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

If you have sold or transferred all your shares in **China Sunshine Paper Holdings Company Limited**, you should at once hand this circular together with the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

CONTINUING CONNECTED TRANSACTIONS PURCHASE FRAMEWORK AGREEMENT AND SALES FRAMEWORK AGREEMENT

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 4 to 20 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 21 to 22 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 23 to 56 of this circular.

A notice convening the EGM to be held at China Sunshine Paper Office Tower, Changle Economic Development Zone, Weifang, Shandong, China on Tuesday, 5 March 2024 at 10:00 a.m. is set out on pages 63 to 65 of this circular. A proxy form is enclosed with this circular. Whether or not you are intending to attend and vote at the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed on such form to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment of such meeting. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the EGM in person or any adjourned meeting, as the case may be, should you so desire.

* For identification purposes only

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DEFINITIONS

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

“Articles”	the existing articles of association of the Company
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Century Sunshine”	Shandong Century Sunshine Paper Group Co., Ltd.* (山東世紀陽光紙業集團有限公司), a limited company established in the PRC and a subsidiary of the Company
“Century Sunshine Group”	Century Sunshine and/or its subsidiaries
“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 Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2002)
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Effective Date”	the effective date of the Framework Agreements
“EGM”	an extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve, among other things, the Framework Agreements, the Proposed Annual Caps and the transactions contemplated thereunder
“Framework Agreements”	the Purchase Framework Agreement and the Sales Framework Agreement
“Group”	the Company and its subsidiaries
“HK Paper Sources”	Hong Kong Paper Sources Co., Limited (香港紙源有限公司), a substantial shareholder of the Company which holds 162,000,000 Shares, representing approximately 14.34% of the Company’s total issued share capital as at the Latest Practicable Date
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent board committee established by the Company, comprising all of the independent non-executive Directors, namely Ms. Zhang Tao, Mr. Wang Zefeng and Ms. Jiaojie, for the purpose of advising the Independent Shareholders in respect of the terms of the Framework Agreements (including the Proposed Annual Caps thereunder) and the transactions contemplated thereunder
“Independent Financial Adviser”	China Sunrise Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreements and the transactions contemplated thereunder
“Independent Shareholders’ Approval”	the approval of the Framework Agreements, the transactions contemplated thereon and the Proposed Annual Caps by the Independent Shareholders to be obtained at the EGM
“Independent Shareholders”	Shareholders other than HK Paper Sources and its associates
“Independent Third Party(ies)”	third party(ies) which is/are independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Latest Practicable Date”	14 February 2024, being the latest practicable date for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular only
“Proposed Annual Caps”	the Proposed Purchase Annual Caps and the Proposed Sales Annual Caps
“Proposed Purchase Annual Caps”	the proposed annual caps under the Purchase Framework Agreement for the years ending 31 December 2024, 2025 and 2026
“Proposed Sales Annual Caps”	the proposed annual caps under the Sales Framework Agreement for the years ending 31 December 2024, 2025 and 2026

DEFINITIONS

“Purchase Framework Agreement”	the purchase framework agreement dated 2 January 2024 entered into between Ramble Paper and Xiamen C&D in relation to the purchase of wood pulp materials and packaging paper products by Ramble Paper Group from Xiamen C&D Group
“Ramble Paper”	China Ramble Paper Company Limited (中國遠博紙業有限公司), a company incorporated under the laws of Hong Kong with limited liability on 20 August 2007 and an indirect wholly-owned subsidiary of the Company
“Ramble Paper Group”	Ramble Paper and/or its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Framework Agreement”	the sales framework agreement dated 2 January 2024 entered into between Century Sunshine and Xiamen C&D in relation to the sale of packaging paper products by Century Sunshine Group to Xiamen C&D Group
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Xiamen C&D”	Xiamen C&D Paper & Pulp Group Co., Ltd.* (廈門建發漿紙集團有限公司), a limited company established in the PRC and a connected person of the Company
“Xiamen C&D Group”	Xiamen C&D and/or its subsidiaries
“%”	per cent.

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LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wang Dongxing (*Chairman*)
Mr. Shi Weixin (*Vice chairman*)
Mr. Wang Changhai (*General manager*)
Mr. Ci Xiaolei (*Deputy general manager*)

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Non-executive Directors:

Ms. Wu Rong
Mr. Zhang Xiaohui

*Head office and principal place of business
in the PRC:*

Changle Economic Development Zone
Weifang 262400
Shandong
China

Independent non-executive Directors:

Ms. Zhang Tao
Mr. Wang Zefeng
Ms. Jiao Jie

Principal place of business in Hong Kong:

Unit No. 1702, 17/F
Prosperity Millennia Plaza
663 King's Road
North Point
Hong Kong

19 February 2024

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
PURCHASE FRAMEWORK AGREEMENT
AND
SALES FRAMEWORK AGREEMENT**

* For identification purposes only

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide the Shareholders with information regarding the Purchase Framework Agreement, the Sales Framework Agreement, the Proposed Purchase Annual Caps and the Proposed Sales Annual Caps and to seek approval of the Independent Shareholders in respect of the ordinary resolutions set out in the notice of the EGM on pages 63 to 65 of this circular.

In respect of the Purchase Framework Agreement, the Sales Framework Agreement, the Proposed Purchase Annual Caps and the Proposed Sales Annual Caps, the recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 21 to 22 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice is set out on pages 23 to 56 of this circular.

PURCHASE FRAMEWORK AGREEMENT

The principal terms of the Purchase Framework Agreement are described below:

Date:	2 January 2024 (after trading hours)
Parties:	(i) Ramble Paper, as the purchaser; and (ii) Xiamen C&D, as the seller
Term:	Commencing from the Effective Date and ending on 31 December 2026
Subject Matter:	Pursuant to the Purchase Framework Agreement, any member of Ramble Paper Group may place individual orders or enter into individual contracts with any member of Xiamen C&D Group to purchase the wood pulp materials and packaging paper products that Xiamen C&D Group is the main distributor.

The packaging paper products to be purchased by Ramble Paper Group from Xiamen C&D Group under the Purchase Framework Agreement include (i) white board paper (白板紙), containerboard (箱板紙) and certain specialised paper products, which cannot be produced by the Group with its existing production lines but are main materials for the Group to produce other paper products; and (ii) corrugated paper (瓦楞紙) of certain gram weight specifications, which are to be purchased by Ramble Paper Group only in certain regions where Ramble Paper Group can lower its delivery costs while maintaining good quality of the products.

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Pricing Principles:

The price of the products purchased by Ramble Paper Group from Xiamen C&D Group shall be determined after arm's length negotiations between the parties with reference to the following factors. In any event, such prices or purchase terms shall be no less favourable than those provided by third-party suppliers to Ramble Paper and/or Ramble Paper Group.

- (i) current market price for similar products: the prevailing market price of the wood pulp materials and packaging paper products of comparable quality, specifications, quantities and related delivery costs based on the market information collected by the Group through the market price information from the public domains. The two main websites that are widely used by paper manufactures in the industry are www.umpaper.com and www.sci99.com (collectively, "**Public Websites**") which provide pricing information in relation to the current and historical market price of pulp and paper products and continuously monitor and update such market prices on a daily basis. Based on the information available to the Board, the information provided by the Public Websites are highly recognised by industry end-users and suppliers globally therefore they are able to conduct market analysis and provide reliable price assessments in the pulp and paper products markets;
- (ii) third-party suppliers' offers: purchase quotations for similar products of similar qualities provided by at least two other third-party suppliers to Ramble Paper Group would also be taken into account for reference, relying on the business network of Ramble Paper Group as well as the recent public quotations provided by certain market players through the Public Websites; and

LETTER FROM THE BOARD

(iii) purchase policies of Ramble Paper Group: through convening regular procurement meetings, the management team of Ramble Paper Group with over 20 years of experience in the paper industry and therefore with the ability to make objective purchase policies for the Group shall generate and periodically update purchase policies of Ramble Paper Group which set out (a) a purchase price range after considering the prevailing market price on the Public Websites and quotations from at least two suppliers for similar products of similar qualities. The prices under the Purchase Framework Agreement shall be within such price range; and (b) order quantities after collecting purchase plan of the business departments of Ramble Paper Group and taking into consideration of the market trend, delivery costs and production plan and capacity of Ramble Paper Group.

**Settlement and Payment
Method:**

The settlement and payment method shall be agreed and elaborated in the specific individual orders or contracts to be entered into between any member of Ramble Paper Group and any member of Xiamen C&D Group after arm's length negotiations and on a normal commercial basis, provided that, in each case, the relevant settlement and payment methods shall be no less favourable than those provided by third-party suppliers to Ramble Paper and/or Ramble Paper Group.

Generally, Ramble Paper Group shall make payment within 90 days (in relation to imported wood pulp materials) after the materials being loaded onto the ship or within 30 days (in relation to other materials and products not to be imported) after Xiamen C&D Group begins delivery unless otherwise agreed in the individual orders and contracts between them. Such payment terms are the same as those provided by third-party suppliers to Ramble Paper Group. As such, the settlement and payment methods for Xiamen C&D Group are no less favourable than those provided by third-party suppliers of the Group.

As in no event will the payment terms of the individual orders or contracts under the Purchase Framework Agreement be less favourable than those provided by third-party suppliers to Ramble Paper Group, the Board is of the view that the abovementioned general payment term of the Purchase Framework Agreement is fair and reasonable and on normal commercial terms or better.

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Effective Date: The Purchase Framework Agreement shall become effective after being sealed by the parties and all necessary approvals (including the approval of the Independent Shareholders at the EGM) being obtained by the parties.

Historical Transaction Amounts

The unaudited historical purchase amounts for the wood pulp materials and packaging paper products paid by Ramble Paper Group to Xiamen C&D Group are set out below:

	For the financial year ended 31 December		
	2021 (RMB'000)	2022 (RMB'000)	2023 (RMB'000)
Historical transaction amounts	14,482	156,227	160,719 ^(Note)

Note: The unaudited purchase amount during the period from 22 November 2023 to 31 December 2023 is approximately RMB489,653. As all the applicable percentage ratios (as defined under the Listing Rules) in respect of such connected transactions on an aggregated basis are less than 0.1%, these connected transactions are fully exempt from announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ramble Paper Group and Xiamen C&D Group did not enter into any framework agreements for the historical purchases for the financial years ended 31 December 2021, 2022 and 2023. Neither did Ramble Paper Group make any purchase from Xiamen C&D since 1 January 2024 up to the Latest Practicable Date.

Proposed Purchase Annual Caps

The Proposed Purchase Annual Caps for the total purchase amount payable by Ramble Paper Group to Xiamen C&D Group for the transactions contemplated under the Purchase Framework Agreement are set out below:

	For the financial year ending 31 December		
	2024 (RMB'000)	2025 (RMB'000)	2026 (RMB'000)
Proposed Purchase Annual Caps	370,800	426,800	714,700

The Proposed Purchase Annual Caps set out above have been determined after taking into account:

- (i) the anticipated increasing demand of Ramble Paper Group for the wood pulp materials: it is expected that the demand for the wood pulp materials from Xiamen C&D Group will increase during the terms of the Purchase Framework Agreement as such wood pulp materials are one of the main raw materials for the Group's existing and new production lines, in particular, (a) an existing production line of the Group with current annual production capacity of 10,000

LETTER FROM THE BOARD

tons is expected to increase capacity to an annual output of 16,000 tons for each of the financial year 2024, 2025 and 2026, respectively; and (b) two new production lines of the Group will be put into operation with an expected annual output of 180,000 tons by late 2025 and are expected to record a high annual output of 324,000 tons by late 2026. Besides, leveraging the abundant resources and industry experience of Xiamen C&D Group and the good quality of the wood pulp materials provided by Xiamen C&D Group during its long-term cooperation with the Group, the management team of Ramble Paper Group intends to increase its purchase amount of certain wood pulp materials sourced and imported by Xiamen C&D Group in substitution of certain import orders directly placed with overseas independent suppliers especially given the lower cost for the Group for purchasing such wood pulp materials from Xiamen C&D Group compared to directly importing from overseas sellers;

- (ii) the current market price range for similar wood pulp materials and packaging paper products on the Public Websites and obtained by the management team of Ramble Paper Group and the estimated price trend: the management team has taken into account the prevailing market price on the Public Websites for the wood pulp materials and packaging paper products to be purchased from Xiamen C&D Group. The average prices of wood pulp materials and packaging paper products used in the determination of the Proposed Purchase Annual Caps fall within the ranges of the market prices of the respective products for 2023. For example, according to the information on the Public Websites, the average market prices of softwood pulp and hardwood pulp, two main wood pulp materials to be purchased by Ramble Paper Group from Xiamen C&D Group, for 2023 were in ranges of from RMB5,365/ton to RMB7,396/ton and from RMB3,908/ton to RMB6,409/ton, respectively. The average prices of wood pulp materials used in the determination of the Proposed Purchase Annual Caps are in the range of approximately RMB5,833/ton to RMB5,900/ton for the three years ending 31 December 2026, which is within the abovementioned ranges. According to the information on the Public Websites, the average market price of corrugated paper, being a main packaging paper product to be purchased by Ramble Paper Group from Xiamen C&D Group, ranged from RMB2,703/ton to RMB3,266/ton during 2023. The average price of corrugated paper used in the determination of the Proposed Purchase Annual Caps is approximately RMB2,930/ton for the three years ending 31 December 2026, which is within the abovementioned range. Besides, although the domestic economy went through a slower than expected recovery and Chinese enterprises generally faced significant operational pressures in 2023 when China's economy resumed normal operations in full, the Group expects the economy and consumption in the PRC will gradually recover in the coming years following recovery in the post-COVID environment. With reference to the statistics published by National Bureau of Statistics of the PRC, the period-on-period growth of gross domestic product ("GDP") in the PRC amounted to 4.9% and 5.2% for the third and fourth quarter of 2023, indicating a possible sign of gradual recovery from the pandemic disruption in the PRC manufacturing economy and consumption market in the next years. Therefore, the Directors expect that the prices of the wood pulp materials and

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packaging paper products will continue to increase in the following years as the PRC is accelerating the pace of economic recovery and actively adjusting its industrial development strategy to provide active support for corporate development;

- (iii) the stable quality and the transaction amount of the products historically purchased by Ramble Paper Group from Xiamen C&D Group: given Xiamen C&D Group is a leading enterprise of pulp imports and sales in the PRC with over 150 paper pulp suppliers across the globe and the Group has been procuring from Xiamen C&D Group certain wood pulp materials and packaging paper products for a number of years, the Directors consider that Xiamen C&D Group could provide the Group with sufficient source of wood pulp materials and packaging paper products with high quality upon request.

