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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 “Announcement on Provision of Guarantees for General Facilities of Relevant Subsidiaries by the Company” dated 29 March 2019 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
29 March 2019

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 abbreviation:
Chenming Paper Chenming B

Stock code:
000488 200488

Announcement No.:
2019-023

Shandong Chenming Paper Holdings Limited
Announcement on Provision of Guarantees for General Facilities of Relevant
Subsidiaries by the Company

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.

I. Overview of the external guarantees

On 29 March 2019, the Resolution in Relation to the Provision of Guarantees for General Facilities of Relevant Subsidiaries by the Company was considered and passed at the twelfth meeting of the eighth session of the Board of Shandong Chenming Paper Holdings Limited (the “Company”). All directors attending the meeting approved this resolution unanimously by poll. In order to ensure the smooth project construction and the needs for normal production and operations of relevant subsidiaries, the Company intends to provide guarantees for the application of general credit facilities by relevant subsidiaries. Details are as follow:

Breakdown of relevant subsidiaries in need of guarantee from
Shandong Chenming Paper Holdings Limited

Unit: RMB100 million

Obligor	Guarantee newly provide in 2019	Term	Gearing ratio
Zhanjiang Chenming Pulp & Paper Co., Ltd.	110	5 years until June 2024	Gearing ratio of 57.39%
Shandong Chenming Paper Sales Company Limited	60	5 years until June 2024	Gearing ratio of 91.31%
Chenming (HK) Limited	50	5 years until June 2024	Gearing ratio of 88.55%
Shandong Chenming Group Finance Co., Ltd.	50	5 years until June 2024	Gearing ratio of 60.52%
Jiangxi Chenming Paper Co., Ltd.	35	5 years until June 2024	Gearing ratio of 60.11%

Unit: RMB100 million

Obligor	Guarantee newly provide in 2019	Term	Gearing ratio
Shanghai Chenming Pulp & Paper Sales Co., Ltd.	30	5 years until June 2024	Newly incorporated
Jilin Chenming Paper Co., Ltd.	15	5 years until June 2024	Gearing ratio of 65.42%
Shouguang Meilun Paper Co., Ltd.	10	5 years until June 2024	Gearing ratio of 61.31%
Haicheng Haiming Mining Co., Ltd.	10	5 years until June 2024	Gearing ratio of 80.7%, guarantee to be provided on pro rata basis
Shouguang Chenming Import and Export Trade Co., Ltd.	5	5 years until June 2024	Gearing ratio of 89.56%
Zhanjiang Chenming Arboriculture Development Co., Ltd.	1	5 years until June 2024	Gearing ratio of 7.32%
Total	376	—	—

Breakdown of controlling subsidiaries in need of guarantee from subsidiaries

Unit: RMB100 million

Guarantor	Obligor	Credit line	Term	Remarks
Zhanjiang Chenming Pulp & Paper Co., Ltd.	Chenming (HK) Limited	20	5 years until June 2024	Gearing ratio of 88.55%
Jiangxi Chenming Paper Co., Ltd.	Chenming (HK) Limited	10	5 years until June 2024	Gearing ratio of 88.55%
Total		30	—	—

II. Overview of the companies subject to guarantee

1. Zhanjiang Chenming Pulp & Paper Co., Ltd. (“Zhanjiang Chenming”)

Registered address: 6/F, Tai Hua Building, No. 42 Renmin Avenue Central, Zhanjiang

Legal representative: Chen Hongguo

Registered capital: RMB5,550.00 million

Zhanjiang Chenming is primarily engaged in the production and sale of high-end cultural paper and paper pulp. The Company holds 90.59% equity interest in Zhanjiang Chenming. As at 31 December 2018, its total assets, total liabilities and net assets amounted to RMB20,097,979,600, RMB11,534,919,800 and RMB8,563,059,800, respectively. Net profit for 2018 amounted to RMB1,252,256,700.

2. Shandong Chenming Paper Sales Company Limited (“Chenming Sales Company”)

Registered address: No. 595 Shengcheng Road, Shouguang City

Legal representative: Chen Hongguo

Registered capital: RMB100.00 million

Chenming Sales Company is primarily engaged in the sales of machine-made paper, paper board, paper making raw materials and auxiliary materials, as well as paper making machines. The Company holds 100% equity interest in Chenming Sales Company. As at 31 December 2018, its total assets, total liabilities and net assets amounted to RMB18,670,563,500, RMB17,047,910,400 and RMB1,622,653,100, respectively. Net profit for 2018 amounted to RMB-3,361,800.

3. Chenming (HK) Limited (“Chenming Hong Kong”)

Registered address: Room 16C, Chinaweal Centre, 414-424 Jaffe Road, Wanchai, Hong Kong

Directors: Li Feng, Jia Guanlei, Cao Qiang

Registered capital: USD99.90 million

Chenming Hong Kong is primarily engaged in import and export trade of paper and paper products, as well as market research. The Company indirectly holds 100% equity interest in Chenming Hong Kong. As at 31 December 2018, its total assets, total liabilities and net assets amounted to RMB30,343,346,600, RMB26,870,232,800 and RMB3,473,113,800, respectively. Net profit for 2018 amounted to RMB1,171,292,300.

