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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: “2019 Work Report of the Board of Directors” dated 27 March 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
27 March 2020

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Hu Changqing and Mr. Li Xingchun; 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

2019 Work Report of the Board of Directors

In 2019, the Board of the Company strictly abided by the Company Law, Securities Law and other laws and regulations, as well as the Articles of Association and the Rules of Procedure of the Board of Directors (《董事会议事规则》), conscientiously performed the Board's duties entrusted by the general meeting, strictly implemented the resolutions of the general meeting, and constantly standardized the corporate governance structure of the Company. All directors have performed their duties diligently, actively participated in the decision-making of the Company's major issues with a scientific, rigorous, prudent and objective attitude, and strived to safeguard the legitimate rights and interests of the Company and shareholders as a whole, effectively ensuring the realization of the Company's work objectives throughout the year.

I. Work Review in 2019

In 2019, the Board of the Company successfully completed the re-election. The new Board actively deployed the Company's various operating indicators and control targets throughout the year, providing decision support and guarantee for the Company to fully realize its annual business goals. By adhering to the development idea of “focusing on principal business and strengthening the whole industry” and committed itself to “efficient management, structural adjustment, market development and risk control”, the Company took the lead in completing the layout of the entire industry chain and building the core advantages of pulping paper by enhancing quality and efficiency, and has successfully completed various work indicators throughout the year and achieved remarkable results.

In 2019, the Company completed the production of machine-made paper of 5.01 million tonnes with sales of 5.25 million tonnes and achieved revenue of RMB 30,395 million, with a year-on-year increase of 9.63%, 21.53% and 5.26%, respectively; total profit and net profit attributable to the owner of parent company were RMB2,048 million and RMB1,657 million, respectively; total assets of the Company amounted to RMB97,959 million with gearing ratio dropping to 73.11%.

II. Operation of the Board

(I) Corporate Governance

During the reporting period, the Company operated in compliance with the requirement of Companies Law, Securities Law, Code of Corporate Governance for Listed Companies, Rules Governing Listing of Stocks on Shenzhen Stock Exchange, the Listing Rules of Hong Kong Stock Exchange and the related requirements as required by CSRC, and continued to improve and optimize its legal person governance structure. The Company also continuously improved its internal control system and proactively carried out management works in relation to investor relations, so as to further improve corporate governance

standards and promote the Company's standardized operations.

1. Shareholders and general meeting

The Company had established a corporate governance structure that ensured shareholders' ability to fully exercise their rights and enjoy equal status. Shareholders enjoyed their rights and undertook corresponding obligations in accordance with the shares held by them. The convening and holding of general meeting of the Company were legal and compliant, and on the premise of guaranteeing the legality and effectiveness of the general meeting, both on-site voting and online voting were provided as channels to participate in such meetings. Where significant matters which had an impact on the interests of minority investors were being considered, the votes by minority investors were counted separately for the convenience of shareholders and for the sake of making public and timely disclosures. At the same time, investors presenting at the general meeting could communicate with the management of the Company in person, which effectively safeguard the rights and demands of investors to participate in the Company's management. We ensured that all investors could participate in corporate governance on an equal basis, which effectively safeguarded the legitimate interests of shareholders, especially those of minority shareholders.

2. Controlling shareholder and the listed company

During the reporting period, the Company remained independent of its controlling shareholder, beneficial controllers and related parties in terms of its business, assets, finance, personnel and organizations, and complied with the relevant provisions of the China Securities Regulatory Commission on the independence of listed companies. The controlling shareholders and beneficial controllers strictly regulated their behaviour, and exercised their rights and performed their obligations in accordance with the laws. The Company had business independence and self-operation capability. The Board, the Supervisory Committee and internal structure can operate independently.