Having considered (i) the rapidly growing output to be generated by the existing and new production lines of the Group during the following three years; (ii) lower cost for the Group for purchasing certain wood pulp materials from Xiamen C&D Group compared to directly importing from overseas sellers; (iii) the expected increasing prices of the wood pulp materials and packaging paper products in the coming years; (iv) the purchase prices of the wood pulp materials and packaging paper products to be purchased from Xiamen C&D Group are based on the prevailing market prices and are no less favourable than those provided by independent third-party suppliers; (v) the long-term business relationship with Xiamen C&D Group and the good quality of the materials and products that has been provided by it; (vi) the enhanced business cooperation between Xiamen C&D Group and the Group after HK Paper Sources became a substantial Shareholder in November 2023; and (vii) the expected accelerating pace of economic recovery in the PRC in the coming years following recovery in the post-COVID environment, the Directors consider the growth rate on the Proposed Purchase Annual Caps are fair and reasonable.

SALES FRAMEWORK AGREEMENT

The principal terms of the Sales Framework Agreement are described below:

- Date:** 2 January 2024 (after trading hours)
- Parties:** (i) Xiamen C&D, as the purchaser; and
(ii) Century Sunshine, as the seller
- Term:** Commencing from the Effective Date and ending on 31 December 2026
- Subject Matter:** Pursuant to the Sales Framework Agreement, any member of Xiamen C&D Group may place individual orders or enter into individual contracts with any member of Century Sunshine Group to purchase the packaging paper products that Century Sunshine Group produces.

LETTER FROM THE BOARD

The packaging paper products to be sold by Century Sunshine Group to Xiamen C&D Group under the Sales Framework Agreement are packaging paper and paper products that are produced by Century Sunshine Group based on its patented technology, which include (i) white top linerboard (白面牛卡紙), coated-white top linerboard (塗布白面牛卡紙) and core board (紙管原紙), which are not to be purchased by Ramble Paper Group from Xiamen C&D Group under the Purchase Framework Agreement; and (ii) corrugated paper (瓦楞紙) of different gram weight with those to be purchased by Ramble Paper Group from Xiamen C&D Group in the same region. Production and sale of such products are principal activities of the Group. Therefore, provision of such products to Xiamen C&D Group for its further distribution to its customers can further expand the income stream of the Group within its existing and expected production capacity as well as achieve mutual benefits of the two groups.

Pricing Principles:

The price of the products sold by Century Sunshine Group to Xiamen C&D Group shall be determined after arm's length negotiations between the parties with reference to the following factors. In any event, such prices or sale terms shall be no more favourable than those provided by Century Sunshine and/or Century Sunshine Group to third-party customers.

- (i) current market price for similar products: the prevailing market price of the packaging paper products of comparable quality, specifications, quantities and related delivery costs based on the market information available from public channels including the Public Websites which provide pricing information in relation to the current and historical market price of paper products and continuously monitor and update such market prices in on a daily basis. Based on the information available to the Board, the information provided by the Public Websites are highly recognised by industry end-users and suppliers globally therefore they are able to conduct market analysis and provide reliable price assessments in the pulp and paper products markets;

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- (ii) third-party customers' offers: selling prices for similar products of similar qualities provided by Century Sunshine Group to other third-party customers would also be taken into account for reference, relying on the sales agreements entered into between Century Sunshine Group and other third-party customers; and
- (iii) selling policies of Century Sunshine Group: through convening regular selling price meetings, the management team of Century Sunshine Group with over 20 years of experience in the paper industry and therefore with the ability to make objective selling policies for the Group shall generate and periodically update selling policies of Century Sunshine Group which set out (a) selling price ranges for different selling regions after considering the prevailing market price on the Public Websites, market analysis on the business trend of paper manufacturing industry, production and delivery costs, recent demand of customers, production plan and capacity of the Group, etc. The prices under the Sales Framework Agreement shall be within such price ranges; and (b) order quantities which shall be confirmed after taking into consideration of the customers' demands, production plan and capacity of Century Sunshine Group.

**Settlement and Payment
Method:**

The settlement and payment method shall be agreed and elaborated in the specific individual orders or contracts to be entered into between any member of Century Sunshine Group and any member of Xiamen C&D Group after arm's length negotiations and on a normal commercial basis, provided that, in each case, the relevant settlement and payment methods shall be no more favourable than those provided by Century Sunshine and/or Century Sunshine Group to third-party customers.

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Generally, Century Sunshine Group shall begin delivery of the products within seven (7) days upon receiving payment from Xiamen C&D Group unless otherwise agreed in the individual orders and contracts between them. Such payment terms are the same as those provided to other third-party customers who purchase corrugated paper products from Century Sunshine Group. For third-party customers who purchase other packaging paper products from Century Sunshine Group, they shall make the payment at the end of the calendar month in which Century Sunshine Group begins delivery of the products. As such, the settlement and payment methods for Xiamen C&D Group is no more favourable than those provided by the Group to other third-party customers.

As in no event will the payment terms of the individual orders or contracts under the Sales Framework Agreement be more favourable than those provided by Century Sunshine Group to third-party customers, the Board is of the view that the abovementioned general payment term of the Sales Framework Agreement is fair and reasonable and on normal commercial terms or better.

Effective Date: The Sales Framework Agreement shall become effective after being sealed by the parties and all necessary approvals (including the approval of the Independent Shareholders at the EGM) being obtained by the parties.

Historical Transaction Amounts

The unaudited historical purchase amounts for the packaging paper products paid by Xiamen C&D Group to Century Sunshine Group are set out below:

	For the financial year ended 31 December		
	2021	2022	2023
	(RMB'000)	(RMB'000)	(RMB'000)
Historical transaction amounts	23,577	167,639	412,382 ^(Note)

Note: The unaudited sales amount during the period from 22 November 2023 to 31 December 2023 is approximately RMB2,588,417. As all the applicable percentage ratios (as defined under the Listing Rules) in respect of such connected transactions on an aggregated basis are less than 0.1%, these connected transactions are fully exempt from announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Century Sunshine Group and Xiamen C&D Group did not enter into any framework agreements for the historical sales for the financial years ended 31 December 2021, 2022 and 2023. Neither did Century Sunshine Group make any sales to Xiamen C&D Group since 1 January 2024 up to the Latest Practicable Date.

Proposed Sales Annual Caps

The Proposed Sales Annual Caps for the total purchase amount payable by Xiamen C&D Group to Century Sunshine Group for the transactions contemplated under the Sales Framework Agreement are set out below:

	For the financial year ending 31 December		
	2024	2025	2026
	(RMB'000)	(RMB'000)	(RMB'000)
Proposed Sales Annual Caps	522,100	590,100	657,200

The Proposed Sales Annual Caps set out above have been determined after taking into account:

- (i) production capacity and supply amount of Century Sunshine Group: the existing annual production capacity of Century Sunshine Group of 2,100,000 tons is expected to be able to satisfy the existing needs of all customers, including Xiamen C&D Group. The estimated average volume of packaging paper products under the Proposed Sales Annual Caps for the three financial years ending 31 December 2026, amounting to approximately 172,000 tons, represents approximately 8.2% of Century Sunshine Group's current annual production capacity which is expected to further utilize Century Sunshine Group's existing production capacity and result in mutual benefits;
- (ii) the current market price range for the similar products which are available from the Public Websites and obtained by the management team of Century Sunshine Group and the estimated price trend: the management team has taken into account the prevailing market price on the Public Websites for similar products of similar qualities. The average prices of packaging paper products used in the determination of the Proposed Sales Annual Caps fall within the ranges of market prices of markets prices of the respective products for 2023. For example, according to the information on the Public Websites, the average market price of corrugated paper for 2023 was in a range of from RMB2,703/ton to RMB3,266/ton. The average price of corrugated paper used in the determination of the Proposed Sales Annual Caps is approximately RMB3,147/ton for the three years ending 31 December 2026, which is within the abovementioned range. Besides, the Directors expect that the prices of the packaging paper products will continue to improve which is in line with the economic improvement in the PRC with reference to the increasing

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period-on-period GDP growth rate for the third and fourth quarter of 2023 as illustrated in the section headed “PURCHASE FRAMEWORK AGREEMENT” of this letter;

- (iii) the historical demand of Xiamen C&D Group for the products that Century Sunshine Group produces: the products purchased by Xiamen C&D Group from Century Sunshine Group amounts to approximately 120,000 tons for the year ended 31 December 2023, increasing approximately 200% from the volume of approximately 40,000 tons purchased by Xiamen C&D Group from Century Sunshine Group for the financial year ended 31 December 2022;
- (iv) the anticipated increase in the quantity of the products that Xiamen C&D Group requires during the term of the Sales Framework Agreement: considering (a) the increasing demand by Xiamen C&D Group and their end-customers for the products sold by Century Sunshine Group; and (b) the enhanced business cooperation between the two groups after HK Paper Sources became a substantial Shareholder in November 2023, it is expected that the anticipated average volume in terms of the products required by Xiamen C&D Group for the three years ending 31 December 2026 will increase by approximately 23,000 tons annually, resulting in an estimated sales volume of 195,000 tons for the year ending 31 December 2026. It is expected to further utilize Century Sunshine Group’s existing production capacity and result in mutual benefits; and
- (v) the Group’s current business plan to maintain a relatively large third-party customer base in relation to sales with a view to reduce its reliance on connected persons: the estimated sales volume to be purchased by Xiamen C&D Group from Century Sunshine Group for the year ending 31 December 2026 represents only approximately 9% of the current production capacity of Century Sunshine Group, therefore Century Sunshine Group is able to maintain its third-party customers via selling a large quantity of its products to them.

Having considered (i) the sales price of the packaging paper products to be sold to Xiamen C&D Group are based on the prevailing market price and are no more favourable than those sold to independent third-party customers; (ii) the enhanced business cooperation between Xiamen C&D Group and the Group after Xiamen C&D’s wholly owned subsidiary, namely HK Paper Sources, became a substantial Shareholder in November 2023; and (iii) the expected accelerating pace of economic recovery in the PRC in the next years following recovery in the post-COVID environment, the Directors consider the growth rate on the Proposed Sales Annual Caps are fair and reasonable.

REASON FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

Xiamen C&D Group is one of the leading enterprises engaged in the sales and/or import of paper products and pulp and has strong strength and reputation advantages in the industry. The Group has been procuring from and selling to Xiamen C&D Group certain materials and packaging paper products for a number of years. As a result of such long-term business relationship, the parties have been familiar with the standards and

LETTER FROM THE BOARD

specifications of products and services set by each other and have been able to respond quickly in a cost-efficient manner to any new requirements that the other group may request. By entering into the Framework Agreements, the Group is able to secure a stable and reliable supply of materials and fulfill its relevant business needs.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the independent financial adviser) consider that (i) the entering into of the Framework Agreements is in the ordinary and usual course of business of the Group; and (ii) the terms of the Framework Agreements, together with the transactions contemplated thereunder and their respective proposed annual caps, are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

Mr. Zhang Xiaohui, a non-executive Director, is the general manager of Xiamen C&D, and therefore has a material interest in the Framework Agreements. Mr. Zhang Xiaohui has abstained from voting on the Board resolutions to approve such transactions. Save as disclosed above, none of other Directors has a material interest in the Framework Agreements which would require them to abstain from voting on the relevant Board resolutions.

