

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this prospectus.

“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Articles”	the articles of association of the Company, adopted on 19 November 2007 and as amended from time to time, a summary of which is set out in Appendix VI to this prospectus
“BNP Paribas Capital” or “Sponsor” or “Global Coordinator” or “Lead Manager”	BNP Paribas Capital (Asia Pacific) Limited, acting as the sole sponsor and as the global coordinator, joint bookrunner and lead manager of the Global Offering. It is a licensed corporation holding a licence under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Board”	the board of Directors of the Company
“BOCI Asia”	BOCI Asia Limited, a licensed corporation under the SFO for Type 1 regulated activity (dealing in securities) and Type 6 regulated activity (advising on corporate finance)
“Business Day”	a day (other than a Saturday or a Sunday) on which banks in Hong Kong are normally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of 257,291,700 Shares upon capitalisation of certain sums standing to the credit of the share premium account of the Company referred to in the paragraph headed “Written resolutions of the Shareholders passed on 19 November 2007” under the section headed “Further Information about the Company” in Appendix VII to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Broker Participant”	a person admitted to participate in CCASS as a broker participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

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“CCASS Participant”	a CCASS Broker Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Changle Sunshine”	昌樂世紀陽光紙業有限公司 (Changle Century Sunshine Paper Industry Co., Ltd.*), a company established under the laws of the PRC with limited liability on 22 December 2000 and an indirect subsidiary of the Company. It is held as to 99.9% by Ramble Paper and 0.1% by Weidong Chemical. It is engaged in the business of production and sales of high-grade paper boards
“Changdong Paper Recovery”	昌樂昌東廢紙收購有限責任公司 (Changle Changdong Wastes Paper Recovery Co., Ltd.*), a company established under the laws of the PRC with limited liability on 24 January 2006 and an indirect subsidiary of the Company. It is wholly-owned by Changle Sunshine and is engaged in the business of waste paper trading
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of China and Taiwan
“China Paper Association”	中國造紙協會, a social organization established in 1992 in Beijing. It was approved to be registered by 中華人民共和國民政部 (the Ministry of Civil Affairs of the PRC). The China Paper Association serves as a communication channel between the government and the paper manufacturing companies, stipulates and formulates development plans and strategies for the industry, collects industry information and data for systematic analysis and provides intelligence for market development and strategic decisions. Using scientific research methods, the China Paper Association conducts detailed discussion and in-depth analysis on the current condition and future development of the packaging paper and paperboard industry of China, and compiles its research results into research reports, thereby providing advice and references for paper manufacturing enterprises, investment consulting firms, financial institutions and administrative authorities. The sources of the China Paper Association’s research reports are derived from the data and information of its members, statistics, research articles and databases of other associations, institutes and committees in the industry and various statistics from public channels
“China Sunrise”	China Sunrise Paper Holdings Limited (formerly known as China Sunshine Paper Holdings Limited), a company established under the laws of the Cayman Islands with limited liability on 3 April 2006 and a wholly-owned subsidiary of China Sunshine, which is in turn wholly-owned by the Controlling Shareholder Group that includes certain

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Directors, namely, 王東興 (Mr. Wang Dongxing), 施衛新 (Mr. Shi Weixin), 王益瓏 (Mr. Wang Yilong) and 張增國 (Mr. Zhang Zengguo), and certain members of the senior management of the Group, namely, 桑自謙 (Mr. Sang Ziqian), 胡剛 (Mr. Hu Gang) and 王長海 (Mr. Wang Changhai). China Sunrise is an investment holding company

“China Sunshine”

China Sunshine Paper Investments Limited (中國陽光紙業投資有限公司), a company established under the laws of BVI with limited liability on 14 March 2006 and which is wholly-owned by the Controlling Shareholder Group that includes certain Directors, namely, 王東興 (Mr. Wang Dongxing), 施衛新 (Mr. Shi Weixin), (Mr. Wang Yilong) and 張增國 (Mr. Zhang Zengguo), and certain members of the senior management of the Group, namely, 桑自謙 (Mr. Sang Ziqian), 胡剛 (Mr. Hu Gang) and 王長海 (Mr. Wang Changhai)

