

[For Immediate Release]



**Qunxing Paper Holdings Company Limited
Announced Strong 2008 Interim Results**

Turnover and Profit Growth of 31.8% and 76.2% Respectively

Financial Highlights

For the six months ended 30 June (RMB million)	2008	2007	Change
Turnover	683.4	518.6	+31.8%
Gross profit	172.7	130.7	+32.1%
Gross Profit margin	25.3%	25.2%	+0.1pp
Profit attributable to shareholders	190.1	107.9	+76.2%
Net profit margin	27.8%	20.8%	+7.0pp
Earnings per share - Basic (RMB cents)	18	14	+28.6%
Interim dividend (HK cents)	4.16 <i>(approximately RMB3.66 cents)</i>	-	N/A

(17 August 2008 – Hong Kong) Qunxing Paper Holdings Company Limited (“QX Paper” or the “Company”, HKEx stock code: 3868), the largest decorative base paper manufacturer in the PRC, is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “Group” or “QX Group”) for the six months ended 30 June 2008.

For the six months ended 30 June 2008, turnover of the Group increased by 31.8% to approximately RMB683.4 million, compared with RMB518.6 million for the corresponding period last year. The increase in turnover was mainly attributable to the combined effects of increase in both sales volumes and average selling prices of the Group’s decorative base paper products and printing paper product. In spite of the upsurge in the cost of raw materials during the period under review, the Group was able to maintain its gross profit margin at 25.3% as compared with 25.2% for the corresponding period last year. Profit attributable to shareholders increased by 76.2% to approximately RMB190.1 million as compared with RMB107.9 million for the corresponding period last year. Basic earnings per share amounted to RMB18 cents. The Board of QX Paper declared an interim dividend of HK4.16 cents (approximately RMB3.66 cents) per share.

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Dr. Zhu Yu Guo, Chairman of QX Paper, said, "Capitalising on the realignment of product mix by increasing the proportion of high margin premium decorative base paper products, the Group was able to overcome cost pressure brought about by rising energy prices and domestic inflation and maintained its gross profit margin at almost the same level as in the corresponding period last year."

"QX Group has developed and marketed more than 80 types of decorative base paper products to accommodate different market demands. Other than the applications in the furniture and the flooring of households, sport stadiums and production factories, our products also developed with wider applications including the interior decoration of motor vehicles, aircrafts and so on," Dr. Zhu added.

During the period under review, overall sales volumes of the Group increased approximately 13.1% from 54,087 tones to 61,197 tonnes, out of which sales volumes of decorative base paper products increased by approximately 18.8% from 34,897 tonnes to 41,474 tonnes and the average selling prices increased approximately 16.7% from RMB11,404 per tonne to RMB13,304 per tonne. Gross profit margin of decorative base paper products was steady at 27.0%, as compared with 27.2% for the corresponding period last year.

To strengthen its leading position in the PRC's decorative base paper market and to enhance its competitiveness, QX Group has invested and operates seven highly automated Production lines, nos. 1 to 7, with an aggregate designed annual production capacity of approximately 200,000 tonnes, comprising approximately 150,000 tonnes of decorative base paper products and approximately 50,000 tonnes of printing paper product. To cope with the rapid growth of domestic market demand for decorative base paper products, Production lines nos. 8 and 9 are currently under construction and are expected to be completed by late 2008. Besides, construction of Production lines nos. 10 and 11 are expected to commence by August 2008 and to be completed by early 2009. The designed annual production capacity of each of the four production lines is 30,000 tonnes.

The Group also planned to construct two more Production lines nos. 12 to 13. The designed annual production capacity of each of the two new production lines amounts to 30,000 tonnes. The new production facilities will further expand the Group's total production capacity and contribute to the growth of the Group's turnover.

Dr. Zhu concluded, "We are confident in maintaining a stable growth in the second half of 2008. In order to capture the market potential, the Group plans to expand the production capacity, widen products applications, refine the production technologies and processes, as well as enhance its proprietary R&D capabilities. The Group will also consider any potential merger and acquisition ("M&A") opportunities to further expand our operation scale and to guarantee the best interest of our shareholders.

We strongly believed that with our quality products with wide applications, our excellent core technical competencies and a significantly lower cost base, the Group will be able to reinforce the market position of our products. The Group is committed to becoming a leading manufacturer of decorative base paper products in the region, and ultimately, generating lucrative returns to our shareholders.”

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About QX Paper

QX Paper (HKEx stock code: 3868), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, is the largest decorative base paper manufacturer in the PRC, specializing in the production of decorative base paper products and printing paper product.

For further information, please visit QX Paper’s website: <http://www.qxpaper.com>.

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