu@li-partners.com

2. Overview of principle activities or products during the reporting period

The Company is a large conglomerate principally engaged in pulp production and paper making with synergistic development in finance, forestry, logistics and construction materials. The Company is the only listed company with A shares, B shares and H shares in China. Its key indicators in respect of business and economic efficiency have been in a leading position in the industry in China for

over 20 consecutive years. The machine-made paper business is the principal activity and the major source of revenue and profit of the Company. During the reporting period, there was no significant change in the principal activity of the Company.

The Company has committed itself to implementing a pulp and paper integration strategy, introduced world-leading pulp production and paper making technology and equipment. Its product series include high-end offset paper, white paper board, coated paper, light weight coated paper, household paper, electrostatic copy paper and thermal paper, glassine paper, with each major product ranking among the highest in terms of market share in China. The Company has scientific research institutions including the national enterprise technology centre, the postdoctoral working station as well as state certified CNAS pulp and paper testing centre and has obtained 213 national patents including 18 patents for invention, with 7 products selected as national new products. The Company has obtained 13 science and technology progress awards above the provincial level and undertaken five national science and technology projects and 54 provincial technological innovation projects. The Company has pioneered to obtain the ISO9001 quality certification, ISO14001 environmental protection certification and FSC-COC certification among its industry peers.

General information of the industries where the Company operated in, business cycle characteristics and the Company's position in the industries during the reporting period

As an important basic raw material industry, the paper making industry plays an important role in the national economy, and is related to, among others, the economy, culture, production and national defence of a country. Its products are used in various sectors including culture, education, technology and the national economy. The paper making industry has the typical characteristics of large-scale industrial production, such as continuous and efficient operation, and significant economies of scale: more raw material requirements, larger equipment investment, and longer industrial chains, involves forestry, agriculture, chemicals, publishing, packaging, printing, machinery manufacturing, and environmental protection, and is relatively intensive in terms of technology, capital, resources, and energy.

The Chinese government stated in the report delivered at the 19th National Congress that "the focus must be placed on the real economy and priority must be given to the improvement of the quality of the supply system in the development of a modernised economy". Facing this major strategic decision based on the overall current and future situation, the paper making industry has to play a role in enhancing Chinese economic quality advantages. However, the development of the paper making industry is obviously characterised by its cyclical nature. Cyclical macroeconomic fluctuations will cause fluctuations in the supply and demand of paper products.

As a leading player in the paper making industry of China, the Company offers the widest product range in the paper making industry, and its major products, including culture paper, electrostatic paper, white paper board and coated paper rank among the highest in terms of market share in China. At present, the domestic wood pulp production capacity is more than 11 million tonnes, and the Company's pulp production capacity exceeds 4.2 million tonnes. The Company's advantages of pulp and paper integration are obvious. The Company is currently the only paper making enterprise in China that achieves a complementary paper and pulp production capacity.

3. Major accounting data and financial indicators

(1) Major accounting data and financial indicators for the latest three years

Retrospective adjustment to or restatement of the accounting data for prior years by the Company

Yes No

Unit: RMB

	2019	2018	Increase/decrease for the year as compared to the prior year	2017
Revenue	30,395,434,073.35	28,875,756,163.56	5.26%	29,472,453,563.98
Net profit attributable to shareholders of the Company	1,656,566,584.88	2,509,828,858.47	-34.00%	3,769,325,450.93
Net profit after extraordinary gains or losses attributable to shareholders of the Company	702,329,086.29	1,953,699,849.75	-64.05%	3,425,779,016.95
Net cash flows from operating activities	12,232,707,222.94	14,099,701,887.04	-13.24%	23,766,042.93
Basic earnings per share (RMB per share)	0.33	0.51	-35.29%	1.13
Diluted earnings per share (RMB per share)	0.33	0.51	-35.29%	1.13
Rate of return on weighted average net assets	5.57%	8.51%	Decrease by 2.94 percentage points	15.80%
	As at the end of 2019	As at the end of 2018	Increase/decrease as at the end of the year compared to the end of the prior year	As at the end of 2017
Total assets	97,958,909,935.15	105,318,734,827.82	-6.99%	105,625,096,076.92
Net assets attributable to shareholders of the Company	25,169,743,863.75	25,048,731,454.79	0.48%	27,778,529,074.90

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 the interest payment deferred and accumulated to subsequent periods for perpetual bonds under other equity instruments and the effect of the dividends on preference shares under other equity instruments that have been considered and approved for declaration of distribution. When calculating financial indicators

such as earnings per share and rate of return on weighted average net assets, the interest on perpetual bonds of RMB194,000,000.00 and the dividends on preference shares declared for distribution of RMB493,494,767.52 during the reporting period are deducted.