INTERNAL CONTROL MEASURES

In order to effectively implement the Framework Agreements, the Group has adopted the following internal control measures:

- (1) relevant members of staff of the business department of the Company (or its subsidiaries) have been designated to monitor the market price of the products and materials to be purchased and sold under the Framework Agreements:
 - (A) as for the products to be purchased by Ramble Paper Group, the relevant staff will, before the entering into of each individual order or contract in accordance with the Purchase Framework Agreement, (a) check quotations on the public domain on a daily basis for similar wood pulp materials and packaging paper products as those to be purchased by Ramble Paper Group; and (b) obtain quotations of similar wood pulp materials and packaging paper products from other third-party suppliers from time to time; and
 - (B) as for the products to be sold by Century Sunshine Group, the staff will, before the entering into of each individual order or contract in accordance with the Sales Framework Agreement, (a) check quotations on the public domain on a daily basis for similar packaging paper products as those to be sold by Century Sunshine Group; and (b) obtain the final contract prices of the packaging paper products sold to other third party customers by Century Sunshine Group from time to time;
- (2) the financial department of the Company (or its subsidiaries) will continuously monitor the continuing connected transactions on a monthly basis to ensure that the total transaction amount will not exceed the respective proposed annual cap.

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If the accumulated transaction amount is close to the respective proposed annual cap, the management of the Company (or its subsidiaries) will renew the proposed annual cap or suspend the transaction, as appropriate;

- (3) the Company's external auditors will conduct an annual review of the transactions contemplated under the Framework Agreements to ensure that the transaction amounts fall within the respective proposed annual caps and that such transactions are conducted in accordance with the terms set out in the Framework Agreements;
- (4) the independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Framework Agreements to ensure that the Company has complied with the internal approval procedures, the terms of the Framework Agreements and the relevant requirements under the Listing Rules; and
- (5) the internal audit function of Group will, from time to time, review and conduct sample checks on the relevant transaction documents and ensure that the pricing basis and internal control procedures are complied with.

IMPLICATION UNDER THE LISTING RULES

As at the Latest Practicable Date, Xiamen C&D holds 100% shares of HK Paper Sources, which holds 162,000,000 Shares, representing approximately 14.34% of the Company's total issued share capital, and is a substantial shareholder of the Company. Xiamen C&D is therefore a connected person of the Company under the Listing Rules and the transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Proposed Purchase Annual Caps and the Proposed Sales Annual Caps under each of the Purchase Framework Agreement and the Sales Framework Agreement, respectively, exceed 5%, the entering into of the Framework Agreements and the transactions contemplated thereunder will be subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Framework Agreements and the transactions contemplated thereunder and the Proposed Annual Caps. The Company has appointed China Sunrise Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

GENERAL INFORMATION

1. Information of the Company

The Company is a limited company incorporated in the Cayman Islands as an exempted company with limited liability and the Shares are listed on the main board of the Stock Exchange. The principal activities of the Company, together with its subsidiaries, are production/generation and sale of paper products, electricity and steam.

2. Information of Xiamen C&D

Xiamen C&D is a limited company established in the PRC and is principally engaged in the business of forestry, pulp and paper products. Xiamen C&D is directly and indirectly wholly-owned by Xiamen C&D Inc.* (廈門建發股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153.SH). Xiamen C&D Inc.* is principally engaged in supply chain operations, real estate development and home decoration and furniture mall operation. Xiamen C&D Group Co., Ltd.* (廈門建發集團有限公司), being the controlling shareholder of Xiamen C&D Inc., is directly wholly-owned by the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government (廈門市人民政府國有資產監督管理委員會). Xiamen C&D Group Co., Ltd.* is a conglomerate principally engaged in, among other things, supply chain operation, municipal construction and operations, hospitality and expos, medical and health and emerging industry investment.

3. Information of Century Sunshine

Century Sunshine is a limited company established in the PRC and is indirectly owned as to 99.9% by the Company. Century Sunshine is principally engaged in manufacture of paper products and a subsidiary of the Company.

4. Information of Ramble Paper

Ramble Paper is a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is an investment holding company.

EGM

A notice convening the EGM to be held at China Sunshine Paper Office Tower, Changle Economic Development Zone, Weifang, Shandong, China on Tuesday, 5 March 2024 at 10:00 a.m. is set out on pages 63 to 65 of this circular.

Pursuant to Rule 14A.36 of the Listing Rules, any connected person and any Shareholder and their respective associates with a material interest (other than by virtue of being a Shareholder) in the transactions contemplated under the Framework Agreements are required to abstain from voting at the EGM. HK Paper Sources holds 162,000,000 Shares, representing approximately 14.34% of the Company's total issued share capital as at the Latest Practicable Date, and will abstain from voting at the EGM on the ordinary

LETTER FROM THE BOARD

resolutions to approve the Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps thereto). The relevant resolutions to be proposed at the EGM will be voted on by poll in compliance with the Listing Rules. Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, no other Shareholder has a material interest in the Framework Agreements and the transactions contemplated thereunder, and therefore no other Shareholder is required to abstain from voting on relevant resolutions at the EGM.

A proxy form is enclosed with this circular. Whether or not you are intending to attend and vote at the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed on such form to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment of such meeting. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the EGM in person or any adjourned meeting, as the case may be, should you so desire.

VOTING BY POLL AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at a general meeting must be taken by poll except where, the chairman, in good faith decides to allow a resolution which relates purely to a procedural or administrative matter to be voted by a show of hands. The chairman of the meeting will demand a poll for all resolutions put to the vote at the EGM pursuant to Article 66 of the Articles. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 29 February 2024 to Tuesday, 5 March 2024, both days inclusive, for the purpose of determining entitlement to attend the EGM, during which no transfer of shares of the Company will be registered. The record date for entitlement to attend and vote at the EGM is Tuesday, 5 March 2024. In order to qualify for attending and voting at the EGM, Shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 28 February 2024.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Framework Agreements are fair and reasonable, on normal commercial terms or better, entered in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

In light of the above, the Directors believe that all the proposed resolutions at the EGM are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser, the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,
For and on behalf of
China Sunshine Paper Holdings Company Limited

Wang Dongxing
Chairman



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)

19 February 2024

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
PURCHASE FRAMEWORK AGREEMENT
AND
SALES FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 19 February 2024 of the Company (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular bear the same meanings in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Shareholders in respect of the terms of the Framework Agreements, the transactions contemplated thereunder and the Proposed Annual Caps, details of which are set out in the Circular.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 4 to 20 and pages 23 to 56 of the Circular respectively.

Having taken into account the advice (together with the principal factors and reasons considered in arriving at such advice) of the Independent Financial Adviser, we consider that the Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps) are fair and reasonable, on normal commercial terms or better, are entered in the ordinary and usual course of business of the Group, and are in the

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM in respect of the Framework Agreements, the transactions contemplated thereunder and the Proposed Annual Caps.

Yours faithfully,

Ms. Zhang Tao, Mr. Wang Zefeng and Ms. Jiao Jie
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter from China Sunrise Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto) for the purpose of inclusion in this Circular.



CHINA SUNRISE CAPITAL LIMITED
Unit 4513, 45th Floor
The Center
99 Queen's Road Central, Hong Kong

19 February 2024

*To: The Independent Board Committee and the Independent Shareholders of
China Sunshine Paper Holdings Company Limited*

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS PURCHASE FRAMEWORK AGREEMENT AND SALES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Framework Agreements and the transactions contemplated thereunder and their respective proposed annual caps (together the “**Continuing Connected Transactions**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 19 February 2024 (the “**Circular**”), of which this letter (the “**Letter**”) forms part. Capitalised terms used in this Letter shall have the same meanings as those defined in this Circular unless otherwise defined or the context requires otherwise.

As stated in the announcement of the Company dated 2 January 2024 (the “**Announcement**”), on 2 January 2024 (after trading hours), Ramble Paper and Xiamen C&D entered into the Purchase Framework Agreement with a term from the Effective Date to 31 December 2026, pursuant to which, Ramble Paper Group agrees to procure from Xiamen C&D Group the wood pulp materials and packaging paper products (the “**Purchasing Materials**”) that Xiamen C&D Group is the main distributor, and Century Sunshine and Xiamen C&D entered into the Sales Framework Agreement with a term from the Effective Date to 31 December 2026, pursuant to which, Century Sunshine Group agrees to sell to Xiamen C&D Group the packaging paper products (the “**Sales Products**”) that Century Sunshine Group produces.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Xiamen C&D holds 100% shares of Hong Kong Paper Sources Co., Limited (香港紙源有限公司), which holds 162,000,000 Shares, representing approximately 14.34% of the Company's total issued share capital, and is a substantial shareholder of the Company. Xiamen C&D is therefore a connected person of the Company under the Listing Rules and the transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Proposed Purchase Annual Caps and the Proposed Sales Annual Caps under each of the Purchase Framework Agreement and the Sales Framework Agreement, respectively, exceed 5%, the entering into of the Framework Agreements and the transactions contemplated thereunder will be subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhang Xiaohui, a non-executive Director, is the general manager of Xiamen C&D, and therefore has a material interest in the Framework Agreements. Mr. Zhang Xiaohui has abstained from voting on the Board resolutions to approve such transactions. Save as disclosed above, none of other Directors has a material interest in the Framework Agreements which would require them to abstain from voting on the relevant Board resolutions.

An EGM will be convened for the Independent Shareholders to consider and, if appropriate, to approve the Continuing Connected Transactions.

HK Paper Sources holds 162,000,000 Shares, representing approximately 14.34% of the Company's total issued share capital as at the Latest Practicable Date, and will abstain from voting at the EGM on the ordinary resolutions to approve the Continuing Connected Transactions. The relevant resolutions to be proposed at the EGM will be voted on by poll in compliance with the Listing Rules. Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, no other Shareholder has any material interest in the Continuing Connected Transactions, and therefore no other Shareholder is required to abstain from voting on resolutions at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Zhang Tao, Mr. Wang Zefeng and Ms. Jiao Jie, has been established to consider and make a recommendation to the Independent Shareholders on:

- (i) whether the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group;
- (ii) whether the terms of the Continuing Connected Transactions are on normal commercial terms and fair and reasonable;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) whether the Continuing Connected Transactions are in the interests of the Company and the Shareholders as whole; and
- (iv) how the Independent Shareholders should vote in respect to the relevant resolutions to be proposed at the EGM to approve the Continuing Connected Transactions.

None of the members of the Independent Board Committee has any interest or involvement in the Continuing Connected Transactions. Having obtained and considered the advice from the Independent Financial Adviser, the view and recommendation of the Independent Board Committee in respect of the Continuing Connected Transactions are set out in the Letter from the Independent Board Committee in this Circular.

Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same respect has been approved by the Independent Board Committee pursuant to the Rule 13.84 of the Listing Rules.

OUR INDEPENDENCE

Save for this appointment as the Independent Financial Adviser to provide our independent advice on the Continuing Connected Transactions, as at the Latest Practicable Date, China Sunrise Capital Limited (“**China Sunrise Capital**”) did not have any other relationship or connection, financial or otherwise, with or any interests in the Group, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, or HK Paper Sources or any of its associates that could reasonably be regarded as relevant to our independence. In the last two years, save for the appointment as the Independent Financial Adviser in connection with the Continuing Connected Transactions, there was no engagement between the Group and China Sunrise Capital.

Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Group, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, or HK Paper Sources or any of its associates and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Continuing Connected Transactions under Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company’s interim report for the six months ended 30 June 2023 (the “**2023 Interim Report**”);
- (ii) the Company’s annual report for the year ended 31 December 2022 (the “**2022 Annual Report**”);

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- (iii) the Company's annual report for the year ended 31 December 2021 (the "**2021 Annual Report**");
- (iv) the Purchase Framework Agreement;
- (v) the Sales Framework Agreement; and
- (vi) other information as set out in this Circular.

We have relied on the truth, accuracy and completeness of the statements, information, facts, representations and opinions contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this Circular or this Circular misleading. We have no reason to suspect that any material information or facts have been omitted or withheld nor to doubt the truth, accuracy or completeness of the information and facts contained in this Circular or provided to us, or the reasonableness of the opinions expressed by the Management, the Company, and its advisers, which have been provided to us. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information and facts supplied and the representations made and opinions expressed by them are not misleading in any material respect.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for us to formulate our advice as set out in this Letter. We have assumed that all statements, information, facts, representations and opinions contained or referred to in this Circular and/or those provided to us by the Management, the Company, and its advisers, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so in all material respect up to the date of the EGM.

We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the businesses, affairs, operations, financial position or future prospects of the Group.

Our advice is necessarily based on the prevailing financial, economic, market and other conditions and the information made available to us as at the Latest Practicable Date. Where information in this Letter has been extracted from published or otherwise publicly

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available sources, the sole responsibility of ours is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not used out of context.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this Letter.

This Letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the matters relating to the Continuing Connected Transactions. Except for its inclusion in this Circular, this Letter is not to be quoted or referred to, in whole or in part, nor shall this Letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Company is a limited company incorporated in the Cayman Islands as an exempted company with limited liability and the Shares are listed on the main board of the Stock Exchange. The principal activities of the Company, together with its subsidiaries, are production/generation and sale of paper products, electricity and steam.

