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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 together with the accompanying form of proxy 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.

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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)

**PROPOSED BONUS ISSUE OF SHARES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting (“EGM”) of China Sunshine Paper Holdings Company Limited (“Company”) to be held at China Sunshine Paper Office Tower, Changle Economic Development Zone, Weifang, Shandong, China on Tuesday, 23 November 2010 at 10:30 a.m. is set out on pages 8 and 9 of this circular.

A form of proxy is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, 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 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible, but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting in person at the EGM or any adjourned meeting should you so desire.

* For identification purposes only

CONTENTS

	<i>Page</i>
Responsibility statement	1
Expected timetable	2
Definitions	3
Letter from the Board	
1. Introduction	5
2. Proposed Bonus Issue	6
3. EGM	7
4. Actions to be taken	7
5. Voting by poll at the EGM	7
6. Recommendation	7
Notice of EGM	8

Accompanying: Form of proxy for EGM

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

EXPECTED TIMETABLE

2010

Circular relating to, among others, the Bonus Issue to be dispatched on or before.	Thursday, 4 November
Last day of trading in Shares cum entitlements to the Bonus Issue	Monday, 15 November
First day of trading in Shares ex entitlements to the Bonus Issue	Tuesday, 16 November
Latest time for loading transfer forms of Shares to qualify for Entitlements to the Bonus Issue	4:30 p.m. on Wednesday, 17 November
Closure of register of members (both days inclusive).	From Thursday, 18 November To Monday, 22 November
Latest time for lodging forms of proxy for the EGM	10:30 a.m. on Sunday, 21 November
Record date for determination of entitlements to the Bonus Issue	Monday, 22 November
Register of members re-opens	9:00 a.m. on Tuesday, 23 November
EGM.	10:30 a.m. on Tuesday, 23 November
Dispatch of share certificates for Bonus Shares	Thursday, 2 December
First day of trading in Bonus Shares on the Stock Exchange	Monday, 6 December

DEFINITIONS

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

“Articles”	the articles of association of the Company
“Board”	board of Directors
“Bonus Issue”	issue of ten Bonus Shares for every ten Shares to the Shareholders whose names appear on the register of members of the Company on the Record Date
“Bonus Share(s)”	new Share(s) to be issued by way of Bonus Issue by the Company as described herein
“Company”	China Sunshine Paper Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Director(s)”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at China Sunshine Paper Office Tower, Changle Economic Development Zone, Weifang, Shandong, China at 10:30 a.m. on Tuesday, 23 November 2010, the notice of which is set out on pages 8 and 9 of this circular
“Excluded Shareholders”	those Overseas Shareholders whom the Board, after making enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant body or stock exchange in that place not to extend to the Bonus Issue to them
“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 People’s Republic of China
“Latest Practicable Date”	1 November 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company on the Record Date is/are outside Hong Kong

DEFINITIONS

“PRC”	the People’s Republic of China and for the purpose of this circular, excluding Hong Kong
“Record Date”	22 November 2010, being the date for determining the entitlement to the Bonus Issue
“Share(s)”	existing ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of issued share(s) of the Company
“Share Options”	share options granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 19 November 2007
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



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

Non-executive Directors:

Mr. Xu Fang
Mr. Wang Junfeng

Independent non-executive Directors:

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

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

Head office and principal place

of business in the PRC:

Changle Economic Development Zone
Weifang 262400
Shandong
China

Principal place of business in Hong Kong:

Unit 2202, 22/F., Causeway Bay Plaza I
489 Hennessy Road
Causeway Bay
Hong Kong

4 November 2010

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

Dear Sir or Madam,

**PROPOSED BONUS ISSUE OF SHARES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of the Bonus Issue and to give you notice of the EGM.

At the EGM, a resolution will be proposed for the Shareholders to approve the Bonus Issue.

* *For identification purposes only*

LETTER FROM THE BOARD

2. PROPOSED BONUS ISSUE

The Board is pleased to announce that, in celebration of the tenth anniversary of the establishment of the Group, on 15 October 2010, the Board has resolved to recommend the Bonus Issue, being a bonus issue of new Shares on the basis of ten Bonus Shares for every ten Shares, to Shareholders who held Shares on the Record Date. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount of about HK\$40.1 million in the share premium account of the Company. Assuming that no further Shares will be issued or repurchased by the Company before the Record Date, 401,044,000 Bonus Shares will be issued pursuant to the Bonus Issue. Upon issuance, the Bonus Shares will rank pari passu in all respects with the existing Shares. The Company will not allot any fractions of Bonus Shares.

Conditions of the Bonus Issue

The Bonus Issue is conditional, amongst other things, upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM approving the Bonus Issue; and
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

Subject to fulfilment of the above conditions, certificates for the Bonus Shares are expected to be dispatched to the Shareholders by ordinary post at their own risk on or before 2 December 2010 and dealings in the Bonus Shares are expected to commence on 6 December 2010.

Adjustment to the outstanding Share Options

As at the Latest Practicable Date, there were outstanding Share Options carrying rights to subscribe for an aggregate of 1,600,000 Shares granted pursuant to the Share Option Scheme. The Bonus Issue may lead to adjustments to the exercise price and the number of Shares which may be issued upon exercise of the outstanding Share Options, such adjustments to be made in accordance with the rules of the Share Option Scheme. The Company will make further announcement if any adjustment is required to be made.

