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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in the Company, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)**

### **GRANT OF THE ISSUE MANDATE, THE REPURCHASE MANDATE AND RE-ELECTION OF DIRECTORS**

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A notice convening the annual general meeting ("AGM") of China Sunshine Paper Holdings Company Limited ("Company") to be held at Annapurna Room, Pacific Place Conference Centre, 5/F, One Pacific Place, 88 Queensway, Hong Kong on 8 May 2008 at 10:30 a.m. is set out on pages 14 to 16 to this circular. Resolutions will be proposed at the AGM to consider and, if thought fit, approve the grant of the Proposed Issue Mandate, the Proposed Repurchase Mandate and the re-election of Directors by way of ordinary resolutions.

A form of proxy is enclosed with this circular. Whether or not you are intending to attend and vote at the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the AGM or any adjourned meeting should you so desire.

15 April 2008

*\* For identification purposes only*

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## **RESPONSIBILITY STATEMENT**

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This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained herein misleading.

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at Annapurna Room, Pacific Place Conference Centre, 5/F, One Pacific Place, 88 Queensway, Hong Kong on 8 May 2008 at 10:30 a.m., the notice of which is set out on pages 14 to 16 of this circular
“Articles”	the articles of association of the Company
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Sunshine Paper Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general and unconditional mandate to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution in relation thereof
“Latest Practicable Date”	9 April 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Date”	12 December 2007, the date on which dealings in the Shares on the Stock Exchange commenced
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme of the Company adopted on 19 November 2007, under which no further options will be granted as from the Listing Date
“PRC”	The People’s Republic of China and for the purpose of this circular, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 29 November 2007
“Repurchase Mandate”	a general and unconditional mandate to the Directors to repurchase the fully paid up Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of an ordinary resolution approving the same
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	the holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 19 November 2007
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Wang Dongxing (Chairman)  
Mr. Shi Weixin  
Mr. Zhang Zengguo  
Mr. Wang Yilong

*Registered office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Non-executive Directors:*

Mr. Xu Fang  
Mr. Wang Nengguang

*Head office and principal place of business  
in the PRC:*

Changle Economic Development Zone  
Weifang 262400  
Shandong  
China

*Independent non-executive Directors:*

Ms. Wong Wing Yee, Jessie  
Mr. Wang Zefeng  
Mr. Xu Ye

*Principal place of business in Hong Kong:*

39th Floor, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

15 April 2008

*To the Shareholders and, for information only,  
the holders of share options of the Company,*

Dear Sir or Madam,

## GRANT OF THE ISSUE MANDATE, THE REPURCHASE MANDATE AND RE-ELECTION OF DIRECTORS

### INTRODUCTION

The purpose of this circular is to provide you with information regarding certain ordinary resolutions to be proposed at the AGM to enable you to make an informed decision on whether to vote for or against those resolutions.

At the AGM, resolutions will be proposed for the Shareholders to approve, among other things, (i) the grant of the Repurchase Mandate to the Directors; (ii) the grant of the Issue Mandate to the Directors and (iii) the proposed re-election of retiring Directors.

### THE REPURCHASE MANDATE

As approved by the then shareholders of the Company under a shareholders' resolution dated 19 November 2007, a general mandate was granted to the Directors to exercise the powers of the Company

*\* For identification purposes only*

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## LETTER FROM THE BOARD

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to repurchase Shares. Such mandate will lapse at the conclusion of the AGM. An ordinary resolution will be proposed at the AGM to grant the Repurchase Mandate to the Directors. As at the Latest Practicable Date, the Company has an issued share capital of HK\$40,750,000 divided into 407,500,000 Shares of HK\$0.10 each. Subject to the passing of an ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares will be issued or allotted by the Company prior to the AGM, exercise of the Repurchase Mandate in full would result in up to a maximum of 40,750,000 Shares, representing 10% of the total number of Shares in issue and a share capital of HK\$4,075,000, being repurchased by the Company. An explanatory statement as required under the Listing Rules to provide the requisite information of the Repurchase Mandate is set out in Appendix I of this Circular.

