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CHINA SUNSHINE PAPER HOLDINGS COMPANY LIMITED

中國陽光紙業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2002)

DISCLOSEABLE TRANSACTIONS FINANCE LEASE ARRANGEMENTS

SALES AGREEMENTS AND FINANCE LEASE AGREEMENTS

The Board is pleased to announce that, on 10 November 2022 (after trading hours), the Company entered into the following Finance Lease Arrangements:

Numat Paper (a wholly-owned subsidiary of the Company), as the Seller and the Lessee, entered into the Sales Agreements and the Finance Lease Agreements with Hai Fa Bao Cheng, as the Purchaser and the Lessor, pursuant to which, Hai Fa Bao Cheng has agreed to, among other things, (i) acquire the Leased Assets from Numat Paper and (ii) lease the Leased Assets to Numat Paper for the Lease Term. Details of the Finance Lease Arrangements are set out as below:

1. Numat Paper and Hai Fa Bao Cheng entered into the Finance Lease Agreement I and Sales Agreement I in respect of the sale and lease back of the Leased Assets I at a sale price of RMB50,000,000 and total lease payment of RMB53,640,093.84;
2. Numat Paper and Hai Fa Bao Cheng entered into the Finance Lease Agreement II and Sales Agreement II in respect of the sale and lease back of the Leased Assets II at a sale price of RMB50,000,000 and total lease payment of RMB54,154,987.44.

IMPLICATIONS OF THE LISTING RULES

Since both the Finance Lease Arrangement I and the Finance Lease Arrangement II were entered into by the Group with Hai Fa Bao Cheng, of similar nature and within a 12-month period, the Finance Lease Arrangement I and the Finance Lease Arrangement II shall be aggregated for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the transactions under the Finance Lease Arrangements on an aggregated basis are more than 5% but less than 25%, the transactions under the Finance Lease Arrangements constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are subject to the announcement and reporting requirements under the Listing Rules.

The Board is pleased to announce that, on 10 November 2022 (after trading hours), Numat Paper, a wholly-owned subsidiary of the Company, entered into the Sales Agreements and the Finance Lease Agreements with Hai Fa Bao Cheng in respect of the Finance Lease Arrangements. The principal terms of the Finance Lease Arrangements are summarized as follows:

FINANCE LEASE ARRANGEMENT I

1. Sales Agreement I

Date: 10 November 2022 (after trading hours)

Parties: (i) Numat Paper (as the Seller); and
(ii) Hai Fa Bao Cheng (as the Purchaser)

Sale of the Leased Assets I:

Pursuant to the Sales Agreement I, the Seller agreed to sell and the Purchaser agreed to purchase the Leased Assets I at a consideration of RMB50,000,000, which was determined after arm's length negotiation between the parties with reference to the book value of the Leased Assets I of approximately RMB68,735,212.43.

Delivery of the Leased Assets I:

The legal title of the Leased Assets I shall be transferred to the Lessor upon its payment of the consideration for the purchase of the Leased Assets I and shall be vested in the Lessor throughout the Lease Term.

2. Finance Lease Agreement I

Date: 10 November 2022 (after trading hours)

Parties: (i) Numat Paper (as the Lessee); and
(ii) Hai Fa Bao Cheng (as the Lessor)

Lease Term: Three years from the Lease Commencement Date

Lease Payment:

Pursuant to the Finance Lease Agreement I, the Leased Assets I shall be leased back to the Lessee for the Lease Term at the total lease payment of approximately RMB53,640,093.84, which comprises of (i) the amount of the lease principal in the sum of RMB50,000,000; and (ii) a total lease interest of RMB3,640,093.84. The interest rate has been agreed after arm's length negotiations between the parties with reference to the consideration payable by Hai Fa Bao Cheng for the purchase of the Leased Assets I and the credit risks associated with the Finance Lease Arrangement I. The lease payment shall be paid by the Lessee to the Lessor every three months in 12 installments during the Lease Term.

Transfer of Ownership of the Leased Assets I back to the Lessee:

Subject to full payment of all the lease payment and other payables to the Lessor by the Lessee under the Finance Lease Agreement I, the Lessor shall transfer the ownership of the Leased Assets I to the Lessee with the payment of a retention money of RMB100 by the Lessee.

