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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 External Guarantees” dated 4 December 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
4 December 2020

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Hu Changqing, Mr. Li Xingchun and Mr. Li Feng; 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.:
2020-103

Shandong Chenming Paper Holdings Limited

Announcement on External Guarantees

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.

I. Overview of Guarantees

1. Basic information of guarantees

Qingdao Chenming Nonghai Financial Leasing Co., Ltd. (“Qingdao Chenming Leasing”), a wholly-owned subsidiary of Shandong Chenming Paper Holdings Limited (the “Company”), is proposed to receive 100% equity interest in Shanghai Herui Investment Co., Ltd. (“Shanghai Herui”) to repay the debt owed by Shanghai Herui to Qingdao Chenming Leasing, in order to settle the debt owed by Shanghai Herui, further reduce the size of financial leasing business of the Company, and protect the interests of the Company and all shareholders.

Prior to the transaction, with part of its office properties and parking spaces, Shanghai Herui provided a mortgage guarantee for Shouguang Meilun Paper Co., Ltd. (“Shouguang Meilun”), a subsidiary of the Company, to carry out financing business with a non-bank financial institution, in an amount of RMB200 million for a term up to 27 June 2022; provided pledge guarantees for repayment of debts amounted to RMB654 million in total owed by Shouguang Meilun, Wuhan Chenming Hanyang Paper Holdings Co., Ltd. (“Wuhan Chenming”) and Huanggang Chenming Pulp & Paper Co., Ltd. (“Huanggang Chenming”), the subsidiaries of the Company, to non-bank financial institutions, for a term up to 30 October 2023; provided a mortgage guarantee for the bank loan amounted to RMB135.5819 million owed by Zhanjiang Dingjin Trading Co., Ltd. (“Dingjin Trading”), for a term up to 22 November 2022. Upon completion of the transaction, external mortgage guarantees will arise in the Company accordingly.

2. Consideration at the meeting

The fifteen extraordinary meeting of the ninth session of the Board of the Company was convened by means of communication on 4 December 2020. 9 Directors were entitled to be present at the meeting and 9 Directors attended the meeting. The Resolution on the External Guarantee under the Equity Transfer was considered and approved at the meeting with 9 votes for, 0 vote against and 0 vote abstained from the resolution. According to the Rules Governing Listing of Stocks on Shenzhen Stock Exchange and the Articles of Association, the resolution is subject to consideration and approval at the 2020 fifth extraordinary general meeting.

The transaction does not constitute a related party transaction, and does not belong to a material asset reorganisation as stipulated in the Administrative Measures for the Material Asset Reorganisations of Listed Companies.

II. Basic Information of the Guarantees

(I) Zhanjiang Dingjin Trading Co., Ltd.

1. Date of establishment: 22 October 2009
2. Address: Room B2011, Yinlong Plaza, No. 35 Leshan East Road, Zhanjiang Development Zone
3. Legal representative: Quan Zhi
4. Registered capital: RMB30.98 million
5. Scope of business: sale of chemical raw materials, metal materials, papermaking materials, construction materials and decorative materials, hardware and electrical equipment, plastic products (excluding plastic shopping bags with a thickness of less than

0.025 millimeters), rubber products, wood products, steel, coal, mineral products, electrical equipment and components, mechanical equipment and components, electronic products (excluding radio transmission equipment), agricultural and livestock products (except tobacco wholesale), logs, sawn timber, artificial board, wood chips; processing and sale of gold products; real estate leasing agent. (All the above business items except hazardous chemicals)

6. Shareholding structure: it was held as to 100% equity interest by Quan Zhi, a natural person.

7. Major financial data:

Unit: RMB0'000

Item	31 December 2019	30 September 2020
Total assets	49,275.50	49,850.94
Total liabilities	29,987.73	29,989.64
Total owners' equity	19,287.77	19,861.30
Item	2019	January – September 2020
Operating revenue	77,921.62	45,619.06
Total profit	3,300.39	764.70
Net profit	2,475.30	573.53

Note: the financial data for 2019 and January – September 2020 are unaudited.

