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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 TRANSACTION ACQUISITION OF EQUITY INTEREST IN A JOINT VENTURE COMPANY

THE ACQUISITION

The Board is pleased to announce that on 16 June 2025 (after trading hours), Century Sunshine, a subsidiary of the Company, and the Seller entered into the Equity Transfer Agreement in relation to the acquisition of 40% equity interest of the Joint Venture by Century Sunshine from the Seller for a consideration of RMB85,000,000 (tax inclusive).

Immediately prior to the Acquisition, the Joint Venture is accounted for as a joint venture of the Company and its financial results are not consolidated into that of the Group. Upon the completion of the Acquisition, the Group's equity interest in Joint Venture will increase from 60% to 100% and the Joint Venture will become a wholly owned subsidiary of the Company, and its financial results will be consolidated into the financial results of the Group, while the Seller will cease to hold any equity interest in the Joint Venture.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but all applicable percentage ratios are below 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules, which is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Acquisition of the Joint Venture

On 16 June 2025 (after trading hours), Century Sunshine, a subsidiary of the Company, and the Seller entered into the Equity Transfer Agreement in relation to the acquisition of 40% equity interest of the Joint Venture by Century Sunshine from the Seller for a consideration of RMB85,000,000 (tax inclusive). The principal terms of the Equity Transfer Agreement are summarised as follows:

Date: 16 June 2025 (after trading hours)

Purchaser: Century Sunshine

Seller: Oji F-TeX

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter: 40% equity interest in the Joint Venture, of which the Seller held 40% equity interest and Century Sunshine held 60% equity interest as at the date of this announcement. The principal activities of Joint Venture include the manufacture and sales of speciality paper, in particular, decorative paper in the PRC.

Consideration and payment terms: The consideration for the Acquisition is RMB85,000,000 and was determined after arm's length negotiation between the Seller and Century Sunshine on a willing buyer and willing seller basis and on terms acceptable to both parties. The Group has considered the net asset value of the Joint Venture as at 31 December 2024 which amounts to approximately RMB221,065,000 and its view of the prospects of the speciality paper market.

It is expected that the abovementioned consideration shall be financed by cash from the Group's internal resources.

The consideration shall be paid to the Seller in one lump sum within ten (10) business days upon the fulfilment of the following conditions:

1. the registration with the competent market supervision and administration authority(ies) of the equity transfer of the Joint Venture having been completed, which shall take place by no later than 31 August 2025; and

2. the foreign exchange management related formalities relating to the payment of the consideration to the Seller having been completed.

Completion: Completion of the Acquisition shall take place on the date when the consideration has been received by the Seller.

Information Relating to the Seller

Oji F-Tex is a wholly-owned subsidiary of Oji Paper which is principally engaged in the production of specialty paper in Japan. Oji Paper is a company incorporated in Japan with limited liability, whose shares are listed on the Tokyo Stock Exchange Group, Inc. (stock code: 3861). Oji Paper's business covers four business departments, including (i) household and industrial materials businesses; (ii) functional materials business; (iii) forest resources and environment marketing business; and (iv) printing and communications media business.

Financial Information of the Joint Venture

Based on the audited management accounts of the Joint Venture, the total assets of the Joint Venture as at 31 December 2024 amounted to approximately RMB884,799,000. The audited net asset value of the Joint Venture as at 31 December 2024 amounts to approximately RMB221,065,000. Set out below is the summary of the audited key financial information of the Joint Venture for the last two financial years:

	For the year ended	
	31 December	
	2023	2024
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	899,725	720,173
Net profit/(loss)(before tax)	17,270	(32,541)
Net profit/(loss) (after tax)	17,270	(32,541)

Information Relating to the Company and Century Sunshine

The Company is a limited company incorporated in the Cayman Islands under the Companies Act 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 Group are production/generation and sale of paper products, electricity and steam.

Century Sunshine is a non-wholly-owned subsidiary of the Company. It is a company established in the PRC with limited liability and a subsidiary of the Company and principally engaged in the production and sales of white top linerboard, coated-white top linerboard and core board.

Reasons for and Benefits of the Acquisition

The Joint Venture is principally engaged in the manufacture and sales of speciality paper in the PRC, and the Group is confident about its long term growth prospects. The Directors believe that the Acquisition will provide a good opportunity for the Group to further strengthen its presence in the speciality paper market and to enhance the Group's competitiveness and expanding its business coverage.

Immediately prior to the Acquisition, the Joint Venture is accounted for as a joint venture of the Company and its financial results are not consolidated into that of the Group. Upon completion of the Acquisition, the Joint Venture will become a wholly-owned subsidiary of the Company, and the financial results of the Joint Venture will be consolidated into the financial results of the Group, and the Seller will cease to hold any equity interest in the Joint Venture. The Acquisition will enable the Group to exercise absolute control over the management of, and financial benefits from, the Joint Venture and the operational efficiency and flexibility of the Joint Venture can then be enhanced. The Directors believe that the Acquisition will provide an opportunity for the Group to broaden the income base of the Group, thereby enhancing the Group's financial position and profitability in the future.

Having regard to the above factors, the Directors, including the independent non-executive Directors, consider that the terms of the Equity Transfer Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Listing Rules Implications

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but all applicable percentage ratios are below 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules, which is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Definitions

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

“Acquisition”	the acquisition of 40% equity interest in the Joint Venture
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“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 and a subsidiary of the Company
“Companies Act”	the Companies Act, Cap. 22 of the Cayman Islands as amended, supplemented and/or otherwise modified from time to time
“Company”	China Sunshine Paper Holdings Company Limited (中國陽光紙業控股有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on 22 August 2007, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between Century Sunshine and the Seller on 16 June 2025 in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture”	陽光王子(壽光)特種紙有限公司 (Sunshine Oji (Shouguang) Specialty Paper Co., Ltd.*), a company established in Shouguang City, Shandong Province, PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Oji F-Tex” or “Seller”	Oji F-Tex Co. Ltd. (王子艾富特株式会社), a company incorporated in Japan and a wholly owned subsidiary of Oji Paper
“Oji Paper”	Oji Holdings Corporation (王子控股株式会社), formerly known as Oji Paper Co. Ltd (王子制紙株式会社), a company incorporated in Japan whose shares are listed on the Tokyo Stock Exchange Group, Inc. (stock code: 3861)

“PRC”	the People’s Republic of China and for the purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Share(s)
“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, 16 June 2025

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*