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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: Announcement in respect of Resolutions of the Fourth Meeting of the Ninth Session 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*

Stock code: 000488 200488

Stock abbreviation:

Announcement No.:

Chenming Paper Chenming B

2020-017

**Shandong Chenming Paper Holdings Limited**  
**Announcement in respect of Resolutions of the Fourth Meeting**  
**of the Ninth Session of the Board of Directors**

The Company and all members of the board of directors (the “Directors”) (the “Board”) 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.

The notice of the fourth meeting of the ninth session of the Board of Shandong Chenming Paper Holdings Limited (the “Company”) was dispatched to all Directors in writing and by post on 16 March 2020, and the said meeting was held by way of communication on 27 March 2020. 8 Directors were entitled to be present at the meeting and 8 Directors attended the meeting. The meeting was convened in compliance with the relevant PRC laws and regulations and the Articles of Association of the Company.

The following resolutions of this Board meeting were considered and passed unanimously by the Directors present at the meeting:

**I. The report of the Board of the Company for the year 2019 was considered and approved**

The report shall be submitted to the 2019 annual general meeting (the “2019 AGM”) of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the same date.

**II. The report of the general manager of the Company for the year 2019 was considered and approved**

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the same date.

**III. The report of independent Directors of the Company for the year 2019 was considered and approved**

The report shall be submitted to the 2019 AGM of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the same date.

**IV. The Company's internal control self-assessment report for 2019 was considered and approved**

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the same date.

**V. The full text of the 2019 annual report and its summary was considered and approved**

The report shall be submitted to the 2019 AGM of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the same date.

**VI. The 2019 financial report of the Company was considered and approved**

The report shall be submitted to the 2019 AGM of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

**VII. The profit appropriation proposal of the Company for the year 2019 was considered and approved**

The audited consolidated net profit attributable to shareholders of the Company for 2019 prepared in accordance with Accounting Standards for Business Enterprises by the Company amounted to RMB1,656,566,584.88. When deducting the interest for perpetual bonds of RMB194,000,000.00 and the fixed dividend of preference shares of RMB214,425,000.00 for 2019, the remaining distributable profit realised for 2019 amounted to RMB1,248,141,584.88.

Based on the operating condition of the Company in 2019, it will proactively reward shareholders and share the operating results of the Company development with all shareholders. The profit appropriation proposal of the Company for 2019 is as follows:

According to the requirements under the Articles of Association and the Prospectus for Non-public Issuance of Preference Shares, based on the total ordinary share capital of 2,904,608,200 shares as at the end of 2019 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 ten shares will be distributed to ordinary shareholders, a cash dividend of RMB1.5 (tax inclusive) per ten simulated ordinary shares converted from the preference shares will be distributed to holders of preference shares. No bonus share will be issued and no capitalisation issue will be made out of the capital reserves. A cash dividend of RMB435,691,230 will be distributed to ordinary shareholders 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.

The proposal shall be submitted to the 2019 AGM for consideration and approval. The cash bonus will be paid to shareholders of the Company within 2 months after the distribution is considered and approved by the general meeting.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

#### **VIII. The by-election of Director was considered and approved**

According to the Company's needs for operation and development and the relevant provisions of the Articles of Association, the Nomination Committee of the Board of the Company proposed that Mr. Li Feng be elected as an executive Director of the ninth session of the Board of Directors of the Company with his term ending on the expiry of the term of

the current Board of Directors (see Annex I for his biography).

The resolution shall be submitted to the 2019 AGM of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

**IX. Resolution in relation to the 2019 annual remuneration scheme of the Directors, Supervisors and the senior management was considered and approved**

For the details of the remunerations of the Directors, supervisors and the senior management of the Company in 2019, please refer to the full text of the 2019 annual report of the Company.

The resolution shall be submitted to the 2019 AGM of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

**X. Appointment of the auditor for 2020 was considered and approved**

As recommended by the Audit Committee of the Board of the Company, the Board agreed to appoint Grant Thornton Certified Public Accountants (Special General Partnership) as the auditor for the financial audit and internal control audit of the Company for 2020. The fees of the two audits amounted to RMB3.30 million in aggregate, of which fees for financial audit and internal control audit amounted to RMB2.50 million and RMB0.80 million, respectively.

The resolution shall be submitted to the 2019 AGM of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the same date.