### ISSUE MANDATE

At the AGM, an ordinary resolution will be proposed that the Directors be granted the Issue Mandate in order to provide flexibility and discretion to the Directors to issue new Shares. As at the Latest Practicable Date, the Company has an issued share capital of HK\$40,750,000 divided into 407,500,000 Shares of HK\$0.10 each. Subject to the passing of an ordinary resolution approving the Issue Mandate and on the basis that no further Shares will be issued or allotted by the Company prior to the AGM, the exercise of the Issue Mandate in full would result in up to a maximum of 81,500,000 Shares, representing 20% of the total number of Shares in issue and a share capital of HK\$8,150,000, being issued by the Company during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which the Issue Mandate is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company. In addition, an ordinary resolution will also be proposed to extend the Issue Mandate by adding to it the number of such Shares repurchased under the Repurchase Mandate.

### RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the executive Directors were Mr. Wang Dongxing, Mr. Shi Weixin, Mr. Zhang Zengguo and Mr. Wang Yilong, the non-executive Directors were Mr. Xu Fang and Mr. Wang Nengguang and the independent non-executive Directors were Ms. Wong Wing Yee, Jessie, Mr. Wang Zefeng and Mr. Xu Ye.

Pursuant to Article 87(1) of the Articles, Mr. Wang Dongxing, Mr. Shi Weixin and Mr. Zhang Zengguo shall retire from office at the AGM, and, being eligible, will offer themselves for re-election.

Details of the Directors proposed to be re-elected at the AGM are set out in Appendix II of this circular.

### AGM

A notice convening the AGM to be held at Annapurna Room, Pacific Place Conference Centre, 5/F, One Pacific Place, 88 Queensway, Hong Kong on 8 May 2008 at 10:30 a.m., is set out on pages 14 to 16 of this circular.

### ACTIONS TO BE TAKEN

A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Such form of proxy for use at the AGM is also published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). Completion and return of the proxy form will not preclude you from subsequently attending and voting at the AGM or any adjourned meeting should you so desire.

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## LETTER FROM THE BOARD

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### PROCEDURE FOR DEMANDING A POLL

Pursuant to Article 66 of the Articles, every resolution submitted to a general meeting shall be determined on a show of hands in the first instance by the Shareholders present in person or by a duly authorised corporate representative, but a poll may be demanded (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) by:

- (i) the chairman of the meeting; or
- (ii) at least 3 Shareholders present in person or, if the Shareholder is a corporation, by a duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) any Shareholder or Shareholders present in person, if the Shareholder is a corporation, by a duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) any Shareholder or Shareholders present in person, if the Shareholder is a corporation, by a duly authorised representative or by proxy and holding the Shares in the Company conferring a right to vote at the meeting being the Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

### RECOMMENDATION

At the AGM, resolutions will be proposed for the Shareholders to approve, among other things, (i) the grant of the Repurchase Mandate to the Directors; (ii) the grant of the Issue Mandate to the Directors and (iii) the proposed re-election of retiring Directors.

The Directors consider that the grant of (i) the Repurchase Mandate; and (ii) the Issue Mandate to the Directors and re-election of retiring Directors are in the interests of the Company, the Group and the Shareholders as a whole and accordingly recommend all Shareholders to vote in favour of the corresponding resolutions to be proposed at the AGM respectively.

### DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong during normal business hours from the date of this circular up to and including the date of the AGM:

- (i) the memorandum of association of the Company and the Articles; and
- (ii) this circular.

Yours faithfully,  
For and on behalf of  
**China Sunshine Paper Holdings Company Limited**  
**Wang Dongxing**  
*Chairman*



This appendix serves as an explanatory statement as required under the Listing Rules, to provide the requisite information to you for consideration of the Proposed Repurchase Mandate.

**Share capital**

As at the Latest Practicable Date, the Company had 407,500,000 Shares in issue or an issued share capital of HK\$40,750,000. As at the Latest Practicable Date, there were outstanding share options granted under the Pre-IPO Share Option Scheme, entitling the holders thereof to subscribe for an aggregate of 14,400,000 Shares and no share option has been granted under the Share Option Scheme, respectively.

