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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
IN RELATION TO THE DISPOSAL OF DEBTS**

DEBT TRANSFER FRAMEWORK AGREEMENT

On 11 July 2018, the Vendors, being direct wholly-owned subsidiaries of the Company (as vendors), entered into the Debt Transfer Framework Agreement with the Purchaser (as purchaser), pursuant to which, the Vendors proposed to dispose of, and the Purchaser proposed to acquire, the Debts at a total consideration not exceeding RMB2,000,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) for the Debt Transfer exceed(s) 5% but is less than 25%, the Debt Transfer constitutes as a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but was exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 11 July 2018, the Vendors, all of which being direct wholly-owned subsidiaries of the Company and the major operating subsidiaries of the financial leasing business of the Group (as vendors), entered into the Debt Transfer Framework Agreement with the Purchaser (as purchaser), pursuant to the terms of which, the Vendors proposed to dispose of, and the Purchaser proposed to acquire, the Debts at a total consideration not exceeding RMB2,000,000,000. Upon the completion of the Debt

* For identification purpose only

Transfer, the Purchaser acquires the Debts as well as the entirety of the revenue in respect of the Debts since the delivery date. The Vendors and the Purchaser will enter into relevant ancillary agreements in respect of each transfer instalment of the Debts.

DEBT TRANSFER FRAMEWORK AGREEMENT

The principal terms of the Debt Transfer Framework Agreement are set out as follows:

Date	11 July 2018
Parties	<p>the Vendors (as vendors, the Debt Transfer Framework Agreement was executed by Shandong Chenming Financial Leasing Co., Ltd., representing its subsidiaries Qingdao Chenming Nonghai Financial Leasing Co., Ltd. and Shanghai Chenming Financial Leasing Co., Ltd.);</p> <p>the Purchaser (as purchaser)</p> <p>To the best knowledge, information and belief of the Directors after making all reasonable enquiries, all of the Vendors and their respective ultimate beneficial owners are Independent Third Parties.</p>
Subject of disposal	The Debts, being the debts due to the Vendors arising from certain financial leasing businesses under the underlying contracts entered into between the Vendors and certain independent third parties (revenue inclusive) totaling not more than RMB2 billion
Consideration	Not exceeding RMB2 billion in aggregate.

BASIS FOR DETERMINATION OF THE CONSIDERATION

The consideration was determined by the Vendors and the Purchaser after arm's length negotiation, with reference to general debt disposals in the market, the ageing of the Debts and the possibility of successful recovery. Pursuant to the terms of the Debt Transfer Framework Agreement, the Vendors and the Purchaser agreed that the transfer discount rate shall not be lower than 90%, subject to negotiation and determination by both parties based on market level.

REASONS FOR AND BENEFITS OF ENTERING INTO THE DEBT TRANSFER FRAMEWORK AGREEMENT AND THE USE OF PROCEEDS

The Debt Transfer will accelerate the capital recovery process of the financial leasing business of the Vendors, elevate the capital usage efficiency, improve the cash flow, enhance the liquidity of the assets of the Vendors and improve the structure of assets and liabilities as well as the operational cash flow, thereby providing financial support for the healthy development of the Company's businesses and benefiting the business development of the Company.

After consideration of the reasons for and benefits of the Debt Transfer, the Board is of the view that the Debt Transfer and the Debt Transfer Framework Agreement, as agreed upon and entered into, respectively, by both parties after arm's length negotiation, are fair and reasonable, in line with normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND THE VENDORS

The Company is principally engaged in the production and sale of paper products.

Shandong Chenming Financial Leasing Co., Ltd. is principally engaged in financial leasing, operational financial leasing, acquisition of leased property as well as disposal and maintenance of its residual value, and lease transaction consultancy.

Qingdao Chenming Nonghai Financial Leasing Co., Ltd. is principally engaged in financial leasing, operational financial leasing, acquisition of leased property as well as disposal and maintenance of its residual value, and lease transaction consultancy.

Shanghai Chenming Financial Leasing Co., Ltd. is principally engaged in financial leasing, operational financial leasing and lease transaction consultancy.

The scope of business of the Vendors (as stated on their business licenses) primarily includes entrusted asset management, investment management (not allowed to engage in trust, financial investment management, securities asset management and other restricted items); factoring (not of banking facility); investment consultancy and economic information consultancy (both exclusive of restricted items); equity investment; equity investment fund management (not allowed to engage in securities investment activities; or carry out investment activities by way of public fundraising; or engage in public fundraising management); investment in industrial development.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Board”	the board of directors
“Company”	Shandong Chenming Paper Holdings Limited (山東晨鳴紙業集團股份有限公司), a joint stock limited liability company incorporated in the PRC whose H shares are listed on the main board of the Stock Exchange (stock code: 1812)
“Vendors”	Shandong Chenming Financial Leasing Co., Ltd., Qingdao Chenming Nonghai Financial Leasing Co., Ltd. and Shanghai Chenming Financial Leasing Co., Ltd., all of which are direct wholly-owned subsidiaries of the Company
“Purchaser”	Shenzhen Qianhai Ruili Asset Management Co., Ltd. (深圳前海瑞理資產管理有限公司), an Independent Third Party
“Directors”	directors of the Company
“Debt Transfer”	the transfer of the Debts by the Vendors to the Purchaser in multiple instalments
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	independent party(ies) not connected with the Company or its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Debt Transfer Framework Agreement”	the debt transfer framework agreement dated 11 July 2018 between the Vendors and the Purchaser in relation to the Debt Transfer
“Debts”	the debts due to the Vendors arising from certain financial leasing businesses under the underlying contracts entered into between the Vendors and certain independent third parties (revenue inclusive) totaling not more than RMB2 billion
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Shandong, the PRC
11 July 2018

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Li Feng and Mr. Geng Guanglin, the non-executive Directors are Ms. Yang Guihua and Ms. Zhang Hong and the independent non-executive Directors are Ms. Pan Ailing, Ms. Wang Fengrong, Mr. Huang Lei and Ms. Liang Fu.