The following is the highlights of the financial results of the Group for each of year ended 31 December 2021 (“FY2021”) and 2022 (“FY2022”), and the six months ended 30 June 2022 (“1H2022”) and 2023 (“1H2023”), as extracted from the 2021 Annual Report, the 2022 Annual Report and the 2023 Interim Report, respectively:

Table 1: Highlights of the financial results of the Group

	Audited		Unaudited	
	FY2021 (RMB'000)	FY2022 (RMB'000)	1H2022 (RMB'000)	1H2023 (RMB'000)
Revenue	7,982,231	9,538,229	4,395,157	4,208,395
— Paper products	7,684,546	9,133,329	4,199,401	3,981,445
— Electricity and steam	297,685	404,900	195,756	226,950
Cost of sales	(6,448,542)	(8,374,125)	(3,785,032)	(3,570,084)
Gross profit	1,533,689	1,164,104	610,125	638,311
Profit for the period/year attributable to the owners of the Company	556,621	205,729	162,727	192,645

Sources: the 2021 Annual Report, the 2022 Annual Report and the 2023 Interim Report

FY2022 vs FY2021

During FY2022, the Group recorded revenue of approximately RMB9,538.2 million, representing an increase of approximately 19.5% from approximately RMB7,982.2 million for FY2021. Sales of paper products recorded total revenue of approximately RMB9,133.3 million, representing an increase of approximately 18.9% from approximately RMB7,684.5 million for FY2021. Such significant increase in revenue was mainly attributable to the growth in sales quantity. Sales of electricity and steam recorded total revenue of approximately RMB404.9 million for FY2022, representing an increase of approximately 36.0% from approximately RMB297.7 million for FY2021. Sales of electricity and steam accounted for approximately 4.2% of the total revenue of the Group for FY2022.

The Group's total cost of sales was approximately RMB8,374.1 million for FY2022, representing an increase of approximately 29.9% from approximately RMB6,448.5 million for FY2021. The increase in cost of sales was consistent with the increase in revenue but higher than the increase in revenue, mainly due to the increase in the cost of raw materials such as waste paper, wood pulp, coal, etc., leading to the decrease in the Group's gross profit from approximately RMB1,533.7 million for FY2021 to approximately RMB1,164.1 million for FY2022, representing a decrease of approximately 24.1%. Gross profit margin for FY2022 was approximately 12.2%, representing a 7.0 percentage point decrease as compared to that of approximately 19.2% for FY2021.

The Group recorded profit attributable to the owners of the Company of approximately RMB205.7 million for FY2022, representing a decrease of approximately 63.0% from approximately RMB556.6 million for FY2021 which was mainly due to (i) the decrease in gross profit; and (ii) increase in distribution and selling expenses, provision for expected credit loss on financial assets, net, shares of loss of a joint venture, share of loss of an associates, and finance costs, and slightly offset by (i) the increase in other income, other gains or losses, net; and (ii) decrease in administrative expenses.

1H2023 vs 1H2022

The revenue of the Group decreased by approximately 4.3% from approximately RMB4,395.2 million for 1H2022 to approximately RMB4,208.4 million for 1H2023.

Sales of paper products decreased by 5.2% to approximately RMB3,981.4 million for 1H2023 as compared to that of approximately RMB4,199.4 million for 1H2022. The decrease in revenue from sales of paper products was mainly resulted from the reduction in sales price. Sales of electricity and steam recorded total revenue of approximately RMB227.0 million for 1H2023, representing an increase of approximately 15.9% from approximately RMB195.8 million for 1H2022.

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Cost of sales was approximately RMB3,570.1 million for 1H2023, representing a decrease of approximately 5.7% as compared with that of approximately RMB3,785.0 million for 1H2022. The decrease in cost of sales was consistent with the decrease in revenue, but slightly higher than the decrease in revenue. We understand from the Management that although both the sales price of the Group's paper products and the input costs of the raw materials for the production of the Group's paper products for 1H2023 were lower than that of 1H2022, the percentage decreases of the input costs of the raw materials were higher than the percentage decreases of the paper products.

The gross profit of the Group increased from approximately RMB610.1 million for 1H2022 to approximately RMB638.3 million for 1H2023. The profit margin of the Group increased during the period as compared with the corresponding period last year, from 13.9% for 1H2022 to 15.2% for 1H2023.

The Group recorded profit attributable to the owners of the Company of approximately RMB192.6 million for 1H2023, representing an increase of approximately 18.4% from approximately RMB162.7 million for 1H2022 which was mainly due to (i) increase in gross profit; (ii) decrease in share of loss of an associate and a joint venture, and slightly offset by the increase in administrative expenses and finance costs.

The following is the highlights of the financial positions of the Group as at 30 June 2023 and as at 31 December 2022, as extracted from the 2023 Interim Report:

Table 2: Highlights of the financial positions of the Group

	Audited	Unaudited
	As at	As at
	31 December	30 June
	2022	2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current assets	7,359,073	7,448,504
Current assets	4,745,351	4,365,901
Total assets	12,104,424	11,814,405
Non-current liabilities	1,695,766	1,384,949
Current liabilities	5,982,728	5,884,073
Total liabilities	7,678,494	7,269,022
Non-controlling interests	334,003	364,844
Net current liabilities	1,237,377	1,518,172
Net asset value ("NAV") attributable to owners of the Company	4,091,927	4,180,539

Source: the 2023 Interim Report

As at 30 June 2023, the total assets and liabilities of the Group were approximately RMB11,814.4 million and RMB7,269.0 million respectively, as compared to the respective total assets and liabilities of approximately RMB12,104.4 million and RMB7,678.5 million as at 31 December 2022 respectively, registering a slight decrease of approximately 2.4% and 5.3% respectively. Given the movement of the total assets and total liabilities of the Group highlighted above, the NAV attributable to owners of the Company increased from approximately RMB4,091.9 million as at 31 December 2022 to approximately RMB4,180.5 million as at 30 June 2023, representing a slight increase of approximately 2.2%.

2. Background information of Xiamen C&D

As stated in the Letter from the Board, Xiamen C&D is a limited company established in the PRC and is principally engaged in the business of forestry, pulp and paper products. Xiamen C&D is directly and indirectly wholly-owned by Xiamen C&D Inc.* (廈門建發股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153.SH). Xiamen C&D Inc.* is principally engaged in supply chain operations, real estate development and home decoration and furniture mall operation. Xiamen C&D Group Co., Ltd.* (廈門建發集團有限公司), being the controlling shareholder of Xiamen C&D Inc., is directly wholly-owned by the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government (廈門市人民政府國有資產監督管理委員會). Xiamen C&D Group Co., Ltd.* is a conglomerate principally engaged in, among other things, supply chain operation, municipal construction and operations, hospitality and MICE, medical and health and emerging industry investment. Xiamen C&D has built up a comprehensive "one-stop" service chain comprising upstream and downstream of industrial chains covering iron and steel, pulp and paper, automobiles, agricultural products, consumer goods, minerals, energy and chemical industry, and emerging business sectors. Xiamen C&D has obtained the FSC-CoC certification (FSCTM Chain-of-Custody) issued by the Forest Stewardship Council, an international, non-governmental organization which sets standards for forestry practices. The FSC-CoC certification is able to evidence that the wood material sourced and distributed by Xiamen C&D Group is legal and responsibly managed. In 2022, Xiamen C&D has an annual sales volume of over 13 million tons of paper products and pulps with a sales network of 40 sales channels comprising over 5,000 customers in the PRC and overseas.

On 14 July 2023 (after trading hours), the Company and HK Paper Sources entered into the subscription agreement dated 14 July 2023 (the "**Subscription Agreement**"), pursuant to which the Company agreed to allot and issue, and HK Paper Sources agreed to subscribe for, 162,000,000 new Shares (the "**Subscription Shares**") at the subscription price of HK\$2.48 per share and completion of the Subscription Agreement took place on 22 November 2023. Immediately following completion of the Subscription Agreement, HK Paper Sources was interested in approximately 14.34% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares. HK Paper Sources is a private

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company incorporated in Hong Kong and limited by shares. It is principally engaged in the business of paper and pulp and forest products. HK Paper Sources is directly wholly-owned by Xiamen C&D and as such, Xiamen C&D has become a connected person of the Company from 22 November 2023.

3. Reasons for and benefits of the Continuing Connected Transactions

As disclosed in the section headed “REASON FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS” in the Letter from the Board, Xiamen C&D Group is one of the leading enterprises engaged in the sales and/or import of paper products and pulp and has strong strength and reputation advantages in the industry. The Group has been procuring from and selling to Xiamen C&D Group certain materials and packaging paper products for a number of years. As a result of such long-term business relationship, the parties have been familiar with the standards and specifications of products and services set by each other and have been able to respond quickly in a cost-efficient manner to any new requirements that the other group may request. By entering into the Framework Agreements, the Group is able to secure a stable and reliable supply of materials and fulfill its relevant business needs.

The Directors (including the independent non-executive Directors whose views are set out in the section headed “Letter from Independent Board Committee” in this Circular, after considering the advice from China Sunrise Capital) consider that (i) the entering into of the Framework Agreements is in the ordinary and usual course of business of the Group; and (ii) the terms of the Framework Agreements, together with the transactions contemplated thereunder and their respective proposed annual caps, are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

Set out below are the unaudited historical transaction amounts for the Sales Products paid by Xiamen C&D Group to Century Sunshine Group (i.e. sales of paper products by the Group to Xiamen C&D Group) and the sales of paper products of the Group for FY2021 and FY2022:

	FY2021	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>
Historical transaction amounts	23,577	167,639
Sales of paper products of the Group	7,684,546	9,133,329
Percentage (%)	0.3%	1.8%

It is noted that sales of Sales Products to Xiamen C&D Group is part of the ordinary and usual course of business of the Group. Although the historical transaction amounts of sales of Sales Products by the Group to Xiamen C&D Group represent only approximately 0.3% and 1.8% of the sales of paper products of the Group for FY2021 and FY2022, respectively, we note that Group’s sales of Sales Products to Xiamen C&D Group increased significantly from approximately RMB23.6

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million for FY2021 to approximately RMB167.6 million, representing an increase of approximately 611.0%. For the year ended 31 December 2023 (“FY2023”), the Group recorded sales of Sales Products to Xiamen C&D Group in the amount of approximately RMB412.4 million, representing a further increase of 146.0% from that of approximately RMB167.6 million for FY2022.

Set out below are the unaudited historical transaction amounts for the Purchasing Materials paid by Ramble Paper Group to Xiamen C&D Group and the cost of sales of the Group for FY2021, and FY2022:

	FY2021	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>
Historical transaction amounts	14,482	156,227
Cost of sales of the Group	6,448,542	8,374,125
Percentage (%)	0.2%	1.9%

It is noted that purchase of the Purchasing Materials by the Group from Xiamen C&D Group is part of the ordinary and usual course of business of the Group. Although the historical transaction amounts of the purchase of the Purchasing Materials by the Group from Xiamen C&D represent approximately only 0.2% and 1.9% of the cost of sales of the Group for FY2021 and FY2022, respectively, we note that Group’s purchase of the Purchasing Materials from Xiamen C&D Group increased significantly from approximately RMB14.5 million for FY2021 to approximately RMB156.2 million, representing an increase of approximately 978.8%. For FY2023, the Group recorded purchase of the Purchasing Materials from the Xiamen C&D Group in the amount of approximately RMB160.7 million, representing a further increase of 2.9% from that of approximately RMB156.2 million for FY2022.

The Group could leverage on the industry leading position, the comprehensive value-added services and the sales network of Xiamen C&D Group in the paper products distribution industry to enhance its raw material procurement channel, expand its income stream and enhance its sales penetration. The commercial partnership with Xiamen C&D Group could also enhance the Group’s portfolio and reputation which would gradually increase the bargaining power of the Group when negotiating with both the independent third-party customers and suppliers.

We have discussed with the Management of the Company and have been informed that the Purchasing Materials are important raw materials of paper products of the Group and part of the Purchasing Materials to be supplied by Xiamen C&D Group under the Purchase Framework Agreement is for the production of paper products to be provided to Xiamen C&D under the Sales Framework Agreement. The market leadership of Xiamen C&D Group demonstrates that it is able to provide reliable supply of the Purchasing Materials for production of certain paper products of the Group. Furthermore, entering into the Sales Framework Agreement can broaden the Group’s revenue and provide sustainable income to the Group. Therefore, we consider

the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Wood pulp and paper packaging products industry

According to CEIC Data (<http://www.ceicdata.com>), China's Purchasing Price Index: Timber and Paper Pulp was reported at 104.5 in 2022. This represents a decrease from reported index at 105.6 for 2021. However, it is noted that the index recorded a recent low of 97.453 for 2019, representing an average growth rate of 7.23% per annum and compounded annual growth rate of 2.35% per annum from 2019 to 2022. China Purchasing Price Index: MoM: Timber and Paper Pulp was reported at 100.4 in October 2023. This records an increase from the previous number of 100.0 for September 2023. China Purchasing Price Index: MoM: Timber and Paper Pulp recorded a record low of 98.6 in May 2023 and the October 2023 figure of 100.4 represents an increase of approximately 1.8% increase over a five-month period. Furthermore, China industrial production rose 6.6% year-on-year in November 2023, indicating the continuous improvement in industrial production activities. This suggests the sustainable demand for wood pulp and paper packaging products.

CEIC Data was founded in 1992 by a team of expert economists and analysts. It provides data insights into both developed and developing markets. It has staff in more than 18 countries and used by economists, analysts, investors, corporations and universities around the world for economic and investment research. CEIC Data selects and curates the most relevant data series from thousands of conventional macro-economic and selected alternative sources accessible through an easy-to-use platform.

