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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 Changes in Accounting Policies” dated 25 October 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
25 October 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 Codes:
000488/200488

Stock Short Names:
Chenming Paper/Chenming B

Announcement No:
2019-121

Shandong Chenming Paper Holdings Limited

Announcement on Changes in Accounting Policies

The Company and all members of its board (the “Board”) of directors (“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.

Shandong Chenming Paper Holdings Limited (the “Company”) held the third meeting of the ninth session of the Board on 25 October 2019, at which the Resolution on Changes in Accounting Policies was considered and approved. In accordance with relevant notice issued by the Ministry of Finance of the People’s Republic of China (hereinafter referred to as the "Ministry of Finance"), the Company will make changes to the corresponding accounting policies. These changes in accounting policies are not required to be submitted to the general meeting for consideration, and the details are as follows:

I. Overview of Changes in Accounting Policies

(i) Reasons for changes in accounting policies

On 13 December 2018, the Ministry of Finance issued the Notice on Printing and Distributing the Amendments to the Accounting Standards for Business Enterprises (the “ASBE”) No. 21 - Lease (Cai Kuai [2018] No. 35), in which amendments were made to the ASBE No. 21 – Lease. Such amendments shall be implemented from 1 January 2019 for enterprises listed both domestically and overseas, as well as enterprises listed overseas and applying the International Financial Reporting Standards (the “IFRS”) or the ASBE to prepare their financial statements; shall be implemented from 1 January 2021 for other enterprises applying other corporate accounting standards.

On 30 April 2019, the Ministry of Finance issued the Notice on Amending, Printing and Distributing the General Format of the Financial Statements of Enterprises for 2019 (Cai Kuai [2019] No.6), in which amendments were made to the general format of the financial statements of enterprises, requiring non-financial enterprises applying the ASBE

to prepare their interim financial statements and annual financial statements for 2019 and the financial statements for subsequent periods in accordance with the ASBE and the Cai Kuai [2019] No. 6.

On 9 May 2019, the Ministry of Finance issued the Notice on Printing and Distributing the Amendments to the ASBE No. 7 - Exchange of Non-monetary Assets (Cai Kuai [2019] No. 8), in which amendments were made to the ASBE No. 7 - Exchange of Non-monetary Assets. Such amendments shall be implemented from 10 June 2019 by enterprises applying the ASBE.

On 16 May 2019, the Ministry of Finance issued the Notice on Printing and Distributing the Amendments to the ASBE No. 12 - Debt Restructuring (Cai Kuai [2019] No. 9), in which amendments were made to the ASBE No. 12 - Debt Restructuring. Such amendments shall be implemented from 17 June 2019 by enterprises applying the ASBE.

(ii) Accounting policies before and after the amendments

1. Accounting policies adopted by the Company before the amendments

Prior to those changes in accounting policies, the Company implemented the ASBE No. 21 - Lease, the ASBE No. 7 – Exchange of Non-monetary Assets and the ASBE No. 12 – Debt Restructuring issued by the Ministry of Finance on 15 February 2006, and the Notice on Amending, Printing and Distributing the General Format of the Financial Statements of Enterprises for 2018 issued by the Ministry of Finance on 15 June 2018.

2. Accounting policies adopted by the Company after the amendments

The Company is listed both domestically and overseas. From 1 January 2019, the Company will apply the amendments to the ASBE No. 21 – Lease issued by the Ministry of Finance on 13 December 2018. Such amendments mainly included the definition and identification of lease; accounting treatment of lessee and accounting treatment of lessor and others.

The Company is a non-financial enterprise that is applying the ASBE and has applied new financial standards, new revenue standards and new lease standards. The Ministry of Finance issued the Notice on Amending, Printing and Distributing the General Format of the Financial Statements of Enterprises for 2019 (Cai Kuai [2019] No. 6) on 30 April 2019, requiring the General Format of Financial Statements of Enterprises (Applicable for the Enterprises Implemented New Financial Standards, New Revenue Standards and New Lease Standards) to be applied in preparation of interim financial statements and annual

financial statements for 2019 and financial statements for subsequent periods.

The Ministry of Finance made amendments to the ASBE No. 7 – Exchange of Non-monetary Assets on 9 May 2019. Such amendments mainly included scope of application, recognition conditions and fair value measurement for exchanges of non-monetary assets.

The Ministry of Finance made amendments to the ASBE No. 12 - Debt Restructuring on 16 May 2019. Such amendments mainly included definition, scope of application, accounting treatment and information disclosure of debt restructuring.

(iii) Date of change

The Finance Department of the Company has made corresponding accounting treatment for changes in time and content, and changed its accounting policies in accordance with the requirements of such notices of the Ministry of Finance.

(4) Major changes

The change in accounting policies resulting from implementation of the ASBE No. 21 – Lease issued by the Ministry of Finance on 13 December 2018 did not involve restatement of comparative information, and the latest accounting standards have been applied in the preparation of the first quarter report and half-year report of 2019. Comparative information is not required to be adjusted retrospectively in the implementation of the ASBE No. 7 – Exchange of Non-monetary Assets issued by the Ministry of Finance on 9 May 2019 and the amendments to the ASBE No. 12 – Debt Restructuring on 16 May 2019, and the latest accounting standards have been applied in the half-year report of 2019.