Subject to the passing of the proposed ordinary resolution approving the Repurchase Mandate and on the basis that none of the outstanding share options is exercised and no further Shares is issued, allotted or repurchased by the Company prior to the AGM, the exercise of the Repurchase Mandate in full would result in up to a maximum of 40,750,000 Shares, representing 10% of the total number of Shares in issue and a share capital of HK\$4,075,000 being repurchased by the Company during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company.

**Reasons for Shares repurchase**

Although the Directors have no present intention of exercising the Repurchase Mandate, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and the Shareholders. At any time in the future when the Shares are trading at a discount to their underlying value, the ability of the Company to repurchase the Shares will be beneficial to the Shareholders who retain their investment in the Company as their percentage interest in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company from time to time and thereby resulting in an increase in net assets and/or earnings per share of the Company. Such repurchases will only be made when the Directors believe that such exercises will benefit the Company and the Shareholders as a whole.

**Funding of repurchase**

The Directors propose that the repurchase of Shares under the Proposed Repurchase Mandate would be financed from the Company's internal resources.

In repurchasing the Shares, the Company may only apply funds legally available for such purposes in accordance with the memorandum of association and the Articles and the applicable laws of the Cayman Islands. The laws of the Cayman Islands provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the funds of the company that would otherwise be available for distribution by way of dividend or distribution or the proceeds of a new issue of the shares made for the purpose of the redemption. It is envisaged that the funds required for any repurchase of the Shares would be derived from the capital paid up on the Shares being repurchased and from the distributable profits of the Company.

The exercise of the Repurchase Mandate in full will not have a material adverse impact on the working capital or the gearing level of the Company (as compared with the position disclosed in the latest published audited consolidated financial statements of the Group contained in the 2007 Annual Report).

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital or the gearing level of the Company (as compared with the position disclosed in the latest published audited consolidated financial statements of the Group contained in the 2007 Annual Report) which in the opinion of the Directors are from time to time appropriate for the Company. The number of the Shares to be repurchased on any occasion and the price and other terms upon which the same are purchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

**Share prices**

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each month since the Listing Date up to the Latest Practicable Date were as follows:

	<b>Price per Share</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2007</b>		
December (from the Listing Date)	7.65	5.99
<b>2008</b>		
January	6.88	4.36
February	5.28	4.35
March	4.72	3.00
April (up to the Latest Practicable Date)	4.10	3.46

**Disclosure of interests**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries (as defined in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)).

No connected person has notified the Company that he/she has a present intention to sell any Shares to the Company nor has undertaken not to sell any of the Shares held by him/her to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

**Takeovers Code**

If, as a result of shares repurchase by a company, a shareholder's proportionate interest in the voting rights of the company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Takeovers Code.

**APPENDIX I****EXPLANATORY STATEMENT FOR THE REPURCHASE  
MANDATE**

As at the Latest Practicable Date, as far as the Directors are aware, substantial shareholders of the Company having an interest of 5% or more in the issued share capital of the Company are as follows:

<u>Name</u>	<u>Notes</u>	<u>Number of shares interested</u>	<u>Number of shares interested under equity derivatives</u>	<u>Nature of interest</u>	<u>Total number of shares</u>	<u>Percentage of the Company's issued share capital</u>
Chen Xiaojun	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Guo Jianlin	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Hu Gang	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Li Hua	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Li Zhongzhu	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Lu Yujie	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Ma Aiping	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Sang Yonghua	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Sang Ziqian	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Shi Weixin	1	174,633,526	2,000,000	Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Sun Qingtao	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Wang Changhai	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Wang Dongxing	1	174,633,526	2,000,000	Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Wang Feng	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Wang Yilong	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Wang Yongqing	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35