4. Jiangxi Chenming Paper Co., Ltd. (“Jiangxi Chenming”)

Registered address: Baishuihu Industrial Park, Nanchang Economic and Technological Development Zone, Jiangxi Province

Legal representative: Chen Hongguo

Registered capital: USD326,733,200

Jiangxi Chenming is primarily engaged in the production and sale of high-end paper, paperboard (excluding news press paper) and self-produced paper pulp. The Company directly and indirectly holds 100% equity interest in Jiangxi Chenming. As at 31 December 2018, its total assets, total liabilities and net assets amounted to RMB7,570,362,400, RMB4,550,749,300 and RMB3,019,613,100, respectively. Net profit for 2018 amounted to RMB102,173,600.

5. Shandong Chenming Group Finance Co., Ltd. (“Chenming Finance Company”)

Registered address: 35/F, Block 2, Shuntai Plaza, No. 2000 Shunhua Road, High-Tech Zone, Jinan

Legal representative: Chen Chaohui

Registered capital: RMB5,000.00 million

Chenming Finance Company is primarily engaged in the operations as permitted by China Banking Regulatory Commission in accordance with relevant laws, administrative measures and other regulation. The Company directly and indirectly holds 100% equity interest in Chenming Finance Company. As at 31 December 2018, its total assets, total liabilities and net assets amounted to RMB13,447,385,300, RMB8,137,952,300 and RMB5,309,433,000, respectively. Net profit for 2018 amounted to RMB244,038,400.

6. Shanghai Chenming Pulp & Paper Sales Co., Ltd. (“Shanghai Sales Company”)

Registered address: 6/F, No. 9, Lane 360, Feihong Road, Hongkou District, Shanghai

Legal representative: Li Feng

Registered capital: RMB100.00 million

Shanghai Sales Company is primarily engaged in the sales of paper pulp, paper products, wood products, mineral products, construction materials, steel materials, machinery equipments, electronic products, electric equipments, hardware electric, rubber products, plastic products, lightings and metal materials, coal operation, the wholesale of chemical products (excluding hazardous chemicals, controlled chemicals, fireworks and

firecrackers, explosives for civil purposes and precursor chemicals), the import and export of goods and technologies, supply chain management and other operations. The Company holds 100% equity interest in Shanghai Sales Company, which was established on 29 January 2019.

7. Jilin Chenming Paper Co., Ltd. (“Jilin Chenming”)

Registered address: No. 1 Chenming Road, Longtan District, Jilin

Legal representative: Chen Hongguo

Registered capital: RMB1,500.00 million

Jilin Chenming is primarily engaged in the production and sales of high-end culture paper and self-produced pulp. The Company holds 100% equity interest in Jilin Chenming. As at 31 December 2018, its total assets, total liabilities and net assets amounted to RMB3,541,729,800, RMB2,316,928,700 and RMB1,224,801,000, respectively. Net profit for 2018 amounted to RMB-30,871,700.

8. Shouguang Meilun Paper Co., Ltd. (“Shouguang Meilun”)

Registered address: No. 595 Shengcheng Road, Shouguang City

Legal representative: Geng Guanglin

Registered capital: RMB3,000.00 million

Shouguang Meilun is primarily engaged in the production and sales of coated paper, paper board, paper products, paper making materials and paper making machines, the sales of fiber feed, germ, protein powder, paper making additives, chemical products (excluding hazardous chemicals and precursor chemicals), electricity, heat, coal, gypsum and paper making machine parts, the provision of consultation services for research and development of papermaking technologies, as well as the import and export of goods and technologies within the scope as permitted by the state. The Company holds 100% equity interest in Shouguang Meilun. As at 31 December 2018, its total assets, total liabilities and net assets amounted to RMB12,190,545,900, RMB7,473,434,400 and RMB4,717,111,500, respectively. Net profit for 2018 amounted to RMB120,899,600.

9. Shouguang Chenming Import and Export Trade Co., Ltd. (“Chenming Import and Export”)

Registered address: No. 595 Shengcheng Road, Shouguang City

Legal representative: Chen Hongguo

Registered capital: RMB250.00 million

Chenming Import and Export is primarily engaged in the sales of paper products and paper making raw materials (excluding hazardous chemicals), calcite, coal, metal materials (excluding hazardous chemicals), pre-packaged food, unpacked food, fruits, fresh meat and dairy products (including infant formula milk powder), as well as the import and export of goods and technologies within the scope as permitted by the state. The Company holds 100% equity interest in Chenming Import and Export. As at 31 December 2018, its total assets, total liabilities and net assets amounted to RMB2,389,068,500, RMB2,139,534,000 and RMB249,534,500, respectively. Net profit for 2018 amounted to RMB-6,101,200.

