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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)

DIVIDEND ADJUSTMENT

Reference is made to the 2019 annual results announcement dated 27 March 2020, the 2019 annual report for the year ended 31 December 2019 dated 30 March 2020 (the “**2019 Annual Report**”) and the announcement dated 19 June 2020 of Shandong Chenming Paper Holdings Limited (the “**Company**”) in relation to, among other things, the arrangement on distribution of final dividend for 2019 (the “**2019 Final Dividend**”), as well as the circular on proposed adoption of the incentive scheme dated 29 April 2020 (the “**Circular**”), and the announcements dated 18 May 2020 and 19 June 2020 in relation to, among other things, the authorisation to the board of directors to handle matters in respect of the incentive scheme of the Company (the “**Handling of Matters in Respect of the Incentive Scheme**”). The 2019 Final Dividend has been approved by the shareholders of the Company at the annual general meeting dated 19 June 2020 (the “**AGM**”), and the Handling of Matters in Respect of the Incentive Scheme has been approved by the shareholders of the Company at the extraordinary general meeting dated 15 May 2020 (the “**EGM**”).

According to the 2019 Annual Report, the arrangement on distribution of 2019 final dividend would be final dividend of RMB1.5 (tax inclusive) per 10 shares to all ordinary shareholders (“**2019 Final Dividend**”). According to the Guidelines of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies, in case of circumstances such as adjustment to share incentive prior to the implementation of dividend distribution plan, the Company shall follow the principle of keeping cash dividend amount unchanged for its dividend distribution, i.e. maintaining dividend distribution of RMB610,109,834.70. Since 79,600,000 A shares were issued on 15 July 2020 under the Incentive Scheme, the total number of issued ordinary shares of the Company will be increased to 2,984,208,200 shares from 2,904,608,200 shares, simulated ordinary shares converted from the preference shares will be increased to 1,178,010,472 shares using a conversion ratio of 1 share valued at RMB3.82 from 1,162,790,698 shares using a conversion ratio of 1 share valued at RMB3.87 and the dividend per ordinary share will be reduced to RMB0.1465828 from RMB0.15. Dividend policy as set out on page 126 of the 2019 Annual Report will be amended as follows:

ORIGINAL DIVIDEND POLICY

Based on the total ordinary share capital of 2,904,608,200 shares and the 1,162,790,698 simulated ordinary shares converted from the preference shares using a conversion ratio of 1 share valued at RMB3.87 as at the end of 2019, a cash dividend of RMB1.5 (tax inclusive) per 10 shares will be distributed to ordinary shareholders; a cash dividend of RMB1.5 (tax inclusive) per 10 simulated ordinary shares converted from the preference shares will be distributed to holders of preference shares. No bonus shares will be issued and there is no increase of share capital from reserves. A cash dividend of RMB435,691,230 will be distributed to holders of ordinary shares and a variable cash dividend of RMB174,418,604.70 will be distributed to holders of preference shares. In other words, a cash dividend of RMB3.87 (tax inclusive) per preference share with a nominal value of RMB100 each will be distributed to holders of preference shares.

AMENDED DIVIDEND POLICY (PLEASE REFER TO THE UNDERLINED PARTS FOR AMENDMENTS MADE)

Based on the total ordinary share capital of 2,984,208,200 shares and the 1,178,010,472 simulated ordinary shares converted from the preference shares using a conversion ratio of 1 share valued at RMB3.82, a cash dividend of RMB1.465828 (tax inclusive) per 10 shares will be distributed to ordinary shareholders; a cash dividend of RMB1.465828 (tax inclusive) per 10 simulated ordinary shares converted from the preference shares will be distributed to holders of preference shares. No bonus shares will be issued and there is no increase of share capital from reserves. A cash dividend of RMB437,433,593.74 will be distributed to holders of ordinary shares and a variable cash dividend of RMB172,676,073.42 will be distributed to holders of preference shares. In other words, a cash dividend of RMB3.837246 (tax inclusive) per preference share with a nominal value of RMB100 each will be distributed to holders of preference shares.

Details on the 2019 Final Dividend payment and relevant arrangements will be announced separately in due course.

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

Shandong, the PRC
5 August 2020

* *For identification purpose only*

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.