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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 IN RELATION TO
(I) ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023; AND
(II) INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

Reference is made to the annual report for the year ended 31 December 2023 (“**2023 Annual Report**”) and the interim report for the six months ended 30 June 2024 (“**2024 Interim Report**”) of Shandong Chenming Paper Holdings Limited (the “**Company**”, together with its subsidiaries collectively the “**Group**”).

FURTHER INFORMATION ABOUT 2023 ANNUAL REPORT

In addition to the information as disclosed under “VI Corporate Governance – XI. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company” on pages 75 to 77 of the 2023 Annual Report, the Board hereby provides further information about the A Share Incentive Scheme of the Group in accordance with Rules 17.07 and 17.09 of the Listing Rules. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the 2023 Annual Report.

1. Basic information about the Share Incentive Scheme

(I) Purpose of the Scheme

In order to further improve the corporate governance structure of the Company, promote the establishment and improvement of long-term incentive and restraint mechanisms, fully mobilize the enthusiasm, responsibility and mission of the directors, core technology and business key personnel, and bond the interests of Shareholders, the Company and individual operators together effectively, making all parties to attend to the long-term development of the Company and work together for it; at the same time, in order to further promote the long-term behavior of decision-makers and operators, promote the rapid and sustainable development of the Company, and maximize the value of the Company and shareholders, the Share Incentive Scheme is formulated, on the premise of fully protecting the interests of Shareholders and on the principle of income equivalent to contribution, and in compliance with the relevant requirements under the “Company Law”, the “Securities Law” and other relevant laws, regulations and regulatory documents and the Articles of Association, combined with the existing management systems of the Company, including the remuneration mechanism and performance appraisal system.

(II) Participants of the Scheme

The number of the Participants under the Share Incentive Scheme shall be 111, specifically including:

- (i) Directors, senior management members of the Company;
- (ii) Key technical (business) employees of the Company;
- (iii) The persons who, in the opinion of the Board, are qualified.

The Participants under the Share Incentive Scheme exclude independent non-executive Directors, Supervisors and Shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controllers and their spouses, parents or children.

Among the above Participants, a director or senior management member must have been elected at a general meeting or engaged by the Board. All Participants should be engaged, employed or hired by the Company or any of the branch or subsidiary of the Company at the time of granting under the Share Incentive Scheme and during the evaluation period.

All of the Participants under the Incentive Scheme shall not participate in the incentive scheme of any other listed company concurrently and any of the Participants who has participated in the incentive scheme of any other listed company shall not participate in the Incentive Scheme.

No other persons who are not Directors, nor employees of the Company are qualified as Participants.

(III) Total number of shares to be issued under the Scheme

The Restricted A Shares that may be granted to the Participants by the Company under the Share Incentive Scheme shall be 79,600,000 Restricted A Shares. The grant under the Share Incentive Scheme shall be one-off in nature without reserved portion.

(IV) Percentage of total number of shares to be issued under the Scheme to the number of issued Shares (excluding treasury shares) as at the end of 2023

Total number of shares to be issued under the Scheme represents approximately 0% of the issued Shares (excluding treasury shares) as at the end of 2023.

(V) Maximum equity to be granted to each Participant under the Scheme

The total number of shares to be issued and granted under the Incentive Scheme during the validity period shall not exceed 10% of the total issued share capital of the Company and the total number of the Restricted Shares to be granted under the Incentive Scheme during the validity period to the Participant shall not exceed 1% of the total issued share capital of the Company.

(VI) Term of exercise of options by grantees under the Scheme

Not applicable

(VII) Vesting period for awards to be granted under the Scheme

No vesting period for share awards to be granted under the Scheme. The Lock-up Period for the Restricted Shares to be granted under the Scheme shall be 24 months from the date of registration of the shares. If the unlocking conditions for the Restricted Shares have been satisfied, the Restricted Shares will be unlocked in three phases in the next 36 months, with unlocking percentage of 40%, 30% and 30%, respectively.

