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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shandong Chenming Paper Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) SHARE TRANSACTION – INVOLVING THE ASSET PURCHASE
THROUGH THE ISSUANCE OF
CONSIDERATION SHARES AND CASH PAYMENTS;
(2) NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING;
AND
(3) NOTICE OF 2023 FIRST CLASS MEETING FOR HOLDERS
OF H SHARES**

A letter from the Board is set out on pages 7 to 31 of this circular.

The EGM and the H Share Class Meeting will be held on Monday, 27 February 2023 at 2:00 p.m. and immediately after the conclusion of the 2023 first class meeting for holders of domestic-listed shares (A Shares and B Shares) (or any adjourned meeting thereof) on Monday, 27 February 2023 respectively at the conference room of the research and development centre of the Company, No. 2199 Nongsheng Road East, Shouguang City, Shandong Province, the People's Republic of China.

Notices of the EGM and the H Share Class Meeting dated 19 January 2023, and their respective forms of proxy have been published by the Company on the website of the Stock Exchange respectively.

Whether or not you are able to attend the EGM and the H Share Class Meeting, you are requested to complete and return the forms of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the EGM and the H Share Class Meeting (or any adjournment thereof (as the case maybe)). Completion and return of the forms of proxy will not affect your rights to attend in person and vote at the EGM and the H Share Class Meeting, should you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“3-Party Supplemental Agreement”	the 3-Party supplemental agreement entered into among the Company, Chenming Investment and Chenming Asset Management on 19 January 2023 to amend an inadvertent clerical error in the Supplemental Agreement 2
“A Shares”	the domestic share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in RMB (stock code: 000488)
“Administrative Measures for Reorganisations”	the Administrative Measures for the Material Asset Reorganisations of Listed Companies
“Asset Purchase Agreement 1”	the agreement on asset purchase through the issuance of shares entered into among the Company and Dongxing Investment on 21 November 2022, in relation to the proposed purchase of Subject Assets 1 by issuance of A Shares by the Company
“Asset Purchase Agreement 2”	the agreement on asset purchase through the issuance of shares and cash payments entered into among the Company, Chenming Investment, Chongqing Trust and Chenming Asset Management on 21 November 2022, in relation to the proposed purchase of Subject Assets 2 by issuance of A Shares by the Company and the proposed purchase of Subject Assets 3 by cash payments by Chenming Investment
“Asset Purchase Agreements”	Asset Purchase Agreement 1 and Asset Purchase Agreement 2
“Supplemental Agreement 1”	the supplemental agreement to the agreement on asset purchase through the issuance of shares entered into between the Company and Dongxing Investment on 19 January 2023, in relation to supplements to the Asset Purchase Agreement 1, including but not limited to the appraisal value of and the consideration for the Subject Assets 1, and the number of Consideration Shares 1 issued

DEFINITIONS

“Supplemental Agreement 2”	the supplemental agreement to the agreement on asset purchase through the issuance of shares and cash payments entered into among the Company, Chenming Investment, Chongqing Trust and Chenming Asset Management on 19 January 2023, in relation to supplements to the Asset Purchase Agreement 2 (as amended and supplemented by 3-Party Supplemental Agreement), including but not limited to the appraisal value of and the consideration for the Subject Assets 2 and the Subject Assets 3, and the number of Consideration Shares 2 issued
“Supplemental Agreements”	Supplemental Agreement 1 and Supplemental Agreement 2
“Asset Valuation Report”	the Asset Valuation Report (Lu Rui Hua Ping Bao Zi (2022) No. 0872) evaluated with the adoption of the asset-based approach as at the Valuation Benchmark Date issued by Ruihua Valuation and filed with Shouguang State-owned Assets Supervision and Administration Bureau
“Ruihua Valuation”	Shandong Ruihua Assets Valuation Company Limited (山東瑞華資產評估有限公司)
“Grant Thornton”	Grant Thornton (Special General Partnership)
“Supervision over Abnormal Stock Trading Related to the Material Asset Reorganizations of Listed Companies”	Regulatory Guidelines for Listed Companies No. 7—Supervision over Abnormal Stock Trading Related to the Material Asset Reorganizations of Listed Companies
“B Shares”	the domestic listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of Shenzhen Stock Exchange and traded in Hong Kong dollars (stock code: 200488)
“Board”	the board of Directors of the Company

DEFINITIONS

“Chenming Asset Management”	Chenming (Qingdao) Asset Management Co., Ltd.* (晨鳴(青島)資產管理有限公司), a limited liability company incorporated in the PRC, holding 0.22% general partnership share in the Target Fund as at the date of this circular
“Chenming Holdings”	Chenming Holding Company Limited* (晨鳴控股有限公司), a limited liability company incorporated in the PRC and the controlling Shareholder of the Company
“Chenming Holdings (HK)”	Chenming Holdings (Hong Kong) Limited, a limited company incorporated in Hong Kong, and a wholly-owned subsidiary of Chenming Holdings
“Chenming Investment”	Shandong Chenming Investment Co., Ltd.* (山東晨鳴投資有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Chongqing Trust”	Chongqing International Trust Inc.* (重慶國際信託股份有限公司), a joint stock limited liability company incorporated in the PRC, holding 44.44% limited partnership share in the Target Fund as at the date of this circular
“Class Meetings”	the 2023 first class meeting for holders of domestic listed shares (A Shares and B Shares) and the H Share Class Meeting to be held by the Company on 27 February 2023
“Company”	Shandong Chenming Paper Holdings Limited* (山東晨鳴紙業集團股份有限公司), a joint stock limited liability company incorporated in the PRC whose H Shares are listed on the Main Board of the Stock Exchange
“Consideration Shares”	Consideration Shares 1 and Consideration Shares 2
“Consideration Shares 1”	new A shares to be issued by the Company to Dongxing Investment under the Asset Purchase Agreement 1 to satisfy the consideration of Subject Assets 1
“Consideration Shares 2”	new A shares to be issued by the Company to Chongqing Trust under the Asset Purchase Agreement 2 to satisfy the consideration of Subject Assets 2
“CSRC”	the China Securities Regulatory Commission

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Dongxing Investment”	Dongxing Securities Investment Co., Ltd.* (東興證券投資有限公司), a limited liability company incorporated in the PRC, holding 3.57% equity interests in the Target Company as at the date of this circular
“EGM”	the 2023 first extraordinary general meeting to be held by the Company on 27 February 2023
“Group”	the Company and its subsidiaries
“H Share Class Meeting”	the 2023 first class meeting for holders of H Shares to be held by the Company on 27 February 2023
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shareholder(s)”	holder(s) of H Share(s)
“H Shares”	the overseas listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (stock code: 01812)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Issuance”	the issuance of Consideration Shares 1 and Consideration Shares 2 by the Company to Dongxing Securities and Chongqing Trust in partial payment of the transaction consideration for the Reorganisation as consideration for Subject Assets 1 and Subject Assets 2, respectively
“Latest Practicable Date”	31 January 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Lock-up Period”	a period of twelve months commencing from the date of completion of the Issuance, unless otherwise required by the CSRC and the Shenzhen Stock Exchange
“Material Asset Reorganisations”	the Shenzhen Stock Exchange Self-discipline Supervisory Guidelines for Listed Companies No.8 – Material Asset Reorganisations (《深圳證券交易所上市公司自律監管指引第 8 號—重大資產重組》)
“Notice of 2023 First EGM”	notice of the 2023 first extraordinary general meeting as set out on pages 42 to 45 in this circular
“Notice of 2023 First H Share Class Meeting”	notice of the 2023 first H share class meeting as set out on pages 46 to 49 in this circular
“PRC”	the People’s Republic of China, and for the purposes of this circular, excluding the Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
“Pricing Benchmark Date”	21 November 2022
“Provisions on Issues Concerning Regulating the Material Asset Reorganisations”	the Provisions on Issues Concerning Regulating the Material Asset Reorganisations of Listed Companies (《關於規範上市公司重大資產重組若干問題的規定》)
“Reorganisation”	the transaction that the Group proposed to purchase Subject Assets 1, Subject Assets 2 and Subject Assets 3 under the Asset Purchase Agreement 1 and the Asset Purchase Agreement 2
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China, as amended from time to time
“Shareholder(s)”	holder(s) of shares of the Company
“Share(s)”	A Share(s), B Share(s) and H Share(s)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange

DEFINITIONS

“Specific Mandate”	the specific mandate to be granted to Directors at the EGM and H Share Class Meeting by the Shareholders as proposed so as to allot and issue Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Assets”	Subject Assets 1, Subject Assets 2 and Subject Assets 3
“Subject Assets 1”	1.19% equity interests in the Target Company held by Dongxing Investment which are proposed to be purchased by the Company under the Asset Purchase Agreement 1
“Subject Assets 2”	44.44% limited partnership share in the Target Fund held by Chongqing Trust which are proposed to be purchased by the Company under the Asset Purchase Agreement 2
“Subject Assets 3”	0.22% general partnership share in the Target Fund held by Chenming Asset Management which are proposed to be purchased by Chenming Investment in connection with the Asset Purchase Agreement 2
“Target Company”	Shouguang Meilun Paper Co., Ltd.* (壽光美倫紙業有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company
“Target Fund”	Weifang Chenrong Growth Driver Replacement Equity Investment Fund Partnership (Limited Partnership)* (濰坊晨融新舊動能轉換股權投資基金合夥企業(有限合夥)), a limited partnership incorporated in the PRC, holding 5.44% equity interests in the Target Company as at the date of this circular
“Valuation Benchmark Date”	30 September 2022
“%”	percentage

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Chen Hongguo
Mr. Hu Changqing
Mr. Li Xingchun
Mr. Li Feng
Mr. Li Weixian

Legal address:

No. 595 Shengcheng Road
Shouguang City
Shandong Province
the PRC

Non-executive Directors:

Mr. Han Tingde
Mr. Li Chuanxuan

Independent non-executive Directors:

Ms. Yin Meiqun
Mr. Sun Jianfei
Mr. Yang Biao
Mr. Li Zhihui

9 February 2023

To the Shareholders

Dear Sir or Madam,

**(1) SHARE TRANSACTION – INVOLVING THE ASSET PURCHASE
THROUGH THE ISSUANCE OF
CONSIDERATION SHARES AND CASH PAYMENTS;
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AND
(3) NOTICE OF 2023 FIRST CLASS MEETING FOR HOLDERS
OF H SHARES**

1. INTRODUCTION

The purpose of this circular is to provide you with, among others, (i) the details of the Asset Purchase Agreements and other resolutions in relation to the proposed asset purchase through the issuance of Consideration Shares; and (ii) notices convening the EGM and the H Share Class Meeting, so that you may make an informed decision on voting in respect of the relevant resolutions at the EGM and the H Share Class Meeting.

* For identification purpose only

LETTER FROM THE BOARD

2. PROPOSED ASSET PURCHASE THROUGH THE ISSUANCE OF CONSIDERATION SHARES AND CASH PAYMENTS

Background

Reference is made to the announcements of the Company dated 21 November 2022 and 19 January 2023 in relation to the proposed asset purchase through the issuance of Consideration Shares and cash payments.

The resolution in relation to the proposal of asset purchase through the issuance of Consideration Shares and cash payments and other relevant resolutions have been considered and approved in the Fourth Extraordinary Meeting of the Tenth Session of the Board and the Second Extraordinary Meeting of the Tenth Session of the Supervisory Committee on 21 November 2022, respectively. On the same date, the Company entered into the Asset Purchase Agreement 1 with Dongxing Investment, and entered into the Asset Purchase Agreement 2 with Chenming Investment, Chongqing Trust and Chenming Asset Management. On 19 January 2023, the resolution in relation to the proposal of asset purchase through the issuance of Consideration Shares and cash payments and other relevant resolutions have been further considered and approved by the Board. On the same date, the Company entered into the Supplemental Agreement 1 with Dongxing Investment, and entered into the Supplemental Agreement 2 with Chenming Investment, Chongqing Trust and Chenming Asset Management. The Company, Chenming Investment and Chenming Asset Management also entered into a 3-Parties Supplemental Agreement on the same date to amend an inadvertent clerical error in the Supplemental Agreement 2.

