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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)

**OVERDUE OF SOME OF THE COMPANY'S DEBTS AND  
FREEZING OF SOME OF ITS BANK ACCOUNTS**

This announcement is made by Shandong Chenming Paper Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2) and 13.19 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 (Cap. 571 of the Laws of Hong Kong).

In recent years, the contradiction between supply and demand in the short term has been prominent due to the concentration of newly-added production capacity in the paper industry. The prices of the Company's major paper products, in particular the price of white cardboard, have declined significantly under the influence of the supply-demand contradiction. Subsequently, the profit level of the Company has been continuously decreasing, and has even turned from profits into losses; coupled with the situation where some financial institutions have downsized the loan scale, the Company is currently in a temporary predicament of tight working capital. Consequently, both the Company and some of its subsidiaries have, during certain phases, faced issues of failing to repay some debts as scheduled. In response, some creditors have filed lawsuits against these debts in the court and simultaneously applied for property preservation, and the court has made a ruling to freeze some of the bank accounts of the Company and its subsidiaries. Details are set out below:

**Debt Overdue**

As of 18 November 2024, the accumulated overdue principal and interest of the Company and its subsidiaries amounted to RMB1,820 million, representing 10.91% of the Company's latest audited net assets. The Company has provided joint and several guarantee for the related financing of its subsidiaries, and the corresponding overdue amount was RMB574 million, representing approximately 3.44% of the Company's latest audited net assets.

<b>Debtor(s)</b>	<b>Creditor(s)</b>	<b>Overdue amount (RMB'0000)</b>	<b>Debt types</b>
The Company and some of its subsidiaries	Financial institutions	42,366.70	Working capital loans, project loans, supply chain financing, equipment financing, etc.
	Non-financial institutions	47,778.54	Equipment financing, supply chain financing, factoring, etc.
	Some suppliers	91,885.14	Commercial bills payable
<b>Total</b>		<b>182,030.38</b>	

### **Freezing of Some Bank Accounts**

As of 18 November 2024, the Company and its subsidiaries have had a cumulative total of 65 bank accounts frozen, accounting for 8.47% of the total number of bank accounts of the Company and its subsidiaries. The cumulative frozen amount of the frozen bank accounts is RMB64.837 million, accounting for 0.39% of the Company's latest audited net assets. Of these frozen accounts, 51 bank accounts have been sealed and frozen by the court as a result of issues such as overdue commercial bills and debt-related disputes.

### **Impact on the Company and Risk Warning**

1. Due to the overdue of some debts and guarantees, the Company and its subsidiaries may bear corresponding fees such as liquidated damages, late-payment fees, and penalty interest, which will in turn lead to an increase in the Company's financial expenditures, thereby influencing the Company's financing ability, and potentially exacerbating the Company's cash flow constraints. If the Company is unable to properly resolve this issue in the short term, there is a risk of facing lawsuits, arbitration, and the freezing of bank accounts or assets, which may have an adverse impact on the Company's financial situation and daily production and operation, and also have an impact on the Company's performance in the year.
2. Since the third quarter, the prices of the Company's main products, especially the price of white cardboard, have continued to decline. The Company has suffered severe operating losses. Coupled with the reduction of the Company's loan scale by some financial institutions, the Company's working capital has become tight. In order to reduce losses, since November, the Company has imposed production restrictions and shutdowns on some production bases. As of the date of this announcement, one white cardboard production line, one cultural paper production line, and one coated paper production line at the Company's Shouguang base, the chemical pulp production line, one cultural paper production line, and one white cardboard production line at the Zhanjiang base, as well as the Jiangxi base and Jilin base have been temporarily shut down, resulting in an out-of-machine production capacity of 7.03 million tonnes of pulp and paper, which accounted for 71.7% of the total capacity. This has affected the monthly pulp and paper production capacity of approximately 580,000 tonnes and the monthly sales volume of paper of approximately 350,000 tonnes. The Company is making every effort to raise working capital to actively resume work and production.

3. The balance of the frozen bank accounts represents for 0.39% of the Company's latest audited net assets, which is a very low proportion and therefore not the main bank account of the Company. The Company is actively communicating and negotiating with relevant creditors and the court to properly solve the frozen bank accounts as soon as possible.
4. At present, the Company is expanding financing channels in multiple ways, striving to raise debt repayment funds, and actively communicating with creditors, negotiating debt repayment plans by extending maturity and adjusting repayment plans. At the same time, the Company will take effective measures to ensure production and operation, continue to increase the disposal of non-main business assets, and strive to improve the Company's operating conditions.
5. 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  
19 November 2024

*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*