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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
DISPOSAL OF EQUITY INTEREST IN YUJING HOTEL

THE DISPOSAL

The Board is pleased to announce that, on 12 June 2026, Chenming Paper Sales, a wholly owned subsidiary of the Company, Yujing Hotel and Shouguang Cultural Tourism Investment entered into the Equity and Debt Transfer Agreement, pursuant to which Shouguang Cultural Tourism Investment agreed to acquire and Chenming Paper Sales agreed to sell the Target Equity Interest (representing 90.05% of the total equity interest in Yujing Hotel) and the Target Debts, for a total consideration of RMB316.6653 million.

Upon completion of the Disposal, the Company will cease to hold any interest in Yujing Hotel, and Yujing Hotel will cease to be a subsidiary of the Company. Accordingly, the financial results of Yujing Hotel will no longer be consolidated into the consolidated financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

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

INTRODUCTION

The Board is pleased to announce that, on 12 June 2026, Chenming Paper Sales, a wholly owned subsidiary of the Company, Yujing Hotel and Shouguang Cultural Tourism Investment entered into the Equity and Debt Transfer Agreement, pursuant to which Shouguang Cultural Tourism Investment agreed to acquire and Chenming Paper Sales agreed to sell the Target Equity Interest (representing 90.05% of the total equity interest in Yujing Hotel) and the Target Debts, for a total consideration of RMB316.6653 million.

EQUITY AND DEBT TRANSFER AGREEMENT

The principal terms of the Equity and Debt Transfer Agreement are as follows:

Date	12 June 2026
Parties	Chenming Paper Sales (as the vendor); Shouguang Cultural Tourism Investment (as the purchaser); and Yujing Hotel.

Equity Interests and Debt Interests to be Disposed of

Pursuant to the Equity and Debt Transfer Agreement, Chenming Paper Sales shall sell to Shouguang Cultural Tourism Investment the 90.05% equity interest in Yujing Hotel and the debt interests held by Chenming Paper Sales against Yujing Hotel with a total book value of RMB199.5053 million. The Target Debts comprise the financial support provided by Chenming Paper Sales to Yujing Hotel prior to the date of the Equity and Debt Transfer Agreement to support the daily operation and development of Yujing Hotel.

The Target Equity Interest is not subject to any mortgage, pledge or other third-party rights, nor is it subject to any judicial measures such as seizure or freezing. The Company has not provided any guarantee for Yujing Hotel, entrusted Yujing Hotel with wealth management, nor is there any other occupation of the Company's funds.

Consideration and Terms of Payment

The total consideration for the Disposal is RMB316.6653 million, of which the portion for the Target Equity Interest is RMB117.16 million, and the portion for the Target Debts is RMB199.5053 million. Shouguang Cultural Tourism Investment shall pay the total consideration in a lump sum in cash to Chenming Paper Sales within 90 days from the effective date of the Equity and Debt Transfer Agreement.

Basis for Determining the Consideration

The consideration for the Disposal was determined on normal commercial terms after arm's length negotiations between Chenming Paper Sales and Shouguang Cultural Tourism Investment, with reference to the appraised market value of the entire shareholders' equity in Yujing Hotel as at the Valuation Benchmark Date of RMB130.1082 million (the appraised value corresponding to the Target Equity Interest being RMB117.1624 million) assessed by Tinho International, an independent valuer, using the asset-based approach, and the book value of the Target Debts as the pricing basis.

Completion

The completion date of the Disposal shall be the date on which the registration of the change of the Target Equity Interest under the name of Shouguang Cultural Tourism Investment is completed with the relevant market supervision and administration department (i.e., the date of change of industrial and commercial registration).

Consideration Refund Mechanism

If, due to the reasons of Chenming Paper Sales, the registration of changes with the administration for industry and commerce regarding the Target Equity Interest and the legal representative is not completed by 31 December 2026, Shouguang Cultural Tourism Investment shall have the right to notify Chenming Paper Sales in writing to terminate the Equity and Debt Transfer Agreement. Chenming Paper Sales shall, within 15 business days upon receipt of the termination notice, refund all the prepayments already paid by Shouguang Cultural Tourism Investment (including the Target Equity Interest consideration and the Target Debts consideration) to the account designated by Shouguang Cultural Tourism Investment.

INFORMATION ON YUJING HOTEL

Yujing Hotel is a limited liability company established in the PRC. Its scope of business includes: licensed items: catering services; accommodation services; hairdressing services; life beauty services; high-risk sports (swimming); bathing services; singing and dancing entertainment activities; liquor business; technology import and export; goods import and export. (items that are subject to approval according to law can only be carried out after approval by relevant authorities, and the specific business items are subject to the approval documents or licenses issued by the relevant authorities); general items: conference and exhibition services; fitness and leisure activities; clothing and apparel wholesale; clothing and apparel retail; laundry and ironing services; sales of gift and flower.