Pursuant to the Asset Purchase Agreement 1 (as amended and supplemented by the Supplemental Agreement 1), Dongxing Investment has conditionally agreed to sell and the Company has conditionally agreed to purchase Subject Assets 1 at the consideration of RMB104,882,063.04, which shall be settled by the Company's issuance of A Shares to Dongxing Investment at the issue price of RMB4.42 per Consideration Share. Pursuant to the Asset Purchase Agreement 2 (as amended and supplemented by the Supplemental Agreement 2), Chongqing Trust has conditionally agreed to sell and the Company has conditionally agreed to purchase Subject Assets 2 at the consideration of RMB212,656,685.64, which shall be settled by the Company's issuance of A Shares to Chongqing Trust at the issue price of RMB4.42 per Consideration Share; and Chenming Asset Management has conditionally agreed to sell and Chenming Investment has conditionally agreed to purchase Subject Assets 3 at the consideration of RMB1,063,178.16, which shall be settled in cash by Chenming Investment.

Prior to the Reorganisation, the Company held 62.49% equity interests in the Target Company. Immediately after the Reorganisation, the Company will directly hold 63.68% equity interests in the Target Company and 44.44% limited partnership share in the Target Fund, and will control the Target Fund by holding 0.22% general partnership share in the Target Fund through Chenming Investment and indirectly hold 5.44% equity interests in the Target Company through the Target Fund, increasing its total share holdings in the Target Company to 69.12%.

LETTER FROM THE BOARD

Asset Purchase Agreements (as Amended and Supplemented by the Supplemental Agreements)

The principal terms of the Asset Purchase Agreements (as amended and supplemented by the Supplemental Agreements) are summarised as follows:

Date : 21 November 2022 (as amended and supplemented by the Supplemental Agreements dated 19 January 2023)

Parties : Asset Purchase Agreement 1
The Company (as transferee); and Dongxing Investment (as transferor).

Asset Purchase Agreement 2

The Company and Chenming Investment (each as transferee); and Chongqing Trust and Chenming Asset Management (each as transferor).

Subject : Pursuant to the Asset Purchase Agreement 1, the Company will conditionally purchase the Subject Assets 1, and issue the Consideration Shares 1 to Dongxing Investment as the consideration.

Pursuant to the Asset Purchase Agreement 2, the Company will conditionally purchase the Subject Assets 2, and issue the Consideration Shares 2 to Chongqing Trust as the consideration; and Chenming Investment will conditionally purchase the Subject Assets 3, and satisfy the consideration in cash.

Consideration : The parties acknowledge and agree that, based on the Asset Valuation Report, the appraisal value of all shareholders' equity in the Target Company is RMB8,801,538,200 as at the Valuation Benchmark Date, i.e. 30 September 2022.

Pursuant to the Supplemental Agreement 1, the consideration for the transfer of Subject Assets 1 (representing 1.19% equity interest in the Target Company) held by Dongxing Investment is RMB104,882,063.04; pursuant to the Supplemental Agreement 2, the consideration for the transfer of Subject Assets 2 (representing approximately 2.4161% equity interest in the Target Company) held by Chongqing Trust is RMB212,656,685.64; and the consideration for the transfer of Subject Assets 3 (representing approximately 0.0121% equity interest in the Target Company) held by Chenming Asset Management is RMB1,063,178.16. The total consideration of the Subject Assets will be RMB318,601,926.84.

LETTER FROM THE BOARD

The above consideration was determined with reference to the valuation results in the Asset Valuation Report, taking into account the proportion of shareholders' equity in the Target Company proposed to be transferred by Dongxing Investment and the proportion of shareholders' equity in the Target Company corresponding to the shares in the Target Fund proposed to be transferred by Chongqing Trust and Chenming Asset Management.

Price of the Consideration Shares : The shares of the Issuance are A Shares to be listed and traded on Shenzhen Stock Exchange, with a par value of RMB1.00 per share. The Administrative Measures for Reorganisation issued by the CSRC stipulates that the price of shares issued by a listed company shall not be lower than 90% of the market reference price. The market reference price is one of the average trading prices of A Shares in 20 trading days, 60 trading days or 120 trading days before the Pricing Benchmark Date. The details are shown in the following table:

	Average trading price	90% of average trading price
Period for calculation of A Shares average trading price		
Last 20 trading days	4.90	4.41
Last 60 trading days	5.02	4.52
Last 120 trading days	5.30	4.77

Upon amicable negotiations among the parties, the issue price of the Consideration Shares is RMB4.42/share, which is not less than 90% of the average trading price of A Shares in 20 trading days before the Pricing Benchmark Date and fulfills the requirements of the Administrative Measures for Reorganisation. Should there be any distribution of dividend, issue of bonus shares, conversion of capital reserve into share capital from the Pricing Benchmark Date to the issue date of the Consideration Shares, the issue price of the Issuance will be adjusted accordingly in accordance with the relevant rules of the CSRC and Shenzhen Stock Exchange. The final issue price of the Consideration Shares is subject to the approval of the Company's EGM and Class Meetings and the CSRC.

LETTER FROM THE BOARD

Number of the Consideration Shares to be issued : Based on the abovementioned consideration for Subject Assets 1 and Subject Assets 2 and the issue price of the Issuance, the number of Consideration Shares to be issued by the Company to Dongxing Investment and Chongqing Trust is 23,728,973 shares and 48,112,372 shares, respectively, being 71,841,345 shares in aggregate. The fractional part of shares to be issued under the Issuance will be waived voluntarily by Dongxing Investment and Chongqing Trust.

The final number of shares issued under the Issuance shall be subject to the number approved by the CSRC. Should there be any distribution of dividend, issue of bonus shares, conversion of capital reserve into share capital from the Pricing Benchmark Date to the issue date of the Consideration Shares, the issue price of the Issuance and the number of the Consideration Shares to be issued will be adjusted accordingly in accordance with the relevant rules of the CSRC and Shenzhen Stock Exchange.

Cash consideration : Pursuant to the Supplemental Agreement 2, Chenming Investment will pay the relevant consideration of the Subject Assets 3 to Chenming Asset Management in cash, and the payment will be made in favour of Chenming Asset Management in a lump sum within 30 days after the fulfillment of conditions to effectiveness under the Asset Purchase Agreement 2 and the reorganisation proposal being approved by the CSRC and the completion of transfer of Subject Assets 3. The source of funds for Chenming Investment to pay relevant consideration to Chenming Asset Management is its own funds.

Lock-up Period : Pursuant to the Asset Purchase Agreements, unless otherwise required by the CSRC and Shenzhen Stock Exchange, Dongxing Investment and Chongqing Trust undertake not to transfer the Consideration Shares within 12 months from the date of the Issuance.

Upon the expiration of the Lock-up Period, Dongxing Investment and Chongqing Trust must also comply with the Company Law of the PRC, the Securities Law, the Shenzhen Stock Exchange Listing Rules and other laws, rules and the relevant provisions of the Company's Articles of Association.

Arrangement of accumulated undistributed profits : The accumulated undistributed profits of the Company before the completion of the Issuance shall be shared by the existing and new shareholders upon the completion of the Issuance.

LETTER FROM THE BOARD

Effective : The Asset Purchase Agreements and the Supplemental Agreements will take effect when all the following conditions have been satisfied:

1. the approval from the Board for the Reorganisation proposal has been obtained;
2. the approval from the competent state-owned assets management organization for the Reorganisation has been obtained;
3. the approval from the extraordinary general meeting and Class Meetings for the Reorganisation and the issuance of the Consideration Shares has been obtained; and
4. the approval from the CSRC for the Reorganisation has been obtained.

If any of the above conditions are not fulfilled, the Asset Purchase Agreements and the Supplemental Agreements will not come into force, and the Company will not proceed the Reorganisation.

As at the Latest Practicable Date, Item 1 of the conditions precedent to the Asset Purchase Agreements and the Supplemental Agreements has been fulfilled.

Completion : Pursuant to the Asset Purchase Agreement 1, the parties agree that the completion date shall be the date when the industrial and commercial change registration of the transfer of the Subject Assets 1 to the Company is completed.

Pursuant to the Asset Purchase Agreement 2, the parties agree that the completion dates shall be the dates when the industrial and commercial change registration of the transfer of the Subject Assets 2 and Subject Assets 3 to the Company and Chenming Investment are completed, respectively.

After the completion of the Reorganisation, the Company shall register the Consideration Shares in the name of Dongxing Investment and Chongqing Trust with Shenzhen Stock Exchange and relevant registration and clearing agencies.

LETTER FROM THE BOARD

Termination : Pursuant to the Asset Purchase Agreements and the Supplemental Agreements, the Asset Purchase Agreements and the Supplemental Agreements will be terminated or dissolved in any of the following circumstances:

1. the parties agree to terminate the Asset Purchase Agreements and the Supplemental Agreements in writing;
2. the Asset Purchase Agreements and the Supplemental Agreements cannot be performed due to force majeure;
3. If one party seriously breaches the Asset Purchase Agreements and the Supplemental Agreements, which makes the other party unable to achieve the fundamental purpose of signing the Asset Purchase Agreements and the Supplemental Agreements, the other party shall have the right to terminate the transactions contemplated under the Asset Purchase Agreements and the Supplemental Agreements and dissolve the Asset Purchase Agreements and the Supplemental Agreements in writing;
4. If one party breaches the agreement or commitment under the Asset Purchase Agreements and the Supplemental Agreements and still fails to correct within 20 working days after receiving the other party's written notice, the other party shall have the right to propose in writing to terminate the transactions contemplated under the Asset Purchase Agreements and the Supplemental Agreements and dissolve the Asset Purchase Agreements and the Supplemental Agreements; and
5. If a major adverse event occurs and the rectification cannot be completed within a reasonable period (or the rectification measures are insufficient to eliminate the adverse effects), the Company and Chenming Investment shall have the right to propose in writing to terminate the transactions contemplated under the Asset Purchase Agreements and the Supplemental Agreements and dissolve the Asset Purchase Agreements and the Supplemental Agreements.

If the Asset Purchase Agreements and the Supplemental Agreements are terminated or dissolved, the Reorganisation will not be proceeded.

LETTER FROM THE BOARD

Issuance of Consideration Shares

The A Shares to be issued by the Company under the Reorganisation will be applied for listing and trading on the Shenzhen Stock Exchange. The Consideration Shares will be allotted and issued pursuant to the Specific Mandate. The method of issue under the Issuance will be non-public issuance to designated party, and the target investors are Chongqing Trust and Dongxing Investment.

Determination Basis for Consideration

The Consideration was determined after arm's length negotiations among the Company and the parties with reference to (i) the corresponding market value of the Target Company as at the Valuation Benchmark Date as appraised by Ruihua Valuation under the asset-based approach; (ii) the proportion of shareholders' equity in the Target Company proposed to be transferred by Dongxing Investment; and (iii) the proportion of shareholders' equity in the Target Company corresponding to the shares in the Target Fund proposed to be transferred by Chongqing Trust and Chenming Asset Management. Therefore, the Directors (including the independent non-executive Directors) believe that the Consideration for the Reorganisation and the terms and conditions of the Asset Purchase Agreements and Supplemental Agreements are entered into on normal commercial terms, and are fair and reasonable to the Company and in the interests of the Company and shareholders as a whole.

