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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 External Investment” dated 17 February 2017 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 February 2017

*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.:  
2017-013

## **Shandong Chenming Paper Holdings Limited**

### **Announcement on External Investment**

The Company and all members of the board of directors (the “Director”) (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, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of its contents.

#### **I. Overview of external investment**

##### **1. General description of external investment**

In order to make full use of the existing pulp production capacity and cost effectiveness of Shouguang Meilun Paper Co., Ltd. (“Shouguang Meilun Paper”) and optimise the market deployment of the Company, the Board of the Company agreed to add a new production line with production capacity of 510,000 tonnes of high-end cultural paper in the original plant for 600,000-tonne coated linerboard production.

##### **2. Consideration and approval of the Board**

The fourth meeting of the eighth session of the Board of the Company was convened on site on 17 February 2017. 10 Directors were entitled to be present at the meeting and 10 Directors attended the meeting. The Resolution on the Construction of 510,000-tonne High-end Cultural Paper Project of Shouguang was considered and approved at the meeting with a voting result of 10 votes for, 0 against and 0 abstention.

##### **3. Necessary approval procedures for investment to become effective**

The external investment is subject to approval at the general meeting. The external investment is not a related party transaction and will not constitute a material asset reorganisation under the Administrative Measures for the Material Asset Reorganisations of Listed Companies.

#### **II. General description of the investment entity**

Company name: Shouguang Meilun Paper Co., Ltd.

Registered address: No. 595 Shengcheng Road, Shouguang City

Legal representative: Geng Guanglin

Registered capital: RMB3,000 million

Company type: limited liability company

Scope of business: Production and sale of coated paper, paper board, paper products, paper-making raw materials, paper-making machinery; sale of fibre feed, seedlings, protein powder, paper-making additives, chemical products (excluding hazardous chemicals and precursor chemical products of poisons), electricity, heat, coal, plaster, paper-making machinery parts; paper-making technology research and development consultancy services; goods and technology import and export business as permitted by the government.

### **III. General description of the investee**

Raw materials of the proposed 510,000-tonne high-end cultural paper project will be pulp board sourced from third parties and internally produced chemical pulp. Total investment in the 510,000-tonne high-end cultural paper project will amount to approximately RMB3,761.02 million, of which RMB3,409.03 million, RMB79.62 million and RMB272.37 million will be for construction, repayment for interest on related loans and working capital respectively. The investment will be paid by Shouguang Meilun Paper, of which RMB1,249.01 million will be settled in cash and plant, and the remaining RMB2,512.01 million will be financed by bank loans. The project is expected to be completed in 18 months.

### **IV. Main contents of the external investment contract**

No supplemental contract has been entered into for the equipment or other matters.

### **V. Purpose and effect on the Company of the external investment**

Upon completion of the project, the competitiveness and gross profit margin of products of the Company in the market will be further enhanced and its economies of scale, independent innovation capacity and adaptability to market change will be able to contribute more in furthering its competitiveness so as to maximise its profit.

According to preliminary estimation based on the current market conditions, the project will, with its annual production capacity of 510,000 tonnes of high-end cultural paper, annually generate revenue, profit before tax and profit of approximately RMB3,111 million, RMB257 million and RMB308 million respectively upon completion and commencing operation.

## **VI. Risk disclosure**

The investment in the project may not achieve the expected return due to factors such as operation and management, competition in the market and the industry, fluctuation of raw material price and environment protection. Investors should be aware of investment risks.

## **VII. Documents available for inspection**

The resolutions of the fourth meeting of the eighth session of the Board of Shandong Chenming Paper Holdings Limited.

Notice is hereby given.

Board of Shandong Chenming Paper Holdings Limited  
17 February 2017