**APPENDIX I**
**EXPLANATORY STATEMENT FOR THE REPURCHASE  
MANDATE**

<u>Name</u>	<u>Notes</u>	<u>Number of shares interested</u>	<u>Number of shares interested under equity derivatives</u>	<u>Nature of interest</u>	<u>Total number of shares</u>	<u>Percentage of the Company's issued share capital</u>
Wu Rong	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Zhang Zengguo	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Zheng Fasheng	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
Zuo Xiwei	1	176,633,526		Interests of a party to an agreement to acquire interests in the Company	176,633,526	43.35
China Sunshine Paper Investments Limited	2	172,633,526		Interest of a controlled corporation	172,633,526	42.36
China Sunrise Paper Holdings Limited	2	172,633,526		Beneficial Owner	172,633,526	42.36
Chinese Academy of Sciences Holdings Co., Ltd.	3, 4	45,273,837		Interest of controlled corporations	45,273,837	11.11
Employees' Shareholding Society of Legend Holdings Ltd	4	45,273,837		Interest of controlled corporations	45,273,837	11.11
Legend Holdings Limited	5	45,273,837		Interest of controlled corporations	45,273,837	11.11
Right Lane Limited	6	45,273,837		Interest of controlled corporations	45,273,837	11.11
LC Fund III GP Limited	7	45,273,837		Interest of controlled corporations	45,273,837	11.11
LC Fund III, L.P.	8	45,273,837		Interest of a controlled corporation	45,273,837	11.11
Good Rise Holdings Limited	9	45,273,837		Beneficial Owner	45,273,837	11.11
Wang Nengguang	10	45,273,837		Interest of a controlled corporation	45,273,837	11.11
China Everbright Limited	11	43,915,622		Interest of controlled corporations	43,915,622	10.78
Seagate Global Advisors, LLC	11	43,915,622		Interest of controlled corporations	43,915,622	10.78
Seabright Asset Management Limited	12	43,915,622		Interest of controlled corporations	43,915,622	10.78
Seabright China Special Opportunities (I) Limited	13	43,915,622		Interest of a controlled corporation	43,915,622	10.78
Seabright SOF (I) Paper Limited	14	43,915,622		Beneficial owner	43,915,622	10.78
Deutsche Bank Aktiengesellschaft	15	41,280,300		Beneficial owner	41,280,300	10.13
		200,000		Security interest in the Shares	200,000	0.05
Citigroup Inc.	16	26,084,500		Interest of controlled corporations	26,084,500	6.40

**Notes:**

1. The following individuals, namely, Chen Xiaojun, Guo Jianlin, Hu Gang, Li Hua, Li Zhongzhu, Lu Yujie, Ma Aiping, Sang Yonghua, Sang Ziqian, Shi Weixin, Sun Qingtao, Wang Changhai, Wang Dongxing, Wang Feng, Wang Yilong, Wang Yongqing, Wu Rong, Zhang Zengguo, Zheng Fasheng and Zuo Xiwei (collectively “the Controlling Shareholder Group”) are the only shareholders of China Sunshine Paper Investments Limited (“China Sunshine”), the ultimate controlling shareholder of the Company. Pursuant to an agreement (“Concert Parties Agreement”) dated 16 June 2006 (as amended by a supplemental agreement dated 19 November 2007) and entered into among the members of the Controlling Shareholder Group, each member confirmed, among other things, since he/she became interested in and possessed voting rights in China Sunshine, China Sunrise Paper Holdings Limited (“China Sunrise”) and any members of the Group (“Target Entities”) and participated in the management of the business of the Target Entities, each of them has been actively cooperating with each other and was acting in concert (for the purpose of the Takeovers Code), with an aim to achieve consensus and concerted action on all major affairs relating to the business of the Target Entities. In addition, each of them also agreed to keep the other group members informed of their direct or indirect interest in the Target Entities or changes thereof, so as to ensure due and prompt compliance of all applicable laws and regulations on disclosure of securities interests by shareholders. Each member in the Controlling Shareholder Group are interested in the same 176,633,526 Shares, comprising of 172,633,526 Shares held by China Sunrise and pre-IPO options to subscribe 2,000,000 Shares granted to each of Wang Dongxing and Shi Weixin.
2. China Sunrise is interested in 172,633,526 Shares. China Sunrise is wholly owned by China Sunshine, and accordingly China Sunshine is deemed to be interested in the 172,633,526 Shares held by China Sunrise.
3. The Chinese Academy of Science Holding Co., Ltd. is a state owned enterprise.
4. Each of the Employees’ Shareholding Society of Legend Holdings Limited and the Chinese Academy of Sciences Holdings Co., Ltd. controls more than one third of the voting rights of Right Lane Limited. Accordingly, each of the Employees’ Shareholding Society of Legend Holdings Limited and the Chinese Academy of Sciences Holding Co., Ltd. is deemed to be interested in the 45,273,837 Shares held by Good Rise Holdings Limited (“Good Rise”) as set out in Notes 5, 6, 7, 8 and 9.
5. As Right Lane Limited is wholly-owned by Legend Holdings Limited, Legend Holdings Limited is deemed to be interested in the 45,273,837 Shares held by Good Rise as set out in Notes 6, 7, 8 and 9.
6. As Right Lane Limited controls more than one third of the voting rights of LC Fund III GP Limited, it is deemed to be interested in the 45,273,837 Shares held by Good Rise as set out in Notes 7, 8 and 9.
7. As LC Fund III GP Limited is the general partner of LC Fund III, it is deemed to be interested in the 45,273,837 Shares held by Good Rise as set out in Notes 8 and 9.
8. As Good Rise is wholly-owned by LC Fund III, LP, it is deemed to be interested in the 45,273,837 Shares held by Good Rise as set out in Note 9.
9. Good Rise is interested in 45,273,837 Shares.
10. As Good Rise is controlled by Wang Nenguang, he is deemed to be interested in the 45,273,837 Shares as set out in Note 9.
11. Each of China Everbright Limited and the Seagate Global Advisors, LLC controls more than one third of the voting rights of Seabright Asset Management Limited. Accordingly, each of China Everbright Limited and Seagate Global Advisors, LLC is deemed to be interested in the 43,915,622 Shares held by Seabright SOF (I) Paper Limited (“SOF (I) Paper”) as set out in Notes 12, 13 and 14.

