



## SAMSON PAPER HOLDINGS LIMITED

森信紙業集團有限公司\*

*(incorporated in Bermuda with limited liability)*

(Stock Code: 731)

### NOTICE OF SGM

**NOTICE IS HEREBY GIVEN** that the Special General Meeting of Samson Paper Holdings Limited (the “Company”) will be held at Strategic Financial Relations Ltd., Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 24 October 2008 at 10:00 a.m. to consider and if thought fit, pass with or without modifications, the following resolutions:

#### SPECIAL RESOLUTIONS

1. “**THAT** the authorised share capital of the Company be and is hereby increased from HK\$80,000,000.00 divided into 800,000,000 shares of HK\$0.10 each to HK\$160,000,000.00 divided into 1,600,000,000 shares of HK\$0.10 each by the creation of 800,000,000 new shares of HK\$0.10 each”;
2. “**THAT:**
  - (1) HK\$14,308,601.30 of the authorised but unissued share capital of the Company divided into 143,086,013 shares of HK\$0.10 each be and are hereby reclassified and redesignated as 143,086,013 convertible non-voting preference shares of HK\$0.10 each in the capital of the Company (the “CP Shares”) having the special rights and privileges and being subject to the restrictions set out in the Bye-Laws of the Company as altered in accordance with sub-paragraph (3) of this Resolution;
  - (2) following the aforesaid reclassification and redesignation pursuant to sub-paragraph (1) of this Resolution, the authorised share capital of the Company shall be HK\$160,000,000.00 divided into 1,456,913,987 shares of HK\$0.10 each (the “Ordinary Shares”) and 143,086,013 CP Shares of which 429,258,039 Ordinary Shares are in issue;
  - (3) the Bye-Laws of the Company be and are hereby amended by deleting the existing Bye-Law 4(A) in its entirety and substituting therefor the following new Bye-Law 4 (A):

“(A) The authorised share capital of the Company at the date of this Bye-Law becomes effective is HK\$160,000,000.00 divided into 1,456,913,987 shares of HK\$0.10 each (the “Ordinary Shares”) and 143,086,013 convertible non-voting preference shares of HK\$0.10 each in the capital of the Company (the “CP Shares”).

The CP Shares shall rank pari passu with each other in all respects and shall have the special rights and privileges and be subject to the restrictions as follows:

**(1) Voting and General meetings**

- (a) The holders of CP Shares shall be entitled to receive notice of every general meeting of the Company but shall not be entitled (i) to vote upon any resolution unless it is a resolution for winding-up the Company or reducing its share capital in any manner or a resolution modifying, varying or abrogating any of the special rights attached to the CP Shares or (ii) to attend or speak at any general meeting of the Company unless the business of the meeting includes the consideration of a resolution upon which the holders of CP Shares are entitled to vote. Accordingly where reference is made in any of the Bye-Laws of the Company to the rights of members or shareholders in regard to voting upon any resolution other than for winding-up of the Company, reduction of share capital of the Company in any manner, or modification, variation or abrogation of any of special rights attached to the CP Shares, the term “member” or “shareholder” shall not include a reference to the holder of a CP Share.
- (b) Whenever the holders of CP Shares are entitled to vote at a general meeting of the Company upon any resolution proposed at such a general meeting, on a show of hands every holder thereof who is present in person or by proxy or (being a corporation) by a representative or representatives or proxy or proxies shall have one vote and on a poll every holder thereof who is present in person or by proxy or (being a corporation) by a representative or representatives or proxy or proxies shall have one vote for every CP Share held by it.

**(2) Conversion**

- (a) Subject as hereinafter provided, each holder of CP Shares shall be entitled to convert its CP Shares into fully paid Ordinary Shares of HK\$0.10 each in the capital of the Company on the basis of one Ordinary Share for every CP Share (the “Conversion Rate”) upon the giving of a Conversion Notice (as defined below).
- (b) The right to convert CP Shares into Ordinary Shares shall be exercisable in respect of the whole or any part of the holder’s CP Shares at any time after the date of issue of the CP Shares. In such event, the holder shall complete a notice in such form as the Directors may from time to time prescribe (“Conversion Notice”) and deliver the same to the Company or its authorised agent at its principal place of business in Hong Kong together with such other evidence (if any) as the Directors may reasonably require to prove the title and claim of the person exercising such right. A Conversion Notice once given may not be withdrawn without the consent in writing of the Company.
- (c) Subject to sub-paragraph (b) above, if, before the end of business on the Maturity Date, the holders of CP Shares serve a continuing notice (“Continuing Notice”) in such form as the Directors may from time to

time prescribe and deliver the same to the Company or its authorised agent at its principal place of business in Hong Kong together with such other evidence (if any) as the Directors may reasonably require to prove the title and claim of the person exercising such right, such CP Shares shall not be subject to the mandatory conversion as described in paragraph (2)(d) hereinafter. A Continuing Notice once given may not be withdrawn without the consent in writing of the Company.

