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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 Cancellation of Guarantee Amount for Some Subsidiaries and the Expected Increase of Guarantee Amount” dated 27 March 2020 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
27 March 2020

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Hu Changqing and Mr. Li Xingchun; the non-executive Directors are Mr. Han Tingde and Mr. Li Chuanxuan; and the independent non-executive Directors are Ms. Yin Meiqun, Mr. Sun Jianfei and Mr. Yang Biao.

* *For identification purposes only*

Stock Code: 000488 200488 Stock Abbreviation: Chenming Paper Chenming B

Announcement No.: 2020-022

SHANDONG CHENMING PAPER HOLDINGS LIMITED
Announcement on the Cancellation of Guarantee Amount for
Some Subsidiaries and the Expected Increase of Guarantee
Amount

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

I. Cancellation of Guarantee Amount

In order to strengthen the guarantee management of its subsidiaries, effectively control the Company's guarantee amount to subsidiaries, combined with the capital needs and financing guarantee arrangements of subsidiaries, Shandong Chenming Paper Holdings Limited (the "Company") intends to cancel some of guarantee amount approved in the previous review but not actually used, the details are as follows:

Cancellation of guarantee amount of each obligor

Unit: RMB0'000

Type of Obligor	Name of the company that intends to cancel the guarantee amount	General meeting at which considered and approved the guarantee amount	Guarantee amount	Guarantee amount to be cancelled	Guarantee amount after cancellation
Subsidiary	Shandong Chenming Financial Leasing Co., Ltd.	2014 general meeting, 2015 annual general meeting and 2018 first extraordinary general meeting	950,000	550,000	400,000
	Shanghai Chenming Financial Leasing Co.,	2018 first extraordinary general meeting	400,000	350,000	50,000

	Ltd.				
	Qingdao Chenming Nonghai Financial Leasing Co., Ltd.	2018 first extraordinary general meeting	250,000	200,000	50,000
	Guangzhou Chenming Financial Leasing Co., Ltd.	2018 first extraordinary general meeting	200,000	150,000	50,000
Total	-	-	1,800,000	1,250,000	550,000

II. Expected Increase of Guarantee Amount

In order to guarantee the Company's related subsidiaries' project construction and normal production and operation needs, it is planned to provide guarantees for the comprehensive credit lines to be applied by the relevant subsidiaries, with a total guarantee not exceeding RMB9.6 billion, and the guarantee methods including security guarantee, mortgage guarantee and pledge guarantee. Among which, the total guarantee of subsidiaries with a gearing ratio exceeding 70% is RMB5.6 billion and that of subsidiaries with a gearing ratio less than 70% is RMB4 billion.

Where the Company's controlling subsidiary provides a guarantee for the controlling subsidiary within the scope of the Company's consolidated statement, the guarantee shall be determined in accordance with the review procedure of the controlling subsidiary, and the controlling subsidiary shall notify the Company to perform the relevant information disclosure obligations on the date when it performs the review procedure.

For the specific guarantees that occur within the above-mentioned amount, the Company's chairman or the person in charge of the relevant business shall be authorized to decide, and no further Board meeting or general meeting should be held. On the premise of complying the Listing Rules and relevant requirements, the guarantee amount of each obligor can be adjusted. In the case of other guarantees, the Board meeting or the general meeting shall, in accordance with the relevant provisions, separately consider and make a resolution before implementation. Details are as follows:

Breakdown of relevant subsidiaries in need of guarantee from the Company

Unit: RMB0'000

Obligor	Increased guarantee amount in 2020	Term	Gearing ratio
Zhanjiang Chenming Pulp & Paper Co., Ltd.	200,000	5 years until June 2025	64.10%
Shouguang Meilun Paper Co., Ltd.	400,000	5 years until June 2025	74.87%
Nanchang Chenming Arboriculture Development Co., Ltd.	10,000	3 years until June 2023	72.78%
Shanghai Hongtai Real Estate Co., Ltd.	140,000	10 years until June 2030	96.29%
Shanghai Hongtai Property Management Co., Ltd.	10,000	5 years until June 2025	336.19%
Chenming (Overseas) Co., Ltd. (晨鳴(海外)有限公司)	100,000	5 years until June 2025	-
Chenming (Singapore) Co., Ltd. (晨鳴(新加坡)有限公司)	100,000	5 years until June 2025	-
Total	960,000	-	-

On 27 March 2020, the fourth meeting of the ninth session of the Board of the Company considered and approved the Resolution in respect of the Cancellation of Guarantee Amount for Some Subsidiaries and the Expected Increase of Guarantee Amount, and independent directors issued independent opinions.

According to relevant rules of the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, Guidelines of the Shenzhen Stock Exchange for Standardized Operation, Shenzhen Stock Exchange Memorandum for Business Subject to Information Disclosure on the Main Board No. 2 – Transaction and Related Transactions (《深圳證券交易所主板信息披露業務備忘錄第 2 號—交易和關聯交易》) and the Articles of Association, the resolution is subject to consideration and approval at the 2019 annual general meeting.