12. As Seabright Asset Management Limited controls more than one third of the voting rights of SOF(I), it is deemed to be interested in the 43,915,622 Shares held by SOF(I) Paper as set out in Notes 13 and 14.
13. Seabright China Special Opportunities (I) Limited (“SOF (I)”) owns the entire interest in SOF (I) Paper. Accordingly, SOF (I) is deemed to be interested in the 43,915,622 Shares held by SOF (I) Paper as set out in Note 14.
14. SOF (I) Paper is interested in 43,915,622 Shares.
15. Deutsche Bank Aktiengesellschaft beneficially holds 41,280,300 Shares and has a security interest in 200,000 Shares.
16. Citigroup Inc. is interested in a total 26,084,500 Shares through entities controlled by it.

Each member in the Controlling Shareholder Group are interested in the same 176,633,526 Shares, representing approximately 43.35% of the issued share capital of the Company.

In the event that the Directors should exercise the Repurchase Mandate in full to repurchase Shares and assuming none of the options granted and to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme are exercised at all, the aggregate shareholding of the Controlling Shareholder Group will be increased to approximately 47.07% of the issued share capital of the Company, resulting in an obligation on the part of the above-mentioned Controlling Shareholder Group to make a general offer under the Takeovers Code. However, the Directors have no present intention to exercise the Repurchase Mandate to the extent that the obligation to make a general offer on the part of the above-mentioned substantial Shareholders will be triggered.

Assuming that there is no further issue of the Shares between the Latest Practicable Date and the date of repurchase, the exercise of the Repurchase Mandate in full will result in less than 25% of the issued share capital of the Company being held by the public as required by Rule 8.08 of the Listing Rules. However, the Directors have no present intention to exercise the Repurchase Mandate to the extent that the public float of the Company will be less than 25% as required by the Listing Rules.

#### **Shares repurchased by the Company**

The Company did not repurchase any of its Shares (whether on the Stock Exchange or otherwise) since the Listing Date up to the Latest Practicable Date.



