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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 “Announcement on Reimbursement of the Self-raised Funds Used in the Project Financed by Proceeds with the Proceeds from the Third Tranche of Preference Shares” dated 23 September 2016 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  
23 September 2016

*As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Yin Tongyuan, Mr. Li Feng and Mr. Geng Guanglin; 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 abbreviation:

Chenming Paper Chenming B

Stock code:

000488 200488

Announcement No.:

2016-119

## **SHANDONG CHENMING PAPER HOLDINGS LIMITED**

### **Announcement on Reimbursement of the Self-raised Funds Used in the Project Financed by Proceeds with the Proceeds from the Third Tranche of Preference Shares**

The Company and all members of its board of 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 jointly and severally accept responsibility for the truthfulness, accuracy and completeness of its contents.

In accordance with relevant laws, regulations and regulatory documents including Regulatory Guidelines for Listed Companies No. 2 - Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies and the Guidelines of the Shenzhen Stock Exchange for Standardised Operation of Companies Listed on the Main Board, Shandong Chenming Paper Holdings Limited (the “Company” or “Chenming Paper”) convened the third extraordinary meeting of the eighth session of the Board on 23 September 2016. The resolution on reimbursement of the self-raised funds used in the project financed by proceeds with the proceeds from the third tranche of preference shares was considered and approved. It was agreed that RMB761.25 million out of the proceeds from the non-public issue of third tranche of preference shares of the Company be used to reimburse the self-raised funds used in the project financed by proceeds. Details are as follows:

#### **I. Overview of proceed utilisation and fund reimbursement**

As approved under the Reply on Approval of Non-public Issue of Preference Shares of Shandong Chenming Paper Holdings Limited (Zheng Jian Xu Ke No. [2015] 2130) issued by China Securities Regulatory Commission, the third tranche of preference shares of 12,500,000 shares were issued through a non-public issue arranged by Zhongtai Securities Co., Ltd., the lead underwriter. The issue price was RMB100.00 per share and the gross proceeds amounted to RMB1,250 million. The net proceeds were RMB1,243.75 million (net of the expenses of RMB6.25 million charged by underwriters and sponsors), which were received in full on 22 September 2016. Ruihua Certified Public Accountants (Special General Partner) had verified the receipt of proceeds and issued the Capital Verification Report (Rui Hua Yan Zi (2016) No. 37020018).

According to the proposal on non-public issue of preference shares as approved by the fifth extraordinary meeting of the seventh session of the Board, the sixth extraordinary meeting of the seventh session of the Board and the 2015 first extraordinary general meeting of the Company, and Prospectus of Non-public Issue of Preference Shares of Shandong Chenming Paper Holdings Limited, the Company proposes to issue not more than 45,000,000 preference shares and the gross proceeds amount to not more than RMB4,500 million. The proposed uses of the net proceeds (net of issuance expenses) include repayment of bank loans and other interest-bearing liabilities of RMB3,000 million. The remaining portion of the proceeds of not more than RMB1,500 million will be used to replenish the working capital.

As of 23 September 2016, the Company has made actual investments, financed by its self-raised funds, amounting to RMB3,000 million into “repayment of bank loans and other interest-bearing liabilities”, a project financed by proceeds. The Company proposes to reimburse the investments of RMB761.25 million. Details are as follows:

Unit: RMB'000 million

No	Investment project financed by proceeds	Total investment	Committed investment of proceeds	Reimbursement of investment of Investment self-raised funds of self-raised funds with		
				funds as of the disclosure date	proceeds as of the disclosure date	Remaining amount to be reimbursed
1	Repayment of bank loans and other interest-bearing liabilities	30	30	30	22.3875	7.6125

## **II. Implementation of reimbursement of previous investments with proceeds**

According to the proposal on non-public issue of preference shares as approved by the fifth extraordinary meeting of the seventh session of the Board, the sixth extraordinary meeting of the seventh session of the Board and the 2015 first extraordinary general meeting of the Company, the Company invests its self-raised funds into the projects based on their actual progress before receipt of the proceeds from the issue and reimburses the self-raised funds with the proceeds upon receipt.

According to the Assurance Report on Report on Self-raised Funds Used in Projects Financed by Proceeds by Shandong Chenming Paper Holdings Limited (Rui Hua He Zi [2016] No. 37020018) issued by Ruihua Certified Public Accountants (Special General Partner), the Company has made actual investments, financed by its self-raised funds, amounting to RMB3,000 million into “repayment of bank loans and other interest-bearing liabilities”, a project financed by proceeds, as of 23 September 2016. Initial proceeds of RMB2,238.75 million from the issue of preference shares have been reimbursed for the self-raised funds used in the project financed by proceeds.