As reported by Fastmarkets on 6 December 2023, looking forward to 2024, global pulp markets appear to be entering the new year on a healthier footing. The excess inventory that overhung the market in 2023 has been cleared, exposing the supply side to the potential for unexpected disruptions from labour strikes, natural disasters and/or mechanical failures. The current investment cycle in new market pulp capacity is also winding down, with one major project planned for next year and just one more in 2025. High-interest rates pose a risk for further closures among distressed assets while also remaining a barrier to the development of new projects. Fastmarkets has been in operation since 1985 which is the world's leading reporting and market analysis provider for the forest products sector with offices located around the world (including London, Brussels, Beijing, Shanghai, New York and other major cities).

In 1H2023, as China's economy resumed normal operations in full, it saw a rapid recovery in supply while the pace of demand recovery remained relatively slow. The domestic economy showed signs of weak recovery. At the same time, the global economy faced sluggish recovery, with developed economies suffering from severe inflationary pressures and recession risks. These factors further intensified the pressure on economic recovery. The paper industry also faced multiple unexpected pressures from all fronts. On one hand, prices of upstream raw materials such as waste paper

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pulp, wood pulp, and energy experienced a rapid decline, leading to a decrease in product prices. On the other hand, weak demand from downstream consumers resulted in insufficient price support for products, leading to a decline in gross profit margins. Additionally, in FY2023, the impact of overseas paper imports on the domestic market, coupled with the overall increase in industry capacity, further intensified competition in the industry. According to the National Bureau of Statistics of the PRC, the cumulative production of the paper and paper products industry nationwide from January to June 2023 reached 67.555 million tons, an increase of 0.7% compared to the same period in 2022. Among industrial enterprises above a certain scale, the operating income of the paper and paper products industry decreased by 5.5% year-on-year, and the total profit decreased by 44.6% year-on-year. Enterprises are generally facing significant operational pressures, with their profit margins being significantly compressed.

Although the domestic economy went through a slower than expected recovery and Chinese enterprises generally faced significant operational pressures in 2023 when China's economy resumed normal operations in full, the Group expects the economy and consumption in the PRC will gradually recover in the coming years following recovery in the post-COVID environment. With reference to the statistics published by National Bureau of Statistics of the PRC, the period-on-period growth of gross domestic product ("GDP") in the PRC amounted to 4.9% and 5.2% for the third and fourth quarter of 2023, indicating a possible sign of gradual recovery from the pandemic disruption in the PRC manufacturing economy and consumption market in the next years. Therefore, the Directors expect that the prices of the wood pulp materials and packaging paper products will continue to increase in the following years as the PRC is accelerating the pace of economic recovery and actively adjusting its industrial development strategy to provide active support for corporate development.

5. Principal terms of the Purchase Framework Agreement

The principal terms of the Purchase Framework Agreement are set out below, and the Proposed Purchase Annual Caps are set out thereunder:

Date:	2 January 2024 (after trading hours)
Parties:	(i) Ramble Paper, as the purchaser; and (ii) Xiamen C&D, as the seller
Terms:	Commencing from the Effective Date and ending on 31 December 2026
Subject Matter:	Pursuant to the Purchase Framework Agreement, any member of Ramble Paper Group may place individual orders or enter into individual contracts with any member of Xiamen C&D Group to purchase the wood pulp materials and packaging paper products that Xiamen C&D Group is the main distributor.

The packaging paper products to be purchased by Ramble Paper Group from Xiamen C&D Group under the Purchase Framework Agreement include (i) white board paper (白板紙), containerboard (箱板紙) and certain specialised paper products, which cannot be produced by the Group with its existing production lines but are main materials for the Group to produce other paper products; and (ii) corrugated paper (瓦楞紙) of certain gram weight specifications, which are to be purchased by Ramble Paper Group only in certain regions where Ramble Paper Group can lower its delivery costs while maintaining good quality of the products.

Pricing Principles:

The price of the products purchased by Ramble Paper Group from Xiamen C&D Group shall be determined after arm's length negotiations between the parties with reference to the following factors. In any event, such prices or purchase terms shall be no less favourable than those provided by third-party suppliers to Ramble Paper and/or Ramble Paper Group.

- (i) current market price for similar products: the prevailing market price of the wood pulp materials and packaging paper products of comparable quality, specifications, quantities and related delivery costs based on the market information collected by the Group through the market price information from the public domains. The two main websites that are widely used by paper manufactures in the industry are www.umpaper.com and www.sci99.com (collectively, "**Public Websites**") which provide pricing information in relation to the current and historical market price of pulp and paper products and continuously monitor and update such market prices on a daily basis. Based on the information available to the Board, the information provided by the Public Websites are highly recognised by industry end-users and suppliers globally therefore they are able to conduct market analysis and provide reliable price assessments in the pulp and paper products markets;

- (ii) third-party suppliers' offers: purchase quotations for similar products of similar qualities provided by at least two other third-party suppliers to Ramble Paper Group would also be taken into account for reference, relying on the business network of Ramble Paper Group as well as the recent public quotations provided by certain market players through the Public Websites; and
- (iii) purchase policies of Ramble Paper Group: through convening regular procurement meetings, the management team of Ramble Paper Group with over 20 years of experience in the paper industry and therefore with the ability to make objective purchase policies for the Group shall generate and periodically update purchase policies of Ramble Paper Group which set out (a) a purchase price range after considering the prevailing market price on the Public Websites and quotations from at least two suppliers for similar products of similar qualities. The prices under the Purchase Framework Agreement shall be within such price range; and (b) order quantities after collecting purchase plan of the business departments of Ramble Paper Group and taking into consideration of the market trend, delivery costs and production plan and capacity of Ramble Paper Group.

**Settlement and Payment
Method:**

The settlement and payment method shall be agreed and elaborated in the specific individual orders or contracts to be entered into between any member of Ramble Paper Group and any member of Xiamen C&D Group after arm's length negotiations and on a normal commercial basis, provided that, in each case, the relevant settlement and payment methods shall be no less favourable than those provided by third-party suppliers to Ramble Paper and/or Ramble Paper Group.

Generally, Ramble Paper Group shall make the payment within 90 days (in relation to imported wood pulp materials) after the materials being loaded on to the ship or within 30 days (in relation to other materials and products not to be imported) after Xiamen C&D Group begins delivery unless otherwise agreed in the individual orders and contracts between them. Such payment terms are the same as those provided by third-party suppliers to Ramble Paper Group. As such, the settlement and payment methods for Xiamen C&D Group are no less favourable than those provided by third-party suppliers of the Group.

As in no event will the payment terms of the individual orders or contracts under the Purchase Framework Agreement be less favourable than those provided by third-party suppliers to Ramble Paper Group, the Board is of the view that the abovementioned general payment term of the Purchase Framework Agreement is fair and reasonable and on normal commercial terms or better.

Effective Date: The Purchase Framework Agreement shall become effective after being sealed by the parties and all necessary approvals (including the approval of the Independent Shareholders at the EGM) being obtained by the parties.

Further details of the principal terms of the Purchase Framework Agreement, please refer to the section headed “PURCHASE FRAMEWORK AGREEMENT” in the Letter form the Board.

Review of the principal terms

For our due diligence purpose, we have reviewed and compared 27 sample copies for the purchase of wood pulp materials and 41 sample copies for packaging paper products of historical transaction records in respective of the purchases made by the Group from independent third-party suppliers and Xiamen C&D in 2023. The samples under review represent the purchase of wood pulp

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materials and packaging paper products between the Group and Xiamen C&D in 2023 and the samples between the Group and independent third-party suppliers with close proximity in time of those with Xiamen C&D for comparison purpose. We consider the above selection criteria is fair and reasonable for our analysis of the prices paid by the Group to independent third-party suppliers and Xiamen C&D. After reviewing the samples, we note that (1) the purchase prices of the wood pulp materials and packaging paper products purchased by the Group from Xiamen C&D were lower than those paid by the Group to independent third-party suppliers; and (2) other terms of the purchase contracts including delivery time, settlement and payment methods, quality inspection, return arrangement and termination are generally the same.

Based on the above, we are of the view that the pricing and other terms offered by the Group under the Purchase Framework Agreement are on normal commercial terms which are no less favourable to the Group than those offered by the Group to other independent third-party suppliers.

Proposed Purchase Annual Caps and Basis of Determination

The unaudited historical transaction amounts for the Purchasing Materials paid by Ramble Paper Group to Xiamen C&D Group are set out below:

	FY2021	FY2022	FY2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Historical transaction amounts	14,482	156,227	160,719

Ramble Paper Group and Xiamen C&D Group did not enter into any framework agreements for the historical purchases for FY2021, FY2022 and FY2023. Neither did Ramble Paper Group make any purchase from Xiamen C&D since 1 January 2024 up to the Latest Practicable Date.

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The Proposed Purchase Annual Caps for the total purchase amount payable by Ramble Paper Group to Xiamen C&D Group for the transactions contemplated under the Purchase Framework Agreement for the years ending 31 December 2024 (“FY2024”), 2025 (“FY2025”) and 2026 (“FY2026”) are set out below:

	FY2024	FY2025	FY2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proposed Purchase Annual Caps	370,800	426,800	714,700

The Proposed Purchase Annual Caps set out above have been determined after taking into account:

- (i) the anticipated increasing demand of Ramble Paper Group for the wood pulp materials: it is expected that the demand for the wood pulp materials from Xiamen C&D Group will increase significantly during the terms of the Purchase Framework Agreement as such wood pulp materials are one of the main raw materials for the Group’s existing and new production lines, in particular, (a) an existing production line of the Group with current annual production capacity of 10,000 tons is expected to increase capacity to an annual output of 16,000 tons for each of the financial year 2024, 2025 and 2026, respectively; and (b) two new production lines of the Group will be put into operation with an expected annual output of 180,000 tons by late 2025 and are expected to record a high annual output of 324,000 tons by late 2026. Besides, leveraging the abundant resources and industry experience of Xiamen C&D Group and the good quality of the wood pulp materials provided by Xiamen C&D Group during its long-term cooperation with the Group, the management team of Ramble Paper Group intends to increase its purchase amount of certain wood pulp materials sourced and imported by Xiamen C&D Group in substitution of certain import orders directly placed with overseas independent suppliers especially given the lower cost for the Group for purchasing such wood pulp materials from Xiamen C&D Group compared to directly importing from overseas sellers;
- (ii) the current market price range for similar wood pulp materials and packaging paper products on the Public Websites and obtained by the management team of Ramble Paper Group and the estimated price trend: the management team has taken into account the prevailing market price on the Public Websites for the wood pulp materials and packaging paper products to be purchased from Xiamen C&D Group. The average prices of wood pulp materials and packaging paper products used in the determination of the Proposed Purchase Annual Caps fall within the ranges of the market prices of the respective products for 2023. For example, according to the information on the

Public Websites, the average market price of softwood pulp and hardwood pulp, two main wood pulp materials to be purchased by Ramble Paper Group from Xiamen C&D Group, for 2023 were in ranges of from RMB5,365/ton to RMB7,396/ton and from RMB3,908/ton to RMB6,409/ton, respectively. The average prices of wood pulp materials used in the determination of the Proposed Purchase Annual Caps are in the range of approximately RMB5,833/ton to RMB5,900/ton for the three years ending 31 December 2026, which is within the abovementioned ranges. According to the information on the Public Websites, the average market price of corrugated paper, being a main packaging paper product to be purchased by Ramble Paper Group from Xiamen C&D Group, ranged from RMB2,703/ton to RMB3,266/ton during 2023. The average price of corrugated paper used in the determination of the Proposed Purchase Annual Caps is approximately RMB2,930/ton for the three years ending 31 December 2026, which is within the abovementioned range. Besides, although the domestic economy went through a slower than expected recovery and Chinese enterprises generally faced significant operational pressures in 2023 when China's economy resumed normal operations in full, the Group expects the economy and consumption in the PRC will gradually recover in the coming years following recovery in the post-COVID environment. With reference to the statistics published by National Bureau of Statistics of the PRC, the period-to-period of GDP in the PRC amounted to 4.9% and 5.2% for the third and fourth quarter of 2023, indicating a possible sign of gradual recovery from the pandemic disruption in the PRC manufacturing economy and consumption market in the next years. Therefore, the Directors expect that the prices of the wood pulp materials and packaging paper products will continue to increase in the following years as the PRC is accelerating the pace of economic recovery and actively adjusting its industrial development strategy to provide active support for corporate development;

- (iii) the stable quality and the transaction amount of the products historically purchased by Ramble Paper Group from Xiamen C&D Group: given Xiamen C&D Group is a leading enterprise of pulp imports and sales in the PRC with over 150 paper pulp suppliers across the globe and the Group has been procuring from Xiamen C&D Group certain wood pulp materials and packaging paper products for a number of years, the Directors consider that Xiamen C&D Group could provide the Group with sufficient source of wood pulp materials and packaging paper products with high quality upon request.

