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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)

DISCLOSEABLE TRANSACTIONS PROVISION OF FINANCIAL ASSISTANCE

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On 22 November 2022 and 25 November 2022 (after trading hours), Century Sunshine (a subsidiary of the Company, as the entrusting party and the lender), entered into the Entrusted Loan Agreements with (i) the Lending Bank (as the entrusted party); and (ii) Runchang (as the borrower under the Entrusted Loan Agreement I); or Qicheng Zhihui (as the borrower under the Entrusted Loan Agreement II).

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Entrusted Loan Agreements did not exceed 5%, the entering into of each individual Entrusted Loan Agreement did not constitute a discloseable transaction of the Company on a standalone basis. However, as each of the Borrowers is controlled by the same ultimate beneficial owners, each of the Entrusted Loan Agreement shall be aggregated for the purposes of Rules 14.22 and 14.23 of the Listing Rules.

Accordingly, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Entrusted Loan Agreements on an aggregated basis exceeded 5% but were less than 25%, the transactions contemplated thereunder constituted discloseable transactions of the Company and were subject to the reporting and announcement requirements under the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE

On 22 November 2022 and 25 November 2022 (after trading hours), Century Sunshine (a subsidiary of the Company, as the entrusting party and the lender), entered into the Entrusted Loan Agreements with (i) the Lending Bank (as the entrusted party); and (ii) Runchang (as the borrower under the Entrusted Loan Agreement I); or Qicheng Zhihui (as the borrower under the Entrusted Loan Agreement II). Summarised below are the principal terms of the Entrusted Loan Agreements:

ENTRUSTED LOAN AGREEMENT I

Date of the agreement:	22 November 2022
Entrusting party/lender :	Century Sunshine
Entrusted party:	The Lending Bank
Borrower:	Runchang
Principal amount:	RMB50,000,000
Interest rate:	One-year LPR plus 385 bp
Loan period:	One year
Repayment:	Runchang shall pay the interests on the 20th day of each month and repay the principal amount at the end of the loan period

Key Rights and Obligations of the Parties

Entrusting party

Century Sunshine, as the entrusting party and the lender, shall determine the identity of the borrower of the entrusted loan and review the Borrower's qualification, supervise the Borrower to use the loan according to terms of the agreement, issue the loan to the Borrower in full and on schedule, pay service charge to the entrusted party and ensure that the source of entrusted funds is legal and in compliance with the relevant PRC laws and regulations.

Entrusted party

The Lending Bank, as the entrusted party, in the case that Century Sunshine or the Borrower violates the terms of the agreement, shall has the right to take measures such as contract rescission, ordering correction within a limited time and claiming for loss as a

result thereof. It is also obligated to complete the relevant entrusted matters in accordance with the terms of the agreement where it shall charge service fee from Century Sunshine, the entrusting party.

Borrower

Runchang, as the Borrower, shall withdraw the loan through the entrusted party in accordance with the terms of the agreement, repay the principal of the loan and pay the relevant interest in full pursuant to the schedule agreed, use the loan in accordance with the purposes and methods as agreed and in compliance with the relevant PRC laws and regulations, cooperate with the entrusting party's supervision and inspection on its financial activities, loan usage and other relevant matters, and submit the loan usage related financial information to the entrusting party when required.

Source of Funding

The principal amount of RMB5,000,000 under the Entrusted Loan Agreement I was financed by the internal resources of the Group.

Purpose of the Entrusted Loan

The loan will be used by Runchang for general working capital purposes.

ENTRUSTED LOAN AGREEMENT II

Date of the agreement:	25 November 2022 (after trading hours)
Entrusting party/lender:	Century Sunshine
Entrusted party:	The Lending Bank
Borrower:	Qicheng Zhihui
Principal amount:	RMB50,000,000
Interest rate:	One-year LPR plus 385 bp
Loan period:	One year
Repayment:	Qicheng Zhihui shall pay the interests on the 20th day of every month and repay the principal amount at the end of the loan period

Key Rights and Obligations of the Parties

Entrusting party

Century Sunshine, as the entrusting party and the lender, shall determine the identity of the borrower of the entrusted loan and review the Borrower's qualification, supervise the Borrower to use the loan according to terms of the agreement, issue the loan to the Borrower in full and on schedule, pay service charge to the entrusted party and ensure that the source of entrusted funds is legal and in compliance with the relevant PRC laws and regulations.

Entrusted party

The Lending Bank, as the entrusted party, in the case that Century Sunshine or the Borrower violates the terms of the agreement, shall have the right to take measures such as contract rescission, ordering correction within a limited time and claiming for loss as a result thereof. It is also obligated to complete the relevant entrusted matters in accordance with the terms of the agreement where it shall charge service fee from Century Sunshine, the entrusting party.

Borrower

Qicheng Zhihui, as the Borrower, shall withdraw the loan through the entrusted party in accordance with the terms of the agreement, repay the principal of the loan and pay the relevant interest in full pursuant to the schedule agreed, use the loan in accordance with the purposes and methods as agreed and in compliance with the relevant PRC laws and regulations, cooperate with the entrusting party's supervision and inspection on its financial activities, loan usage and other relevant matters, and submit the loan usage related financial information to the entrusting party when required.

Source of Funding

The principal amount of RMB5,000,000 under the Entrusted Loan Agreement II was financed by the internal resources of the Group.

Purpose of the Entrusted Loan

The loan will be used by Qicheng Zhihui for general working capital purposes.

