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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)**

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION**  
**ACQUISITION OF FUND UNITS OF CHENMING HUANGGANG FUND**

**ACQUISITION**

The Board is pleased to announce that, on 25 April 2025, Changjiang Industrial Investment Fund, Huanggang Technology and Huanggang Chenming entered into the Fund Units Transfer Agreement, pursuant to which Huanggang Technology proposed to acquire the Target Unit (accounting for 39.98% of the total equity interest in Chenming Huanggang Fund) from Changjiang Industrial Investment Fund at a consideration of RMB439,157,698.63.

As at the date of this announcement, the Company, through Zhanjiang Chenming Pulp & Paper Co., Ltd. (as Limited Partner), a non-wholly-owned subsidiary of the Company, held 59.97% of the Fund Units of Chenming Huanggang Fund, and Chenming Huanggang Fund is a non-wholly-owned subsidiary of the Company. Upon completion of the Acquisition, the Group (as Limited Partner) will, in aggregate, hold 99.95% of the Fund Units of Chenming Huanggang Fund, and the financial results of Chenming Huanggang Fund will continue to be consolidated in the Group's consolidated financial statements.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Changjiang Industrial Investment Fund, as one of the limited partners of Chenming Huanggang Fund, held 39.98% of the Fund Units of Chenming Huanggang Fund, a subsidiary of the Company. Therefore, Changjiang Industrial Investment Fund is a connected person of the Company at the subsidiary level, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As Changjiang Industrial Investment Fund is a connected person of the Company at the subsidiary level, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that, on 25 April 2025, Changjiang Industrial Investment Fund, Huanggang Technology and Huanggang Chenming entered into the Fund Units Transfer Agreement, pursuant to which Huanggang Technology proposed to acquire the Target Unit (accounting for 39.98% of the total equity interest in Chenming Huanggang Fund) from Changjiang Industrial Investment Fund at a consideration of RMB439,157,698.63.

### **Fund Units Transfer Agreement**

The principal terms of the Fund Units Transfer Agreement are set out as follows:

<b>Date</b>	25 April 2025
<b>Parties</b>	Changjiang Industrial Investment Fund (as vendor);  Huanggang Technology (as purchaser); and  Huanggang Chenming (as guarantor).

### **Fund Units to Be Acquired**

Pursuant to the Fund Units Transfer Agreement, Huanggang Technology will acquire 39.98% of the Fund Units of Chenming Huanggang Fund from Changjiang Industrial Investment Fund. As at the date of this announcement, Changjiang Industrial Investment Fund has made a paid-in capital contribution of RMB356 million.

As at the date of this announcement, the Company, through Zhanjiang Chenming Pulp & Paper Co., Ltd. (as Limited Partner), a non-wholly-owned subsidiary of the Company, held 59.97% of the Fund Units of Chenming Huanggang Fund, and Chenming Huanggang Fund is a non-wholly-owned subsidiary of the Company. Upon completion of the Acquisition, the Group (as Limited Partner) will, in aggregate, hold 99.95% of the Fund Units of Chenming Huanggang Fund, and the financial results of Chenming Huanggang Fund will continue to be consolidated in the Group's consolidated financial statements.

The original acquisition cost of the Target Unit is RMB439,157,698.63.

### **Consideration and Payment Terms**

The consideration for the Acquisition is RMB439,157,698.63. Huanggang Technology shall pay the consideration to Changjiang Industrial Investment Fund in installments based on the Company's resumption of work, production and business operation situation.

The consideration for the Acquisition will be funded by the Group's own funds.

## **Basis for Determining the Consideration**

The consideration of the Acquisition is determined on normal commercial terms after arm's length negotiations between Huanggang Technology and Changjiang Industrial Investment Fund and with reference to the agreed investment principal of RMB356,000,000 and the corresponding premium of the agreed Target Unit of RMB83,157,698.63 under the capital increase agreement entered into between the Company and Chenming Huanggang Fund in 2020 in respect of the subscription of the newly-increased registered capital of Huanggang Chenming by Chenming Huanggang Fund as the basis for pricing.

## **Completion**

The completion date of the Acquisition is the date when the change of the Target Unit is registered in the name of Huanggang Technology with the relevant market supervision and management department (i.e. the date of change of the industrial and commercial registration). Chenming Huanggang Fund shall perform the change of the industrial and commercial registration within 30 days after Huanggang Technology fully pays the consideration for the Acquisition.

## **Guarantees**

Huanggang Chenming and Huanggang Technology will provide the following guarantees for Huanggang Technology's obligation to pay the consideration in the Acquisition:

### **1. *Guarantee***

Huanggang Chenming will enter into a guarantee agreement with Changjiang Industrial Investment Fund, pursuant to which Huanggang Chenming shall provide a guarantee for Huanggang Technology's obligation to pay the consideration in the Acquisition. The scope of the guarantee covers the principal debt and its interest, liquidated damages, compensation for damages, costs for preserving the collateral, and expenses for enforcing the security interest, and the guarantee period shall be three years commencing from signing the guarantee agreement. The guarantee method is joint liability guarantee.