- (d) At the end of business on the Maturity Date, unless previously redeemed, purchased and cancelled, converted or that a Continuing Notice has been served and delivered to the Company as herein provided, all CP Shares will be mandatorily converted by the Company into such number of Ordinary Shares as would have been issued by the Company if such CP Shares had been converted pursuant to the exercise by the holders of CP Shares of the conversion right pursuant to this paragraph (2). The mandatory conversion of the CP Shares by the Company shall be made in accordance with this paragraph (2) and notwithstanding that a holder of CP Shares has failed to surrender any certificate(s) in respect of any CP Shares, such CP Shares shall be automatically cancelled and of no further effect following the Maturity Date.
- (e) The Dividend (as defined hereinafter) entitlement attaching to any CP Shares as hereinafter provided shall cease to apply with effect from the date of conversion. Ordinary Shares arising on conversion shall rank pari passu in all respects with Ordinary Shares, including the rights to receive any dividends and other distributions declared.
- (f) Allotments of Ordinary Shares arising from conversion of CP Shares under this Bye-Laws shall be effected by resolution of the Directors as of, and not later than 2 months after the date of receipt by the Company of the Conversion Notice. The Company shall as soon as possible forward to each holder of converted shares certificate(s) for the appropriate number of fully-paid Ordinary Shares and new certificate (s) for any unconverted CP Shares comprised in the certificate previously surrendered by such holder.
- (g) Save where the Conversion Rate is increased following any adjustment with the provisions of paragraph (7), notwithstanding any references in this resolution to “allot” or “allotment”, any Ordinary Shares arising from the conversion of any CP Shares shall not represent new shares in the capital of the Company and the unissued share capital of the Company shall not be reduced as a result of any such conversion.
- (h) So long as the Company remains listed in Hong Kong, the holders of the CP Shares shall not exercise their right to convert the CP Shares into Ordinary Shares of the Company unless at least 25% of the Company’s total issued share capital that is listed on the Stock Exchange is at all times held by the public.

### **(3) Dividend**

- (a) The holders of CP Shares shall have the same right to dividend payment as to the holders of Ordinary Shares (“Dividend”).
- (b) Save as provided by this paragraph, the CP Shares shall not confer on the holders thereof any right to participate in the profits of the Company.

### **(4) Transfer and Listing**

None of the CP Shares shall be assignable or transferable without the prior written approval of the board of Directors of the Company. The Company shall not apply for a listing of any of the CP Shares on any stock exchange anywhere in the world.

### **(5) Capital**

- (a) On a distribution of assets on a winding-up or other return of capital, the surplus assets of the Company remaining after payment of its liabilities shall be applied in priority to any payment to the holders of the Ordinary Shares in paying to the holders of the CP Shares a sum equal to (i) the nominal capital paid up or credited as paid up on the CP Shares held by them respectively; and (ii) all arrears (if any) of the Dividend thereon as at (and calculated up to) the date of commencement of the winding up (in the case of a winding up) or the return of capital (in any other case).
- (b) Save as provided by this paragraph, the CP Shares shall not confer on the holders thereof any further right to participate in the assets of the Company.

### **(6) Other Provisions**

- (a) So long as any CP Shares are not yet redeemed, cancelled or converted, then save with such consent or sanction on the part of the holders of CP Shares as is required for a variation of the rights attached to such shares:
  - (i) If any offer or invitation by way of rights or otherwise (not being an offer or invitation to which the provisions of sub-paragraph (a)(ii) hereof applies) or any Capital Distribution (as defined in paragraph (9)) is made to the holders of the Ordinary Shares then (unless the Conversion Rate falls to be adjusted pursuant to paragraph (7) in consequence of the proposed offer, invitation or Capital Distribution and the Directors shall have determined to do so) the Company shall make or, so far as it is able, procure that there is made at the same time a like offer, invitation or Capital Distribution to each holder of CP Shares as if its conversion rights had been exercisable and exercised in full on the record date for such offer, invitation or Capital Distribution (as the case may be) on the basis of the Conversion Rate then applicable. Where such a like offer, invitation or Capital Distribution is made in

circumstances in which an adjustment would otherwise fall to have been made to the Conversion Rate under paragraph (7) no such adjustment shall be made.

