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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 registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Samson Paper Holdings Limited**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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SAMSON PAPER HOLDINGS LIMITED

森信紙業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 731)

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

The notice convening the special general meeting of the Company to be held at Strategic Financial Relations Limited, Unit 29A, 29/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong, on Friday, 7 January 2011 at 11:00 a.m. (or at any adjournment thereof), is set out on pages 10 to 12 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting should you so wish.

* *For identification purpose only*

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EXPECTED TIMETABLE

Set out below is a timetable for the Bonus Issue. The timetable for the despatch of the certificates for the Bonus Shares and the first day of dealing in the Bonus Shares is subject to the results of the SGM. The Company will notify the Shareholders of any changes to the following timetable as and when appropriate.

Date

Last day of dealings in Ordinary Shares
cum-entitlements to the Interim Dividend
and the Bonus Issue Friday, 31 December 2010

First day of dealings in Ordinary Shares
ex-entitlements to the Interim Dividend
and the Bonus Issue Monday, 3 January 2011

Latest date and time for lodging transfers of
the Ordinary Shares for entitlement to
the Interim Dividend and the Bonus Issue 4:30 p.m. on
Tuesday, 4 January 2011

Closure of register of members of the Company Wednesday, 5 January 2011 to
Friday, 7 January 2011

Latest date and time to return form of
proxy for the SGM 11:00 a.m. on
Wednesday, 5 January 2011

Date and time of the SGM 11:00 a.m. on
Friday, 7 January 2011

Record date for determination of entitlements
to the Interim Dividend and the Bonus Issue Friday, 7 January 2011

Register of members re-opens Monday, 10 January 2011

Despatch of dividend cheques for the Interim Dividend
and share certificates for the Bonus Shares Thursday, 20 January 2011

First day of dealings in the Bonus Shares Monday, 24 January 2011

Note: All times in this circular refer to Hong Kong times.

DEFINITIONS

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

“Board”	board of Directors
“Bonus Issue”	the proposed issue of one Bonus Share for every one Ordinary Share to the Shareholders whose names appear on the register of members of the Company on the Record Date and who held or are deemed to hold Ordinary Shares and for the purpose of the proposed issue, each CP Shareholder who held CP Shares on the Record Date shall be deemed to hold such number of Ordinary Shares as if the conversion rights attaching to the CP Shares held by it on the Record Date had been exercisable and exercised in full on the Record Date on the basis of the Conversion Rate applicable as at the Record Date
“Bonus Share(s)”	new Ordinary Share(s) to be issued by the Company pursuant to the Bonus Issue
“Bye-Laws”	the bye-laws of the Company
“Company”	Samson Paper Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
“Conversion Rate”	the basis upon which each CP Shareholder is entitled to convert its CP Shares into fully paid Ordinary Shares and, as at the Latest Practicable Date, being one Ordinary Share for every CP Share
“CP Share(s)”	convertible non-voting preference share(s) of par value of HK\$0.10 each in the share capital of the Company
“CP Shareholder(s)”	registered holder(s) of CP Share(s)
“Director(s)”	director(s) of the Company
“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 the Bonus Issue to them
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interim Dividend”	the interim dividend of one Hong Kong cent per Share for the six months ended 30 September 2010
“Latest Practicable Date”	17 December 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Ordinary Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Ordinary Shareholder(s)”	registered holder(s) of Ordinary Share(s)
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong
“Record Date”	Friday, 7 January 2011, being the date for determining the entitlement to the Interim Dividend and the Bonus Issue
“SGM”	the special general meeting of the Company to be held at 11:00 a.m. on Friday, 7 January 2011
“Share(s)”	share(s) of par value of HK\$0.10 each in the share capital of the Company (whether Ordinary Shares or CP Shares)
“Shareholders”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



SAMSON PAPER HOLDINGS LIMITED

森信紙業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 731)

Executive directors:

Sham Kit Ying (*Chairman*)

Lee Seng Jin (*Deputy Chairman*)

Chow Wing Yuen

Sham Yee Lan, Peggy

Lee Yue Kong, Albert

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Non-executive director:

Lau Wang Yip, Eric

*Head office and principal place of
business in Hong Kong:*

3rd Floor

Seapower Industrial Centre

177 Hoi Bun Road

Kwun Tong

Kowloon

Hong Kong

Independent non-executive directors:

Pang Wing Kin, Patrick

Tong Yat Chong

Ng Hung Sui, Kenneth

21 December 2010

To the Ordinary Shareholders and, for information only, CP Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

As mentioned in the announcement of the Company published on 3 December 2010, the Board has proposed to make the Bonus Issue to the Shareholders whose names appeared on the register of members of the Company on the Record Date.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to set out further information in relation to the Bonus Issue and to give you a notice of the SGM at which an ordinary resolution will be proposed to approve the Bonus Issue.

