



Qunxing Paper Holdings Company Limited
群星紙業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3868)

("the Company")

ANNOUNCEMENT

Reference is made to the announcements of Qunxing Paper Holdings Company Limited (the "**Company**") dated 31 March 2014 and 8 April 2014 respectively regarding (i) the appointment of interim receivers and managers (the "**Receivers**") of the Company and (ii) the reorganisation of Shandong Qunxing Paper Limited ("**Shandong QX**").

Pursuant to the continuing disclosure obligations under Rule 13.24A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, the Receivers herein provide an update on the work they have undertaken up to the date of this announcement since their appointment on 28 March 2014.

Summary

The focus of the Receivers' work has been to secure and preserve the assets of the Company and to investigate the affairs of the Company, including and in particular the restructuring of Shandong QX.

Operations in Hong Kong

On 11 June 2014, the Company vacated its premises at Kowloon Bay and changed its principal place of business to Level 22, The Center, 99 Queen's Road Central, Central, Hong Kong. An announcement dated 16 June 2014 was duly made in this regard.

Assets in Hong Kong

The Company's assets continue to be subject to the injunction prohibiting disposal of assets made by the Order of the High Court on 12 December 2013, which was varied by further Orders of the High Court dated 20 December 2013, 3 January 2014 and 23 January 2014.

The Receivers have notified the relevant banks and brokerage firms and have secured the balance of cash and investments accounts held by the Company.

Double Nation Limited

Double Nation Limited is a wholly owned subsidiary of the Company and the sole shareholder of Best Known Group Limited. Best Known Group Limited is the sole shareholder of Shandong QX.

On 1 April 2014, the Company resolved to remove all the existing directors of Double Nation Limited and appointed FTI Director Services Limited and FTI Director Services Number 2 Limited as its directors.

Operations in Shandong, PRC

Prior to the appointment of the Receivers, Shandong QX filed a reorganisation application to the Binzhou Intermediate People's Court ("**Binzhou Court**"). The application was accepted by the Binzhou Court on 21 February 2014.

According to the Receivers' communication with the Binzhou Court and PRC counsel, we understand that:

- The articles of association, board resolutions and recent financial statements of Shandong QX apparently disclosed that the entity was insolvent;
- The application for reorganisation stated that the alleged assets and liabilities of Shandong QX were RMB 4 billion and RMB 5 billion respectively. The alleged amounts are subject to further investigation; and
- Up to 20 legal proceedings had been initiated against Shandong QX in the PRC.

On 9 May 2014, a first meeting of creditors of Shandong QX was held at the Zouping County People's Court. The Receiver and his representative were prevented from entering into the meeting. The Receivers have not been provided with any further notice concerning the next steps in regards to the reorganisation process.

Pursuant to the relevant PRC laws, the PRC Administrators of Shandong QX are obliged to submit a draft revival plan to the Binzhou Court and to creditors for approval within 6 months of the order for reorganisation.

Any queries in respect of this announcement should be directed to the Receivers:

Mail: Level 22, The Center, 99 Queen's Road Central, Central, Hong Kong
Telephone: +852 3768 4500
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For and on behalf of
Qunxing Paper Holdings Company Limited
(Interim Receivers and Managers Appointed)
Roderick John Sutton, Fok Hei Yu and
John Howard Batchelor
Interim Receivers and Managers

Hong Kong, 17 September 2014

At the date of this announcement, the executive directors of the Company are Mr. GUO Guang Quan (Chairman) and Mr. Yang Li Quan and the independent non-executive director of the Company is Mr. GUO Liang Yong.

On 20 December 2013, the Securities and Futures Commission issued a direction under Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules, directing the Stock Exchange to suspend all dealings in the shares of the Company from 9:00 a.m. on 20 December 2013. Trading of the shares of the Company was previously suspended at the request of the Company on 30 March 2011. Trading will remain suspended until further notice.