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

**中國陽光紙業控股有限公司\***

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

**(Stock Code: 2002)**

### **DISCLOSEABLE TRANSACTIONS PROVISION OF FINANCIAL ASSISTANCE**

#### **PROVISION OF FINANCIAL ASSISTANCE**

On 27 November 2023, 29 November 2023 and 30 November 2023 (after trading hours), Century Sunshine (a subsidiary of the Company, as the entrusting party and the lender), entered into the Entrusted Loan Agreements with (i) the Lending Bank (as the entrusted party); and (ii) Qicheng Zhihui (as the borrower under the Entrusted Loan Agreements).

#### **IMPLICATIONS OF THE LISTING RULES**

As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of (i) the Entrusted Loan Agreement I and 2022 Entrusted Loan Agreement, on an aggregated basis; and (ii) the Entrusted Loan Agreement I and the Entrusted Loan Agreement II, on an aggregated basis, did not exceed 5%, the entering into of each of Entrusted Loan Agreement I and the Entrusted Loan Agreement II did not constitute a discloseable transaction of the Company.

As the Entrusted Loan Agreements were entered into with the same parties during the 12-month period, the transactions contemplated thereunder shall be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Entrusted Loan Agreements on an aggregated basis exceeded 5% but were less than 25%, the transaction contemplated under the Entrusted Loan Agreement III constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

## **PROVISION OF FINANCIAL ASSISTANCE**

On 27 November 2023, 29 November 2023 and 30 November 2023 (after trading hours), Century Sunshine (a subsidiary of the Company, as the entrusting party and the lender), entered into the Entrusted Loan Agreements with (i) the Lending Bank (as the entrusted party); and (ii) Qicheng Zhihui (as the borrower under the Entrusted Loan Agreements). Summarised below are the principal terms of the Entrusted Loan Agreements:

### **ENTRUSTED LOAN AGREEMENT I**

Date of the agreement:	27 November 2023 (after trading hours)
Entrusting party/lender :	Century Sunshine
Entrusted party:	The Lending Bank
Borrower:	Qicheng Zhihui
Principal amount:	RMB50,000,000
Interest rate:	One-year LPR plus 405 bp
Loan period:	One year
Repayment:	Qicheng Zhihui shall pay the interests on the 21st day of each month and repay the principal amount at the end of the loan period.

### **Source of Funding**

The principal amount of RMB50,000,000 under the Entrusted Loan Agreement I was financed by the internal resources of the Group.

### **Purpose of the Entrusted Loan**

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

### **ENTRUSTED LOAN AGREEMENT II**

Date of the agreement:	29 November 2023 (after trading hours)
Entrusting party/lender:	Century Sunshine
Entrusted party:	The Lending Bank
Borrower:	Qicheng Zhihui
Principal amount:	RMB50,000,000

Interest rate:	One-year LPR plus 405 bp
Loan period:	One year
Repayment:	Qicheng Zhihui shall pay the interests on the 21st day of every month and repay the principal amount at the end of the loan period.

### **Source of Funding**

The principal amount of RMB50,000,000 under the Entrusted Loan Agreement II was financed by the internal resources of the Group.

### **Purpose of the Entrusted Loan**

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

### **ENTRUSTED LOAN AGREEMENT III**

Date of the agreement:	30 November 2023 (after trading hours)
Entrusting party/lender:	Century Sunshine
Entrusted party:	The Lending Bank
Borrower:	Qicheng Zhihui
Principal amount:	RMB60,000,000
Interest rate:	One-year LPR plus 405 bp
Loan period:	One year
Repayment:	Qicheng Zhihui shall pay the interests on the 21st day of every month and repay the principal amount at the end of the loan period.

### **Source of Funding**

The principal amount of RMB60,000,000 under the Entrusted Loan Agreement III was financed by the internal resources of the Group.

### **Purpose of the Entrusted Loan**

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

## **KEY RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THE ENTRUSTED LOAN AGREEMENTS**

### **Entrusting party**

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

### **Entrusted party**

The Lending Bank, as the entrusted party, is obligated to complete the relevant entrusted matters in accordance with the terms of the agreement and assist to recovering the entrusted loan where it shall charge service fee from Century Sunshine, the entrusting party.