As at the date of this announcement, Chenming Paper Sales holds 90.05% equity interest in Yujing Hotel, and Hong Kong Well Spread Development Limited* (香港康弘發展有限公司), a third party independent of the Company and its connected persons, holds 9.95% equity interest in Yujing Hotel. Hong Kong Well Spread Development Limited* (香港康弘發展有限公司) has waived its right of pre-emption.

The audited financial information of Yujing Hotel for the two financial years ended 31 December 2024 and 31 December 2025 is as follows:

	For the year ended 31 December 2024 *RMB* *(Audited)*	**For the year ended 31 December 2025** *RMB* *(Audited)*
Net profit before tax	-16,278,154.93	-19,529,460.46
Net profit after tax	-16,278,154.93	-19,529,460.46

The audited net assets and total assets of Yujing Hotel as at 31 March 2026 were RMB -80.2154 million and RMB187.9692 million, respectively.

Based on the valuation by Tinho International, the assessed value of all shareholders' equity of Yujing Hotel on the Valuation Benchmark Date is RMB130.1082 million. Details of the valuation methodology adopted in the valuation are summarized as follows:

According to the Valuation Practice Standards – Business Valuation (《資產評估執業準則——企業價值》) issued by the China Asset Appraisal Association, the three basic asset valuation approaches commonly adopted for enterprise value appraisal comprise the market approach, the income approach and the asset-based approach. For the purpose of valuation of a business enterprise, an asset valuer shall analyse the applicability of the three basic asset valuation approaches in terms of relevant conditions including valuation purpose, valuation subject, value type and data collection, and determine the valuation approach.

Reasons for not applying the market approach

Due to the limited access to transaction information on the property rights trading market in the PRC and the significant differences in the revenue structure and composition and size of principal businesses of similar enterprises, it is difficult to obtain sufficient comparable listed companies or comparable transaction cases. As such, it is difficult to adopt the market approach for valuation at this stage.

Reasons for not applying the income approach

Yujing Hotel has been operating in debt and sustaining losses in recent years. Future development planning and revenue size are subject to considerable uncertainty, and the amount of revenue and risks in future years cannot be reasonably predicted and quantified. As such, the income approach has not been adopted for this valuation.

Reasons for applying the asset-based approach

Enterprise value is a reflection of the comprehensive value formed by the participation of various tangible assets and intangible assets in business operations. The appraised entity has unambiguous ownership of assets and complete financial information, and thus all its assets and liabilities can be identified. The quantity of the subject assets can not only be ascertained through the financial information and the information on purchases and constructions, but also be verified through on-site inspection. The value of the assets can be determined by considering the re-acquisition of similar assets. As such, the asset-based approach is applicable to the subject assets in this valuation.

Assumptions of the valuation

This valuation was also subject to the following key assumptions:

(1) Transaction assumption: It is assumed that all assets to be valued are in the process of transaction, and the valuer conducts the valuation based on the transaction conditions of the assets to be valued in a simulated market.

(2) Open market assumption: An open market refers to fully developed and comprehensive market conditions. Open market assumption is to assume that the parties to an asset transacted or proposed to be transacted in the market are on equal footing and have opportunity and time to access adequate market information to make rational judgments as to the function, usage and transaction price of the asset.

(3) Assumption about the use of an asset for an existing purpose: The assumption about the use of an asset for an existing purpose is an assumption about the conditions under which the asset is to enter the market and the status of using the asset under such market conditions. First, it is assumed that the asset within the scope of valuation is in use. Then it is assumed that the asset will continue to be used for the current purpose in the current way without considering a change in use of the asset or the optimal conditions to use the asset.

(4) In situ use assumption: It refers to the assumption that the asset will remain in the original place or the original place of installation for continuous use.

(5) Going concern assumption: It is assumed that the appraised entity will continue as a going concern, regardless of the impact of the economic behaviors involved in the purpose of this valuation on the business operations of the enterprise.

(6) External environment assumption: It is assumed that there will be no significant changes in the relevant laws, regulations and policies in force in the PRC; there will be no significant changes in the political, economic and social environment of the regions in which the parties to the transaction are located; and there will be no significant changes in the relevant interest rates, exchange rates, taxation bases and rates, policy levies, etc.

(7) Data authenticity assumption: As for the information and materials provided by the client and relevant parties on the basis of the conclusion of the valuation, the asset valuer assumes that these are credible and has made necessary verification according to the valuation procedure, but the asset valuer does not make any guarantee for the authenticity, legality and integrity of such information and materials.

