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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 27 March 2018 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
27 March 2018

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.: 2018-020

Shandong Chenming Paper Holdings Limited

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

The Company and all members of the board of directors (the “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.

I. Overview of the external guarantees

On 27 March 2017, the eighth 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 2018	Term	Gearing ratio
Zhanjiang Chenming Pulp & Paper Co., Ltd.	20	3 years until June 2021	60.92%
Chenming (HK) Limited	25	3 years until June 2021	102.98%
Jiangxi Chenming Paper Co., Ltd.	5	3 years until June 2021	52.95%
Shandong Chenming Panels Co., Ltd.	0.3	3 years until June 2021	27.66%
Total	50.3		

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 2017 annual 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 Pulp & Paper Co., Ltd. (“Zhanjiang Chenming”)

Registered address: Registered address: 6/F, Tai Hua Building, No. 42 Renmin Avenue Central, Zhanjiang

Legal representative: Chen Hongguo

Registered capital: RMB5,550.00 million

Zhanjiang Chenming is primarily engaged in the production and sale of high-end cultural paper and paper pulp. The Company holds 90.09% equity interest in Zhanjiang Chenming.

As at 31 December 2017, its total assets total liabilities and net assets amounted to RMB19,637,972,200, RMB11,963,877,800 and RMB7,674,094,300, respectively. Net profit for 2017 amounted to RMB1,684,736,200.

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

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

Directors: Li Feng, Jia Guanlei, Cao Qiang

Registered capital: USD29.90 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 100% equity interest in Chenming Hong Kong.

As at 31 December 2017, its total assets total liabilities and net assets amounted to RMB9,142,506,800, RMB9,435,816,200 and RMB-293,309,300, respectively. Net profit for 2017 amounted to RMB-255,905,400.

3. 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: USD272.00 million

Jiangxi Chenming is primarily engaged in the production and sale of high-end paper, paperboard (excluding news press paper) and paper pulp. The Company directly and indirectly holds 100% equity interest in Jiangxi Chenming.

As at 31 December 2017, its total assets total liabilities and net assets amounted to RMB5,081,399,800, RMB2,690,731,100 and RMB2,390,668,700, respectively. Net profit for 2017 amounted to RMB293,490,000.

4. Shandong Chenming Panels Co., Ltd. (“Chenming Panels”)

Registered address: Shouguang Weifang City (Shandong Chenming Group industrial estate)

Legal representative: Liu Gang

Registered capital: RMB30.00 million

Chenming Panels is primarily engaged in the production, processing, sale and technical services of medium density fiberboard, decorative boards, wood products, laminated boards, fortified wooden floorboards, dipped paper and prepared adhesives; and sale of electricity. Chenming Panels is responsible for the export of the Company’s own products as well as the import and export of mechanical equipment, spare and accessory parts and raw and auxiliary materials required by the Company, with the exception of products and technologies prohibited for business operation or import or export by the state (projects subject to approval by law may carry out business activities with approval from relevant authorities). The Company indirectly holds 100% equity interest in Chenming Panels.

As at 31 December 2017, its total assets total liabilities and net assets amounted to RMB112,777,400, RMB31,188,900 and RMB81,588,400, respectively. Net profit for 2017 amounted to RMB12,701,900.

III. Main contents of the guarantee

Based on the total credit lines granted by relevant banks to the above controlled subsidiaries for 2018, 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 the date of this announcement, the balance of guarantee provided by the Company to the controlled subsidiaries amounted to RMB19.15 billion, the balance of guarantee provided to joint ventures amounted to RMB80 million, and there were no other external guarantees. Including the provision of this guarantee for the above wholly-owned subsidiaries of RMB5.03 billion, the external guarantee provided by the Company was RMB24.26 billion, accounting for 109.19% of the latest audited net assets of the Company. There was no overdue external guarantee provided by the Company.

The resolution shall be submitted to the 2017 Annual General Meeting of the Company for consideration and approval.

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited

27 March 2018