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)

CORRIGENDUM ANNOUNCEMENT
CORRIGENDUM TO 2017 INTERIM REPORT

Reference is made to the interim report of the results for the six months ended 30 June 2017 of Shandong Chenming Paper Holdings Limited (the "**Company**") dated 15 August 2017 (the "**Interim Report**"). Unless the context requires otherwise, all the terms in this announcement shall have the same meanings as those defined in the Interim Report when used herein.

In the preparation of the Interim Report, the Company took a portion of interest income received by the Company from the Financial Leasing Company as the costs of the financial leasing business at the level of consolidated statement for the purpose of a direct and effective comparison with the industry peers, thus helping investors clearly understand the operations of the financial leasing business of the Company. This practice does not conform to the "Principle of Integrity" at the level of consolidated statements upon an exchange between the Company and the accountant. The Company therefore wishes to supplement and amend the information as follows:

I. In the section "IV. Major accounting data and financial indicators" under "II Company Profile and Key Financial Indicators", changes are made to the net cash flows from operating activities.

Amended "Major accounting data and financial indicators"

	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)	13,749,235,007.24	10,606,358,733.02	29.63%
Net profit attributable to shareholders of the Company (RMB)	1,745,514,838.23	939,164,870.60	85.86%
Net profit after extraordinary gains or losses attributable to shareholders of the Company (RMB)	1,623,294,558.21	741,811,083.82	118.83%
Net cash flows from operating activities (RMB)	**-4,112,941,768.39**	**-2,697,509,853.04**	**-52.47%**
Basic earnings per share (RMB per share)	0.75	0.45	66.67%
Diluted earnings per share (RMB per share)	0.75	0.45	66.67%
Rate of return on net assets on weighted average basis	7.24%	5.89%	1.35%

	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)	91,768,113,395.50	82,285,354,532.14	11.52%
Net assets attributable to shareholders of the Company (RMB)	22,755,800,238.01	22,218,808,367.43	2.42%

II. In the section "I. Overview" under "IV Discussion and Analysis of Operations", "The Company recorded operating costs of RMB9,530 million, a year-on-year increase of 25.78%." is changed to "**The Company recorded operating costs of RMB9,171 million, a year-on-year increase of 26.25%.**"

III. In the section "II. Analysis of principal operations" under "IV Discussion and Analysis of Operations", changes are made to operating costs, finance expenses, net cash flows from operating activities and net cash flows from financing activities under "Year-on-year changes in major financial information" and operating costs and gross profit margin of financial leasing under "Components of principal operations".

Amended "Year-on-year changes in major financial information"

	During the reporting period	During the corresponding period of the prior year	Increase/ decrease	Reason for the change
Revenue	13,749,235,007.24	10,606,358,733.02	29.63%	Mainly due to the increased sales and prices of machine-made paper of the Company.
Operating costs	**9,171,066,988.49**	**7,263,967,310.23**	**26.25%**	Mainly due to the increased sales of machine-made paper of the Company.
Selling and distribution expenses	641,498,275.35	573,734,657.05	11.81%	Mainly due to the increased sales of machine-made paper of the Company.
Administrative expenses	856,354,999.17	694,013,827.38	23.39%	Mainly due to the increased investment in research and development of the Company.
Finance expenses	**1,055,396,506.36**	**968,343,561.61**	**8.99%**	Mainly due to the increased interest expenses.
Income tax expenses	331,253,327.08	307,031,422.46	7.89%	Mainly due to the improved profitability of the Company.
Investments in research and development	446,835,957.44	305,617,867.77	46.21%	Mainly due to the increased investment in research and development of the Company for market expansion.
Net cash flows from operating activities	**-4,112,941,768.39**	-2,697,509,853.04	**-52.47%**	Mainly due to the increased use of bills and the reduced discounting of bills receivable by the Company.
Net cash flows from investing activities	-363,428,930.29	-840,208,267.12	56.75%	Mainly due to the capital increase to Guangdong Dejun and the increased investment in Sime Darby West Port by the Company during this year.
Net cash flows from financing activities	**5,025,392,453.07**	5,225,021,178.25	**-3.82%**	
Net increase in cash and cash equivalents	441,630,376.91	1,679,333,857.39	-73.70%	

