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## **CHINA SUNSHINE PAPER HOLDINGS COMPANY LIMITED**

**中國陽光紙業控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2002)**

### **MAJOR TRANSACTIONS FORMATION OF PARTNERSHIP AND INVESTMENT INTO KEIMAI PULP**

#### **FORMATION OF PARTNERSHIP**

On 25 September 2020, Shanghai Wangreat, Changle Shengshi, both indirect non wholly-owned subsidiaries of the Company, Weifang Hengxin and Changle Baodu (hereinafter referred to as, collectively, the “**Limited Partners**”, each a “**Limited Partner**”), entered into a Limited Partnership Agreement with Shandong Xinjia (the “**General Partner**”) in respect of the establishment of the Partnership. According to the Limited Partnership Agreement, the total capital commitment of the Partnership is RMB500.00 million (the “**Total Commitment**”), of which Shandong Xinjia will contribute RMB5.00 million, while Shanghai Wangreat, Changle Shengshi, Weifang Hengxin and Changle Baodu will contribute RMB100.00 million, RMB295.00 million, RMB50.00 million and RMB50.00 million to the Partnership, respectively.

## **INVESTMENT INTO KEMAI PULP**

On 29 September 2020, the Partnership entered into the Equity Investment Agreement with Kemai Pulp and Shandong Sunshine, an indirect non wholly-owned subsidiary of the Company pursuant to which the Partnership agreed to invest into Kemai Pulp's pulp manufacturing project by contributing RMB500.00 million of cash (the “**Consideration**”) to Kemai Pulp in exchange for its equities (the “**Investment**”). Upon completion of the Investment, Kemai Pulp become directly owned as to 47.37% by the Partnership and 52.63% Shandong Sunshine. As the Partnership is not controlled by the Group, and its results will not be consolidated into that of the Group, the Investment will constitute a deemed disposal of the Group's interest in Kemai Pulp to the Partnership pursuant to Rule 14.29 of the Listing Rules.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in relation to the formation of Partnership exceed 25% but are all less than 100%, the formation of Partnership constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.34 of the Listing Rules, as soon as possible after the terms of a major transaction have been finalised, the Company must publish an announcement as soon as possible. As the Directors consider both the Limited Partnership Agreement and the Equity Investment Agreement relate to the same project, i.e. investment into Kemai Pulp, and have intended to propose both the Limited Partnership Agreement and the Equity Investment Agreement for approval by the Shareholders at the SGM, the Directors believed an announcement providing details for both the signing of the Limited Partnership Agreement and Equity Investment Agreement should only be made upon signing of the Equity Investment Agreement.

With respect to investment by the Partnership into Kemai Pulp, as one or more of the applicable percentage ratios for the investment into Kemai Pulp exceed 25% but are less than 75%, the investment into Kemai Pulp constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Investment is subject to the fulfilment of certain conditions precedent set out in the Equity Investment Agreement, and therefore may or may not proceed to completion. As such, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of our Company.

## **SGM AND DISPATCH OF CIRCULAR**

A SGM will be convened to consider and, if thought fit, approve the formation of Partnership and investment into Kemai Pulp.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder has a material interest in the formation of Partnership or the investment into Kemai Pulp and accordingly, no Shareholder is required to abstain from voting in the SGM for the approval of the formation of Partnership and investment into Kemai Pulp.

A Circular containing, among other things, further details of the formation of Partnership and the Investment is currently expected to be despatched to the Shareholders on or before the 15<sup>th</sup> business day after the publication of this announcement.

## **FORMATION OF PARTNERSHIP**

The Board is pleased to announce that on 25 September 2020 (after trading hours), Shanghai Wangreat, Changle Shengshi, Weifang Hengxin and Changle Baodu, entered into a Limited Partnership Agreement with Shandong Xinjia in respect of the establishment of the Partnership. According to the Limited Partnership Agreement, the total capital commitment of the Partnership is RMB500.00 million, of which Shandong Xinjia (as general partner) will contribute RMB5.00 million, while Shanghai Wangreat, Changle Shengshi, Weifang Hengxin and Changle Baodu (as limited partners) will contribute RMB100.00 million, RMB295.00 million, RMB50.00 million and RMB50.00 million to the Partnership, respectively.