3. Directors and the Board

The composition of the Board of the Company complied with the laws and regulations and the requirements of the Articles of Association. Directors of the Company possessed the knowledge, skills, and qualities necessary to the performance of their duties. All of them were able to earnestly, faithfully, and diligently perform their duties and powers as stipulated in the Articles of Association. The convening and holding of Board meetings were in strict compliance with the Articles of Association and Rules of Procedure of Board Meetings and other relevant provisions. The four special committees under the Board of the Company, namely the Strategic Committee, the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee, performed their duties normally and provided scientific and professional opinions for the decision-making of the Board.

4. Information disclosure and management of investor relations

In accordance with the requirements of the relevant rules, the Company strictly enforced the relevant information disclosure regulations and fully fulfilled its information disclosure obligations. The Company disclosed information in a timely and fair manner and ensured that the information disclosed was true, accurate and complete, and did not contain false information, misleading statements or major omissions. During the reporting period, the Company issued a total of more than 190 periodic reports, interim announcements, and related documents through the designated information disclosure media. The Company performed its information disclosure obligations in a timely manner with respect to the Company's operations, related party transactions, external investment, external guarantees, and the implementation of annual profit distribution, so as to further safeguard the legitimate rights of investors.

Under the premise of strictly fulfilling disclosure obligations, the Company attached importance to the management of investor relations. The Company made public our address, contact number, facsimile, e-mail and other information on its official website and CNINFO, in an attempt to facilitate investors' communication with the Company through the above channels. The Company also made full use of the investor hotline, Shenzhen Stock Exchange's "EasyIR" platform, field investigation and research and other channels and methods to actively interact with investors and listen to what they had to say. We patiently answered questions from investors, and worked at enhancing investors' understanding and recognition of the Company. We passed investors' reasonable opinions and suggestions to the management of the Company in a timely manner, building a bridge between investors and the Company.

(II) Meeting convening and calling

In 2019, the eighth session of the Board held 5 meetings to consider and approve 31 resolutions; the ninth session of the Board held 9 meetings to review and approve 24 resolutions; The Company convened and called 4 general meetings, and made 29 resolutions. All meetings have strictly implemented the relevant provisions of the Articles of Association and the rules of procedure. The resolutions of the meetings are legal and valid, and the implementation of all resolutions is generally good. The Company's directors and relevant senior management attended (or presented) Board meetings and general meetings in a serious and responsible manner, and made decisions on major issues of the Company.

The Board has given full play to the functions of the special committees. The Strategy and Development Committee has held several discussions on major issues of the Company's development strategy; the Audit Committee has participated in the review of the Company's periodic reports and audit institutions; the Nomination Committee has provided opinions on the appointment of senior management; the Remuneration and Assessment Committee has played a positive role in the implementation of the remuneration mechanism for directors and senior management of the Company.

The Company's independent directors have given full play to their functions in accordance with the Company Law, Guidance on Build-up Independent Directors in Listed Companies (《关于在上市公司建立独立董事的指导意见》) and Articles of Association, issued 5 prior approval opinions and 21 independent opinions on related matters such as related party transactions during the reporting period, and put forward many valuable professional suggestions and opinions for the Company's development.

(III) Implementation of the general meeting resolutions by the Board

The Board of the Company has performed its duties in accordance with the resolutions and arrangements of the general meeting and the powers conferred by the Articles of Association, and has mainly completed the following tasks:

After the resolution of the 2018 annual general meeting, the Company distributed a cash dividend of RMB2.4 (tax inclusive) to all ordinary shareholders for every 10 shares held, with a total cash dividend of RMB697 million (tax inclusive); a cash dividend of RMB2.4 (tax inclusive) to all preference shareholders for every 10 ordinary shares (equivalent) held, with a total cash dividend of RMB279 million (tax inclusive). Cash dividends accounted for 38.89% of the net profit attributable to shareholders of the Company in the 2018 consolidated statements. The Company has always paid attention to the return to shareholders. In the past three years, cumulative cash dividends accounted for 46.55% of the net profit attributable to shareholders of the parent company.

III. Management of Investor Relations

The Company strengthened investor relations management from the perspective of standardizing corporate governance, improving the Company's position and image in the capital market, and serving the Company's shareholders.