### **2. *Accounts Receivable Pledge Guarantee***

Huanggang Technology will enter into an accounts receivable pledge agreement with Changjiang Industrial Investment Fund, pursuant to which Huanggang Technology shall provide a guarantee for Huanggang Technology's obligation to pay the consideration in the Acquisition with all of the land resumption compensation for the north district project of Huanggang Chenming receivable from the Huanggang city state-owned assets platforms such as Huanggang City Construction Investment Co., Ltd.\* (黃岡市城市建設投資有限公司). The carrying amount of the land resumption compensation is RMB219,000,000. The scope of the guarantee covers the principal debt and its interest, liquidated damages, compensation for damages, costs for preserving the collateral, and expenses for enforcing the security interest, and the guarantee period shall be three years commencing from signing the accounts pledge agreement.

### **3. Guarantee by Pledging Entrusted Processing Fee**

Huanggang Chenming will enter into an accounts receivable pledge agreement with the Changjiang Industrial Investment Fund, pursuant to which Huanggang Chenming shall provide a guarantee for Huanggang Technology's obligation to pay the consideration in the Acquisition with the accounts receivable due from Huanggang Technology under the entrusted processing agreement entered into between Huanggang Chenming and Huanggang Technology. The carrying amount of the accounts receivable is no less than RMB300,000,000. The scope of the guarantee covers the principal debt and its interest, liquidated damages, compensation for damages, costs for preserving the collateral, and expenses for enforcing the security interest, and the guarantee period shall be three years commencing from signing the accounts receivable pledge agreement.

The total guarantee limit for the above-mentioned guarantees is RMB439,157,698.63 in aggregate.

### **INFORMATION ON CHENMING HUANGGANG FUND**

Chenming Huanggang Fund is a non-wholly-owned subsidiary of the Company and a limited partnership enterprise established in the PRC. Its business scope includes general activities such as engaging in non-securities equity investment activities and related advisory services (excluding activities such as accepting public deposits or disguised acceptance of public deposits, granting of loans, and other financial services).

The audited financial information of Chenming Huanggang Fund for the two financial years ended 31 December 2024 is as follows:

	<b>For the year ended 31 December 2024 RMB (Audited)</b>	<b>For the year ended 31 December 2023 RMB (Audited)</b>
Net profit before tax	17,049,465.56	-77,613,918.32
Net profit after tax	17,049,465.56	-77,613,918.32

The audited net assets and total assets of Chenming Huanggang Fund as at 31 December 2024 were RMB989,911,300 and RMB989,912,400, respectively.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FUND UNITS TRANSFER AGREEMENT**

Chenming Huanggang Fund is a specialized investment fund established to support the construction of Phase II project of Huanggang Chenming, a subsidiary of the Company. As at the date of this announcement, the Company directly holds 70.15% of the equity interest in Huanggang Chenming and indirectly holds the remaining 29.85% of the equity interest in Huanggang Chenming through the Chenming Huanggang Fund. In view of the cessation of construction of Phase II project of Huanggang Chenming and the impending expiration of the Chenming Huanggang Fund's operation period, the Company has decided to acquire the Target Unit through its subsidiary, Huanggang Technology, with an aim to further strengthen control over Huanggang Chenming and enhance risk resilience, sustainable operation ability and profitability for the listed company. No immediate consideration payment is required for the Acquisition, which will have no adverse impact on the Company's current financial position or operating results, nor will it harm the interests of the Company or its shareholders.

Huanggang Chenming, a shareholder directly holding 51% of equity interest in Huanggang Technology, will provide joint and several liability guarantees and the pledge guarantee of accounts receivable to Huanggang Technology. Such guarantees fall into the guarantee arrangements between subsidiaries within the Company's consolidated scope, and meet the transaction needs for Huanggang Technology's acquisition of the Target Unit. Although Huanggang Technology will not provide a counter-guarantee, it maintains sound creditworthiness and is under the absolute control of Huanggang Chenming, which indicates the guarantee risk under control. There is no circumstance that would harm the interests of the Company or its shareholders, particularly minority shareholders.

The Directors (including the independent non-executive Directors) consider that the terms of the Fund Units Transfer Agreement have been determined by the parties after arm's length negotiations, and have been entered into on normal commercial terms or better in the ordinary and usual course of business of the Group. The terms are fair and reasonable and in the overall interests of the Company and its shareholders.

None of the Directors has a material interest in the Acquisition and therefore is required to abstain from voting at the Board meeting to approve the Acquisition.