2. PROPOSED BONUS ISSUE

Basis of the Bonus Issue

The Board has resolved to recommend the Bonus Issue, being a bonus issue of new Ordinary Shares on the basis of one Bonus Share for every one Ordinary Share to Shareholders who held or are deemed to hold Ordinary Shares on the Record Date and, in accordance with the terms of the CP Shares and the requirements set out in the Bye-Laws, for the purpose of the Bonus Issue, each CP Shareholder who held CP Shares on the Record Date shall be deemed to hold such number of Ordinary Shares as if the conversion rights attaching to the CP Shares held by it on the Record Date had been exercisable and exercised in full on the Record Date on the basis of the Conversion Rate applicable as at the Record Date. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount equal to the total par value of the Bonus Shares standing to the credit of the share premium account of the Company.

Pursuant to the terms of the CP Shares and the requirements set out in the Bye-Laws, if a bonus issue of Ordinary Shares by way of the capitalisation of share premium account of the Company is made to the Ordinary Shareholders, then the Company shall make at the same time a like bonus issue to each CP Shareholder as if its conversion rights had been exercisable and exercised in full on the relevant record date on the basis of the Conversion Rate applicable as at such record date. Accordingly, the Bonus Issue is also made to the CP Shareholders on the Record Date as if the conversion rights attaching to the CP Shares held by it on the Record Date had been exercisable and exercised in full on the Record Date on the basis of the Conversion Rate applicable as at the Record Date and the entitlement of the CP Shareholders to the Bonus Issue shall be determined on the same basis as the other Ordinary Shareholders (i.e. one Bonus Share for every one Ordinary Share which such CP Shareholder is deemed to hold as aforesaid). No adjustment will be made to the Conversion Rate as a result of the Bonus Issue.

There were 504,505,446 Ordinary Shares and 132,064,935 CP Shares in issue as at the Latest Practicable Date. Assuming that there is no change in the number of issued Ordinary Shares, the number of issued CP Shares and the Conversion Rate between the Latest Practicable Date and the Record Date, a total of 636,570,381 Bonus Shares will be issued pursuant to the Bonus Issue (representing approximately 126.18% of the issued share capital of the Company represented by the Ordinary Shares in issue only, and 100% of the total issued share capital of the Company represented by both the Ordinary Shares and CP Shares in issue, as at the Latest Practicable Date and the Record Date), and HK\$63,657,038.10 standing to the credit of the share premium account of the Company will be capitalised and will be applied in paying up in full at par 636,570,381 Bonus Shares.

LETTER FROM THE BOARD

Status of the Bonus Shares

Upon issuance, the Bonus Shares will rank pari passu in all respects with the then existing Ordinary Shares in issue except that they will not rank for the Interim Dividend.

Fractional entitlements

Since the Bonus Issue is on the basis of one Bonus Share for every one Ordinary Share held or deemed to be held by the Shareholders on the Record Date, there will not be any fractional entitlements to the Bonus Shares.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

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

Subject to fulfillment of the above conditions, certificates for the Bonus Shares are expected to be despatched to the Shareholders by ordinary post at their own risk on or before Thursday, 20 January 2011 and dealings in the Bonus Shares are expected to commence on Monday, 24 January 2011.

Reason for the Bonus Issue

The Bonus Issue is a token of gratitude for the support of the Shareholders. The Directors believe that the Bonus Issue will also increase the Company's capital base and enhance the liquidity of the Ordinary Shares in the market and thereby enlarge the Ordinary Shares shareholders' base of the Company.

