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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 Provision of Guarantee for General Credit Lines of Relevant Subsidiaries” 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.:
2017-010

SHANDONG CHENMING PAPER HOLDINGS LIMITED

Announcement on Provision of Guarantee for General Credit Lines of Relevant Subsidiaries

The Company and all members of its board of directors (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.

I. Overview of the external guarantee

On 17 February 2017, the fourth meeting of the eighth session of the Board of Shandong Chenming Paper Holdings Limited (the “Company”) considered and approved the Resolution in respect of Provision of Guarantee for General Credit Lines of Relevant Subsidiaries. All directors attending the meeting approved this resolution unanimously by poll. In order to secure the smooth project construction and ordinary production operation of controlled subsidiaries of the Company and reduce their financial costs, the Company intends to provide guarantee for the general credit lines to be applied by the relevant controlled subsidiaries and the particulars are as follows:

Breakdown of controlled subsidiaries in need of guarantee from Shandong Chenming Paper Holdings Limited

Unit: RMB’00 million

Obligor	Additional guarantee amount for 2017 upon expiry (excluding the guarantee amount in 2016)	Term	Gearing ratio as at 31 December 2016
Zhanjiang Chenming Paper Pulp Co., Ltd.	65	2 years until June 2019	79.04%
Shandong Chenming Group Finance Co., Ltd.	50	2 years until June 2019	68.69%
Chenming (HK) Limited	50	2 years until June 2019	101.77%

Obligor	Additional guarantee amount for 2017 upon expiry (excluding the guarantee amount in 2016)	Term	Gearing ratio as at 31 December 2016
Zhanjiang Chenming Paper Pulp Co., Ltd.	65	2 years until June 2019	79.04%
Shandong Chenming Paper Sales Company Limited	40	2 years until June 2019	99.07%
Jiangxi Chenming Paper Co., Ltd.	20	2 years until June 2019	61.03%
Jilin Chenming Paper Co., Ltd.	15	2 years until June 2019	64.41%
Shouguang Meilun Paper Co., Ltd.	10	2 years until June 2019	54.37%
Shouguang Chenming Import and Export Trade Co., Ltd.	5	2 years until June 2019	79.62%
Huanggang Chenming Arboriculture Co., Ltd.	0.5	2 years until June 2019	76.79%
Zhanjiang Chenming Arboriculture Co., Ltd.	0.5	2 years until June 2019	102.17%
Total	256		

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 general meeting of the Company. The provision of guarantee does not constitute a related party transaction.

II. Overview of the companies subject to guarantee

1. Zhanjiang Chenming Paper Pulp Co., Ltd. (“Zhanjiang Chenming”)

Registered address: 6/F, Taihua Building, No. 42 Middle of Renmin Avenue, Zhanjiang City

Legal representative: Chen Hongguo

Registered capital: RMB3,550.00 million

Zhanjiang Chenming is primarily engaged in production and sale of high-end cultural paper and paper pulp. The Company holds its entire equity interest. As at 31 December 2016, its total assets, total liabilities and net assets amounted to RMB18,995.8053 million, RMB15,014.5697 million and RMB3,981.2356 million, respectively. Net profit for 2016 amounted to RMB601.8335 million.

2. Shandong Chenming Group Finance Co., Ltd. (“Chenming Finance”)

Registered address: 35/F, Tower 2, Shuntai Square, 2000 Shunhua Road, Jinan High-tech Industrial Development Zone

Legal representative: Chang Desheng

Registered capital: RMB2,000.00 million

Chenming Finance is primarily engaged in the business as permitted by China Banking Regulatory Commission pursuant to the relevant laws, administrative regulations and other requirements. The Company indirectly holds its entire equity interest. As at 31 December 2016, its total assets, total liabilities and net assets amounted to RMB6,916.8196 million, RMB4,751.4930 million and RMB2,165.3266 million, respectively. Net profit for 2016 amounted to RMB104.0017 million.

3. Chenming (HK) Limited (“Chenming Hong Kong”)

Registered address: Room 16C, Chinaweal Centre, 414-424 Jaffe Road, Wan Chai, Hong Kong

Directors: Li Feng, Xiao Peng and Jia Guanlei

Registered capital: US\$29.90 million

Chenming Hong Kong is primarily engaged in import and export trade of paper and paper products, as well as market research. The Company indirectly holds its entire equity interest. As at 31 December 2016, its total assets, total liabilities and net assets amounted to RMB7,640.1005 million, RMB7,775.2014 million and RMB-135.1009 million, respectively. Net profit for 2016 amounted to RMB63.8096 million.

4. Shandong Chenming Paper Sales Company Limited (the “Sales Company”)

Registered address: No. 595 Shengcheng Road, Shouguang City

Legal representative: Chen Hongguo

Registered capital: RMB100.00 million

The Sales Company is primarily engaged in sale of machine-made paper, paperboard, paper-making materials and accessories and paper machinery. The Company holds its entire equity interest. As at 31 December 2016, its total assets, total liabilities and net assets amounted to RMB10,429.8653 million, RMB10,333.1297 million and RMB96.7356 million, respectively. Net profit for 2016 amounted to RMB5.7034 million.