(8) It is assumed that there will be no material adverse impact caused by force majeure after the Valuation Benchmark Date.

(9) It is assumed that the management of the appraised entity has responsibly performed its obligations for business operations, and has competently implemented effective management of the relevant assets. The appraised entity has not violated any national laws and regulations in its business operations.

(10) The impact of possible mortgages, guarantees, as well as the possible additional price to be paid for special transaction methods on the conclusion of the valuation is not considered.

(11) In the valuation of the 30 mu of land of Xinhua Bookstore originally purchased, as only the land transfer price has been paid for such portion of land but the land use right certificate has not yet been applied for, it is assumed that the nature of the land use right is transfer in this valuation; since no information on the land transfer price paid by the appraised entity was obtained, the land transfer price that may be payable when applying for a land certificate in the future was deducted in the valuation. The land is adjacent to the main building of the hotel, which are both used for the Yujing Hotel project. It is assumed based on actual use and standard floor area ratio in the valuation.

The Directors have reviewed the valuation report prepared by Tinho International. With respect to the assumptions adopted, the Directors are of the view that the key assumptions used in the valuation of Yujing Hotel are common assumptions adopted in business valuations based on asset-based approach and are in line with market practice. The Directors have also taken various measures to ascertain the fairness, reasonableness and appropriateness of the valuation, including but not limited to (i) reviewing the financial statements of Yujing Hotel to understand the financial performance and position of Yujing Hotel; and (ii) discussing the business plans or strategies for Yujing Hotel together with its management.

Based on the foregoing, and taking into account that the valuation approach is a commonly adopted approach, and that the key assumptions used in the calculations of the appraised values are assumptions commonly adopted in other business valuation in the market, the Directors (including the independent non-executive Directors) consider that the valuation approach and the assumptions used in the valuation of Yujing Hotel are fair and reasonable.

Conclusion on the valuation

The asset valuation results of the Yujing Hotel are summarised as follows:

Unit: RMB0,000

Item	**Carrying value A**	**Appraised value B**	**Increase/ decrease C=B-A**	**Appreciation rate% D=C/A×100%**
Current assets	1,332.18	1,332.18	–	–
Non-current assets	17,464.74	38,497.10	21,032.36	120.43
Of which: Debt investments	–	–	–	
Long-term equity investments	–	–	–	
Investment property	–	–	–	
Fixed assets[1]	13,355.09	28,727.06	15,371.97	115.10
Construction in progress	–	–	–	
Oil and gas assets	–	–	–	
Intangible assets[2]	1,134.00	6,794.39	5,660.39	499.15
Long-term prepaid expenses	30.65	30.65	–	–
Deferred income tax assets	–	–	–	
Other non-current assets	2,945.00	2,945.00	–	–
Total assets	**18,796.92**	**39,829.28**	**21,032.36**	**111.89**
Current liabilities	24,920.81	24,920.81	–	–
Non-current liabilities	1,897.65	1,897.65	–	–
Total liabilities	**26,818.46**	**26,818.46**	**–**	**–**
Net assets(owners' equity)	**-8,021.54**	**13,010.82**	**21,032.36**	**262.20**

Notes:

1、 The main reasons for the difference between the carrying value and the appraised value of the fixed assets are as follows:

(i) Fixed assets – housing and building structures

The carrying value of the appraised buildings and structures represents the actual costs incurred by the appraised entity during the construction of such buildings. The value of the buildings and structures under this valuation is the replacement cost as at the valuation benchmark date. The construction costs as at the valuation benchmark date have experienced a certain extent of increase compared to the construction costs at the time of completion, and an appropriate profit has been taken into account in the appraised replacement cost.