III. Overview of the Obligors

1. Zhanjiang Chenming Pulp & Paper Co., Ltd. (hereinafter referred to as “Zhanjiang Chenming”)

Registered address: 6/F, Taihua Building, 42 Mid Renmin Avenue, Zhanjiang

Legal representative: Zhang Gang

Registered capital: RMB5,550 million

Scope of business: soil improvement, forestry research, raw material forest bases construction, timber operation and acquisition; production and sales of aerated block autoclaved bricks; execution, management and operation of pulp plant construction; manufacture, production, processing and sale of pulp and related products; design, development, construction, operation and maintenance of coal-fired power plant and other ancillary facilities and sale of power and other ancillary products, machinery equipment, chemical products; hazardous chemicals production; cargo storage; cargo transportation; imports and exports of goods and technology.

Shareholding structure: it was held as to 90.59% and 9.41% equity interest by the Company and CDB Development Fund Co., Ltd. (國開發基金有限公司), respectively.

As of 31 December 2019, the total assets of Zhanjiang Chenming amounted to RMB23,975.1738 million, its total liabilities amounted to RMB15,369.1168 million, its net assets amounted to RMB8,606.057 million and its net profit in 2019 amounted to RMB861.3323 million.

2. Shouguang Meilun Paper Co., Ltd. (hereinafter referred to as “Shouguang Meilun”)

Registered address: No. 595 Shengcheng Road, Shouguang City

Legal representative: Geng Guanglin

Registered capital: RMB3,261 million

Scope of business: production and sale of coated paper, paperboard, paper products, papermaking raw materials, papermaking machinery; sale of fiber feed, germ, protein powder, papermaking auxiliaries, chemical products (excluding hazardous chemicals and precursor chemicals), power, heat, coal, gypsum, papermaking machinery accessories; papermaking technology research and development consulting services; operating the import and export of goods and technologies permitted by the state.

Shareholding structure: it was held as to 92% and 8% equity interest by the Company and Weifang Chenrong New and Old Kinetic Energy Conversion Equity Investment Fund Partnership (Limited Partnership) (濰坊晨融新舊動能轉換股權投資基金合夥企業(有限合夥)), respectively.

As of 31 December 2019, the total assets of Shouguang Meilun amounted to RMB21,477.8887 million, its total liabilities amounted to RMB16,079.9839 million, its net assets amounted to RMB5,397.9048 million and its net profit in 2019 amounted to RMB283.3317 million.

3. Nanchang Chenming Arboriculture Development Co., Ltd. (hereinafter referred to as “Nanchang Arboriculture”)

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

Legal representative: Ma Jingye

Registered capital: RMB10 million

Nanchang Arboriculture mainly engages in the processing and sales of wood and wooden products.

Shareholding structure: it was held as to 100% equity interest by Jiangxi Chenming Paper Co., Ltd., a subsidiary of the Company.

As of 31 December 2019, the total assets of Nanchang Arboriculture amounted to RMB122.5105 million, its total liabilities amounted to RMB89.1632 million, its net assets amounted to RMB33.3473 million and its net profit in 2019 amounted to RMB-2.9243 million.

4. Shanghai Hongtai Real Estate Co., Ltd. (hereinafter referred to as “Hongtai Real Estate”)

Registered address: No. 1098 East Daming Road, Hongkou District, Shanghai

Legal representative: Ju Honglinag

Registered capital: RMB603,917,673

Scope of business: real estate development and operation, rental and sale, property management, consulting services at rented land and corresponding supporting business services venues and facilities, and parking lot management.

Shareholding structure: It was held as to 100% equity interest by Shanghai Chenming Industrial Co., Ltd. (上海晨鳴實業有限公司), a subsidiary of the Company.

As of 31 December 2019, the total assets of Hongtai Real Estate amounted to RMB2,494.0338 million, its total liabilities amounted to RMB2,401.5606 million, its net

assets amounted to RMB92.4732 million and its net profit in 2019 amounted to RMB-122.2695 million.

5. Shanghai Hongtai Property Management Co., Ltd. (hereinafter referred to as “Hongtai Property”)

Registered address: Room 17918, No. 1191 East Daming Road, Hongkou District, Shanghai

Legal representative: Ju Hongliang

Registered capital: RMB 2 million

Scope of business: property management, parking lot management, exhibition service, ticketing agent, cleaning service, green maintenance, professional construction of building decoration engineering, electromechanical equipment maintenance.

Shareholding structure: it was held as to 100% equity interest by Hongtai Real Estate.

As of 31 December 2019, the total assets of Hongtai Property amounted to RMB11.2297 million, its total liabilities amounted to RMB37.7525 million, its net assets amounted to RMB-26.5228 million and its net profit in 2019 amounted to RMB0.6013 million.

6. Chenming (Overseas) Co., Ltd. (晨鳴（海外）有限公司)

Registered address: Hong Kong

Legal representative: Jia Guanlei

Registered capital: USD100 million

Scope of business: mainly engaged in the production, processing, export and import of related ancillary materials, equipment, spare parts and accessories in the paper and pulp making process, and import and export trade related to wood pulp, wood chips, paper and paper products, as well as the import and export of goods and technologies as permitted by the state.

