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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 “Announcement on Provision of External Financial Assistance upon the Disposal of Equity Interest in Wuhan Chenming” dated 8 September 2023 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, the PRC
8 September 2023

As at the date of this announcement, the executive directors are Mr. Chen Hongguo, Mr. Hu Changqing, Mr. Li Xingchun, Mr. Li Feng and Mr. Li Weixian; 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, Mr. Yang Biao and Mr. Li Zhihui.

* *For identification purposes only*

山东晨鸣纸业集团股份有限公司

SHANDONG CHENMING PAPER HOLDINGS LIMITED*

Announcement on Provision of External Financial Assistance upon the Disposal of Equity Interest in Wuhan Chenming

The Company and all members of its board (the “Board”) of directors (the “Directors” and each a “Director”) hereby warrant the truthfulness, accuracy and completeness of the contents of information disclosure which do not contain any false information, misleading statements or material omissions.

I. Overview of financial assistance

The Resolution on the Disposal of 65.21% Equity Interest in Wuhan Chenming has considered and approved by Shandong Chenming Paper Holdings Limited (the “Company”) at the tenth extraordinary meeting of the tenth session of the Board held on 8 September 2023, pursuant to which the Company has agreed to dispose of its 65.21% equity interest in Wuhan Chenming directly held by it at a consideration of RMB480.00 million to Wuhan Yuanfeng Yinhu Industrial Investment Partnership (Limited Partnership)* (武汉垣丰隐虎产业投资合伙企业(有限合伙)). Upon the completion of this transaction, the Company will indirectly hold 34.64% equity interest in Wuhan Chenming, whereas Wuhan Chenming would be a non-controlled company of the Company and cease to be consolidated into the Company’s financial statements.

Before the disposal of the equity interest, the loan balance provided by the Company and Shouguang Meilun Paper Co., Ltd. (“Shouguang Meilun”, a majority-owned subsidiary of Company) to Wuhan Chenming was RMB251.58 million and RMB554.34 million, respectively. After the transfer of the equity interest, the above outstanding loan balance of the Company and Shouguang Meilun will passively constitute financial assistance. As agreed by the parties, Wuhan Chenming will repay the loan of RMB40.66 million and RMB554.34 million to the Company and Shouguang Meilun respectively before the Equity Transfer Date, and the remaining financial assistance will amount to RMB210.92 million. The financial assistance will not affect the Company’s normal business and use of funds, nor constitute circumstances that may not provide financial assistance as stipulated in the Rules Governing Listing of Stocks on Shenzhen Stock Exchange and the Guidelines for Self-discipline

Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on the Main Board.

At the tenth extraordinary meeting of the tenth session of the Board held on 8 September 2023, the Resolution on Provision of External Financial Assistance upon the Disposal of Equity Interest in Wuhan Chenming was considered and approved with 11 votes for, 0 votes against and 0 votes abstained. According to the Rules Governing Listing of Stocks on Shenzhen Stock Exchange and the Articles of Association and other relevant provisions, the financial assistance still needs to be submitted to the third extraordinary general meeting of the Company in 2023 for consideration.

The financial assistance does not involve related party transactions, nor does it constitute a material asset restructuring as stipulated in the Administrative Measures for Material Asset Restructuring of Listed Companies.

II. Basic information of the target of assistance

1. Company name: Wuhan Chenming Hanyang Paper Holdings Co., Ltd.
2. Registered address: No. 33 Shenlong Avenue, Wuhan Economic & Technological Development Zone
3. Date of establishment: 29 June 2004
4. Type of company: Joint stock company with limited liability (sino-foreign joint venture, unlisted)
5. Registered capital: RMB211.367 million
6. Legal representative: Xin Xiaolin (信效林)
7. Business scope: Production and sales of machine-made paper, paper board and paper making raw materials; production, processing and sales of paper making machinery; general freight; import and export business.

8. Shareholding structure:

Name of shareholders	Before the transfer of equity		After the transfer of equity	
	Capital contribution (RMB0'000)	Percentage of shareholding (%)	Capital contribution (RMB0'000)	Percentage of shareholding (%)
Wuhan Yuanfeng Yinhu Industrial Investment Partnership (Limited Partnership) (武汉垣丰隐虎产业投资合伙企业(有限合伙))	-	-	65.21	65.21
Shandong Chenming Paper Holdings Limited	13,782.20	65.21	-	-
Aberdeen Industrial Limited	5,583.00	26.41	26.41	26.41

Name of shareholders	Before the transfer of equity		After the transfer of equity	
	Capital contribution (RMB0'000)	Percentage of shareholding (%)	Capital contribution (RMB0'000)	Percentage of shareholding (%)
VNN Holdings Limited	1,740.00	8.23	8.23	8.23
Hubei Changjiang Publishing & Media Group Co., Ltd.	10.50	0.05	0.05	0.05
Hubei Zhiyin Printing Co., Ltd.	10.50	0.05	0.05	0.05
Hubei Xinhua Printing Industry Park Co., Ltd.	10.50	0.05	0.05	0.05
Total	21,136.70	21,136.70	100.00	100.00

Note: Aberdeen Industrial Limited and VNN Holdings Limited are wholly owned subsidiaries of the Company.

