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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)

**PAYMENT OF FINAL DIVIDEND AND WITHOLDING AND
PAYMENT OF ENTERPRISE INCOME TAX FOR
NON-RESIDENT ENTERPRISE SHAREHOLDERS
AND
CHANGES IN SHARE CAPITAL STRUCTURE**

Reference is made to the 2017 annual report summary announcement and the 2017 annual report for the year ended 31 December 2017 of Shandong Chenming Paper Holdings Limited (the “Company”) both dated 28 March 2018 in relation to, among other things, the board of directors (the “Board”) of the Company recommended a final dividend of RMB6.0 per 10 shares (tax inclusive) and 5 capitalisation shares per 10 shares to be paid to all shareholders of the Company and the total final dividend in this distribution is RMB1,161,843,280.20 (tax inclusive) and 968,202,733 capitalisation shares for the year ended 31 December 2017 (the “2017 Final Dividend”). The 2017 Final Dividend has been approved by the shareholders of the Company at the annual general meeting dated 13 June 2018 (the “AGM”).

According to the article of association of the Company, dividends will be denominated and declared in RMB. Dividends in domestic shares will be paid in RMB and dividends in H shares will be paid in Hong Kong dollars. The relevant exchange rate will be the average of the medium rate of RMB to Hong Kong dollars as announced by the People's Bank of China for five working days prior to and including 13 June 2018, the date on which the 2017 Final Dividend was declared at the AGM (i.e. RMB0.81632 equivalent to HK\$1.00). Therefore the Final Dividend of RMB6.0 per 10 H Shares is equivalent to HK\$7.3501.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China implemented in 2008, the Company shall withhold and pay 10% enterprise income tax when it distributes the 2017 Final Dividend to its non-resident enterprise shareholders of overseas H shares (including HKSCC Nominees Limited, other corporate nominees or trustees, and other entities or organizations) whose names appear on the Company's H shares register of members on 26 June 2018. The income tax will not be withheld from the 2017 Final Dividend payable to individual holders of H shares whose name appear on the Company's H shares register of members on 26 June 2018.

The Company will strictly comply with the relevant tax laws and regulations of the People's Republic of China to withhold for payment the 10% enterprise income tax and the 2017 Final Dividend will only be payable to the holders whose names appear on the Company's H share register of members on 26 June 2018. The Company assumes no responsibility or liability whatsoever for confirming the identity of the shareholders of the Company and for any claims arising from any delay in or inaccurate determination of the identity of shareholders of the Company or any disputes over the withholding mechanism.

The Company has appointed Bank of Communications Trustee Limited as the receiving agent in Hong Kong (the "Receiving Agent") and will pay to such Receiving Agent the 2017 Final Dividend declared for payment to holders of H shares. The Receiving Agent will pay the 2017 Final Dividend net of the applicable tax on 10 August 2018. Relevant cheques will be dispatched on the same day to holders of H shares entitled to receive such dividend by ordinary post and at their own risk.

Shareholders are recommended to consult their tax advisers regarding the tax implications arising from their holding and disposal of H shares of the Company.

Changes in Share Capital Structure

Upon the issue of capitalization shares of the Company, the share capital structure of the Company will be enlarged as follow:-

Share Class	Before the capitalisation issue		Number of capitalization share issued	After the capitalisation issue	
	Number of Share	Percentage (%)		Number of Share	Percentage (%)
A Share	1,113,278,456	57.49	556,639,228	1,669,917,684	57.49
B Share	470,923,511	24.32	235,461,755	706,385,266	24.32
H Share	352,203,500	18.19	176,101,750	528,305,250	18.19
Total	1,936,405,467	100	968,202,733	2,904,608,200	100

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

Shandong, the PRC
6 August 2018

** For identification purpose only*

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Li Feng and Mr. Geng Guanglin; the non-executive Directors are Ms. Yang Guihua and Ms. Zhang Hong and the independent non-executive Directors are Ms. Pan Ailing, Ms. Wang Fengrong, Mr. Huang Lei and Ms. Liang Fu.