### **Borrower**

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

## **REASONS FOR THE TRANSACTIONS CONTEMPLATED UNDER ENTRUSTED LOAN AGREEMENTS**

By entering into each of the Entrusted Loan Agreements, the Group intended to increase the rate of return of its cash and cash equivalents for the purposes of increasing both the investment income and the profits of the Group. The loan under each of the Entrusted Loan Agreements carries an interest rate of one-year LPR plus 405 bp per annum, which will enable the Group to benefit from a net interest margin as such interest rate of loan charged by the Group under the Entrusted Loan Agreements is higher than the average cost of borrowings of the Group. The terms of the Entrusted Loan Agreements were negotiated on an arm's length basis between Century Sunshine and the Borrower based on, among other things, the financing needs of the Borrower and the Group's assessment on the source of funds for repayment, the business conditions and creditworthiness of the Borrower. As at the date of the Entrusted Loan Agreements, the Directors were of the view that each of the Entrusted Loan Agreements were entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES TO THE ENTRUSTED LOAN AGREEMENTS**

### **The Company and Century Sunshine**

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

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

### **Information of the Lending Bank**

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

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

### **Information of the Borrower**

Qicheng Zhihui is a company incorporated in the PRC with limited liability and is principally engaged in science and technology promotion and application service industry. Qicheng Zhihui is owned as to 65% by Changle Qicheng New Rural Development Investment Co., Ltd.\* (昌樂齊城新農村建設投資有限公司), which is wholly owned by State-owned Assets Supervision and Administration Bureau of Changle County\* (昌樂縣國有資產監督管理局), and as to 35% by State-owned Assets Operation Center of Changle County\* (昌樂縣國有資產運營中心).

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

## **IMPLICATIONS OF THE LISTING RULES**

As the Entrusted Loan Agreement I and 2022 Entrusted Loan Agreement were entered into with the same parties during the 12-month period, the transactions contemplated thereunder shall be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules. However, as all of the applicable percentage ratios (as defined under the Listing Rules) in

respect of the Entrusted Loan Agreement I and 2022 Entrusted Loan Agreement did not exceed 5% on an aggregated basis, the entering into of Entrusted Loan Agreement I did not constitute a discloseable transaction of the Company.

As the Entrusted Loan Agreements were entered into with the same parties during the 12-month period, the transactions contemplated thereunder shall be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules. As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Entrusted Loan Agreement I and the Entrusted Loan Agreement II did not exceed 5% on an aggregated basis, the entering into of the Entrusted Loan Agreement II did not constitute a discloseable transaction of the Company. However, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Entrusted Loan Agreements on an aggregated basis exceeded 5% but were less than 25%, the transaction contemplated under the Entrusted Loan Agreement III constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

## DEFINITIONS

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

“2022 Entrusted Loan Agreement”	the entrusted loan agreement dated 28 November 2022 and entered into among Century Sunshine (as the entrusting party and the lender), the Lending Bank (as the entrusted party) and Qicheng Zhihui (as the borrower) in relation to the grant of a loan in the principal amount of RMB60,000,000 to Qicheng Zhihui;
“Board”	the board of Directors;
“Borrower”	Qicheng Zhihui;
“bp”	basis point, a unit of measure for interest rates and other percentages where one basis point equals to 0.01%;
“Century Sunshine”	Shandong Century Sunshine Paper Group Co., Ltd.* (山東世紀陽光紙業集團有限公司), a company established in the PRC with limited liability, a non-wholly owned subsidiary of the Company;
“Company”	China Sunshine Paper Holdings Company Limited (中國陽光紙業控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 2002);

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Entrusted Loan Agreement I”	the entrusted loan agreement dated 27 November 2023 and entered into among Century Sunshine (as the entrusting party and the lender), the Lending Bank (as the entrusted party) and Qicheng Zhihui (as the borrower) in relation to the grant of a loan in an amount of RMB50,000,000 to Qicheng Zhihui;
“Entrusted Loan Agreement II”	the entrusted loan agreement dated 29 November 2023 and entered into among Century Sunshine (as the entrusting party and the lender), the Lending Bank (as the entrusted party) and Qicheng Zhihui (as the borrower) in relation to the grant of a loan in an amount of RMB50,000,000 to Qicheng Zhihui;
“Entrusted Loan Agreement III”	the entrusted loan agreement dated 30 November 2023 and entered into among Century Sunshine (as the entrusting party and the lender), the Lending Bank (as the entrusted party) and Qicheng Zhihui (as the borrower) in relation to the grant of a loan in an amount of RMB60,000,000 to Qicheng Zhihui;
“Entrusted Loan Agreements”	Entrusted Loan Agreement I, Entrusted Loan Agreement II and Entrusted Loan Agreement III; each an Entrusted Loan Agreement;
“Group”	the Company and its subsidiaries of the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lending Bank”	Dongying Bank Co., Ltd., Shouguang Weifang Sub-branch* (東營銀行股份有限公司濰坊壽光支行), the entrusted party under each of the Entrusted Loan Agreements, and a joint stock company established in the PRC;
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange (as amended from time to time);
“LPR”	loan prime rate, as published by National Interbank Funding Center* (全國銀行間同業拆借中心) of the PRC on 21 October 2023;
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan;

“Qicheng Zhihui”	Changle Qicheng Zhihui Technology Co., Ltd Co., Ltd.* (昌樂齊城智慧科技有限公司), a limited liability company established in the PRC which is principally engaged in science and technology promotion and application service industry;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the issued share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

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

Weifang, China, 30 November 2023

As at the date of this announcement, the Directors 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*

\* *For identification purposes only*