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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 Provision of Guarantee for Wholly-Owned Subsidiary” dated 11 October 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
11 October 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.:
2018-138

Shandong Chenming Paper Holdings Limited
Announcement on Provision of Guarantee for Wholly-Owned
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.

I. Overview of the external guarantee

In order to promote the smooth commencement of various business operations of Shanghai Chenming Industrial Co., Ltd. (“Shanghai Chenming”), a wholly-owned subsidiary of the Company, in Shanghai and surrounding areas, as well as to secure the required funds for its ordinary operation and reduce its financial costs, thereby enhancing the overall strengths and general competitiveness of the Company, the Company intends to provide guarantee for the loans of Shanghai Chenming as provided by financial institution. Such guarantee shall not exceed RMB4,000 million (inclusive), with a term of not more than 5 years (inclusive).

On 11 October 2018, the 31st extraordinary meeting of the eighth session of the Board of the Company considered and approved the Resolution on Provision of Guarantee for Wholly-Owned Subsidiary. The voting result of this resolution: votes for: 11; votes against: 0; votes abstained: 0. All Directors attending the meeting approved this resolution unanimously by poll.

According to relevant rules of the Notice on Regulating External Guarantees of Listed Companies, the Stock Listing Rules of Shenzhen Stock Exchange and the Articles of Association, the provision of guarantee is subject to consideration and approval at the 2018 fifth extraordinary general meeting of the Company. The provision of guarantee does not constitute a related party transaction.

II. Overview of the company subject to guarantee

Name of company: Shanghai Chenming Industrial Co., Ltd.

Date of establishment: 15 September 2017

Registered address: Room 4308, No. 1158 Dongdaming Road, Hongkou District, Shanghai

Legal representative: Chang Desheng

Registered capital: RMB1,000.00 million

Operating scope: Property management, industrial investment, business consultation, import and export of goods and technologies, and installation and maintenance of machineries and equipments; sales of construction materials, metal materials, hardware, consumer goods, electric tools, vehicle accessories, papermaking products, and wholesale of chemicals (excluding hazardous chemicals, regulated chemicals, fireworks, explosives for civil purposes and precursor chemicals).

Relationship with the Company: Shanghai Chenming is a wholly-owned subsidiary of the Company.

Financial information of Shanghai Chenming for last year and the latest financial period:

As at 31 December 2017, the audited total assets, total liabilities and net assets of Shanghai Chenming amounted to RMB6,074.1701 million, RMB2,867.4995 million and RMB3,206.6706 million, respectively. Operating income, operating profit and net profit realised amounted to RMB485,800, RMB-57.1576 million and RMB86.7094 million, respectively.

As at 30 June 2018, the audited total assets, total liabilities and net assets of Shanghai Chenming amounted to RMB8,407.6310 million, RMB4,020.5378 million and RMB4,387.0932 million, respectively. Operating income, operating profit and net profit realised amounted to RMB517,200, RMB-147.6196 million and RMB-147.6196 million, respectively.

III. Main contents of the guarantee

Shanghai Chenming will enter into loan contracts with financial institutions based on its actual operational needs. The actual aggregate guarantee amount will not exceed the guarantee amount granted by the Company this time.

IV. Opinion of the Board

Shanghai Chenming is a wholly-owned subsidiary of the Company. Hence, the Company has absolute control over Shanghai Chenming. Shanghai Chenming has stable operation and credit standing in good condition. The risk exposure of the guarantee is under control. The guarantee provided by the Company is without prejudice to the interests of the Company and its shareholders.

The provision of guarantee does not constitute a breach of the relevant requirements of the Notice on Certain Issues in Respect of Regulating the Funds Between Listed Companies and Associated Parties and External Guarantee of Listed Companies (Zheng Jian Fa 2003 No. 56) and the Notice on Regulating the External Guarantee of Listed Companies (Zheng Jian Fa 2005 No. 120). The Company will reinforce its management of and control over the above company's funds and operation to avoid guarantee risks.

V. Opinion of independent Directors

We are of the view that: Shanghai Chenming is a wholly-owned subsidiary of the Company. Hence, the Company has absolute control over Shanghai Chenming. Shanghai Chenming has stable operation and credit standing in good condition. The purposes of provision of guarantee for Shanghai Chenming are mainly for the fulfilment of the operational needs of its ordinary operations and reduction of its financial costs, as well as promotion of smooth commencement of various business operations of the Company in Shanghai and surrounding areas. 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 external guarantee strictly in compliance with relevant regulations under the Notice on Regulating the External Guarantee of Listed Companies and the Articles of Association. The decision-making procedures for the provision of guarantee are legal 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 guarantee provided by the Company to the controlled subsidiaries amounted to RMB20.489 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 Shanghai Chenming of RMB4.0 billion, the balance of external guarantee provided by the Company was RMB24.489 billion, accounting for 88.15% of the latest audited net assets of the Company. There was no overdue external guarantee provided by the Company.

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited
11 October 2018