After implementation of the Notice on General Format of Financial Statements for Enterprises (Applicable to the Enterprises Implemented New Financial Standards, New Revenue Standards and New Lease Standards) issued by the Ministry of Finance on 30 April 2019 (Cai Kuai [2019] No. 6), the Company has made the following changes to the format of its financial statements:

1. Balance Sheet:

The original item “notes receivable and accounts receivable” is split into “notes receivable” and “accounts receivable”,

The original item “notes payables and accounts payable” is split into “notes payable” and “accounts payable”;

A new item of “receivables financing” is added to reflect the notes receivable and accounts receivable measured at fair value through other comprehensive income as at the balance sheet date.

A new item of “right-of-use assets” is added to reflect the carrying amount of right-of-use assets held by the Company as at the balance sheet date as at the end of the period. The item shall be indicated by the amount of the balance as at the end of the period under “right-of-use assets” minus the balance as at the end of the period under “accumulated depreciation of right-of-use assets” and “provision for the impairment of right-of-use assets”.

A new item of “lease liabilities” is added to reflect the carrying amount of lease payments yet to be paid by the Company as at the balance sheet date as at the end of the period.

2. Income Statement:

The item of “Less: asset impairment loss” is adjusted to “Add: asset impairment loss (losses are indicated by ‘-’);”;

The item of “Less: credit impairment loss” is adjusted to “Add: credit impairment loss (losses are indicated by ‘-’);”;

An item of “derecognition income of the financial assets measured at amortised cost” is added to reflect gain or loss of the Company arising from the derecognition of financial assets at amortised cost as a result of transfers. The item shall be analysed and presented based on the amount of breakdown items under investment income; losses are indicated by “-”;

An item of “Net gains on exposure hedges (losses are indicated by ‘-’)” is added to reflect the amount transferred from accumulated fair value changes of the hedged projects under the net exposure hedge to the profit or loss for the current period or the amount transferred from the cash flow hedging reserve to the profit or loss for the current period.

The items of “asset impairment loss” and “credit impairment loss” are moved after the item of “gain on fair value changes”.

3. Cash Flow Statement

Cash flow statement clarifies the presentation of government grants that all

government grants actually received by the Company are presented in the “cash received relating to other operating activities” item, no matter it is asset-related or revenue-related.

4. Statement of Changes in Equity

Statement of Changes in Equity clarifies the presentation of “capital contributed by other equity instruments holders” item. The “capital contributed by other equity instruments holders” item reflects the amount of capital contributed by the holders of financial instruments issued by the Company classified as equity instruments other than ordinary shares.

II. Impact of the changes in accounting policies on the Company

The changes in accounting policies of the Company only affect the formats of financial statements and the presentation of some items, without any impact on the net assets, net profit and other related financial indicators of the Company. The changes in accounting policies are made according to the requirements of national laws and regulations, and are in compliance with relevant requirements and the actual condition of the Company, without any prejudice to the interests of the Company and the shareholders.

III. Opinions of the Board, independent Directors and the Supervisory Committee

1. Explanation of the Board on the reasonability of the changes in accounting policies

The changes in accounting policies of the Company are amendments and adjustments made according to the requirements of the Notice on Amendments and the New Financial Instrument Standards issued by the Ministry of Finance, and are in compliance with the relevant requirements and the actual condition of the Company. The changed accounting policies can reflect the financial condition and operating results of the Company more objectively and fairly. The changes in accounting policies and the decision-making procedure thereof are in compliance with the relevant laws and regulations, without any prejudice to the interests of the Company and the shareholders.

2. Opinions of the independent Directors on the changes in accounting policies

The changes in accounting policies are adjustments and modifications made by the Company to the formats of financial statements in accordance with the requirements of the relevant documents issued by the Ministry of Finance, and are in compliance with the relevant requirements and the actual condition of the Company. The changed accounting policies can reflect the financial condition and operating results of the Company more

objectively and fairly. The decision-making procedure of the changes in accounting policies is in compliance with the relevant laws and regulations and the Articles of Association, without any prejudice to the interests of the Company and the shareholders, and therefore we concur with the changes in accounting policies.

3. Opinions of the Supervisory Committee on the changes in accounting policies

The changes in accounting policies are reasonable modification and adjustments made by the Company pursuant to the relevant documents issued by the Ministry of Finance, and are in compliance with the relevant requirements of the Ministry of Finance and the actual condition of the Company. The decision-making procedure of the changes in accounting policies is in compliance with the requirements of related laws and regulations and the Articles of Association, without any prejudice to the interests of the Company and the shareholders. Therefore, the Supervisory Committee concurs with the changes in accounting policies.

Notice is hereby given.

Board of Shandong Chenming Paper Holdings Limited

25 October 2019