Amended "Components of principal operations"

	Revenue	Operating costs	Gross profit margin	Increase/ decrease of revenue as compared to the corresponding period of the prior year	Increase/ decrease of operating costs 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
By industry						
Machine-made paper	12,043,543,738.63	8,629,879,304.81	28.34%	34.84%	26.33%	4.83%
Financial leasing	1,128,076,033.86	**202,931,138.24**	**82.01%**	-6.15%	**37.67%**	**-5.73%**
By products						
Duplex press paper	2,692,685,324.56	1,977,548,541.00	26.56%	14.35%	9.01%	3.59%
Coated paper	2,588,288,964.39	1,839,035,493.67	28.95%	25.02%	18.74%	3.76%
White paper board	2,931,623,712.21	1,988,207,004.18	32.18%	176.51%	144.17%	8.98%
Financial leasing	1,128,076,033.86	**202,931,138.24**	**82.01%**	-6.15%	**37.67%**	**-5.73%**
By geographical segment						
Mainland China	11,987,670,442.70	**7,797,630,570.74**	**34.95%**	33.58%	**32.88%**	**0.34%**
Other countries and regions	1,575,473,391.99	1,373,436,417.75	12.82%	1.19%	0.26%	0.81%

Note:

① The gross profit margin of financial leasing business is higher than that of the industry peers mainly because part of the funds of the financial leasing business are financed by the internal borrowings of the Group, which offset the operating costs and interest income of finance expenses on consolidated basis.

② For the period from January to June 2017, Shandong Chenming Financial Leasing Co., Ltd., including Qingdao Chenming Nonghai Financial Leasing Co., Ltd., achieved sales revenue of RMB1,289.8538 million, a year-on-year decrease of 0.47%, and recorded operating costs of RMB695.9144 million, a year-on-year decrease of 3.63%, with a gross profit margin of 46.05%, a year-on-year decrease of 2.13 percentage points.

IV. In the section "VIII. Major accounting data and financial indicators of the Company as at the end of the reporting period and last year (or for the reporting period and the corresponding period last year)" under "IX Corporate bonds", changes are made to EBITDA interest coverage ratio. The amended EBITDA interest coverage ratio is as follows:

	The reporting period	**The corresponding period of the prior year**	**Increase/decrease for the reporting period as compared to corresponding period of the prior year**
EBITDA interest coverage ratio	**4.04**	**3.14**	**28.66%**

EBITDA interest coverage ratio increased by 28.66% as compared to the corresponding period of the prior year mainly due to the year-on-year improvement in profitability as a result of the increased sales, prices and gross profit margin of machine-made paper of the Company.

V. In the section "II. Financial Statements" under "X Financial Report", changes are made to operating costs and finance expenses under "3. Consolidated Income Statement", and cash paid for goods and services, subtotal of cash outflows from operating activities, net cash flows from operating activities, cash paid for dividend and profit distribution or interest payment, subtotal of cash outflows from financing activities and net cash flows from financing activities under "5. Consolidated cash flow statement".

Amended consolidated income statement

Item	Amounts for the reporting period	Amounts for the prior period
I. Total revenue	13,749,235,007.24	10,606,358,733.02
Including: Revenue	13,749,235,007.24	10,606,358,733.02
II. Total operating costs	11,880,087,434.81	9,622,587,179.13
Including: Operating costs	**9,171,066,988.49**	**7,263,967,310.23**
Taxes and surcharges	105,960,012.36	85,488,437.29
Sales expenses	641,498,275.35	573,734,657.05
Administrative expenses	856,354,999.17	694,013,827.38
Finance expenses	**1,055,396,506.36**	**968,343,561.61**
Loss on impairment of assets	49,810,653.08	37,039,385.57
Plus: Gain on change in fair value ("-" denotes loss)	-11,009,851.10	-10,599,543.68
Investment income ("-" denotes loss)	65,864,672.36	37,008,429.78
Including: Investment income from associates and joint ventures	-4,154,293.31	-7,203,834.37
III. Operating profit ("-" denotes loss)	1,924,002,393.69	1,010,180,439.99
Plus: Non-operating income	158,519,294.68	228,908,354.31
Including: Gain on disposal of non-current assets	1,822,923.95	2,416,628.05
Less: Non-operating expenses	3,550,702.42	6,002,982.36
Including: Loss on disposal of non-current assets	1,478,120.96	4,043,314.21
IV. Total profit ("-" denotes total loss)	2,078,970,985.95	1,233,085,811.94
Less: Income tax expenses	331,253,327.08	307,031,422.46
V. Net profit ("-" denotes net loss)	1,747,717,658.87	926,054,389.48
Net profit attributable to owners of the Company	1,745,514,838.23	939,164,870.60
Minority interest	2,202,820.64	-13,110,481.12