Guarantee for the Finance Lease Agreement I

Shandong Century Sunshine Paper Group Company Limited* (山東世紀陽光紙業集團有限公司), Shandong Wamat Paper Company Limited (山東華邁紙業有限公司) and Changle Shengshi Thermoelectricity Company Limited* (昌樂盛世熱電有限責任公司), the subsidiaries of the Company, provide joint liability guarantee to the Lessor for the Lessee's liabilities under the Finance Lease Agreement I.

FINANCE LEASE ARRANGEMENT II

1. Sales Agreement II

Date: 10 November 2022 (after trading hours)

Parties: (i) Numat Paper (as the Seller); and
(ii) Hai Fa Bao Cheng (as the Purchaser)

Sale of the Leased Assets II:

Pursuant to the Sales Agreement II, the Seller agreed to sell and the Purchaser agreed to purchase the Leased Assets II at a consideration of RMB50,000,000, which was determined after arm's length negotiation between the parties with reference to the book value of the Leased Assets II of approximately RMB49,426,595.99.

Delivery of the Leased Assets II:

The legal title of the Leased Assets II shall be transferred to the Lessor upon its payment of the consideration for the purchase of the Leased Assets II and shall be vested in the Lessor throughout the Lease Term.

2. Finance Lease Agreement II

Date: 10 November 2022 (after trading hours)

Parties: (i) Numat Paper (as the Lessee); and
(ii) Hai Fa Bao Cheng (as the Lessor)

Lease Term: Three years from the Lease Commencement Date

Lease Payment:

Pursuant to the Finance Lease Agreement II, the Leased Assets II shall be leased back to the Lessee for the Lease Term at the total lease payment of approximately RMB54,154,987.44, which comprises of (i) the amount of the lease principal in the sum of RMB50,000,000; and (ii) a total lease interest of RMB4,154,987.44. The interest rate has been agreed after arm's length negotiations between the parties with reference to the consideration payable by Hai Fa Bao Cheng for the purchase of the Leased Assets II and the credit risks associated with the Finance Lease Arrangement II. The lease payment shall be paid by the Lessee to the Lessor every three months in 12 installments during the Lease Term.

Transfer of Ownership of the Leased Assets II back to the Lessee:

Subject to full payment of all the lease payment and other payables to the Lessor by the Lessee under the Finance Lease Agreement II, the Lessor shall transfer the ownership of the Leased Assets II to the Lessee with the payment of a retention money of RMB100 by the Lessee.

Guarantee for the Finance Lease Agreement II:

Shandong Century Sunshine Paper Group Company Limited* (山東世紀陽光紙業集團有限公司), Shandong Wamat Paper Company Limited (山東華邁紙業有限公司) and Changle Shengshi Thermoelectricity Company Limited* (昌樂盛世熱電有限責任公司), the subsidiaries of the Company, provide joint liability guarantee to the Lessor for the Lessee's liabilities under the Finance Lease Agreement II.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENTS

The terms of the Finance Lease Arrangements and the transactions contemplated thereunder are determined after arm's length negotiations with reference to the average fair market price of similar assets and the prevailing market interest rates and trading terms of similar assets finance lease agreements. The Directors are of the opinion that the Group will be able to supplement its working capital through the Finance Lease Arrangements, the terms and conditions of which are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE PARTIES TO THE FINANCE LEASE ARRANGEMENTS

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

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

Hai Fa Bao Cheng is a company incorporated in the PRC with limited liability (previously known as COSCO Shipping Leasing Co., Limited “中遠海運租賃有限公司”) and is principally engaged in financial leasing, commercial factoring and provision of related financial services across various fields, including the medical sector, education, energy, construction, industrial equipment, electronic information, transportation and logistics, and automobile financing. Hai Fa Bao Cheng is owned as to approximately 40.81% by COSCO SHIPPING Development Co., Ltd.* (中遠海運發展股份有限公司), a PRC company listed on the main board of the Stock Exchange (stock code: 2866) and Shanghai Stock Exchange (stock code: 601866); as to approximately 36.99% by Zhongbao Investment Co., Ltd.* (中保投資有限責任公司); and as to approximately 22.20% by China State-owned Enterprises Mixed Ownership Fund Co., Ltd.* (中國國有企業混合所有制改革基金有限公司). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hai Fa Bao Cheng and its ultimate beneficial owners (if applicable) are third parties independent from the Company and its connected persons (as defined in the Listing Rules).

