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Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the prospectus dated 29 November 2007 (the “Prospectus”) issued by the Company.



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)

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option referred to in the Prospectus has been partially exercised by the Global Co-ordinator on 31 December 2007 in respect of an aggregate of 7,500,000 Shares, representing approximately 7.50% of the Shares initially offered under the Global Offering.

The 7,500,000 Shares will be issued and allotted by the Company at HK\$6.00 per Share (excluding brokerage fee of 1%, SFC transaction levy of 0.004% and the Stock Exchange trading fee of 0.005%), being the Offer Price per Share in connection with the Global Offering.

The Company announces that the Over-allotment Option referred to in the Prospectus has been partially exercised by the Global Co-ordinator on 31 December 2007 in respect of an aggregate of 7,500,000 Shares (the “Over-allotment Shares”), representing approximately 7.50% of the Shares initially offered under the Global Offering.

The 7,500,000 Shares will be issued and allotted by the Company at HK\$6.00 per Share (excluding brokerage fee of 1%, SFC transaction levy of 0.004% and the Stock Exchange trading fee of 0.005%), being the Offer Price per Share in connection with the Global Offering.

The Over-allotment Shares will be used solely to cover over-allocations in the International Offering. Immediately before the issue and allotment of the Over-allotment Shares by the Company, approximately 24.81% of the issued share capital of the Company was held by the

public, such shareholding percentage will be increased to 26.19% (excluding Deutsche Securities Asia Ltd.) immediately upon the issue and allotment of the Over-allotment Shares by the Company.

Listing of and permission to deal in the Over-allotment Shares have already been granted by the Listing Committee of the Hong Kong Stock Exchange. Listing of and dealing in such Over-allotment Shares are expected to commence on the main board of the Stock Exchange at 9:30 a.m. on 3 January 2008.

The shareholding structure of the Company immediately before and immediately after the issue of the Over-allotment Shares by the Company are as follows:

Name	Immediately before the issue of the Over-allotment Shares		Immediately after the issue of the Over-allotment Shares	
	Number of shares	Approximate % of issued share capital	Number of shares	Approximate % of issued share capital
China Sunrise	169,744,026 ⁽¹⁾	42.43%	169,744,026 ⁽²⁾	41.66%
SOF(I) Paper	43,915,622	10.98%	43,915,622	10.78%
Forebright	1,358,215	0.34%	1,358,215	0.33%
Good Rise	45,273,837	11.32%	45,273,837	11.11%
Deutsche Securities Asia Ltd.	40,466,300	10.12% ⁽³⁾	40,466,300	9.93%
Public	99,242,000	24.81% ⁽³⁾	106,742,000	26.19% ⁽³⁾
	<u>400,000,000</u>	<u>100.00%</u>	<u>407,500,000</u>	<u>100.00%</u>

Notes:

- (1) Including the 15,000,000 Shares lent to the Global Coordinator pursuant to the Stock Borrowing Agreement.
- (2) Including the 15,000,000 Over-allotment Shares returned and redelivered to China Sunrise pursuant to the Stock Borrowing Agreement.
- (3) Based on information provided by Deutsche Securities Asia Ltd., Deutsche Securities Asia Ltd. has acquired additional Shares in the market on 12 December 2007 and this has resulted in its shareholding being increased to approximately 10.12% of the issued share capital of the Company (immediately before issuance of the Over-allotment Shares) thus becoming a connected person of the Company (as defined under the Listing Rules). Under the Listing Rules, Deutsche Securities Asia Limited's shareholding in the Company would not be considered as part of the public float. Accordingly, the public float of the Company prior to the issue of the Over-allotment Shares has been lower than 25% as required under Rule 8.08(1)(a) of the Listing Rules since 12 December 2007. However, upon completion of the exercise of the Over-allotment Option as described above, the public float of the Company (excluding Deutsche Securities Asia Ltd.) will be restored to 26.19%, which is in compliance with the minimum public float requirement of 25% under Rule 8.08(1)(a) of the Listing Rules.

The additional net proceeds to be received by the Company upon issue of the Over-allotment Shares are estimated to be approximately HK\$43.42 million which will be used to repay the loan owing to the Industrial of Commercial Bank of China. Please refer to the section “Use of Proceeds” in the Prospectus for further information on the intended use of proceeds.

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

Hong Kong, 31 December 2007

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

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

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

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

* *For identification purpose*