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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)

DISCLOSABLE TRANSACTION
ENTERING INTO OF LIMITED PARTNERSHIP AGREEMENT FOR
THE ESTABLISHMENT OF LIMITED PARTNERSHIP

The Board is pleased to announce that, on 23 December 2020, Hengzhen Investment (as the General Partner), Jiangxi Chenming (as a Limited Partner) and Wuhan Chenming (as a Limited Partner) have entered into the Limited Partnership Agreement for the establishment of the Limited Partnership. After the establishment of the Limited Partnership, it will become a subsidiary of the Company, and its financial information will be consolidated into the consolidated statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) in respect of the Limited Partnership Agreement calculated under Rule 14.07 of the Listing Rules exceed(s) 5% but all of the applicable percentage ratios are less than 25%, the Limited Partnership Agreement constitutes a disclosable transaction of the Company and is subject to the announcement requirement but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 23 December 2020, Hengzhen Investment (as the General Partner), Jiangxi Chenming (as a Limited Partner) and Wuhan Chenming (as a Limited Partner) have entered into the Limited Partnership Agreement for the establishment of the Limited Partnership. After the establishment of the Limited Partnership, it will become a subsidiary of the Company, and its financial information will be consolidated into the consolidated statements of the Group.

Limited Partnership Agreement

Major terms of the Limited Partnership Agreement are set out below:

Date: 23 December 2020

Name of the Limited Partnership: Shandong Dingkun Asset Management Partnership (Limited Partnership)* (山東鼎坤資產管理合夥企業(有限合夥)) (subject to the name registered at relevant government authorities)

Parties:

- (1) Hengzhen Investment (as the General Partner);
- (2) Jiangxi Chenming (as a Limited Partner); and
- (3) Wuhan Chenming (as a Limited Partner).

Both Jiangxi Chenming and Wuhan Chenming are subsidiaries of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hengzhen Investment and its respective ultimate beneficial owners are Independent Third Parties.

Purpose of the Limited Partnership: Engage in investments that comply with legal regulations and the Limited Partnership Agreement, make good investment returns for all Partners, and not proceed with public offering and issue funds in any way.

Scope of the Limited Partnership: Asset management services for investment with its own funds; investment activities with its own funds; corporate management; financing consulting services; financial consulting; information consulting services (excluding licensing information consulting services) (subject to the business scope registered at company registration authority).

Term of operation of the Limited Partnership: The term of operation is 10 years from the date when the Limited Partnership obtains the business license, which can be extended or shortened upon written decision by Hengzhen Investment and Notification to other Partners.

Capital contribution made by Partners:

A total subscribed capital contribution of RMB1,001 million shall be made in cash by all Partners. Under the consensus of all Partners, the subscribed capital contribution to be made by each Partner is set out below:

| Name of Partner | Type | Method | Subscribed capital contribution (in RMB'00 million) | Subscription ratio |
|---------------------|-----------------|--------|---|--------------------|
| Hengzhen Investment | General Partner | Cash | 0.01 | 0.10% |
| Jiangxi Chenming | Limited Partner | Cash | 6.00 | 59.94% |
| Wuhan Chenming | Limited Partner | Cash | 4.00 | 39.96% |
| Total | | | 10.01 | 100% |

Unless the written consent of Hengzhen Investment has been obtained, each Limited Partner shall pay within 30 working days from the date of the issuance of the business license of the Limited Partnership.

The Group intends to use its internal resources to fund its capital contribution.

Management and management fees for the Limited Partnerships:

Hengzhen Investment is responsible for the specific implementation of the resolutions made in the Partners meeting, and the Limited Partners pay management fees to Hengzhen Investment.

Profit Distribution:

The distributable income of each period gained by the Limited Partnership from the date of capital contribution shall be given priority to repay the principal of the Limited Partners within 10 working days from the date of gaining the distributable income of the period. After the principal investment of the Limited Partners has been repaid, the principal of the General Partner shall be repaid. The profit after deducting the principal of each Partner will be distributed according to the proportion of their respective capital contribution.

Any act or omission of Hengzhen Investment shall not be regarded as a guarantee or commitment for any Partner to recover the paid-in capital contribution and gain investment income in the Limited Partnership.

Share of loss:

The losses of the Limited Partnership shall first be shared by all Partners up to the paid-up capital contribution in accordance with the paid-up capital contribution ratio.

Transfer of rights and interests in the Limited Partnership:

If a Limited Partner intends to transfer or sell its rights and interests in the Limited Partnership to any third party, it shall obtain the unanimous consent of all Partners and fully comply with the provisions of the Limited Partnership Agreement.