(2) Key financial indicators by quarter

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Revenue	6,159,836,579.24	7,188,811,534.46	8,665,530,249.94	8,381,255,709.71
Net profit attributable to shareholders of the Company	38,223,111.21	471,572,461.08	557,960,253.43	588,810,759.16
Net profit after extraordinary gains or losses attributable to shareholders of the Company	-23,652,252.85	326,797,249.06	447,511,508.11	-48,327,418.03
Net cash flows from operating activities	1,424,685,047.04	1,275,085,844.65	3,799,453,249.81	5,733,483,081.44

Under the requirement of the new financial instrument standard, an impairment provision is made in full by the Company in annual audit under the principle of prudence. The net profit after extraordinary gains or losses attributable to shareholders of the Company for the fourth quarter was negative mainly due to credit impairment loss of RMB1,033,867,928.73 and asset impairment loss of RMB120,991,683.19 made during the reporting period.

Whether the above financial indicators or their aggregated amounts have any material difference with the respective financial indicators as disclosed in the quarterly report or interim report by the Company

Yes No

4. Share capital and shareholders

(1) Table of the number of ordinary shareholders and holders of preference shares with restored voting right and the shareholdings of Top 10 shareholders

Unit: share

Name of shareholders	Nature of shareholders	Percent age 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	15.33%	445,396,128	0	Pledged	261,670,000
HKSCC NOMINEES LIMITED	Overseas legal person	12.85%	373,163,875	0		
CHENMING HOLDINGS (HONG KONG) LIMITED	Overseas legal person	12.54%	364,131,563	0		
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	State-owned legal person	2.07%	60,206,850	0		
AGRICULTURAL BANK OF CHINA LIMITED – CHINA CSI 500 ETF	Others	0.46%	13,483,150	0		
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Overseas legal person	0.46%	13,238,463	0		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.44%	12,912,357	0		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.43%	12,615,170	0		
Chen Hongguo	Domestic nature person	0.38%	11,080,044	8,310,033		
Chen Suiqiang	Domestic nature person	0.38%	11,010,200	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, and a wholly-owned subsidiary of a shareholder, Shouguang Chenming Holdings Company Limited, a state-owned legal person, is a person acting in concert under the Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies. 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, 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 11,010,200 RMB ordinary shares, of which 0 share was held through ordinary account and 11,010,200 shares were held through credit guarantee security account.

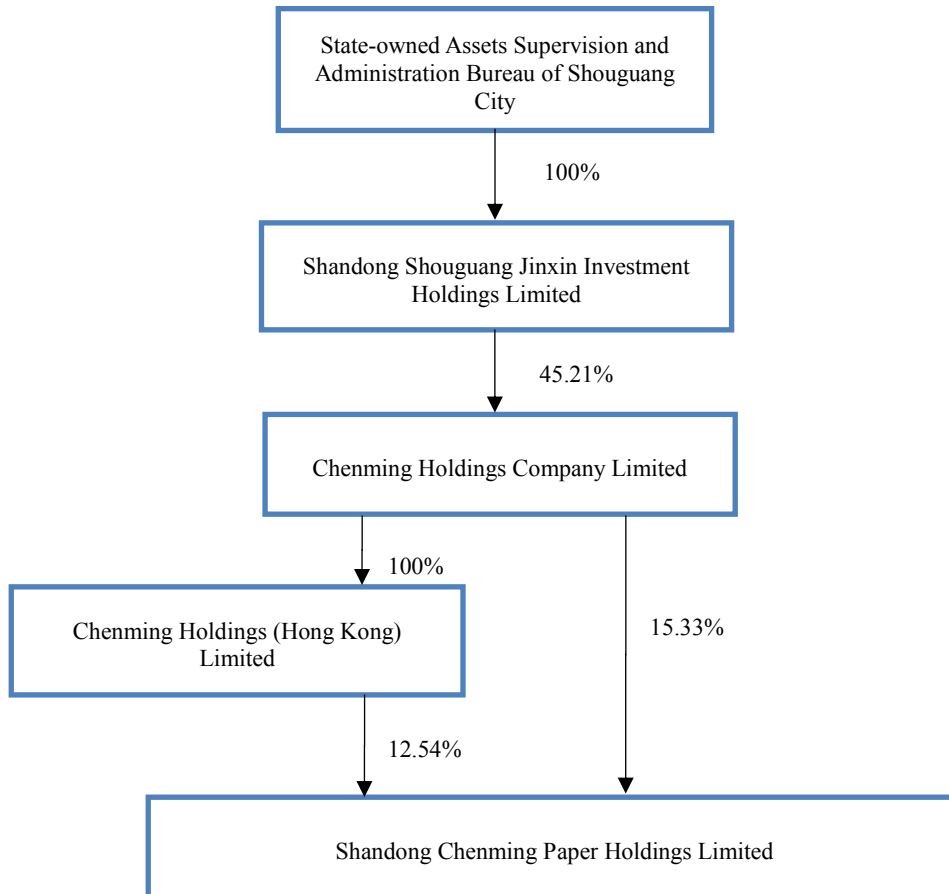
(2) Table of the total number of holders of preference shares of the Company and the shareholdings of Top 10 holders of preference shares

