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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)

**SUPPLEMENTARY ANNOUNCEMENT FOR DISCLOSABLE  
TRANSACTION**

**ENTERING INTO OF LIMITED PARTNERSHIP AGREEMENT FOR  
THE ESTABLISHMENT OF INVESTMENT FUND**

Reference is made to the announcement of the Company dated 6 March 2019 (“**the Announcement**”) in relation to the Company (as a limited partner) entering into the Limited Partnership Agreement with Chenming Asset Management (as the general partner), Hengxin Capital (as a limited partner), Weifang Financial Holding (as a limited partner) and Shouguang Jintou (as a limited partner) for the establishment of the Investment Fund.

Unless the context requires otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company hereby provides the following as supplementary information of the Limited Partnership Agreement:

**DISTRIBUTION**

The distribution of net profits follows the principle of revenue thresholds, which is 8% per year.

In the event that the annual average yield of the Investment Fund is not lower than the revenue threshold, all partners agreed to reward the general partner with 20% of his entitled revenue which exceeded the revenue thresholds. The remaining portion shall be distributed among all limited partners in accordance with their paid up contribution.

## **Contribution schedule**

Chenming Asset Management manages the Investment Fund as a general partner of the Investment Fund. Each time a contribution request is made to a partner, a notice of contribution shall be issued to it. The notice of contribution shall be sent to the partner within 5 working days before the payment date (“Payment Date”) of the period in which it is stated; other than Hengxin Capital, all other partners shall complete their capital contribution before the Payment Date; upon completion of capital contribution by all other partners except Hengxin Capital, Chenming Asset Management shall provide Hengxin Capital the evidence of all other partners having made their contribution in full. Hengxin Capital shall then pay its contribution for the period within 5 working days upon receipt of such evidence. Each partner shall, in accordance with the requirements of the notice of contribution, pay the full amount of the corresponding contribution to the special account designated for the fundraising and settlement of the Investment Fund, and transfer such funds into the escrow account of the fund.

The Investment Fund shall, within 5 working days upon receipt of capital contribution from the partners, issue a capital contribution certificate to partners who have made their contribution. The capital contribution certificate shall be signed by the representative appointed by Chenming Asset Management and under the seal of the Investment Fund.

## **Management of the Investment Fund**

### **Establishment of a general meeting of partners**

Partners shall exercise their voting power in accordance with the percentage of their paid up contribution. Unless otherwise specified, the resolutions of the general meeting of partners shall be unanimously approved by all partners.

### **Establishment of an Investment Advisory Committee**

The parent fund shall have an Investment Advisory Committee that conducts pre-emptive compliance review of the parent funds’ investment and operations. However, the committee does not participate in making judgements on the commercial values of investment projects.

## **Management of the Investment Fund**

Chenming Asset Management is appointed and authorised by all partners to manage the Investment Fund. Chenming Asset Management shall implement partnership

affairs in accordance with the laws, regulations and the Limited Partnership Agreement, including but not limited to the investment, management and operation of the Investment Fund, decision-making in all matters relating to investees, and granting approval in relation to limited partners joining and withdrawing partnership under the agreement.

### **Investment Committee**

Chenming Asset Management shall appoint a representative as the director of the Investment Committee, who shall convene and preside at committee meetings. Investment projects submitted to the Investment Committee for consideration must be approved by more than 2/3 of the committee members. Members of the Investment Committee do not receive any remuneration from the Investment Fund.

The Company does not have veto power to block any proposed investment target of the Fund.

### **Liability for breach of contract**

#### **General partner's liability for breach of contract**

If the general partner violates the Limited Partnership Agreement, causing the Investment Fund and/or the limited partner to suffer damages or assume debts and liabilities, it shall compensate the Investment Fund or the limited partners for all losses.

If the general partner violates the administrator's duties of diligence and prudence and causes losses to the Investment Fund or limited partners, it shall compensate the Investment Fund or the limited partners for all losses.

If the general partner engages in a business that competes with the Investment Fund or deals with the Investment Fund, the proceeds shall belong to the Investment Fund. In the event of causing losses to the Investment Fund or limited partners, it shall compensate the Investment Fund or the limited partners for all losses.

#### **Limited partners' liability for breach of contract**

If a limited partner conducts unauthorized trading with others on behalf of the Investment Fund, it shall be considered a breach of contract and it shall compensate for all expenses and losses incurred to other partners.

If a limited partner violates the Investment Fund Law and the Limited Partnership Agreement and causes losses to the Investment Fund or other partners, it shall compensate the entire loss of the investment fund or other partners.

Save as disclosed above, all other information in the announcement remains unchanged.

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

Shandong, PRC  
10 March 2019

*As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Li Feng, Mr. Geng Guanglin, Mr. Hu Changqing and Mr. Chen Gang; 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.*

*\* For identification purposes only*