Closure of register of members

As announced by the Company on 17 December 2010, the register of members of the Company will be closed from Wednesday, 5 January 2011 to Friday, 7 January 2011, both days inclusive, during which period no transfer of Ordinary Shares will be effected. In order to qualify for attending and voting at the SGM, the Interim Dividend and the Bonus Issue, all transfers of Ordinary Shares must be duly completed, accompanied by the relevant share certificates and lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 4 January 2011.

LETTER FROM THE BOARD

CP Shareholders are reminded that none of the CP Shares shall be assignable or transferable without the prior written approval of the Board. The Board will not give any such approval during the period from Wednesday, 5 January 2011 to Friday, 7 January 2011, both days inclusive.

Overseas Shareholders

If at 4:30 p.m. on the Record Date, the register of members of the Company reveals there are Overseas Shareholders, an enquiry will be made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules as to whether the issue of Bonus Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas jurisdictions or the requirements of the relevant regulatory bodies or stock exchanges. If after making such enquiry the Board is of the opinion that it would be necessary or expedient not to issue the Bonus Shares to such Overseas Shareholders, they will not be issued to the Excluded Shareholders and the Company will publish an announcement to inform the Shareholders of the results of such enquiry as soon as practicable.

Any Bonus Shares which would otherwise have been issued to the Excluded Shareholders will be sold in the market as soon as practicable after dealings in the Bonus Shares commence. Any net proceeds of sales, after deduction of expenses, will be distributed in Hong Kong dollars to the Excluded Shareholders pro rata to their respective entitlements and remittance therefor will be posted to them 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 not be distributed but will be retained for the benefit of the Company.

As at the Latest Practicable Date, there was 1 Overseas Shareholder with registered address in Australia. The Company has been advised by its legal advisers on the laws of Australia that (i) in relation to the Bonus Issue, they would consider that the Company is merely conducting an “one off transaction” and accordingly, the Company is not required to obtain an Australian financial services licence; and (ii) the Bonus Issue falls within one of the exceptions contained under section 708(13) of the Corporations Act 2001 (Cth), and therefore does not require prospectus disclosure. Based on the aforesaid legal advice, it would not be necessary for the Company to exclude the Overseas Shareholder with registered address in Australia from the Bonus Issue.

The Company does not have an Australian financial services licence and is not licensed in Australia to provide financial product advice in respect of the Bonus Issue. The Company is not subject to the Australian continuous disclosure requirements under the Corporations Act 2001 (Cth). This circular was prepared under Hong Kong law and does not constitute an Australian prospectus and therefore may not contain all the information required by an Australian prospectus. No Australian prospectus has been prepared in respect of the Bonus Issue. You should consider this circular carefully and obtain your own financial product advice.

LETTER FROM THE BOARD

Listing, Dealings and Settlement

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares and the Stock Exchange has given its conditional listing approval for the Bonus Shares subject to fulfilment of all other conditions of the Bonus Issue. Subject to fulfilment of the condition mentioned in paragraph (i) under the section headed “Conditions of the Bonus Issue” above, certificates for the Bonus Shares are expected to be despatched to Shareholders by post at their own risk on or about Thursday, 20 January 2011. In the case of joint shareholdings, the certificates for the Bonus Shares will be despatched to the address of the Shareholder first named in the register of members of the Company in respect of such joint shareholding by post.

Subject to fulfilment of the condition mentioned in paragraph (i) under the section headed “Conditions of the Bonus Issue” above, dealings in the Bonus Shares are expected to commence on Monday, 24 January 2011.

The CP Shares are not listed or dealt in on any stock exchange and none of the Ordinary Shares are listed or dealt in on any stock exchange other than the Stock Exchange. The Bonus Shares will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements for the Bonus Shares and how such arrangements affect their rights and interests.

3. SGM

A notice convening the SGM to be held at Strategic Financial Relations Limited, Unit 29A, 29/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Friday, 7 January 2011 at 11:00 a.m. is set out on pages 10 to 12 of this circular. At the SGM, an ordinary resolution will be proposed to approve the Bonus Issue.

4. ACTION TO BE TAKEN

A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy to the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong in accordance with the instructions printed on the form of proxy as soon as possible and in any event not less than 48 hours before the time appointed for the SGM or any adjournment thereof. The completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you wish to do so.

LETTER FROM THE BOARD

5. 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 Ordinary Shareholders to vote in favour of the ordinary resolution to approve the Bonus Issue to be proposed at the SGM.

