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山東晨鳴紙業集團股份有限公司

SHANDONG CHENMING PAPER HOLDINGS LTD.*

(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.

The Company published the “Announcement on Provision of Guarantee to a majority-owned Subsidiary” dated 17 October 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
17 October 2019

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Hu Changqing, Mr. Li Xingchun and Mr. Chen Gang; 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.:
2019-115

Shandong Chenming Paper Holdings Limited

Announcement on Provision of Guarantee to a Majority-owned Subsidiary

The Company and all members of its board (the “Board”) of directors (the “Directors” and each a “Director”) 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.

1. Overview of external guarantee

(1) Guarantee

In order to satisfy the working capital needs for production and operation of Wuhan Chenming Hanyang Paper Holdings Co., Ltd. (“Wuhan Chenming”), a majority-owned subsidiary of the Company and to promote its sustainable and stable development, the Company intends to provide Wuhan Chenming a loan facility from financial institution with a guarantee amount not exceeding RMB1 billion (including 1 billion), with a term of guarantee period not more than three years (including three years).

(2) Approval of guarantee

On 17 October 2019, the resolution in relation to the provision of guarantee to a majority-owned subsidiary was considered and approved at the Fifth Extraordinary Meeting of the Ninth Session of the Board of the Company. The voting result of this resolution: votes for: 9; votes against: 0; votes abstained: 0.

Pursuant to the relevant requirements of the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange and the Articles of Association, the provision of guarantee is required to be considered and approved at the general meeting of the Company, and does not constitute a connected transaction.

2. Basic information on the guaranteed party

Name of the company: Wuhan Chenming Hanyang Paper Holdings Co., Ltd.

Address: 33 Shenlong Avenue, Wuhan Economic & Technological Development Zone

Nature of the company: joint stock company (Sino-foreign joint venture, unlisted)

Legal representative: Dong Bo

Unified social credit code: 91420100271892354J

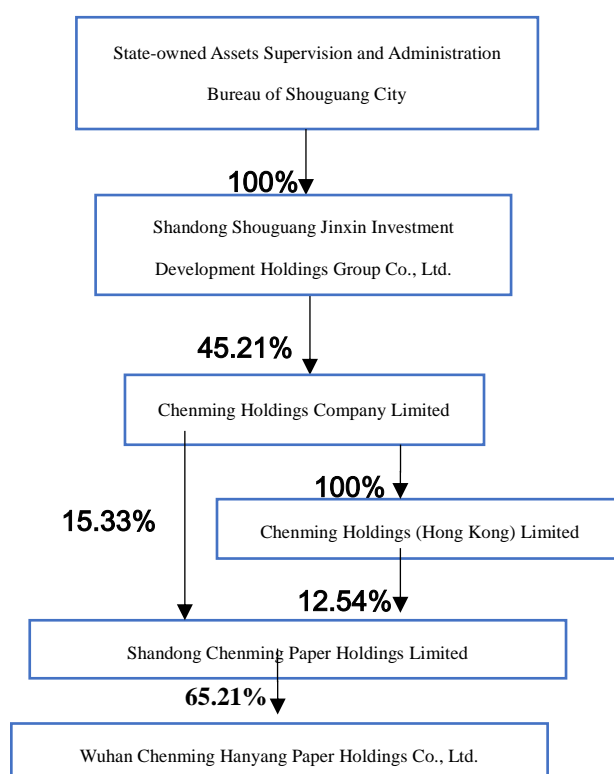
Registered capital: RMB211,367,000

Date of establishment: 29 June 2004

Business scope: manufacturing and sale of machine-made paper, paper board and paper making raw materials; manufacturing, processing and sale of paper making machinery; general freight; and import and export business.

Wuhan Chenming is not a defaulter.

The following chart sets forth the shareholding structure of the guaranteed party:



Shareholders and their shareholdings are set out below:

Name of shareholders	Shareholding
Shandong Chenming Paper Holdings Limited	65.21%
Aberdeen Industrial Limited	26.41%
VNN Holdings Limited	8.23%
Hubei Changjiang Publishing & Media Group	0.05%

Co., Ltd.	
Hubei Xinhua Printing Industrial Park Co., Ltd.	0.05%
Hubei Zhiyin Printing Co., Ltd.	0.05%
Total	100%

The table below sets forth the financial figures of Wuhan Chenming for the latest year and the latest period:

Unit: RMB0,000

Item	31 December 2018	30 June 2019
Total assets	143,363.53	148,212.18
Total liabilities	115,939.93	120,351.50
Total owners' equity	27,423.60	27,860.68
Item	2018	The first half of 2019
Revenue	136,418.14	59,635.98
Operating profit	4,701.62	929.35
Net profit	3,504.24	437.08

Note: The financial figures for 2018 have been audited by Ruihua Certified Public Accountants, while the financial figures for the first half of 2019 are unaudited.

3. Principal content of guarantee agreement

As at the date of this announcement, the Company has not entered into any Guarantee Agreement with financial institution. The Company will enter into guarantee agreement with corresponding financial institution based on actual operation requirement in the future and the final actual guarantee amount in aggregate will not exceed the guarantee limit granted hereof.

4. View of board of directors of the guarantor

Wuhan Chenming is a majority-owned subsidiary of the Company and the Company has absolute control over it. Therefore, the Company has not required counter guarantee from Wuhan Chenming. However, upon the occurrence of actual business, the remaining shareholders of Wuhan Chenming will provide corresponding guarantee based on their respective shareholding.

Currently, Wuhan Chenming is under good operation and development with healthy and reasonable financial structure and sound solvency, and the guarantee risk is under control. The provision of guarantee by the Company will help satisfy the capital needs for the

operation and development of Wuhan Chenming and promote its stable and healthy development.

The guarantee is fair and will not impair the interests of the Company and its shareholders. The Board has approved the guarantee and submitted the proposal to the 2019 Third Extraordinary General Meeting by way of a special resolution for consideration and approval. If approved, it will be proposed to the general meeting to authorize management of the Company to complete procedures for the provision of guarantee for Wuhan Chenming.

5. View of independent Directors

We are of the view that Wuhan Chenming is a majority-owned subsidiary of the Company and the Company has absolute control over it. Wuhan Chenming is under stable operation with good credit status, and the guarantee risk is under control. The Company's provision of guarantee to financial institution for its majority-owned subsidiary aims mainly for satisfaction of its capital needs for ordinary operation, and will not impair the interests of the Company and its shareholders. The Company is able to perform its information disclosure obligations for external guarantee as required by Notice of Regulating the External Guarantees of Listed Companies (《關於規範上市公司對外擔保行為的通知》) and the Articles of Association. The decision-making procedure for the guarantee is legal and does not impair the interests of the Company and its shareholders.

6. Total amount of external guarantee and the amount of overdue guarantee

As at the date of this announcement, the Company and its majority-owned subsidiaries have a balance of guarantee of RMB15.111 billion for consolidated companies and a balance of guarantee of RMB135 million for joint ventures. The Company has no other external guarantee. Taking the guarantee provided by the Company for Wuhan Chenming of RMB1 billion in aggregate into consideration, the Company and its majority-owned subsidiaries have a balance of external guarantee of RMB16.246 billion, representing 64.86% of the latest audited net assets. The Company has no overdue external guarantee.

7. Documents available for inspection

- (1) Resolutions of the Fifth Extraordinary Meeting of the Ninth Session of the Board of the Company;
- (2) Independent opinion on the provision of guarantee for majority-owned subsidiaries from independent Directors of the Company.

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited

17 October 2019