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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shandong Chenming Paper Holdings Limited (the “**Company**”) published the “Shandong Chenming Paper Holdings Limited Announcement on the Commencement of Financial Leasing Business by a Subsidiary and the Provision of Guarantee and Asset Pledge for Such Subsidiary” dated 30 November 2018 on the website of Shenzhen Stock Exchange. The following is a translation of the official announcement solely for the purpose of providing information.

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

Shandong, PRC
30 November 2018

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Li Feng, Mr. Geng Guanglin, Mr. Hu Changqing and Mr. Chen Gang; 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.

* *For identification purposes only*

Stock code:
000488 200488

Stock abbreviation:
Chenming Paper Chenming B

Announcement No.:
2018-162

Shandong Chenming Paper Holdings Limited
Announcement on the Commencement of Financial Leasing
Business by a Subsidiary and the Provision of Guarantee and
Asset Pledge for Such Subsidiary

The Company and all members of the board of directors (the “Directors”) (the “Board”) hereby warrant the truthfulness, accuracy and completeness of the contents of information disclosure which do not contain any false information, misleading statements or material omissions, and individually and collectively accept responsibility for the truthfulness, accuracy and completeness of its contents.

I. Overview of the transaction

In order to further broaden the financing channels, meet with the capital requirement for production and operation and optimise liability structure, Shouguang Meilun Paper Co., Ltd. (“Shouguang Meilun”), a wholly-owned subsidiary of Shandong Chenming Paper Holdings Limited (the “Company”), proposed to commence financial leasing business with CRCC Financial Leasing Co., Ltd. (“CRCC Leasing”). The financing amount will not exceed RMB1,000 million (inclusive) for a term of not more than four years (inclusive). The Company has provided a joint liability guarantee for the commencement of the aforementioned financial leasing business by Shouguang Meilun. Meanwhile, Qingdao Chenming Nonghai Financial Leasing Co., Ltd. (“Qingdao Chenming Leasing”), a wholly-owned subsidiary of the Company, intends to provide its property ownership of 16/F and 17/F of Qingdao Baoli Centre as the asset pledge for the financial leasing business.

The thirty-third extraordinary meeting of the eighth session of the Board of the Company considered and approved the Resolution on Commencement of Financial Leasing Business by Shouguang Meilun and the Resolution on Pledge of Assets by a Subsidiary for the Commencement of Financial Leasing Business by Shouguang Meilun. According to the relevant rules of the Stock Listing Rules of Shenzhen Stock Exchange and the Articles of Association of the Company, the Resolution on Pledge of Assets by a Subsidiary for the Commencement of Financial Leasing Business by Shouguang Meilun is subject to the consideration and approval at the 2018 sixth extraordinary general meeting of the Company.

The Company has no related party relationship with the aforementioned leasing company. The above transaction does not constitute a related party transaction, nor a major asset restructuring as stipulated in the Administrative Measures for the Restructuring of Material Assets of Listed Companies.

II. Overview of the counterparty

Name of company: CRCC Financial Leasing Co., Ltd.

Date of establishment: 27 June 2016

Registered capital: RMB2,400,000,000

Legal representative: Wang Xiuming

Registered address: Room 1001-1004, No. 346 Hulun Buir Road, Tianjin Pilot Free Trade Zone (Dongjiang Bonded Port Area)

Business scope: finance leasing business; transferring in and out of assets under finance lease; fixed income securities investment business; accepting guaranteed deposit of the lessee; accepting fixed deposits for over 3 months (inclusive) from non-bank shareholders; interbank lending and borrowing; obtaining loans from financial institutions; overseas borrowing; disposal of and dealing with leased items; financial consulting.

III. Overview of the company subject to guarantee

Name of unit: Shouguang Meilun Paper Co., Ltd.

Unified social credit code: 91370783690649340B

Date of establishment: 30 June 2009

Registered address: No. 595 Shengcheng Road, Shouguang City

Legal representative: Geng Guanglin

Registered capital: RMB3,000,000,000

Company category: limited liability company (non-natural person investment or holding legal person sole proprietorship)

Business scope: production and sale of: coated paper, paper board, paper products, paper-making raw materials, paper-making machinery; sale of: fiber feed, seedlings, protein powder, paper-making additives, chemical products (excluding hazardous chemicals and precursor chemical products of poisons), electricity, heat, coal, plaster, paper making machinery parts; paper-making technology research and development consultancy services; goods and technology import and export business as permitted by the government (projects that require pre-approvals according to laws can only be conducted after obtaining approvals from relevant authorities)

Shareholding structure: Shouguang Meilun is held as to 100% by the Company.

The major financial data of Shouguang Meilun for the last year and the latest period.

Unit: RMB'0,000

Item	30 September 2018	31 December 2017
Total assets	1,715,516.11	988,225.39
Total liabilities	1,246,871.51	528,604.20
Total owner's equity	468,644.60	459,621.19

Item	Jan — Sep 2018	2017
Revenue	362,839.49	494,059.83
Operating profit	8,326.60	21,950.71
Net profit	9,023.41	20,204.93

Note: The financial data for 2017 has been audited by Ruihua CPAs (Special) LLP, while the financial data for January to September 2018 is unaudited.