Information about the Target Company

The Target Company is a limited liability company incorporated in the PRC, mainly engaged in the production and sales of machine-made paper, pulp and papermaking chemical products, and its products cover coated paper, double offset paper, electrostatic copy paper and living paper.

The financial data of the Target Company for the two financial years ended 31 December 2021 and for the nine months ended 30 September 2022 are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the nine months ended 30 September 2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Profit before tax	226,438,303.59	238,817,421.71	230,526,364.00
Profit after tax	219,893,721.83	244,940,482.34	229,082,241.65

The audited net assets of the Target Company as at 30 September 2022 was RMB8,329,758,984.66.

LETTER FROM THE BOARD

Information about the Target Fund

The Target Fund is a limited partnership incorporated in the PRC, primarily for the purpose of investing in the Target Company, and does not hold any other major assets or conduct other external businesses, other than holding 5.44% equity of the Target Company.

The financial data of the Target Fund for the two financial years ended 31 December 2021 and for the nine months ended 30 September 2022 are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the nine months ended 30 September 2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Profit before tax	(2,641.32)	72,441,534.28	16,946,080.94
Profit after tax	(2,641.32)	72,441,534.28	16,946,080.94

The audited net assets of the Target Fund as at 30 September 2022 was RMB96,533,580.06.

Reasons and Benefits for Entering into the Asset Purchase Agreements

In recent years, China has issued a series of policy documents and outlines, including those for promoting the optimisation and upgrading of the manufacturing industry and for accelerating the transformation and upgrading of enterprises in key industries such as the chemical industry and the papermaking industry, so as to improve the green manufacturing system. Relevant policy documents also encourage listed enterprises to carry out restructuring and supporting financing through the capital market to facilitate resources consolidation and optimisation.

The Board is of the view that this reorganisation proposal will further increase the Company's shareholding (direct and indirect) in the Target Company, and then the financial indicators of the Company such as equity attributable to owners of the parent company and net profit attributable to shareholders of the parent company will be improved, which will be conducive to the protection of the benefits of the listed company and its all shareholders. Furthermore, upon the completion of the Issuance, Dongxing Investment and Chongqing Trust will become the shareholders of the Company, which will bring the Company a more diversified shareholder structure, contribute to increase in the number of shares held by institutional shareholders, and is in the interests of the Company as a whole.

Given the reasons and benefits above, the Directors (including all independent non-executive Directors) believe that the terms of the Asset Purchase Agreements are fair and reasonable and on normal or better commercial terms, and the Asset Purchase Agreements and the Reorganisation are in the interests of the Company and shareholders as a whole.

LETTER FROM THE BOARD

Financial Impact of the Transactions

As at the date of this circular, the Target Company is a subsidiary of the Company. Upon the completion of the Reorganisation, the Target Company will continue to be a subsidiary of the Company, and the Company still has control over the Target Company. Therefore, the financial results of the Target Company remain to be consolidated into the Company's financial statements.

As at the date of this circular, the Target Fund still hasn't become a subsidiary of the Company. Upon the completion of the Reorganisation, the Target Fund will be directly held as to 44.44% limited partnership share by the Company and be held as to 0.22% general partnership share by the Company through Chenming Investment. Therefore, the Target Fund will become a subsidiary of the Company, and the Company has control over the Target Fund. Accordingly, the financial results of the Target Fund will be consolidated into the Company's financial statements.

Effect on the Company's Shareholding Structure upon the Issuance

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Issuance (assuming that there is no other change in the shareholding structure of the Company before the issuance of the Consideration Shares):

Shareholders	Class of Shares	As at the Latest Practicable Date		Immediately after the completion of the Issuance	
		Approximate percentage of Shares held in		Approximate percentage of Shares held in	
		Number of	all classes of	Number of	all classes of
		Shares held	issued Shares (%)	Shares held	issued Shares (%)
Substantial shareholders					
Chenming Holdings	A Shares	457,322,919	15.35	457,322,919	14.99
	B Shares	—	—	—	—
	H Shares	—	—	—	—
Chenming Holdings (HK) ^{Note 1}	A Shares	—	—	—	—
	B Shares	210,717,563	7.07	210,717,563	6.91
	H Shares	153,414,000	5.15	153,414,000	5.03
Directors and other core connected persons					
Chen Hongguo ^{Note 2}	A Shares	31,080,044	1.04	31,080,044	1.02
	B Shares	—	—	—	—
	H Shares	—	—	—	—

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Shareholders	Class of Shares	As at the Latest Practicable Date		Immediately after the completion of the Issuance	
		Number of Shares held	Approximate percentage of Shares held in all classes of issued Shares (%)	Number of Shares held	Approximate percentage of Shares held in all classes of issued Shares (%)
Hu Changqing ^{Note 2}	A Shares	3,792,857	0.13	3,792,857	0.12
	B Shares	—	—	—	—
	H Shares	—	—	—	—
Li Xingchun ^{Note 2}	A Shares	5,000,000	0.17	5,000,000	0.16
	B Shares	—	—	—	—
	H Shares	—	—	—	—
Li Feng ^{Note 2}	A Shares	3,156,027	0.11	3,156,027	0.10
	B Shares	—	—	—	—
	H Shares	—	—	—	—
Li Weixian ^{Note 2}	A Shares	1,562,100	0.05	1,562,100	0.05
	B Shares	—	—	—	—
	H Shares	—	—	—	—
Li Kang ^{Note 2}	A Shares	149,300	0.005	149,300	0.005
	B Shares	—	—	—	—
	H Shares	—	—	—	—
Total of substantial shareholders and core connected persons	A Shares	502,063,247	16.85	502,063,247	16.45
	B Shares	210,717,563	7.07	210,717,563	6.91
	H Shares	153,414,000	5.15	153,414,000	5.03
	All classes	866,194,810	29.07	866,194,810	28.39
Dongxing Investment	A Shares	—	—	23,728,973	0.78
	B Shares	—	—	—	—
	H Shares	—	—	—	—
Chongqing Trust	A Shares	—	—	48,112,372	1.58
	B Shares	—	—	—	—
	H Shares	—	—	—	—
Total of Dongxing Investment and Chongqing Trust	A Shares	—	—	71,841,345	2.35
	B Shares	—	—	—	—
	H Shares	—	—	—	—
	All classes	—	—	71,841,345	2.35
Public ^{Note 3}	A Shares	1,242,988,437	41.71	1,242,988,437	40.73
	B Shares	495,667,703	16.63	495,667,703	16.24
	H Shares	374,891,250	12.58	374,891,250	12.29
	All classes	2,113,547,390	70.93	2,113,547,390	69.26
Total		2,979,742,200	100.00	3,051,583,545	100.00

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Notes:

1. As Chenming Holdings (HK) is a wholly-owned subsidiary of Chenming Holdings, Chenming Holdings is deemed to be interested in the Shares held by Chenming Holdings (HK) under the Securities and Futures Ordinance (Cap. 571).
2. Mr. Chen Hongguo is the Chairman and an Executive Director; Mr. Hu Changqing, Mr. Li Xingchun, Mr. Li Feng and Mr. Li Weixian are Executive Directors; Ms. Li Kang is a Supervisor.
3. Including the H Shares registered in the name of HKSCC Nominees Limited (as at the date of the Latest Practicable Date, being 373,432,875 H Shares).

Listing Rules Implication

As all the applicable percentage ratios in relation to the Reorganisation are less than 5%, but the consideration for the transactions will be partly financed by the issuance of Consideration Shares, the transactions contemplated under the Asset Purchase Agreements constitute a share transaction and are therefore subject to relevant reporting and announcement requirements under Chapter 14 of the Listing Rules.

According to the requirements of the Shenzhen Stock Exchange, the Issuance shall obtain the approval of the Company in general meeting.

As disclosed in the term of “Effective” under the section headed “2. PROPOSED ASSET PURCHASE THROUGH THE ISSUANCE OF CONSIDERATION SHARES AND CASH PAYMENTS – THE ASSET PURCHASE AGREEMENTS (AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENTS)” of this circular, completion of the Reorganisation is subject to the satisfaction of certain conditions (including but not limited to all resolutions proposed to be voted at the EGM and Class Meetings respectively being approved by the relevant Shareholders) and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Information on the Group and Parties to the Asset Purchase Agreements

The Group is mainly engaged in the manufacturing and sales of paper products. Chenming Investment is a wholly-owned subsidiary of the Company and is mainly engaged in external investment business.

Dongxing Investment is a limited liability company incorporated in the PRC and is mainly engaged in financial products investment, project investment and equity investment. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this circular: (i) Dongxing Investment is a wholly-owned subsidiary of Dongxing Securities Co., Ltd., the shares of which are listed on the Shanghai Stock Exchange (stock code: 601198); and (ii) Dongxing Investment, Dongxing Securities Co., Ltd. and their ultimate beneficial owners are all Independent Third Parties.

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Chongqing Trust is a joint stock company incorporated in the PRC with limited liability. The principal activities of the company include trust business, investment fund business, and businesses such as the reorganisation, merger and acquisition of assets of enterprises, project financing, corporate finance and financial consultation, as well as other businesses approved by China Banking Regulatory Commission.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this circular: (i) the shareholders of Chongqing Trust are Tongfang Guoxin Investment Holding Co., Ltd.* (同方國信投資控股有限公司) (66.99% shareholding), Guoshou Investment Insurance Asset Management Co., Ltd.* (國壽投資保險資產管理有限公司) (26.04% shareholding), and other shareholders holding less than 5% of its shares (a total of 6.97% shareholding); (ii) the shareholders of Tongfang Guoxin Investment Holding Co., Ltd. are Tongfang Financial Holdings (Shenzhen) Co., Ltd.* (同方金融控股(深圳)有限公司) (26.32% shareholding), Shanghai Yufu Assets Management Co., Ltd.* (上海渝富資產管理有限公司) (15.87% shareholding), Shanghai Yinxin Industrial Development Co., Ltd.* (上海銀信實業發展有限公司) (10.54% shareholding), Chongqing New Era Equity Investment Co., Ltd.* (重慶新紀元股權投資有限公司) (10.49% shareholding), and other shareholders holding less than 10% of its shares (a total of 36.78% shareholding); (iii) Guoshou Investment Insurance Asset Management Co., Ltd. is a wholly-owned subsidiary of China Life Insurance (Group) Co., Ltd.; (iv) the shareholders of China Life Insurance (Group) Co., Ltd. are the Ministry of Finance of the PRC (90% shareholding) and the National Council for Social Security Fund of the People's Republic of China (10% shareholding); (v) Tongfang Financial Holdings (Shenzhen) Co., Ltd. is a wholly-owned subsidiary of Tsinghua Tongfang Co., Ltd., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600100); (vi) the shareholders of Shanghai Yufu Assets Management Co., Ltd. are Shanghai Anhuai Investment Management Co., Ltd.* (上海安淮投資管理有限公司) (84.58% shareholding), and other shareholders holding less than 10% of its shares (a total of 15.42% shareholding); (vii) the shareholders of Shanghai Anhuai Investment Management Co., Ltd. are Zhang Xin (張昕) (81.82% shareholding) and Weng Zhenjie (翁振傑) (18.18% shareholding); (viii) Shanghai Yinxin Industrial Development Co., Ltd. is indirectly wholly owned by Jia Yuxia (賈玉峽); (ix) the beneficial owners of Chongqing New Era Equity Investment Co., Ltd. are Liu Qinqin (劉勤勤) (indirect 90% shareholding) and Gao Haiguo (高海國) (indirect 10% shareholding); and (x) Chongqing Trust, the parties abovementioned and their ultimate beneficial owners are Independent Third Parties.