8. Dingjin Trading is not a dishonest person subject to enforcement and is not connected with the Company.

(II) Shouguang Meilun Paper Co., Ltd.

1. Date of establishment: 30 June 2009

2. Address: No. 595 Shengcheng Road, Shouguang City

3. Legal representative: Geng Guanglin

4. Registered capital: RMB3,432.631579 million

5. 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.

6. Shareholding structure: it was held as to 87.3965%, 7.6035% and 5% equity interest by the Company, Weifang Chenrong New and Old Kinetic Energy Conversion Equity Investment Fund Partnership (Limited Partnership) and Dongxing Securities Investment Co., Ltd., respectively.

7. Major financial data:

Unit: RMB0'000

Item	31 December 2019	31 October 2020
Total assets	1,652,480.08	1,680,442.40
Total liabilities	1,119,935.93	1,104,747.11
Total owners' equity	532,544.15	575,695.29
Item	2019	January – October 2020
Operating revenue	519,915.49	684,598.95
Operating profit	16,067.41	6,140.33
Net profit	19,918.47	9,651.14

Note: the financial data for 2019 is audited, and the financial data for January – October 2020 is unaudited.

8. Shouguang Meilun is not a dishonest person subject to enforcement.

(III) Wuhan Chenming Hanyang Paper Holdings Co., Ltd.

1. Date of establishment: 29 June 2004
2. Address: No. 33 Shenlong Avenue, Wuhan Economic and Technological Development Zone
3. Legal representative: Li Haiyong
4. Registered capital: RMB211.3670 million
5. Scope of business: production and sale of machine-made paper, paperboard, papermaking raw materials; production, processing and sale of papermaking machinery; general cargo; import and export.
6. Shareholding structure: held as to 65.21%, 26.41%, 8.23% and 0.05% equity interest by the Company, Aberdeen Industrial Limited, VNN Holdings Limited, and Hubei Changjiang Publishing & Media Group Co., Ltd.*, Hubei Xinhua Printing Industrial Park Co., Ltd.* and Hubei Zhiyin Printing Co., Ltd.*, respectively.
7. Major financial data:

Unit: RMB0'000

Item	31 December 2019	31 October 2020
Total assets	128,483.14	189,150.73
Total liabilities	93,915.00	159,152.47
Total owners' equity	34,568.14	29,998.26
Item	2019	January – October 2020
Operating revenue	128,297.00	68,417.91
Operating profit	9,707.00	-5,230.86
Net profit	7,144.54	-4,569.88

Note: the financial data for 2019 is audited, and the financial data for January – October 2020 is unaudited.

8. Wuhan Chenming is not a dishonest person subject to enforcement.

(IV) Huanggang Chenming Pulp & Paper Co., Ltd.*

1. Date of establishment: 26 September 2008
2. Address: Special 1 Yanjiang Avenue, Huangzhou District, Huanggang City, Hubei
3. Legal representative: Zhang Jinyu
4. Registered capital: RMB2,350.00 million
5. Scope of business: construction of raw material forest base and acquisition of timber; construction of projects for pulp and related products; goods import and export business (excluding import and export of goods or technologies prohibited and restricted by the state); construction, operation and management of biomass power generation and cogeneration projects; manufacturing and sale of viscose fiber and spinning and their supporting chemicals (excluding flammable, explosive, toxic, harmful and hazardous chemicals); transportation of general cargo.
6. Shareholding structure: it was held as to 97.87% and 2.13% equity interest by the Company and CDB Development Fund Co., Ltd., respectively.
7. Major financial data:

Unit: RMB0'000

Item	31 December 2019	31 October 2020
Total assets	780,202.65	713,893.99
Total liabilities	566,902.79	501,287.35
Total owners' equity	213,299.85	212,606.64
Item	2019	January – October 2020
Operating revenue	13,484.40	125,463.22
Operating profit	-14,685.49	-702.26

Net profit	-14,642.34	-693.21
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Note: the financial data for 2019 is audited, and the financial data for January – October 2020 is unaudited.