√ Applicable □ Not applicable

Unit: share

Total number of holders of preference shares as at the end of the reporting period	8	Total number of holders of preference shares as at the end of the month prior to the publication date of this annual report	8			
Shareholdings of top 10 holders of preference shares						
Name of shareholders	Nature of shareholders	Percentage of shareholding	Number of shares held	Number of preference 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	12,500,000	Pledged	12,500,000
BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO., LTD. – HUILI NO.167 SINGLE CAPITAL TRUST	Others	22.44%	10,100,000	10,100,000		
BANK OF COMMUNICATIONS INTERNATIONAL TRUST CO., LTD. – HUILI NO.136 SINGLE CAPITAL TRUST	Others	14.22%	6,400,000	6,400,000		
QILU BANK CO., LTD. - QILU BANK QUANXIN WEALTH MANAGEMENT PRODUCT SERIES	Others	13.33%	6,000,000	6,000,000		
HENGFENG BANK CO., LTD.	Domestic non-state-owned legal person	11.11%	5,000,000	5,000,000		
SHANGHAI STATE-OWNED ASSETS OPERATION CO., LTD.	State-owned legal person	4.44%	2,000,000	2,000,000		
NCF - MINSHENG BANK - CHINA FORTUNE INTERNATIONAL TRUST – CHINA FORTUNE TRUST • MIN XIN NO. 11 SINGLE CAPITAL TRUST	Others	4.44%	2,000,000	2,000,000		
SHANGHAI SHIJIE BUSINESS CONSULTING CO., LTD.	Domestic non-state-owned legal person	2.22%	1,000,000	1,000,000		
Description of related party relationship or acting in concert among the above shareholders	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”, are persons acting in concert. Save for the above, it is not aware that other holders of preference shares are persons acting in concert. It is also not aware that the above holders of preference shares and the top ten ordinary shareholders are related to each other.					

(3) A block diagram disclosure of the ownership and control relationship between the Company and its beneficial controller



5. 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 this annual report or overdue but not fully settled? 公司是否存在公开发行并在证券交易所上市，且在年度报告 Yes

(1) Basic information on corporate bonds

Name of bond	Bond abbreviation	Bond code	Maturity date	Outstanding amount of the bonds (RMB'0,000)	Interest rate
The First Tranche of Corporate Bonds of Shandong Chenming Paper Holdings Limited Publicly Issued to Qualified Investors in 2017	17 Chenming Bond 01	112570	21 August 2022	9,000	7.28%
The First Tranche of Corporate Bonds of Shandong Chenming Paper Holdings Limited Publicly Issued to Qualified Investors in 2018	18 Chenming Bond 01	112641	2 April 2023	90,000	7.28%
Interest payment of corporate bonds during the reporting period	<p>The payment of principal and interest on the bond resale portion and the payment of interest on the outstanding bonds of 17 Chenming Bond 01 were completed on 21 August 2019. For details, please refer to the relevant announcements of the Company disclosed on 10 July, 11 July, 15 July and 18 July 2019.</p> <p>The payment of interest on the bonds of 18 Chenming Bond 01 was completed on 2 April 2019. For details, please refer to the Announcement on Payment of 2019 Interest with Respect to the First Tranche of Corporate Bonds Publicly Issued to Qualified Investors in 2018, which was disclosed by the Company on 26 March 2019.</p>				

(2) Updated rating and change of rating of corporate bonds

The credit rating of 18 Chenming Bond 01 of the Company as granted by China Chengxin Securities Rating Co., Ltd. was AA+, and the credit rating for the Company remained at AA+ (stable outlook). The 2018 public issuance of the corporate bonds (first tranche) of the Company updated rating report (2019) was published on CNINFO on 28 May 2019.