### **The Limited Partnership Agreement**

The principal terms of the Limited Partnership Agreement are summarized as follows:

- Date** : 25 September 2020
- Name of the Partnership** : 濰坊市世紀陽光新舊動能轉換股權投資基金合夥企業(有限合夥) (Weifang City Century Sunshine Old-to-New Momentum Conversion Equity Investment Fund Partnership (Limited Partnership)), a limited partnership established in the PRC according to the Partnership Laws of the PRC on 25 September 2020.

**Partners** : General Partner: Shandong Xinjia

Limited Partners:

(1) Shanghai Wangreat

(2) Changle Shengshi

(3) Weifang Hengxin

(4) Changle Baodu

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Shandong Xinjia, Weifang Hengxin and Changle Baodu and their respective ultimate beneficial owners are Independent Third Parties not connected with the Company and its connected persons as at the date of this announcement.

**Purpose of the Partnership** : The purpose of the Partnership is to make investment into Kemai Pulp by way of subscription of its equity interest. Kemai Pulp is an indirect non wholly-owned subsidiary of the Company set up to supply pulp, which is a key raw material for producing paper products, manufactured through biodegradation of plant materials to replace pulp produced from imported waste paper after the completion of the Equity Investment Agreement.

**Term of the Partnership** : The initial term of the Partnership shall be five (5) years commencing from the date of issue of the business licence of the Partnership. Such term may be extended by a period of one (1) year with unanimous consent of all the partners of the Partnership one (1) month prior to the expiration the initial term of the Partnership, (the "**Extension Period**"). The Partnership may be extended by no more than two (2) Extension Periods and in no case shall the Partnership be allowed to operate for more than seven (7) years.

The Partnership can also be terminated under the following events of dissolution:

- (1) Weifang Hengxin and/or Changle Baodu fail to pay the capital contribution as agreed in the Limited Partnership Agreement;
- (2) the term of the Partnership has been expired;
- (3) consent to dissolve from partners (consent from Weifang Hengxin and Changle Baodu is mandatory) who contributed, in aggregated, more than two-thirds (2/3) of the paid-in capitals of the Partnership for which partners' meeting is convened and consent to dissolve is passed;
- (4) no sufficient quorum of partners present for more than 30 days;
- (5) the objectives of the Partnership have already been achieved or are unable to be achieved;
- (6) the business licence of the Partnership has been revoked or the Partnership has been ordered to be closed or dissolved according to law;
- (7) the Partnership has suffered substantial losses (reaching or exceeding 30% of the total paid-in capital contribution of the Partnership) and is unable to continue its operation;
- (8) all investments made by the Partnership has been recovered in advance of the term of the Partnership;
- (9) the general partner withdrew or is removed from the Partnership and no new general partner is accepted into the Partnership;
- (10) one or more limited partners have seriously breached the Limited Partnership Agreement, which prevents the Partnership from continuing to operate;

(11) the Partnership has committed major violations of laws and regulations and is ordered to terminate by the relevant authority;

(12) any other event of dissolution pursuant to the Limited Partnership Agreement; and

(13) any legal or administrative reasons and orders to dissolve.

**Committed capital contribution** : The Total Commitment of the partners to the Partnership under the Limited Partnership Agreement is RMB500.00 million. Capital contribution will be made in cash as follows:

| <b>Party</b>            | <b>Capital contribution<br/>(RMB'000)</b> | <b>% of equity<br/>interest in the<br/>Partnership</b> |
|-------------------------|---|--|
| <b>General partner</b>  |   |  |
| Shandong Xinjia         | 5,000                                     | 1.00%  |
| <b>Limited partners</b> |   |  |
| Changle Shengshi        | 295,000                                   | 59.00%   |
| Shanghai Wangreat       | 100,000                                   | 30.00%   |
| Weifang Hengxin         | 50,000                                    | 10.00%   |
| Changle Baodu           | 50,000                                    | 10.00%   |

Pursuant to the terms of the Limited Partnership Agreement, the capital contribution of the partners shall be made based on the actual investment needs of the Partnership in accordance with the capital contribution ratio above and at such times and in such amounts as Shandong Xinjia may specify in a notice to the partners.

The Total Commitment and the amount of capital contribution by each partner are determined after arm's length negotiations among Shandong Xinjia, Changle Shengshi, Shanghai Wangreat, Weifang Hengxin and Changle Baodu having taken into account, among other things, (i) the proposed amount of investment into Kemai Pulp as agreed between the partners and (ii) the reasons stated in the section titled "Reasons for and Benefits of Entering into the Limited Partnership Agreement and Investment into Kemai Pulp" herein.