(VIII) Amount payable (if any) for application or acceptance of awards and term of payment or demand notice or term of repayment of loans for application of awards

No consideration shall be payable at the time of acceptance of awards.

(IX) Basis of determination of the purchase price (if any) for shares to be granted

(i) Grant Price

The Grant Price of the Restricted Shares shall be RMB2.85 per share. A Participant who has satisfied the conditions of grant may purchase Restricted Shares issued by the Company to the Participants at RMB2.85 per share.

(ii) Basis of determination of the Grant Price

The Grant Price of the Restricted Shares granted by the Company via means of issuing additional shares shall be determined according to principle of fair market price, and shall be the higher of the followings:

- (a) 60% of the closing price of the shares of the Company on the last trading day before the date of the Announcement;
- (b) 60% of the average closing prices of the shares of the Company on the last 30 trading days before the date of the Announcement;
- (c) 60% of the average trading prices (the total transaction value for the last trading days divided by the total transaction volume for the last trading days) of the shares of the Company on the last trading day before the date of the Announcement;
- (d) 60% of the average trading price (the total transaction value for the last 20 trading days divided by the total transaction volume for the last 20 trading days) of the shares of the Company on the last 20 trading days before the date of the Announcement; or
- (e) the nominal value of the shares of Company, being RMB1 per share.

Based on the above pricing principles, the Grant Price of the Restricted Shares to be granted under the Incentive Scheme shall be RMB2.85 per share.

The Restricted Shares granted to the Participants shall be funded by themselves. The Company shall undertake not to provide loans, loan guarantee and any other form of financial assistances to the Participants for the acquisition of the Restricted Shares under the Incentive Scheme.

(X) Remaining validity period of the Scheme

The validity period of the Share Incentive Scheme shall commence on the date on which the registration of the grant of the Restricted Shares is completed and end on the date on which all the Restricted Shares granted to the Participants are unlocked or repurchased and cancelled, which shall not exceed 60 months. On 14 July 2020, the Company completed the registration of the Restricted Shares under the grant of the Scheme at China Securities Depository and Clearing Corporation Limited. As of 31 December 2023, the remaining validity period of the Scheme is less than 19 months.

2. Implementation of the Share Incentive Scheme during the reporting period

At the beginning of the reporting period and the end of the reporting period, the number of awards to be granted under the Scheme was 0.

During the reporting period, the Company did not grant any awards. Hence, the number of Shares issued upon the grant of awards under all schemes of the Group during the reporting period divided by the weighted average number of relevant class shares (excluding treasury shares) issued is not applicable.

Further supplementary information about the changes of the Restricted Shares under the Share Incentive Scheme during the year is set out below:

Name	Position	Grant date	Lock-up Period ^(Note 1)	Number of Restricted Shares held as at the beginning of the period	Number of shares unlocked during the period	Number of new Restricted Shares granted during the reporting period	Grant Price of Restricted Shares (RMB/share)	Number of shares cancelled during the year	Purchase price of cancelled awards	Number of shares lapsed during the period	Number of Restricted Shares held as at the end of the period
Chen Hongguo	Chairman	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	12,000,000	0	0	2.85	6,000,000	2.5184172	-	6,000,000
Hu Changqing	Vice Chairman	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	3,000,000	0	0	2.85	1,500,000	2.5184172	-	1,500,000
Li Xingchun	Vice Chairman	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	3,000,000	0	0	2.85	1,500,000	2.5184172	-	1,500,000
Li Weixian	Director and general manager	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	1,200,000	0	0	2.85	600,000	2.5184172	-	600,000
Li Feng	Director and deputy general manager	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	1,800,000	0	0	2.85	900,000	2.5184172	-	900,000
Li Xueqin	Deputy general manager	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	1,800,000	0	0	2.85	900,000	2.5184172	-	900,000
Li Zhenzhong	Deputy general manager	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	1,200,000	0	0	2.85	600,000	2.5184172	-	600,000
Li Mingtang	Deputy general manager	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	600,000	0	0	2.85	300,000	2.5184172	-	300,000
Dong Lianming	Financial controller	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	600,000	0	0	2.85	300,000	2.5184172	-	300,000
Yuan Xikun	Secretary to the Board	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	180,000	0	0	2.85	90,000	2.5184172	-	90,000
Other employees	-	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	19,806,000	0	0	2.85	10,239,000	2.5184172	-	9,567,000
Total	-	-	-	45,186,000	0	0	-	22,929,000	2.5184172	-	22,257,000