The credit rating of 17 Chenming Bond 01 as granted by China Chengxin Securities Rating Co., Ltd. remained at AA+, and the credit rating for the Company was AA+ (stable outlook). The 2017 public issuance of the corporate bonds (first tranche) of the Company updated rating report (2019) was published on CNINFO on 28 May 2019.

(3) Major accounting data and financial indicators of the Company over the past two years as at the end of the reporting period

Unit: RMB'0,000

Item	2019	2018	Year-on-year increase/decrease in percentage
EBITDA	689,484.08	655,492.30	5.19%
Current ratio	85.30%	78.10%	7.20%
Gearing ratio	73.11%	75.43%	-2.32%
Quick ratio	76.24%	67.27%	8.97%
Proportion of EBITDA to total debts	11.32%	8.25%	3.07%
Interest coverage ratio	1.70	1.87	-9.09%
Cash interest coverage ratio	4.56	3.84	18.75%
EBITDA interest coverage ratio	2.34	2.47	-5.26%
Loans payment ratio	100.00%	100.00%	-
Interest payment ratio	100.00%	100.00%	-

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

Applicable Not applicable

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, although the general operation of the Company was in good condition, the Company experienced huge challenges as other paper making enterprises in the face of the complicated and changing domestic and international economic landscape. Affected by various factors such as economic downturn, reduced market demand, and tight supply and rising prices of raw materials, the paper making industry experienced a decline in economic returns, increased difficulties in production and operation, and falling paper prices. Accordingly, the Company achieved net profit of only RMB38.22 million in the first quarter. Since the second quarter, the market improved significantly. The prices of the major paper types had been on the rise, and the benefits of the paper price rise were obvious. The Shouguang Meilun 510,000 tonne high-ended cultural paper project, the Shouguang Headquarters cultural paper transformation project, the Shouguang Meilun 1,000,000 tonne chemical pulp project, the Huanggang Chenming chemical pulp project and others invested and constructed by the Company were successively put into operation with smooth operation in the second quarter, and gradually began to play their role. The profitability of the Company improved significantly in the second quarter with a quarter-on-quarter increase of 1,157.95%.

As the traditional peak season in the printing industry in the third and fourth quarter approached, the market demand for paper further increased. Different paper factories raised their prices. The paper making industry was obviously recovering. As a result, the Company recorded quarter-on-quarter growth in net profit during the third and fourth quarter.

In 2019, the Company produced 5,010,000 tonne machine-made paper with year-on-year growth of 9.63% and sold 5,250,000 tonne machine-made paper with year-on-year growth of 21.53%. The Company recorded revenue of RMB30,395 million, representing a year-on-year increase of 5.26%. Total profit and net profit attributable to equity holders of the Company amounted to RMB2,048 million and RMB1,657 million respectively, representing a year-on-year decrease of 36.11% and 34.00%. Total assets of the Company amounted to RMB97,959 million.

The operation and management results were mainly reflected in the following aspects:

(I) Strengthening finance management

As affected by financial policies and unsatisfactory results in the first quarter, corporate financing was affected to a certain extent. Under such circumstances, the Company enhanced leadership and management. It adopted effective measures to proactively broaden financing channels. The gearing ratio dropped to 73.11% from 75.43% as at the beginning of the year. This not only secured the normal operation of the Company but greatly improved its financial position. Firstly, the Company adjusted and reinforced the financial team. Financial meetings were held on a regular basis to discuss and formulate financing proposals. Meanwhile, the Company put greater efforts into assessment, and fully revitalised initiative in work. Hence, the management works were further enhanced. Secondly, the Company deepened its connection with banks, thus creating an excellent financing environment and having a better relationship with banks. Thirdly, the scale of leasing business continued to shrink. Net recovery of proceeds realised during the year amounted to RMB5,900 million. The scale of the financial leasing business was reduced to approximately RMB13,600 million, which effectively put risk exposures under control.