Chenming Asset Management is a limited liability company incorporated in the PRC. The principal activities of the company include asset management, as well as external investment and management using self-owned funds. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this circular: (i) the shareholders of Chenming Asset Management are Hao Yun (郝筠) (30% shareholding), Zhang Tao (張濤) (25% shareholding), the Company (20% shareholding), Qingdao Zhili Enterprise Management Consulting Center (Limited Partnership)* (青島知利企業管理諮詢中心(有限合夥)) (15% shareholding), and other shareholders holding less than 5% of its shares (a total of 10% shareholding); (ii) the shareholders of Qingdao Zhili Enterprise Management Consulting Center are Liu Lianwei (劉連偉) (90% shareholding) and Shi Limei (石麗梅) (10% shareholding); and (iii) Chenming Asset Management, the parties abovementioned and their ultimate beneficial owners are Independent Third Parties.

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3. RESOLUTION IN RELATION TO THE COMPANY COMPLYING WITH RELEVANT CONDITIONS OF THE ASSET PURCHASE THROUGH THE ISSUANCE OF SHARES AND CASH PAYMENTS

In accordance with the requirement of the Company Law of the PRC, the Securities Law, the Administrative Measures for Reorganisations, the Provisions on Issues concerning Regulating the Material Asset Reorganisations and other laws, regulations, departmental rules and regulatory documents, the Company considered that it complies with all the requirements and conditions of the asset purchase through the issuance of shares and cash payments after prudent self-inspection and review on the actual conditions and relevant issues of the Company.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

4. RESOLUTION IN RELATION TO THE TRANSACTION CONSTITUTING A RELATED PARTY TRANSACTION

Prior to the Reorganisation, the Company held 20% equity interests in Chenming Asset Management, which is an associate of the Company. In accordance with the related party relationship specified in the Enterprise Accounting Standards No. 36 – Related Party Disclosure, the Administrative Measures for Information Disclosure of Listed Companies and the Shenzhen Stock Exchange Listing Rules, the Company recognised Chenming Asset Management as its related party. Thus, the Reorganisation constitutes a related party transaction.

In accordance with the requirement of the Shenzhen Stock Exchange Listing Rules, none of the Directors constitute related directors in the Transaction, and no members of the Board are required to abstain from voting.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

5. RESOLUTION IN RELATION TO THE SCHEME OF THE ASSET PURCHASE THROUGH THE ISSUANCE OF SHARES AND CASH PAYMENTS AND RELATED PARTY TRANSACTION OF THE COMPANY

For details of this resolution, please refer to the section headed “2. PROPOSED ASSET PURCHASE THROUGH THE ISSUANCE OF CONSIDERATION SHARES AND CASH PAYMENTS” of this circular.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

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6. RESOLUTION IN RELATION TO THE “DRAFT REPORT ON THE ASSET PURCHASE THROUGH THE ISSUANCE OF SHARES AND CASH PAYMENTS AND RELATED PARTY TRANSACTION” OF THE COMPANY AND ITS HIGHLIGHTS

In accordance with the requirement of the Securities Law, the Administrative Measures for Reorganisations, the Provisions on Issues concerning Regulating the Material Asset Reorganisations, the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26 – Material Asset Reorganisations of Listed Companies and other laws, regulations, departmental rules and regulatory documents, the Company prepared the Draft Report on the Asset Purchase through the Issuance of Shares and Cash Payments and Related Party Transaction of Shandong Chenming Paper Holdings Limited and its highlights. For details, please refer to the Company’s overseas regulatory announcement dated 19 January 2023.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

7. RESOLUTION IN RELATION TO THE EXPLANATION ON THE REORGANISATION NEITHER CONSTITUTES A MAJOR ASSET REORGANISATION NOR A BACKDOOR LISTING

The Company intends to make following prudent judgment regarding whether or not the Reorganisation constitutes a material asset reorganisation as stipulated in Article 12 of the Administrative Measures for Reorganisations:

Based on the existing financial data of the Target Company and the Target Fund, the Company expects that the Reorganisation will not meet the standards of material asset reorganisations as stipulated in the Administrative Measures for Reorganisations. Accordingly, the Reorganisation does not constitute a material asset reorganisation of listed companies.

The Company intends to make following prudent judgment regarding whether or not the Reorganisation constitutes a backdoor listing as stipulated in Article 13 of the Administrative Measures for Reorganisations:

There was no change in the controlling shareholder and the ultimate beneficial owner of the Company during the 36 months prior to the Reorganisation, Chenming Holdings remained the controlling shareholder of the Company and Shouguang State-owned Assets Supervision and Administration Bureau* (壽光市國有資產監督管理局) remained the ultimate beneficial owner of the Company. The Reorganisation is an acquisition of minority equity interests in the Target Company by the Company through direct and indirect means, therefore, it is expected that the Reorganisation will not result in any change in the ultimate beneficial owners of the Company, and the Reorganisation therefore does not constitute a backdoor listing as stipulated in Article 13 of the Administrative Measures for Reorganisations.

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The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

8. RESOLUTION IN RELATION TO THE CONDITIONAL “AGREEMENT ON ASSET PURCHASE THROUGH THE ISSUANCE OF SHARES” AND THE CONDITIONAL “AGREEMENT ON ASSET PURCHASE THROUGH THE ISSUANCE OF SHARES AND CASH PAYMENTS” BETWEEN THE COMPANY AND THE PARTIES

Please refer to the section headed “2. PROPOSED ASSET PURCHASE THROUGH THE ISSUANCE OF CONSIDERATION SHARES AND CASH PAYMENTS” in this circular for the major contents of the Asset Purchase Agreements.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

9. RESOLUTION IN RELATION TO THE CONDITIONAL “SUPPLEMENTAL AGREEMENT TO THE AGREEMENT ON ASSET PURCHASE THROUGH THE ISSUANCE OF SHARES” AND THE CONDITIONAL “SUPPLEMENTAL AGREEMENT TO THE AGREEMENT ON ASSET PURCHASE THROUGH THE ISSUANCE OF SHARES AND CASH PAYMENTS” BETWEEN THE COMPANY AND THE PARTIES

Please refer to the section headed “2. PROPOSED ASSET PURCHASE THROUGH THE ISSUANCE OF CONSIDERATION SHARES AND CASH PAYMENTS” in this circular and the supplemental agreement announcement of the Company dated 19 January 2023 for the major contents of the Supplemental Agreements.

The relevant resolution will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolution.

10. RESOLUTION IN RELATION TO THE EXPLANATION ON THE COMPLIANCE OF THE REORGANISATION WITH THE PROVISIONS OF ARTICLE 4 OF THE “PROVISIONS ON ISSUES CONCERNING REGULATING THE MATERIAL ASSET REORGANISATION”

The Company intends to make the following prudent judgment as to whether the Reorganisation is in compliance with the provisions of Article 4 of the Provisions on Issues Concerning Regulating the Material Asset Reorganisation:

1. The assets proposed to be purchased under the Reorganisation does not involve new project establishment, environmental protection, industry access, land use, planning, construction and other related approval matters. The relevant approvals involved in the Reorganisation have been disclosed in detail in the Proposal of Asset Purchase through the Issuance of Shares and Cash Payments by Shandong Chenming Paper

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Holdings Limited, and a special reminder has been provided for the risk of non-approval. For details, please refer to the overseas regulatory announcement of the Company dated 21 November 2022;

2. The sellers under the Reorganisation have owned the complete legal rights to the Subject Assets and are not subject to any restriction or prohibition of transfer. The Target Company and the Target Fund have been established and validly sustaining by law and their registered capitals have been paid in full, and there are no untrue capital contribution or circumstances that affect their valid sustaining;
3. Upon completion of the Reorganisation, the Target Company will remain a subsidiary of the Company and the financial results of the Target Fund will be consolidated into the financial statements of the Company, which will further increase the control of the Company over the Target Company. The Reorganisation is conducive to enhancing the integrity of the Company's assets and will not affect the independence of the Company in terms of business, assets, finance, personnel and organization; and
4. The Reorganisation will facilitate the Company to improve its financial position, enhance its sustainable profitability, highlight its main business and enhance its risk resistance. The Reorganisation will not create new connected transactions that will impair the interests of the Company and its minority investors, and will not result in competition between the Company and its controlling shareholder, its ultimate beneficial owner and the related parties controlled by them.

In conclusion, the Board is of the view that the Reorganisation complies with the conditions as set forth in Article 4 of the Provisions on Issues Concerning Regulating the Material Asset Reorganisation.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

11. RESOLUTION IN RELATION TO THE EXPLANATION ON THE COMPLIANCE OF THE REORGANISATION WITH THE PROVISIONS OF ARTICLE 11 AND ARTICLE 43 OF THE “ADMINISTRATIVE MEASURES FOR REORGANISATIONS”

The Company intends to make the following prudent judgment as to whether the Reorganisation is in compliance with the provisions of Article 11 of the Administrative Measures for Reorganisations:

1. The Reorganisation complies with the national industrial policies and relevant laws and administrative regulations on environmental protection, land management and anti-monopoly;

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2. The Reorganisation will not cause the Company to fail to meet the listing requirements;
3. The Company will engage an accounting firm and an asset appraisal agency for conducting audit and appraisal on the Subject Assets to ensure pricing for the Reorganisation is fair, equitable and reasonable and does not prejudice the legitimate rights of the Company and the Shareholders;
4. There are distinct ownership rights over the assets involved in the Reorganisation, and the assets transfer will not encounter any legal obstacles subject to the appropriate compliance with relevant legal procedures and fulfilment of the precedent conditions, and the relevant claims and debts is disposed legally;
5. The Reorganisation is conducive to strengthening the ability of the Company to continue as a going concern, and there is no circumstance where the Company's major assets may transfer to cash or the Company no longer has any operating activities after the Reorganisation;
6. The Reorganisation is conducive to maintaining the independence of the Company from its actual controller and its associates in fields of business, assets, finance, personnel and institutions so that the Company will comply with the relevant independence requirement of listed companies of the CSRC; and
7. The Reorganisation is conducive to forming and maintaining a sound and effective corporate governance structure by the Company.

The Company intends to make the following prudent judgment as to whether the Reorganisation is in compliance with the provisions of Article 43 of the Administrative Measures for Reorganisations:

1. The Reorganisation will benefit the Company in terms of improving the assets quality and financial condition, enhancing the ability of sustainable profitability, reducing number of connected transactions, avoiding peer competitions and enhancing independence;
2. The certified public accountant will issue an unqualified audit report for the financial report of the Company for the latest year;
3. Neither the Company nor its serving Directors or senior management is under investigation by judiciary authorities for suspected crimes or under investigation by CSRC for suspected violations of laws or regulations;
4. The Target Company of the Reorganisation of the Company is a company legally established and subsisting with limited liability, and Target Fund is a partnership legally established and subsisting, there are no circumstances requiring its

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termination as stipulated by laws, administrative regulations or the articles of association of the Company. Parties legally own the absolute rights over the equity interests in Subject Assets held by them. There are no rights restriction such as pledges over the equity interests proposed to be purchased, nor are there any other circumstances such as seizures and freezing by judiciary authorities that may impede or prohibit the transfer of the Subject Assets from the Parties to the Company. Upon satisfaction of the relevant legal procedures and conditions precedent, there are no legal restrictions for the transfer of the equity interests in Subject Assets;

5. There are no other circumstances that the Reorganisation will violate the other requirements stipulated by the CSRC.

In conclusion, the Board is of the view that the Reorganisation satisfies all the conditions provided by Article 11 and Article 43 of the Administrative Measures for Reorganisations

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

12. RESOLUTION IN RELATION TO THE EXPLANATION ON THE RELEVANT ENTITIES INVOLVED IN THE REORGANISATION BEING NOT PROHIBITED FROM PARTICIPATING IN ANY MATERIAL ASSETS RESTRUCTURING OF ANY LISTED COMPANIES IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 13 OF THE “SUPERVISION OVER ABNORMAL STOCK TRADING RELATED TO THE MATERIAL ASSET REORGANISATIONS OF LISTED COMPANIES”

The Company intends to make the following prudent judgment as to whether the relevant entities involved in the Reorganisation are not prohibited from participating in any material assets restructuring of any listed companies in accordance with article 13 of the “Supervision over Abnormal Stock Trading Related to the Material Asset Reorganisations of Listed Companies”:

The relevant entities involved in the Reorganisation are not under investigation or case investigation due to suspected inside trading in connection with the Reorganisation, nor have they been subject to administrative punishment by the CSRC or criminal responsibility by judicial authorities in accordance with the law in the past 36 months.