**XI. The application for annual general facilities from financial institutions by the Company was considered and approved**

In order to ensure the needs for normal production and operations and the smooth project construction, strengthen in-depth cooperation with banks, and enhance its financing capability, the Company intends to apply for general credit facilities of RMB120.0 billion from institutions including banks. The banking facilities will be valid until the date on

which the next annual general meeting considers and approves the proposal for application for general banking facilities.

During the above period of credit facilities and within such credit limit, the Company no longer issues Board resolutions and resolutions of general meetings on the single transactions handled by the above banks. The Board authorised the senior management of the Company to undertake the specific procedures of application for the general banking facilities and execution of the agreement.

The resolution shall be submitted to the 2019 AGM of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

## **XII. The cancellation of guarantee amount for certain subsidiaries and an expected increase in new guarantee amount was considered and approved**

In order to strengthen the guarantee management on subsidiaries, effectively control the Company's amount of guarantee for subsidiaries, with reference to its subsidiaries' capital needs and financing guarantee arrangements, the Company intends to cancel some of the previously approved but unused guarantee amount totaling RMB12,500 million.

In order to ensure the project construction and the needs for normal production and operation of the relevant subsidiaries of the Company, the Company intends to provide guarantee for the general facilities applied by relevant subsidiaries, with a total guarantee amount not exceeding RMB9,600 million. The guarantees will be made in warranties, mortgages and pledges. Guarantees for subsidiaries with a gearing ratio exceeding 70% totaled RMB5,600 million, and guarantees for subsidiaries with a gearing ratio less than 70% totaled RMB4,000 million.

Where a subsidiary of the Company provides a guarantee to a subsidiary within the scope of the consolidated financial statements of the Company, the guarantee shall be determined in accordance with the consideration procedures of the subsidiary, and the subsidiary shall notify the Company to perform the relevant information disclosure obligations on the date when the subsidiary performs the consideration procedures.

Specific guarantees occurred within the above amount shall be decided by the Company's chairman or the person in charge of relevant business as authorised without convening further Board meeting or shareholders' general meeting. Subject to the Listing

Rules and the relevant requirements, the amount of guarantees for each guaranteed party can be adjusted.

The resolution shall be submitted to the 2019 AGM of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the same date.

### **XIII. The general mandate to issue new shares was considered and approved**

In accordance with relevant laws and regulations of the PRC, the listing rules of the place where the shares of the Company are listed and the Articles of Association, it is proposed at the general meeting that the Board be authorised, and be approved to delegate the authority to the Chairman to allot, issue and/or deal in additional A shares and/or B shares and/or H shares and/or preference shares and to make, grant or enter into offers, agreements, options, and other rights (including but not limited to restoration of voting rights of preference shares) for such A shares, B shares, H shares and/or preference shares under the general mandate and in accordance with its terms upon the approval of this resolution at the general meeting. The number of A shares, B shares and H shares involved shall not exceed 20% of the aggregate number of each of the A shares, B shares and H shares as at the date of approval of this general mandate of the Company.

The resolution shall be submitted to the 2019 AGM of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

### **XIV. The estimate of the daily related party transactions in 2020 was considered and approved**

In order to ensure the supply of raw materials and production energy of the Company and its subsidiaries and reduce the Company's overall energy procurement costs, the Company and its subsidiaries conduct daily business transactions with related parties Jiangxi Jiuyu Energy Co., Ltd. ("Jiuyu Energy") and its subsidiaries. It is estimated that the maximum transaction amount for 2020 will be RMB600 million.

Unit: RMB10 thousand

Type of related party transaction	Related party	Content	Pricing principle	Estimated amount for 2020	Actual amount as of the date of disclosure	Amount of last year
Procurement of fuel and power from related party	Jiuyu Energy and its subsidiaries	Procurement of natural gas, heavy oil and diesel oil, etc.	Market price	60,000	3,911.08	38,112.42

Mr. Chen Hongguo, as a related Director, has abstained from voting on this proposal in accordance with relevant regulations. The voting result of this resolution: votes for: 7; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the same date.

**XV. The amendment to the Decision Making System to External Guarantee was considered and approved**

In order to protect the legal interests of investors, regulate the acts concerning the issue of external guarantee of the Company and its subsidiaries, the Decision Making System to External Guarantee of the Company was amended in accordance with the Company Law of the People's Republic of China, the Guaranty Law of the People's Republic of China, the Guidelines of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies and other relevant laws, regulations and normative documents, and the Articles of Association. (see Annex II for the comparison table for the amendment)

The resolution shall be submitted to the 2019 AGM of the Company for consideration and approval.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

**XVI. The amendment to the Registration System for Insiders was considered and approved**

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))



on the same date.

