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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 ARRANGEMENT

FINANCE LEASE AGREEMENT AND OWNERSHIP TRANSFER AGREEMENT

The Board is pleased to announce that, on 17 November 2022 (after trading hours), Concept Packaging, as the Seller and the Lessee, entered into the Finance Lease Agreement and the Ownership Transfer Agreement with Far Eastern Leasing, as the Purchaser and the Lessor, pursuant to which, Far Eastern Leasing has agreed to, among other things, (i) acquire the Leased Assets from Concept Packaging at a consideration of RMB103,000,000 and (ii) lease the Leased Assets to Concept Packaging for the Lease Term.

IMPLICATIONS 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 Arrangement are more than 5% but less than 25%, the transactions under the Finance Lease Agreement 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 17 November 2022 (after trading hours), Concept Packaging, a wholly-owned subsidiary of the Company, entered into the Ownership Transfer Agreement and the Finance Lease Agreement with Far Eastern Leasing in respect of the Finance Lease Arrangement. The principal terms of the Finance Lease Arrangement are summarized as follows:

OWNERSHIP TRANSFER AGREEMENT

Date: 17 November 2022 (after trading hours)

Parties: (i) Concept Packaging (as the Seller); and
(ii) Far Eastern Leasing (as the Purchaser)

Sale of the Leased Assets:

Pursuant to the Ownership Transfer Agreement, the Seller agreed to sell and the Purchaser agreed to purchase the Leased Assets at a consideration of RMB103,000,000, which was determined after arm's length negotiation between the parties with reference to the book value of the Leased Assets of approximately RMB104,528,267.13.

Delivery of the Leased Assets:

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

FINANCE LEASE AGREEMENT

Date: 17 November 2022 (after trading hours)

Parties: (i) Concept Packaging (as the Lessee); and
(ii) Far Eastern Leasing (as the Lessor)

Lease Term: Three years from the Lease Commencement Date

Lease Payment:

Pursuant to the Finance Lease Agreement, the Leased Assets shall be leased back to the Lessee for the Lease Term at the total lease payment of approximately RMB114,377,973.00, which comprises of (i) the amount of the lease principal in the sum of RMB103,000,000; and (ii) a total lease interest of RMB11,377,973.00. The interest rate has been agreed after arm's length negotiations between the parties with reference to the consideration payable by Far Eastern Leasing for the purchase of the Leased Assets and the credit risks associated with the Finance Lease Arrangement. The lease payment shall be paid by the Lessee to the Lessor every three months in 12 installments during the Lease Term.

Service Charge

Pursuant to the Finance Lease Agreement, the Lessee shall pay to the Lessor a service charge of RMB1,550,000. The service charge has been agreed after arm's length negotiations between the parties with reference to the consideration payable by Far Eastern Leasing for the purchase of the Leased Assets and the credit risks associated with the Finance Lease Arrangement. The service charge shall be paid to Far Eastern Leasing by wire transfer within seven working days upon receipt by Concept Packaging of the total consideration from Far Eastern Leasing for the purchase of the Leased Assets under the Ownership Transfer Agreement.

Transfer of Ownership of the Leased Assets 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, the Lessor shall transfer the ownership of the Leased Assets to the Lessee with the payment of a retention money of RMB1,000 by the Lessee.

Guarantee for Finance Lease Agreements:

Shandong Century Sunshine Paper Group Company Limited* (山東世紀陽光紙業集團有限公司), Changle Numat Paper Industry Co., Ltd.* (昌樂新邁紙業有限公司) and Shandong Wamat Paper Company Limited (山東華邁紙業有限公司), the subsidiaries of the Company, provide joint liability guarantee to the Lessor for the Lessee's liabilities under the Finance Lease Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENT

The terms of the Finance Lease Arrangement and the transactions contemplated thereunder are determined after arm's length negotiations with reference to the average fair market price of the similar assets and the prevailing market interest rates and trading terms of the similar assets finance lease agreement. The Directors are of the opinion that

the Group will be able to supplement its working capital through the Finance Lease Arrangement, 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 AGREEMENT

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.

Concept Packaging is a wholly-owned subsidiary of the Company, and is principally engaged in packaging and decoration printing and the production and sales of carton, paper board and packaging products.

Far Eastern Leasing is a company incorporated in the PRC with limited liability and is principally engaged in financial leasing. Far Eastern Leasing is owned by Far East Horizon Limited (遠東宏信有限公司), a PRC company listed on the Main Board of the Stock Exchange (stock code: 3360). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Far Eastern Leasing and its ultimate beneficial owner (if applicable) are third parties independent from the Company and its connected persons (as defined in the Listing Rules).

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the transactions under the Finance Lease Arrangement are more than 5% but less than 25%, the transactions under the Finance Lease Agreement 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);

“Concept Packaging”	Shandong Sunshine Concept Packaging Co., Ltd.* (山東陽光概念包裝有限公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Far Eastern Leasing”	Far East International Financial Leasing Co., Ltd* (遠東國際融資租賃有限公司), a limited liability company incorporated in the PRC on 13 September 1991;
“Finance Lease Agreement”	the finance lease agreement dated 17 November 2022 and entered into between the Lessor and the Lessee in relation to the Finance Lease Arrangement;
“Finance Lease Arrangement”	the purchase of the Leased Assets by the Lessor and the lease back of the Leased Assets to the Lessee pursuant to the terms of the Ownership Transfer Agreement and the Finance Lease Agreement;
“Group”	the Company and its subsidiaries of the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lease Commencement Date”	the date of payment of the consideration by Far East Leasing to Concept Packaging for the purchase of the Leased Assets;
“Lease Term”	the lease term of three years from the Lease Commencement Date under the Finance Lease Agreement;
“Leased Assets”	certain equipment owned by Concept Packaging (mainly for boxes printing) 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;
“Lessee” or “Seller”	Concept Packaging;
“Lessor” or “Purchaser”	Far East Leasing;
“Listing Rules”	the Rules Governing the Listing of the Securities on the main board of the Stock Exchange (as amended from time to time);

“Ownership Transfer Agreement”	the ownership agreement dated 17 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 pursuant to the terms of the agreement;
“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;
“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, 17 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*