

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 “Shandong Chenming Paper Holdings Limited: Announcement on Investment in the Establishment of a Limited Partnership” dated 23 December 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
23 December 2020

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.

* *For identification purposes only*

Stock code:
000488 200488

Stock abbreviation:
Chenming Paper Chenming B

Announcement No.:
2020-109

Shandong Chenming Paper Holdings Limited

Announcement on Investment in the Establishment of a Limited Partnership

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.

Important Reminder:

1. Jiangxi Chenming Paper Co., Ltd.* (江西晨鳴紙業有限責任公司) (hereinafter referred to as “Jiangxi Chenming”) and Wuhan Chenming Hanyang Paper Holdings Co., Ltd.* (武漢晨鳴漢陽紙業股份有限公司) (hereinafter referred to as “Wuhan Chenming”), both majority-owned subsidiaries of Shandong Chenming Paper Holdings Limited* (hereinafter referred to as the “Company”), proposed to cooperate with Jinan Hengzhen Investment Management Co., Ltd.* (濟南珩臻投資管理有限公司) (hereinafter referred to as “Hengzhen Investment”) to establish Shandong Dingkun Asset Management Partnership (Limited Partnership)* (山東鼎坤資產管理合夥企業 (有限合夥)) (tentative name, subject to the approval of and registration with the industrial and commercial authority, hereinafter referred to as “Dingkun Asset”).

2. Upon completion of the investment, Dingkun Asset will become a majority-owned subsidiary of the Company, and the Company will hold a total of 99.90% of subscribed capital in Dingkun Asset, which shall be included in the Company’s scope of consolidation, and shall consolidate the related assets in the Company’s scope of consolidation only, and shall not make external investments.

I. Overview of External Investment

1. General information of the external investment

In order to further strengthen the Company’s capabilities in the integration of internal resources, facilitate the development of the principal activities of pulp production and paper making, and improve the Company’s comprehensive competitiveness, Jiangxi Chenming and Wuhan Chenming, both majority-owned subsidiaries of the Company, proposed to establish Dingkun Asset in cooperation with Hengzhen Investment. The total subscribed capital contribution by all partners in cash shall be RMB1,001.00 million, of which RMB1.00 million shall be contributed by Hengzhen Investment as a general partner, RMB600.00 million shall be contributed by Jiangxi Chenming as a limited partner, and RMB400.00 million shall be contributed by Wuhan Chenming as a limited partner. Upon completion of the investment, Dingkun Asset will become a majority-owned subsidiary of the Company, and the Company will hold a total of 99.90% of subscribed capital in Dingkun Asset, which shall be included in the Company’s scope of consolidation.

2. Consideration at the meeting

The sixteenth extraordinary meeting of the ninth session of the Board of the Company was convened by means of communication on 23 December 2020. 9 Directors were entitled to be present at the meeting and 9 Directors attended the meeting. The Resolution on Investment in the Establishment of a Limited Partnership was considered and approved at the meeting with 9 votes for, 0 vote against and 0 vote abstained from the resolution.

The transaction does not constitute a related party transaction, nor does it constitute a material asset reorganisation under the Administrative Measures for the Material Asset Reorganizations of Listed Companies. In accordance with the regulations of the Rules Governing Listing of Stocks on Shenzhen Stock Exchange and the Articles of Association, the external investment does not need to be submitted to the general meeting for consideration.

II. General Information of the Entities under the Partnership Agreement

(I) Company name: Jiangxi Chenming Paper Co., Ltd.*

1. Unified Social Credit Code: 91360100744264607E
2. Legal representative: Zhang Gang
3. Registered address: Baishuihu Industrial Park, Nanchang Economic and Technological Development Zone, Jiangxi Province
4. Date of establishment: 4 November 2002
5. Corporate type: Limited liability company
6. Registered capital: USD326,733,200
7. Business scope: Production and sale of high-end paper, paper board (except for newsprint) and self-made pulp.
8. Shareholding and controlling relationship: It was held by the Company, the Company's wholly-owned subsidiary Chenming (HK) Limited and Western Trust Co., Ltd. as to 42.46%, 40.79% and 16.75%, respectively.