The Company proposes to reimburse the investments of RMB761.25 million into “repayment of bank loans and other interest-bearing liabilities”, a project financed by proceeds, with the proceeds. The reimbursement by the Company is in compliance with the application document for the issuance and the related requirements of relevant laws, regulations and regulatory documents such as the Guidelines of the Shenzhen Stock Exchange for Standardised Operation of Companies Listed on the Main Board.

## **III. Resolution of the Board**

At the third extraordinary meeting of the eighth session of the Board held on 23 September 2016, the resolution on reimbursement of the self-raised funds used in the project financed by proceeds with the proceeds from the third tranche of preference shares was considered and approved. It was agreed that RMB761.25 million out of the proceeds from the non-public issue of third tranche of preference shares of the Company be used to reimburse the self-raised funds used in the project of “repayment of bank loans and other interest-bearing liabilities” and the remaining proceeds be used to replenish the working capital of the Company.

#### **IV. Opinions from relevant parties with respect to reimbursement of proceeds**

##### **(I) Opinions from Independent Directors**

The reimbursement of the self-raised funds used in the project financed by the proceeds was considered and approved at the Board meeting. Ruihua Certified Public Accountants (Special General Partner) issued the assurance report. At the same time, the duration between the reimbursement of proceeds and the receipt of proceeds was less than six months, which was in line with the implementation plan of investment projects financed by proceeds. There will be no change in the use of proceeds and will not harm the interests of shareholders. Moreover, it is in compliance with relevant requirements including the Regulatory Guidelines for Listed Companies No. 2 - Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies and the Guidelines of the Shenzhen Stock Exchange for Standardised Operation of Companies Listed on the Main Board. Therefore, we agreed that RMB761.25 million out of the proceeds from the third tranche of preference shares of the Company be used to reimburse the self-raised funds previously used in the project financed by proceeds.

##### **(II) Opinions from the supervisory committee**

The reimbursement of the self-raised funds used in the projects financed by the proceeds was considered and approved at the meeting of supervisory committee. Ruihua Certified Public Accountants (Special General Partner) issued the assurance report. At the same time, the duration between the reimbursement of proceeds and the receipt of proceeds was less than six months, which was in line with the implementation plan of investment projects financed by proceeds. There will be no change in the use of proceeds and will not harm the interests of shareholders. Moreover, it is in compliance with relevant requirements including the Regulatory Guidelines for Listed Companies No. 2 - Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies and the Guidelines of the Shenzhen Stock Exchange for Standardised Operation of Companies Listed on the Main Board. Therefore, we agreed that RMB761.25 million out of the proceeds from the third tranche of preference shares of the Company be used to reimburse the self-raised funds previously used in the project financed by proceeds.

(III) Inspection opinion from the sponsor

Zhongtai Securities Co., Ltd., the sponsor, is in view that:

The reimbursement of funds with proceeds had been considered and approved at the Board meeting and the meeting of the supervisory committee. Independent directors had expressed their opinions with explicit consent and Ruihua Certified Public Accountants (Special General Partner) had issued the assurance report. Hence, necessary approval procedures had been completed. At the same time, the duration between the reimbursement of proceeds and the proceeds was less than six months. The reimbursement of funds with proceeds had complied with rules in relation to the management of fund raised by companies listed on the main board under regulatory documents including the Guidelines of the Shenzhen Stock Exchange for Standardised Operation of Companies Listed on the Main Board (2015 amended version) and the Regulatory Guidelines for Listed Companies No. 2 - Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies. The sponsor agreed the reimbursement of self-raised funds used in previous investment with the proceeds of RMB761.25 million by Chenming Paper.

(IV) Verification opinion from the accountant

Ruihua Certified Public Accountants (Special General Partner) has conducted special review on self-raised funds used in projects financed by proceeds. It is of the view that the Report on Self-raised Funds Used in Projects Financed by Proceeds as of 23 September 2016 prepared by the Board of Chenming Paper has complied with relevant preparation requirements under the Guidelines of the Shenzhen Stock Exchange for Standardised Operation of Companies Listed on the Main Board promulgated by Shenzhen Stock Exchange in all material aspects. The disclosure is in line with actual condition.

V. Documents for inspection

1. Resolutions for the third extraordinary meeting of the eight session of the Board;
2. Resolutions for the first extraordinary meeting of the eight session of the supervisory committee;
3. Opinions from independent directors;

4. Inspection opinion from Zhongtai Securities Co., Ltd. on the reimbursement of self-raised funds used in previous investment with the proceeds by Shandong Chenming Paper Holdings Limited;
5. Assurance Report on Self-raised Funds Used in Projects Financed by Proceeds by Shandong Chenming Paper Holdings Limited prepared by Ruihua Certified Public Accountants (Special General Partner);

Notice is hereby given.

Board of Shandong Chenming Paper Holdings Limited  
23 September 2016