In 2019, we communicated effectively with investors by receiving investors' visits, answering shareholders' phone calls and sending e-mails, and regularly transmitted the Company's phased business trends to the Company's investors by e-mail, maintained a good communication relationship with the Company's shareholders. In 2019, the Company responded to more than 130 investor questions on the Shenzhen Stock Exchange platform and answered more than 1,440 investor calls. It satisfies the investors' information needs to the greatest extent and enables investors to understand the Company's operating development in a timely and accurate manner.

IV. Working Ideas of the Board in 2020

In 2020, the Board will continue to play the core role in corporate governance, make daily work of the Board in a down-to-earth manner, make important and efficient decisions on major issues. Proceeding from the interests of all shareholders, the Board will earnestly implement the resolutions of the general meeting, ensure the steady and orderly operation and management, and provide strong decision-making support and

guarantee for the full realization of the annual scientific research and production and operation goals.

1. Coordinate strategy and plan management to ensure the implementation of annual tasks and objectives

Based on the macro situation and the Company's strategy, the development plan was supplemented and revised in a timely manner to achieve full convergence and rolling management of the mid-to-long-term plan and annual plan to ensure the Company's sustainable development and growth. The Company will deploy and arrange business plan objectives, consolidate the management's responsibility, guarantee that all the targets are fully undertaken with clear responsibilities and effective synergy, further promote the information management of operation plans and performance evaluation to ensure the full completion of business objectives throughout the year.

2. Efficient operation and improvement of the Board decision-making mechanism

First, we should strength meeting management and improve meeting efficiency; second, we further give full play to the role of the special committees of the Board and independent directors. The special committees of the Board and independent directors will perform their duties in accordance with the law, and take the initiative to understand the major issues that have occurred and may occur and their progress by attending or presenting relevant meetings, special research, on-the-spot visits, reviewing reports and statement materials and consulting relevant personnel, assess the possible impact on the Company and comprehensively grasp the operation of the Company to give professional and feasible suggestions or opinions in a timely manner.

3. Improve the transparency of information disclosure and the investor relationship management level

The Board of the Company will continue to make information disclosure in a timely and accurate manner in accordance with relevant regulatory requirements, and prepare and disclose the Company's periodic reports and interim reports in a timely manner to ensure the truthfulness, accuracy and completeness of the Company's information disclosure.

The Board of the Company will strictly implement the relevant provisions of the Administrative Measures for the Disclosure of Information (《信息披露管理办法》) and Rules for the Management of Investor Relations (《投资者关系管理工作细则》), disclose relevant information in a timely manner in accordance with the principles of fairness, openness and trustworthiness, and will organize and prepare investor relations activities in 2020, keep the Company's investor reception lines smooth, and actively strengthen communication with investors through Shenzhen Stock Exchange "EasyIR", company mailbox and other ways. Meanwhile, we will strengthen the protection of investors' rights, strictly manage the confidentiality of inside information, especially the management of inside information reports and insiders, and continuously improve the quality of information disclosure and the management of investor relations.

4. Continue to strengthen the guidance of the Company's operation and management

The first is to make scientific and timely decision-making on major business management of the Company, and create a good environment for the operation; the second is to continue to strengthen the Company's internal control system standards, continuously optimize the operation management system, consolidate the basic work, prevent corporate risks, and ensure the sustainable and healthy development of the Company.

5. Pay highly attention to the training of standardized operations

The first is to strictly complete the annual training tasks of directors, supervisors and senior management of the Company in accordance with the relevant requirements of the national securities regulatory authority, and continuously improve the ability of directors, supervisors and senior management to perform their duties; the second is to guarantee the internal standardized operation training, continuously strengthen the Company's units and management at all levels of the listed company governance compliance awareness and risk responsibility awareness, and effectively improve the Company's standardized operation level.

Board of Directors of Shandong Chenming Paper Holdings Limited

27 March 2020