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)

IMPOSITION OF OTHER RISK WARNINGS IN RESPECT OF A SHARES AND B SHARES OF THE COMPANY

This announcement is made by Shandong Chenming Paper Holdings Limited (the "**Company**", together with its subsidiaries, collectively 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 Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Reference is made to the announcement of the Company dated 19 February 2025 (the "**Announcement**") in relation to the imposition of other risk warnings in respect of the A shares and B shares of the Company. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

TYPE, ABBREVIATION AND STOCK CODE OF SHARES AND DATE OF IMPOSING OTHER RISK WARNINGS

1. Type of shares: RMB ordinary shares (A shares)

   (1) Stock abbreviation: ST Chenming

   (2) Stock code: 000488

   (3) Date of imposing other risk warnings: 1 April 2025

   (4) Daily limit in respect of the increase or decrease in stock price of A shares of the Company after the imposition of other risk warnings: 5%.

   (5) Date of suspension and resumption of trading of A shares of the Company: No suspension of trading

2. Type of shares: Domestic-listed foreign shares (B shares)

   (1) Stock abbreviation: ST Chenming B

   (2) Stock code: 200488

   (3) Date of imposing other risk warnings: 1 April 2025

   (4) Daily limit in respect of the increase or decrease in stock price of B shares of the Company after the imposition of other risk warnings: 5%.

   (5) Date of suspension and resumption of trading of B shares of the Company: No suspension of trading

REASONS FOR THE IMPOSITION OF OTHER RISK WARNINGS

The lower of the Company's net profit before or after extraordinary gains or losses in three consecutive accounting years from 2022 to 2024 is negative, and Grant Thornton (Special General Partnership) has issued an audit report for 2024 shows that the Company's ability to continue as a going concern is uncertain. Pursuant to Rule 9.8.1 (7) of the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, the Company's A shares and B shares trigger the imposition of other risk warnings.

Grant Thornton (Special General Partnership) has conducted an audit of the effectiveness of the Company's internal control for 2024, and has issued an auditor's report on internal control with adverse opinion. Pursuant to Rule 9.8.1 (4) of the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, the Company's A shares and B shares trigger the imposition of other risk warnings.

THE BOARD'S OPINIONS AND SPECIFIC MEASURES TO SEEK REVOCATION OF OTHER RISK WARNINGS

The board of directors of the Company (the "**Board**") is fully aware of the adverse impacts caused by the imposition of other risk warnings on the shares of Company, and will continue to urge the management of the Company to take effective measures to eliminate the relevant impacts as soon as possible by adopting the following specific measures:

1. Improving the Company's ability to continue as a going concern, and its operations

   (1) Resumption of operation and production. The government task force, in collaboration with the Company, has formulated a comprehensive work plan from eight aspects including full resumption of operation and production, introduction of strategic investments, grant of syndicated loan, and asset disposal. Adhering to the principle of "one policy for one enterprise, one policy for one region", the Company will actively engage with local governments to finalise specific cooperation details in pursuit of the full resumption of operation and production at its major production bases. In accordance with the established production resumption plans for each base, the Company will conduct comprehensive overhauls across all production systems, improve automated detection and control functions, and enhance equipment integrity and operational efficiency. Striving to achieve the resumption of operation and production within the shortest possible time, the Company will also strengthen its communication and coordination with suppliers to foster stable long-term cooperative relationships between them.

(2) Debt restructuring. As of 31 December 2024, the Company and financial creditors had established provincial debt committees and reached a consensus that: firstly, they shall refrain from instituting unauthorised proceedings for seizure, and overdue loans shall be first settled by negotiation, instead of litigation for seizure or credit rating downgrade or classification; secondly, they shall maintain the stability of existing credit facilities. Financial institutions inside and outside of the provinces shall adjust the credit facilities to liquidity loans, renew expiring loans wherever possible without loan cancellations or delays, provide extended loan terms for non-renewable loans, and adjust repayment schedules for medium to long term loans; thirdly, interest rates and fees shall be reduced to alleviate the burden on the Company. Loan rates shall be reduced to below 2%, new loan rates shall be reduced to below 3% and loan rates shall be re-adjusted in accordance with the recovery of the Company after three years; fourthly, interest settlement cycles shall be extended. In principle, the interest shall be settled semi-annually within three years, and the settlement cycle shall be adjusted in accordance with the operations of the Company after three years.

(3) Asset disposal. The Company will make every effort to revitalise and dispose of its existing assets. The Company will strengthen the disposal of assets in its non-principal business, establish an asset management center, adjust and optimise internal management, divide asset disposal management areas by region, and assign responsibilities to individuals to improve the efficiency of asset disposal. The Company will also step up efforts to recover outstanding debts, and pursue debtors with realisable assets through negotiation or legal means. For accounts receivable that are difficult to recover, the Company will resort to judicial channels to resolve the issues, and striving to improve its liquidity.