When calculating replacement costs, major parameters include construction costs, pre-construction service charges and investment gains. For construction costs, the appraisal personnel of Tinho International determined the development project volume of similar housing (building structures) in the market through on-site investigation and estimated its construction costs by applying quota standards and related pricing documents such as Notice on the Issuance of Consumption Quota for Construction Projects in Shandong Province and Consumption Quota for Installation Projects in Shandong Province (Lu Jian Biao Zi [2016] No. 39) (《關於發佈〈山東省建築工程消耗量定額〉、〈山東省安裝工程消耗量定額〉等的通知》(魯建標字[2016]39 號)) and Notice on the Issuance of Rules for Composition and Calculation of Construction Project Costs in Shandong Province (Lu Jian Biao Zi [2016] No. 40) (《關於印發〈山東省建設工程費用項目組成及計算規則〉的通知》(魯建標字[2016]40 號)); for pre-construction service charges, they were mainly determined with reference to documents of pricing standards such as Notice of the National Development and Reform Commission on Further Easing Regulation on the Prices of Professional Services for Construction Projects (Fa Gai Jia Ge [2015] No. 299) (《國家發展改革委關於進一步放開建設項目專業服務價格的通知》(發改價格[2015]299 號)) and Construction Cost Management Requirements for Basic Construction Projects (Cai Jian [2016] No. 504) 《(基本建設項目建設成本管理規定》財建([2016]504 號)); for investment gains, according to the Measures for the Treatment of Enterprise Income Tax on Real Estate Development and Operation Businesses (Guo Shui Fa [2009] No. 31) (《房地產開發經營業務企業所得稅處理辦法》(國稅發[2009]31 號)), the taxable cost-profit margin for real estate treated as sales shall not be lower than 15%; combined with the pricing practice of the cost approach in the real estate appraisal industry, the reasonable cost-profit margin range for ordinary housing building development is 15% to 25%, and the investment gains are calculated at 20% this time.

(ii) Fixed assets – equipment

For machinery and electronic equipment, with the advancement of science and technology, the manufacturing costs of relevant equipment would relatively decrease, and the selling prices of equipment would also decrease, resulting in a reduction in the replacement cost of equipment. However, during the valuation, there is a difference between the economic useful life of equipment and the depreciation life adopted by the enterprise, resulting in an increase in the appraised value.

When calculating replacement costs, by inquiring information on current market price of equipment through internet, phone call or making inquiry to equipment sellers, the appraisal personnel of Tinho International conducted market survey and collected prevailing price data, so as to determine equipment replacement costs. In addition, Tinho International determines a longer economic useful life of equipment based on the economic useful life of equipment under the requirement of the Manual for Common Data Used in Asset Appraisal (《資產評估常用數據手冊》) and the on-site inspection of equipment status, resulting in an increase in the appraised value.

2、 The main reasons for the difference between the carrying value and the appraised value of the intangible assets are as follows:

(i) Intangible assets – land use rights

Land is a scarce resource. With the development of the economy, the supply of land is inadequate, resulting in an increase in land prices and an increase in appraised value.

The appraisal personnel of Tinho International primarily selected comparable transactions through market survey, determined the relevant correction coefficients in accordance with Technical Manual for the Application of Benchmark Land Value of State-owned Land in Urban Areas and Established Townships of Shouguang City (《壽光市城區及建制鎮駐地國有土地基準地價應用技術手冊》), made adjustments for the differences in transaction time (correction coefficient applied ranges from 0.9873 to 1.0000), utilization period (correction coefficient applied is 0.8240) and plot ratio (correction coefficient applied ranges from 0.9583 to 1.0952) of comparable transactions and the land under appraisal, and determined the final value of the land use rights under appraisal. The selection criteria for comparable transactions are: (a) the use and appraisal of the transaction cases shall be the same; (b) the transaction case shall generally be conducted at arm's length, if not, it shall be able to be corrected to an arm's length transaction; and (c) the type of the transaction case shall be consistent with the valuation purpose.

(ii) Intangible assets – others

The market approach is adopted for the purchased software, and the enterprise conducted amortization, resulting in an increase in appraised value.

The appraisal personnel of Tinho International primarily made price inquiry to software providers through market survey, so as to determine the appraised value based on the market price (tax exclusive) as at the Valuation Benchmark Date.

REASONS AND BENEFITS OF THE ENTERING INTO OF THE EQUITY AND DEBT TRANSFER AGREEMENT

Based on the Company's strategic need to focus on the development of its principal business of pulp production and paper making, the Disposal will help the Company continuously optimise its asset structure and reduce the operating costs of its assets in non-principal business, so as to focus better on the development of its principal business, enhance its profitability, and promote the high-quality development of the Group.

The Disposal is determined on normal commercial terms after arm's length negotiations between Chenming Paper Sales and Shouguang Cultural Tourism Investment and with reference to the assessed market value of all shareholders' equity of Yujing Hotel on the Valuation Benchmark Date based on the valuation by the independent valuer using the asset-based approach, and the carrying amount of the Target Debts as the basis for pricing. The Board considers that the transaction price is fair and reasonable. Moreover, Shouguang Cultural Tourism Investment (a wholly state-owned enterprise established by the Finance Bureau of Shouguang City) possesses sound qualifications and credit and has strong ability to perform contracts.

The Directors (including independent non-executive Directors) consider that the terms of the Equity and Debt Transfer Agreement are determined on normal commercial terms after arm's length negotiations between the parties, are fair and reasonable, and in the interest of the Company and its shareholders as a whole.