Yours faithfully,
By Order of the Board
Samson Paper Holdings Limited
SHAM Kit Ying
Chairman



SAMSON PAPER HOLDINGS LIMITED

森信紙業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 731)

NOTICE IS HEREBY GIVEN that a special general meeting of Samson Paper Holdings Limited (the “**Company**”) will be held at Strategic Financial Relations Limited, Unit 29A, 29/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Friday, 7 January 2011 at 11:00 a.m. to consider and, if thought fit, pass, with or without modifications, 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 the listing of, and permission to deal in, the new ordinary shares of par value of HK\$0.10 each in the share capital of the Company (the “**Ordinary Shares**”) to be issued pursuant to this resolution:

- (a) an amount standing to the credit of the share premium account of the Company as shall be required to be applied in paying up in full at par such number of new Ordinary Shares to be issued, allotted and distributed, credited as fully paid up, to and among holders of Ordinary Shares and holder(s) of the non-voting preference shares of par value of HK\$0.10 each in the share capital of the Company (“**CP Shares**”) whose names appear on the register of members of the Company on Friday, 7 January 2011 (the “**Record Date**”) on the basis of one new Ordinary Share for every one Ordinary Share held or are deemed to be held by such holders on the Record Date (the “**Bonus Shares**”) be and is hereby capitalised and, for the aforesaid purpose and, in accordance with the terms of the CP Shares and the requirements set out in the bye-laws of the Company, holders of CP Shares (the “**CP Shareholders**”) who held CP Shares on the Record Date be deemed to hold such number of Ordinary Shares as if the conversion rights attaching to the CP Shares held by it on the Record Date had been exercisable and exercised in full on the Record Date on the basis upon which each CP Shareholder is entitled to convert its CP Shares into fully paid Ordinary Shares as applicable as at the Record Date and that the Directors be and are hereby authorised and directed to appropriate such amount in paying up in full at par the Bonus Shares and to issue, allot and distribute the Bonus Shares, credited as fully paid up, to, subject to paragraph (c) below, such holders (the “**Bonus Issue**”);

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

- (b) the Bonus Shares to be issued, allotted and distributed pursuant to paragraph (a) above shall be subject to the bye-laws of the Company and shall rank pari passu in all respects with the Ordinary Shares already in issue as at the date of issue of such Bonus Shares except that they will not rank for the interim dividend declared by the Company for the six months ended 30 September 2010; and
- (c) the Directors be and are hereby authorised, for and on behalf of the Company, to take all steps, do all acts and things, execute all documents, and/or make such arrangements as they consider to be appropriate, necessary or expedient to implement and/or give effect to or otherwise in connection with the Bonus Issue and, without limitation to the generality of the foregoing, to settle any difficulty in regard to any distribution of the Bonus Shares in such manner as the Directors consider appropriate or expedient (including, but not limited to, where appropriate, not to issue, allot and distribute the Bonus Shares to any members of the Company whose addresses as shown on the register of members of the Company on the Record Date are in places outside Hong Kong and in respect of whom the Directors consider their exclusion from the Bonus Issue to be necessary or expedient (the “**Excluded Shareholders**”) and to arrange for such Bonus Shares which would otherwise have been issued to the Excluded Shareholders to be sold in the market after dealing in the Bonus Shares commences, and to distribute the net proceeds thereof (if any) among the Excluded Shareholders in such manner as the Directors shall determine).”

By Order of the Board
SAMSON PAPER HOLDINGS LIMITED
LEE Yue Kong, Albert
Company Secretary

Hong Kong, 21 December 2010

Head Office:
3rd Floor, Seapower Industrial Centre
177 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

NOTICE OF SPECIAL GENERAL MEETING

Note: A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the Board comprises five executive Directors, namely Mr. SHAM Kit Ying, Mr. LEE Seng Jin, Mr. CHOW Wing Yuen, Ms. SHAM Yee Lan, Peggy and Mr. LEE Yue Kong, Albert, one non-executive Director, Mr. LAU Wang Yip, Eric and three independent non-executive Directors, namely Mr. PANG Wing Kin, Patrick, Mr. TONG Yat Chong, and Mr. NG Hung Sui, Kenneth.