(4) Government support. The Company has applied to local governments for support, including but not limited to policy and financial support, to assist the Company in overcoming difficulties. Currently, governments have established task forces to assist the Company in coordinating financial institutions to establish provincial debt committees to provide financing support to the Company for the renewal of loans and other purposes. State-owned enterprises at city and county levels have funded the establishment of Weifang Xingchen Trading Co., Ltd. with raised funds amounting to RMB3.31 billion for the resumption of production. In particular, the registered capital of RMB1.0 billion has been received, and the syndicated loan of RMB2.31 billion is currently under review for approval by head offices of various banks. At present, certain banks have completed their approval process.

(5) Introduction of strategic investments. A task force for the introduction of strategic investors has been set up at the municipal level to form a multi-level and multi-field collaborative working mechanism. Dedicated personnel will be responsible for engaging and negotiating with interested strategic investors to effectively integrate resources and enhance decision-making efficiency. At the same time, the Company will insist on the approach of combining "going out" and "bringing in", take the initiative to cooperate with competent enterprises, and acquire the necessary working capital for the resumption of production through a variety of channels, so as to support the Company in achieving normal production and operation as soon as possible.

2. **Enhancing the Company's management's risk assessment or risk awareness to establish an effective control environment.**

   (1) Improving the risk assessment and response system

   Optimizing the risk identification and assessment mechanism: A professional team is organised to comprehensively sort out the internal and external risk factors of the Company and a multi-dimensional risk identification system covering market risk, credit risk, financial risk and operational risk is established. Advanced risk assessment tools and models are introduced to conduct regular quantitative assessments of various types of risks to accurately grasp the nature, extent and development trends of risks.

   Constructing risk early warning and monitoring system: A risk early warning indicator system is established to set the threshold value of key risk indicators, and monitor the changes of risk indicators in real time through the information system. Once a risk indicator reaches the warning threshold, a warning signal should be issued in a timely manner so that the management of the Company can quickly take countermeasures to control the risk in its infancy.

   Strengthening risk awareness training: All employees are organised to participate in risk awareness training to enhance their understanding and sensitivity to risks through case analysis, expert lectures, and other forms. Risk awareness is incorporated into the employee performance assessment system to encourage employees to consciously pay attention to and prevent risks in their daily work.

   Developing and implementing response strategies: Based on the results of risk assessment, targeted and practicable risk response strategies are developed. A detailed fund management plan is developed to address liquidity risk to optimise fund allocation, strengthen communication and coordination with financial institutions, and actively expand financing channels. For credit risk, the client credit assessment system is improved to strengthen accounts receivable management, and reduce bad debt risks. At the same time, the responsible departments and individuals for each response strategy are clearly defined to strengthen supervision and assessment, and ensure that risk response measures are effectively implemented.

   (2) Strengthening supervision and assessment of internal control

   Strengthening the functions of the internal audit department: The professional audit staff of the internal audit department is reinforced to increase the depth and breadth of audit work. The internal audit department regularly conducts audits and supervision of the implementation of the Company's internal control system to promptly identify and correct internal control deficiencies, thus ensuring the effective implementation of the internal control system.

Improving the internal control assessment mechanism: The internal control assessment indicator system is optimised by adopting a combination of qualitative and quantitative assessment methods to conduct a comprehensive and objective assessment of the effectiveness of the Company's internal control. Regular self-assessment of internal control is carried out to produce self-assessment reports, and the assessment results are linked to performance appraisal to strengthen the binding effect of internal control.

Introducing external supervision and consultation: Professional internal control consultants are actively engaged to conduct a comprehensive diagnosis and assessment of the Company's internal control system and provide professional recommendations for improvement.

CONTACT INFORMATION OF THE COMPANY FOR RECEIVING ENQUIRIES FROM INVESTORS DURING THE PERIOD OF IMPOSITION OF OTHER RISK WARNINGS

During the period of imposition of other risk warnings in respect of A shares and B shares of the Company, the Company will accept enquiries from investors through telephone, mails, irm.cninfo of Shenzhen Stock Exchange and other means. The Company will timely respond to enquiries from investors, provided that it is in compliance of relevant rules in relation to insider information. Contact methods of the Company are as follows:

Telephone: 0536-2158008

Fax: 0536-2158977

Email: chenmmingpaper@163.com

Correspondence address: No. 2199 Nongsheng Road East, Shouguang City, Shandong Province

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
31 March 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*