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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)

**OPEN OFFER OF 528,797,150 OFFER SHARES TO
QUALIFYING SHAREHOLDERS ON THE BASIS OF
ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES
HELD ON RECORD DATE**

Financial adviser to the Company



KINGSTON CORPORATE FINANCE LIMITED

Underwriter to the Open Offer



KINGSTON SECURITIES LIMITED

THE OPEN OFFER

The Company proposes to raise approximately HK\$349.01 million (before expenses) by launching an Open Offer of 528,797,150 Offer Shares at the Subscription Price of HK\$0.66 per Offer Share on the basis of one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date and payable in full on application. No excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders in accordance with their proportional allocation will be underwritten by the Underwriter.

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders, if any. To qualify for the Open Offer, all transfer of Shares must be lodged for registration with the Registrar by 4:30 p.m. on Monday, 13 December 2010. The register of members of the Company will be closed from Tuesday, 14 December 2010 to Thursday, 16 December 2010, both dates inclusive, to determine the eligibility and entitlements to the Open Offer.

The Open Offer is fully underwritten.

UNDERTAKING BY CONTROLLING SHAREHOLDER OF THE COMPANY

As of the date of this announcement, Boom Instant is directly interested in an aggregate of 716,804,812 Shares, representing approximately 67.78% of the existing issued share capital of the Company, and is the controlling shareholder of the Company. Boom Instant has given the Undertaking in favour of the Company and the Underwriter, among other things, that (i) it will subscribe for or procure subscriptions by its associates or nominees for the 358,402,406 Offer Shares to which it or its nominees will be entitled to pursuant to the terms of the Open Offer; (ii) the Shares comprising it and its nominees' shareholdings will remain registered in its name and/or the names of its nominees on the Record Date as they are on the date of the Undertaking; and (iii) it will procure that the applications in respect of the 358,402,406 Offer Shares comprising it and its nominees' entitlements under the Open Offer will be lodged with the Registrar, with payment in accordance with the terms of the Prospectus Documents on or before the Latest Time for Acceptance.

REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

The aggregate gross and net proceeds from the Open Offer is estimated to be approximately HK\$349.01 million and approximately HK\$344.90 million respectively. The Company intends to utilise the net proceeds from the Open Offer for the general working capital of the Group.

The Open Offer will allow the Company to increase its capital base and offer the Qualifying Shareholders an equal opportunity to participate in the long-term development of the Company and to maintain their proportionate interests in the Company. The Directors thus consider that the Open Offer will facilitate the long-term growth of the Company and is in the interests of the Group and the Shareholders as a whole.

GENERAL

The Prospectus Documents setting out the details of the Open Offer will be despatched to the Qualifying Shareholders on the Prospectus Posting Date and the Prospectus will be despatched to the Excluded Shareholders, if any, for information only on the same day.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon, inter alia, the fulfilment of the conditions set out under the section headed “Conditions of the Open Offer” of this announcement and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” of this announcement). Accordingly, the Open Offer may or may not proceed.

The Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their positions, they should consult their professional advisers.

The Shareholders should note that, based on the expected timetable as contained in this announcement, the Shares will be dealt in on an ex-entitlement basis commencing from Friday, 10 December 2010 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Thursday, 6 January 2011), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

THE OPEN OFFER

The Board announces that the Company will launch the Open Offer on the terms set out below:

Issue statistics

Basis of the Open Offer	: One Offer Share for every two existing Shares held on the Record Date
Number of Shares in issue as at the date of this announcement	: 1,057,594,300 Shares
Number of Offer Shares	: 528,797,150 Offer Shares
Nominal value of Offer Shares	: HK\$52,879,715
Subscription Price	: HK\$0.66 per Offer Share, payable in full upon application
Number of Shares in issue as enlarged upon completion of the Open Offer	: 1,586,391,450 Shares

As at the date of this announcement, the Company has no outstanding options, warrants, convertible notes or convertible securities.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be the Excluded Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant Share certificates) for registration with the Registrar by 4:30 p.m. on Monday, 13 December 2010.