**Management of the Partnership** : Shandong Xinjia, as the general partner and executive partner of the Partnership, is responsible for the day-to-day operation and management of the Partnership and will act on behalf of the Partnership externally.

All decisions regarding investment, post-investment management and exit of the Partnership shall be determined by an investment committee comprising three(3) members. Each of Shandong Xinjia, Weifang Hengxin and Changle Shengshi is entitled to nominate a member to the investment committee. Save for certain investment decision involving connected transactions whereby the member nominated by the connected party needs to recuse from voting and certain policy-oriented investment decisions whereby the member appointed by Weifang Hengxin has veto rights, all decisions reserved for the investment committee shall be approved by two out of three members of the investment committee.

Except for matters which require unanimous decision by all the partners to the Partnership as stipulated in the Limited Partnership Agreement and in the Partnership Enterprise Law of the PRC, all actions of the Partnership which require the approval of the partners' meeting shall be approved only if (i) Weifang Hengxin and Changle Baodu; and (ii) partners, in aggregate, contributing at least two-thirds(2/3) of the actual paid-up capital contribution of the Partnership, approve the respective actions.

The Limited Partners shall have, among other things, the exclusive authority to monitor and oversee the actions of Shandong Xinjia, as the general partner of the Partnership.

**Distribution of investment proceeds** : Pursuant to the terms of the Limited Partnership Agreement, the assets available for distribution after deducting management fees and other operating expenses incurred during the term of the Limited Partnership (the “**Distributable Assets**”), shall be distributed by the Partnership in the following order:

- (1) to all Limited Partners an amount equal to their respective actual paid-up capital contribution; and
- (2) to Shandong Xinjia an amount equal to its actual paid-up capital contribution.

**Loss sharing** : Pursuant to the terms of the Limited Partnership Agreement, loss incurred by the Partnership shall first be borne by Shandong Xinjia, as the general partner of the Partnership, up to the amount equal to its total capital commitment. If the amount borne by Shandong Xinjia is insufficient to cover such loss, all Limited Partners, shall assume liability which shall be limited to their respective capital commitment. If the Total Commitment is insufficient to cover such loss, Shandong Xinjia, as the general partner of the Partnership, shall assume all remaining loss incurred by the Partnership.

Pursuant to the Agreement of Paid-in Capital Contribution Guarantee signed between Shandong Sunshine and Weifang Hengxin, Shandong Sunshine and Weifang Hengxin agree that if Weifang Hengxin withdraws from the Partnership due to the occurrence of liquidation or dissolution event, Shandong Sunshine shall make up for the difference between the Distributable Assets received by Weifang Hengxin and the amount of actual paid-up capital contribution of Weifang Hengxin to the Partnership. The exact amount of compensation paid by Shandong Sunshine to Weifang Hengxin shall be the difference between the amount of actual paid-up capital contribution contributed by Weifang Hengxin to the Partnership minus the Distributable Assets received by Weifang Hengxin upon the occurrence of liquidation or dissolution event.



**Restriction on sale** : Shandong Xinjia, as the general manager of the Partnership, is generally not permitted to transfer all or any part of its interests unless all other Limited Partners consent to such proposed transfer.

Limited Partner are generally not permitted to transfer all or any part of its interests unless a 30 days prior notice is delivered to other partners of the Partnership and such proposed transfer is passed at a partners' meeting. Weifang Hengxin and Changle Baodu can opt to transfer all or any part of its interests without the approval from other partners if certain agreed upon events pursuant to the Limited Partnership Agreement occur.

**Withdrawal of interest in the Partnership** : Subject to the provisions of the Limited Partnership Agreement, a Limited Partner may withdraw its interests from the Partnership only by notifying the other partners 30 days in advance and only upon the occurrence of one of the following events: (i) event of withdrawal as stipulated in the Limited Partnership Agreement has occurred; (ii) all other partners have consent to the withdrawal; (iii) certain event has occurred which prevent the withdrawing partner from continuing to participate in the Partnership; or (iv) Other partners violate the obligations stipulated in the partnership agreement.

## **INVESTMENT INTO KEMAI PULP**

On 29 September 2020, the Partnership entered into the Equity Investment Agreement with Kemai Pulp, an indirect non wholly-owned subsidiary of the Company pursuant to which the Partnership agreed to invest into Kemai Pulp's pulp manufacturing project by contributing RMB500.00 million of cash in exchange for equity interest in Kemai Pulp.

