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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.

The Company published the “Announcement on Receipt of Financial Assistance and Related Party Transaction” dated 19 July 2019 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  
19 July 2019

*As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Hu Changqing, Mr. Li Xingchun and Mr. Chen Gang; 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:	Stock abbreviation:	Announcement No.:
000488 200488	Chenming Paper Chenming B	2019-071

## **Shandong Chenming Paper Holdings Limited**

### **Announcement on the Receipt of Financial Assistance and Related Party Transaction**

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 Related Party Transaction**

##### **1. Basic Information of the Transaction**

To support the business development of Shandong Chenming Paper Holdings Limited (the “Company”), Chenming Holdings Company Limited (“Chenming Holdings”), the Company’s largest shareholder, proposes to provide the Company with financial assistance of not more than RMB1 billion (inclusive) with a term of not more than one year, and the interest rate of which shall be determined with reference to the market rate, subject to the actual transaction amount incurred. Chenming Holdings may provide financial assistance in tranches according to actual circumstances. The Company is not required to provide any guarantee, security, pledge or other forms of guarantee over such financial assistance.

##### **2. Related Relationship**

At present, Chenming Holdings holds 445,396,128 A shares, 210,717,563 B shares and 153,414,000 H shares of the Company, amounting to 809,528,691 shares of the Company in total, which accounts for 27.87% of the total share capital of the Company. Pursuant to Rule 10.1.3(IV) of the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, Chenming Holdings is an associated corporation of the Company, and the provision of financial assistance by Chenming Holdings to the Company constitutes a related party

transaction.

### 3. Resolution Considered at the Meeting

On 19 July 2019, the Company convened the first extraordinary meeting of the ninth session of the Board by means of telecommunication. 9 Directors were entitled to be present at the meeting and 9 Directors attended the meeting. Related Directors, namely Mr. Chen Hongguo and Mr. Hu Changqing, had abstained from voting on the Resolution in Relation to the Receipt of Financial Assistance and Related Party Transaction in accordance with the relevant provisions. Seven non-related Directors voted on the resolution, with seven votes for, 0 vote against and 0 vote abstained. The Resolution in Relation to the Receipt of Financial Assistance and Related Party Transaction was considered and approved.

The resolution is subject to consideration at the 2019 first extraordinary general meeting, and related persons who are interested in the related party transaction shall abstain from voting.

This related party transaction does not constitute a material asset restructuring under the provision of the Measures for the Administration of Major Asset Restructuring of Listed Companies, and is not subject to approval by other competent authorities.

## **II. Basic Information of the Related Party**

1. Company name: Chenming Holdings Company Limited
2. Registered address: No. 595 Shengcheng Road, Shouguang City
3. Legal representative: Chen Hongguo
4. Registered capital: RMB1,238,787,742.50
5. Operation scope: Investment in paper making, electricity, heat and arboriculture with its own capital (it shall not engage in businesses related to finance, securities, futures, wealth management and financing, and shall not engage in financial businesses such as accepting money deposits, providing guarantees for financing and wealth management for clients without the approval from financial regulation departments; sales of minerals (mining is not included), paper making materials, construction materials, chemical raw materials and products (dangerous chemicals and precursor chemicals are not included),

steel, electricity, heat, natural gas for the use as urban fuels; domestic trade agency service; information and technology consulting service; meeting and exhibition service; professional design service; financial consulting service; corporate management consulting service.

6. Date of establishment: 30 December 2005

7. Substantial shareholders: Shandong Shouguang Jinxin Investment Holdings Limited holds 45.21% equity interest in Chenming Holdings; Shouguang Henglian Enterprise Investment Limited holds 18.65% equity interest in Chenming Holdings; Shouguang Ruifeng Enterprise Investment Limited holds 36.14% equity interest in Chenming Holdings.

8. Related party relationship: Chenming Holdings holds 809,527,691 shares of the Company in total, accounting for 27.87% of the total share capital of the Company. Pursuant to Rule 10.1.3(IV) of the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, Chenming Holdings is an associated corporation of the Company.

