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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.

1. Transaction overview

For the purpose of satisfying the production and operation needs of Shandong Chenming Paper Holdings Limited* (the “Company”) and its subsidiaries, further reducing the transportation cost of raw materials, the Company and its subsidiaries in Shouguang City expected the total amount of the continuing related party transaction with Weifang Sime Darby West Port Co., Ltd. (the “Sime Darby West Port”) will be no more than RMB100 million in 2022, which is detailed as follows:

Unit: RMB’0,000

Related party	Subject matter of the related party transaction	Pricing basis of the related party transaction	Expected amount in 2022	Amount incurred as of the disclosure date	Amount incurred last year
Sime Darby West Port	Port miscellaneous fees	Market price	10,000.00	1,248.46	6,435.19

2. Approval process

On 30 March 2022, the Resolution on the Expected Continuing Related Party Transaction in 2022 was considered and approved at the twelfth meeting of the ninth session of the Board of the Company with a voting result as follows: votes for: 9; votes against: 0; abstentions: 1.6 (s)0.6 (t 0.485

kilometres to the north of Yangzi Street Office, Binhai District, Weifang
Scope of business: port terminal construction, management and operation.

Financial data:

Unit: RMB'0,000

Item	31 December 2021	31 December 2020
Total assets	52,973.38	57,046.16
Total liabilities	38,990.67	42,126.83
Total shareholders' equity	13,982.71	14,919.33
Item	2021	2020
Revenue	6,290.22	5,631.49
Operating profit	-977.13	-1,541.24
Net profit	-914.50	-1,521.90

Note: Financial data for 2020 has been audited and financial data for 2021 has not been audited.

2. Related party relationship with the Company:

Sime Darby West Port is an investee of the Company, which holds 50% of its equity interest. Mr. Chen Gang, the general manager of the Company, is the chairman of the board of directors of Sime Darby West Port, and Ms. Li Kang, a supervisor of the Company, is a director of Sime Darby West Port. Pursuant to the requirement of Section 6.3.3 (4) of the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, Sime Darby West Port is a related legal person of the Company.

3. Analysis of performance capacity

The Company holds 50% equity interest in Sime Darby West Port, which has excellent financial and credit conditions, performance capacity and has no impediment to performance capacity. It is confirmed that Sime Darby West Port is not a dishonest person subject to enforcement.

Sime Darby West Port proposed to provide labor services, such as raw material transportation, to the Company and its subsidiaries. The pricing of both parties is determined in accordance with the principle of fairness and market prices. The Company will authorise the management of the Company and its subsidiaries to enter into relevant agreements with related parties within the annual cap for continuing related party transactions in 2022 in accordance with its specific related party transaction business needs during its daily operation. The payment arrangements and settlement method of the transaction shall be conducted in accordance with the agreement.

The purpose of the continuing related party transactions is to satisfy the daily production and operation needs of the Company. The transaction price is determined based on market prices on an objective and fair basis, it will not prejudice the interests of the Company and its shareholders, nor will it adversely affect the financial condition and business performance of the Company. The implementation of the above continuing related party transaction will not result in a heavy reliance on the related party by the primary business of the Company, nor will it adversely affect the independence of the Company.

The independent Directors of the Company have given prior approval to the related party transaction and expressed independent opinions:

1. The independent Directors of the Company have given views of prior approval to such matters: The Company expected the 2022 continuing related party transaction can satisfy its daily operation needs. The transaction price is determined based on market prices, has no adverse effect on the independence of the Company and will not prejudice the interests of the Company and minority shareholders. Therefore, we agreed to submit such resolution to the twelfth meeting of the ninth session of the Board of the Company for consideration.

2. The independent Directors of the Company have expressed independent opinions for such matters: The continuing related party transaction between the Company and the related party is conducted according to the actual daily production and operation needs. The Company will not rely on the related party as a result of such related party transaction. The price of the continuing related party transaction is reasonable and fair, does not involve any benefit transfer and will not prejudice the interests of the Company and all shareholders, especially minority shareholders. The procedures for considering the related party transactions comply with relevant laws, regulations and the Articles of Association. Therefore, we agreed with the expected continuing related party transaction of the Company in 2022.

1. Resolution of the twelfth meeting of the ninth session of the Board of the Company;
2. Views of prior approval of independent Directors on relevant matters of the twelfth meeting of the ninth session of the Board;
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