Upon completion of the Investment, (a) the registered capital of Kemai Pulp will be increased from RMB100.00 million to RMB190.00 million; (b) Kemai Pulp will be held as to approximately 52.63% by Shandong Century Sunshine Paper Group Co.,Ltd ("**Shandong Sunshine**"), an indirect non wholly-owned subsidiary of our Company and as to approximately 47.37% by the Partnership, respectively; (c) Change Shengshi and Shanghai Wangreat will hold as to approximately 27.95% and 9.47% of Kemai Pulp through the Partnership, respectively; and (d) Kemai Pulp will continue to be accounted for as a subsidiary of the Company and its results will continue to be consolidated into the Group's financial statements.

## Equity Investment Agreement

The principal terms of the Equity Investment Agreement are summarized as follows:

**Date** : 29 September 2020

**Parties** : The Partnership as the Purchaser

Kemai Pulp as the Target Company

Shandong Sunshine as the sole shareholder of the Target Company prior to the Investment

To the best knowledge, information and belief of our Directors, after having made all reasonable enquiries, the Partnership is a third party independent of the Company and its connected persons as defined under the Listing Rules, Shanghai Wangreat and Changle Shengshi, as the limited partners of the Partnership, have minimal influence on the day-to-day operation of the Partnership.

**Subject of the Deemed Disposal** : 47.37% of the equity interest in the Target Company.

**Consideration and Terms of Payment** : The total cash Consideration for the investment shall be RMB500.00 million.

The Consideration for the Investment was determined by the parties to the Equity Investment Agreement following arm's length negotiations on normal commercial terms by reference to and having taken into account of the anticipated capital requirements of the pulp manufacturing project and the reasons stated in the section titled "Reasons for and Benefits of Entering into the Limited Partnership Agreement and Investment into Kemai Pulp" herein.

**Conditions Precedent** : The completion of Investment is subject to the satisfaction of the following key conditions precedent:

- (1) Shandong Sunshine having agreed to give up its preemptive right of subscribing the Target Company's newly registered capital in connection with the Investment;

- (2) the Target Company and Shandong Sunshine having guaranteed not to misappropriate the Consideration or change the use of the Consideration;
- (3) the Target Company having obtained all necessary internal approval and, if applicable, all the consents from relevant regulatory authorities and third parties that are necessary in connection with the execution and performance of the Equity Investment Agreement and the transaction contemplated thereunder;
- (4) the Target Company and Shandong Sunshine having guaranteed that the assets, liabilities, rights and interests, external guarantee and contingent liabilities of the Target Company and the information related to the Equity Investment Agreement disclosed to the Partnership are true; and
- (5) the Target Company and Shandong Sunshine having guaranteed that the Target Company is not facing any litigations or having other major business events that could have a significant impact on the Investment.

**Special Representation and Warranty of the Partnership**

: The Partnership represents that the nature of the Investment is purely financial. As such, the Partnership warrants that it will not

- (1) participate in the day-to-day operation of the Target Company;
- (2) participate in the decision-making process of major corporate matters of the Target Company;
- (3) send directors and supervisors to the Target Company; and
- (4) collect dividends issued by the Target Company.

**Completion**

: Within 15 business days of the signing date of the Equity Investment Agreement and subject to Kemai obtaining all relevant and necessary approvals and authorizations, the Partnership shall deposit the Consideration into a bank account designated by Keimai Pulp (the “**Purchaser’s Closing Obligation**”).

Kemai Pulp and Shandong Sunshine shall, within 25 business days of the completion of Purchaser's Closing Obligation, update Kemai Pulp's industry and commerce registration information with and filed the new articles of association of the Target Company to the relevant local authority (the "**Target Company's Closing Obligations**").

Subject to the fulfillment or waiver (as applicable) of the above conditions precedent, the completion of the Equity Investment Agreement (the "**Completion**") shall take place upon the fulfillment of both Purchaser's Closing Obligation and Target Company's Closing Obligations.

### **Financial Effect of the Investment**

Upon the completion of Investment, the Target Company will continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company.

Because the Consideration is paid exclusively into the registered capital and capital reserve of Kemai Pulp, our Group will record neither gain nor loss from the Investment.

### **INFORMATION ON THE GROUP AND COMPANY, THE PARTIES TO THE LIMITED PARTNERSHIP AGREEMENT AND THE TARGET COMPANY**

#### **The Group and the Company**

As at the date of this announcement, our Group is principally engaged in the manufacturing and sales of paper products in the PRC. Our Company is an exempt company incorporated in the Cayman Islands on August 2007.