“Combined Group”

in the context of any unaudited pro forma financial information contained in this prospectus, means the Original Group and Shengshi Thermoelectricity as if the acquisition of Shengshi Thermoelectricity had been completed on 1 January 2006

“Companies Law”

the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

“Companies Ordinance”

the Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended and supplemented from time to time

“Company”

China Sunshine Paper Holdings Company Limited (中國陽光紙業控股有限公司), an exempt company incorporated in the Cayman Islands on 22 August 2007

“Controlling Shareholder Group”

a group of 20 individuals comprising 王東興 (Mr. Wang Dongxing), 施衛新 (Mr. Shi Weixin), 王益瓏 (Mr. Wang Yilong), 吳蓉 (Ms. Wu Rong), 汪峰 (Mr. Wang Feng), 桑自謙 (Mr. Sang Ziqian), 桑永華 (Mr. Sang Yonghua), 王永慶 (Mr. Wang Yongqing), 陳效雋 (Mr. Chen Xiaojun), 鄭法聖 (Mr. Zheng Fasheng), 左希偉 (Mr. Zuo Xiwei), 馬愛平 (Mr. Ma Aiping), 李仲翥 (Mr. Li Zhongzhu), 李華 (Ms. Li Hua), 郭建林 (Mr. Guo Jianlin), 孫清濤 (Mr. Sun Qingtao), 陸雨杰 (Mr. Lu Yujie), 胡剛 (Mr. Hu Gang), 張增國 (Mr. Zhang Zengguo) and 王長海 (Mr. Wang Changhai)

“Convertible Bonds”

the 2006 Convertible Bonds and the 2007 Convertible Bonds

“Covenantors”

collectively, China Sunrise, China Sunshine and the Controlling Shareholder Group

“DB”

Deutsche Bank AG, an international financial institution incorporated in Germany in 1870 and one of the Financial Investors acting through its Singapore branch. It is a leading global investment bank

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“Deed of Indemnity”	the deed of indemnity entered into by, among others, the Company, China Sunrise, China Sunshine and the members of the Controlling Shareholder Group as referred to in Appendix VII to this prospectus
“Director(s)”	director(s) of the Company or any one of them
“Financial Investor(s)”	SOF(I) Paper, Forebright, LC Fund III and DB, and the term “Financial Investor” shall mean any of them
“Forebright”	Forebright Management Limited, a company incorporated in the BVI with limited liability on 3 April 2006, which is controlled by the investment team of SOF(I)
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Good Rise”	Good Rise Holdings Limited (好晉控股有限公司), a company incorporated in the BVI on 16 July 2007 which is 100% owned by LC Fund III
“Group”	the Company and its subsidiaries or, where the context so requires, in respect of period before the Company becoming the holding company of its current subsidiaries, such present subsidiaries as if they were the Company’s subsidiaries during such period and in respect of the Track Record Period, the Group shall mean the Original Group
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of China
“Hong Kong Offer Shares”	the 10,000,000 Shares being initially offered by the Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the issue and offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong for cash (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus) at the Offer Price subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms, as further described in the paragraph headed “The Hong Kong Public Offering” under the section headed “Structure of the Global Offering” in this prospectus

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“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the paragraph headed “Underwriters — Name of Hong Kong Underwriters” under the section headed “Underwriting” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement relating to the Hong Kong Public Offering and entered into by, among others, the Joint Bookrunners, the Hong Kong Underwriters and the Company, as further described in the paragraph headed “Underwriting arrangements and expenses” under the section headed “Underwriting” in this prospectus
“Independent Third Party”	an individual or a company who or which is not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
“International Monetary Fund” or “IMF”	an international organization of 185 member countries, established to, among other things, promote international monetary cooperation, exchange stability and orderly exchange arrangements and foster economic growth and high levels of employment. The IMF also combines information from individual consultations to form assessments of global and regional developments and prospects. These views on the IMF’s multilateral surveillance are published twice each year in the World Economic Outlook and the Global Financial Stability Report
“International Offer Shares”	the 90,000,000 Shares initially being offered by the Company for subscription under the International Offering together, where relevant, with any additional Shares issued pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section headed “Structure of the Global Offering” of this prospectus)
“International Offering”	the conditional placing of the International Offer Shares by the International Underwriters with professional, institutional and/or other investors at the Offer Price, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the group of underwriters led by the Global Coordinator that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering expected to be entered into by, among others, the Global Coordinator, the International Underwriters and the Company, as further described in the paragraph headed “International Offering” under the section headed “Underwriting” in this prospectus