Therefore, the Board is of the view that the relevant entities involved in the Reorganisation are not prohibited from participating in any material assets restructuring of any listed companies in accordance with article 13 of the “Supervision over Abnormal Stock Trading Related to the Material Asset Reorganisations of Listed Companies”:

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

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13. RESOLUTION IN RELATION TO THE EXPLANATION ON SHARE PRICE FLUCTUATION BEFORE ANNOUNCEMENT OF THE REORGANISATION NOT REACHING THE RELEVANT BENCHMARK SET OUT IN ARTICLE 13 OF THE “MATERIAL ASSET REORGANISATIONS”

The Company intends to make the following prudent judgment as to whether the share price fluctuation before announcement of the Reorganisation does not reach the relevant benchmark set out in Article 13 of the Material Assets Reorganisations:

The cumulative decrease in the Company's A Shares price for the 20 trading days before the first disclosure of the Reorganisation was 0.35%. Excluding factors affecting the industry sector to which it belongs, the cumulative decrease in the Company's A Shares price for the 20 trading days before the first disclosure of the Reorganisation was 4.07%. Upon the examination, the Board is of view that, excluding the effect of general market factors and factors affecting the industry sector to which it belongs, the cumulative decrease in the Company's A Shares price for the 20 trading days before the first disclosure of the Reorganisation has not exceeded 20%, which has not reached the benchmark set out in Article 13 (7) of the Material Assets Reorganisations, and hence no unusual fluctuations shall be constituted. For details, please refer to the overseas regulatory announcement of the Company dated 21 November 2022.

In conclusion, the Board is of view that the share price fluctuation before announcement of the Reorganisation not reaching the relevant benchmark set out in Article 13 of the Material Asset Reorganisations.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

14. RESOLUTION IN RELATION TO THE APPROVAL OF THE AUDIT REPORT, APPRAISAL REPORT AND PRO FORMA REVIEW REPORT IN RELATION TO THE REORGANISATION

In accordance with the Administrative Measures for Reorganisations, the Company has engaged Grant Thornton and Ruihua Valuation to audit and evaluate the Target Company in compliance with the Securities Law, and they have issued corresponding audit report and asset valuation report, respectively. Grant Thornton has reviewed the Company's pro forma financial report and issued a pro forma review report. For details, please refer to the Company's overseas regulatory announcement dated 19 January 2023.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions. A summary of the Asset Valuation Report is set out in Appendix I to this circular. The English translation is for reference only and in case of discrepancies between the English and Chinese versions, the Chinese version shall prevail. Please refer to the Company's overseas regulatory announcement dated 19 January 2023 for the full text of the Asset Valuation Report.

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15. RESOLUTION IN RELATION TO THE INDEPENDENCE OF THE APPRAISAL AGENCY, THE REASONABLENESS OF THE ASSUMED PREMISES OF THE APPRAISAL, THE RELEVANCE OF THE APPRAISAL METHODOLOGY TO THE PURPOSE OF THE APPRAISAL AND THE FAIRNESS OF THE APPRAISAL PRICING

The Board is of the view that the appraisal agency engaged for the Reorganisation is independent from the Company, the premises of the appraisal assumption is reasonable, the relevance of the appraisal method to the purpose of the appraisal is consistent, the appraisal conclusion of the asset valuation report issued by the appraisal agency is reasonable, and the appraisal pricing is fair.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

16. RESOLUTION IN RELATION TO RISK WARNING AND REMEDIAL MEASURES FOR DILUTING CURRENT RETURNS FROM THE REORGANISATION BY THE COMPANY AND COMMITMENTS BY RELEVANT ENTITIES

According to the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (Guo Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)) and the Guiding Opinions on Matters Relating to the Dilution of Immediate Returns in Initial Public Offering, Refinancing and Major Asset Reorganisation (CSRC Announcement [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(中國證監會[2015]31號)) and other relevant regulations, the Company has conducted a careful, prudent and objective analysis on the impact of the Reorganisation on the dilution of current returns. In order to prevent the risk that the current returns of a listed company may be diluted due to the Reorganisation, the Company has formulated the risk reminder of and remedial measures for the dilution of current returns as a result of the Reorganisation. The Company's controlling shareholder, Directors, and senior managements have made commitments for the effective fulfillment of remedial measures taken for the dilution of current returns.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

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17. RESOLUTION IN RELATION TO THE EXPLANATION ON COMPLETENESS AND COMPLIANCE OF STATUTORY PROCEDURES PERFORMED IN RELATION TO THE REORGANISATION AND VALIDITY OF LEGAL DOCUMENTS SUBMITTED

The Company intends to make the following prudent judgment as to completeness and compliance of statutory procedures performed in relation to the Reorganisation and validity of legal documents submitted:

In accordance with the Company Law of the PRC, the Securities Law, the Administrative Measures for Reorganisations, the Administrative Measures for Information Disclosure of Listed Companies, the Provisions on Issues Concerning Regulating the Material Asset Reorganisations and other relevant laws, regulations, regulatory documents and the articles of association of the Company, in connection with the Reorganisation, the necessary statutory procedures performed so far by the Company are complete, lawful and valid and in compliance with the provisions of pertinent laws and regulations and the provisions of the Company's articles of association. The legal documents submitted to the Shenzhen Stock Exchange regarding the Reorganisation are lawful and valid, without any false or misleading statements or major omissions. The Company shall accept the corresponding legal liability for the authenticity, accuracy and completeness of the materials and information provided.

In conclusion, the Board is of view that there are completeness and compliance of statutory procedures performed in relation to the Reorganisation and validity of legal documents submitted.

The relevant resolutions will be submitted to the EGM and the H Share Class Meeting for approval by way of special resolutions.

18. RESOLUTION ON A MANDATE GRANTED TO THE BOARD BY THE EXTRAORDINARY GENERAL MEETING AND THE H SHARE CLASS MEETING TO DEAL WITH MATTERS PERTAINING TO THE REORGANISATION

To ensure the smooth progress of matters pertaining to the Reorganisation, in accordance with the Company Law of the PRC, the Securities Law, the Administrative Measures for Reorganisations and other relevant laws and regulations and the articles of association of the Company, a mandate will be sought at the EGM and the H Share Class Meeting for the Board (and a consent that the Board of the Company may authorise the chairman, the general manager, the secretary of the Board or any other persons will also be sought) to deal with matters pertaining to the Reorganisation with full discretion within the scope of relevant laws and regulations, including but not limited to the following:

1. according to the requirements of relevant regulatory authorities or approval authorities for the Reorganisation and the actual conditions of the Company, under the principles of the resolutions of the EGM and the resolutions of the H Share Class

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Meeting, to make necessary amendments and adjustments to the specific plan of the Reorganisation (except for matters requiring revoting by the EGM and the H Share Class Meeting as stipulated by relevant laws and regulations and the Company's articles of association), and execute relevant supplemental agreements (if necessary);

2. completion of the procedures for consideration, registration, filing, approval, consent and notification in respect of matters relating to the Reorganisation, under the principles of the resolutions of the EGM and the resolutions of the H Share Class Meeting;
3. to prepare, sign, execute, revise, submit and complete all documents relating to the Reorganisation (including but not limited to the agreements and reporting documents in relation to the Reorganisation) and to make supplements or adjustments to the reporting documents as required by the relevant regulatory authorities or approving authorities accordingly;
4. to conduct all disclosure matters in relation to the Reorganisation;
5. to make corresponding adjustment to the issuing price and quantity as the A Shares are subject to ex-right and ex-dividend during the period from the date of publication of the resolution proposed at the Fourth Extraordinary Meeting of the Tenth Session of the Board (i.e. 21 November 2022) to implementation date of asset purchase through the issuance of shares and cash payments and according to the relevant laws and regulations or the regulations or requirements of the regulatory authorities, and complete the relevant procedures;
6. upon the completion of the Reorganisation and based on the results of the issuance, amend the relevant provisions of the articles of association of the Company, complete the registration and filing procedures in respect of the taxation, industry and commerce authorities involved in this Reorganisation, and apply for the business qualifications and licenses required for the operation of the Company according to the scope of business after such changes (if necessary), as well as the registration procedures for the transfer, handover and change of assets, liabilities, business, interests, personnel and all other rights and obligations, including the execution of relevant legal documents;
7. to complete the registration, lock-up (if necessary) and listing and trading on the Shenzhen Stock Exchange for the A Shares of the Company issued in connection with the implementation of the Reorganisation.
8. to do all such acts and matters on behalf of the Company as he/she may in his/her discretion consider relevant, necessary or desirable in connection with the implementation of the Reorganisation;

LETTER FROM THE BOARD

9. to delegate the Board the authority to carry out other matters in relation to the Reorganisation provided that such matters are permitted under the laws, regulations, relevant regulatory documents and the articles of association of the Company;
10. this authorisation shall be valid for 12 months from the date of consideration at the EGM and approval at the H Share Class Meeting.

19. CLOSURE OF REGISTRAR OF MEMBERS

The register of members of the Company will be temporarily closed from 22 February 2023 to 27 February 2023 (both days inclusive) during which no transfer of H Shares of the Company will be registered in order to determine the list of H Shareholders of the Company for attending the EGM and the H Share Class Meeting. The last lodgment for the transfer of the H Shares of the Company should be made on 21 February 2023 at Computershare Hong Kong Investor Services Limited by or before 4:30 p.m. The holders of H Shares of the Company or their proxies being registered at the close of business on 21 February 2023 are entitled to attend the EGM and the H Share Class Meeting by presenting their identity documents. The address of Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

20. THE EGM AND H SHARE CLASS MEETING

The EGM and H Share Class Meeting will be held on Monday, 27 February 2023 at 2:00 p.m. and immediately after the conclusion of the 2023 first class meeting for holders of domestic-listed shares (A Shares and B Shares) (or any adjourned meeting thereof) on Monday, 27 February 2023 respectively at the conference room of the research and development centre of the Company, No. 2199 Nongsheng Road East, Shouguang City, Shandong Province, the People's Republic of China. The notices are set out on page 42 to 49 of this circular.

The resolutions put to vote at the EGM and the H Share Class Meeting will be decided by way of poll as required by the Listing Rules.

Shareholders shall abstain from voting on the resolutions at the EGM and the H Share Class Meeting

In accordance with Accounting Standards for Business Enterprises No. 36 – Related Party Disclosures, the Administrative Measures for Information Disclosure of Listed Companies, and the Shenzhen Stock Exchange Listing Rules, Chenming Asset Management is a related party of the Company and the Reorganisation constitutes a related party transaction. The related shareholders in relation to the resolutions to be proposed for voting at the EGM and the H Share Class Meeting shall abstain from voting and not accept proxies from other shareholders to vote on the resolutions at the EGM and the H Share Class Meeting.

LETTER FROM THE BOARD

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the proxy form in accordance with the instructions printed thereon. For holder of H Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited by hand, by post or by fax not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

21. RECOMMENDATION

The Board is of the view that all the resolutions set out in the notice of the EGM and the notice of the H Share Class Meeting are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the special resolutions proposed at the EGM and the H Share Class Meeting.

22. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The information contained herein relating to the Company has been supplied by the Directors, who collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, no other facts are omitted in this circular which would make any statement herein misleading insofar as it relates to the Company.