- (ii) If an offer is made to the holders of Ordinary Shares (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or any persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company or if any person proposes a scheme with regard to such acquisition, and the Company becomes aware that the right to cast more than 50 per cent of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give written notice to all holders of CP Shares of such vesting within 14 days of its becoming so aware and each such holder shall be entitled within the period of 3 months from the date of such notice to convert the whole or any part of its CP Shares into fully-paid Ordinary Shares on the basis set out in paragraph (2) except that the restriction in the first sentence of sub-paragraph (b) thereof shall not apply.
- (b) Any Dividend on the CP Shares remaining unclaimed after a period of 6 years from the date of declaration of such dividend shall be forfeited and will revert to the Company.
- (c) The Company shall send to the holders of the CP Shares a copy of each document sent to the holders of the Ordinary Shares at the same time as it is sent to such holders.

## **(7) Adjustments**

- (a) Save and except for the issue of the Warrants of the Company which is expected to be in December 2008, the Conversion Rate shall from time to time be adjusted in accordance with the provisions of this paragraph (7) but subject always to the provisions of paragraph (6)(a)(i) hereof.
- (b) If, whilst any CP Shares remain capable of being converted into Ordinary Shares, the Company issues any Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account and capital redemption reserve) to the holders of Ordinary Shares, the number of Ordinary Shares arising on any subsequent conversion of CP Shares shall be increased pro rata and such increase shall become effective as at the record date for such issue. No adjustments shall be made in the event of the issue of Shares (by way of capitalisation of profits or reserves) in lieu of cash dividends or in connection with a redemption or conversion of CP Shares.
- (c) If, whilst any CP Shares remain capable of being converted into Ordinary Shares, there is an alteration to the nominal value of Ordinary Shares as a result of a consolidation or sub-division, the number of Ordinary Shares arising on any subsequent conversion of the CP Shares

shall be reduced or increased accordingly, and such reduction or increase shall become effective immediately after the alteration takes effect.

- (d) If and whenever the Company shall make any Capital Distribution (as defined in paragraph (9) hereof) to holders of Ordinary Shares, then the number of Ordinary Shares arising for every HK\$0.10 nominal amount of CP Shares subsequently converted (and so in proportion for any other nominal amount of CP Shares) shall be adjusted by multiplying such number of Ordinary Shares by the following fraction;

$$\frac{A}{A - B}$$

where:

A is the Current Market Price per Ordinary Share (as defined in paragraph (9)) at the date on which the Capital Distribution is publicly announced; and

B is the fair market value (expressed in cents) on the day of such announcement or (as the case may require) the day following such announcement, as determined in good faith by a financial adviser (acting as an expert and not as an arbitrator) selected by the Directors, of the portion of the Capital Distribution attributable to one Ordinary Share,

Such adjustment shall become effective as at the record date for the Capital Distribution. The provisions of this sub-paragraph (d) shall not apply to any offer which falls within sub-paragraph (e) hereof.

- (e) If and whenever the Company shall offer to holders of Ordinary Shares as a class new Ordinary Shares by way of rights at a price which is less than the Current Market Price per Ordinary Share (as defined in paragraph (9)) at the date of announcement of the terms of the offer, then (except where the Conversion Rate falls to be adjusted under sub-paragraphs (b) or (d) hereof), the Conversion Rate shall be adjusted as follows:

$$X = \frac{C}{A + B}$$

where:

X is the new Conversion Rate;

A is the aggregate number of Ordinary Shares in issue immediately preceding the date of such announcement;

B is the number of Ordinary Shares which the amount payable for the total number of Ordinary Shares offered by way of rights would purchase at the Current Market Price per Ordinary Share (as defined in paragraph (1)) at the date of such announcement; and