**XVII. The resolutions in relation to the public issue of corporate bonds were considered and approved**

In order to further improve debt structure, expand financing channels, reduce gearing ratio, and promote sustainable and stable development, the Company intends to issue corporate bonds on the stock exchange under public issue with an amount of not more than RMB2.0 billion. The main issue plan is as follows:

1. Size

The corporate bonds will be at par value of not more than RMB2.0 billion (inclusive) in aggregate.

2. Issue target and issue method

The bonds are intended to be issued to qualified investors in compliance with laws and regulations such as the Administrative Measures on the Issuance and Transaction of Corporate Bonds under public issue, and shall be issued at one time or in installments at an appropriate time.

3. Maturity and class of the bonds

The maturity of the corporate bonds to be issued shall not exceed 5 years (inclusive), and can have a single maturity or a mixture of multiple maturities.

4. Interest rate of the bonds and its determination

The bonds will be at a fixed interest rate, and the coupon rate will be determined by reference to the relevant national requirements and market conditions by the lead underwriter and the issuer.

5. Use of proceeds

The proceeds from the issue of corporate bonds will be used for replacement of bank borrowings, optimisation of debt structure or replenishment of working capital.

6. Guarantee of the bonds

The corporate bonds to be issued are unsecured.

7. Measures to ensure repayment

In the event that, during the existence period of the bonds, it is expected that the Company will be unable to repay the principal and interests of the bonds as scheduled, or the Company shall fail to repay the principal and interests of the bonds when they become

due, the Company may adopt (including but without limitation) the following measures to ensure repayment:

- (1) suspension of profit distribution to the shareholders;
- (2) suspension of the capital expenditure projects such as substantial external investments and acquisitions and mergers;
- (3) reduction or suspension of the payment of the fees and bonus of the directors and the senior management;
- (4) no re-designation of the key responsible persons.

#### 8. Term of validity of the resolution

Term of validity of the resolution of the issue of corporate bonds will be 36 months from the date of the approval of such resolution at the general meeting.

#### 9. Authorisation in relation to the public issue of corporate bonds

To ensure the smooth issue and transfer of the bonds, the Board proposes to the general meeting to approve the authorisation of the management of the Company by the Board to deal with matters relating to the issue of bonds with full powers under the framework and principles reviewed and approved at the general meeting and in accordance with the relevant laws, regulations and the Articles of Association, which include but not limited to:

- (1) in accordance with national laws, regulations and relevant regulations of the securities regulatory authority and resolutions of general meeting, with reference to the actual situation of the Company and the market, formulating and adjusting specific plan of the issue of bonds, and amending and adjusting the terms of the issue of bonds, including but not limited to the specific issue size, issue maturity, issue class, issue interest rate and its determination, issue timing, issue price, issue method, issue target, whether to set up resale or redemption clauses, guarantees, time limit and method for principal and interest repayment, measures to ensure repayment, particulars of use of proceeds, rating arrangement, specific method to apply for purchase, specific placement arrangement, bond trading and distribution, and all matters relating to the issue plan;

- (2) engaging intermediaries and bond trustees for the issue of corporate bonds, signing bond trust management agreements and formulating rules for meeting of bondholders;

- (3) executing any related contract, agreement and document, including but not limited

to application documents, underwriting agreements and announcements of various kinds;

(4) dealing with matters relating to the declaration, approval, registration, issuance, and listing and transaction procedures of the issue of corporate bonds;

(5) in case of any change in the policy on issuing corporate bonds by the regulatory authority or market conditions, making corresponding adjustments to the relevant matters of the issue of bonds based on the opinions of the regulatory authority, or deciding whether to proceed with the issue according to the actual situation, except for those matters subject to re-voting at the general meeting in accordance with the relevant laws, regulations and the Articles of Association of the Company;

(6) dealing with other matters relating to the issue of corporate bonds and transfer;

(7) the term of the authorisation will be effective from the date of the resolution relating to the issue of corporate bonds as approved at the general meeting to the date of the lapse on validity of the resolution of the general meeting relating to the issue of corporate bonds or completion of the above matters under the authorisation.