IV. Information of the subject of transaction

Name: Certain production equipments of Shouguang Meilun

Type: Fixed assets

Status of ownership: The subject of transaction belongs to Shouguang Meilun with no mortgage, pledge or any other third party rights. The subject is not involved in any major dispute, litigation or arbitration regarding the relevant assets, or seizure, freezing and other judicial measures. During the period under the financial lease, Shouguang Meilun has the right to use the subject of transaction.

V. Overview of the collateral

Name:	Property ownership of 16/F and 17/F of Qingdao Baoli Center
Type:	Fixed assets
Location:	Baoli Center, No. 8 Qingda 3rd Road, Laoshan District, Qingdao, Shandong
Status of ownership:	The underlying collateral has no mortgage, pledge or any other third party rights. The subject is not involved in any major dispute, litigation or arbitration regarding the relevant assets, or seizure, freezing and other judicial measures.

The major data as of 31 October 2018 is as follows:

Unit: RMB'0,000

No.	Name	Original asset value	Accumulated depreciation	Net asset value
1	Property ownership of 16/F and 17/F of Qingdao Baoli Center	9,955.88	390.41	9,565.47

VI. Main contents of the proposed transaction contract

Shouguang Meilun, the Company and Qingdao Chenming Leasing will enter into the Financial Leasing Contract, Guarantee Contract and Pledge Contract with CRCC Financial Leasing based on its actual operational needs, respectively. The actual financing amount will not exceed the financing amount granted by the Company this time. The Company will perform its information disclosure obligation based on the progress in a timely manner.

VII. Opinion of the Board

For the purpose of the financial leasing business, Shouguang Meilun and CRCC Financial Leasing will conduct financial leasing business on a leaseback basis with a term of not more than 4 years (inclusive) and a principal amount of leasing of not more than RMB1,000 million (inclusive). The Board of the Company agreed that Shouguang Meilun to conduct the financial leasing business and transfer certain

production equipments to CRCC Financial Leasing as the subject of the financial leasing project on a leaseback basis, and the Company shall provide joint and several guarantee liability to the financial leasing. At the same time, Qingdao Chenming Leasing, a wholly-owned subsidiary of the Company, will pledge the property ownership of 16/F and 17/F of Qingdao Baoli Center for the financial leasing business.

As of the date of this announcement, the Company considered and approved the guarantee amount provided to Shouguang Meilun of RMB7,000 million at the general meeting. Accordingly, the guarantee utilised amounted to RMB963 million and the remaining guarantee amounted to RMB6,037 million. The amount of the proposed guarantee to be provided to Shouguang Meilun for the financial leasing business is within the aggregate of the above-mentioned guarantee.

VIII. Opinion of independent Directors

We are of the view that: Shouguang Meilun and Qingdao Chenming Leasing are wholly-owned subsidiaries of the Company. Hence, the Company has absolute control over these two companies. Shouguang Meilun has stable operation and credit standing in good condition. The risk exposure of the guarantee is under control. The purposes of provision of the pledge of assets by Qingdao Chenming Leasing for Shouguang Meilun to conduct financial leasing business are mainly for meeting the capital needs for normal operations without prejudice to the interests of the Company and its shareholders. Hence, the guarantee provided by the Company is without prejudice to the interests of the Company and its shareholders. The Company can duly perform relevant information disclosure obligation regarding pledge of assets strictly in compliance with relevant regulations under the Articles of Association. The relevant decision-making procedures are legal without prejudice to the interests of the Company and its shareholders.

IX. Purpose of this transaction and its impact on the Company

By conducting the financial leasing business, Shouguang Meilun aims at using the existing production equipment for financing, which is conducive to further broadening the financing channels and optimising the Company's debt structure, while revitalising the fixed assets and improving the utilisation of the existing fixed assets. It will help the Company to obtain long-term financial support for ordinary operational needs and further enhance its profitability and market competitiveness. This transaction will not affect the Company's normal use of the relevant production equipments under financial leasing, and will not have a significant impact on production and operation, or affect the interests of the Company and all shareholders. The independence of the Company's business will not be affected, while the risk of repurchase is under control.

X. Aggregate amount of external guarantees and amount of overdue guarantees

As at the date of this announcement, the balance of guarantee provided by the Company to the controlled subsidiaries amounted to RMB20.239 billion, the balance of guarantee provided to joint ventures amounted to RMB135 million, and there were no other external guarantees. Including the provision of this guarantee for Shouguang Meilun of RMB1,000 million for conducting financial leasing business, the balance of external guarantee provided by the Company was RMB21.239 billion, accounting for 76.46% of the latest audited net assets of the Company. There was no overdue external guarantee provided by the Company.

XI. Documents available for inspection

1. The Resolutions of the Thirty-Third Extraordinary Meeting of the Eighth Session of the Board;
2. Opinion of independent Directors.

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited
30 November 2018