- C is the aggregate number of Ordinary Shares in issue immediately preceding the date of the announcement together with the aggregate number of Ordinary Shares offered by way of rights.
- (f) If and whenever the Company shall offer to holders of Ordinary Shares as a class, to the public generally or by way of placement any warrants or options (other than pursuant to the share option scheme established by the Company on 26 February 2004) to subscribe for Ordinary Shares, the Conversion Rate shall be adjusted in the manner set out in sub-paragraph (e) hereof mutatis mutandis but subject to the following changes:
- B is the number of Ordinary Shares which the aggregate of the amount (if any) payable for such warrants or options and of the amount payable upon exercise of such warrants or options would purchase at the Current Market Price per Ordinary Share (as defined in paragraph (9)) at the date of announcement of such issue of warrants or options; and
- C is the aggregate number of Ordinary Shares in issue immediately preceding the date of the announcement together with the aggregate number of Ordinary Shares comprised in such warrants or options.
- (g) Upon the happening of any of the events mentioned in this paragraph (7) the Company shall, unless a like offer or invitation or Capital Distribution (as the case may be) is made pursuant to paragraph (6)(a) (i), by written notice (the “Adjustment Notice”) given to the holders of the CP Shares, set forth brief particulars of the event or events giving rise to such adjustment, the Conversion Rate in effect prior to such adjustment, the adjusted Conversion Rate and the effective date thereof. In the event that any of the holders of the CP Shares shall, within 30 days of the date of the Adjustment Notice, give written notice to the Company that they dispute any of the matters contained in the Adjustment Notice, the Company shall procure that the auditors for the time being of the Company shall make a written determination of the adjustment (if any) to the Conversion Rate made in accordance with the provisions of this paragraph (7) and shall make available for inspection by the holders of the CP Shares (at such place as shall be specified in such notice) a copy of the said report of the auditors and, where any determination of a financial adviser shall have been made pursuant to sub-paragraph (d) hereof, a copy of such determination. In the absence of manifest error, the adjustment to the Conversion Rate as specified in such report shall be conclusive and binding on all concerned.

## **(8) Redemption**

- (a) Subject to the provisions of the Act, the Company shall be entitled, at any time after the fifth anniversary of the date of issue of the CP Shares by resolution of the Directors to redeem all or any of the CP Shares.

- (b) The “Redemption Date” in respect of any CP Shares shall be the date on which the Company proposes to redeem any of the CP Shares as provided in this paragraph (8).
- (c) The Company shall give holders of the CP Shares to be redeemed not less than 28 days’ prior notice in writing of the proposed Redemption Date (the “Provisional Redemption Notice”). A holder of CP Shares shall then have the right, exercisable not later than 14 days after such Provisional Redemption Notice is given, to convert the whole or any part of its holding of CP Shares into Ordinary Shares pursuant to the provisions of paragraph (2) hereof notwithstanding the giving of such Provisional Redemption Notice. In the event that such right is not exercised or exercised in respect of part only of such holding of CP Shares on or before such deadline, the redemption of such CP Shares shall no longer be provisional and the holder of such CP Shares shall be obliged to comply with paragraph (8)(d) hereof either as regards all of such holding of CP Shares or such part thereof in respect of which it has not exercised its right of conversion as aforesaid. In the event that such right is exercised in respect of the whole of such holding of CP Shares on or before such deadline, the Provisional Redemption Notice shall cease to have effect and no redemption of such CP Shares shall take place.
- (d) The Provisional Redemption Notice shall specify the place at which the certificates for such CP Shares are to be presented for redemption and upon the Redemption Date the Company shall redeem the CP Shares and the holders of such CP Shares shall be bound to deliver to the Company at such place the certificates for such CP Shares as are held by such holder. Upon such delivery, the Company shall pay to such holder the amount due to him in respect of such redemption.
- (e) There shall be paid on each CP Share redeemed a sum equal to (i) the subscription price thereof and (ii) all arrears (if any) of the Dividend thereon. As from the Redemption Date such Dividend shall cease to apply.
- (f) The receipt of the registered holder for the time being of any CP Shares or in the case of joint registered holders the receipt of any of them for the moneys payable on redemption thereof shall constitute an absolute discharge to the Company in respect thereof.