The resolutions shall be submitted to the 2019 AGM of the Company for consideration and approval item by item.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

### **XVIII. The resolutions in relation to the non-public issue of corporate bonds were considered and approved**

In order to further improve debt structure, expand financing channels, reduce gearing ratio, and promote sustainable and stable development, the Company intends to issue corporate bonds on the stock exchange under non-public issue with an amount of not more than RMB2.0 billion. The main issue plan is as follows:

#### 1. Size

The corporate bonds will be at par value of not more than RMB2.0 billion (inclusive) in aggregate.

#### 2. Issue target and issue method

The bonds are intended to be issued to qualified investors in compliance with laws and regulations such as the Administrative Measures on the Issuance and Transaction of Corporate Bonds under non-public issue, and shall be issued at one time or in installments at an appropriate time.

### 3. Maturity and class of the bonds

The maturity of the corporate bonds to be issued shall not exceed 5 years (inclusive), and can have a single maturity or a mixture of multiple maturities.

### 4. Interest rate of the bonds and its determination

The bonds will be at a fixed interest rate, and the coupon rate will be determined by reference to the relevant national requirements and prevailing market conditions by the lead underwriter and the issuer.

### 5. Use of proceeds

The proceeds from the issue of corporate bonds will be used for replacement of bank borrowings, optimisation of debt structure or replenishment of working capital.

### 6. Guarantee of the bonds

The corporate bonds to be issued are unsecured.

### 7. Measures to ensure repayment

In the event that, during the existence period of the bonds, it is expected that the Company will be unable to repay the principal and interests of the bonds as scheduled, or the Company shall fail to repay the principal and interests of the bonds when they become due, the Company may adopt (including but without limitation) the following measures to ensure repayment:

(1) suspension of profit distribution to the shareholders;

(2) suspension of the capital expenditure projects such as substantial external investments and acquisitions and mergers;

(3) reduction or suspension of the payment of the fees and bonus of the directors and the senior management;

(4) no re-designation of the key responsible persons.

### 8. Term of validity of the resolution

Term of validity of the resolution of the issue of corporate bonds will be 36 months from the date of the approval of such resolution at the general meeting.

### 9. Authorisation in relation to the non-public issue of corporate bonds

To ensure the smooth issue and transfer of the bonds, the Board proposes to the general meeting to approve the authorisation of the management of the Company by the Board to deal with matters relating to the issue of bonds with full powers under the

framework and principles reviewed and approved at the general meeting and in accordance with the relevant laws, regulations and the Articles of Association, which include but not limited to:

(1) in accordance with national laws, regulations and relevant regulations of the securities regulatory authority and resolutions of general meeting, with reference to the actual situation of the Company and the market, formulating and adjusting specific plan of the issue of bonds, and amending and adjusting the terms of the issue of bonds, including but not limited to the specific issue size, issue maturity, issue class, issue interest rate and its determination, issue timing, issue price, issue method, issue target, whether to set up resale or redemption clauses, guarantees, time limit and method for principal and interest repayment, measures to ensure repayment, particulars of use of proceeds, rating arrangement, specific method to apply for purchase, specific placement arrangement, bond trading and distribution, and all matters relating to the issue plan;

(2) engaging intermediaries and bond trustees for the issue of corporate bonds, signing bond trust management agreements and formulating rules for meeting of bondholders;

(3) executing any related contract, agreement and document, including but not limited to application documents, underwriting agreements and announcements of various kinds;

(4) dealing with matters relating to the declaration, approval, registration, issuance, and listing and transaction procedures of the issue of corporate bonds;

(5) in case of any change in the policy on issuing corporate bonds by the regulatory authority or market conditions, making corresponding adjustments to the relevant matters of the issue of bonds based on the opinions of the regulatory authority, or deciding whether to proceed with the issue according to the actual situation, except for those matters subject to re-voting at the general meeting in according to the relevant laws, regulations and the Articles of Association of the Company;

(6) dealing with other matters relating to the issue of corporate bonds and transfer;

(7) the term of the authorisation will be effective from the date of the resolution relating to the issue of corporate bonds as approved at the general meeting to the date of the lapse on validity of the resolution of the general meeting relating to the issue of corporate bonds or completion of the above matters under the authorisation.