5. Jiangxi Chenming Paper Co., Ltd. (“Jiangxi Chenming”)

Registered address: Baishuihu Industrial Park, Nanchang Economic and Technological Development Zone, Jiangxi Province

Legal representative: Chen Hongguo

Registered capital: US\$272.00 million

Jiangxi Chenming is primarily engaged in production and sale of high-end paper, paperboard (excluding news press paper) and paper pulp. The Company directly and indirectly holds its entire equity interest. As at 31 December 2016, its total assets, total liabilities and net assets amounted to RMB5,368.0378 million, RMB3,276.0814 million and RMB2,091.9564 million, respectively. Net profit for 2016 amounted to RMB18.9655 million.

6. Jilin Chenming Paper Co., Ltd. (“Jilin Chenming”)

Registered address: No. 1 Chenming Road, Longtan District, Jilin City

Legal representative: Chen Hongguo

Registered capital: RMB1,500.00 million

Jilin Chenming is primarily engaged in production and sale of high-end cultural paper and internally produced pulp. The Company holds its entire equity interest. As at 31 December 2016, its total assets, total liabilities and net assets amounted to RMB3,552.7997 million, RMB2,288.4319 million and RMB1,264.3678 million, respectively. Net profit for 2016 amounted to RMB32.8954 million.

7. **Shouguang Meilun Paper Co., Ltd. (“Shouguang Meilun Paper”)**

Registered address: No. 595 Shengcheng Road, Shouguang City

Legal representative: Geng Guanglin

Registered capital: RMB3,000.00 million

The scope of business of Shouguang Meilun Paper mainly includes production and sale of coated paper, household paper, paper board and pulp. The Company holds its entire equity interest. As at 31 December 2016, its total assets, total liabilities and net assets amounted to RMB10,061.2603 million, RMB5,470.1901 million and RMB4,591.0702 million, respectively. Net profit for 2016 amounted to RMB353.1892 million.

8. **Shouguang Chenming Import and Export Trade Co., Ltd. (“Chenming Import & Export”)**

Registered address: No. 595 Shengcheng Road, Shouguang City

Legal representative: Chen Hongguo

Registered capital: RMB100.00 million

Chenming Import & Export is primarily engaged in import and export of goods and technology as permitted by the government. The Company holds its entire equity interest. As at 31 December 2016, its total assets, total liabilities and net assets amounted to RMB506.7221 million, RMB403.4761 million and RMB103.2460 million, respectively. Net profit for 2016 amounted to RMB1,600.

9. **Huanggang Chenming Arboriculture Co., Ltd. (“Huanggang Chenming Arboriculture”)**

Registered address: No. 2 Xingang Road, Huanggang City

Legal representative: Chen Hongguo

Registered capital: RMB70.00 million

Huanggang Chenming Arboriculture is primarily engaged in cultivation, processing and sales of forest; comprehensive development and utilisation of forestry, and development and utilisation of related ancillary products and related business consultation. The Company holds its entire equity interest. As at 31 December 2016, its total assets, total liabilities and net assets amounted to RMB387.4974 million, RMB297.5536 million and RMB89.9438 million, respectively. Net profit for 2016 amounted to RMB-22.4192 million.

10. **Zhanjiang Chenming Arboriculture Co., Ltd. (“Zhanjiang Arboriculture”)**

Registered address: 4/F, Block 20, No. 138 Haibin Avenue North, Chikan District, Zhanjiang City

Legal representative: Chen Hongguo

Registered capital: RMB1.00 million

Zhanjiang Arboriculture is primarily engaged in cultivation of forest, sales of logs and woodchips, and saplings growing. The Company indirectly holds its entire equity interest. As at 31 December 2016, its total assets, total liabilities and net assets amounted to RMB1,185.6717 million, RMB1,211.4271 million and RMB-25.7554 million, respectively. Net profit for 2016 amounted to RMB-40.2332 million.

III. **Main contents of the guarantee**

Based on the total credit lines granted by relevant banks to the above controlled subsidiaries, the above controlled subsidiaries will enter into relevant contracts with banks based on their actual operating needs. The actual aggregate guarantee amount will not exceed the guarantee amount granted by the Company this time.

IV. **Opinion of the Board**

The above obligees are controlled subsidiaries of the Company and the Company has absolute control over them. They have stable operation and credit standing in good condition. The risk exposure of the guarantee is under control. The loans will be principally used as working capital for production and operation and project construction. 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 companies' funds and operation to avoid guarantee risks.

V. Aggregate amount of external guarantees and amount of overdue guarantees

As at 31 December 2016, the balance of external guarantee provided by the Company (excluding the balance of guarantee provided to controlling subsidiaries of RMB13.171 billion) was RMB0. Including the provision of this guarantee for the relevant companies, the aggregate guarantee provided by the Company to its controlling subsidiaries was RMB38.771 billion, accounting for 171.82% 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
17 February 2017