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

* *For identification purposes only*

**SUMMARY OF THE ASSET VALUATION REPORT ON
THE VALUE OF THE ENTIRE SHAREHOLDERS' EQUITY OF
SHOUGUANG MEILUN PAPER CO., LTD. INVOLVED IN THE
PROPOSED PURCHASE OF EQUITY BY SHANDONG CHENMING PAPER
HOLDINGS LIMITED THROUGH ISSUING SHARES**

Lu Rui Hua Ping Bao Zi (2022) No. 0872

IMPORTANT

The following content is extracted from the text of the Asset Valuation Report. You should read the Asset Valuation Report carefully for details of this valuation project and to reasonably understand and use the valuation conclusion.

Upon engagement of Shandong Chenming Paper Holdings Limited, Shandong Ruihua Assets Valuation Company Limited (山東瑞華資產評估有限公司) conducted valuation on the value of the entire shareholders' equity of Shouguang Meilun Paper Co., Ltd. involved in the proposed purchase of equity by Shandong Chenming Paper Holdings Limited through issuing shares.

- I. Purpose of valuation:** Shandong Chenming Paper Holdings Limited proposed to purchase 1.19% equity interest held by Dongxing Securities Investment Co., Ltd. in Shouguang Meilun Paper Co., Ltd. through issuing shares, which requires the determination of the value of the entire shareholders' equity of Shouguang Meilun Paper Co., Ltd. to provide value reference for the above economic behavior.
- II. Valuation target:** The value of the entire shareholders' equity of Shouguang Meilun Paper Co., Ltd.
- III. Valuation scope:** Total audited assets and liabilities of Shouguang Meilun Paper Co., Ltd.
- IV. Type of value:** Market value.
- V. Valuation benchmark date:** 30 September 2022.
- VI. Valuation methodology:** Asset-based approach and market approach.
- VII. Valuation conclusion and its validity period:**

According to the valuation result under asset-based approach, the entire shareholders' equity of Shouguang Meilun Paper Co., Ltd. on the valuation benchmark date was valued at RMB8,801,538,200 (in words: RMB EIGHT BILLION EIGHT HUNDRED AND ONE MILLION FIVE HUNDRED AND THIRTY-EIGHT THOUSAND AND TWO HUNDRED ONLY).

APPENDIX I SUMMARY OF THE ASSET VALUATION REPORT

The above valuation conclusion is effective for 1 year from the Valuation Benchmark Date and will not be valid for use after that date.

Users of the Asset Valuation Report of Shouguang Meilun Paper Co., Ltd. shall give due consideration to the assumptions, confining conditions, and special notices stated in the Asset Valuation Report as well as their impacts on the valuation results.

VIII. Special notices

1. Shouguang Meilun Paper Co., Ltd. currently owns main factory building, warehouse, substation, pumping station and other buildings. The building ownership certificates of 6 properties have been obtained (see the table below for details) and part of the title owner of which is Shandong Chenming Paper Holdings Limited, while other properties have not yet been obtained building ownership certificates or real estate certificates. For houses without ownership certificates, their gross floor area was mainly provided by the appraised entities and verified by the appraisers on site. The valuation is conducted subject to the condition that the holder of property ownership is clear and there is no dispute. Shouguang Meilun Paper Co., Ltd. promises that all of the properties were built or purchased with its own contribution and that there is no objection to the property rights. If any disputes arising therefrom, the company shall bear full responsibility. Details are as follows:

Unit: RMB

No.	Title Certificate No.	Name of Building	Structure	Gross Floor Area m ²	Book Value		Title Owners Stated in the Title Certificate
					Original	Net	
1	Shou Fang Quan Zheng Wen Jia Zi No. 2016245267	A0000001 main factory building (coated paper of Meilun)	Frame-bent structure	112,989.45	200,443,536.46	152,504,047.76	Shandong Chenming Paper Holdings Limited
2	Shou Fang Quan Zheng Wen Jia Zi No. 2016245269	A0000002 warehouse for flat sheet (coated paper of Meilun)	Steel structure	9,404.16	14,468,422.45	10,992,705.89	Shandong Chenming Paper Holdings Limited
3	Shou Fang Quan Zheng Wen Jia Zi No. 2016245245	C0000001 main factory building (linerboard)	Steel and concrete	116,256.83	330,066,911.80	265,595,034.81	Shouguang Meilun Paper Co., Ltd.
4	Shou Fang Quan Zheng Wen Jia Zi No. 2016245261	bonded warehouses (linerboard)	Steel	4,208.40			

APPENDIX I SUMMARY OF THE ASSET VALUATION REPORT

No.	Title Certificate No.	Name of Building	Structure	Gross Floor Area m ²	Book Value		Title Owners Stated in the Title Certificate
					Original	Net	
5	Shou Fang Quan Zheng Wen Jia Zi No. 2016245265	warehouse for toilet paper (coated paper of Meilun)	Steel structure	19,234.80	12,384,632.08	9,426,002.27	Shandong Chenming Paper Holdings Limited
6	Shou Fang Quan Zheng Wen Jia Zi No. 2016245245	110KV Substation (white coated linerboard of Meilun)	Framing	1,300.00	2,790,079.72	2,183,961.13	Shouguang Meilun Paper Co., Ltd.

2. As of the Valuation Benchmark Date, the following buildings and land use rights have been pledged. Among which, Shou Guo Yong (2010) No. 380 Land Use Right is pledged as a guarantee of Zhanjiang Chenming Pulp & Paper Co., Ltd., and the remaining are pledged as financing guarantees of Shandong Chenming Paper Holdings Limited. The impacts of such pledges on the appraisal value are not taken into consideration during the valuation. The details of the pledged assets are as follows:

Pledged Buildings

Unit: RMB

No.	Title Certificate No.	Name of Building	Structure	Gross Floor Area m ²	Book Value		Pledgee
					Original	Net	
1	Shou Fang Quan Zheng Wen Jia Zi No. 2016245245	C0000001 Main plant (white coated linerboard)	Steel and concrete	116,256.83	330,066,911.80	265,595,034.81	CDB Development Fund Co., Ltd.
2	Shou Fang Quan Zheng Wen Jia Zi No. 2016245245	110KV Substation (white coated linerboard project of Meilun)	Framing	1,300.00	2,790,079.72	2,183,961.13	CDB Development Fund Co., Ltd.
Total				117,556.83	332,856,991.52	267,778,995.94	

Pledged Land Use Rights

Unit: RMB

No.	Certification of Land Rights No.	Name of Parcel	Location	Use	Nature	Areas (m ²)	Guaranteed Party	Pledgee
1	Shou Guo Yong (2010) No. 380	Land use right (land for Meilun 98,000 tonnes project)	Chenming Industrial Zone, Shouguang	Industrial land	Land grant	364,519.00	Zhanjiang Chenming Pulp & Paper Co., Ltd.	CDB Development Fund Co., Ltd.
2	Shou Guo Yong (2011) No. 0512	C0000008 land use right (Meilun 600,000 tonnes white coated linerboard project)	Chenming Industrial Zone, Shouguang (South of Panqu Road and east of Wenchang Road)	Industrial land	Land grant	43,485.00	Shandong Chenming Paper Holdings Limited	CDB Development Fund Co., Ltd.
3	Shou Guo Yong (2011) No. 0513	C0000008 land use right (Meilun 600,000 tonnes white coated linerboard project)	Chenming Industrial Zone, Shouguang (South of Panqu Road and east of Wenchang Road)	Industrial land	Land grant	183,838.00	Shandong Chenming Paper Holdings Limited	China Development Bank, Guangdong Nanyue Bank Co., Ltd. First Direct Branch

APPENDIX I SUMMARY OF THE ASSET VALUATION REPORT

3. Up to the Valuation Benchmark Date, the main conditions of the finance lease contract of Shouguang Meilun Paper Co., Ltd. were as follows:

Unit: RMB

Name of Lease Company	Contract No.	Lease Term	Month per Period	Original Book Value	Net Book Value	Lease Principal	Total
City Development Group (Qingdao) Finance Leasing Co., Ltd.* (城發集團(青島)融資租賃有限公司)	Cheng Fa Rong Zu Zi No. 059[2022-05-01] Zhi Zu (城發融租字 059[2022-05-01] 直租)	20220606-20250606	3	91,560,644.82	91,560,644.82	80,000,000.00	88,012,793.16
China Development Bank Financial Leasing Co., Ltd.	Guo Jin Zu (2018) Zu Zi No. (B-077) (國金租(2018)租字第(B-077)號)	20180927-20230927	6	646,690,598.49	552,112,097.95	390,000,000.00	437,902,562.50
Haixi Leasing* (海西租賃)	RZZL-20210926-0001	20211008-20231008	3	207,892,712.23	182,787,693.56	50,000,000.00	52,808,875.31
Haixin Leasing* (海信租賃)	HXRZ-HZ-SGML-2022-00	20220701-20240701	3	120,413,864.53	90,611,433.05	60,000,000.00	63,977,833.34
Henan Guo Hong Finance Leasing Co., Ltd.* (河南國宏融資租賃有限公司)	Guo Hong Zu Lin (20) Hui Zi No. 05140033 (國宏租賃(20)回字第05140033號)	20200604-20230604	3	56,611,186.22	48,718,692.04	50,000,000.00	53,905,000.00
Henan Guo Hong Finance Leasing Co., Ltd.* (河南國宏融資租賃有限公司)	Guo Hong Zu Lin (22) Hui Zi No. 06210082 (國宏租賃(22)回字第06210082號)	20220628-20250628	3	159,396,673.44	139,562,224.97	80,000,000.00	88,233,336.00
Henan Guo Hong Finance Leasing Co., Ltd.* (河南國宏融資租賃有限公司)	Guo Hong Zu Lin (20) Hui Zi No. 05140033 (國宏租賃(20)回字第05140033號)	20200604-20230604	3	5,486,673.26	4,778,266.10	50,000,000.00	53,905,000.00
CCB Financial Leasing Co., Ltd	2.02132E+17	20210910-20250910	3	1,078,145,681.80	944,501,880.14	800,000,000.00	900,895,468.74
Jiaorong Qichen Finance Leasing Co., Ltd.* (交融啟辰租賃公司)	JRQC-RZZL-2022003-2022006	20220930-20250929	3	109,038,309.37	83,244,096.42	50,000,000.00	55,697,851.28
BOCOM Leasing	Jiao Yin Zu Lin Zi (20210264) (交銀租賃字(20210264))	20220105-20240115	3	392,805,851.56	335,527,400.94	100,000,000.00	104,922,361.11
Jinyu Leasing* (金隅租賃)	BBMGBFL2021001	20211214-20241214	3	345,598,488.64	208,698,338.76	200,000,000.00	218,157,663.74
Juliang Leasing* (聚量租賃)	JLRZZLHZ2022006	20220530-20240531	3	35,124,692.18	29,987,705.90	10,000,000.00	10,686,722.00
Juliang Leasing* (聚量租賃)	JLRZZLHZ2022008	20220629-20240627	3	42,312,263.17	29,321,018.79	10,000,000.00	10,686,722.00