Except as expressly stipulated in the Limited Partnership Agreement, Hengzhen Investment shall not transfer its rights and interests in the Limited Partnership in any other way. If other Partners agree, Hengzhen Investment may transfer its rights and interests in the Limited Partnership to any third party.

Reasons for and Benefits of Entering into the Limited Partnership Agreement

The Board is of the opinion that, by leveraging the professional management experience of the Partners, the establishment of the Limited Partnership can integrate the effective internal resources and related assets of the Group to facilitate the development of the principal activities of pulp production and paper making and further enhance the Company's profitability and comprehensive competitiveness.

The Board, including all independent non-executive Directors, is of the opinion that the terms of the Limited Partnership Agreement are fair and reasonable, on normal or better commercial terms and in the interests of the Company and the shareholders as a whole.

INFORMATION ON THE GROUP AND THE PARTIES TO THE LIMITED PARTNERSHIP AGREEMENT

The Group is primarily engaged in production and sale of paper products.

Hengzhen Investment is a limited liability company established under the PRC laws. Its business scope covers engagement in investment activities with its own funds; corporate management; financial consulting; financing consulting services; information consulting services (excluding licensing information consulting services).

Jiangxi Chenming is a limited liability company incorporated in the PRC. Its business scope covers production and sale of high-end paper, paper board (except for newsprint) and self-made pulp.

Wuhan Chenming is a limited liability company incorporated in the PRC. Its business scope covers 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.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) in respect of the Limited Partnership Agreement calculated under Rule 14.07 of the Listing Rules exceed(s) 5% but all of the applicable percentage ratios are less than 25%, the Limited Partnership Agreement constitutes a disclosable transaction of the Company and is subject to the announcement requirement but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

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| “Board” | the board of Directors of the Company; |
| “Company” | Shandong Chenming Paper Holdings Limited* (山東晨鳴紙業集團有限公司), a joint stock limited liability company incorporated in the PRC whose H shares are listed on the main board of the Stock Exchange, and the controlling shareholder of Jiangxi Chenming and Wuhan Chenming, the Limited Partners under the Limited Fund Agreement; |
| “Director(s)” | the director(s) of the Company; |
| “General Partner” | the General Partner of the Limited Partnership, namely Hengzhen Investment; |
| “Group” | the Company and its subsidiaries; |
| “Hengzhen Investment” | Jinan Hengzhen Investment Management Co., Ltd.* (濟南珩臻投資管理有限公司), a limited liability company incorporated in the PRC, the General Partner; |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China; |
| “H Shares” | overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the main board of the Stock Exchange and subscribed for and traded in Hong Kong Dollars; |
| “Independent Third Party” | persons(s) or company(ies) which is(are) independent of the Directors, supervisors, substantial shareholders and chief executive (as defined under the Listing Rules) of the Group; |
| “Jiangxi Chenming” | Jiangxi Chenming Paper Co., Ltd.* (江西晨鳴紙業有限責任公司), a limited liability company incorporated in the PRC, and a subsidiary of the Company, which is jointly owned by the Company and its subsidiaries as to 83.25%, and a Limited Partner under the Limited Partnership Agreement; |
| “Limited Partner(s)” | limited partners of the Limited Partnership, namely Jiangxi Chenming and Wuhan Chenming, and a “Limited Partner” shall refer to any one of them; |
| “Limited Partnership” | a limited partnership enterprise to be established in the PRC under the name “Shandong Dingkun Asset Management Partnership (Limited Partnership)* (山東鼎坤資產管理合夥企業(有限合夥))” under the Limited Partnership Agreement (subject to the name finally approved by the relevant government department); |

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| “Limited Partnership Agreement” | the Limited Partnership Agreement dated 23 December 2020 entered into among Hengzhen Investment (as the General Partner), Jiangxi Chenming (as a Limited Partner), and Wuhan Chenming (as a Limited Partner) for the establishment of the Limited Partnership; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Partner(s)” | partners of the Limited Partnership Agreement, namely Hengzhen Investment, Jiangxi Chenming and Wuhan Chenming, and a “Partner” shall refer to any one of them; |
| “PRC” | the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Wuhan Chenming” | Wuhan Chenming Hanyang Paper Holdings Co., Ltd.* (武漢晨鳴漢陽紙業股份有限公司), a limited liability company incorporated in the PRC, a subsidiary of the Company, which is jointly owned by the Company and its subsidiaries as to 99.85%, and a Limited Partner under the Limited Partnership Agreement; and |
| “%” | percentage. |

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

Shandong, the 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*