10. Zhanjiang Chenming Arboriculture Development Co., Ltd. (“Zhanjinag Arboriculture”)

Registered address: 4/F, Block 20, No. 138 Haibin Avenue North, Chikan District, Zhanjiang

Legal representative: Chen Hongguo

Registered capital: RMB1,300.00 million

Zhanjinag Arboriculture is primarily engaged in forestry growing, the sales of log and wood chips, as well as saplings growing. The Company holds 100% equity interest in Zhanjinag Arboriculture. As at 31 December 2018, its total assets, total liabilities and net assets amounted to RMB1,369,889,200, RMB100,332,500 and RMB1,269,556,700, respectively. Net profit for 2018 amounted to RMB7,083,800.

11. Haicheng Haiming Mining Co., Ltd. (“Haiming Mining”)

Registered address: No. 627A, Yangjiadian Village, Pailou Town, Haicheng City

Legal representative: Pang Wei

Registered capital: RMB240.00 million

Haiming Mining is primarily engaged in magnesium oxide powder, high purity and high density magnesia and fused magnesia. The Company holds 60% equity interest in Haiming Mining. As at 31 December 2018, its total assets, total liabilities and net assets amounted to RMB1,886,339,700, RMB1,522,288,100 and RMB364,051,600, respectively. Net profit for 2018 amounted to RMB126,381,000.

III. Main contents of the guarantees

1. When providing guarantee for non-wholly-owned subsidiaries by the Company or its subsidiaries, other shareholders are required to provide guarantee based on their respective shareholding.
2. Based on the total credit line granted by banks and other institutions to the aforesaid companies, the aforesaid companies shall enter into guarantee agreement with bank or other institution based on their actual operation needs. The final actual guarantee amount in aggregate shall not exceed the credit line granted.
3. In accordance with the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, the Memorandum No. 2 on Main Board Information Disclosure — Transactions and Connected Transactions (revised on 27 March 2018) promulgated by Shenzhen Stock Exchange and relevant regulations, within the credit line stipulated under this resolution as considered and approved at the 2018 annual general meeting, the credit line between companies subject to guarantee can be adjusted, provided that the following criteria had been fulfilled:
 - (I) Any single credit line of the adjusted party shall not exceed 10% of net assets of the Company under its latest audited financial statements;
 - (II) For companies subject to guarantee with gearing ratio of over 70% at the time of adjustment, they can only obtain credit line from those companies subject to guarantee with gearing ratio of over 70% (at the time when credit line was considered at the general meeting);
 - (III) For companies subject to guarantee that are not consolidated into the consolidated financial statements at the time of adjustment, they can only obtain credit line from other companies subject to guarantee that are not consolidated into the consolidated financial statements;
 - (IV) At the time of adjustment, the adjusted party did not have any overdue liabilities;
 - (V) The Company has provided guarantee for the adjusted party proportional to its capital contribution, and the adjusted party or other entity has adopted relevant risk control measures such as counter-guarantee.

In case of the aforesaid guarantee or adjustment, the Company shall perform relevant procedures based on the authorisation granted at the general meeting and timely make relevant disclosure. Balance of guarantee shall not exceed the credit line considered and approved at the general meeting at any time.

IV. Opinion of the Board

In order to ensure the smooth project construction and the needs for normal production and operations of relevant subsidiaries, the Board of the Company agreed to provide guarantees for general facilities of relevant subsidiaries.

The provision of guarantees has complied with the Notice on Certain Issues in Respect of Regulating the Funds Between Listed Companies and Associated Parties and External Guarantee of Listed Companies and the Notice on Regulating the External Guarantee of Listed Companies promulgated by China Securities Regulatory Commission, the Articles of Association, the External Guarantee System of the Company and relevant regulations.

V. Opinion of independent Directors

All companies subject to guarantee are wholly-owned subsidiary or controlling subsidiary of the Company, and the Company has absolute control over them. They have stable operation and credit standing in good condition. The risk exposure of the guarantee is under control. Loans to controlling subsidiaries will be principally used as working capital for production and operation and project construction. The provision of guarantees by the Company is without prejudice to the interests of the Company and its shareholders. The Company will strictly in compliance with relevant regulations including the Notice on Regulating the External Guarantee of Listed Companies and the Articles of Association, and duly perform its disclosure obligations regarding external guarantees. The decision making procedures regarding the provision of guarantees are legitimate without prejudice to the interests of the Company and its shareholders.

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

As at the date of this announcement, the balance of external guarantees provided by the Company and its controlling subsidiaries, which were guarantees provided by the Company to its controlling subsidiaries or guarantees between controlling subsidiaries, amounted to RMB16.150 billion, the balance of guarantee provided to joint ventures amounted to RMB135 million, and there were no other external guarantees. The balance of external guarantees provided by the Company and its controlling subsidiaries accounted for 64.48% of net assets of the Company under its latest audited financial statements. There was no overdue external guarantee provided by the Company.

VII.Documents available for inspection

1. Resolutions of the Twelfth Meeting of the Eighth Session of the Board of Directors of Shandong Chenming Paper Holdings Limited
2. Independent opinion from independent Directors in respect of the provision of guarantees for general facilities of relevant subsidiaries by the Company.

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited
29 March 2019