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“Investors’ Rights Agreement”	the investors’ rights agreement dated 11 June 2006 and entered into between, among others, China Sunrise, China Sunshine, SOF(I) Paper and LC Fund III
“Joint Bookrunners”	BNP Paribas Capital and BOCI Asia
“Kunshan Sunshine”	昆山世紀陽光紙業有限公司 (Kunshan Century Sunshine Paper Industry Co., Ltd.*), formerly known as 昆山上控電氣有限公司 (Kunshan Shangkong Electric Co., Ltd.*) a company established under the laws of the PRC with limited liability on 7 April 2004 and an indirect subsidiary of the Company. It is held as to 70% by Changle Sunshine and 30% by Sunshine Paper. It is engaged in the business of the wholesale and retail sale of paper and paper products
“Latest Practicable Date”	22 November 2007, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“LC Fund III”	LC Fund III, L.P., an exempted limited partnership established under the laws of the Cayman Islands on 22 March 2006, one of the Financial Investors and a substantial shareholder. Its general partner is LC Fund III GP Limited which is controlled by the management team of Legend Capital Management Limited. It is principally engaged in making investments in the information technology and other high growth industries. Mr. Wang Nengguang, one of the non-executive Directors, is the representative of LC Fund III on the Board
“Listing”	listing of the Shares on the Main Board
“Listing Date”	the date, expected to be on or about 12 December 2007, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“National Bureau of Statistics of China”	an agency directly under the State Council which is in charge of the statistics and economic accounting in China. National Bureau of Statistics of China is independent of the Group
“Offer Price”	the final offer price per Offer Share (exclusive of a brokerage fee of 1.0%, SFC transaction levy of 0.004% and a Stock Exchange trading fee of 0.005%) of not more than HK\$7.45 and expected to be not less than HK\$5.75, such price to be

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	agreed upon by the Company and the Global Coordinator (on behalf of the Underwriters) on or before the Price Determination Time
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares
“Original Group”	the Company and its subsidiaries, excluding Shengshi Thermoelectricity
“Over-allotment Option”	the option to be granted by the Company to the International Underwriters, pursuant to which the Company may be required to issue up to an aggregate of 15,000,000 new Shares (representing 15% of the Shares initially being offered under the Global Offering) at the Offer Price to, among other things, cover over-allocations in the International Offering, details of which are described in the section headed “Structure of the Global Offering” in this prospectus
“PRC Company Law”	《中華人民共和國公司法》(the Company Law of the PRC), as enacted by the Standing Committee of the 8 th National People’s Congress on 29 December 1993, and effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
“PRC government”	the central government of China, including all political subdivisions, provincial, municipal and other regional or local government entities and instrumentalities thereof
“Pre-IPO Share Option Scheme”	the Pre-IPO Share Option Scheme adopted by the Company with effect from 19 November 2007, the principal terms of which are summarized in the paragraph headed “I. Pre-IPO Share Option Scheme” in Appendix VII to this prospectus
“Price Determination Agreement”	the agreement to be entered into between the Company and the Global Coordinator (on behalf of the Underwriters) at the Price Determination Time to record and fix the Offer Price
“Price Determination Time”	on or about 12:00 noon, 5 December 2007 or such later time as may be agreed by the Company and the Global Coordinator (on behalf of the Underwriters) at which time the Offer Price is determined
“QIB”	a qualified institutional buyer within the meaning of Rule 144A promulgated under the U.S. Securities Act
“Rainbow Packaging”	昌樂彩虹包裝製品有限公司 (Changle Rainbow Packaging Products Co., Ltd.*), a company established under the laws of the PRC with limited liability on 13 May 2003 and an indirect subsidiary of the Company. It is held 88.89% by Changle Sunshine and 11.11% by Mr. Tian Baode in trust for 昌樂縣寶城街道辦事處 (Changle County Baocheng Street