The resolutions shall be submitted to the 2019 AGM of the Company for consideration and approval item by item.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

**XIX. The resolutions in relation to the issue of medium-term notes were considered and approved**

In consideration of the future economic environment, in order to further expand the financing channels and improve debt structure, the Company intends to issue medium-term notes with an amount of not more than RMB3.0 billion (inclusive) in the inter-bank market of China. The medium-term notes to be issued are unsecured. The specific issue plan is as follows:

1. Size

The medium-term notes will be at par value of not more than RMB3.0 billion (inclusive) in aggregate.

2. Term

The term of the medium-term notes will be of not more than five years (inclusive).

3. Coupon rate

The coupon rate of the medium-term notes will be determined based on availability of capital in the market.

4. Issue target

Institutional investors in the inter-bank market of China.

5. Use of proceeds

The proceeds from the issue of medium-term notes will be used for replacement of bank borrowings, optimisation of debt structure or replenishment of working capital.

6. Term of validity of the resolution

Term of validity of the resolution of the issue of medium-term notes will be 36 months from the date of the approval of such resolution at the general meeting.

7. Authorisation in relation to the medium-term notes issue

To ensure that medium-term notes are issued in an orderly and efficient manner, the Board proposes to the general meeting to approve the authorisation of the management of the Company by the Board to deal with matters relating to the medium-term notes issue under the issue proposal mentioned above, including but not limited to: (1) formulation of

the detailed issue proposal relating to the medium-term notes issue and amendments and adjustments of the terms thereof, including but not limited to matters relating to reporting and issue of corporate bonds such as the timing, the size, the number of tranches, the coupon rates and the basis for determination thereof in so far as permitted by the laws and regulations in accordance with the circumstances of the Company and the market; (2) engaging intermediaries for the reporting of matters in relation to the issue thereof; (3) executing any related contract, agreement and document, including but not limited to application documents, underwriting agreements and announcements of various kinds; (4) dealing with necessary procedures, including but not limited to registration; (5) at least the following measures are to be taken when it is expected that the Company is likely or unable to repay the principal and the interest thereof when they are due: suspension of profit distribution to the shareholders; suspension of the capital expenditure projects such as substantial external investments and acquisitions and mergers; reduction or suspension of the payment of the fees and bonus of the directors and the senior management; and no re-designation of the key responsible persons; (6) dealing with all other necessary matters relating to the medium-term notes issue; (7) the term of the authorization will be effective from the date of the resolution relating to the medium-term notes issue and this resolution as approved at the general meeting to the date of the lapse of validity of the resolution of the general meeting relating to the medium-term notes issue or completion of the above matters under the authorisation.

The resolutions shall be submitted to the 2019 AGM of the Company for consideration and approval item by item.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

**XX. The financial assistance from a subsidiary to its investee was considered and approved**

In order to ensure the smooth construction of the light calcium carbonate project with an annual output of 150,000 tons of Shouguang Meite Environmental Technology Co., Ltd. (壽光美特環保科技有限公司) (“Meite Environmental”), an investee of the Company’s subsidiary Shouguang Meilun Paper Co., Ltd. (壽光美倫紙業有限責任公司) (“Shouguang Meilun”), and meet the funding requirements for project investment and construction by stages, according to the relevant provisions of the Joint Venture Contract, Shouguang

Meilun intends to provide financial assistance to Meite Environmental with its own funds, with an amount of funding not exceeding RMB16,307,200. The financial assistance is valid for 4 years, and Shouguang Meilun will collect interest on the assistance at an annual interest rate of not less than 6.00%. Another shareholder of Meite Environmental, Meixin Investment (China) Co., Ltd. (美鑫投資(中國)有限公司), also provides financial assistance under the same conditions in accordance with the proportion of its capital contribution, with an amount of funding not exceeding RMB16,972,800.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the same date.

#### **XXI. The provision for asset impairment in 2019 was considered and approved**

In order to more truthfully and fairly reflect its financial conditions and operating results, improve asset quality, enhance its risk resistance, and ensure its continuous and stable operation, according to the Accounting Standards for Business Enterprises and the relevant provisions of the Company's accounting policies and accounting estimates, the Company and its subsidiaries made impairment provisions on assets such as accounts receivable, inventories, long-term equity investments, fixed assets and intangible assets as at 31 December 2019 in accordance with the principle of prudence as follows:

Unit: RMB10 thousand

Name of asset	Provision for impairment in 2019
Credit impairment of accounts receivable	17,340.18
Credit impairment of other receivables	28,086.82
Credit impairment of other current assets	48,656.95
Credit impairment of long-term receivables	3,723.58
Impairment of debt restructuring	5,579.25
Impairment of inventories	-6,139.44
Impairment of long-term equity investments	599.45
Impairment of fixed assets	17,055.29
Impairment of construction in progress	583.86

The Company's provision for asset impairment in 2019 has been audited by Grant Thornton Certified Public Accountants (Special General Partnership). For details, please refer to the financial report section of the 2019 annual report of the Company.



