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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)

**ANNOUNCEMENT IN RELATION TO, AMONG OTHERS,
THE PROGRESS IN TEMPORARY SHUTDOWN AND
MAINTENANCE OF CERTAIN PRODUCTION BASES AND
CUMULATIVE LITIGATION OF THE COMPANY**

This announcement is made by Shandong Chenming Paper Holdings Limited* (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 19 November 2024 and 20 December 2024 (the “**Announcements**”) in relation to, among other things, the temporary shutdown and maintenance of certain production bases of the Company. Unless the context otherwise requires, terms used in this announcement shall have the same meanings as those defined in the Announcements.

Among others, the progress in temporary shutdown and maintenance of certain production bases and cumulative litigation of the Company are hereby announced as follows:

PROGRESS OF TEMPORARY SHUTDOWN AND MAINTENANCE OF CERTAIN PRODUCTION BASES

As of the date of this announcement, the Huanggang Base of the Company is under normal production; a cultural paper production line and a mechanical pulping production line of the Shouguang Base have resumed production, and the resumed production represents 23.23% of production capacity; and other production bases are in shutdown and maintenance for technical renovation as planned. Efforts are made to promote the gradual resumption of work and production after the Chinese New Year. The progress of resumption of production depends on various factors such as financing.

OVERVIEW OF CUMULATIVE LITIGATION AND ARBITRATION

As of the date of this announcement, the Company and its subsidiaries, within the twelve consecutive months, have been involved in a total of 164 litigation and arbitration cases amounting to RMB2,638,150,700, representing 15.80% of the absolute value of the Company's latest audited net assets, due to, among others, debt overdue and contract performance disputes. The Company and its subsidiaries do not have any material litigation or arbitration matters in which the amount involved in a single case represents more than 10% of the absolute value of the Company's latest audited net assets and the absolute amount of which exceeds RMB10 million. The cumulative litigation is as follows:

Types		Causes of action	Number of cases	Amount involved (RMB'0000)	Progress
The Company as plaintiff		Sales contract disputes Construction contract disputes	9	1,732.40	6 cases have been accepted for litigation; 2 cases have been heard and are pending ruling; 1 case has been ruled and is pending execution.
The Company as defendant	Financial institutions	Financing contract disputes	13	104,976.97	5 cases have been heard and are pending ruling; 8 cases have been accepted for litigation.
	Non-financial institutions	Financing contract disputes	142	157,105.70	28 cases have been under litigation preservation; 73 cases have been accepted for litigation; 41 cases have been heard and are pending ruling.
	Subtotal		155	262,082.67	
Total			164	263,815.07	

PROGRESS OF FREEZING OF ACCOUNTS

From 19 November 2024 to 22 January 2025, the Company and its subsidiaries have had a cumulative total of 165 bank accounts newly frozen, accounting for 23.64% of the total number of bank accounts of the Company and its subsidiaries, which are not the Company's major bank accounts. As of the date of this announcement, the cumulative frozen amount of the frozen bank accounts is RMB45.1222 million (excluding deposits), accounting for 0.27% of the Company's latest audited net assets.

IMPACT ON THE COMPANY AND RISK WARNING

1. Certain production bases of the Company have been temporarily shut down for maintenance, which has unfavourable effect on the scale of operations of the Company. If the aforementioned production bases of the Company cannot resume production to a greater extent by 20 February 2025, the trading of shares of the Company may be subject to other risk warnings.
2. The Company and its subsidiaries are in the process of settling the litigation cases through means such as communication and negotiation, actively responding to the litigation, and reaching settlements with creditors. In view of the fact that the aforesaid cases have not yet been heard in court or been concluded, and that there is uncertainty as to their effect on the Company's profit for the current period or for the subsequent period, and the amounts owed in connection with the above litigation matters have been reflected in the Company's financial statements, the Company has not made provision accordingly, and the Company will carry out the accounting treatment accordingly in accordance with the requirements of the accounting standards and the actual progress of the cases. The specific accounting treatment will be subject to the audited financial report of the Company.
3. The Company is accelerating the progress of maintenance for technical renovation, focusing on its main responsibilities and principal business, speeding up the adjustment and optimisation of its internal management, promoting corporate reform and innovation, and easing the liquidity crunch with the strong support of governments at all levels and various financial institutions. The Company will make every effort to ensure sufficient liquidity and working capital, and promote the resumption of work and production in accordance with the market situation.
4. The Company will closely monitor the progress of the above matters and will inform and update its shareholders and other investors of any material development in relation to the above by way of announcement as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Shandong Chenming Paper Holdings Limited
Hu Changqing
Chairman

Shandong, the PRC
23 January 2025

As at the date of this announcement, the executive Directors are Mr. Hu Changqing, Mr. Li Xingchun, Mr. Li Feng and Mr. Li Weixian; 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, Mr. Yang Biao and Mr. Li Zhihui.

* *For identification purposes only*