If, at the close of business on the Record Date, any Shareholder whose address as shown on the register of members of the Company is in a place outside Hong Kong, such Shareholder(s) may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will, if necessary, make enquiries to its legal advisers regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Excluded Shareholders. The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus.

The Company shall, on or before the Prospectus Posting Date, post the Prospectus marked “**For Information only**” and a letter in agreed form explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer, without the Application Forms to the Excluded Shareholders.

The Offer Shares to which the Excluded Shareholders would have been entitled will be underwritten by the Underwriter.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 14 December 2010 to Thursday, 16 December 2010, both dates inclusive, to determine the eligibility and entitlements to the Open Offer. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price is HK\$0.66 per Offer Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 80.30% to the closing price of HK\$3.35 per Share as quoted on the Stock Exchange for the Last Trading Day;
- (ii) a discount of approximately 80.12% to the average closing price of HK\$3.32 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 80.24% to the average closing price of HK\$3.34 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 75.46% to the audited consolidated net asset value per Share of approximately RMB2.32 (equivalent to approximately HK\$2.69) as at 31 December 2009 (based on 1,057,594,300 Shares in issue as at the Last Trading Day).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares and the current market conditions. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its shareholding in the Company on the Record Date. The Directors consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Offer Share upon full acceptance of the Offer Shares will be approximately HK\$0.65.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

The Offer Shares have a nominal amount of HK\$52,879,715.00 and a market value of approximately HK\$1,771,470,000 based on the closing price of HK\$3.35 per Share as quoted on the Stock Exchange for the Last Trading Day.

Fractions of the Offer Shares

Entitlement to the Offer Shares will be rounded down to the nearest whole number. No fractional entitlements to the Offer Shares will be allotted to the Qualifying Shareholders. All such fractional entitlements will be aggregated and shall be taken up by the Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

Share certificates of the Offer Shares

Subject to fulfilment of the conditions of the Open Offer as set out in the section headed “Conditions of the Open Offer” of this announcement and save as otherwise provided in the Underwriting Agreement, share certificates for fully-paid Offer Shares are expected to be posted on or before Monday, 10 January 2011 to all the Qualifying Shareholders by ordinary post at their own risk.

No application for excess Offer Shares

There is no arrangement for application of Offer Shares by the Qualifying Shareholders in excess of their entitlements. Under the Open Offer, there will not be trading in nil-paid allotment of Offer Shares. Any Offer Shares not taken up by the Qualifying Shareholders and Offer Shares to which the Excluded Shareholders would otherwise have been entitled to under the Open Offer will be taken up by the Underwriter or subscribers procured by the Underwriter.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, Offer Shares. Dealings in Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

UNDERWRITING AGREEMENT

The Underwriting Agreement

Date	:	5 November 2010 (after trading hours)
Underwriter	:	Kingston Securities
Total number of Offer Shares being underwritten by the Underwriter	:	The Underwriter has agreed to fully underwrite a maximum of 170,394,744 Underwritten Shares
Commission	:	2.5% of the aggregate Subscription Price in respect of the number of Underwritten Shares

As at the date of this announcement, the Underwriter is interested in one Share. To the best of the Directors’ knowledge and information, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure to subscribe for the Underwritten Shares which have not been taken up, the maximum number of which is 170,394,744 Shares. The Directors are of the opinion that the terms of the Underwriting Agreement and the amount of commission payable to the Underwriter are fair and reasonable after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rates.

Undertaking by controlling shareholder of the Company

As of the date of this announcement, Boom Instant is directly interested in an aggregate of 716,804,812 Shares, representing approximately 67.78% of the existing issued share capital of the Company, and is the controlling shareholder of the Company. Boom Instant has given an irrevocable deed of undertaking (the "**Undertaking**") in favour of the Company and the Underwriter, among other things, that (i) it will subscribe for or procure subscriptions by its associates or nominees for the 358,402,406 Offer Shares to which it or its nominees will be entitled to pursuant to the terms of the Open Offer; (ii) the Shares comprising it and its nominees' shareholdings will remain registered in its name and/or the names of its nominees on the Record Date as they are on the date of the Undertaking; and (iii) it will procure that the applications in respect of the 358,402,406 Offer Shares comprising it and its nominees' entitlements under the Open Offer will be lodged with the Registrar, with payment in accordance with the terms of the Prospectus Documents on or before the Latest Time for Acceptance.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (1) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Offer Shares (in their fully-paid forms) by no later than the first day of their dealings;
- (2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date; and
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date; and
- (4) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (5) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and

(6) compliance with and performance by Boom Instant of all its obligations and undertakings under the Undertaking.

