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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)

ANNOUNCEMENT ON

**THE PROPOSED ISSUE OF THE USD BONDS AMOUNTING TO
NOT MORE THAN USD1.0 BILLION**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of Shandong Chenming Paper Holdings Limited (the “**Company**”) is pleased to announce that a resolution at the fifteenth extraordinary meeting of the ninth session of the Board held on 4 December 2020 has approved the Company to issue USD bonds (the “**USD Bonds**”) overseas through Meilun (BVI) Limited, a wholly-owned subsidiary overseas. The Company will provide guarantee of no more than USD1.0 billion (including USD1.0 billion) with unconditional and irrevocable joint liability for the issuance (the “**Guarantee**”).

The issue of the USD Bonds is subject to shareholders’ approval by special resolution at the 2020 fifth extraordinary general meeting (the “**EGM**”) of the Company to be held on 21 December 2020. The EGM notice will be despatched to shareholders in accordance with the articles of association of the Company.

Particulars of the USD bonds, if proceeds, are as follows:

1. Issuer

The issuer will be Meilun (BVI) Limited, an overseas wholly-owned subsidiary of the Company.

2. Size of issue

The USD Bonds under the issuance shall be not more than USD1.0 billion (including USD1.0 billion). The specific amount is subject to the amount filed with the relevant state authorities.

3. Term of issue

The term will be not more than 5 years (including 5 years, may be issued in tranches), subject to changes in market interest rates and investors' demand.

4. Coupon rate

The coupon rate will be determined with reference to the market interest rate level and based on other factors such as the final bond term and market conditions.

5. Use of proceeds

The proceeds will be used to replace domestic and overseas debts, purchase raw materials, replenish working capital, and for project construction.

6. Place of Listing

The Stock Exchange of Hong Kong or other overseas exchanges.

7. Term of Validity of the resolution

The resolution on the issuance of USD Bonds is valid for 60 months from the date of approval at the EGM.

8. Authority matters related to the USD Bonds issuance

In order to ensure the orderly and efficient execution of the USD Bonds issuance, the Board will propose the EGM to approve the Board authorising the management of the Company to handle matters related to the issuance of overseas bonds according to the above issuance plan, including but not limited to: (1) formulate the specific issuance plan of the USD Bonds issuance and amend and adjust the issuance clauses of the USD Bonds issuance, including but not limited to matters related to the USD Bonds declaration and issuance such as specifically determining the timing of the issuance, issuance size, the number of issuance tranches, bond interest rate or its determination method within the scope permitted by laws and regulations and according to the specific conditions of the Company and the market; (2) decide on the engaging of underwriters and other intermediaries that will provide services for the overseas issuance of bonds to conduct the USD Bonds issuance; (3) sign contracts, agreements and documents related to the USD Bonds issuance, including but not limited to issuing application documents, underwriting agreements, guarantee agreements, various announcements, etc.; (4) perform necessary processing, including but not limited to relevant registration procedures; (5) adjust the specific plan of the issuance and other related matters according to the opinions of the regulatory authorities if regulatory policies or market conditions change, except for matters that should be reconsidered and approved at the general meeting according to related laws, regulations and the Articles of Association of the Company, or decide whether to continue to implement the issuance according to the actual situation; (6) the authorisation period starts from the date when the resolution of the USD Bonds issuance is approved at the EGM until the date when the EGM resolution of the USD Bonds expires or the aforementioned authorised matters are completed; and (7) carry out all other necessary matters related to the issuance of USD Bonds.

The Company will provide guarantee with unconditional and irrevocable joint liability for the USD Bonds issuance. The scope of guarantee includes the principal and interest of the overseas bonds. Final effectiveness will be based on the filing of relevant state departments. Details of the guarantee are as follows:

The guaranteed party Meilun (BVI) Limited was established on 30 August 2018, with its domicile at No. 3170, Road Town, Tortola Island, British Virgin Islands, with Jia Guanlei as its director, and a registered capital of USD50,000. Its business scope is import and export trade of paper products such as machine-made paper and paper board, raw materials for paper making and paper making machinery. Shandong Chenming Paper Sales Company Limited*, a wholly-owned subsidiary of the Company, holds 100% equity interest in Meilun (BVI) Limited. As at 31 December 2019, Meilun (BVI) Limited had total assets of RMB1,174.17 million, total liabilities of RMB1,169.20 million, and net assets of RMB4.97 million. In 2019, its total profit realised amounted to RMB710,000 and the net profit realised amounted to RMB710,000 (unaudited). As at 30 September 2020, Meilun (BVI) Limited had total assets of RMB1,120.13 million, total liabilities of RMB1,118.81 million, and net assets of RMB1.32 million. Its total profit realised for January to September 2020 was RMB-3.65 million, and the realised net profit was RMB-3.65 million (unaudited).

As at the date of announcement, the aggregate balance of external guarantees provided by the Company and its subsidiaries was RMB14.712 billion. After the provision of the guarantee of USD1.0 billion (approximately RMB6.551 billion) for the USD Bonds issuance, the aggregate balance of external guarantees provided by the Company and its subsidiaries was RMB21.263 billion, accounting for 84.48% of the latest audited net assets of the Company. In particular, the aggregate balance of guarantees provided by the Company and its subsidiaries to the entities outside the scope of the consolidated financial statements was RMB135 million, accounting for 0.54% of the latest audited net assets of the Company. The Company has no overdue external guarantees.

As of the date of announcement, no binding agreement on USD Bonds has been entered into, and the USD Bonds may not materialise. Investors and shareholders of the Company should be cautious when trading the securities of the Company. The Company will issue a further announcement when it reaches a binding agreement on the USD Bonds.

By order of the Board
Shandong Chenming Paper Holdings Limited
Chen Hongguo
Chairman

Shandong, PRC
4 December 2020

As at the date of this announcement, the executive Directors are Mr. Chen Hongguo, Mr. Hu Changqing, Mr. Li Xingchun and Mr. Li Feng; 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*