Having considered (i) the rapidly growing output to be generated by the existing and new production lines of the Group during the following three years; (ii) lower cost for the Group for purchasing certain wood pulp materials from Xiamen C&D Group compared to directly importing from overseas sellers; (iii)

the expected increasing prices of the wood pulp materials and packaging paper products in the coming years; (iv) the purchase prices of the wood pulp materials and packaging paper products to be purchased from Xiamen C&D Group are based on the prevailing market prices and are no less favourable than those provided by independent third-party suppliers; (v) the long-term business relationship with Xiamen C&D Group and the good quality of the materials and products that has been provided by it; (vi) the enhanced business cooperation between Xiamen C&D Group and the Group after HK Paper Sources became a substantial Shareholder in November 2023; and (vii) the expected accelerating pace of economic recovery in the PRC in the coming years following recovery in the post-COVID environment, the Directors consider the growth rate on the Proposed Purchase Annual Caps are fair and reasonable.

We note that the Proposed Purchase Annual Cap for FY2024 of RMB370.8 million, represents an increase of approximately RMB210.2 million or 130.9% from the historical transaction amount of the Purchasing Materials of approximately RMB160.7 million for FY2023. The Proposed Purchase Annual Cap for FY2025 of RMB426.8 million represents an increase of approximately 15.1% from that of FY2024 of RMB370.8 million and the Proposed Purchase Annual Cap for FY2026 of RMB714.7 million represents an increase of approximately 67.5% from that of FY2025 of RMB426.8 million.

We note that the average prices of wood pulp materials used in the determination of the Proposed Purchase Annual Caps are in the range of approximately RMB5,833/ton to RMB5,900/ton for the three years ending 31 December 2026. Based on the historical information in the website of SCI99 Inc. (卓創資訊 www.sci99.com), the average market price of softwood pulp for FY2023 was approximately RMB6,072/ton with the highest market price and lowest market price of approximately RMB7,396/ton recorded in January 2023 and approximately RMB5,365/ton recorded in June 2023, respectively. The average market price of softwood pulp in December 2023 was approximately RMB5,839/ton, representing an increase of approximately 8.8% over the lowest market price of approximately RMB5,365/ton recorded in June 2023. The fluctuation of the market price of the softwood pulp was approximately RMB2,031/ton for FY2023, representing approximately 37.9% from the lowest market price in 2023. The average market price of hardwood pulp for FY2023 was approximately RMB5,004/ton with the highest market price and lowest market price of approximately RMB6,409/ton recorded in January 2023 and approximately RMB3,908/ton recorded in May 2023 respectively. The average market price of hardwood pulp in December 2023 was approximately RMB5,008/ton, representing an increase of approximately 28.1% over the lowest market price of approximately RMB3,908/ton recorded in May 2023. The fluctuation of the market price of the hardwood pulp was approximately RMB2,501/ton for FY2023, representing approximately 64.0% from the lowest market price in 2023. We understand that the market prices of the softwood pulp and hardwood pulp are affected by many factors including industry and economic

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activities, restocking demand, production facilities downtime and closure, United States dollars movement affecting United States dollar-denominated production costs, etc., which may not be easy to predict or forecast.

We note that the average price of corrugated paper (one main packaging paper product to be purchased by Ramble Paper Group) used in the determination of the Proposed Purchase Annual Caps is approximately RMB2,930/ton for the three years ending 31 December 2026. Based on the historical information in www.sci99.com, the average market price of corrugated paper for FY2023 was approximately RMB2,911/ton with the highest market price and lowest market price of approximately RMB3,266/ton recorded in January 2023 and approximately RMB2,703/ton recorded in August 2023 respectively. The average market price of corrugated paper in December 2023 was approximately RMB2,924/ton, representing an increase of approximately 8.2% over the lowest market price of approximately RMB2,703/ton recorded in August 2023. The fluctuation of the market price of corrugated paper was approximately RMB563/ton for FY2023, representing approximately 20.8% from the lowest market price in 2023. We note that the average price of corrugated paper of approximately RMB2,930/ton used in the determination of the Proposed Sales Annual Caps is slightly above the average market price of corrugated paper of approximately RMB2,911/ton for FY2023 by approximately 0.7%, which is below the fluctuation range of the market price of corrugate paper. We further note that the average price of corrugated paper used in the determination of the Proposed Sales Annual Caps is within the range of market prices of corrugated paper for FY2023.

www.sci99.com is one of the principal sources of market prices of pulp and paper products for buyers and sellers of pulp and paper products. We note that there are two main websites that are widely used by paper manufactures in the industry, namely www.umpaper.com and www.sci99.com. Both Public Websites provide pricing information in relation to the current and historical market price of pulp and paper products and continuously monitor and update such market prices on a daily basis. Based on the information available to the Board, the information provided by the Public Websites are highly recognised by industry end-users and suppliers globally therefore they are able to conduct market analysis and provide reliable price assessments in the pulp and paper products markets. As the information in respect of market prices of pulp and paper products of both websites is similar, we have extracted information from www.sci99.com, which provides pricing information of the current and historical market prices of commodities including pulp and paper products, energy, chemicals, rubber, plastics, non-ferrous metals, steel, agricultural products, agricultural materials and renewable resources, and conducts research and posts news in relation to the industry trends. It, therefore, has a larger based of users from different industries. It has about 3.5 million registered users in total and over 150 clients are among Fortune Global 500 and their subsidiaries. It is operated by Sublime China Information Co., Ltd. which is listed on ChiNext of Shenzhen Stock Exchanges (stock code: 301299).

Although the average prices of wood pulp materials used in the determination of the Proposed Purchase Annual Caps are in the range of approximately RMB5,833/ton to RMB5,900/ton for the three years ending 31 December 2026, which are higher than the average market price of hardwood pulp for FY2023 of approximately RMB5,004/ton and the average market price of hardwood pulp in December 2023 of approximately RMB5,008/ton, in view of (i) the growth of GDP in the PRC in the third and fourth quarters of 2023 as compared to the respective corresponding period in 2022; (ii) the expectation of possible sign of gradual recovery and restoration from the pandemic disruption in the PRC manufacturing economy and consumption market in the next years; (iii) the fluctuation of the market prices of the softwood pulp and hardwood pulp and the recent increase of the market prices of the softwood pulp and hardwood pulp; (iv) the average prices of wood pulp materials used by the Group in determining the Proposed Purchase Annual Caps fall within the above ranges of market prices of softwood pulp and hardwood pulp for FY2023; (v) the average prices of wood pulp materials used in the determination of the Proposed Purchase Annual Caps are lower than the average market price of softwood pulp for FY2023 of approximately RMB6,072/ton and roughly the same as the average market price of softwood pulp in December 2023 of approximately RMB5,839/ton; and (vi) the average prices of corrugated paper used in the determination of the Proposed Purchase Annual Caps is slightly above the average market price of corrugated paper for FY2023 and fall within the above ranges of market prices of corrugated paper for FY2023, we are of the view that the prices of wood pulp materials and corrugated paper used by the Group in determining the Proposed Purchase Annual Caps are justifiable and are fair and reasonable.

Based on our discussion with the Management, the Group anticipated an increase of purchase by Ramble Paper Group from Xiamen C&D Group in view of the prices of the products purchased by Ramble Paper Group from Xiamen C&D Group shall be determined after arm's length negotiations between the parties with reference to, among others, current market prices for similar products and the purchase quotations and policies for similar products of similar qualities provided by third-party suppliers to Ramble Paper Group, and in any event, such prices or purchase terms shall be no less favourable than those provided by third-party suppliers to Ramble Paper and/or Ramble Paper Group. As such, the Group will benefit from the best terms available in the market when entering into transactions with Xiamen C&D Group. Furthermore, despite the purchases of the Purchasing Materials from Xiamen C&D Group represent small percentage of the Group's cost of sales, Xiamen C&D Group has been a supplier of Ramble Paper Group since 2010. Benefiting from such long-standing business relationship and being a substantial Shareholder of the Company, Xiamen C&D Group is familiar with the strategies, standards, specifications and requirements of Ramble Paper Group and is therefore able to provide the Purchasing Materials to Ramble Paper Group to meet its needs in a cost-efficient manner. In addition, the Group anticipates increase in the quantity of the Purchasing Materials when the new production line(s) commence production to meet its production capacity. Despite each of the Proposed Purchase Annual Caps represents less than 10% of the cost

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of sales for FY2022, the Company considers that, by entering into the Purchase Framework Agreement, Ramble Paper Group can secure sustainable supply of the Purchasing Materials from Xiamen C&D Group in the pulp supply market which is competitive.

Having considered that (i) the basis on which the Proposed Purchase Annual Caps are determined as described above (ii) an existing production line of the Group with current annual production capacity of 10,000 tons is expected to increase capacity to an annual output of 16,000 tons for each of the financial year 2024, 2025 and 2026, respectively; (iii) two new production lines of the Group will be put into operation with an expected annual output of 180,000 tons by late 2025 and are expected to record a high annual output of 324,000 tons by late 2026; (iv) increase in the quantity of the Purchasing Materials to meet its production capacity when the new production lines commence production; (v) lower cost for the Group for purchasing certain wood pulp materials from Xiamen C&D Group compared to directly importing from overseas sellers; (vi) the fluctuation of the market prices of the softwood pulp and hardwood pulp; (vii) the recent increase of the market prices of the softwood pulp and hardwood pulp and the expected increasing prices of the wood pulp materials and packaging paper products in the following years; (viii) the prices of the products purchased by Ramble Paper Group from Xiamen C&D Group shall be determined after arm's length negotiations; (ix) prices or purchase terms shall be no less favourable than those provided by third-party suppliers to Ramble Paper and/or Ramble Paper Group; and (x) Xiamen C&D Group is familiar with the strategies, standards, specifications and requirements of Ramble Paper Group and is therefore able to provide the Purchasing Materials to Ramble Paper Group to meet its needs in a cost-efficient manner, we are of the view that the Proposed Purchase Annual Caps in respect of FY2024, FY2025 and FY2026, and the increase of approximately 15.1% from FY2024 to FY2025 and approximately 67.5% from FY2025 to FY2026, are fair and reasonable so far as the Independent Shareholders are concerned.

6. Principal terms of the Sales Framework Agreement

The principal terms of the Sales Framework Agreement are set out below, and the Proposed Sales Annual Caps are set out thereunder:

Date:	2 January 2024 (after trading hours)
Parties:	(i) Xiamen C&D, as the purchaser; and (ii) Century Sunshine, as the seller
Terms:	Commencing from the Effective Date and ending on 31 December 2026

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subject Matter:

Pursuant to the Sales Framework Agreement, any member of Xiamen C&D Group may place individual orders or enter into individual contracts with any member of Century Sunshine Group to purchase the packaging paper products that Century Sunshine Group produces.

The packaging paper products to be sold by Century Sunshine Group to Xiamen C&D Group under the Sales Framework Agreement are packaging paper and paper products that are produced by Century Sunshine Group based on its patented technology, which include (i) white top linerboard (白面牛卡紙), coated-white top linerboard (塗布白面牛卡紙) and core board (紙管原紙), which are not to be purchased by Ramble Paper Group from Xiamen C&D Group under the Purchase Framework Agreement; and (ii) corrugated paper (瓦楞紙) of different gram weight with those to be purchased by Ramble Paper Group from Xiamen C&D Group in the same region. Production and sale of such products are principal activities of the Group. Therefore, provision of such products to Xiamen C&D Group for its further distribution to its customers can further expand the income stream of the Group within its existing and expected production capacity as well as achieve mutual benefits of the two groups.

Pricing Principles:

The price of the products sold by Century Sunshine Group to Xiamen C&D Group shall be determined after arm's length negotiations between the parties with reference to, the following factors. In any event, such prices or sale terms shall be no more favourable than those provided by Century Sunshine and/or Century Sunshine Group to third-party customers.

- (i) current market price for similar products: the prevailing market price of the packaging paper products of comparable quality, specifications, quantities and related delivery costs based on the market information available from public channels including the Public Websites which provide pricing information in relation to the current and historical market price of paper products and continuously monitor and update such market prices in on a daily basis. Based on the information available to the Board, the information provided by the Public Websites are highly recognised by industry end-users and suppliers globally therefore they are able to conduct market analysis and provide reliable price assessments in the pulp and paper products markets;
- (ii) third-party customers' offers: selling prices for similar products of similar qualities provided by Century Sunshine Group to other third-party customers would also be taken into account for reference, relying on the sales agreements entered into between Century Sunshine Group and other third-party customers; and
- (iii) selling policies of Century Sunshine Group: through convening regular selling price meetings, the management team of Century Sunshine Group with over 20 years of experience in the paper industry and therefore with the ability to make objective selling policies for the Group shall generate and periodically update selling policies of Century Sunshine Group which set out (a) selling price ranges for different selling regions after considering the prevailing market price on the Public Websites, market analysis on the business trend of paper manufacturing industry, production and delivery costs, recent demand of customers, production plan and capacity of the Group, etc. The prices under the Sales Framework Agreement shall be within such price ranges; and (b) order quantities which shall be confirmed after taking into consideration of the customers' demands, production plan and capacity of Century Sunshine Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Settlement and Payment Method: The settlement and payment method shall be agreed and elaborated in the specific individual orders or contracts to be entered into between any member of Century Sunshine Group and any member of Xiamen C&D Group after arm's length negotiations and on a normal commercial basis, provided that, in each case, the relevant settlement and payment methods shall be no more favourable than those provided by Century Sunshine and/or Century Sunshine Group to third-party customers.

