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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 “Shandong Chenming Paper Holdings Limited Announcement on the Issue of Commercial Mortgage Backed Securities Backed by an Office Property of a Subsidiary” dated 20 May 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
20 May 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 code:
000488 200488

Stock abbreviation:
Chenming Paper Chenming B

Announcement No.:
2019-045

Shandong Chenming Paper Holdings Limited

Announcement on the Issue of Commercial Mortgage Backed Securities Backed by an Office Property of a 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 jointly accept responsibility for the truthfulness, accuracy and completeness of the contents.

I. Basic Overview

In order to revitalise the idle asset and broaden its financing channels, the Company proposed to proceed with asset securitisation financing by setting up the Pujiang International Financial Plaza Asset-backed Project Program (the “Project Program”, and the product name to be finalised upon the Project Program issue) through Huaxi Securities Co., Ltd. (“Huaxi Securities”) backed by Pujiang International Financial Plaza held by its subsidiary, Shanghai Hongtai Real Estate Co., Ltd. as the underlying property asset (the “Property Asset”). The relevant conditions relating to the issue such as the issue proposal of the Project Program are subject to filing with or approval by the Shenzhen Stock Exchange.

The thirty-seventh extraordinary meeting of the eighth session of the Board was held by means of communication on 20 May 2019. 11 Directors were entitled to be present at the meeting and 11 Directors attended the meeting. The Resolution on the Issue of Commercial Mortgage Backed Securities Backed by an Office Property of a Subsidiary was considered and passed with 11 votes in favour, 0 vote against and 0 vote abstained.

According to the requirements of the relevant laws and regulations and the Articles of Association, the asset securitisation financing does not constitute a related party transaction or a material asset reorganisation under the Administrative Measures for the Material Asset Reorganisation of Listed Companies. The resolution is subject to consideration and approval at the 2018 annual general meeting.

II. Basic Elements of the Project Program

1. Listing place: Proposed application for listing on the Shenzhen Stock Exchange;

2. Underlying assets: Trust beneficiaries' rights (and their ancillary rights);
3. Product term: Not more than 12 years, open every 3 years, each specific term of the asset-backed securities is subject to the Project Program document signed when such Project Program is set up;
4. Size: No less than RMB4,200 million, the specific size of the issue will be within the above limit with reference to the valuation of the Property Asset, the stock exchange's approval and investors' response, subject to the Project Program document signed when such Project Program is set up;
5. Interest rate: Subject to the interest rate in the issuing market;
6. Use of proceeds: Proposed to be used for the purposes as permitted by the relevant regulatory authorities, including but not limited to repayment of corporate debts and replenishment of liquidity;
7. The Company proposed to serve as the original beneficiary, the promisor for shortfall payment and the liquidity back-up institution of the Project Program, in particular, subject to the Project Program document signed when such Project Program is set up.

III. Operation Mode of the Project Program

1. The Company commissioned Shaanxi International Trust Co., Ltd. ("Shaanxi International Trust") to set up a single fund trust, and instruct Shaanxi International Trust to discharge of funds to its subsidiary, Shanghai Hongtai Real Estate Co., Ltd. The finalised name, specific amount of delivered funds, other related costs and elements of the trust are subject to the finalised and signed single fund trust contract.
2. In order to implement the related matters of asset securitisation financing, the Company will transfer all the trust beneficial rights held to the asset-backed Project Program to be sponsored by Huaxi Securities, and the specific transfer price and elements of transfer transaction will be subject to the finalised and signed agreement on transfer of right to income from the single fund trust.

IV. Basic Information of the Related Parties

(I) Shaanxi International Trust Co., Ltd.