Shareholding structure: it was held as to 100% equity interest by Shandong Chenming Paper Sales Company Limited (山東晨鳴紙業銷售有限公司), a subsidiary of the Company.

Chenming (Overseas) Co., Ltd. has just been established and no financial information is available.

7. Chenming (Singapore) Co., Ltd. (晨鳴（新加坡）有限公司)

Registered address: Singapore

Legal representative: Jia Guanlei

Registered capital: USD100 million

Scope of business: mainly engaged in the production, processing, export and import of related ancillary materials, equipment, spare parts and accessories in the paper and pulp making process, and import and export trade related to wood pulp, wood chips, paper and paper products, as well as the import and export of goods and technologies as permitted by the state.

Shareholding structure: it was held as to 100% equity interest by Shandong Chenming Paper Sales Company Limited (山東晨鳴紙業銷售有限公司), a subsidiary of the Company.

Chenming (Singapore) Co.,Ltd. has just been established and no financial information is available.

None of the obligors aforesaid are dishonest entities subject to enforcement.

IV. Main Contents of the Guarantee

1. When the Company or its subsidiaries provide guarantees to non-wholly-owned subsidiaries, it shall also require other shareholders to provide risk control measures such as identical guarantee or counter-guarantee according to the proportion of equity.

2. According to the total credit lines granted by the relevant banks and other institutions to the above subsidiaries, the above subsidiaries will sign guarantee contracts with the banks and other institutions according to the actual operating needs, with the final actual guarantee amount not exceeding the guarantee granted this time.

3. Based on the Rules Governing Listing of Stocks on Shenzhen Stock Exchange, Guidelines of the Shenzhen Stock Exchange for Standardized Operation, —Shenzhen Stock Exchange Memorandum for Business Subject to Information Disclosure on the Main Board No. 2 – Transaction and Related Transactions (深圳證券交易所《主板信息披露業務備忘錄第 2 號—交易和關聯交易》) (revised on 27 March 2018) and other relevant requirements, the available guarantee amount can be adjusted between the obligors within the scope of the guarantee amount authorized by the resolution approved by the general meeting in 2019, when the following conditions are met simultaneously:

(I) the single guarantee amount of the adjusted party does not exceed 10% of the latest audited net assets of the Company;

(II) the obligor whose gearing ratio exceeds 70% at the time of the adjustment can only obtain the guarantee amount from the obligor whose gearing ratio exceeds 70% (when the general meeting considers the guarantee amount);

(III) if an obligor is a subject outside the consolidated statements when the adjustment occurs, the guarantee amount can only be obtained from other obligors outside the consolidated statements;

(IV) when the adjustment occurs, the adjusted party does not have any overdue outstanding debt;

(V) the Company provides guarantees to the adjusted party according to the proportion of capital contribution, and the adjusted party or other entities adopted counter-guarantee and other related risk control measures.

When the aforementioned guarantees or adjustments actually occur, the Company will perform the procedures in accordance with the authorization of the general meeting and disclose them in a timely manner. The balance of guarantees at any point in time shall not exceed the guarantee amount approved by the general meeting.

V. Opinion of the Board

In order to guarantee the Company's related subsidiaries' project construction and normal production and operation needs, the Board of the Company agreed to provide guarantees for the comprehensive credit lines of related subsidiaries.

The guarantee is in compliance with the Notice on Certain Issues in Respect of Regulating the Funds Between Listed Companies and Associated Parties and External Guarantee of Listed Companies, Notice on Regulating the Provision of External Guarantees by Listed Companies, Articles of Association, External Guarantee System of Companies and other relevant requirements.

VI. Opinion of Independent Directors

The obligors are wholly-owned or controlling subsidiaries of the Company and the Company has absolute control over them. They have stable operation and credit standing in good condition with the risk exposure of the guarantee under control. The loans of controlling or wholly-owned subsidiaries will be principally used in working capital for

production and operation as well as project construction, and the guarantees provided by the Company thereto is without prejudice to the interests of the Company and its shareholders. The Company is able to fulfill the information disclosure obligations of external guarantees in strict accordance with relevant regulations such as the Notice on Regulating the Provision of External Guarantees by Listed Companies and the Articles of Association, and the procedures for guarantee decision-making are legitimate without any detriment to the interests of the Company and shareholders.

VII. Aggregate Amounts of External Guarantees and Amounts of Overdue Guarantees

As of the disclosure date of this announcement, the balance of external guarantees provided by the Company and its controlling subsidiaries was RMB12,777 million, which was the guarantees provided by the Company to its controlling subsidiaries or between controlling subsidiaries; the balance of guarantees to joint ventures was RMB135 million, with no other external guarantees. The balance of external guarantees provided by the Company and its controlling subsidiaries accounted for 51.30% of the latest audited net assets. The Company has no overdue external guarantees.

VIII. Documents Available for Inspection

1. Resolutions of the fourth meeting of the ninth session of the Board of the Company;
2. Independent opinions of independent directors on providing guarantees for the comprehensive credit lines of related subsidiaries.

This announcement is hereby given.

The Board of Shandong Chenming Paper Holdings Limited

27 March 2020