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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 ASSETS

The Board is pleased to announce that, on 8 December 2011, Shandong Sunshine has successfully bid for the Assets in the Auction. The net consideration payable by Shandong Sunshine for the Acquisition amounted to RMB180 million. As at the date of this announcement, Shandong Sunshine has paid an aggregate of RMB50 million as part of the consideration payable for the successful bid.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but all those applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 8 December 2011, Shandong Sunshine has successfully won the Auction, which was an open auction for the Assets. The net consideration payable by Shandong Sunshine for the Acquisition amounted to RMB180 million.

BACKGROUND

The Assets included all land use rights, buildings and production facilities of Arjowiggins Chenming. The Assets were put up in an open auction on 8 December 2011 under an order of the Shandong Supreme People's Court* (山東省最高人民法院) as, to the best knowledge of the Board, Arjowiggins Chenming was unable to repay the debt due to a shareholder of Arjowiggins Chenming.

Shandong Sunshine has successfully won the Auction for the Assets held on 8 December 2011 and has entered into the Auction Confirmation with the auctioneer to confirm the successful bid on the same date.

DETAILS OF THE AUCTION

- Date of the Auction : 8 December 2011
- Assets under the Auction : land use rights, buildings and production facilities of Arjowiggins Chenming, including:
- (i) land use rights — a piece of land located in Shouguang, Shandong province with a total area of approximately 171,480 sq.m;
 - (ii) buildings — certain buildings situated on the land referred to in (i) above with a total gross floor area of approximately 17,765 sq.m; and
 - (iii) production facilities — a production line situated on the land referred to in (i) above with an annual designed production capacity of 35,000 tons for decorative paper and other auxiliary equipment.
- Successful bid price : RMB203 million
- Payment schedule : (i) RMB50 million to be paid within 7 days from the date of the Auction;
- (ii) RMB50 million to be paid within 20 days from the date of the Auction; and
 - (iii) the balance to be paid within 120 days from the date of the Auction.

BASIS FOR DETERMINATION OF THE PRICE

The final bid price of RMB203 million was successful bid submitted by Shandong Sunshine under the Auction.

The Directors (including the independent non-executive Directors) consider that the amount of the bid is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

NET CONSIDERATION PAYABLE

Pursuant to an agreement reached between a shareholder of Arjowiggins Chenming and Shandong Sunshine on or about 6 December 2011, if Shandong Sunshine has won the bid for the Assets in the Auction, such shareholder of Arjowiggins Chenming will pay RMB23 million to Shandong Sunshine out of the consideration paid by Shandong Sunshine. Although the successful bid price was RMB203 million, after taking into account the RMB23 million payable to Shandong Sunshine, the net consideration payable by Shandong Sunshine for the Acquisition amounted to RMB180 million, and will be funded by internal resources of the Group. As at the date of this announcement, Shandong Sunshine has paid an aggregate of RMB50 million as part of the consideration payable for the successful bid.

NET ASSET VALUE AND NET PROFITS ATTRIBUTABLE TO THE ASSETS TO BE ACQUIRED

As the Assets to be acquired was bid through an open auction arranged by Shandong Supreme People's Court* (山東省最高人民法院), no information on the net asset value and the net profits attributable to the Assets was available.

REASONS FOR AND BENEFIT OF THE ACQUISITION OF THE ASSETS

It is proposed that the Assets acquired under the Auction will be used in the ordinary course of business of the Group for the manufacturing of decorative paper products.

The Company is currently in discussion with several independent third parties on the possible establishment of a joint venture in the PRC to operate the Assets, but details of such plan have not been finalised as at the date hereof. The Company will keep the market informed of future developments of such plan by way of announcement in compliance with the requirements of the Listing Rules as and when appropriate.

The Directors (including the independent non-executive Directors) consider Shandong Sunshine's participation in the Auction for the Assets and the terms of the Auction Confirmation are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but all those applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rule.

GENERAL INFORMATION

The Group is one of the largest white top linerboard and light-coated linerboard manufactures in terms of production volume in the PRC. The products of the Group include white top linerboard, light-coated linerboard, specialised paper products and core board.

Shandong Sunshine is a subsidiary of the Group established in the PRC with limited liability. It is principally engaged in the production and sale of white top linerboard, light-coated linerboard and core board.

To the best knowledge, information and belief of the Directors, Linyi Zhengda Auction Co., Ltd* (臨沂正大拍賣有限公司), the auctioneer for the Auction, and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

DEFINITIONS

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

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| “Acquisition” | acquisition of the Assets under the Auction |
| “Arjowiggins Chenming” | Arjowiggins Chenming Speciality Papers Co., Ltd.* (阿爾諾維根斯晨鳴特種紙有限公司), a sino-foreign Equity Joint Venture in the PRC |
| “Assets” | the land use rights, buildings and production facilities of Arjowiggins Chenming, details of which are set out in the paragraph headed “Details of the Auction” above |
| “Auction” | an open auction held on 8 December 2011 under an order of the Shandong Supreme People’s Court* (山東省高人民法院) for the auction of the Assets |
| “Auction Confirmation” | the confirmation dated 8 December 2011 entered into between Shandong Sunshine and the auctioneer of the Auction confirming the successful bid by Shandong Sunshine for the Assets |
| “Board” | the board of directors of the Company |
| “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, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement and unless the context suggests otherwise, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan |

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|---------------------|---|
| “Shandong 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 |
| “Shareholder(s)” | shareholder(s) of the Company |
| “sq.m” | square meter(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed thereto in the Listing Rules |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent. |

* For identification purpose only.

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

Hong Kong, 19 December 2011

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

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| <i>Executive Directors:</i> | <i>Mr. Wang Dongxing, Mr. Shi Weixin, Mr. Zhang Zengguo and Mr. Wang Yilong</i> |
| <i>Non-executive Directors:</i> | <i>Mr. Xu Fang and Mr. Wang Junfeng</i> |
| <i>Independent non-executive Directors:</i> | <i>Mr. Leung Ping Shing, Mr. Wang Zefeng and Mr. Xu Ye</i> |

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