9. Financial information from the consolidated statements of Chenming Holdings for the latest year and period

Unit: RMB'0,000

Item	31 December 2018	31 March 2019
Total assets	10,881,619.75	10,911,622.86
Total liabilities	8,446,035.70	8,470,183.63
Total owners' equity	2,435,584.05	2,441,439.23
Item	2018	Jan to March 2019
Revenue	2,893,481.61	619,840.99
Operating profit	317,017.86	-159.52
Net profit	285,146.62	1,439.56

Note: Financial information of 2018 has been audited. Financial information of January to March 2019 has not been audited.

10. Chenming Holdings is not dishonest person subject to enforcement.

### III. Basic Information of the Related Party Transaction

In order to support the operation and development of the Company and ensure the fulfilment of capital needs for the normal operation and development of the Company, Chenming Holdings proposes to provide the Company with financial assistance of not more than RMB1 billion (inclusive) with a term of not more than one year, and the annual interest rate of which shall be determined with reference to the market rate. The Company may utilise such financial assistance on a revolving basis.

#### **IV. Pricing Policy and Pricing Basis of the Transaction**

After arm's length negotiation between both parties, the annual interest rate of the financial assistance provided by Chenming Holdings to the Company will be determined with reference to the market rate, subject to the specific contract signed by the Company and the related parties.

The management of the Company determines to sign relevant agreements with the related parties according to the actual needs for working capital to ensure the normal production and operation of the Company. The price of the related transaction is determined based on market conditions, and is fair and reasonable, without prejudice to the interests of the listed companies.

#### **V. Major Details of the Proposed Financial Assistance Agreement**

Chenming Holdings proposes to provide the Company with financial assistance of not more than RMB1 billion (inclusive) in total with a term of not more than one year, which may be provided in tranches according to the capital needs of the Company, and the annual interest rate of which shall be determined with reference to the market rate, subject to the specific contract signed by the Company and the related parties. Currently, the Company has not signed the borrowing contract for the financial assistance with Chenming Holdings, and the Company will promptly disclose information according to the circumstances in relation to the signing of the borrowing contract and the subsequent performance of the contract.

#### **VI. Impact of the Transaction on the Company**

Chenming Holdings provides financial assistance without requiring any pledge or

guarantee from the Company, which is a testament to its support and confidence in the future development of the Company, and helps the Company promote project construction and satisfy its needs for working capital.

The related party transaction is in line with the Company's needs for normal production and operation, and is conducive to the Company by improving the efficiency of capital use and reducing financial costs, thereby achieving sustainable and stable development. The transaction does not cause prejudice to the interests of minority shareholders and the Company.

#### **VII. Accumulated Amount of Various Kinds of Related Party Transactions with Such Related Party Incurred**

The accumulated amount of various kinds of related party transactions between the Company and Chenming Holdings incurred from the beginning of the year to the date of disclosure was RMB168.9926 million in total.

#### **VIII. Prior Approval and Independent Opinion of Independent Directors**

The independent Directors of the Company had approved the related party transaction in advance and agreed to submit the resolution to the Board for consideration. The independent opinion from the independent Directors was as follows:

The related party transaction reflects the support and confidence of the Company's shareholders in the development of the Company, and is conducive to supporting the Company's business development and promoting the Company's sustainable and healthy development. The related party transaction does not cause prejudice to the interests of the Company, its shareholders, especially the minority shareholders, as well as the independence of the Company.

When the Board of the Company considered the resolution in relation to the related party transaction, the voting procedure was legal, and the related Directors abstained from voting, which was in line with the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, the Articles of Association and other relevant provisions, and did not affect the independence of the listed company. No acts and circumstances that harm the interests of

the Company and the interests of minority shareholders have been found, which complies with the relevant requirements of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.

**IX. Documents for Inspection**

1. The Resolutions of the First Extraordinary Meeting of the Ninth Session of the Board of Shandong Chenming Paper Holdings Limited
2. Prior Approval and Independent Opinion of Independent Directors

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited

19 July 2019