## **INFORMATION ON THE GROUP**

The principal activities of the Group are production and sales of paper products.

## **INFORMATION ON HUANGGANG TECHNOLOGY**

Huanggang Technology, a non-wholly-owned subsidiary of the Company, is a company established under the laws of the PRC with limited liability, with the scope of business including permitted items: port cargo handling and transportation activities; port operation; power generation business, power transmission business, power supply (distribution) business; general items: paper manufacturing; pulp manufacturing; pulp sales; paper product manufacturing; paper product sales; bio-based material manufacturing; bio-based material sales; cargo import and export; technology import and export; cellulose fibre raw materials and fibre manufacturing; high-performance fibre and composite material manufacturing; high-performance fibre and composite material sales; specialty chemicals manufacturing (excluding hazardous chemicals); speciality chemicals sales (excluding hazardous chemicals); domestic freight forwarding agent; port tallying; loading, unloading and transportation; technical services, technical development, technology consulting, technical exchanges, technology transfer, technology promotion; heat production and supply; and biomass energy technology services.

## **INFORMATION ON HUANGGANG CHENMING**

Huanggang Chenming, a non-wholly-owned subsidiary of the Company, is a company established under the laws of the PRC with limited liability and principally engaged in the production and sale of chemical pulp.

## **INFORMATION ON CHANGJIANG INDUSTRIAL INVESTMENT FUND**

Changjiang Industrial Investment Fund is a limited partnership formed under the laws of the PRC, and its scope of operation is equity investment, investment management and investment related consulting services (excluding projects restricted and prohibited by national laws and regulations, and decisions of the State Council of the People's Republic of China; prohibited to publicly raise or issue funds in any ways). As at the date of this announcement, it was held as to 0.17%, 49.83% and 50% by Hubei Huanggang Changjiang Venture Capital Industrial Fund Management Co., Ltd. (湖北黃岡長江創投產業基金管理有限公司) (a general partner), Hubei Province Yangtze River Economic Belt Industrial Guide Fund Partnership (Limited Partnership) (湖北省長江經濟帶產業引導基金合夥企業(有限合夥)) and Huanggang Dabie Mountain Revitalisation and Development Industry Guidance Fund Partnership (Limited Partnership) (黃岡市大別山振興發展產業引導基金合夥企業(有限合夥)) (each as a limited partner), respectively. The ultimate beneficial owner of Changjiang Industrial Investment Fund is the People's Government of Huanggang City. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the ultimate beneficial owner of Changjiang Industrial Investment Fund is a third party independent of the Company and its connected persons.



## LISTING RULES IMPLICATIONS

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As at the date of this announcement, Changjiang Industrial Investment Fund, as one of the limited partners of Chenming Huanggang Fund, held 39.98% of the Fund Units of Chenming Huanggang Fund, a subsidiary of the Company. Therefore, Changjiang Industrial Investment Fund is a connected person of the Company at the subsidiary level, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As Changjiang Industrial Investment Fund is a connected person of the Company at the subsidiary level, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the Target Unit by Huanggang Technology pursuant to the Unit Transfer Agreement
“Board”	the board of Directors of the Company
“Huanggang Technology”	Huanggang Chenming Paper Technology Co.,Ltd* (黃岡晨鳴紙業科技有限公司), a limited liability company incorporated in the PRC and a non-wholly-owned subsidiary of the Company
“Changjiang Industrial Investment Fund”	Hubei Changjiang (Huanggang) Industrial Investment Fund Partnership (Limited Partnership) *(湖北長江(黃岡)產業投資基金合夥企業(有限合夥)), a limited partnership incorporated in the PRC and one of the limited partners of Chenming Huanggang Fund as at the date of this announcement
“Huanggang Chenming”	Huanggang Chenming Pulp & Paper Co., Ltd. *(黃岡晨鳴漿紙有限公司), a limited liability company incorporated in the PRC and a non-wholly-owned subsidiary of the Company
“Chenming Huanggang Fund”	Hubei Changjiang Chenming Huanggang Equity Investment Fund Partnership (Limited Partnership) *(湖北長江晨鳴黃岡股權投資基金合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Company”	Shandong Chenming Paper Holdings Limited* (山東晨鳴紙業集團有限公司), a joint stock limited liability company incorporated in the PRC whose H shares are listed on the main board of the Stock Exchange (HKEx Stock Code: 1812)

“Director(s)”	the director(s) of the Company
“Fund Units Transfer Agreement”	the fund units transfer agreement dated 25 April 2025 entered into between Changjiang Industrial Investment Fund (as the Vendor) and Huanggang Technology (as the Purchaser) and Huanggang Chenming (as the Guarantor) in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Target Unit”	39.98% of the fund units in Chenming Huanggang Fund held by Changjiang Industrial Investment Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

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

Hong Kong, 25 April 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