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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)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that it has approved the adoption of the Scheme on 27 June 2017. The purposes of the Scheme are to recognise the contributions of certain Directors, senior management and employees of the Company and its subsidiaries and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption of the Scheme.

THE SHARE AWARD SCHEME

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Purposes and objectives

The purposes of the Scheme are to recognise the contributions of certain Directors, senior management and employees of the Company and its subsidiaries and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

Eligibility

Under the rules of the Scheme, Eligible Participants include any Director (whether executive or non-executive), senior management and employees of the Company or its subsidiaries (including but not limited to office managers, regional directors, senior managers, office directors, general managers and chief executive officers), but excluding the following persons: (i) any seconded employee, part-time employee or non-full time employee of the Group; (ii) any employee of the Group who at the relevant time has given or been given notice terminating his office or directorship, as the case may be; and (iii) any other person that the Board may determine from time to time.

* *For identification purposes only*

Administration

The Scheme shall be subject to the administration of the Board in accordance with the rules of the Scheme. The Board shall have the right to, among others:

- (a) appoint a trustee to assist with the administration and vesting of Awards granted under the Scheme;
- (b) appoint any of the Directors delegated with the power and authority by the Board to administer the Scheme; and
- (c) make such other decisions or determination as it shall deem appropriate provided that the same are not inconsistent with the provisions of the Scheme and the Listing Rules.

Operation

The Board may from time to time at its absolute discretion select any Eligible Participant(s) to participate in the Scheme.

Subject to the limit on the size of the Scheme as set out below, the Board shall determine a number of Awarded Shares which it wishes to be the subject of an Award. The Board shall notify a Selected Participant of the terms and conditions of any Award, including any vesting schedule, by a letter of grant, and such Award shall be deemed to be accepted by the Selected Participant when the Company receives a duplicate of the letter of grant signed by such Selected Participant.

Any Award made under the Scheme shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over any Awarded Shares.

For the purpose of satisfying Awards granted under the Scheme, Awarded Shares shall be allotted and issued by the Company at the end of each vesting period at par value or any other higher amount as determined by the Board, by using (i) the general mandate granted to the Board by the Shareholders in general meetings of the Company from time to time; or (ii) where required by applicable law, the Listing Rules, the Articles or any rule of the Company, specific mandate(s) to be granted to the Board by the Shareholders in general meetings of the Company from time to time.

The Company shall, as soon as practicable after any grant of Awards, submit an application to the Stock Exchange for the listing of, and permission to deal in, such Awarded Shares. The Awarded Shares shall be subject to all the provisions of the Articles in force from time to time and shall rank *pari passu* in all respects with fully paid Shares in existence on the date of issue and allotment, or if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members.

Vesting

Any Awarded Shares shall vest in the relevant Selected Participant(s) in accordance with the schedule (the date or each such date on which Awarded Shares are to vest as set out in such schedule being a “**Vesting Date**”) determined by the Board at its sole discretion at the date on which that Selected Participant is selected for participation in the Scheme, provided that

- (i) the following conditions have been and remain satisfied at the relevant dates:
 - (a) such further conditions as the Board at its sole discretion may have stipulated and which have been communicated to the Selected Participant in writing on or before the date on which the Selected Participant is notified of the Award; and
 - (b) that the Selected Participant remains on the Vesting Date (or, as the case may be, on each relevant Vesting Date) an Eligible Participant of the Group; and
- (ii) none of the following events has arisen:
 - (a) the Selected Participant has been terminated by the Company or any subsidiary of the Company for cause, which, for the purpose of the Scheme, shall mean:
 - (i) dishonesty or serious misconduct, whether or not in connection with his employment; wilful disobedience or non-compliance with the terms of his employment contract with the Group or any lawful orders or instructions given by the Group;
 - (ii) incompetence or negligence in the performance of his duties; or
 - (iii) doing anything in the conclusive opinion of the Company, adversely affects his ability to perform his duties properly or bring the Company or the Group into disrepute;
 - (b) the Selected Participant has been summarily dismissed by the Group;
 - (c) the Selected Participant has become bankrupt or failed to pay his debts within a reasonable time after they become due; or has made any arrangement or composition with his creditors generally;
 - (d) the Selected Participant has been convicted for any criminal offence involving his integrity or honesty; or
 - (e) the Selected Participant has been charged, convicted or held liable for any offence under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or any other similar applicable laws or regulations in force from time to time.

The Board shall send to the relevant Selected Participant a vesting notice five (5) business days prior to the intended Vesting Date of Awarded Shares to be vested in accordance with the rules of the Scheme.