FINANCIAL IMPLICATIONS OF THE DISPOSAL AND THE USE OF PROCEEDS

Upon completion of the Disposal, the Company will cease to hold any interest in Yujing Hotel, and Yujing Hotel will cease to be a subsidiary of the Company. Accordingly, the financial results of Yujing Hotel will no longer be consolidated into the consolidated financial statements of the Group.

Based on the consideration of the Disposal, the Company is expected to record a book gain from the disposal of approximately RMB191 million, which is calculated with reference to the consideration of the Disposal less the carrying amount of the Target Equity Interest as at 31 May 2026 and the carrying amount of the Target Debts. The exact amount of gains to be recorded in the consolidated financial statements of the Group for the year ended 31 December 2026 is subject to audit.

The proceeds from the Disposal are proposed to be used for the liquidity replenishment and debt repayment of the Company.

INFORMATION ON THE GROUP AND CHENMING PAPER SALES

The Group is primarily engaged in production and sale of paper products.

Chenming Paper Sales is primarily engaged in sale of paper and pulp.

INFORMATION ON SHOUGUANG CULTURAL TOURISM INVESTMENT

Shouguang Cultural Tourism Investment is a limited liability company established under the PRC laws, and its scope of operation includes: investment activities with its own funds; asset management services for investment with its own funds; tourism development project planning and consulting; park management services; scenic area management; cultural relics and heritage sites protection services; zoo management services; scenic spot management; cultural venue management services; conference and exhibition services (organizing exhibitions abroad is subject to approval of the relevant authorities); cultural supplies and equipment rental; Internet sales (except for sales of goods requiring a license); sales of recreational products and indoor recreational facilities; etiquette services; organization of cultural and artistic exchange activities; literary and artistic creation; film production services; professional design services; hotel management; urban green space management; landscaping engineering construction; fresh vegetable wholesale; fresh vegetable retail; wholesale of edible agricultural products; retail of edible agricultural products. (Except for items subject to approval by law, business activities may be conducted independently in accordance with the business license.) Licensed items: restoration, reproduction and rubbing of cultural relics in collections; performance brokerage; Internet culture business; tourism business.

As at the date of this announcement, the Finance Bureau of Shouguang City holds a 100% equity interest in Shouguang Cultural Tourism Investment.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, Shouguang Cultural Tourism Investment and its ultimate beneficial owner(s) is/are independent third parties independent of the Company and its connected persons.

APPROVAL BY THE BOARD

None of the Directors has a material interest in the Disposal and no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Disposal.

LISTING RULES IMPLICATIONS

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

DEFINITIONS

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

"Board"	the board of Directors of the Company
"Chenming Paper Sales"	Shandong Chenming Paper Sales Co., Ltd., a company incorporated in the PRC with limited liability and a wholly owned subsidiary of the Company
"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
"Disposal"	the disposal of the Target Equity Interest and the Target Debts by Chenming Paper Sales pursuant to the Equity and Debt Transfer Agreement
"Equity and Debt Transfer Agreement"	the Equity and Debt Transfer Agreement dated 12 June 2026 entered into by Chenming Paper Sales (as vendor), Shouguang Cultural Tourism Investment (as purchaser) and Yujing Hotel in relation to the Disposal
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange
"PRC"	the People's Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC

"Shouguang Cultural Tourism Investment"	Shouguang Cultural Tourism Investment and Development Group Co., Ltd., a limited liability company incorporated in the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Debts"	Debts owned by Chenming Paper Sales with a carrying amount of RMB199.5053 million owed by Yujing Hotel to Chenming Paper Sales
"Target Equity Interest"	90.05% equity interest in Yujing Hotel held by Chenming Paper Sales
"Tinho International"	Tinho International Real Estate Land Assets Appraisal Group Co. Ltd, an independent qualified asset valuer in the PRC
"Valuation Benchmark Date"	31 March 2026
"Yujing Hotel"	Shandong Yujing Grand Hotel Co., Ltd.
"%"	percentage

By order of the Board
Shandong Chenming Paper Holdings Limited
Jiang Yanshan
Chairman

Hong Kong, 12 June 2026

As at the date of this announcement, the executive Directors are Mr. Jiang Yanshan, Mr. Li Weixian, Mr. Liu Peiji, Mr. Meng Feng and Ms. Zhu Yanli; the non-executive Directors are Mr. Song Yuchen and Ms. Wang Ying; and the independent non-executive Directors are Mr. Zhang Zhiyuan, Mr. Luo Xinhua, Mr. Wan Gang and Mr. Kong Pengzhi.

* *For identification purposes only*