The provision for asset impairment made is expected to reduce the total profit of the Company in 2019 by RMB1,154.8594 million, and reduce the net profit attributable to shareholders of the listed company by RMB885.24 million. Based on the principle of prudence, the provision for asset impairment can more truthfully and fairly reflect the Company' s assets and financial position, which is conducive to further strengthening the Company' s assets, further enhancing the Company' s ability to prevent risks, and ensuring the Company' s sustainable development. There was no acts that harm the interests of the Company and shareholders.

The Board of the Company believes that the matters in relation to the Company' s provision of asset impairment in 2019 are in line with the actual situation of the Company' s assets and the relevant policies. After the Company makes provision for asset impairment, the Company' s asset position can be reflected more fairly, making the Company' s accounting information about the value of the asset more authentic, reliable, and reasonable. The independent Directors of the Company issued an independent opinion with agreement.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

**XXII. Convening of the 2019 AGM was considered and approved**

The Board of the Company decided to convene the 2019 AGM of the Company.

The voting result of this resolution: votes for: 8; votes against: 0; votes abstained: 0.

For details, please refer to the related announcements disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), and the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) on the same date.

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited

27 March 2020

## Annex I: Biography

Mr. Li Feng, aged 46, is a member of the Communist Party of PRC. He graduated with a bachelor's diploma. He joined the Company in 1992 and held different positions including the chief officer of manufacturing section, assistant to general manager, chairman of Wuhan Chenming Hanyang Paper Co., Ltd., executive Director, marketing director and deputy general manager of the Group. He is currently the general manager of the Company.

Mr. Li Feng currently holds 906,027 A Shares of the Company. He is a younger brother of Ms. Li Xueqin, the deputy general manager of the Company and one of directors of Chenming Holdings Company Limited, the controlling shareholder of the Company, and Ms. Li Xueqin is the spouse of Mr. Chen Hongguo, the chairman of the Company. Save as the aforesaid, Mr. Li does not have any connected relationship with other Directors, Supervisors and senior management of the Company, as well as shareholders holding over 5% of the shares of the Company and its beneficial controllers. Mr. Li has not been reprimanded by PRC securities regulatory and management authorities and other related departments or disciplined by any stock exchanges. He complies with the conditions serving as a director under the relevant laws, regulations and provisions including the Companies Law. Mr. Li has not fallen into such situations "where the dishonest person subject to enforcement is a natural person, he or she may not serve as a legal representative, director, supervisor or senior management member" as provided in the Memorandum of Collaboration to "Build up Honesty and Punish Dishonesty" jointly issued by eight ministries and commissions in 2014.

Annex II: Comparison Table for the Amendment to the Decision Making System to External Guarantee

Before amendment	After amendment
<p><b>Article 1</b></p> <p>In order to protect the legal interests of investors, regulate the acts concerning the issue of external guarantee of Shandong Chenming Paper Holdings Limited (hereinafter referred to as the “Company”), effectively control the asset operation risks of the Company, safeguard the financial safety of the Company and legal interests of investors, and promote the healthy and stable development of the Company, this System is formulated in accordance with the relevant requirements of the related laws, regulations and regulatory documents such as the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Guaranty Law of the People’s Republic of China (hereinafter referred to as the “Guaranty Law”) and the Articles of Association of Shandong Chenming Paper Holdings Limited (hereinafter referred to as the “Articles of Association”) in the light of the actualities of the Company.</p>	<p><b>Article 1</b></p> <p>In order to protect the legal interests of investors, regulate the acts concerning the issue of external guarantee of Shandong Chenming Paper Holdings Limited (hereinafter referred to as the “Company”), effectively control the asset operation risks of the Company, safeguard the financial safety of the Company and legal interests of investors, and promote the healthy and stable development of the Company, this System is formulated in accordance with the relevant requirements of the related laws, regulations and regulatory documents such as the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Guaranty Law of the People’s Republic of China (hereinafter referred to as the “Guaranty Law”), <b>the Guidelines of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies</b> and the Articles of Association of Shandong Chenming Paper Holdings Limited (hereinafter referred to as the “Articles of Association”) in the light of the actualities of the Company.</p>
<p><b>Article 2</b></p> <p>This System is <b>applicable to</b> the Company as well as the wholly-owned subsidiaries and controlling subsidiaries of the Company (hereinafter referred to as “subsidiaries”).</p>	<p><b>Article 2</b></p> <p>This System is <b>applicable to</b> the Company as well as the wholly-owned subsidiaries and controlling subsidiaries of the Company (hereinafter referred to as “subsidiaries”) <b>when these companies providing guarantees for their subsidiaries and investees.</b></p>
<p><b>Article 3</b></p> <p>The external guarantee as mentioned herein refers to warranties, mortgage or pledge of assets and other guarantee provided by the Company to other entities or</p>	<p><b>Article 3</b></p> <p>The external guarantee as mentioned herein refers to warranties, mortgage or pledge of assets and other guarantee provided by the Company <b>and its subsidiaries</b> to other entities</p>

