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山東晨鳴紙業集團股份有限公司
SHANDONG CHENMING PAPER HOLDINGS LTD.*
(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 Change in the Auditor of Shangdong Chenming Paper Holdings Ltd.” dated 16 September 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
16 September 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: 000488 200488 Stock abbreviation: Chenming Paper Chenming B

Announcement No.: 2019-106

Shandong Chenming Paper Holdings Limited

Announcement on Change in the Auditor

The Company and all members of the board of directors 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.

On 16 September 2019, Shandong Chenming Paper Holdings Limited (the “Company”) convened the Fourth Extraordinary Meeting of the Ninth Session of the Board and the Second Extraordinary General Meeting of the Ninth Session of the Supervisory Committee, during which the Resolution on Change in the Auditor was considered and approved. The Board of the Company intends to change to appoint Grant Thornton (Special General Partnership) (“Grant Thornton”) as the auditor for the financial audit and internal control audit of the Company for 2019. Relevant information is set out below:

I. Explanation on the change of the auditor

Ruihua Certified Public Accountants (Special General Partnership) (“Ruihua Certified Public Accountants”), the previous auditor of the Company, offered audit services for the Company for many consecutive years. It adhered to the principle of independent auditing, objectivity, fairness, and justness in the course of practice, reflecting the financial status of the Company and earnestly fulfilling the duties of the auditing organization. The Company would like to express its sincere gratitude to Ruihua Certified Public Accountants for its diligence, conscientiousness and quality service During the period of providing audit services to the Company.

Based on the business development and audit needs of the Company, and upon due and careful consideration, the Audit Committee of the Board of the Company proposed to change to appoint Grant Thornton (Special General Partnership) (“Grant Thornton”) licensed to engage in securities business as the auditor for the financial audit and internal

control audit of the Company for 2019 with the term of office of one year. The matters on the specific auditing fees shall be submitted by the Board of the Company to the general meeting of shareholders to authorize the management of the Company to determine with the auditing organization in accordance with the actual business and market conditions of the Company.

II. Basic information of the auditor to be appointed

Name: Grant Thornton (Special General Partnership)

Unified social credit code: 91110105592343655N

Registered office: 5th Floor, Scitech Place, 22 Jianguomen Wai Avenue, Chaoyang District, Beijing

Managing partner: Xu Hua

Date of establishment: 22 December 2011

Business scope: auditing enterprise financial statements, and issuing audit reports; verifying corporate capital, and issuing capital verification reports; handling audit of corporate mergers, divisions and liquidation, and issuing relevant reports; auditing annual financial budget for basic construction; agency bookkeeping; providing account consultation, tax consultation, management consultation, accounting training; other business as permitted by laws and regulations (Enterprises shall independently select operating projects and carry out business activities according to laws; operations that are subject to approval under the laws shall be carried out after the approval by relevant authorities; it is not allowed to engage in the business activities which are prohibited or restricted by local industrial policies.)

III. Procedures of the change in auditor

1. The Company had communicated in advance with Ruihua Certified Public Accountants, the previous auditor, on the matter of changing the auditor, and obtained its understanding and support. Ruihua Certified Public Accountants is aware of the matter and confirmed that it had no objection.

2. The audit committee of the Company was fully aware of the business qualifications and practice quality of Grant Thornton, and had carried out serious

verification on the relevant qualifications of Grant Thornton. After considering the business development needs and actual conditions of the Company, the Board of the Company believed that it meets the comprehensive qualification requirements for the services of listed companies and was capable of performing the annual audit work of the Company.

3. On 16 September 2019, the Company convened the Fourth Extraordinary Meeting of the Ninth session of the Board and the Second Extraordinary General Meeting of the Ninth Session of the Supervisory Committee, during which the Resolution on Change in the Auditor was considered and approved. The meetings agreed to change the audit of the Company for 2019 from Ruihua Certified Public Accountants to Grant Thornton. The matters on the specific auditing fees were submitted by the Board of the Company to the general meeting of shareholders to authorize the management of the Company to determine with the auditing organization in accordance with the actual business and market conditions of the Company. The resolution still needs to be submitted to the Second Extraordinary Meeting of the Company for 2019 for consideration in way of ordinary resolution.

IV. Prior approval and opinions on the change in the auditors by independent Directors.

In accordance with “Guiding Opinions on Establishing Independent Director System in Listed Companies”, “Guidelines for Standard Operation of Listed Companies”, “Articles of Association”, “Working System for Independent Directors” and other relevant provisions, the company communicated with us on the resolution on the change in the auditor to be submitted to the Fourth Extraordinary Meeting of the Ninth Session of the Board of Directors of the Company We listened to the report of the relevant personnel and reviewed the relevant materials, and published the following prior approval and independent opinions:

(I) Prior approval and opinions

We carefully reviewed the relevant information provided by the Board of Directors of the Company for the auditing organization of Grant Thornton for 2019. We believe that

Grant Thornton has the qualifications for dealing with securities and futures matters, as well as experience and ability to provide audit services for listed companies. The experience and ability can meet annual audit work requirements of the Company for 2019. It can independently audit the financial status of the Company without harming the interests of the Company's shareholders and the Company. We agreed to submit the resolution to the Fourth Extraordinary Meeting of the Ninth Session of the Board of Directors for consideration.

(II) Independent Opinions

The Company intends to appoint Grant Thornton for its qualifications for dealing with securities and futures matters, for its prolonged experience and ability to provide audit services for listed companies, for meeting annual audit work requirements of the Company for 2019, and for the capability of independent auditing of the financial status of the Company. The review procedures for the appointment of the auditor for the Company is in compliance with relevant laws and regulations and the Articles of Association, and there is no harm to the interests of the company and shareholders, especially small and medium investors. We agree to appoint Grant Thornton as the annual auditor of the Company for 2019.

V. Documents available for inspection

1. The resolutions of the Fourth Extraordinary Meeting of the Ninth Session of the Board;
2. The resolutions of the Second Extraordinary General Meeting of the Ninth Session of the Supervisory Committee;
3. Prior approval and opinions on the change in the auditors by independent Directors;
4. Independent opinions on the change in auditors by independent Directors.

Notice is hereby given.

The Board of Shandong Chenming Paper Holdings Limited

16 September 2019