## **(9) Definitions**

In the above paragraphs, unless the context otherwise requires:

- (1) “Capital Distribution” shall mean any dividend or other distribution of capital profits (whether realised or not) or capital reserves of the Company, or of profits or reserves arising after the date of the first issue of the CP Shares from the distribution of capital profits (whether realised or not) or capital reserves by a subsidiary, except by means of any purchase of the Company’s own Shares (other than a redemption or purchase of redeemable shares in accordance with the terms of issue thereof including, without limitation, pursuant to paragraph (8) hereof)



provided that, in so far as relevant audited accounts do not distinguish between capital and revenue profits or reserves, the Company shall be entitled to rely upon a written estimate by the auditors for the time being of the Company as to the extent to which any part of any profit or reserve should be regarded as of a capital nature.

- (2) “Current Market Price per Ordinary Share” at a particular date shall mean the average of the closing prices (expressed in cents) published in the daily quotations sheet of The Stock Exchange of Hong Kong Limited for one Ordinary Share for the five consecutive Business Days ending on the Business Day immediately preceding such date.
  - (3) “Maturity Date” means 31 March 2009, being the date when all outstanding CP Shares will be mandatorily converted into Ordinary Shares of the Company unless previously redeemed, purchased and cancelled, converted or that a Continuing Notice has been previously served and delivered to the Company.”
3. “**THAT** the directors of the Company be and are hereby authorised to allot and issue the CP Shares of HK\$0.10 each in the capital of the Company in such manner as the directors of the Company determine and the directors of the Company be and are hereby also authorised to do all such acts and things they consider necessary or expedient in relation to the exercise of conversion right attaching to such CP shares of the Company.”

#### **ORDINARY RESOLUTION**

4. “**THAT** conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant listing of and permission to deal in the warrants (the “Warrants”) to be issued pursuant to the terms and conditions of the proposed issue of bonus Warrants described in the circular of the Company dated 29 September 2008 (the “Circular”) and any new ordinary shares of HK\$0.10 in the capital of the Company (the “Ordinary Shares”) which fall to be issued upon the exercise of the subscription rights attaching to the Warrants, the proposed issue of Warrants be and is hereby approved and:
- (1) the directors of the Company be and are hereby authorised to create, allot and issue the Warrants which shall be in registered form and shall entitle the holders thereof to subscribe in cash at an initial subscription price of HK\$0.8 per Ordinary Share, subject to adjustment, for Ordinary Shares in the capital of the Company from the date of the issue of the Warrants to 4 June 2010 (or such earlier date as provided in the warrant instrument), both days inclusive, subject to the terms and conditions set out in the warrant instrument (a copy of a draft of which marked “A” has been produced to this meeting and signed for the purpose of identification by the chairman thereof) and to issue the same to the persons who are registered as holders of shares (the “Shareholders”) on 28 November 2008 in the proportion of one Warrant carrying the right to subscribe for Ordinary Shares for every six Shares then held and so that the Ordinary Shares to be issued pursuant to the exercise of the subscription rights attaching to the Warrant will rank *pari passu* in all respects with the then existing Ordinary Shares on the relevant subscription date provided that:
    - (A) in the case of Shareholders having registered addresses outside Hong Kong on 28 November 2008, the relevant Warrants shall not be issued to such Shareholders but shall be aggregated and issued to a nominee to be named by the directors of

the Company and such Warrants shall be sold in the market as soon as practicable after the dealings in the Warrants commence, if a premium, net of expenses, can be obtained and the net proceeds of sale, after deduction of expenses, shall be distributed to such Shareholders pro rata to their respective shareholdings unless the amount falling to be distributed to any particular Shareholder shall be an amount less than HK\$100 in which case such amount shall be retained for the benefit of the Company; and

- (B) no fractional entitlements shall be issued, but the fractional entitlements shall be aggregated and sold for the benefit of the Company;
- (2) the directors of the Company be and are hereby authorised to allot and issue new Ordinary Shares in the capital of the Company which may fall to be issued pursuant to the exercise of subscription rights attaching to the Warrants or any of them; and
- (3) the directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary or expedient to give effect to the foregoing arrangements mentioned in this Resolution.”

By Order of the Board  
**LEE Yue Kong, Albert**  
*Company Secretary*

Hong Kong, 29 September 2008

*Head Office and principal place of business in Hong Kong:*  
3rd Floor, Seapower Industrial Centre  
177 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

*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. 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 (so as to be received) not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).

*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, namely 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.*

\* *For identification purpose only*