REASONS FOR THE TRANSACTIONS CONTEMPLATED UNDER ENTRUSTED LOAN AGREEMENTS

By entering into each of the Entrusted Loan Agreements, the Group intended to increase the rate of return of its cash and cash equivalents for the purposes of increasing both the investment income and the profits of the Group. The loan under each of the Entrusted Loan Agreements carries an interest rate of one-year LPR plus 385 bp per annum, which will enable the Group to benefit from a net interest margin as such interest rate of loan

charged by the Group under the Entrusted Loan Agreements is higher than the average cost of borrowings of the Group. The terms of the Entrusted Loan Agreements were negotiated on an arm's length basis between Century Sunshine and each of the Borrowers based on, among other things, the financing needs of each of the Borrowers and the Group's assessment on the source of funds for repayment, the business conditions and creditworthiness of the Borrowers. As at the date of the Entrusted Loan Agreements, the Directors were of the view that each of the Entrusted Loan Agreements were entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES TO THE ENTRUSTED LOAN AGREEMENTS

The Company and Century Sunshine

The Company is a limited company incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 22 August 2007 and its shares have been listed on the main board of the Stock Exchange since 12 December 2007. The principal activities of the Company, together with its subsidiaries, are production/generation and sale of paper products, electricity and steam.

Century Sunshine is a wholly-owned subsidiary of the Company, and is principally engaged in production and sale of machine-made paper, premium paperboard and raw materials of papermaking, and sale of paper additives, as well as export and import for the above.

Information of the Lending Bank

The Lending Bank is a joint stock company established in the PRC and is principally engaged in the provision of a range of banking services and related financial services.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, the Lending Bank and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Information of the Borrowers

Runchang is a company incorporated in the PRC with limited liability and is principally engaged in water production and supplying. Runchang is owned by State-owned Assets Supervision and Administration Bureau of Changle County* (昌樂縣國有資產監督管理局). Qicheng Zhihui is a company incorporated in the PRC with limited liability and is principally engaged in science and technology promotion and application service industry. Qicheng Zhihui is owned as to 65% by State-owned Assets Supervision and Administration Bureau of Changle County* (昌樂縣國有資產監督管理局).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Borrowers and its ultimate beneficial owner (if applicable) are third parties independent from the Company and its connected persons (as defined in the Listing Rules).

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Entrusted Loan Agreements did not exceed 5% on a standalone basis, the entering into of each individual Entrusted Loan Agreement did not constitute a discloseable transaction of the Company. However, as each of the Borrowers is controlled by the same ultimate beneficial owners, each of the Entrusted Loan Agreement shall be aggregated for the purposes of Rules 14.22 and 14.23 of the Listing Rules.

Accordingly, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Entrusted Loan Agreement on an aggregated basis exceeded 5% but were less than 25%, the transactions contemplated thereunder constituted discloseable transactions of the Company and were subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors;
“Borrowers” or “Borrower”	Runchang and Qicheng Zhihui; each, a Borrower;
“bp”	basic point, a unit of measure for interest rates and other percentages where one basis point equals to 0.01%;
“Century Sunshine”	Shandong Century Sunshine Paper Group Co., Ltd.* (山東世紀陽光紙業集團有限公司), a company established in the PRC with limited liability, a non-wholly owned subsidiary of the Company;
“Company”	China Sunshine Paper Holdings Company Limited (中國陽光紙業控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 2002);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“Entrusted Loan Agreement I”	the entrusted loan agreement dated 22 November 2022 and entered into among Century Sunshine (as the entrusting party and the lender), the Lending Bank (as the entrusted party) and Runchang (as the borrower) in relation to the grant of a loan in an amount of RMB50,000,000 to Runchang;
“Entrusted Loan Agreement II”	the entrusted loan agreement dated 25 November 2022 and entered into among Century Sunshine (as the entrusting party and the lender), the Lending Bank (as the entrusted party) and Qicheng Zhihui (as the borrower) in relation to the grant of a loan in an amount of RMB50,000,000 to Qicheng Zhihui;
“Entrusted Loan Agreements”	Entrusted Loan Agreement I and Entrusted Loan Agreement II;
“Group”	the Company and its subsidiaries of the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lending Bank”	Agricultural Bank of China Co., Ltd., Changle Sub-branch* (中國農業銀行股份有限公司昌樂縣支行), the entrusted party under each of the Entrusted Loan Agreements, and a joint stock company established in the PRC;
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange (as amended from time to time);
“LPR”	loan prime rate, as published by National Interbank Funding Center* (全國銀行間同業拆借中心) of the PRC from time to time;
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Qicheng Zhihui”	Changle Qicheng Zhihui Technology Co., Ltd Co., Ltd.* (昌樂齊城智慧科技有限公司), a limited liability company established in the PRC which is principally engaged in science and technology promotion and application service industry;
“RMB”	Renminbi, the lawful currency of the PRC;

“Runchang”	Changle Runchang Water Co., Ltd.* (昌樂縣潤昌水務有限公司), a limited liability company established in the PRC which is principally engaged in water production and supplying;
“Shareholder(s)”	holder(s) of the issued share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

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

Weifang, China, 25 November 2022

As at the date of this announcement, the executive Directors are Mr. Wang Dongxing (Chairman), Mr. Shi Weixin, Mr. Wang Changhai, Mr. Zhang Zengguo and Mr. Ci Xiaolei; the non-executive Director is Ms. Wu Rong; and the independent non-executive Directors are Ms. Shan Xueyan, Mr. Wang Zefeng and Ms. Jiao Jie.

* *For identification purposes only*