Name	Position	Grant date	Lock-up Period ^(Note 1)	Number of Restricted Shares held as at the beginning of the period	Number of shares unlocked during the period	Number of new Restricted Shares granted during the reporting period	Grant Price of Restricted Shares (RMB/share)	Number of shares cancelled during the year	Purchase price of cancelled awards	Number of shares lapsed during the period	Number of Restricted Shares held as at the end of the period
Five highest paid individuals (total) (excluding directors)	-	29 May 2020	14 July 2020 to 14 July 2023; 14 July 2020 to 14 July 2024	1,800,000	0	0	2.85	900,000	2.5184172	-	900,000

1. After 24 months from the date of completion of the registration of the grant of Restricted Shares granted under the Incentive Scheme, the Participants will unlock in three phases within the next 36 months. Upon expiry of each Lock-up Period, the Company shall proceed with the unlocking for the Participants who satisfy the unlocking conditions, and the Restricted Shares held by Participants who do not satisfy the unlocking conditions shall be repurchased and cancelled by the Company. The table below sets out the Unlocking Period and unlocking schedule for the Restricted Shares under each grant:

Unlocking Period	Description of the Unlocking Period	Percentage of the Restricted Shares to be unlocked of total number of the Restricted Shares granted
First Unlocking Period	Commencing from the first trading day after expiry of the 24-month period from the date on which the registration of the grant of the Restricted Shares is completed and ending on the last trading day of the 36-month period from the date on which the registration of the grant of the Restricted Shares is completed	40%
Second Unlocking Period	Commencing from the first trading day after expiry of the 36-month period from the date on which the registration of the grant of the Restricted Shares is completed and ending on the last trading day of the 48-month period from the date on which the registration of the grant of the Restricted Shares is completed	30%
Third Unlocking Period	Commencing from the first trading day after expiry of the 48-month period from the date on which the registration of the grant of the Restricted Shares is completed and ending on the last trading day of the 60-month period from the date on which the registration of the grant of the Restricted Shares is completed	30%

During the reporting period, the second unlocking period for the Restricted Shares granted under the Incentive Scheme has reached. However, as the 2022 annual results of the Company failed to meet the performance appraisal targets at company level set for the second unlocking period, pursuant to the 2020 Restricted Share Incentive Scheme (Draft) of the Company, the Restricted Shares held by participants under the second unlocking period have been repurchased by the Company and cancelled. In particular, the number of shares for Directors, Supervisors and Senior Management of the Company repurchased and cancelled was 12,690,000 during the reporting period.

FURTHER INFORMATION ABOUT 2024 INTERIM REPORT

In addition to the information as disclosed under “IV Corporate Governance – IV. Implementation of the equity incentive plan, employee shareholding plan or other employee incentive measures of the Company” on pages 26 to 28 of the 2024 Interim Report, the Board hereby provides further information about the A Share Incentive Scheme of the Group in accordance with Rules 17.07 and 17.09 of the Listing Rules. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the 2024 Interim Report.

1. Implementation of the Share Incentive Scheme during the reporting period

At the beginning of the reporting period and the end of the reporting period, the number of awards to be granted under the Scheme was 0.

During the reporting period, the Company did not grant any awards. Hence, the number of Shares issued upon the grant of awards under all schemes of the Group during the reporting period divided by the weighted average number of relevant class shares (excluding treasury shares) issued is not applicable.

