

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 TRANSACTION FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that, on 29 June 2020 (after trading hours), Numat Paper, as the Lessee, entered into the Finance Lease Agreement with Zhejiang Zhongtuo, as the Lessor, pursuant to which, Zhejiang Zhongtuo has agreed to, among other things, (i) acquire the Leased Assets from Numat Paper at a consideration of RMB50,000,000 and (ii) lease the Leased Assets to Numat Paper 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 Agreement 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 29 June 2020 (after trading hours), Numat Paper, a wholly-owned subsidiary of the Company, entered into the Finance Lease Agreement with Zhejiang Zhongtuo in respect of the Finance Lease Arrangement. The principal terms of the Finance Lease Agreement are summarized as follows:

FINANCE LEASE AGREEMENT

Date: 29 June 2020 (after trading hours)

Parties: (i) Numat Paper (as the Lessee); and
(ii) Zhejiang Zhongtuo (as the Lessor)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhejiang Zhongtuo and its ultimate beneficial owner (if applicable) are third parties independent from the Company and its connected persons (as defined under the Listing Rules).

Lease Term: 3 years

Sale of the Leased Assets to the Lessor

Pursuant to the Finance Lease Agreement, the Lessee agreed to sell and the Lessor agreed to purchase the Leased Assets at a consideration of RMB50,000,000, which was determined after arm's length negotiation between the parties with reference to the net value of the Leased Assets of approximately RMB65,439,600 assessed by the Lessor. The payment of the consideration shall be made by the Lessor in one lump-sum to the bank account designated by the Lessee.

Acquisition and Delivery of the Leased Assets

For the purpose of financing funds, the Lessee sells the Leased Assets with independent ownership and disposal rights to the Lessor, and then the Lessor leases the Leased Assets back to the Lessee for use.

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 RMB55,686,400.69, which comprises of (i) the amount of the lease principal in the sum of RMB50,000,000; and (ii) the lease interest of approximately RMB5,686,400.69 calculated at the annual fixed rate of 6.55%. The lease payment shall be paid by the Lessee to the Lessor every three months in 12 installments during the Lease Term.

Security Deposit

Pursuant to the Finance Lease Agreement, the Lessee shall pay to the Lessor a security deposit of not less than RMB1,000,000 upon or before the payment of the consideration by the Lessor in respect of the sale of the Leased Assets. Such security deposit would be deducted from the consideration to be paid by the Lessor.

Pursuant to the Finance Lease Agreement, if the Lessee fully complies with the terms of the Finance Lease Agreement, the Lessor agrees that, the security deposit shall be applied as part of the last lease payment payable by the Lessee and/or the nominal amount for the ownership of the Leased Assets at the expiry of the Leased Term.

Ownership of the Leased Assets during and after the Lease Term

Ownership of the Leased Assets will be transferred to the Lessor at the time when the Lessor pays the agreed price of the Leased Assets. Before the ownership of the Leased Assets is transferred to the Lessee in accordance with the Finance Lease Agreement, the Lessor shall have complete and sole ownership of the Leased Assets. At the expiry of the Lease Term and subject to the terms of the Finance Lease Agreement, the Lessee shall repurchase and obtain the ownership of the Leased Assets upon payment to the Lessor a nominal amount of RMB100.

Guarantee for Lease Agreement

The Company and Shandong Century Sunshine Paper Group Co., Limited, being the subsidiary 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

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

Zhejiang Zhongtuo is a company incorporated in the PRC with limited liability and is principally engaged in financial leasing business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhejiang Zhongtuo 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 Agreement 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 of Hong Kong Limited (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”	the sale and leaseback contract dated 29 June 2020 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 Numat Paper (mainly for coated white top linerboard production), 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”	Numat Paper;
“Lessor”	Zhejiang Zhongtuo;
“Listing Rules”	the Rules Governing the Listing of the Securities on 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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Zhejiang Zhongtuo”	Zhejiang Zhongtuo Financial Leasing Co., Ltd.* (浙江中拓融資租賃有限公司), a limited liability company incorporated in the PRC;
“%”	per cent.

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

Weifang, Shandong Province, China, 29 June 2020

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