9. Jiangxi Chenming is not a dishonest person subject to enforcement.

(II) Company name: Wuhan Chenming Hanyang Paper Holdings Co., Ltd.*

1. Unified Social Credit Code: 91420100271892354J
2. Legal representative: Li Haiyong
3. Registered address: No. 33, Shenlong Avenue, Wuhan Economic and Technological Development Zone
4. Date of establishment: 29 June 2004
5. Corporate type: Company limited by shares
6. Registered capital: RMB211,367,000
7. Business scope: Production and sale of machine-made paper, paper board and paper making materials; manufacturing, processing and sale of paper making machinery; general logistics; import and export businesses.

8. Shareholding and controlling relationship: It was jointly held by the Company and its subsidiaries as to 99.85%, and held by Hubei Xinhua Printing Industrial Park Co., Ltd.* (湖北省新華印刷產業園有限公司), Hubei Changjiang Publishing and Media Group Co., Ltd.* (湖北長江出版傳媒集團有限公司) and Hubei Zhiyin Printing Co., Ltd.* (湖北知音印務有限公司) as to 0.05%, respectively.

9. Wuhan Chenming is not a dishonest person subject to enforcement.

(III) Company name: Jinan Hengzhen Investment Management Co., Ltd.*

1. Unified Social Credit Code: 91370100MA3UH3WA6A
2. Legal representative: Ma Yuanyuan
3. Registered address: Room 502, Building A7-2, Hanyu Jingu Financial Business Center, No. 7000, Jingshi Road, Jinan Area, China (Shandong) Pilot Free Trade Zone
4. Date of establishment: 2 December 2020
5. Corporate type: Limited liability company
6. Registered capital: RMB1 million
6. Business scope: General business: engaged in investment activities with self-owned funds; corporate management; financial consulting; financing consulting services; information consulting services (excluding licensing information consulting services)

7. Shareholding and controlling relationship: It was held by natural persons Ma Yuanyuan and Gu Jun as to 50% and 50%, respectively.

8. Related party relationship or other interests: Hengzhen Investment does not have any related party relationship or interest arrangement with the Company or its controlling shareholder, actual controller, shareholders holding more than 5% equity interest, Directors, supervisors and senior management, nor does it directly or indirectly hold any shares of the Company.

9. Hengzhen Investment is not a dishonest person subject to enforcement.

III. Generation Information of the Proposed Partnership

1. Company name: Shandong Dingkun Asset Management Partnership (Limited Partnership)* (tentative name, subject to the approval of and registration with the industrial and commercial authority)

2. Organization type: Limited partnership
3. Executive partner: Jinan Hengzhen Investment Management Co., Ltd.*
4. Principal place of operation: Units 810-811, Quanfuyuan Dianshang Building, Luocheng Street, Shouguang City, Weifang City, Shandong Province.
5. Business scope: Asset management services for investment with owned funds; investment activities with owned funds; corporate management; financing consulting services; financial consulting; information consulting services (excluding licensing information consulting services).
6. Registered capital: RMB1,001.00 million
7. Capital contribution method: In cash
8. None of the Company's controlling shareholder, actual controller, shareholders holding more than 5% equity interest, Directors, supervisors or senior management will participate in the subscription of shares in the partnership, or hold office in the partnership.
9. The external investment does not constitute horizontal competition.