APPENDIX I SUMMARY OF THE ASSET VALUATION REPORT

Name of Lease Company	Contract No.	Lease Term	Month per Period	Original Book Value	Net Book Value	Lease Principal	Total
Minsheng Financial Leasing Co., Ltd.* (民生金融租賃股份有限公司)	MSLF-2021-0062-S-HZ	20210430-20240515	3	712,728,650.50	364,842,284.84	400,000,000.00	439,242,537.64
Minsheng Financial Leasing Co., Ltd.* (民生金融租賃股份有限公司)	MSLF-2020-0054-S-HZ	20200617-20230615	3	714,737,703.27	369,196,420.81	500,000,000.00	547,940,616.72
SPDB Financial Leasing	PYHZ0120220141	20220726-20240719	3	334,497,113.78	175,639,185.66	150,000,000.00	160,313,863.89
Qingdao Metro Financial Leasing Co., Ltd.* (青島地鐵融資租賃股份有限公司)	DTHZ202208001	20220825-20250825	3	125,913,658.08	107,553,088.30	90,000,000.00	98,264,666.67
Shenzhen Jinhaixia Financial Leasing Co., Ltd.* (深圳金海峽融資租賃有限公司)	JHXZL-ZL-HZ-QT-2021-0023-01	20210723-20230728	3	118,698,022.45	104,364,109.35	50,000,000.00	53,760,000.00
Sunyoung Leasing* (舜元租賃)	ZL-2021-1015-H	20211119-20241119	4	34,317,797.17	29,298,819.34	20,000,000.00	22,406,666.67
WanJiang Financial Leasing* (皖江金租)	WJ2022010550201	20220628-20250628	3	55,074,980.25	47,413,106.66	45,000,000.00	48,589,922.88
WanJiang Financial Leasing* (皖江金租)	WJ2022010710201	20220916-20240916	3	144,362,407.56	124,674,736.47	45,000,000.00	48,578,782.24
Yangtze United Financial Leasing Co., Ltd.	YUFLC004315-ZL0001-L001	20210224-20240224	3	267,769,223.09	149,396,355.21	120,000,000.00	134,886,729.48
Yangtze United Financial Leasing Co., Ltd.	YUFLC004315-ZL0002-L001	20220314-20270314	3	663,120,012.59	582,993,534.21	300,000,000.00	355,661,958.20
Zheyin Financial Leasing Co., Ltd.* (浙江浙銀金融租賃股份有限公司)	ZY2021SH0343	20210827-20230830	3	279,603,286.08	245,838,534.82	100,000,000.00	106,275,833.00
Zheyin Financial Leasing Co., Ltd.* (浙江浙銀金融租賃股份有限公司)	ZY2021SH0472	20211115-20230805	1	254,866,904.21	223,176,519.83	100,000,000.00	104,448,224.37
Zhongji Yongfa (Tianjin) Financial Leasing Co., Ltd.* (中集永發(天津)融資租賃有限公司)	LC1220003	20220524-20250525	3	80,008,893.64	69,213,487.63	40,000,000.00	45,007,200.00
CRCC Financial Leasing Co., Ltd.* (中鐵建金融租賃有限公司)	01-01-Shouguang Meilun (91370783690649340B)-2018-0436-01	20181130-20221130	3	1,147,109,237.37	598,078,984.64	600,000,000.00	672,006,714.24
CRCC Financial Leasing Co., Ltd.* (中鐵建金融租賃有限公司)	CRCCFL-1-2020-022-01	20200729-20230725	3	719,503,005.67	309,415,824.86	350,000,000.00	381,375,773.10
Chongqing Xinyu Financial Leasing Co., Ltd.* (重慶鈞渝金融租賃股份有限公司)	Chongqing Xinyu Zu Lin [2021] Zhi zi No.0119 (鈞渝租賃[2021]直字0119號)	20220602-2025/0602	6	149,958,708.00	149,958,708.00	149,958,708.00	163,508,206.24
Total				9,093,347,243.42	6,392,465,194.07	4,989,958,708.00	5,522,059,884.52

The general terms of financial leasing agreements include: since the date when the lessor pays the first transfer price of the lease item, the ownership of the lease item shall be owned by the lessor, and the lessee shall issue the Certificate of Transfer of Ownership (《所有權轉移證明書》) to the lessor certifying the ownership of the lease item has been transferred to the lessee; during the lease term, the ownership of the lease item belongs to the lessor, while the lessee has the right to occupy and use the lease item. After the lessee has paid off all the obligations under the lease item, the lessee shall buy back the lease item at a nominal price.

4. Shouguang Meilun Paper Co., Ltd. entered into a land leasing agreement with Shandong Chenming Paper Holdings Limited to lease a land located at Shouguang Chenming No. 5 Factory, the west of Huanghai Road, Shouguang City (壽光市黃海路西側壽光晨鳴五廠院), with an area of 7,408.49 square meters (approximately 11.11 mu), for development of light calcium carbonate project (land certificate of Shou Guo Yong (2005) No. 02012). The agreement provides for a 10-year lease period from 1 July 2021 to 30 June 2031.
5. Shouguang Meilun Paper Co., Ltd. entered into a land and building leasing agreement with Shandong Chenming Paper Holdings Limited for its production purpose with term of 10 years from 1 January 2017 to 31 December 2026, details are as follows:

Area					
No.	(Square Meter)	Land Certificate	Lease Term	Location	Rent
1	Land: 135,383.00	Shou Guo Yong (2005) No. 02012	1 January 2017 to 31 December 2026	On the west of Xihuan Road and on the south of Jianxin West Street in Shouguang City (壽光市西環路 以西,建新西街 以南)	RMB2.945 million/year
2	Land: 378,666.00 Building: 16596.00	Shou Guo Yong (2016) No. 00400	1 January 2017 to 31 December 2026	On the north of Nongsheng Street and on the east of Huanghai Road in Shouguang City (壽光市農 聖街北,黃海路 東)	RMB8.2595 million/year RMB0.94 million/year

APPENDIX I SUMMARY OF THE ASSET VALUATION REPORT

No.	Area (Square Meter)	Land Certificate	Lease Term	Location	Rent
3	Land, 62,000.00	Shou Guo Yong (2005) No. 02012	1 January 2017 – 31 December 2026	West of Xihuan Road and South of Jianxin West Street in Shouguang City (壽光市西環路 以西,建新西街 以南)	RMB1.3485 million/year
4	Land, 43,909.00	Shou Guo Yong (2005) No. 02012	1 January 2017 – 31 December 2026	West of Xihuan Road and South of Jianxin West Street in Shouguang City (壽光市西環路 以西,建新西街 以南)	RMB0.957 million/year

6. Long-term equity investment – as at the Valuation Benchmark Date, the book value of Weifang Xingxing United Chemical Co., Ltd was RMB91,874,385.12, and Shouguang Meilun Paper Co., Ltd. held 50% equity interests in Weifang Xingxing United Chemical Co., Ltd. In September 2019, Weifang Xingxing United Chemical Co., Ltd received a notice from the Weifang municipal government on full shutdown. Pursuant to the State-owned Land and Properties Expropriation and Compensation Agreement entered into between the House and Urban-Rural Development Bureau of Hanting District of Weifang City* (濰坊市寒亭區住房和城鄉建設局) and Weifang Xingxing United Chemical Co., Ltd and other materials, the total compensation granted by the government amounted to RMB110.07 million, of which RMB40 million had been received in May 2020. As of the Valuation Benchmark Date, the outstanding compensation from the government amounted to RMB70.07 million, and there was a risk of inability to recover such compensation over a long period of time. As the remaining compensation amount promised to be granted by the government had not been received as at the appraisal report date, the factory buildings had never been dismantled. In September 2019, Weifang Xingxing United Chemical Co., Ltd stopped production and dismissed its staff after paying severance compensation. Therefore, the detailed information required for the appraisal is not available, and appraisers are unable to appraise the value of Weifang Xingxing United Chemical Co., Ltd. In view of the above reasons, the appraised value of the long-term investment–Weifang Xingxing United Chemical Co., Ltd cannot be ascertained in the valuation. As a result, the book value is taken as the appraised value.

7. Long-term equity investment – Shouguang Meite Environmental Technology Co., Ltd., its carrying value was RMB10,321,509.74 as at the Valuation Benchmark Date, and was owned as to 49% by Shouguang Meilun Paper Co., Ltd. According to the relevant statement provided by the appraised entity, Shouguang Meite Environmental Technology Co., Ltd. has stopped production since 20 November 2021 due to epidemic and other reasons, and it is still in the period of production suspension. It is expected to restart production in the first quarter of 2023. The appraisers adopted the asset-based method to value Shouguang Meite Environmental Technology Co., Ltd.

The financial statements of Shouguang Meite Environmental Technology Co., Ltd. as of the Valuation Benchmark Date have not been audited.

The book record of Shouguang Meilun Paper Co., Ltd. showed that receivables from Shouguang Meite Environmental Technology Co., Ltd. after offsetting the creditor's rights and debts totaled RMB20,714,186.01 (including receivables, prepayments, other receivables, and other payables of RMB6,336,958.45, RMB5,026,899.71, RMB18,041,198.95, and RMB8,690,871.10, respectively). The book record of Shouguang Meite Environmental Technology Co., Ltd. showed that payables to Shouguang Meilun Paper Co., Ltd. after offsetting the creditor's rights and debts totaled RMB16,798,595.45 (including receivables, payables, and other payables of RMB6,854,457.32, RMB1,501,145.12, and RMB22,151,907.75, respectively). This resulted in a difference of RMB3,915,590.56. Of which, the difference in the accounting of input tax was RMB1,129,813.24 due to different scope of accounting of both parties as Shouguang Meite Environmental Technology Co., Ltd. did not issue invoices for some products sold by Shouguang Meilun Paper Co., Ltd. For the remaining difference of RMB2,785,777.32, the two companies failed to reach an agreement. Therefore, the impact of such difference on the appraisal value was not considered in the valuation.

The appraised entity mainly produces light calcium carbonate (PCC products) for internal supply, and provides raw material support for Shouguang Meilun Paper Co., Ltd. According to the PCC Supply Agreement, "The initial PCC price shall be calculated according to the mutually agreed price and profit model"; "During the contract period, the PCC price will be determined in accordance with price and profit model and the actual cost change and the estimated PCC consumption provided by the client, which will be evaluated and adjusted twice a year (on 30 June and 31 December) to achieve the return on investment agreed by both parties". Since the whole year of 2022 is in the period of production suspension, the sales price of finished product cannot be determined. When valuing the finished product ALBACAR LO light calcium carbonate, the carrying value is presented as the appraisal value.

8. Long-term equity investment – Goldtrust Futures Co., Ltd., its carrying value was RMB182,204,492.04 as at the Valuation Benchmark Date, and was owned as to 35% by Shouguang Meilun Paper Co., Ltd. As Goldtrust Futures Co., Ltd. is not controlled by Shouguang Meilun Paper Co., Ltd., it is unable to conduct a valuation on Goldtrust Futures Co., Ltd. According to the Equity Transfer Agreement dated 15 June 2022 entered into with Shanghai Panhou Investment Management Co., Ltd. provided by Meilun Paper,

Meilun Paper shall transfer all of its equity holdings in Goldtrust Futures to Shanghai Panhou Investment Management Co., Ltd. or its designated third party at the transfer price of RMB225,000,000.00 (unvalued). Since the transfer of equity under this agreement is still subject to the approval of the China Securities Regulatory Commission, the success of which is of uncertainty. The carrying value is presented as the appraisal value in the valuation. The users of the valuation report are advised to pay attention to the possible impact on the valuation of the long-term equity investment if the equity transfer is successful.

For other special matters, see “XI. Special Notices” in the Asset Valuation Report.

NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING

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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)

NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2023 first extraordinary general meeting (the “EGM”) of Shandong Chenming Paper Holdings Limited (the “Company”) will be held on Monday, 27 February 2023 at 2:00 p.m., at the conference room of the research and development centre of the Company, No. 2199 Nongsheng Road East, Shouguang City, Shandong Province, the People's Republic of China (the “PRC”) for the purpose of passing the following resolutions.