*Retiring Directors subject to re-election***Mr. Wang Dongxing (王東興)**

Mr. Wang Dongxing, aged 45, is an executive Director, the Chairman and the General Manager of the Group. With over 20 years of experience in the paper manufacturing industry, Mr. Wang is responsible for the overall management and strategy of the Group. Mr. Wang has been with the Group since the establishment of Changle Century Sunshine Paper Industry Co., Ltd. (昌樂世紀陽光紙業有限公司) (“Changle Sunshine”) in 2000. He graduated from Shandong Institute of Light Industry (山東輕工業學院) with a Bachelor of Engineering degree in 1983, with a major in pulp and paper making. He served as a director and deputy general manager of Shandong Chenming Paper Industry Group Co., Ltd. (山東晨鳴紙業集團股份有限公司) (“Shandong Chenming”), a company listed on the Shenzhen Stock Exchange (stock code: 000488/200488) since 2000 which was mainly engaged in the business of production of machine-made paper, paper plate, paper materials and paper-making related machineries from 1985 to 1999. He was mainly responsible for daily operation and management in Shandong Chenming. He served as factory manager of Shandong Chenming Paper Industry Group Qihe Cardboard Co., Ltd (山東晨鳴紙業集團齊河板紙有限責任公司) (“Qihe Cardboard”) from 1995 to 1996. During his tenure in office in Qihe Cardboard, Mr. Wang obtained Qihe County’s Economic Special Achievement Golden award (發展齊河經濟特殊貢獻獎金質獎章). He also served as factory manager of Shandong Chenming No. 2 Factory (山東晨鳴二廠) from 1997 to 1998, and was the general manager of Wuhan Shuailun Paper Industry Co., Ltd. (武漢帥倫紙業有限公司) from 1999 to 2000.

Pursuant to the existing service agreement between Mr. Wang and the Company, the appointment of Mr. Wang was for an initial fixed term of 3 years commencing from the Listing Date. The current director’s fee and annual bonus and allowance (other than discretionary bonus) payable to Mr. Wang is RMB120,000 and RMB2,210,000 per year, respectively, and may, subject to the discretion of the Directors, be reviewed. The remuneration package of Mr. Wang is determined by reference to his duty and experience and the prevailing market rate. Mr. Wang is a member of the Controlling Shareholder Group and a party to the Concert Parties Agreement. Mr. Wang is also a brother-in-law of Mr. Chen Xiaojun, a member of the Controlling Shareholder Group. As at the Latest Practicable Date, Mr. Wang is interested in 176,633,526 Shares for the purposes of the SFO. Mr. Wang has no information to be disclosed pursuant to (h) to (w) of Rule 13.51(2) of the Listing Rules and save as disclosed above, there are no other matters that need to be brought to the attention of Shareholders.

**Mr. Shi Weixin (施衛新)**

Mr. Shi Weixin, aged 51, is an executive Director and the vice Chairman of the Group. With over 20 years experience in electrical automation control, Mr. Shi is responsible for automation system. Mr. Shi has been with the Group since the establishment of Changle Sunshine in 2000. He graduated from China Textile University (中國紡織大學) in 1986 with a major in industrial electrical automation. Mr. Shi used to be a director of Shanghai Paper Manufacturing Machinery General Factory (上海造紙機械總廠) from 1981 to 1992 and was responsible for design of automation control system for paper-making equipments. During 1984 to 1992, he has been named as “Excellent Technician” (優秀科研工作者) twice. In 1993, Mr. Shi founded Shanghai Paper Mechanical Electric Control Technology Institute (上海造紙機械電控技術研究所) (“Shanghai Institute”), and has been its chairman and general manager since 1993. Mr. Shi was primarily responsible for management and operation in Shanghai Institute. He was also a member of Shanghai Hongkou District Committee of Political Consultative Conference (上海市虹口區政協), a member of the executive committee of Shanghai Hongkou Federation of Industry and Commerce (上海市虹口區工商業聯合會) and a director of Hongkou Association of Entrepreneurs Association (虹口企業家學會). Mr. Shi won the Shanghai City Technological Achievement Award (上海市科技成果獎) in 2000.

Pursuant to the existing service agreement between Mr. Shi and the Company, the appointment of Mr. Shi was for an initial fixed term of 3 years commencing from the Listing Date. The current director’s fee and annual bonus and allowance (other than discretionary bonus) payable to Mr. Shi is RMB50,000 and RMB100,000 per year, respectively, and may, subject to the discretion of the Directors, be reviewed. The remuneration package of Mr. Shi is determined by reference to his duty and experience and the prevailing market rate. Mr. Shi is a member of the Controlling Shareholder Group and a party to the Concert Parties

Agreement. As at the Latest Practicable Date, Mr. Shi is interested in 176,633,526 Shares for the purposes of the SFO. Mr. Shi has no information to be disclosed pursuant to (h) to (w) of Rule 13.51(2) of the Listing Rules and save as disclosed above, there are no other matters that need to be brought to the attention of Shareholders.