IV. Main Contents of the Partnership Agreement

1. Partners

General partner: Jinan Hengzhen Investment Management Co., Ltd.*

Limited partners: Jiangxi Chenming Paper Co., Ltd.* and Wuhan Chenming Hanyang Paper Holdings Co., Ltd.*

2. Subscription of capital contribution

The partners will subscribe capital contribution of RMB1,001.00 million in total by the following methods and in the following amounts:

Name of partner	Method	Subscribed capital contribution (RMB0'000)	Subscription ratio (%)
Jinan Hengzhen Investment Management Co., Ltd.*	Cash	100	0.10
Jiangxi Chenming Paper Co., Ltd.*	Cash	60,000	59.94
Wuhan Chenming Hanyang Paper Holdings Co., Ltd.*	Cash	40,000	39.96
Total	-	100,100	100

3. Term of operation

The term of operation of the partnership is 10 years from the date of receipt of the business licence, subject to extension or reduction upon the decision of the executive partner in writing and notice to other partners.

4. Partnership costs

The partnership costs of the partnership include: the operating expenses, management fees and investment project expenses of the partnership. As remuneration for the executive partner in managing the partnership and executing the partnership affairs, the parties agreed to pay management fees to the executive partner according to the agreement.

5. Profit distribution and share of loss

(1) The distributable income of each period to be obtained by the partnership from the date of capital contribution shall be given priority in the distribution to the principal of the limited partner. After the principal investment of the limited partner has been paid off, the principal investment of the general partner shall be paid off. The profit after deducting the principal from each partner will be distributed according to the proportion of capital contribution.

(2) The parties clarified that any act or omission of the executive partner shall not be regarded as a guarantee or promise for any partner to recover the actual capital contribution and obtain investment income in the partnership.

(3) The losses incurred by the partnership shall first be shared by all partners in accordance with the proportion of the actual capital contribution not exceeding the actual capital contribution.

6. Transfer of interests

(1) Transfer of interests by limited partners

If a limited partner (the “Transferor”) intends to transfer or sell (collectively referred to as “Transfer”) its interests in the partnership to any third party (the “Intended Transferee”), the Transfer shall be agreed by all partners and fully comply with the provisions of this clause and other relevant provisions under this agreement. Otherwise, the executive partner may identify the Transferor as a defaulting partner and require the Transferor to bear the liability for breach of contract, and the executive partner has the right to refuse to go through the corresponding industrial and commercial registration changing formalities.

(2) Transfer of interests by the executive partner

① Except for the transfer made in accordance with the express agreement of this agreement, the executive partner shall not transfer its interests in the partnership in any other way.

② With the consent of the other partners, the executive partner may transfer its interests in the partnership to any third party.

7. Effectiveness of the agreement

This agreement takes effect from the date when the parties sign it. After this agreement is signed, the partners who join the partnership by way of transfer of interests shall become legally binding upon such partners confirm in writing that they are bound by this agreement.

V. Purpose and Existing Risks of the External Investment and its Impact on the Company

The participation of the majority-owned subsidiaries of the Company in the establishment of the limited partnership aims at integrating the internal effective resources of the Company, facilitating the development of the principal activities of pulp production and paper making, and further enhancing the profitability and comprehensive competitiveness of the Company by leveraging the professional management experience of the partners. The partnership only integrates the relevant assets within the scope of the Company’s consolidation, and does not make external investment. The partnership will be majority-owned by the Company and be included in the Company's scope of consolidation. The investment will be financed by the own funds of the subsidiaries. At present, the cash flows of the subsidiaries are sufficient, which have no significant adverse impact on the Company's financial position and operating results, and there is no situation that is detrimental to the interests of the Company and its shareholders, especially the minority shareholders.

The investment and operation of the proposed partnership will be affected by various factors such as macro economy, national policies and operation and management of the underlying assets of the investment. The Company will pay close attention to the operation of Dingkun Asset and urge fund managers to strengthen project management, improve the level of scientific decision-making, reduce investment risks, and safeguard the interests of the Company and shareholders. Investors should pay attention to investment risks.

VI. Documents Available for Inspection

1. Resolutions of the sixteenth extraordinary meeting of the ninth session of the Board of the Company;

2. The Partnership Agreement.

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited
23 December 2020