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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 “Shandong Chenming Paper Holdings Limited: Special Statement on the Proposed Non-Distribution of Profit for 2021” dated 30 March 2022 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
30 March 2022

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*

Shandong Chenming Paper Holdings Limited

Special Statement on the Proposed Non-Distribution of Profit for 2021

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.

On 30 March 2022, the Resolution in Relation to Non-Distribution of Profit for 2021 was considered and approved at the twelfth meeting of the ninth session of the Board and the twelfth meeting of the ninth session of the Supervisory Committee of Shandong Chenming Paper Holdings Limited (the “Company”). The relevant matters are hereby announced as follows:

I. The proposed profit distribution plan of the Company for 2021

According to the audit report issued by Grant Thornton (Special General Partnership), the net profit attributable to shareholders of the Company in 2021 was RMB2,065,513,108.71, and the net profit of the Company for the year was RMB3,168,564,998.54. As of 31 December 2021, the accumulated undistributed profit of the consolidated statement was RMB9,210,372,613.81, and the accumulated undistributed profit of the Company was RMB2,921,641,460.59.

The Board of the Company proposes that the Company will not distribute cash dividends, nor issue bonus shares, nor increase of share capital from reserves for 2021. The proposed profit distribution plan is subject to consideration at the 2021 annual general meeting.

II. Reasons for not distributing profit for 2021

Taking into account of the current macroeconomic environment and the strategic planning of the Company, in order to further optimise the capital structure, reduce level of liability, lowering its gearing ratio, improve the financial stability of the Company, strengthen its ability to resist risks, and meet the capital requirements of the Company in its daily production and operation and project construction, in addition to ensuring the sustainable and steady development of the principal activities of the Company and better safeguarding the long-term interests of all shareholders, the Company proposes not to distribute cash dividends, nor issue bonus shares, nor increase share capital from reserves for 2021.

III. Usage and plan of undistributed profits of the Company

The proposed profit distribution plan of the Company for 2021 is prepared based on the actual circumstances of the Company. The retained undistributed profits of the Company will be accumulated and rolled over to the next year, which will be mainly used for the daily business development, repayment of interest-bearing liabilities, and project construction of the Company so as to ensure the normal production and operation and business expansion of the Company, provide a reliable guarantee for the implementation of the medium and long-term development strategy of the Company, and effectively safeguard the interests of the Company and all shareholders, especially for the minority shareholders.

IV. Opinions of the Board

The proposed non-distribution of profit for 2021 has taken into full consideration of the current operating condition and future development plan of the Company. The retained undistributed profits will be mainly used for the daily operation, development and project construction, which will help reduce the level of liability, optimise capital structure, ensure the normal production, operation and stable development of the Company and strengthen its ability to resist risks. The proposed non-distribution of profit will not prejudice the interests of the Company's shareholders, especially minority shareholders. The Board agreed to the profit distribution plan for 2021, and has agreed to submit the resolution to the 2021 annual general meeting of the Company for consideration.

V. Opinions of the independent Directors

The Board of the Company has taken into account the future development plan and capital arrangement of the Company before proposing not to distribute profit for 2021, which is in line with the current and actual operating condition of the Company, and will help to ensure the normal production, operation and business development of the Company, maintain sustainable and stable development. The relevant consideration procedures comply with relevant laws, regulations and the Articles of Association, and will not prejudice the interests of the Company and its shareholders, especially for the minority shareholders. We unanimously agreed to the proposed non-distribution of profit for 2021, which will be submitted to the 2021 annual general meeting for consideration.

VI. Opinions of the supervisory committee

The Supervisory Committee is of the view that the proposed non-distribution of profit for 2021 is made based on the current macroeconomic environment and the Company's strategic plan, which is conducive to the Company's sustainable, stable and healthy development. The relevant consideration procedures comply with the relevant laws, regulations and the Articles of Association, and will not prejudice the interests of the Company and its shareholders, especially for the minority shareholders. The Supervisory Committee agreed to the proposed non-distribution of profit for 2021, which will be submitted to the 2021 annual general meeting for consideration.

VII. Documents available for inspection

1. Resolution of the twelfth meeting of the ninth session of the Board of the Company;
2. Resolution of the twelfth meeting of the ninth session of the Supervisory Committee of the Company;
3. Independent opinions of independent Directors on relevant matters of the twelfth meeting of the ninth session of the Board.

Notice is hereby given.

Board of Shandong Chenming Paper Holdings Limited
30 March 2022