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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

SALES AGREEMENT AND FINANCE LEASE AGREEMENT

The Board is pleased to announce that, on 27 September 2021 (after trading hours), Concept Packaging (a wholly-owned subsidiary of the Company), as the Seller and the Lessee, entered into the Sales Agreement and the Finance Lease Agreement with COSCO Shipping, as the Purchaser and the Lessor, pursuant to which, COSCO Shipping has agreed to, among other things, (i) acquire the Leased Assets from Concept Packaging at a consideration of RMB98,000,000 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 Sales Agreement and the Finance Lease Agreement are more than 5% but less than 25%, respectively, the transactions under the Sales Agreement and 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 27 September 2021 (after trading hours), Concept Packaging, a wholly-owned subsidiary of the Company, entered into the Sales Agreement and the Finance Lease Agreement with COSCO Shipping in respect of the Finance Lease Arrangement. The principal terms of the Sales Agreement and the Finance Lease Agreement are summarized as follows:

SALES AGREEMENT

Date: 27 September 2021 (after trading hours)

Parties: (i) Concept Packaging (as the Seller); and
(ii) COSCO Shipping (as the Purchaser)

Sale of the Leased Assets to the Lessor:

Pursuant to the Sales Agreement, the Seller agreed to sell and the Purchaser agreed to purchase the Leased Assets at a consideration of RMB98,000,000, which was determined after arm's length negotiation between the parties with reference to the book value of the Leased Assets of approximately RMB108,422,274.

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 transfer of the Leased Assets and shall be vested in the Lessor throughout the Lease Term.

FINANCE LEASE AGREEMENT

Date: 27 September 2021 (after trading hours)

Parties: (i) Concept Packaging (as the Lessee); and
(ii) COSCO Shipping (as the Lessor)

Lease Term: 3 years

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 RMB105,840,000, which comprises of (i) the amount of the lease principal in the sum of RMB98,000,000; and (ii) a total lease interest of RMB7,840,000 calculated at the annual coupon rate of approximately 4.75%. 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 back to the Lessee:

Within 15 business days after the expiry of the Lease Term and 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 on an “as-is” basis.

Guarantee for Lease Agreement:

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 Company Limited* (昌樂新邁紙業有限公司), Changle Shengshi Thermoelectricity Company Limited* (昌樂盛世熱電有限責任公司) and Shandong Wamat Paper Company Limited* (山東華邁紙業有限公司), being the subsidiaries of the Company, are the joint liability guarantors for the Lessee to perform its obligations under the Finance Lease Agreement. The guarantors 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 AGREEMENT

The terms of the Finance Lease Agreement 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 agreements. The Directors are of the opinion that the Group will be able to supplement its working capital through the Finance Lease Agreement, 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

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. The Group focuses on producing high-quality and multipurposed packaging paper, including white top linerboard, coated-white top linerboard, core board and corrugated paper.

COSCO Shipping is a company incorporated in the PRC with limited liability and is principally engaged in financial leasing, commercial factoring and the 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. COSCO Shipping 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, COSCO Shipping 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 Sales Agreement and the Finance Lease Agreement are more than 5% but less than 25%, respectively, the transactions under the Sales Agreement and 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 of Hong Kong Limited (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;
“COSCO Shipping”	COSCO Shipping Leasing Co., Ltd.* (中遠海運租賃有限公司), a limited liability company incorporated in the PRC on August 29, 2013;
“Director(s)”	the director(s) of the Company;
“Finance Lease Agreement”	the finance lease contract dated 27 September 2021 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 Finance Lease Agreement;
“Group”	the Company and its subsidiaries of the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lease Term”	the lease term of 3 years 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 Agreement;
“Lessee”	Concept Packaging;
“Lessor”	COSCO Shipping;
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange (as amended from time to time);
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sales Agreement”	the sales contract dated 27 September 2021 entered into between the Concept Packaging and COSCO Shipping in relation to the Finance Lease Arrangement;
“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, 27 September 2021

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*