**Mr. Zhang Zengguo (張增國)**

Mr. Zhang Zengguo, aged 42, is an executive Director and the deputy general manager of the Group and is responsible for production management. Mr. Zhang joined the Group in 2001. He is also the director of the technical department, assistant general manager and deputy general manager of Changle Sunshine since 2001. He graduated from Shandong Institute of Light Industry (山東輕工業學院) in 1988 with a major in pulp and paper manufacturing. Mr. Zhang was the department director and engineer of Shandong Changle County Jinguang Paper Mill (山東昌樂縣金光造紙廠) (“Jinguang Paper Mill”) from 1993 to 2000. During his tenure in office in Jinguang Paper Mill, Mr. Zhang was primarily responsible for design, construction and test run of projects.

Pursuant to the existing service agreement between Mr. Zhang and the Company, the appointment of Mr. Zhang was for an initial fixed term of 3 years commencing from the Listing Date. The current director’s fee and annual bonus and allowance (other than discretionary bonus) payable to Mr. Zhang is RMB79,200 and RMB280,000 per year, respectively, and may, subject to the discretion of the Directors, be reviewed. The remuneration package of Mr. Zhang is determined by reference to his duty and experience and the prevailing market rate. Mr. Zhang is a member of the Controlling Shareholder Group and a party to the Concert Parties Agreement. As at the Latest Practicable Date, Mr. Zhang is interested in 176,633,526 Shares for the purposes of the SFO. Mr. Zhang has no information to be disclosed pursuant to (h) to (w) of Rule 13.51(2) of the Listing Rules and save as disclosed above, there are no other matters that need to be brought to the attention of Shareholders.



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## NOTICE OF AGM

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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)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“**Meeting**”) of China Sunshine Paper Holdings Company Limited (the “**Company**”) will be held at Annapurna Room, Pacific Place Conference Centre, 5/F, One Pacific Place, 88 Queensway, Hong Kong on 8 May 2008 at 10:30 a.m. for the following purposes:

### ORDINARY RESOLUTIONS

1. To receive and approve the audited consolidated financial statements and the report of the directors (“**Directors**”) and the independent auditor’s report of the Company for the year ended 31 December 2007.
2. To re-elect the retiring Directors and to authorise the board of Directors (“**Board**”) to fix the remuneration of the Directors.
3. To re-appoint auditors and to authorise the Board to fix the remuneration of the auditors.
4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares of HK\$0.10 each in the capital of the Company subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) or of any other stock exchange as amended from time to time and the manner of any such repurchase be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to procure the Company to repurchase its shares at a price determined by the Directors;

\* For identification purposes only

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## NOTICE OF AGM

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- (c) the aggregate nominal amount of the shares of the Company which are authorised to be repurchased by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
  - (d) for the purposes of this resolution:
    - “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
      - (i) the conclusion of the next annual general meeting of the Company;
      - (ii) the expiration of the period within which the next annual general meeting of the Company is required by laws or the Company’s articles of association to be held; or
      - (iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution of the shareholders of the Company in general meeting.”
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the share option scheme of the Company approved by the Stock Exchange; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” shall have the same meaning as that ascribed to it under resolution no. 4 as set out in the notice convening the Meeting; and

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

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6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** conditional upon the passing of resolutions nos. 4 and 5 as set out in the notice convening the Meeting, the general mandate granted to the Directors pursuant to resolution no. 5 as set out in the notice convening the Meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 4 as set out in the notice convening the Meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”

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

Hong Kong, 15 April 2008

**Notes:**

1. The register of members of the Company will be closed from 5 May 2008 to 7 May 2008 (both days inclusive) during which period no transfer of share(s) will be effected. Members whose names appear on the register of members of the Company at the close of business on 2 May 2008 will be entitled to attend and vote at the Meeting.
2. Any shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote on his/her behalf. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
3. Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most, or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand in the register in respect of the relevant joint holding.
4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the annual general meeting.
5. Please refer to Appendix II of the circular of the Company dated 15 April 2008 for the details of the retiring Directors subject to re-election at the Meeting.