1. Company name: Shaanxi International Trust Co., Ltd.

2. Unified social credit code: 91610000220530273T
3. Company type: Joint-stock limited company (listed)
4. Registered capital: RMB3,964,012,846
5. Address: Block C, Jinqiao International Plaza, No. 50 Keji Road, High-tech Zone, Xi'an, Shaanxi Province
6. Legal representative: Xue Jimin
7. Business scope: Capital trust; movable property trust; real estate trust; securities trust; other property or property trust; engaged in investment fund business as a sponsor of an investment fund or fund management company; reorganisation, purchase and project financing of business assets, corporate finance, financial consultancy and other business; entrusted with the management of securities underwriting business approved by the relevant departments of the State Council; handling intermediary, consulting, credit investigation and other business; acting for custody and safe deposit services; using inherent property in the form of interbank deposit, interbank loans, loans, leases and investments; providing security for others with inherent property; and engaging in interbank lending; other business as prescribed by laws and regulations or approved by the China Banking Regulatory Commission.

(II) Huaxi Securities Co., Ltd.

1. Company name: Huaxi Securities Co., Ltd.
2. Unified social credit code: 91510000201811328M
3. Company type: Joint-stock limited company (Listed and majority state-owned)
4. Registered capital: RMB2,625,000,000
5. Address: No. 198 Tianfu 2nd Street, Gaoxin District, Chengdu
6. Legal representative: Yang Jiongyang
7. Business scope: Permitted business items: securities brokerage; securities investment consulting; financial consultancy relating to securities transaction and securities investment; securities underwriting and sponsorship; proprietary securities trading; securities asset management; commissioned sales of securities investment fund;

securities margin trading; commissioned sales of financial products; provision of intermediary introduction services to futures companies; other businesses as approved by the China Securities Regulatory Commission. (The above items and terms shall be subject to permits.)

Both Shaanxi International Trust and Huaxi Securities are not dishonest persons subject to enforcement and do not have related party relationship or other relationship which may or have caused listed companies to be interested in them with regard to such aspects as property rights, business, assets, creditor's rights and debts and personnel with the Company and the top ten shareholders of the Company.

V. Authorisation

To ensure the orderly and effective proceeding of the Project Program issue, the Board proposed to authorise the management of the Company to undertake (including but not limited to) the following matters:

1. To formulate, revise and adjust relevant conditions in relation to the issue including the issue plan of the Project Program in accordance with the provisions of the PRC laws, the requirements of regulatory authorities and the conditions of the Company and the market;
2. To decide on specific terms and conditions and relevant matters of the relevant transaction and arrangement under the Project Program, including but not limited to issue time, issue arrangements, details on use of proceeds, and payment date and payment method of the Project Program in accordance with the provisions of the PRC laws, the requirements of regulatory authorities and the conditions of the Company and the market;
3. To appoint or change relevant participating institutions of the Project Program, including but not limited to the program manager, sales agencies, custodian bank of the Project Program, trustees of the trust, the manager of contractual type funds, depositary bank, regulatory bank, legal advisor, accountant, rating institutions, evaluation institutions, etc., and to decide on relevant legal documents of the Project Program to be signed by the Company in accordance with the provisions of the PRC laws, the requirements of regulatory authorities and the conditions of the Company and the market;
4. To authorize specified personnel to negotiate with other relevant parties with regard to the transactions and arrangements under the Project Program, and to exercise full power to deal with all matters relating to the

aforementioned matters, including but not limited to negotiation, talks, execution and amendment to relevant legal documents, and to complete procedures such as approval, registration and settlement as required for relevant matters.

VI. Implications and Significance of the Project Program on the Company

This asset-backed securitisation is an important innovative trial of the Company to actively explore the supply-side structural reform and promote the construction of leasing market. Through cooperation with professional organizations, and relying on self-owned property assets as the underlying asset, the Company sets up office property type asset-backed securities product. The proceeds will be first used to repay corporate debts and replenish the liquidity, and is favourable for the Company to revitalise the idle asset and broaden its financing channels by using its self-owned property, optimise the liability structure, and provide favourable conditions for further achieving industrial operational upgrade and transformation.

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited
20 May 2019