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Office*). It is engaged in the business of production and sale of paper boxes, paper boards and packaging materials and sales of paper-making materials

“Ramble Paper”	China Ramble Paper Company Limited (中國遠博紙業有限公司), a company incorporated under the laws of Hong Kong with limited liability on 20 August 2007 and an indirect wholly-owned subsidiary of the Company. It is an investment holding company
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation of the Group in anticipation of the Listing, details of which are set out in the section headed “History and development” in, and Appendix VII to, this prospectus
“RMB” or “Renminbi”	the lawful currency of China
“Rule 144A”	Rule 144A promulgated under the U.S. Securities Act
“SAFE”	中華人民共和國國家外匯管理局 (The State Administration of Foreign Exchange of the PRC)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended and supplemented from time to time
“Shanghai Institute”	上海造紙機械電控技術研究所 (Shanghai Paper Mechanical Electric Control Technology Institute*), a contractual co-operative enterprise established under the laws of the PRC on 30 January 1993. It is currently held as to 68.286% by 張大成 (Mr. Zhang Dacheng), 27.015% by 高國鎮 (Mr. Gao Guozhen) and 4.699% by 朱惠香 (Ms. Zhu Huixiang). It is engaged in the business of development, research and sales of industrial automation and mechanical devices and is an Independent Third Party
“Share”	an ordinary share in the Company with a nominal value of HK\$0.10 each, for which an application has been made for listing and permission to deal on the main board of the Stock Exchange, and which are subscribed for and traded in Hong Kong dollars
“Share Option Scheme”	the post-IPO share option scheme adopted by the Company with effect from 19 November 2007, the principal terms of which are summarized in the paragraph headed “J. Share Option Scheme” in Appendix VII to this prospectus
“Shareholder(s)”	holder(s) of Shares

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“Shenfan”	昌樂神帆紙管有限公司 (Changle Shenfan Paper Tube Co., Ltd.*), a company established in the PRC on 5 June 2006, which was owned as to 99% and 1% by Changle Sunshine and Weidong Chemical, respectively upon its establishment. It was engaged in production and sales of paper tubes and paper cores. It was deregistered on 30 June 2007
“Shengshi Thermoelectricity”	昌樂盛世熱電有限責任公司 (Changle Shengshi Thermoelectricity Co., Ltd.*), a company established under the laws of the PRC with limited liability on 17 October 2003 and an indirect subsidiary of the Company with effect from 29 June 2007. It is held as to 80% by Changle Sunshine and 20% by Shengtai Medicine. Prior to 29 June 2007, it was held as to 20% by the Company. It is engaged in the supply of electricity (exclusively to its shareholders) and steam
“Shengtai Medicine”	濰坊盛泰藥業有限公司 (Weifang Shengtai Medicine Co., Ltd.*), a company established under the laws of the PRC with limited liability on 10 February 2004. It has a 20% equity interest in Shengshi Thermoelectricity. It is engaged in the business of production of pharmaceutical products
“Shenyi Transportation”	昌樂申易運輸有限公司 (Changle Shenyi Transportation Co., Ltd.*), a company established under the laws of the PRC with limited liability on 24 February 2004 and an indirect subsidiary of the Company. It is held as to 51.24% by Changle Sunshine, 44% by 王思波 (Mr. Wang Sibo), of which 1.39% is held for himself and the remaining 42.67% is held on trust for 66 individuals who are all Independent Third Parties (except for 陸雨中 (Mr. Lu Yuzhong), a brother of 陸雨杰 (Mr. Lu Yujie), who is a member of the Controlling Shareholder Group), and 4.76% by 夏連寶 (Mr. Xia Lianbao) who holds such interest on trust for seven individuals who are all Independent Third Parties. It is engaged in the business of cargo and container transport
“SOF(I)”	Seabright China Special Opportunities (I) Limited, a closed-end investment company incorporated under the laws of the BVI on 6 October 2003. It is an investment holding company and the holding company of SOF(I) Paper
“SOF(I) Paper”	Seabright SOF (I) Paper Limited, a company incorporated under the laws of the BVI on 30 May 2006 and a wholly-owned subsidiary of SOF(I). It is an investment holding company, one of the Financial Investors and a substantial shareholder of the Company. Mr. Xu Fang, who is a non-executive Director, is the representative of SOF(I) Paper on the Board
“sq. m.”	square metre