#### **Shandong Xinjia**

An equity investment fund management and related consulting services company limited incorporated in Weifang City, Shandong Province, PRC.

#### **Shanghai Wangreat**

Shanghai Wangreat is a company established in the PRC with limited liability. Shanghai Wangreat is a packaging solution provider integrating papermaking, design, sales and service in PRC. Shanghai Wangreat is an indirect non wholly-owned subsidiary of the Company and is one of the limited partners of the Partnership.

### **Changle Shengshi**

Changle Shengshi is a company established in the PRC with limited liability. One of our indirect non-wholly owned subsidiaries, Shandong Sunshine, holds 80% equity interest of Changle Shengshi. Changle Shengshi is a regional cogeneration company supplying heat, steam and electricity to both industrial and residential areas.

### **Weifang Hengxin**

Weifang Hengxin is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of a state owned financial holding group. It primarily engages in equity investment fund management and related consulting services.

### **Changle Baodu**

Changle Baodu is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of a state owned limited liability company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save as disclosed above, each of Weifang Hengxin and Changle Baodu and their respective ultimate beneficial owners are Independent Third Parties.

### **Target Company**

The Target Company was established in the PRC in December 2018 as a limited liability company, which was wholly owned by Shandong Sunshine prior to the completion of the Investment. Kemai Pulp is an indirect non wholly-owned subsidiary of the Company set up to supply pulp, which is a key raw material for producing paper products, manufactured through biodegradation of plant materials to replace pulp produced from imported waste paper after the completion of Equity Investment Agreement. As of the date of this announcement, the Target Company has remained inoperative and has neither generated revenue nor incurred no loss.

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT AND INVESTMENT INTO KEMAI PULP**

The core business of our Group is manufacturing and sales of paper products in the PRC.

With reference to the investment objective of the Partnership, the extensive experience and skills of Shandong Xinjia as its general partner, and the infusion of additional private and state capital into the Kemai Pulp from the investment of the Partnership, the Board believes that formation of the Partnership and its investment into Kemai Pulp will foster technological innovations and boost our Group's production capacity of pulp manufactured through biodegradation of plant materials, which in turn, benefit our Group. Also, the direct injection of interest-free state capital through the Investment can be effectively used to supplement the sources of funding of Kemai's pulp manufacturing project, so as to reduce the overall financial cost of our Group.

In view of the above, the Board considers that the terms of the Limited Partnership Agreement and the Equity Investment Agreement are on normal commercial terms and are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in relation to the formation of Partnership exceed 25% but are all less than 100%, the formation of Partnership constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.34 of the Listing Rules, as soon as possible after the terms of a major transaction have been finalised, the Company must publish an announcement as soon as possible. As the Directors consider both the Limited Partnership Agreement and the Equity Investment Agreement relate to the same project, i.e. investment into Kemai Pulp, and have intended to propose both the Limited Partnership Agreement and the Equity Investment Agreement for approval by the Shareholders at the SGM, the Directors believed an announcement providing details for both the signing of the Limited Partnership Agreement and Equity Investment Agreement should only be made upon signing of the Equity Investment Agreement.

With respect to investment by the Partnership into Kemai Pulp, as one or more of the applicable percentage ratios for the investment into Kemai Pulp exceed 25% but are less than 75%, the investment into Kemai Pulp constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Investment is subject to the fulfilment of certain conditions precedent set out in the Equity Investment Agreement, and therefore may or may not proceed to completion. As such, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of our Company.

## **SGM AND DISPATCH OF CIRCULAR**

A SGM will be convened to consider and, if thought fit, approve the formation of Partnership and investment into Kemai Pulp.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder has a material interest in the formation of Partnership or the investment into Kemai Pulp and accordingly, no Shareholder is required to abstain from voting in the SGM for the approval of the formation of Partnership and investment into Kemai Pulp.

A Circular containing, among other things, further details of the formation of Partnership and the Investment is currently expected to be despatched to the Shareholders on or before the 15<sup>th</sup> business day after the publication of this announcement.