<p>individuals against its own assets or creditworthiness as guarantee. The specific categories of guarantee include loan guarantee, guarantee for bank's issuance of letters of credit, guarantee for banker's acceptance, as well as guarantee for issuance of letters of guarantee. <del>External guarantees provided by subsidiaries of the Company shall be deemed as the external guarantees provided by the Company.</del> This system is not applicable to the guarantee provided by the Company for its own liabilities.</p>	<p>or individuals against its own assets or creditworthiness as guarantee. The specific categories of guarantee include loan guarantee, guarantee for bank's issuance of letters of credit, guarantee for banker's acceptance, as well as guarantee for issuance of letters of guarantee. This system is not applicable to the guarantee provided by the Company <b>and its subsidiaries</b> for its own liabilities.</p>
<p><b>Article 4</b></p> <p>When the Company provides external guarantee, it shall comply with the following basic principles:</p> <p>(1) The Company shall comply with the relevant laws, regulations and regulatory documents such as the Company Law and the Guaranty Law and the requirements of the Articles of Association on external guarantee;</p> <p>(2) the Company shall observe the principles of legal compliance, caution, mutual benefit and security, and shall control the risk associated with such guarantees in a stringent manner;</p> <p>(3) the Company shall exercise centralised management over external guarantees. Branches of the Company shall not provide external guarantee. <del>Subsidiaries shall not provide external guarantee neither provide guarantees with each other without approval of the Company;</del></p> <p>(4) the Company shall request the guaranteed party to take necessary protective measures such as counter-guarantee against the external guarantee of the Company and the party providing the counter-guarantee shall have the actual ability to assume such</p>	<p><b>Article 4</b></p> <p>When the Company provides external guarantee, it shall comply with the following basic principles:</p> <p>(1) The Company shall comply with the relevant laws, regulations and regulatory documents such as the Company Law and the Guaranty Law and the requirements of the Articles of Association on external guarantee;</p> <p>(2) the Company shall observe the principles of legal compliance, caution, mutual benefit and security, and shall control the risk associated with such guarantees in a stringent manner;</p> <p>(3) the Company shall exercise centralised management over external guarantees. Branches of the Company shall not provide external guarantee.</p> <p>(4) the Company shall request the guaranteed party to take necessary protective measures such as counter-guarantee against the external guarantee of the Company and the party providing the counter-guarantee shall have the actual ability to assume such responsibilities; <b>and when providing guarantees for its subsidiary or investee, other shareholders of such subsidiary or investee shall provide risk control measures such as equivalent guarantees or counter-guarantees in</b></p>