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“Stock Borrowing Agreement”	a stock borrowing agreement to be entered into at or around the Price Determination Time between BNP Paribas Capital and China Sunrise
“Stabilising Manager”	BNP Paribas Capital
“Stock Exchange”	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of the Hong Kong Exchanges and Clearing Limited
“Sunshine Paper”	China Sunshine Paper Group Limited (中國陽光紙業集團有限公司), an investment holding company established under the laws of the BVI with limited liability on 14 March 2006 and a wholly-owned subsidiary of the Company
“Takeovers Code”	the Code on Takeovers and Mergers, as amended and supplemented from time to time
“Track Record Period”	the period comprising the financial years ended 31 December 2004, 2005 and 2006 and the six months ended 30 June 2007
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US Person”	has the meaning given to it in Regulation S
“U.S. Securities Act” or “Securities Act”	the United States Securities Act of 1933, as amended from time to time
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“Weidong Chemical”	昌樂衛東紙業化工有限公司 (Changle Weidong Paper Chemical Industry Co., Ltd.*), a company established under the laws of the PRC with limited liability on 29 May 2006, which was held as to 50% by each of 王東興 (Mr. Wang Dongxing) and 施衛新 (Mr. Shi Weixin) before the disposal of their respective interests to an employee of the Group in August 2007. It is engaged in the manufacture and sale of chemical agents used in paper manufacturing
“Weifang Investment”	濰坊市投資公司 (Weifang City Investment Co., Ltd.*), a company established under the laws of the PRC with limited liability on 18 August 1992 which is wholly-owned by the People’s Government of Weifang. It is a state-owned investment company and is an Independent Third Party

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“Xintiandi”	深圳新田地實業有限公司 (Shenzhen Xintiandi Industry Co., Ltd.*), a company established under the laws of the PRC with limited liability on 17 October 2000. It was held as to 90% by 王東興 (Mr. Wang Dongxing) and 10% by 李勇 (Mr. Li Yong), who is an Independent Third Party, before its deregistration in February 2006
“2006 Convertible Bonds”	the convertible bonds with an aggregate principal amount of US\$14,000,000 held by SOF(I) Paper, Forebright and LC Fund III issued under the 2006 Subscription Agreement
“2006 Subscription Agreement”	the subscription agreement dated 11 June 2006 and entered into between, among others, China Sunshine, SOF(I) Paper, LC Fund III and China Sunrise
“2006 CB Supplemental Agreement”	a supplemental agreement dated 29 October 2007 and entered into between, among others, SOF(I) Paper, Forebright, LC Fund III, China Sunrise and the Company pursuant to which certain terms of, amongst others, the 2006 Subscription Agreement, the 2006 Convertible Bonds and the Investors’ Rights Agreement were amended
“2007 CB Supplemental Agreement”	a supplemental agreement dated 15 October 2007 and entered into between China Sunrise, the Company and DB pursuant to which certain terms of the 2007 Subscription Agreement and the 2007 Convertible Bonds were amended
“2007 Convertible Bonds”	the convertible bonds with an aggregate principal amount of US\$22,000,000 held by DB issued under the 2007 Subscription Agreement
“2007 Subscription Agreement”	the subscription agreement dated 15 June 2007 and entered into between China Sunrise and DBS Bank Ltd. (as initial subscriber)
“%”	per cent

In this prospectus, the terms “associate”, “connected person”, “connected transaction”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

In this prospectus, unless otherwise stated, certain amounts denominated in Renminbi have been translated into HK dollars or US dollars and vice versa at an exchange rate of RMB0.9744 = HK\$1.00 or RMB7.6120 = US\$1.00, respectively, and certain amounts denominated in US dollars have been translated into HK dollars and vice versa at an exchange rate of US\$1.00 = HK\$7.8184, in each case, for illustration purpose only. Such conversions shall not be construed as representations that amounts in Renminbi or US dollars were or may have been converted into those currencies and vice versa at such rates or any other exchange rates.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

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In this prospectus, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail.

** All English translations of names of entities established in the PRC are unofficial translations and for identification purposes only.*