

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)

(1) DISCLOSEABLE TRANSACTIONS IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE; AND (2) NON-COMPLIANCE WITH THE LISTING RULES

ENTRUSTED LOAN AGREEMENT

On 21 November 2024 (after trading hours), Century Sunshine (a subsidiary of the Company, as the entrusting party and the lender), entered into the Entrusted Loan Agreement with (i) the Lending Bank (as the entrusted party); and (ii) Qicheng Zhihui (as the borrower).

Implications under the Listing Rules

As (i) the Entrusted Loan Agreement and the 2023 Entrusted Loan Agreements were entered into with the same parties; and (ii) the Entrusted Loan Agreement and the Previous Loan Agreements were entered into with the parties associated with each other, during the 12-month period, the transactions contemplated under the Entrusted Loan Agreement, the Previous Loan Agreements and the 2023 Entrusted Loan Agreements 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 such agreements on an aggregated basis exceeded 5% but were less than 25%, the transaction contemplated under the Entrusted Loan Agreement constituted a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

PREVIOUS LOAN AGREEMENTS

On 10 April 2024 (after trading hours) and 13 June 2024 (after trading hours), Century Sunshine (a subsidiary of the Company, as the lender), entered into (i) the Previous Loan Agreement I with Baochang Shuiwu (as the borrower); and (ii) the Previous Loan Agreement II with Guoyou Wenhua (as the borrower), respectively.

Implications under the Listing Rules

As all of Baochang Shuiwu, Guoyou Wenhua and Qicheng Zhihui are ultimately owned by State-owned Assets Supervision and Administration Bureau of Changle County, they shall be regarded as associated with each other. Considering the Previous Loan Agreements and the Previous Entrusted Loan Agreements were entered into 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 such agreements on an aggregated basis exceeded 5% but were less than 25%, the transactions contemplated under the Previous Loan Agreements constituted discloseable transactions of the Company and were subject to the reporting and announcement requirements under the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE

ENTRUSTED LOAN AGREEMENT

On 21 November 2024 (after trading hours), Century Sunshine (a subsidiary of the Company, as the entrusting party and the lender), entered into the Entrusted Loan Agreement with (i) the Lending Bank (as the entrusted party); and (ii) Qicheng Zhihui (as the borrower). Summarised below are the principal terms of the Entrusted Loan Agreement:

Date of the agreement:	21 November 2024 (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 440 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 was financed by the internal resources of the Group.

Purpose of the Entrusted Loan

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

KEY RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THE ENTRUSTED LOAN AGREEMENT

Entrusting party

Century Sunshine, as the entrusting party and the lender, shall determine the identity of the borrower of the entrusted loan and review Qicheng Zhihui's qualification (including but not limited to its financial position), supervise Qicheng Zhihui to use the loan according to terms of the agreement, issue the loan to Qicheng Zhihui 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 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 AGREEMENT

By entering into the Entrusted Loan Agreement, 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 the Entrusted Loan Agreement carries an interest rate of one-year LPR plus 440 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 Agreement is higher than the average cost of borrowings of the Group. The terms of the Entrusted Loan Agreement were negotiated on an arm's length basis between Century Sunshine and Qicheng Zhihui based on, among other things, the financing needs of Qicheng Zhihui and the Group's assessment on the source of funds for repayment, the business conditions and creditworthiness of Qicheng Zhihui. As at the date of the Entrusted Loan Agreement, the Directors were of the view that the Entrusted Loan Agreement was 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 AGREEMENT

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 non-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.

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.

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 Qicheng Zhihui and its ultimate beneficial owners are third parties independent from the Company and its connected persons (as defined in the Listing Rules).

IMPLICATIONS UNDER THE LISTING RULES

As (i) the Entrusted Loan Agreement and the 2023 Entrusted Loan Agreements were entered into with the same parties; and (ii) the Entrusted Loan Agreement and the Previous Loan Agreements were entered into with the parties associated with each other, during the 12-month period, the transactions contemplated under the Entrusted Loan Agreement, the Previous Loan Agreements and the 2023 Entrusted Loan Agreements 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 such agreements on an aggregated basis exceeded 5% but were less than 25%, the transaction contemplated under the Entrusted Loan Agreement constituted a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

PREVIOUS LOAN AGREEMENTS

On 10 April 2024 (after trading hours) and 13 June 2024 (after trading hours), Century Sunshine (a subsidiary of the Company, as the lender), entered into (i) the Previous Loan Agreement I with Baochang Shuiwu (as the borrower); and (ii) the Previous Loan Agreement II with Guoyou Wenhua (as the borrower), respectively.

Summarised below are the principal terms of the Previous Loan Agreements:

PREVIOUS LOAN AGREEMENT I

Date of the agreement: 10 April 2024

Lender: Century Sunshine

Borrower: Baochang Shuiwu

Principal amount: RMB32,000,000

Interest rate: 3.95% per annum which was determined after negotiation on an arm's length basis between the parties based on the then one-year LPR (i.e. 3.45%) and the interest rates offered by the major commercial banks in the PRC.

Loan period: One year

Repayment: Baochang Shuiwu shall pay the interests on the 21st day of each quarter and repay the principal amount at the end of the loan period.

Source of Funding

The principal amount of RMB32,000,000 under the Previous Loan Agreement I was financed by the internal resources of the Group.

Purpose of the Loan

The loan will be used by Baochang Shuiwu as general working capital.