Reasons for the Bonus Issue

The Bonus Issue is a token of gratitude for the Shareholders in celebration of the tenth anniversary of the establishment of the Group. The Board believes the Bonus Issue will also allow the Shareholders to participate in the growth of the Company by way of capitalisation of a portion of the share premium account of the Company.

Closure of register of members

The register of members of the Company will be closed from 18 November 2010 to 22 November 2010, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the Bonus Issue, all transfers of Shares must be duly completed, accompanied by the relevant share certificates and lodged with the share registrar of the Company no later than 4:30 p.m. on 17 November 2010.

LETTER FROM THE BOARD

Overseas Shareholders

As at the Latest Practicable Date, there was no Shareholder whose address as shown on the register of members of the Company was outside Hong Kong. However, if at 4:30 p.m. on the Record Date, the register of members of the Company reveals there are Overseas Shareholders, enquiry will be made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. Upon such enquiry, if the Board is of the view that it is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Bonus Shares to such Overseas Shareholder, the Bonus Shares will not be granted to the Excluded Shareholders. In such circumstances, arrangement will be made for the Bonus Shares which would otherwise have been issued to the Excluded Shareholders to be sold in the market as soon as practicable after dealings in the Bonus Shares commence. Any net proceeds of such sale, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Excluded Shareholders, by ordinary post at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

3. EGM

A notice convening the extraordinary general meeting (“EGM”) of China Sunshine Paper Holdings Company Limited (“Company”) to be held at China Sunshine Paper Office Tower, Changle Economic Development Zone, Weifang, Shangdong, China on Tuesday, 23 November 2010 at 10:30 a.m. is set out on pages 8 and 9 of this circular.

4. ACTIONS TO BE TAKEN

At the EGM, a resolution will be proposed for the Shareholders to approve the Bonus Issue.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, 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 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting in person at the EGM or any adjourned meeting should you so desire.

5. VOTING BY POLL AT THE EGM

Pursuant to Rule 13.39 of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the EGM shall be voted by poll pursuant to Article 66 of the Articles.

6. RECOMMENDATION

The Directors consider that the Bonus Issue is 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 resolution to be proposed at the EGM.

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

NOTICE OF EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, 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 notice.



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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (“**Meeting**”) of China Sunshine Paper Holdings Company Limited (the “**Company**”) will be held at China Sunshine Paper Office Tower, Changle Economic Development Zone, Weifang, Shangdong, China on 23 November 2010 at 10:30 a.m. to consider and, if thought fit, to pass, with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited granting and agreeing to grant listing of, and permission to deal in, the Bonus Shares (as hereinafter defined):

- (a) upon the recommendation of the directors of the Company, an amount standing to the credit of the share premium account of the Company be capitalised and accordingly the directors be and are hereby authorised and directed to apply such amount in paying up in full at par new ordinary shares of HK\$0.10 each in the capital of the Company (the “**Bonus Shares**”) and that such Bonus Shares, credited as fully paid, shall be allotted and distributed (subject as referred to in paragraph (b) below) among members of the Company whose names appear on the register of members of the Company on Monday, 22 November 2010 on the basis of ten Bonus Shares for every ten existing shares of HK\$0.10 each of the Company then held;
- (b) no fractional Bonus Shares shall be allotted to members of the Company and fractional entitlements (if any) will be aggregated and sold for the benefit of the Company;
- (c) the Bonus Shares to be issued pursuant to paragraph (a) above shall rank pari passu in all respects with the existing issued Shares as at the date of issue of such Bonus Shares except that they will not rank for the bonus issue of shares mentioned in this resolution; and

* For identification purposes only

NOTICE OF EGM

- (d) the directors be and are hereby authorised to do all acts and things as may be necessary and expedient in connection with the issue of Bonus Shares referred to in paragraph (a) of this resolution, including but not limited to determining the amount to be capitalised out of the share premium account and the number of Bonus Shares to be allotted and distributed in the manner referred to in paragraph (a) of this resolution.”

By Order of the Board of
China Sunshine Paper Holdings Company Limited
Ng Cheuk Him
Company Secretary

Hong Kong, 4 November 2010

Notes:

1. The register of members of the Company will be closed from 18 November 2010 (Thursday) to 22 November 2010 (Monday) (both days inclusive) during which no transfer of share(s) will be registered. Members whose names appear on the register of members of the Company at the close of business on 17 November 2010 (Wednesday) 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. A form of proxy for use at the Meeting is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of authority, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Completion and return of the proxy form will not preclude a shareholder from subsequently attending and voting in person at the Meeting or any adjournment thereof if he/she so desires. If a shareholder attends the Meeting after having deposited the form of proxy, his/her form of proxy will be deemed to have been revoked.

As at the date of this notice, the Directors are:

Executive Directors: Mr. Wang Dongxing, Mr. Shi Weixin, Mr. Zhang Zengguo and Mr. Wang Yilong

Non-executive Directors: Mr. Xu Fang and Mr. Wang Junfeng

Independent non-executive Directors: Ms. Wong Wing Yee, Jessie, Mr. Wang Zefeng and Mr. Xu Ye