SPECIAL RESOLUTIONS

1. Resolution in relation to the Company complying with relevant conditions of the asset purchase through the issuance of shares and cash payments
2. Resolution in relation to the Reorganisation constituting a related party transaction
3. Resolution in relation to the scheme of the asset purchase through the issuance of shares and cash payments and related party transaction of the Company
 - 3.01 The overall proposal for the Reorganisation
 - 3.02 Type and nominal value of shares to be issued
 - 3.03 Method of issue and target investors
 - 3.04 Place of listing
 - 3.05 Pricing Benchmark Date and issue price

* For identification purpose only

NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING

- 3.06 Number of shares to be issued
- 3.07 Share lock-up arrangement for the Issuance
- 3.08 Arrangement of accumulated undistributed profits
- 3.09 Vesting of profits and losses of the Target Company and Target Fund during the Transitional Period
- 3.10 Duration of the resolutions
- 4. Resolution in relation to the “Draft Report on the Asset Purchase through the Issuance of Shares and Cash Payments and Related Party Transaction” of the Company and its highlights
- 5. Resolution in relation to the explanation on the Reorganisation neither constitutes a major asset reorganisation nor a backdoor listing
- 6. Resolution in relation to the conditional “Agreement on Asset Purchase through the Issuance of Shares” and the conditional “Agreement on Asset Purchase through the Issuance of Shares and Cash Payments” between the Company and the parties
- 7. Resolution in relation to the conditional “Supplemental Agreement to the Agreement on Asset Purchase through the Issuance of Shares” and the conditional “Supplemental Agreement to the Agreement on Asset Purchase through the Issuance of Shares and Cash Payments” between the Company and the parties
- 8. Resolution in relation to the explanation on the compliance of the Reorganisation with the provisions of Article 4 of the “Provisions on Issues Concerning Regulating the Material Asset Reorganisations of Listed Companies”
- 9. Resolution in relation to the explanation on the Reorganisation complying with the provisions of Article 11 and Article 43 of “the Administrative Measures for the Material Asset Reorganisations of Listed Companies”
- 10. Resolution in relation to the explanation on the relevant entities involved in the Reorganisation being not prohibited from participating in any material assets restructuring of any listed companies in accordance with the provisions of Article 13 of the “Regulatory Guidelines for Listed Companies No. 7 – Supervision over Abnormal Stock Trading Related to the Material Asset Reorganizations of Listed Companies”

NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING

11. Resolution in relation to the explanation on share price fluctuation before announcement of the Reorganisation not reaching the relevant benchmark set out in Article 13 of the “Shenzhen Stock Exchange Self-discipline Supervisory Guidelines for Listed Companies No.8 – Material Asset Reorganisations”
12. Resolution in relation to the approval of the audit report, appraisal report and pro forma review report in relation to the Reorganisation
13. Resolution in relation to the independence of the appraisal agency, the reasonableness of the assumed premises of the appraisal, the relevance of the appraisal methodology to the purpose of the appraisal and the fairness of the appraisal pricing
14. Resolution in relation to risk warning and remedial measures for diluting current returns from the Reorganisation by the Company and commitments by relevant entities
15. Resolution in relation to the explanation on completeness and compliance of statutory procedures performed in relation to the Reorganisation and validity of legal documents submitted
16. Resolution on a mandate granted to the Board by the Extraordinary General Meeting to deal with matters pertaining to the Reorganisation

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

Shandong, PRC
19 January, 2023

NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING

Notes:

1. The register of members of the Company will be temporarily closed from 22 February 2023 to 27 February 2023 (both days inclusive) during which no transfer of H Shares of the Company will be registered in order to determine the list of H Shareholders of the Company for attending the EGM. The last lodgment for the transfer of the H Shares of the Company should be made on Tuesday, 21 February 2023 at Computershare Hong Kong Investor Services Limited by or before 4:30 p.m. The H Shareholders of the Company or their proxies being registered at the close of business on 21 February 2023 are entitled to attend the EGM by presenting their identity documents. The address of Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
2. Each shareholder having the rights to attend and vote at the EGM is entitled to appoint one or more proxies (whether a shareholder or not) to attend and vote on his behalf. Should more than one proxy be appointed by one shareholder, such proxy shall only exercise his voting rights on a poll.
3. Shareholders can appoint a proxy by an instrument in writing (i.e. by using the proxy form enclosed). The proxy form shall be signed by the person appointing the proxy or an attorney authorised by such person in writing. If the proxy form is signed by an attorney, the power of attorney or other documents of authorisation shall be notarially certified. To be valid, the proxy form and the notarially certified power of attorney or other documents of authorisation must be delivered to in the case of H Shares, the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; not later than 24 hours before the time scheduled for the holding of the EGM or any adjournment thereof.
4. Shareholders or their proxies shall present proofs of their identities upon attending the EGM. Should a proxy be appointed, the proxy shall also present the proxy form.
5. The EGM is expected to last for half day. The shareholders and proxies attending the EGM shall be responsible for their own travelling and accommodation expenses.
6. The Company's registered address:

No. 595 Shengcheng Road, Shouguang City, Shandong Province, the PRC
Postal code: 262700
Telephone: (86)-536-2158008
Facsimile: (86)-536-2158977

As at the date of this notice, the executive Directors are Mr. Chen Hongguo, Mr. Hu Changqing, Mr. Li Xingchun, Mr. Li Feng and Mr. Li Weixian; 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, Mr. Yang Biao and Mr. Li Zhihui.

NOTICE OF 2023 FIRST CLASS MEETING FOR HOLDERS OF H SHARES

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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)

NOTICE OF 2023 FIRST CLASS MEETING FOR HOLDERS OF H SHARES

NOTICE IS HEREBY GIVEN THAT the 2023 first class meeting for holders of overseas listed foreign shares (H Shares) of the Company (“**H Shares**”) (the “**Class Meeting**”) of Shandong Chenming Paper Holdings Limited (the “**Company**”) or any adjourned meeting thereof will be held immediately after the conclusion of the 2023 first class meeting for holders of domestic-listed shares (A shares and B shares) (or any adjourned meeting thereof) of the Company on Monday, 27 February 2023 at the conference room of the research and development centre of the Company, No. 2199 Nongsheng Road East, Shouguang City, Shandong Province, the People's Republic of China (the “**PRC**”) for the purpose of passing the following resolutions.

SPECIAL RESOLUTIONS

1. Resolution in relation to the Company complying with relevant conditions of the asset purchase through the issuance of shares and cash payments
2. Resolution in relation to the Reorganisation constituting a related party transaction
3. Resolution in relation to the scheme of the asset purchase through the issuance of shares and cash payments and related party transaction of the Company
 - 3.01 The overall proposal for the Reorganisation
 - 3.02 Type and nominal value of shares to be issued
 - 3.03 Method of issue and target investors
 - 3.04 Place of listing
 - 3.05 Pricing Benchmark Date and issue price

* For identification purpose only

NOTICE OF 2023 FIRST CLASS MEETING FOR HOLDERS OF H SHARES

- 3.06 Number of shares to be issued
- 3.07 Share lock-up arrangement for the Issuance
- 3.08 Arrangement of accumulated undistributed profits
- 3.09 Vesting of profits and losses of the Target Company and Target Fund during the Transitional Period
- 3.10 Duration of the resolutions
- 4. Resolution in relation to the “Draft Report on the Asset Purchase through the Issuance of Shares and Cash Payments and Related Party Transaction” of the Company and its highlights
- 5. Resolution in relation to the explanation on the Reorganisation neither constitutes a major asset reorganisation nor a backdoor listing
- 6. Resolution in relation to the conditional “Agreement on Asset Purchase through the Issuance of Shares” and the conditional “Agreement on Asset Purchase through the Issuance of Shares and Cash Payments” between the Company and the parties
- 7. Resolution in relation to the conditional “Supplementary Agreement to the Agreement on Asset Purchase through the Issuance of Shares” and the conditional “Supplementary Agreement to the Agreement on Asset Purchase through the Issuance of Shares and Cash Payments” between the Company and the parties
- 8. Resolution in relation to the explanation on the compliance of the Reorganisation with the provisions of Article 4 of the “Provisions on Issues Concerning Regulating the Material Asset Reorganisations of Listed Companies”
- 9. Resolution in relation to the explanation on the Reorganisation complying with the provisions of Article 11 and Article 43 of “the Administrative Measures for the Material Asset Reorganisations of Listed Companies”
- 10. Resolution in relation to the explanation on the relevant entities involved in the Reorganisation being not prohibited from participating in any material assets restructuring of any listed companies in accordance with the provisions of Article 13 of the “Regulatory Guidelines for Listed Companies No. 7 – Supervision over Abnormal Stock Trading Related to the Material Asset Reorganizations of Listed Companies”
- 11. Resolution in relation to the explanation on share price fluctuation before announcement of the Reorganisation not reaching the relevant benchmark set out in Article 13 of the “Shenzhen Stock Exchange Self-discipline Supervisory Guidelines for Listed Companies No.8 – Material Asset Reorganisations”
- 12. Resolution in relation to the approval of the audit report, appraisal report and pro forma review report in relation to the Reorganisation

NOTICE OF 2023 FIRST CLASS MEETING FOR HOLDERS OF H SHARES

13. Resolution in relation to the independence of the appraisal agency, the reasonableness of the assumed premises of the appraisal, the relevance of the appraisal methodology to the purpose of the appraisal and the fairness of the appraisal pricing
14. Resolution in relation to risk warning and remedial measures for diluting current returns from the Reorganisation by the Company and commitments by relevant entities
15. Resolution in relation to the explanation on completeness and compliance of statutory procedures performed in relation to the Reorganisation and validity of legal documents submitted
16. Resolution on a mandate granted to the Board by the H Share Class Meeting to deal with matters pertaining to the Reorganisation

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

Shandong, PRC
19 January, 2023

NOTICE OF 2023 FIRST CLASS MEETING FOR HOLDERS OF H SHARES

Notes:

1. The register of members of the Company will be temporarily closed from 22 February 2023 to 27 February 2023 (both days inclusive) during which no transfer of H Shares of the Company will be registered in order to determine the list of H Shareholders of the Company for attending the H Share Class Meeting. The last lodgment for the transfer of the H Shares of the Company should be made on Tuesday, 21 February 2023 at Computershare Hong Kong Investor Services Limited by or before 4:30 p.m. The H Shareholders of the Company or their proxies being registered at the close of business on 21 February 2023 are entitled to attend the H Share Class Meeting by presenting their identity documents. The address of Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
2. Each shareholder having the rights to attend and vote at the H Share Class Meeting is entitled to appoint one or more proxies (whether a shareholder or not) to attend and vote on his behalf. Should more than one proxy be appointed by one shareholder, such proxy shall only exercise his voting rights on a poll.
3. Shareholders can appoint a proxy by an instrument in writing (i.e. by using the proxy form enclosed). The proxy form shall be signed by the person appointing the proxy or an attorney authorised by such person in writing. If the proxy form is signed by an attorney, the power of attorney or other documents of authorisation shall be notarially certified. To be valid, the proxy form and the notarially certified power of attorney or other documents of authorisation must be delivered to in the case of H Shares, the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; not later than 24 hours before the time scheduled for the holding of the H Share Class Meeting or any adjournment thereof.
4. Shareholders or their proxies shall present proofs of their identities upon attending the H Share Class Meeting. Should a proxy be appointed, the proxy shall also present the proxy form.
5. The H Share Class Meeting is expected to last for half day. The shareholders and proxies attending the H Share Class Meeting shall be responsible for their own travelling and accommodation expenses.
6. The Company's registered address:

No. 595 Shengcheng Road, Shouguang City, Shandong Province, the PRC
Postal code: 262700
Telephone: (86)-536-2158008
Facsimile: (86)-536-2158977

As at the date of this notice, the executive Directors are Mr. Chen Hongguo, Mr. Hu Changqing, Mr. Li Xingchun, Mr. Li Feng and Mr. Li Weixian; 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, Mr. Yang Biao and Mr. Li Zhihui.