PREVIOUS LOAN AGREEMENT II

Date of the agreement: 13 June 2024

Lender: Century Sunshine

Borrower: Guoyou Wenhua

Principal amount: RMB65,000,000

Interest rate: 3.45% per annum which was determined after negotiation on an arm's length basis between the parties based on the then one-year LPR (i.e. 3.45%) and the interest rates offered by the major commercial banks in the PRC.

Loan period: One year

Repayment: Guoyou Wenhua shall pay the interests on the 21st day of each quarter and repay the principal amount at the end of the loan period.

Source of Funding

The principal amount of RMB65,000,000 under the Previous Loan Agreement II was financed by the internal resources of the Group.

Purpose of the Loan

The loan will be used by Guoyou Wenhua as general working capital.

REASONS FOR THE TRANSACTIONS CONTEMPLATED UNDER THE PREVIOUS LOAN AGREEMENTS

By entering into each of the Previous 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 terms of the Previous Loan Agreements were negotiated on an arm's length basis between Century Sunshine and each of the Baochang Shuiwu and Guoyou Wenhua based on, among other things, the financing needs of each of the Baochang Shuiwu and Guoyou Wenhua and the Group's assessment on the source of funds for repayment, the business conditions and creditworthiness of the Baochang Shuiwu and Guoyou Wenhua. The Directors were of the view that each of the Previous 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 PREVIOUS 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 non-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.

The Borrowers

Baochang Shuiwu is a company incorporated in the PRC with limited liability and is principally engaged in water production and supplying. Baochang Shuiwu is directly 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).

Guoyou Wenhua is a company incorporated in the PRC with limited liability and is principally engaged in the business service industry. Guoyou Wenhua is indirectly 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).

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

IMPLICATIONS UNDER THE LISTING RULES

As all of Baochang Shuiwu, Guoyou Wenhua and Qicheng Zhihui are ultimately owned by State-owned Assets Supervision and Administration Bureau of Changle County, they shall be regarded as associated with each other. Considering the Previous Loan Agreements and the Previous Entrusted Loan Agreements were entered into 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 such agreements on an aggregated basis exceeded 5% but were less than 25%, the transactions contemplated under the Previous Loan Agreements constituted discloseable transactions of the Company and were subject to the reporting and announcement requirements under the Listing Rules.

NON-COMPLIANCE WITH THE LISTING RULES

Reasons for failure to comply with the requirements of the Listing Rules

In the course of preparing the announcement in relation to the Entrusted Loan Agreement, it came to the attention of the Company that it failed to report and announce the Previous Loan Agreements due to inadvertent oversight of the management. As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Previous Loan Agreements, on a standalone basis, is less than 5%, the responsible staff of the Company mistakenly considered they were not subject to the reporting and announcement requirements under the Listing Rules without taking into consideration of the aggregation requirements under Rules 14.22 and 14.23 of the Listing Rules. Hence, the transactions contemplated the Previous Loan Agreements constituted non-compliance of Chapter 14 of the Listing Rules. The Company acknowledges its unintentional non-compliance of the Listing Rules was a mere inadvertent oversight and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance. Responsible staff shall obtain necessary approval and/or consent and seek legal advice from external legal advisors of the Company prior to entering into any agreement that would be subject to the requirements under Chapter 14 of the Listing Rules for the Company going forward.

Remedial actions

In order to avoid any recurrence of similar events in the future and to improve the Company's compliance with the applicable Listing Rules requirements going forward, the Company has taken the following steps to further strengthen its internal monitoring procedures:

- (1) conducting more frequent reviews on the provision of financial assistance of the Company;
- (2) conducting in-depth research on the ultimate shareholder of the borrower to identify whether any of the transactions shall be aggregated; and
- (3) arranging regular trainings for its employees to strengthen their knowledge of the Listing Rules and enhance their awareness of the importance of compliance with the Listing Rules.

The Directors are of the view that the above enhanced internal control measures could strengthen the internal control procedures of the Company and effectively prevent the occurrence of similar non-compliance in the future. The Board considers that the non-compliance of the Listing Rules was an isolated event and believes that it does not bring about any material impact on the business and operations of the Company, nor does it have a material financial impact on the Company.

DEFINITIONS

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

- | | |
|--------------------|---|
| “Baochang Shuiwu” | Shandong Baochang Water Co., Ltd.* (山東寶昌水務有限公司), a limited liability company established in the PRC; |
| “Board” | the board of Directors; |
| “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”	the entrusted loan agreement dated 21 November 2024 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;
“Group”	the Company and its subsidiaries of the PRC;
“Guoyou Wenhua”	Weifang Changle State-owned Cultural Assets Management Co., Ltd.* (濰坊昌樂國有文化資產經營有限公司), a limited liability company established in 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 the Entrusted Loan Agreement, 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;
“Previous Entrusted Loan Agreements”	the entrusted loan agreements dated 27 November 2023, 29 November 2023 and 30 November 2023, the details of which are disclosed in the announcement of the Company dated 30 November 2023;
“Previous Loan Agreement I”	the loan agreement dated 10 April 2024 and entered into among Century Sunshine (as the lender) and Baochang Shuiwu (as the borrower) in relation to the grant of a loan in an amount of RMB32,000,000;
“Previous Loan Agreement II”	the loan agreement dated 13 June 2024 and entered into among Century Sunshine (as the lender) and Guoyou Wenhua (as the borrower) in relation to the grant of a loan in an amount of RMB65,000,000.00;

“Previous Loan Agreements”	Previous Loan Agreement I and Previous Loan Agreement II;
“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.* (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, 21 November 2024

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*