(II) Innovating sales management

In 2019, the sales work made satisfactory progress. Inventories were further reduced and returns were improved due to the rising prices. A historical highest monthly recovery of proceeds was recorded. The progress was mainly reflected in the following aspects:

1. The Company proactively implemented the strategy of price rising, enhanced market operation, and rose prices on a continuous basis. It enhanced customer management and facilitated capital flows. The Company implemented new methods for order acceptance, which released the limits in existing order acceptance mode, facilitated business development and deepened the relationship with customers. The Company screened out leading and quality major agencies, and increased its trading volume with them. In addition, the Company put greater efforts into scheduling management, and implemented three-level scheduling mechanism, thus ensuring effective implementation of its plans.

2. The Company enhanced team building, and trained and assigned senior positions for young employees, thus stimulating vitality of its team. The Company reserved stand-by talents at different levels, and eliminated mediocre employees, thereby establishing a quality marketing team. The Company also put greater efforts into assessment and incentive, fully implemented regular assessment,

and incentivised balanced distribution. The Company implemented numerous incentive assessment measures, which greatly enhanced employees' initiative in work.

(III) Enhancing production management

In 2019, the production system achieved improvement to a certain extent while generally remained stable, which was mainly reflected in: stable operation in production, gradual reduction in cost and increasing production volume. During the year, the Company completed the production of machine-made paper of 5.01 million tonnes, which increased by more than 400,000 tonnes. The Company mainly implemented the following measures:

1. The Company fully implemented major measures at all levels of work. It strictly implemented the assessment and appraisal measures, thereby promoting employees with excellent performance, improving the performance of employees with poor performance or eliminating such employees. The Company also optimised and amended management systems and controlling procedures, thereby making procedures more simple, effective and easy to implement. The Company conducted comprehensive inspection and optimisation on production procedures. Hence, the level of production scheduling, management and operation automation and informationisation were improved.

2. The Company adjusted product structure, and focused on the production of products with high profit margin. The Company also optimised the proportion of paper pulp, reduced chemical usage, and actively promoted new technology and raw materials application. The Company strictly implemented production based on orders made, scientific production and strict control over inventory, thus greatly reducing capital utilisation.

3. During the reporting period, the four major projects were put into production upon construction completion. The projects in respect of membrane treatment for reclaimed water recycling in Shouguang, Huanggang and Zhanjiang were put into production, which ensured clean water utilisation remaining basically steady while adding new projects. The economic and social benefits were obvious.

(IV) Strictly implementing corporate management

Corporate management is essential. In 2019, the Company further standardised its corporate management. Advancement were made in various works, and mainly reflected in:

1. Basic management further improved: The Company improved its corporate system, making it more simple and practical. The Company also developed several working procedures, and implemented online operation for training examination and assessment, thus greatly improved efficiency. The Company strived to conduct regular meetings and key work rescheduling on weekly basis, thus ensure implementation of various works. Leveraging the functions of different departments, the Company enhanced supervision and inspection, defined scope of inspection for different departments, and conducted key inspection on several violations of laws and severe negligence of duty, which posted deterrent effects of disciplining.

2. Team building was enhanced: Adhering to the philosophy of "eliminating employees that are lagged behind, refusing mediocre employees, and incentivising talents", the Company stimulated the vitality of its management team. By introducing quality professions, the Company enriched its technology and management capability. The Company refined standards and focused on appraisal, thus achieving better incentive effects. The Company also proactively optimised remuneration system, and put greater efforts into offering incentives, which significantly increased the motivation of senior management.

(V) Significant effects of supply chain management

The Company explored quality customers at source, and established strategic cooperation with quality major suppliers, thereby stabilising supply channels of raw materials. The Company closely monitored market conditions, kept an eye on market low, and maintained efficient source procurement. The Company greatly promoted the use of corporate commercial notes and financial institution notes. The Company also put greater efforts in handling idle equipment and overstock. While minimising the effects of tariff rise as a result of the trade war between China and the United States, the Company timely optimised and adjusted import channels. The Company studied the new policy of "Simplification of Administrative Procedures, Decentralization of Powers, Combination of Decentralization with Appropriate Control, and Optimization of Services" implemented by the government, and established centralised custom monitor model on group basis. Hence, the Company became the first pilot enterprise in Shandong Province.