9. Principal consolidated financial data:

Unit: RMB0'000

Item	31 July 2023	31 December 2022
Total assets	133,987.37	161,098.61
Total liabilities	96,146.44	122,909.48
Net assets	37,840.93	38,189.13
Item	January to July 2023	2022
Revenue	6,554.47	63,559.41
Operating profit	-4,464.48	-15,014.83
Net profit	-348.20	-14,534.64
Net cash flows from operating activities	840.91	-19,666.38

Note: Financial data for 2022 and the period from January to July 2023 have been audited.

Wuhan Chenming is not a discredited party subject to enforcement and has good credit standings.

III. Details of the financial assistance

1. Target of financial assistance: Wuhan Chenming
2. Amount of financial assistance: The Company provided loans in the amount of RMB251.58 million; and Shouguang Meilun provided loans in the amount of RMB554.34 million.
3. Term of financial assistance: Prior to the Equity Transfer Date, Wuhan Chenming will repay loans of RMB40.66 million to the Company and RMB554.34 million to Shouguang Meilun, and the remaining loans of RMB210.92 million will be repayable by 31 December 2025.
4. Interest rate for financial assistance: Market interest rate

5. Use of funds: Daily operation

6. Description of the source of funds: During the period in which Wuhan Chenming was accounted for as a subsidiary in the consolidated financial statements of the Company, the loans incurred by the Company and Shouguang Meilun in support of Wuhan Chenming's daily operations were funded by self-owned funds of the Company and Shouguang Meilun.

IV. The risk analysis of financial assistance and the measure of risk control

The financial assistance was passive due to the sale of equity. Before the sale of equity, Wuhan Chenming was a subsidiary of the Company in scope of consolidation. Wuhan Chenming secured loans from the Company and Shouguang Meilun due to its ordinary operation. After the sale of equity, Wuhan Chenming becomes the investee of the Company. Thus, the Company is able to be informed of the financial condition of Wuhan Chenming in a timely manner and actively supervise Wuhan Chenming to fulfill repayment obligation. In addition, the Company and Wuhan Chenming will not have additional borrowing since the date of signing of Equity Transfer Agreement. As agreed by all parties, Wuhan Chenming will repay the loan amounting to RMB595.00 million before the Equity Transfer Date and the remaining loan amounting to RMB210.92 million will be settled before 31 December 2025. Furthermore, as of the date of this announcement, Jilin Chenming Paper Co., Ltd. ("Jilin Chenming"), a majority-owned subsidiary of the Company owes Wuhan Chenming RMB255.00 million, which is able to cover the remaining amount of financial assistance after the Equity Transfer Date. Hence, the risk of the financial assistance is under control, and will not have any adverse impact on the ordinary operation of the Company and will not jeopardize the interest of the Company and shareholders.

V. Opinions of the Board

The external financial assistance was passive due to the sale of part of equity held by the Company in the majority-owned subsidiary, which is substantially a continuation of the ordinary operating borrowings to the original majority-owned subsidiary by the Company. Upon the completion of the Equity Transfer, Wuhan Chenming will become the investee of the Company. Thus, the Company is able to be informed of the solvency of Wuhan Chenming in a timely manner and actively pay attention to the amount of financial assistance and settle it. In addition, the amount owed by Jilin Chenming, a majority-owned subsidiary of the Company, to Wuhan Chenming may cover the balance of financial assistance after the Equity Transfer Date, which indicates that the risk of the financial assistance is controllable, and will not have any adverse impact on the financial condition and operating result of the Company and will not jeopardize the interest of the Company and other shareholders, particularly minority shareholders.

VI. Opinions of independent directors

This financial assistance attributes to disposal of the equity of Wuhan Chenming, a majority-owned subsidiary of the Company, which is substantially a continuation of daily operating borrowings by the Company to subsidiaries within the scope of the original consolidated statements. The Company has adopted necessary risk prevention and control measures, and the amount owed by Jilin Chenming, a majority-owned subsidiary of the Company, to Wuhan Chenming may cover the balance of financial assistance after the Equity Transfer Date, which indicates that the risk thereof is under control. The review procedures of the Financial Assistance are in compliance with the requirements of relevant laws and regulations, rules and regulatory documents, and will not have any impact on the daily operation of the Company and prejudice the interests of the Company and its shareholders, especially the interest of minority shareholders. We agree to the passive provision of external financial assistance upon the disposal of equity interest in Wuhan Chenming.

VII. Accumulated financial assistance and overdue amount

As of the date of this announcement, except for this financial assistance, the balance of financial assistance provided by the Company amounted to RMB84.70 million, representing 0.44% of the latest audited net assets of the Company. The balance of financial assistance provided by the Company and its majority-owned subsidiaries to entities outside the consolidated statements amounted to RMB84.70 million, representing 0.44% of the latest audited net assets of the Company. There are no overdue outstanding payments.

VIII. Documents for inspection

1. Resolution of the tenth extraordinary meeting of tenth session of the Board;
2. Independent opinions of independent Directors on relevant matters of the tenth extraordinary meeting of tenth session of the Board.

Notice is hereby given.

The Board of SHANDONG CHENMING PAPER HOLDINGS LIMITED*

8 September 2023

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