## **DEFINITIONS**

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

|   |   |
|---|---|
| “Agreement of Paid-in Capital Contribution Guarantee” | the agreement signed between Shandong Sunshine and Weifang Hengxin on 29 September 2020 regarding Shandong Sunshine compensating possible losses suffered by Weifang Hengxin upon liquidation or dissolution of the Partnership |
| “Board”   | the board of Directors  |
| “Changle Baodu”                                       | Changle Baodu State Owned Assets Investment Co., Ltd, a company established in the PRC in August 2017 and is a direct wholly-owned subsidiary of a state owned limited liability company  |
| “Changle Shengshi”                                    | Changle Shengshi Thermoelectricity Power Co., Ltd (昌樂盛世熱電有限責任公司), a company established in the PRC in October 2013 and is held as to 80% by Shandong Sunshine   |
| “Circular”  | the circular to be despatched to the Shareholders in relation to the Investment   |
| “Company”   | China Sunshine Paper Holdings Company Limited, an exempt company incorporated in the Cayman Islands on August 2007  |



|   |   |
|---|---|
| “Director(s)”                           | the director(s) of the Company  |
| “Equity Investment Agreement”           | the equity investment agreement relating to the Investment into Kemai Pulp and is entered into by the Partnership, Kemai Pulp and Shandong Sunshine on 29 September 2020  |
| “Group”                                 | the Company and its subsidiaries  |
| “Independent Third Part(ies)”           | independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the Listing Rules)   |
| “Kemai Pulp” or the “Target Company”    | Kemai Bio-mechanical Pulp Co., Ltd (山東科邁生物制漿有限公司), a company established in the PRC in December 2018 and was wholly owned by Shandong Sunshine prior to the completion of the Investment  |
| “Limited Partnership Agreement”         | the limited partnership agreement relating to the formation of Partnership and is entered into by Shandong Xinjia, Shanghai Wangreat, Changle Shengshi, Weifang Hengxin and Changle Baodu on 25 September 2020  |
| “Listing Rule(s)”                       | the rules governing the listing of securities on the Stock Exchange   |
| “Partnership”                           | Weifang City Century Sunshine Old-to-New Momentum Conversion Equity Investment Fund Partnership (Limited Partnership) (濰坊市世紀陽光新舊動能轉換股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC according to the Partnership Laws of the PRC on 25 September 2020 |
| “Partnership Enterprise Law of the PRC” | the Partnership Enterprise Law of the PRC (中華人民共和國合夥企業法), as enacted by the National People’s Congress on August 27, 2006 and effective on June 1, 2007, as amended, supplemented or otherwise modified from time to time   |
| “PRC”                                   | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan  |
| “RMB”                                   | Renminbi, the lawful currency for the time being of the PRC   |
| “SGM”                                   | a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the formation of Partnership and Investment  |



|                     |  |
|---------------------|--|
| “Shandong Sunshine” | Shandong Century Sunshine Paper Group Company Limited (山東世紀陽光紙業集團有限公司), a company established in the PRC in December 2000 and is held as to 99.90% by the Company  |
| “Shandong Xinjia”   | Shandong Xinjia Investment Management Company (Limited Company) (山東新嘉股權投資管理股份有限公司), an equity investment fund management and related consulting services company limited established in the PRC in December 2018 |
| “Shanghai Wangreat” | Shanghai Wangreat Industrial Co.,Ltd (上海王的實業有限公司), a company established in the PRC in December 2013 and is held as to 97.38% by Shandong Sunshine   |
| “Share(s)”          | ordinary share(s) of in the issued share capital of the Company  |
| “Shareholder(s)”    | the holder(s) of the Shares  |
| “Stock Exchange”    | The Stock Exchange of Hong Kong Limited  |
| “Weifang Hengxin”   | Weifang Hengxin Capital Management Co., Ltd (濰坊恆新資本管理有限公司), a company established in the PRC in July 2018 and is a direct wholly-owned subsidiary of a state owned financial holding group                       |
| “%”                 | per cent.  |

By Order of the Board  
**China Sunshine Paper Holdings Company Limited**  
**Wang Dongxing**  
*Chairman*

Weifang, Shandong Province, China, 29 September 2020

As at the date of this announcement, the Directors are:

*Executive Directors:*                    *Mr. Wang Dongxing, Mr. Shi Weixin, Mr. Wang Changhai, Mr. Zhang Zengguo and Mr. Ci Xiaolei*

*Non-executive Director:*            *Ms. Wu Rong*

*Independent non-executive Directors:*    *Ms. Shan Xueyan, Mr. Wang Zefeng and Ms. Jiao Jie*

\* *For identification purposes only*