2. Significant change in the principal activities during the reporting period

Yes No

3. Products accounting for over 10% of revenue or operating profit of the Company

Applicable Not applicable

Unit: RMB

	Revenue	Operating costs	Gross profit margin	Increase/decrease of revenue as compared to the corresponding period of the prior year	Increase/decrease of operating profit as compared to the corresponding period of the prior year	Increase/decrease of gross profit margin as compared to the corresponding period of the prior year
Duplex press paper	7,728,877,039.07	1,994,287,839.27	25.80%	25.56%	21.82%	-0.79%
Coated paper	3,779,487,348.44	1,056,957,170.48	27.97%	-19.54%	-18.07%	0.50%
White paper board	6,908,899,578.15	1,153,768,883.58	16.70%	7.28%	10.41%	0.47%
Electrostatic paper	3,270,064,358.54	974,627,609.54	29.80%	36.00%	1.07%	-10.30%
Anti-sticking raw paper	1,238,578,315.18	391,644,815.68	31.62%	2.51%	-18.42%	-8.12%
Financial leasing	1,815,459,714.28	1,695,525,111.41	93.39%	-17.56%	-16.65%	1.02%

4. Whether any seasonal or cyclical characteristic of operations gives rise to concern Yes No**5. Description of significant change in revenue, operating costs and total net profit attributable to ordinary shareholders of the Company during the reporting period as compared to the prior reporting period** Applicable Not applicable

Item	2019	2018	Increase (+)/decrease (-)	Change
Net profit attributable to shareholders of the Company	1,656,566,584.88	2,509,828,858.47	-853,262,273.59	-34.00%

Description: Net profit attributable to shareholders of the Company decreased by 34.00% year on year due to: a year-on-year decrease in the gross profit margin of the machine-made paper of the Company as affected by the market environment, and an impairment provision of RMB1,155 million made by the Company under the principle of prudence under the requirement of the new financial instrument standard.

6. To be suspended from listing and delisted Applicable Not applicable**7. Events relating to financial reporting****(1) Description of changes in accounting policies, accounting estimates and accounting methods as compared to the financial report for the prior year** Applicable Not applicable

Change in accounting policies due to implementation of new standards

On 13 December 2018, the Ministry of Finance issued the Notice on Printing and Distributing the Amendments (Cai Kuai [2018] No. 35), which amended the Accounting Standard for Business Enterprises No. 21 – Leases. Such amendments shall be implemented from 1 January 2019 for the enterprises listed both domestically and overseas, as well as the enterprises listed overseas and adopting the International Financial Reporting Standards or the Accounting Standards for Business Enterprises to prepare their financial statements, and from 1 January 2021 for other enterprises adopting the Accounting Standards for Business Enterprises. On 30 April 2019, the Ministry of Finance issued the Notice on Amending, Printing and Distributing the General Format of the Financial Statements of Enterprises for 2019 (Cai Kuai [2019] No. 6), which amended the general format of the financial statements of enterprises, required non-financial enterprises adopting the Accounting Standards for Business Enterprises to prepare their interim financial statements and annual financial statements for 2019 and the financial statements for subsequent periods in accordance with the Accounting Standards for Business Enterprises and Cai Kuai [2019] No. 6. On 9 May 2019, the Ministry of Finance issued the Notice on Printing and Distributing the Amendments (Cai Kuai [2019] No. 8), which amended the Accounting Standard for Business Enterprises No. 7 – Exchange of Non-monetary Assets. Such amendments shall be implemented from 10 June 2019 for the enterprises adopting the Accounting Standards for Business Enterprises. On 16 May 2019, the Ministry of Finance issued the Notice on Printing and Distributing (Cai Kuai [2019] No. 9), which amended the Accounting Standard for Business Enterprises No. 12 – Debt Restructuring. Such amendments shall be implemented from 17 June 2019 for the enterprises adopting the Accounting Standards for Business Enterprises. As approved at the eleventh meeting of the eighth session of the Board of the Company on 25 October 2018, the Company began to adopt the above accounting standards within the timeframe as required by the Ministry of Finance.

(2) Reason for retrospective restatement to correct major accounting errors during the reporting period Applicable Not applicable**(3) Reason for changes in scope of the consolidated financial statements as compared to the financial report for the prior year** Applicable Not applicable

During the reporting period, the scope of consolidation included 4 newly established subsidiaries, namely Shanghai Chenming Pulp & Paper Sales Co., Ltd., Meilun (BVI) Limited, Guangdong Chenming Panels Co., Ltd. and Weifang Chenming Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership).

During the reporting period, three companies were excluded from the scope of consolidation: 60% equity interest in Haicheng Haiming Mining Co., Ltd., 100% equity interest in Beijing Chenming Meilun Technology Co., Ltd. and 100% equity interest in Wuxi Song Ling Paper Co., Ltd. were disposed of by the Company and were excluded from the scope of consolidation.

The Board of Shandong Chenming Paper Holdings Limited
27 March 2020