Item	Amounts for the reporting period	Amounts for the prior period
VI. Other comprehensive income after tax, net	170,697,419.90	-154,317,270.14
Other comprehensive income after tax attributable to owners of the Company, net	170,697,419.90	-154,317,270.14
(I) Other comprehensive income that cannot be reclassified to profit and loss in subsequent periods		
(II) Other comprehensive income that will be reclassified to profit and loss in subsequent periods	170,697,419.90	-154,317,270.14
Translation difference of financial statements denominated in foreign currency	170,697,419.90	-154,317,270.14
VII. Total comprehensive income	1,918,415,078.77	771,737,119.34
Total comprehensive income attributable to owners of the Company	1,916,212,258.13	784,847,600.46
Total comprehensive income attributable to minority interest	2,202,820.64	-13,110,481.12
VIII. Earnings per share:		
(I) Basic earnings per share	0.75	0.45
(II) Diluted earnings per share	0.75	0.45

Amended consolidated cash flow statement

Item	Amounts for the reporting period	Amounts for the prior period
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	12,367,242,687.49	11,293,635,802.59
Tax rebates received	2,575,753.81	3,612,601.13
Cash received relating to other operating activities	230,498,726.61	390,470,872.96
Subtotal of cash inflows from operating activities	12,600,317,167.91	11,687,719,276.68
Cash paid for goods and services	**8,387,824,464.47**	6,247,052,235.36
Cash paid to and for employees	544,347,530.25	486,900,606.26
Payments of taxes	793,983,398.34	631,814,661.29
Cash paid relating to other operating activities	6,987,103,543.24	7,019,461,626.81
Subtotal of cash outflows from operating activities	**16,713,258,936.30**	14,385,229,129.72
Net cash flows from operating activities	**-4,112,941,768.39**	-2,697,509,853.04
II. Cash flows from investing activities:		
Cash received from investments	16,861,112.27	45,750,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	395,843.67	213,406.40
Cash received relating to other investing activities	972,391,073.00	104,056,200.00
Subtotal of cash inflows from investing activities	989,648,028.94	150,019,606.40
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	746,966,959.23	990,227,873.52
Cash paid on investments	606,110,000.00	
Subtotal of cash outflows from investing activities	1,353,076,959.23	990,227,873.52
Net cash flows from investing activities	-363,428,930.29	-840,208,267.12

Item	Amounts for the reporting period	Amounts for the prior period
III. Cash flows from financing activities:		
Cash received from investments	40,000,000.00	
Including: cash received by subsidiaries from minority investments	40,000,000.00	
Cash received from borrowings	23,101,617,576.90	23,019,156,541.90
Cash received from bond issuance		
Cash received relating to other financing activities	7,720,000,594.49	12,132,838,789.75
Subtotal of cash inflows from financing activities	30,861,618,171.39	35,151,995,331.65
Cash repayments of amounts borrowed	13,156,774,323.31	19,068,968,880.27
Cash paid for dividend and profit distribution or interest payment	**2,483,897,208.01**	786,313,234.84
Cash paid relating to other financing activities	10,195,554,187.00	10,071,692,038.29
Subtotal of cash outflows from financing activities	**25,836,225,718.32**	29,926,974,153.40
Net cash flows from financing activities	**5,025,392,453.07**	5,225,021,178.25
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-107,391,377.48	-7,969,200.70
V. Net increase in cash and cash equivalents	441,630,376.91	1,679,333,857.39
Plus: Balance of cash and cash equivalents as at the beginning of the period	1,979,861,045.62	1,888,107,493.76
VI. Balance of cash and cash equivalents as at the end of the period	2,421,491,422.53	3,567,441,351.15

VI. In the section “VII. Notes to items of the Consolidated Financial Statements” under “X Financial Report”, changes are made to the amounts in relation to costs of principal activities, interest expenses, and net cash flows from operating activities under “43. Revenue and operating costs”, “47. Finance expenses” and “56. Supplementary information on cash flow statement”.

