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SHANDONG CHENMING PAPER HOLDINGS LIMITED*

ANNOUNCEMENT ON THE DISPOSAL OF EQUITY INTEREST IN INVESTEE

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.

I. Overview of the transaction

1. Basic information

In order to further optimize the Company's asset structure, focus on the main businesses of pulping and paper making and enhance the profitability of the Company, Shouguang Meilun Paper Co., Ltd. (the “Shouguang Meilun”), a controlling subsidiary of Shandong Chenming Paper Holdings Limited (the “Company”), intends to sell 35.4331% of its equity interests in Goldtrust Futures Co., Ltd. (the “Goldtrust Futures”), at the Wuhan Optics Valley United Property Rights Exchange Jiang Cheng Equity Exchange Limited () through public tender, at a tender price of RMB197 million, and the final transaction price and the counterparty will be determined based on the results of the public tender transaction. Upon completion of the transaction, Shouguang Meilun will cease to hold any equity interest in Goldtrust Futures.

2. Approval procedure

At the thirteenth extraordinary meeting of the tenth session of the Board held on 28 November 2023, the Resolution in relation to the Disposal of the Equity Interest in Goldtrust Futures through the Public Tender was considered and approved with 11 votes for, 0 vote against and 0 vote abstained. According to the Rules Governing Listing of Stocks on Shenzhen Stock Exchange and the Articles of Association and other relevant provisions, the transaction is not required to be submitted to the general meeting for consideration.

The transaction does not constitute a material asset restructuring as stipulated in the Administrative Measures for Material Asset Restructuring of Listed Companies; as the counterparty has not been determined, it is not possible to determine whether it constitutes a related party transaction.

II. Basic information of the counterparty

The transaction is conducted through public tender to solicit interested transferees, and the counterparty cannot be determined at present. The Company will perform its information disclosure obligations in a timely manner according to the progress of the equity sale.

III. Basic information of the transaction target

(I) Overview of the transaction target

1. Company name: Goldtrust Futures Co., Ltd.
2. Date of establishment: 23 October 1995
3. Legal representative: Chen Pingsen
4. Registered capital: RMB180,340,000
5. Registered address: 16th Floor, No. 89 Yunling East Road, Putuo District, Shanghai
6. Business scope: general projects: commodity futures brokerage, financial futures brokerage, futures investment consulting, asset management.
7. Shareholding structure:

Name of shareholders	Subscribed capital contribution (RMB0'000)	Percentage of shareholding
Shouguang Meilun Paper Co., Ltd.	6,390.00	35.4331%
Hunan Oil Pump Co., Ltd. ()	3,266.00	18.1102%
Shanghai Panhou Investment Management Co., Ltd. ()	2,556.00	14.1732%
Shanghai Jinzhi Information Technology Co., Ltd. ()	887.50	4.9213%
Fuzhou Jinlida Jewellery Co., Ltd. ()	887.50	4.9213%
Shanghai Qiaoyin Venture Capital Co., Ltd. ()	873.30	4.8425%
Shanghai Wobenxia Investment Partnership (Limited Partnership) ()	852.00	4.7244%
Yingxin (Hainan) Financial Services Co., Ltd.()	653.20	3.6220%
Chen Xiuhong	852.00	4.7244%
Chen Pingsen	816.50	4.5276%
Total	18,034.00	100.00%

8. Whether it is the person subject to enforcement for dishonesty: No

II Key financial data

Item	30 September 2023	31 December 2022
Total assets	162,524.83	87,553.40
Total liabilities	143,396.04	69,703.43
Net assets	19,128.79	17,849.98
Item	January-September 2023	2022
Operating income	6,611.14	4,711.09
Operating profit	1,280.91	-1,555.55
Net profit	1,278.81	-1,596.36
Net cash flows from operating activities	31,935.70	4,428.84

Note: The financial data of 2022 and January-September 2023 have been audited by Zhongxinghua Certified Public Accountants (Special General Partnership).

III Information of the appraisal

According to the Assets Appraisal Report (Wan Long Ping Bao Zi (2023) No. 10485) issued by Wanlong (Shanghai) Assets Appraisal Co., Ltd. (), the appraisal result of the income method was adopted as the appraisal conclusion. As at the base date of the valuation (30 September 2023), the appraised value of all shareholders' equity of Goldtrust Futures was RMB556 million, representing an increase of RMB364.71 million over the carrying amount of its net assets.

IV Description of other information

The 35.4331% equity in Goldtrust Futures transferred is not subject to mortgage, pledge or other third-party rights, nor is it involved in major disputes, litigation or arbitration matters, nor has it been subject to judicial measures such as seizure or freezing.

IV. Pricing basis for the transaction

According to the Assets Appraisal Report issued by Wanlong (Shanghai) Assets Appraisal Co., Ltd., the appraised value of all shareholders' equity of Goldtrust Futures as at 30 September 2023 was RMB556 million. The listing price of Shouguang Meilun was RMB197 million, corresponding to 35.4331% of Goldtrust Futures held by it. There are still uncertainties in the transaction price, and the final transaction price is subject to the public tender results.

V. Main contents of the transaction agreement

As the transaction is conducted by way of public tender transfer, as at the disclosure date of this announcement, the counterparty and transaction price have not been determined, and the transaction agreement has not been entered into, the Company will perform its information disclosure obligation in a timely manner according to the progress of the transaction.

VI. Other arrangements involving sale of assets

This sale of equity does not involve other arrangements such as personnel resettlement, land lease and debt restructuring.

VII. Purpose of the sale of assets and impact on the Company

The disposal of equity interest in Goldtrust Futures by Shouguang Meilun will help optimize the asset structure, increase cash inflow, give full play to its own advantages and focus on the development of the main business of pulping and paper making, and further enhance the profitability of the Company, which is in line with the overall development and strategic planning of the Company and will not damage the interests of the Company and the shareholders, especially the minority shareholders. Upon completion of the transaction, Shouguang Meilun will cease to hold any equity interest in Goldtrust Futures.

The transaction is conducted through public tender, and there are uncertainties in the counterparty and transaction price, so there is a risk that the transaction may be delayed or may not be completed. The Company will perform its information disclosure obligations in a timely manner according to the progress of the transaction, and investors are advised to pay attention to the investment risks.

VIII. Documents available for inspection

1. Resolution of the thirteenth extraordinary meeting of the tenth session of the Board of Directors;
2. Audit Report (Zhong Xing Hua Zhuan Zi (2023) No. 110124);
3. Assets Appraisal Report (Wan Long Ping Bao Zi (2023) No. 10485).

It is hereby announced.

he Board of Directors of Shandong Chenming Paper Holdings Limited

28 November 2023