IMPLICATIONS OF THE LISTING RULES

Since both the Finance Lease Arrangement I and the Finance Lease Arrangement II were entered into by the Group with Hai Fa Bao Cheng, of similar nature and within a 12-month period, the Finance Lease Arrangement I and the Finance Lease Arrangement II shall be aggregated for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the transactions under the Finance Lease Arrangements on an aggregated basis are more than 5% but less than 25%, the transactions under the Finance Lease Arrangements constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are subject to the announcement and reporting requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	China Sunshine Paper Holdings Company Limited (中國陽光紙業控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 2002);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Finance Lease Agreement I”	the finance lease agreement dated 10 November 2022 and entered into between the Lessor and the Lessee in relation to the Finance Lease Arrangement I;
“Finance Lease Agreement II”	the finance lease agreement dated 10 November 2022 and entered into between the Lessor and the Lessee in relation to the Finance Lease Arrangement II;
“Finance Lease Agreements”	Finance Lease Agreement I and Finance Lease Agreement II;
“Finance Lease Arrangement I”	the purchase of the Leased Assets I by the Lessor and the lease back of the Leased Assets I to the Lessee pursuant to the terms of the Sales Agreement I and the Finance Lease Agreement I;

“Finance Lease Arrangement II”	the purchase of the Leased Assets II by the Lessor and the lease back of the Leased Assets II to the Lessee pursuant to the terms of the Sales Agreement II and the Finance Lease Agreement II;
“Finance Lease Arrangements”	Finance Lease Arrangement I and Finance Lease Arrangement II;
“Group”	the Company and its subsidiaries of the PRC;
“Hai Fa Bao Cheng”	Hai Fa Bao Cheng Financial Leasing Co., Limited* (海發寶誠融資租賃有限公司), a limited liability company incorporated in the PRC on 29 August 2013;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lease Commencement Date”	the date of payment of the consideration by Hai Fa Bao Cheng to Numat Paper for the purchase of the Leased Assets;
“Lease Term”	the lease term of three years from the Lease Commencement Date under the Finance Lease Agreements;
“Leased Assets I”	certain equipment owned by Numat Paper (mainly for coated white top linerboard production) and currently stored in the Lessee’s factory located in Changle Economic Development Zone, Weifang, Shandong, China, which will be sold by the Lessee to the Lessor and shall be leased back to the Lessee according to the Finance Lease Arrangement I;
“Leased Assets II”	certain equipment owned by Numat Paper ((mainly for coated white top linerboard production) and currently stored in the Lessee’s factory located in Changle Economic Development Zone, Weifang, Shandong, China, which will be sold by the Lessee to the Lessor and shall be leased back to the Lessee according to the Finance Lease Arrangement II;
“Leased Assets”	Leased Assets I and Leased Assets II;
“Lessee” or “Seller”	Numat Paper;
“Lessor” or “Purchaser”	Hai Fa Bao Cheng Finance Leasing Co., Limited* (海發寶誠融資租賃有限公司), a company established in the PRC with limited liability and an independent third party of the Company (as defined in the Listing Rules);

“Listing Rules”	the Rules Governing the Listing of the Securities on the main board of the Stock Exchange (as amended from time to time);
“Numat Paper”	Changle Numat Paper Industry Co., Ltd.* (昌樂新邁紙業有限公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sales Agreement I”	the sales agreement dated 10 November 2022 entered into between the Seller and the Purchaser where the Seller agreed to sell and the Purchaser agreed to purchase the Leased Assets I pursuant to the terms of the agreement;
“Sales Agreement II”	the sales agreement dated 10 November 2022 entered into between the Seller and the Purchaser where the Seller agreed to sell and the Purchaser agreed to purchase the Leased Assets II pursuant to the terms of the agreement;
“Sales Agreements”	Sales Agreement I and Sales Agreement II;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

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

Weifang, China, 10 November 2022

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

* For identification purposes only