The Company is not entitled to waive any of the conditions above. The Underwriter may waive the condition (5) set out above in whole or in part by written notice to the Company.

If the conditions above are not satisfied and/or waived (to the extent such condition is capable of being waived) in whole or in part by the Underwriter by the Latest Time for Termination or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breach.

The Open Offer is not subject to the Shareholders' approval under the Listing Rules.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement, if, prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (f) any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer.

The Underwriter shall also be entitled by a notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) shall terminate forthwith and the Open Offer will not proceed.

EXPECTED TIMETABLE OF THE OPEN OFFER

Below sets out the expected timetable in relation to the Open Offer:

2010

Last day of dealing in Shares on a cum-entitlements basis 9 December, Thursday

First day of dealing in Shares on an ex-entitlement basis. 10 December, Friday

Latest time for lodging transfer of
Shares in order to qualify for the Open Offer 4:30 p.m. on
13 December, Monday

Register of members of the Company closes
(both dates inclusive) 14 December, Tuesday to
16 December, Thursday

Record Date 16 December, Thursday

Register of members of the Company re-opens 17 December, Friday

Despatch of the Prospectus Documents. 17 December, Friday

2011

Latest Time for Acceptance of
and payment for Offer Shares 4:00 p.m. on
4 January, Tuesday

Latest time for the Open Offer to become unconditional. 4:00 p.m. on
6 January, Thursday

Announcement of results of acceptance of the Open Offer 10 January, Monday

Despatch of share certificates for Offer Shares on or before 10 January, Monday

Commencement of dealings in Offer Shares 12 January, Wednesday

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the above timetable are indicative only and may be extended or varied by agreement between the Company and the Underwriter. Any changes to the above timetable will be announced as appropriate.

REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

The Company is principally engaged in manufacturing and trading of decorative base paper products and printing paper product.

The aggregate gross and net proceeds from the Open Offer is estimated to be approximately HK\$349.01 million and approximately HK\$344.90 million respectively. The Company intends to utilise the net proceeds from the Open Offer for the general working capital of the Group.

The Open Offer will allow the Company to increase its capital base and offer the Qualifying Shareholders an equal opportunity to participate in the long-term development of the Company and to maintain their proportionate interests in the Company. The Directors thus consider that the Open Offer will facilitate the long-term growth of the Company and is in the interests of the Group and the Shareholders as a whole.

The terms of the Open Offer were concluded after arm's length negotiations between the Company and the Underwriter and are on general commercial terms, the Directors, including the independent non-executive Directors, consider such terms are fair and reasonable under the current market conditions.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the Company's shareholding structure as at the date of this announcement and upon completion of the Open Offer:

	As at the date of this announcement		Immediately after completion of the Open Offer (assuming all the Qualifying Shareholders take up their respective entitlements under the Open Offer)		Immediately after the completion of the Open Offer (assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer, except for Boom Instant) (Note 2)	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Boom Instant (Note 1)	716,804,812	67.78	1,075,207,218	67.78	1,075,207,218	67.78
Underwriter	1	0.00	1	0.00	170,394,745	10.74
Other public Shareholders	340,789,487	32.22	511,184,231	32.22	340,789,487	21.48
Total	<u>1,057,594,300</u>	<u>100.00</u>	<u>1,586,391,450</u>	<u>100.00</u>	<u>1,586,391,450</u>	<u>100.00</u>

Notes:

1. All these shares were beneficially owned by Boom Instant. By virtue of its 80% shareholding interest in Boom Instant, Addinsight Limited was deemed to be interested in all the shares held by Boom Instant under the SFO. Dr. Zhu Yu Guo, Mr. Zhu Mo Qun and Ms. Sun Rui Fang, the Directors, are the directors of both Boom Instant and Addinsight Limited.
2. The Company will ensure that the number of Shares held by the public Shareholders will remain more than 25% in compliance with Rule 8.08 of the Listing Rules upon completion of the Open Offer.