8. Huanggang Chenming is not a dishonest person subject to enforcement.

III. Main Contents of the Agreements Signed

Prior to the transaction, Shanghai Herui entered into the Maximum Mortgage Contract with a bank to provide a mortgage guarantee for a bank loan amounted to RMB135.5819 million owed by Dingjin Trading for a term ending on 22 November 2022. The collateral was an office property with an area of 2,482.56m² at No. 22, Lane 467, Anbo Road, Yangpu District, Shanghai, and a parking space with an area of 1,319.29m² on the second basement floor of No. 463 Anbo Road, Shanghai.

Shanghai Herui entered into the Mortgage Contracts with non-bank financial institutions to provide a mortgage guarantee for Shouguang Meilun to carry out financing business with a non-bank financial institution, in an amount of RMB200 million for a term ending on 27 June 2022. The collateral was an office property with an area of 2,163.71m² at No. 22, Lane 467, Anbo Road, and a parking space with an area of 1,134m² on the second basement floor of No. 463 Anbo Road. And it provided a pledge guarantee for repayment of debts amounted to RMB654 million in total owed by Shouguang Meilun, Wuhan Chenming and Huanggang Chenming to non-bank financial institutions, for a term ending on 30 October 2023. The collateral was an office property with an area of 8,538.66m² at No. 22, Lane 467, Anbo Road, Yangpu District, Shanghai, and a parking space with an area of 5,081.5m² on the second basement floor of No. 463 Anbo Road.

IV. Opinion of the Board

The Board of the Company is of opinion that, the receipt of equity interest in Shanghai Herui by Qingdao Chenming Leasing, a wholly-owned subsidiary of the Company, to offset the debt owed by Shanghai Herui to Qingdao Chenming Leasing, will be conducive to the reduction in the size of financial leasing business of the Company, mitigate the risk exposure to debts owed by leasing customers, and protect the legitimate rights and interests of the Company and all shareholders. The external mortgage guarantees arise from the above transfer of equity interest, and the obligors maintain stable operations and sound credit standing. Shouguang Meilun, Wuhan Chenming and Huanggang Chenming are subsidiaries of the Company, and the Company has absolute control over them. At the same time, the Company will not pay for transfer of equity interest in relation to the guaranteed debt of Dingjin Trading, such that the risk exposure of the guarantee is under control. The Board agreed to submit the matters in relation to the guarantees arising from the transfer of equity interest to the general meeting for consideration.

V. Opinion of Independent Directors

The receipt of equity interest in Shanghai Herui by Qingdao Chenming Leasing, a wholly-owned subsidiary of the Company, may settle the debt owed by Shanghai Herui to Qingdao Chenming Leasing in an effective way, and will be conducive to protect the legitimate rights and interests of the Company and all shareholders. The external mortgage guarantees arise from the above transfer of equity interest, and the obligor Dingjin Trading maintain stable operations and sound credit standing. At the same time, the Company will not pay for transfer of equity interest in relation to the guaranteed debt, such that the risk exposure of the external guarantee is under control. The Company is able to fulfil the information disclosure obligations of external guarantees in strict accordance with relevant regulations such as the Guidelines of the Shenzhen Stock Exchange for Standardised Operation of 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 its shareholders. We agree with the external guarantees arising from the transfer of equity interest.

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

As of the disclosure date of this announcement, the aggregated balance of external guarantees provided by the Company and its controlling subsidiaries was RMB14,712 million. After the provision of the guarantees herein, the aggregated balance of external guarantees provided by the Company and its controlling subsidiaries was RMB15,702 million, accounting for 62.38% of the latest audited net assets of the Company. In particular, the aggregated balance of guarantees provided by the Company and its controlling subsidiaries to the entities outside the scope of consolidation was RMB271 million, accounting for 1.08% of the latest audited net assets of the Company. The Company has no overdue external guarantees.

VII. Documents Available for Inspection

1. Resolutions of the Fifteen Extraordinary Meeting of the Ninth Session of the Board of the Company;
2. Independent opinions on the external guarantees arising from the transfer of equity interest.

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited
4 December 2020