Generally, Century Sunshine Group shall begin delivery of the products within seven (7) days upon receiving the payment from Xiamen C&D Group unless otherwise agreed in the individual orders and contracts between them. Such payment terms are the same as those provided to other third-party customers who purchase corrugated paper products from Century Sunshine Group. For third-party customers who purchase other packaging paper products from Century Sunshine Group, they shall make the payment at the end of the calendar month in which Century Sunshine Group begins delivery of the products. As such, the settlement and payment methods for Xiamen C&D Group is no more favourable than those provided by the Group to other third-party customers.

As in no event will the payment terms of the individual orders or contracts under the Sales Framework Agreement be more favourable than those provided by Century Sunshine Group to third-party customers, the Board is of the view that the abovementioned general payment term of the Sales Framework Agreement is fair and reasonable and on normal commercial terms or better.

Effective Date: The Sales Framework Agreement shall become effective after being sealed by the parties and all necessary approvals (including the approval of the Independent Shareholders at the EGM) being obtained by the parties.

Further details of the principal terms of the Sales Framework Agreement, please refer to the section headed "SALES FRAMEWORK AGREEMENT" in the Letter form the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Review of the principal terms

For our due diligence purpose, we have reviewed and compared 13 sample copies of historical transaction records in respect of the sales made by the Group to independent third-party customers and Xiamen C&D in 2023. The samples under review represent the sales of the Sales Products between the Group and Xiamen C&D in 2023 and the samples between the Group and independent third-party customers with close proximity in time of those with Xiamen C&D for comparison purpose. We consider the above selection criteria is fair and reasonable for our analysis of the sale prices of the Sales Products sold by the Group to independent third-party customers and Xiamen C&D. After reviewing the samples, we note that the sale prices of the Sales Products sold by the Group to Xiamen C&D were generally higher than the sale prices of the Sales Products sold by the Group to independent third-party customers. As such, pricing provided by Xiamen C&D were no less favourable than those provided by independent third-party customers. Furthermore, we understand from the Management that the sales of the Sales Products by the Group to Xiamen C&D are all on prepaid terms while the sales of the Sales Products by the Group to independent third-party customers are either on pre-paid terms or with credit periods. As such, the payment terms offered by the Group to Xiamen C&D were no less favourable than those provided by independent third-party customers.

Based on the above, we concur with the Management that the pricing and other terms of the Sales Framework Agreement are fair and reasonable and on normal commercial terms.

Proposed Sales Annual Caps and Basis of Determination

The unaudited historical transaction amounts for the Sales Products paid by Xiamen C&D Group to Century Sunshine are set out below:

	FY2021	FY2022	FY2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Historical transaction amounts	23,577	167,639	412,382

Century Sunshine Group and Xiamen C&D Group did not enter into any framework agreements for the historical sales for FY2021, FY2022 and FY2023. Neither did Century Sunshine Group make any sales to Xiamen C&D Group since 1 January 2024 up to the Latest Practicable Date.

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The Proposed Sales Annual Caps for the total purchase amount payable by Xiamen C&D Group to Century Sunshine for the transactions contemplated under the Sales Framework Agreement for FY2024, FY2025 and FY2026 are set out below:

	FY2024	FY2025	FY2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proposed Sales Annual Caps	522,100	590,100	657,200

The Proposed Sales Annual Caps set out above have been determined after taking into account:

- (i) production capacity and supply amount of Century Sunshine Group: the existing annual production capacity of Century Sunshine Group of 2,100,000 tons is expected to be able to satisfy the existing needs of all customers, including Xiamen C&D Group. The estimated average volume of packaging paper products under the Proposed Sales Annual Caps for the three financial years ending 31 December 2026, amounting to approximately 172,000 tons, represents approximately 8.2% of Century Sunshine Group's current annual production capacity which is expected to further utilize Century Sunshine Group's existing production capacity and result in mutual benefits;
- (ii) the current market price range for the similar products, which are available from the Public Websites and obtained by the management team of Century Sunshine Group and the estimated price trend: the management team has taken into account the prevailing market price on the Public Websites for similar products of similar qualities. The average prices of packaging paper products used in the determination of the Proposed Sales Annual Caps fall within the ranges of market prices of the respective products for 2023. For example, according to the information on the Public Websites, the average market price of corrugated paper for 2023 was in a range of from RMB2,703/ton to RMB3,266/ton. The average price of corrugated paper used in the determination of the Proposed Sales Annual Caps is approximately RMB3,147/ton for the three years ending 31 December 2026, which is within the abovementioned range. Besides, the Directors expect that the prices of the packaging paper products will continue to improve which is in line with the economic improvement in the PRC, with reference to the increasing period-on-period GDP growth rate for the third and fourth quarter of 2023 as illustrated in the section headed "PURCHASE FRAMEWORK AGREEMENT" in the Letter from the Board;
- (iii) the historical demand of Xiamen C&D Group for the products that Century Sunshine Group produces: the products purchased by Xiamen C&D Group from Century Sunshine Group amounts to approximately

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120,000 tons for FY2023, increasing approximately 200% from the volume of approximately 40,000 tons purchased by Xiamen C&D Group from Century Sunshine Group for FY2022;

- (iv) the anticipated increase in the quantity of the products that Xiamen C&D Group requires during the term of the Sales Framework Agreement: considering (a) the increasing demand by Xiamen C&D Group and their end-customers for the products sold by Century Sunshine Group; and (b) the enhanced business cooperation between the two groups after HK Paper Sources became a substantial Shareholder in November 2023, it is expected that the anticipated average volume in terms of the products required by Xiamen C&D Group for the three years ending 31 December 2026 will increase by approximately 23,000 tons annually, resulting in an estimated sales volume of 195,000 tons for FY2026. It is expected to further utilize Century Sunshine Group's existing production capacity and result in mutual benefits; and
- (v) the Group's current business plan to maintain a relatively large third-party customer base in relation to sales with a view to reduce its reliance on connected persons: the estimated sales volume to be purchased by Xiamen C&D Group from Century Sunshine Group for FY2026 represents only approximately 9% of the current production capacity of Century Sunshine Group, therefore Century Sunshine Group is able to maintain its third-party customers via selling a large quantity of its products to them.

Having considered (i) the sales price of the packaging paper products to be sold to Xiamen C&D Group are based on the prevailing market price and are no more favourable than those sold to independent third-party customers; (ii) the enhanced business cooperation between Xiamen C&D Group and the Group after Xiamen C&D's wholly owned subsidiary, namely HK Paper Sources, became a substantial Shareholder in November 2023; and (iii) the expected accelerating pace of economic recovery in the PRC in the next years following recovery in the post-COVID environment, the Directors consider the growth rate on the Proposed Sales Annual Caps are fair and reasonable.

We note that the Proposed Sales Annual Cap for FY2024 of RMB522.1 million, represents an increase of approximately RMB139.7 million or 26.6% from the historical transaction amount of the Sales Products approximately RMB412.4 million for FY2023. The Proposed Sales Annual Cap for FY2025 of RMB590.1 million represents an increase of approximately 13.0% from that of FY2024 of RMB522.1 million and the Proposed Sales Annual Cap for FY2026 of RMB657.2 million represents an increase of approximately 11.4% from that of FY2025 of RMB590.1 million.

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We note that the average price of corrugated paper (a type of packaging paper products) used in the determination of the Proposed Sales Annual Caps is approximately RMB3,147/ton for the three years ending 31 December 2026. Based on the historical information in www.sci99.com, the average market price of corrugated paper for FY2023 was approximately RMB2,911/ton with the highest market price and lowest market price of approximately RMB3,266/ton recorded in January 2023 and approximately RMB2,703/ton recorded in August 2023 respectively. The average market price of corrugated paper in December 2023 was approximately RMB2,924/ton, representing an increase of approximately 8.2% over the lowest market price of approximately RMB2,703/ton recorded in August 2023. The fluctuation of the market price of corrugated paper was approximately RMB563/ton for FY2023, representing approximately 20.8% from the lowest market price in 2023. We note that the average price of corrugated paper used in the determination of the Proposed Sales Annual Caps is slightly above the average market price of corrugated paper of approximately RMB2,911/ton for FY2023 by approximately 8.1%, which is below the fluctuation range of the market price of corrugate paper. We further note that the average price of corrugated paper used in the determination of the Proposed Sales Annual Caps is within the range of market prices of corrugated paper for FY2023.

We note that the average prices of cardboard paper (a type of packaging paper products) used in the determination of the Proposed Sales Annual Caps are in the range of approximately RMB4,171/ton to RMB4,173/ton for the three years ending 31 December 2026. Based on the historical information in www.sci99.com, the average market price of cardboard paper for FY2023 was approximately RMB3,954/ton with the highest market price and lowest market price of approximately RMB4,425/ton recorded in January 2023 and approximately RMB3,701/ton recorded in August 2023 respectively. The average market price of corrugated paper in December 2023 was approximately RMB4,413/ton, representing an increase of approximately 19.2% over the lowest market price of approximately RMB3,701/ton recorded in August 2023. The fluctuation of the market price of cardboard paper was approximately RMB724/ton for FY2023, representing approximately 19.6% from the lowest market price in 2023. We note that the average prices of cardboard paper used in the determination of the Proposed Sales Annual Caps are slightly above the average market price of cardboard paper of approximately RMB3,954/ton for FY2023 by not more than 6% which is below the fluctuation range of the market price of cardboard paper. We further note that the average price of corrugated paper used in the determination of the Proposed Sales Annual Caps is within the range of market prices of cardboard paper for FY2023.

We understand that the market prices of packaging paper products are affected by many factors including industry and economic activities, the costs of the raw materials (for example softwood pulp and hardwood pulp), and production downtime and closures.

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Based on our discussion with the Management, the Group anticipates the market price of the packaging paper products will continue to improve which is in line with the economic improvement in the PRC, though it may be at a slower pace. In view of the fluctuation of the market price of the corrugated paper and cardboard paper and the recent increase of the market prices of the softwood pulp and hardwood pulp, we are of the view that the prices of packaging paper products used by the Group in determining the Proposed Sales Annual Caps are fair and reasonable.

Based on our discussion with the Management, the Group anticipated an increase of purchase by Xiamen C&D Group from Century Sunshine Group in view of the recent growth of purchase by Xiamen C&D Group in 2023 and anticipated closer business relationship following HK Paper Sources, an associate of Xiamen C&D Group, became a substantial Shareholder of the Company. Furthermore, in view of the prices of the Sales Products sold by Century Sunshine Group to Xiamen C&D Group shall be determined after arm's length negotiations between the parties with reference to, among others, current market prices for similar products and the selling prices and policies for similar products of similar qualities provided by Century Sunshine Group to third-party customers and in any event, such prices or sale terms shall be no more favourable than those provided by Century Sunshine and/or Century Sunshine Group to third-party customers. As such, the Group will benefit from the best terms available in the market when entering into transactions with Xiamen C&D Group. Furthermore, despite the purchases of the Sales Products by Xiamen C&D Group represent small percentage of the Group's annual sales, Xiamen C&D Group has been a customer of Century Sunshine Group since 2010. Benefiting from such long-standing business relationship and being a substantial Shareholder of the Company, Century Sunshine Group is familiar with the strategies, standards, specifications and requirements of Xiamen C&D Group and is therefore able to provide the Sales Products to Xiamen C&D Group to meet its needs in a cost-efficient manner.

Having considered (i) the basis on which the Proposed Sales Annual Caps are determined as described above; (ii) production capacity and supply amount of Century Sunshine Group; (iii) the current market price range for the similar packaging paper products, which are available from public channels and obtained by the management of Century Sunshine; (iv) the historical demand of Xiamen C&D Group for the Sales Products that Century Sunshine Group produces; (v) the anticipated increase in the quantity of the Sales Products that Xiamen C&D Group requires during the term of the Sales Framework Agreement; (vi) the fluctuation of the market price of the corrugated paper and cardboard paper; (vii) the recent increase of the market prices of the softwood pulp and hardwood pulp; (viii) the price of the Sales Products sold by Century Sunshine Group to Xiamen C&D Group shall be determined after arm's length negotiations; (ix) prices or sale terms shall be no more favourable than those provided by Century Sunshine and/or Century Sunshine Group to third-party customers; and (x) Century Sunshine Group is familiar with the strategies, standards, specifications and

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requirements of Xiamen C&D Group and is therefore able to provide the Sales Products to Xiamen C&D Group to meet its needs in a cost-efficient manner, we are of the view that the Proposed Sales Annual Caps in respect of FY2024, FY2025 and FY2026, and the increase of approximately 13.0% from FY2024 to FY2025 and approximately 11.4% from FY2025 to FY2026, are fair and reasonable so far as the Independent Shareholders are concerned.