Provided that the said vesting notice has been issued by the Company to the relevant Selected Participant, subject to any restriction on dealings in the Shares as provided by applicable law, the Listing Rules or any rule of the Company governing dealings in Shares and any circumstances beyond the reasonable control of the Company, the Company shall allot and issue the relevant vested Awarded Shares to the relevant Selected Participant on the Vesting

Date. If dealings in the Shares would be prohibited by applicable law, the Listing Rules or any rule of the Company governing dealings in Shares on the Vesting Date, the Awarded Shares which have vested shall be allotted and issued to the relevant Selected Participant within a reasonable period of time after such prohibition ceases.

Right of Participants before Vesting

A Selected Participant shall have no rights in respect of any Shares subject to an Award (including any income, dividends, other distributions or voting rights) until the Shares are vested in him pursuant to the Scheme on the relevant Vesting Date.

Black-out Period

No Award shall be made to any Eligible Participant under the Scheme where any member of the Board is in possession of unpublished inside information (as defined in the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) in relation to the Company or where dealings by directors are prohibited under the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules or any applicable laws and regulations or any internal code of conduct in securities dealings adopted by the Company from time to time.

Lapse of Awards

In the event that the Company, the subsidiary of the Company or the business division by which a Selected Participant is employed ceases to be a subsidiary or business division of the Group (or of a member of the Group, in the case of a business division), then any Award made to such Selected Participant shall lapse forthwith.

In the event that an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), then any Award shall lapse forthwith.

In the event that a Selected Participant who died or retired at his normal retirement date or earlier by agreement with the Group at any time prior to a Vesting Date, unless otherwise determined by the Board in its sole and absolute discretion, all the unvested Awarded Shares in respect of such unvested Awarded Shares of such Selected Participant (or rights thereto) shall lapse upon the death of such Selected Participant or his retirement date (as the case may be). The Board has the power to (i) deem any unvested Awarded Shares of a deceased Selected Participant to be vested on the day immediately prior to the death of such deceased Selected Participant; or (ii) deem any unvested Awarded Shares of a Selected Participant to be vested on the day immediately prior to the retirement of such Selected Participant.

Scheme Limit

The Board shall not make any further Award which will result in the total number of Shares awarded by the Board under the Scheme representing in excess of 10% of the issued share capital of the Company as at the Adoption Date. Awards lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the 10% limit.

The Board may seek approval by the Shareholders in general meeting for “refreshing” the 10% limit under the Scheme.

Unless approved by the Shareholders in a general meeting, the maximum number of Awarded Shares which may be subject to Award(s) made to a single Selected Participant in any 12-month period shall not in aggregate exceed 1% of the issued share capital of the Company as at the Adoption Date.

Duration and Termination of the Scheme

Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date, after which period no further Award shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects.

Awards to Connected Persons

Awards may be granted to Eligible Participants who are connected persons (as defined in the Listing Rules) of the Group, subject to compliance with the relevant requirements of the Listing Rules. The grant of an Award under this Scheme to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates shall also be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director to whom the grant of an Award is proposed to be made) at duly convened Board meetings.

Other Information

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption of the Scheme.

DEFINITIONS

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

“Adoption Date”	27 June 2017
“Articles”	the articles of association of the Company from time to time
“Award(s)”	award of Shares by the Company to any Selected Participant(s) under the Scheme
“Awarded Share(s)”	in respect of any Selected Participant(s), such number of Shares subject to Award(s) as determined by the Board
“Board”	the board of directors of the Company
“business day”	a day (other than Saturdays, Sundays and public holidays) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong
“Company”	China Sunshine Paper Holdings Company Limited, a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company

“Eligible Participant(s)”	any Director (whether executive or non-executive), senior management and employee of the Company or its subsidiaries (including but not limited to office managers, regional directors, senior managers, office directors, general managers and chief executive officers), but excluding the following persons: (i) any seconded employee, part-time employee or non-full time employee of the Group; (ii) any employee of the Group who at the relevant time has given or been given notice terminating his office or directorship, as the case may be; and (iii) any other person that the Board may determine from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Scheme”	the share award scheme of the Company
“Selected Participant(s)”	those Eligible Participants selected by the Board for participation in the Scheme
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Shanghai, 27 June 2017

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

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

Non-executive Directors: Mr. Li Hengwen and Mr. Xu Leihua

Independent non-executive Directors: Ms. Shan Xueyan, Mr. Wang Zefeng and Ms. Jiao Jie