Amended "Revenue and operating costs"

Item	Amount for the period		Amount for the prior period	
	Revenue	**Costs**	**Revenue**	**Costs**
Principal activities	13,563,143,834.69	**9,109,268,921.26**	10,531,214,461.68	**7,237,969,046.45**
Other activities	186,091,172.55	61,798,067.23	75,144,271.34	25,998,263.78
Total	13,749,235,007.24	**9,171,066,988.49**	10,606,358,733.02	**7,263,967,310.23**

Amended "Finance expenses"

Item	Amount for the period	Amount for the prior period
Interest expenses	**1,072,958,458.60**	**1,007,251,661.58**
Less: Interest income	117,395,792.54	96,175,924.81
Capitalised interest amount	90,133,011.27	82,706,472.39
Foreign exchange gains and losses	107,381,433.91	49,068,370.62
Bank charges	82,585,417.66	90,905,926.61
Total	**1,055,396,506.36**	**968,343,561.61**

Amended "Supplementary information on cash flow statement"

Supplementary information	Amount for the period	Amount for the prior period
1. Reconciliation of net profit as cash flows from operating activities:	—	—
Net profit	1,747,717,658.87	926,054,389.48
Plus: Provision for impairment of assets	199,810,653.08	37,039,385.57
Depreciation of fixed assets, consumption of oil and gas assets, depreciation of productive biological assets	816,376,614.36	694,931,226.76
Amortisation of intangible assets	25,214,975.98	16,835,509.25
Amortisation of long-term prepaid expenses	10,052,618.57	3,733,859.91
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" denotes gain)	-344,802.99	1,626,686.16

Supplementary information	Amount for the period	Amount for the prior period
Loss on changes in fair value ("-" denotes gain)	11,087,873.76	10,599,543.68
Finance expenses ("-" denotes gain)	**1,072,958,458.60**	**1,007,251,661.57**
Investment loss ("-" denotes gain)	-65,864,672.36	-37,008,429.78
Decrease in deferred income tax assets ("-" denotes increase)	-20,288,090.65	76,202,066.49
Decrease in inventories ("-" denotes increase)	-1,194,720,554.52	-15,307,641.68
Decrease in operating receivables ("-" denotes increase)	-3,414,834,472.92	-5,584,481,269.74
Increase in operating payables ("-" denotes decrease)	-3,300,108,028.18	165,013,159.29
Net cash flows from operating activities	**-4,112,941,768.39**	**-2,697,509,853.04**
2. Major investing and financing activities not involving cash settlements:	—	—
3. Net change in cash and cash equivalents:	—	—
Closing balance of cash	2,421,491,422.53	3,567,441,351.15
Less: Opening balance of cash	1,979,861,045.62	1,888,107,493.76
Net increase in cash and cash equivalents	441,630,376.91	1,679,333,857.39

Apart from the aforesaid amendments, there is no change to other contents of the "full text of 2017 Interim Report". Amendments herein have no impact on the financial position and operating results of the Company. The amended "full text of 2017 Interim Report" and this announcement will be disclosed on the same date at CNINFO (www.cninfo.com.cn). The Company sincerely apologises for any inconvenience caused to investors, and will further strengthen the accuracy of accounting, and enhance the quality of information disclosure. The investors' kind understanding is greatly appreciated.

* *For identification purposes only*

By order of the Board
Shandong Chenming Paper Holdings Limited
CHEN HONGGUO
Chairman

Shandong, the PRC
21 September 2017

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Yin Tongyuan, Mr. Li Feng and Mr. Geng Guanglin; the non-executive Directors are Ms. Yang Guihua and Ms. Zhang Hong and the independent non-executive Directors are Ms. Pan Ailing, Ms. Wang Fengrong, Mr. Huang Lei and Ms. Liang Fu.