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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)

**PAYMENT OF FINAL DIVIDEND AND WITHOLDING AND
PAYMENT OF ENTERPRISE INCOME TAX FOR
NON-RESIDENT ENTERPRISE SHAREHOLDERS**

Reference is made to the 2019 annual results announcement dated 27 March 2020, the 2019 annual report for the year ended 31 December 2019 dated 30 March 2020 (the “**2019 Annual Report**”) and the announcement dated 19 June 2020 of Shandong Chenming Paper Holdings Limited (the “**Company**”) in relation to, among other things, the arrangement on distribution of final dividend for 2019 (the “**2019 Final Dividend**”), as well as the circular on proposed adoption of the incentive scheme dated 29 April 2020 (the “**Circular**”), the announcements dated 18 May 2020 and 19 June 2020 in relation to, among other things, the authorisation to the board of directors to handle matters in respect of the incentive scheme of the Company (the “**Handling of Matters in Respect of the Incentive Scheme**”), and the announcement dated 5 August 2020 in relation to dividend adjustment (the “**Dividend Adjustment**”). The 2019 Final Dividend has been approved by the shareholders of the Company at the annual general meeting dated 19 June 2020 (the “**AGM**”), and the Handling of Matters in Respect of the Incentive Scheme has been approved by the shareholders of the Company at the extraordinary general meeting dated 15 May 2020 (the “**EGM**”).

DIVIDEND PAYMENT

According to the article of association of the Company, dividends will be denominated and declared in RMB. Dividends in domestic shares will be paid in RMB and dividends in H shares will be paid in Hong Kong dollars. The relevant exchange rate will be the average of the medium rate of RMB to Hong Kong dollars as announced by the People's Bank of China for five working days prior to and including 19 June 2020, the date on which the 2019 Final Dividend was declared at the AGM (i.e. RMB0.91441 equivalent to HK\$1.00). Therefore the Final Dividend of RMB1.465828 per 10 H Shares is equivalent to HK\$1.603031.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China implemented in 2008, the Company shall withhold and pay 10% enterprise income tax when it distributes the 2019 Final Dividend to its non-resident enterprise shareholders of overseas H shares (including HKSCC Nominees Limited, other corporate nominees or trustees, and other entities or organizations) whose names appear on the Company's H shares register of members on 24 June 2020. The income tax will not be withheld from the 2019 Final Dividend payable to individual holders of H shares whose name appear on the Company's H shares register of members on 24 June 2020.

The Company will strictly comply with the relevant tax laws and regulations of the People's Republic of China to withhold for payment the 10% enterprise income tax and the 2019 Final Dividend will only be payable to the holders whose names appear on the Company's H share register of members on 24 June 2020. The Company assumes no responsibility or liability whatsoever for confirming the identity of the shareholders of the Company and for any claims arising from any delay in or inaccurate determination of the identity of shareholders of the Company or any disputes over the withholding mechanism.

The Company has appointed Bank of Communications Trustee Limited as the receiving agent in Hong Kong (the "**Receiving Agent**") and will pay to such Receiving Agent the 2019 Final Dividend declared for payment to holders of H shares. The Receiving Agent will pay the 2019 Final Dividend net of the applicable tax on or before 19 August 2020. Relevant cheques will be dispatched to holders of H shares entitled to receive such dividend by ordinary post and at their own risk.

Shareholders are recommended to consult their tax advisers regarding the tax implications arising from their holding and disposal of H shares of the Company.

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

Shandong, the PRC
10 August 2020

* *For identification purpose only*

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Hu Changqing, Mr. Li Xingchun and Mr. Li Feng; 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.