Further supplementary information about the changes of the Restricted Shares under the Share Incentive Scheme during the six months ended 30 June 2024 is set out below:

Name	Position	Grant date	Lock-up Period ^(Note 1)	Number of Restricted Shares held as at the beginning of the period	Number of shares unlocked during the period	Number of new Restricted Shares granted during the reporting period	Grant Price of Restricted Shares (RMB/share)	Number of shares cancelled during the year	Purchase price of cancelled awards	Number of shares lapsed during the period	Number of Restricted Shares held as at the end of the period
Chen Hongguo	Chairman	29 May 2020	14 July 2020 to 14 July 2024	6,000,000	0	-	2.85	0	0	-	6,000,000
Hu Changqing	Vice Chairman	29 May 2020	14 July 2020 to 14 July 2024	1,500,000	0	-	2.85	0	0	-	1,500,000
Li Xingchun	Vice Chairman	29 May 2020	14 July 2020 to 14 July 2024	1,500,000	0	-	2.85	0	0	-	1,500,000
Li Weixian	Director and general manager	29 May 2020	14 July 2020 to 14 July 2024	600,000	0	-	2.85	0	0	-	600,000
Li Feng	Director and deputy general manager	29 May 2020	14 July 2020 to 14 July 2024	900,000	0	-	2.85	0	0	-	900,000
Li Xueqin	Deputy general manager	29 May 2020	14 July 2020 to 14 July 2024	900,000	0	-	2.85	0	0	-	900,000
Li Zhenzhong	Deputy general manager	29 May 2020	14 July 2020 to 14 July 2024	600,000	0	-	2.85	0	0	-	600,000
Li Mingxiang	Deputy general manager	29 May 2020	14 July 2020 to 14 July 2024	300,000	0	-	2.85	0	0	-	300,000
Dong Lianming	Financial controller	29 May 2020	14 July 2020 to 14 July 2024	300,000	0	-	2.85	0	0	-	300,000
Yuan Xikun	Secretary to the Board	29 May 2020	14 July 2020 to 14 July 2024	90,000	0	-	2.85	0	0	-	90,000
Other employees	-	29 May 2020	14 July 2020 to 14 July 2024	9,567,000	0	-	2.85	0	0	-	9,567,000
Total				22,257,000	0	-	-	0	0	-	22,257,000

Name	Position	Lock-up Period ^(Note 1)	Grant date	Number of Restricted Shares held as at the beginning of the period	Number of shares unlocked during the period	Number of new Restricted Shares granted during the reporting period	Grant Price of Restricted Shares (RMB/share)	Number of shares cancelled during the year	Purchase price of cancelled awards	Number of shares lapsed during the period	Number of Restricted Shares held as at the end of the period
Remarks (if any)	1.	After 24 months from the date of completion of the registration of the grant of Restricted Shares granted under the Incentive Scheme, the Participants will unlock in three phases within the next 36 months. Upon expiry of each Lock-up Period, the Company shall proceed with the unlocking for the Participants who satisfy the unlocking conditions, and the Restricted Shares held by Participants who do not satisfy the unlocking conditions shall be repurchased and cancelled by the Company.									

The table below sets out the Unlocking Period and unlocking schedule for the Restricted Shares under each grant:

Unlocking Period	Description of the Unlocking Period	Percentage of the Restricted Shares to be unlocked of total number of the Restricted Shares granted
First Unlocking Period	Commencing from the first trading day after expiry of the 24-month period from the date on which the registration of the grant of the Restricted Shares is completed and ending on the last trading day of the 36-month period from the date on which the registration of the grant of the Restricted Shares is completed	40%
Second Unlocking Period	Commencing from the first trading day after expiry of the 36-month period from the date on which the registration of the grant of the Restricted Shares is completed and ending on the last trading day of the 48-month period from the date on which the registration of the grant of the Restricted Shares is completed	30%
Third Unlocking Period	Commencing from the first trading day after expiry of the 48-month period from the date on which the registration of the grant of the Restricted Shares is completed and ending on the last trading day of the 60-month period from the date on which the registration of the grant of the Restricted Shares is completed	30%

The above further information does not affect any other information contained in the 2023 Annual Report and the 2024 Interim Report. Save as disclosed herein, all other information contained in the 2023 Annual Report and the 2024 Interim Report remains unchanged.

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

Shandong, the PRC
25 October 2024

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, 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*