<p>responsibilities; and</p> <p><del>the Company shall obtain approval of shareholders' general meeting or the board of Directors for any external guarantee.</del></p>	<p><b>proportion to their capital contribution.</b></p> <p><b>(5) external guarantees shall be subject to consideration and approval by the general meeting or the Board of Directors in accordance with the laws and regulations, the Articles of Association and this System.</b></p> <p><b>Where a subsidiary of the Company provides an external guarantee to a subsidiary within the scope of the consolidated financial statements of the Company, the guarantee shall be determined in accordance with the consideration procedures of the subsidiary, and the subsidiary shall notify the Company to perform the relevant information disclosure obligations on the date when the subsidiary performs the consideration procedures; if the guaranteed party is not a subsidiary within the scope of the consolidated financial statements of the Company, it shall be deemed that an external guarantee of the Company to perform the corresponding consideration procedures and information disclosure.</b></p>
<p><b>Article 12</b></p> <p>The following external guarantees by the Company shall be considered and approved at shareholders' general meeting:</p> <p>...</p> <p>Apart from the guarantee issues which shall be considered and passed at shareholders' general meeting, other external guarantees by the Company shall be considered and passed by the Board of Directors. When external guarantees are subject to consideration and approval at a Board meeting, such guarantees shall be approved by more than two-thirds of all Directors present at the Board meeting apart from approval of a majority of all Directors.</p>	<p><b>Article 12</b></p> <p>The following external guarantees by the Company shall be considered and approved at shareholders' general meeting:</p> <p>...</p> <p>Apart from the guarantee issues which shall be considered and passed at shareholders' general meeting, other external guarantees by the Company shall be considered and passed by the Board of Directors. When external guarantees are subject to consideration and approval at a Board meeting, such guarantees shall be approved by more than two-thirds of all Directors present at the Board meeting apart from approval of a majority of all Directors.</p> <p><b>If the Company provides guarantees for its subsidiaries, for those difficult to submit each agreement to the Board of Directors or</b></p>

the shareholders' general meeting for consideration due to the existence of a large number of agreements every year and the need to enter into agreements frequently, the Company may estimate the additional guarantee amount for future periods for the two types of subsidiaries, namely those with a gearing ratio of over 70% and those with a gearing ratio of less than 70%, respectively, and submit the same to the shareholders' general meeting for consideration.

In addition, if the Company provides guarantees to its investees and the following conditions are satisfied at the same time, for those difficult to submit each agreement to the Board of Directors or the shareholders' general meeting for consideration due to the existence of a large number of agreements every year and the need to enter into agreements frequently, the Company may reasonably estimate the specific targets of the proposed guarantee in the next 12 months and the corresponding additional guarantee amount, and submit the same to the shareholders' general meeting for consideration:

- (1) The guaranteed party is not the Company's Director, Supervisor, senior management, a shareholder holding more than 5% of the shares, the beneficial controllers and the legal person or other organization under its control; and
- (2) the risk control measures such as equivalent guarantee or counter-guarantee provided by the shareholders of the guaranteed party in proportion to their capital contribution.

The above two guarantees are expected to be submitted to the shareholders' general meeting for consideration respectively. When the above guarantees actually occur, the Company shall make timely disclosure, and the balance of guarantees at any time shall not exceed the amount of guarantees approved by the shareholders' general meeting.

### **Article 13**

**The Company shall make an estimation for the amount of guarantees to be provided to its subsidiaries or investees. If the following conditions are met at the same time, the Company may adjust the amount of guarantees to be provided among subsidiaries and among investees, where the total accumulated amount of adjustment made among investees shall not exceed 50% of the estimated total amount of guarantees to be provided to investees.**

- (1) The amount of a single guarantee for the party subject to adjustment shall not exceed 10% of the latest audited net assets of the Company;**
- (2) a guaranteed party with a gearing ratio of more than 70% at the time of adjustment shall only obtain the guarantee amount from a guaranteed party with a gearing ratio of more than 70% (when the guarantee amount is considered at the shareholders' general meeting);**
- (3) if the guaranteed party is an entity outside the scope of the consolidated statements at the time of the adjustment, the guarantee amount can only be obtained from other guaranteed parties outside the scope of the consolidated statements;**
- (4) there is no outstanding overdue liabilities and other circumstances at the time of the adjustment; and**
- (5) the Company has adopted relevant risk control measures such as counter-guarantee for the provision of guarantee to the adjusted parties and the adjusted parties or other entities based on the proportion of capital contribution.**

	<p><b>When the above-mentioned adjustment events actually occur, the Company shall perform the consideration procedures according to the authorisation of the shareholders' general meeting and make timely disclosure.</b></p>
	<p><b>Article 16</b></p> <p><b>In case of a change in the scope of consolidation of the Company due to transactions or related party transactions, if the Company provides guarantees to related parties upon completion of transactions, the Company shall perform corresponding consideration procedures and disclosure obligations in respect of the relevant related party guarantees. In the event that the Board of Directors or the shareholders' general meeting does not consider and approve the above-mentioned related guarantees, the parties to the transactions shall take effective measures such as early termination of guarantees or cancellation of relevant transactions or related party transactions to avoid the formation of illegal related guarantees.</b></p>