7. Internal Control Measures

As disclosed in the section headed “INTERNAL CONTROL MEASURES” in the Letter from the Board, in order to effectively implement the Framework Agreements, the Group has adopted the following internal control measures:

- (i) relevant members of staff of the business department of the Company (or its subsidiaries) have been designated to monitor the market price of the products and materials to be purchased and sold under the Framework Agreements:
 - (A) as for the products to be purchased by Ramble Paper Group, the relevant staff will, before the entering into of each individual order or contract in accordance with the Purchase Framework Agreement, (a) check quotations on the public domain on a daily basis for similar wood pulp materials and packaging paper products as those to be purchased by Ramble Paper Group; and (b) obtain quotations of similar wood pulp materials and packaging paper products from other third-party suppliers from time to time; and
 - (B) as for the products to be sold by Century Sunshine Group, the staff will, before the entering into of each individual order or contract in accordance with the Sales Framework Agreement, (a) check quotations on the public website domain on a daily basis for similar packaging paper products as those to be sold by Century Sunshine Group; and (b) obtain the final contract prices of the packaging paper products sold to other third-party customers by Century Sunshine Group from time to time;
- (ii) the financial department of the Company (or its subsidiaries) will continuously monitor the continuing connected transactions on a monthly basis to ensure that the total transaction amount will not exceed the respective proposed annual cap. If the accumulated transaction amount is close to the respective proposed annual cap, the management of the Company (or its subsidiaries) will renew the proposed annual cap or suspend the transaction, as appropriate;

- (iii) the Company's external auditors will conduct an annual review of the transactions contemplated under the Framework Agreements to ensure that the transaction amounts fall within the respective proposed annual caps and that such transactions are conducted in accordance with the terms set out in the Framework Agreements;
- (iv) the independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Framework Agreements to ensure that the Company has complied with the internal approval procedures, the terms of the Framework Agreements and the relevant requirements under the Listing Rules; and
- (v) the internal audit function of Group will, from time to time, review and conduct sample checks on the relevant transaction documents and ensure that the pricing basis and internal control procedures are complied with.

The Directors consider that the personnel authorised to execute the above internal control measures possess relevant experience and expertise in relation thereto, and the above internal control measures can ensure that the Continuing Connected Transactions contemplated under the Framework Agreements will be conducted on normal commercial terms in a manner not prejudicial to the interests of the Company and its Shareholders.

Review by the external auditors

Pursuant to Rule 14A.56 of the Listing Rules, the Company must engage its external auditors to review the continuing connected transactions annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant caps have been exceeded.

We understand from the Management that the external auditor will conduct its review in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Review by the independent non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors must review annually the continuing connected transactions and confirm in the Company's annual report whether the continuing connected transactions had been entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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We understand from the internal control procedures of the Group and note that there are stringent controls in the transaction approval and implementation process. We understood, including but not limited to:

- (i) regular monitoring of the continuing connected transactions by the finance department of the Group;
- (ii) monthly internal review on the terms of the continuing connected transactions;
- (iii) review by the external auditor pursuant to the Listing Rules and in accordance with the relevant assurance standards in respect of the Continuing Connected Transactions; and
- (iv) review by the independent non-executive Directors pursuant to the Listing Rules that the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Group; on normal commercial terms or better; and according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Based on the above, we are of the view that the implementation of the above internal control procedures of the Group are efficient and effective to implement the Continuing Connected Transactions in the ordinary and usual course of business of the Group and can ensure that the pricing terms of the Continuing Connected Transactions can be on normal commercial terms or better, fair and reasonable, and in particular, on terms that are no less favourable to the Group than those offered to the independent third-party suppliers and customers, and that the Continuing Connected Transactions can be conducted as agreed in the Framework Agreements are in compliance with Chapter 14A of the Listing Rules.

OPINION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that:

- (i) the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group;
- (ii) the terms of the Continuing Connected Transactions are on normal commercial terms and fair and reasonable; and
- (iii) the Continuing Connected Transactions are in the interests of the Company and the Shareholders as whole; and

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we therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions approving the Framework Agreements, the transactions contemplated thereunder at the EGM.

Yours faithfully,
for and on behalf of
CHINA SUNRISE CAPITAL LIMITED
Larry Chan **Keith Ho**
Managing Director *Vice President*

Mr. Larry Chan and Mr. Keith Ho are licensed persons registered with the SFC and are responsible officers of China Sunrise Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO who has over 30 years and over 7 years of experience in corporate finance industry respectively.

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST BY DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) were as follows:

Long Positions in the shares, underlying shares and debentures of the Company

Name	Nature of interest	Number of Shares	Approximate percentage of Interest ⁽¹⁾
Mr. Wang Dongxing	Interest of a party to an agreement to acquire interest in the Company ⁽²⁾	321,687,052	28.47%
	Beneficial owner	18,425,500	1.63%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽³⁾	3,840,000	0.34%
Mr. Shi Weixin	Interest of a party to an agreement to acquire interest in the Company ⁽²⁾	321,687,052	28.47%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽³⁾	22,265,500	1.97%

Name	Nature of interest	Number of Shares	Approximate percentage of Interest ⁽¹⁾
Mr. Wang Changhai	Interest of a party to an agreement to acquire interest in the Company ⁽²⁾	321,687,052	28.47%
	Beneficial owner	3,840,000	0.34%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽³⁾	18,425,500	1.63%
Mr. Ci Xiaolei	Beneficial owner	929,000	0.08%
Ms. Wu Rong	Interest of a party to an agreement to acquire interest in the Company ⁽²⁾	321,687,052	28.47%
	Interest of a party to an agreement to acquire interests in our Company apart from such agreement ⁽³⁾	22,265,500	1.97%

Notes:

- (1) The total issued shares of the Company was 1,129,854,359 Shares as of the Latest Practicable Date.
- (2) China Sunrise Paper Holdings Limited (“**China Sunrise**”) is wholly owned by China Sunshine Paper Investments Limited (“**China Sunshine**”), which in turn is wholly owned by a group of 17 individuals comprising Mr. Chen Xiaojun, Mr. Guo Jianlin, Mr. Li Zhongzhu, Mr. Lu Yujie, Mr. Ma Aiping, Mr. Sang Ziqian, Mr. Shi Weixin (an executive Director), Mr. Sun Qingtao, Mr. Wang Changhai (an executive Director), Mr. Wang Dongxing (an executive Director), Mr. Wang Feng, Mr. Wang Yilong, Mr. Wang Yongqing, Ms. Wu Rong (a non-executive Director), Mr. Zhang Zengguo, Mr. Zheng Fasheng and Mr. Zuo Xiwei (the “**Shareholders Group**”), who have been acting in concert pursuant to an acting in concert agreement dated 16 June 2006. Each of China Sunshine and the members of the Shareholders Group is deemed to be interested in the 321,687,052 Shares beneficially owned by China Sunrise by virtue of the SFO.
- (3) Under section 318 of the SFO, each other member of the Shareholders Group is deemed to be interested in the 22,265,500 Shares held by Mr. Wang Dongxing and Mr. Wang Changhai; Mr. Wang Dongxing is deemed to be interested in the 3,840,000 Shares held by Mr. Wang Changhai; and Mr. Wang Changhai is deemed to be interested in the 18,425,500 Shares held by Mr. Wang Dongxing.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of

Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares ⁽¹⁾	Approximate Percentage of Company's issued share capital
China Sunrise	Beneficial owner	321,687,052	28.47%
China Sunshine	Interest of a controlled corporation ⁽²⁾	321,687,052	28.47%
Shareholders Group	Interest of a party to an agreement to acquire interest in the Company ⁽³⁾	321,687,052	28.47%
	Interest of a party to an agreement to acquire interests in the Company apart from such agreement ⁽⁴⁾	22,265,500	1.97%

Notes:

- (1) The total issued shares of the Company was 1,129,854,359 Shares as of the Latest Practicable Date.
- (2) As China Sunshine owns the entire interest of China Sunrise, China Sunshine is deemed to be interested in the 321,687,052 Shares held by China Sunrise.
- (3) The Shareholders Group, who have been acting in concert pursuant to an acting in concert agreement dated 16 June 2006, hold 100% shares of China Sunshine, which in turn hold 100% shares in China Sunrise. By virtue of the SFO, each of the members of the Shareholders Group is deemed to be interested in the 321,687,052 Shares beneficially owned by China Sunrise.
- (4) Under section 318 of the SFO, each other member of the Shareholders Group is deemed to be interested in the 22,265,500 Shares held by Mr. Wang Dongxing and Mr. Wang Changhai.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who had an interest or a short position in any shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Zhang Xiaohui, a non-executive Director, is a non-executive director and the chairman of the board of directors of C&D Newin Paper & Pulp Corporation Limited (“**C&D Newin**”). C&D Newin, a company whose shares are listed on the Stock Exchange (stock code: 731), is principally engaged in the paper manufacturing and distribution business. As the Board is independent of the board of directors of C&D Newin and Mr. Zhang Xiaohui is unable to control the Board, the Group is capable of carrying on its businesses independently of, and at arm’s length from, the business of C&D Newin.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of other Directors or their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as would be required to be disclosed under rule 8.10 of the Listing Rules as if each of them was a controlling shareholder.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. INTEREST IN THE GROUP’S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, (i) none of the Directors had any interest in any assets which had been since 31 December 2022 (being the date to which the latest published consolidated audited financial statements of the Group were made up) acquired or disposed of by or leased to, any member of the Group, or were proposed to be acquired or disposed of by or leased to, any member of the Group; and (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

8. GENERAL

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

The company secretary of the Company is Mr. Chan Yee Ping, Michael, who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at Unit No. 1702, 17/F, Prosperity Millennia Plaza, 663 King's Road, North Point, Hong Kong. The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

9. EXPERT AND CONSENT

The following are the qualifications of the expert who has been named in this circular or have given opinion or letter contained in this circular:

Name	Qualifications
China Sunrise Capital Limited	A licensed corporation permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

As at the Latest Practicable Date, China Sunrise Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of their letters and references to their names, in the form and context in which they are included. The letter from China Sunrise Capital Limited was given as of the date of this circular for incorporation in this circular.

As at the Latest Practicable date, China Sunrise Capital Limited did not have any direct or indirect shareholding interest in any member of the Group and did not have the right (whether legally enforceable or nor) to subscribe for or to nominate persons to subscribe for any securities in any members of the Group.

As at the Latest Practicable Date, China Sunrise Capital Limited did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to, any member of the Group, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Electronic copies of the following documents are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sunshinepaper.com.cn) for a period of 14 days from the date of this circular (both days inclusive):

- (1) the Purchase Framework Agreement;
- (2) the Sales Framework Agreement;
- (3) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in the circular;
- (4) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (5) the letter from China Sunrise Capital Limited, the Independent Financial Adviser, the text of which is set out in this circular; and
- (6) the written consent from China Sunrise Capital Limited to in the section headed “Expert and Consent” in this appendix.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (“EGM”) of China Sunshine Paper Holdings Company Limited (the “**Company**”) will be held at China Sunshine Paper Office Tower, Changle Economic Development Zone, Weifang, Shandong, China, on Tuesday, 5 March 2024 at 10:00 a.m., for the purposes of considering and, if thought fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) the terms of the purchase framework agreement entered into between China Ramble Paper Company Limited (中國遠博紙業有限公司) and Xiamen C&D Paper & Pulp Group Co., Ltd.* (廈門建發漿紙集團有限公司) on 2 January 2024 (the “**Purchase Framework Agreement**”), the transactions contemplated under the Purchase Framework Agreement and the proposed annual caps under the Purchase Framework Agreement for the years ending 31 December 2024, 2025 and 2026 as described in the circular of the Company dated 19 February 2024 be and are hereby approved, confirmed and ratified in all respects; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Purchase Framework Agreement or the transactions contemplated thereunder.”

* For identification purposes only

NOTICE OF EGM

2. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) the terms of the sales framework agreement entered into between Shandong Century Sunshine Paper Group Co., Ltd.* (山東世紀陽光紙業集團有限公司) and Xiamen C&D Paper & Pulp Group Co., Ltd.* (廈門建發漿紙集團有限公司) on 2 January 2024 (the “**Sales Framework Agreement**”), the transactions contemplated under the Sales Framework Agreement and the proposed annual caps under the Sales Framework Agreement for the years ending 31 December 2024, 2025 and 2026 as described in the circular of the Company dated 19 February 2024 be and are hereby approved, confirmed and ratified in all respects; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Sales Framework Agreement or the transactions contemplated thereunder.”

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

Weifang, Shandong Province, the PRC, 19 February 2024

Notes:

1. The register of members of the Company will be closed from Thursday, 29 February 2024 to Tuesday, 5 March 2024, both days inclusive, during which no transfer of shares of the Company will be registered. The record date for entitlement to attend and vote at the EGM is Tuesday, 5 March 2024. In order to qualify for attending and voting at the EGM, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 28 February 2024.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his or her proxy to attend and vote on his or her behalf. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
3. Where there are joint registered holders of any shares of the Company, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he or she was solely entitled to do so. However, if more than one of such joint holders be present at any EGM personally or by proxy, the joint holder whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect of such joint holding.

NOTICE OF EGM

4. In order to be valid, a proxy form in the prescribed form together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 48 hours before the time fixed for holding the annual general meeting or any adjournment of such meeting.

As at the date of this notice, the directors of the Company are:

Executive directors: Mr. Wang Dongxing, Mr. Shi Weixin, Mr. Wang Changhai and Mr. Ci Xiaolei

Non-executive directors: Ms. Wu Rong and Mr. Zhang Xiaohui

Independent non-executive directors: Ms. Zhang Tao, Mr. Wang Zefeng and Ms. Jiao Jie