The Shareholders and potential investors of the Company should note that the above table is for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Open Offer are subject to various factors, including the results of acceptance of the Open Offer.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST TWELVE MONTHS

The Company did not have any fund raising activities during the past twelve months immediately before the date of this announcement.

GENERAL

The Prospectus Documents setting out the details of the Open Offer will be despatched to the Qualifying Shareholders on the Prospectus Posting Date and the Prospectus together with a letter explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer, will be despatched to the Excluded Shareholders for information only on the same day.

WARNING OF THE RISK OF DEALING IN THE SHARES

Shareholders and potential investors of the Company should note that the Open Offer is conditional upon, inter alia, the fulfilment of the conditions set out under the section headed “Conditions of the Open Offer” of this announcement and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” of this announcement). Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their positions, they should consult their professional advisers.

Shareholders should note that, based on the expected timetable as contained in this announcement, the Shares will be dealt in on an ex-entitlement basis commencing from Friday, 10 December 2010 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Thursday, 6 January 2011), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

DEFINITIONS

In this announcement, the following terms shall have the following meanings unless the context requires otherwise.

“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares which shall be in the form as agreed by the Company and the Underwriter;
“associate(s)”	has the meaning given to it under the Listing Rules;
“Board”	the board of Directors;
“Boom Instant”	Boom Instant Limited, a company incorporated in the British Virgin Islands with limited liability, and the controlling shareholder of the Company;
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business;
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong);
“Company”	Qunxing Paper Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Directors”	the directors of the Company;
“Excluded Shareholders”	the Overseas Shareholders to whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Offer Shares on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place;
“Excluded Shares”	358,402,406 Offer Shares to be taken up by Boom Instant pursuant to the terms and conditions of the Underwriting Agreement;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Last Trading Day”	5 November 2010, the last full trading day of the Shares on the Stock Exchange prior to the release of this announcement;
“Latest Time for Acceptance”	4:00 p.m. on 4 January 2011 or such later date as the Company and the Underwriter may agree, being the latest time for acceptance of the offer of Offer Shares and if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 12:00 noon and 4:00 p.m.;
“Latest Time for Termination”	4:00 p.m. on the second Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement;
“Listing Committee”	has the meaning ascribed to it in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offer Share(s)”	528,797,150 new Share(s) to be allotted and issued under the Open Offer;
“Open Offer”	the proposed issue of the Offer Shares by way of open offer at the Subscription Price of HK\$0.66 per Offer Share on the basis of one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date on the terms and conditions summarised herein and more particularly described in the Prospectus Documents;
“Overseas Shareholders”	the Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China and for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

“Prospectus”	the prospectus to be issued by the Company on the Prospectus Posting Date in respect of the Open Offer;
“Prospectus Documents”	the Prospectus and the Application Forms;
“Prospectus Posting Date”	17 December 2010 or such later date to be mutually agreed between the Underwriter and the Company for the despatch of the Prospectus Documents;
“Qualifying Shareholders”	the Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date;
“Record Date”	16 December 2010, the date by reference to which entitlements to the Open Offer will be determined;
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Investor Services Limited of 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	the holders(s) of the Shares;
“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$0.66 per Offer Share;
“Underwriter” or “Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the SFO;

“Underwriting Agreement”	an underwriting agreement dated 5 November 2010 entered into between the Company and the Underwriter in respect of the Open Offer;
“Underwritten Shares”	all the Offer Shares other than the Excluded Shares, being 170,394,744 Offer Shares; and
“%”	per cent.

By Order of the Board
Sophie W.Y. LAM
Company Secretary

Hong Kong, 5 November 2010

For illustration purposes, translation of RMB into HK\$ in this announcement is at the rate of RMB1.00 to HK\$1.146.

As at the date of this announcement, the executive Directors are Dr. ZHU Yu Guo (Chairman), Mr. ZHU Mo Qun (Vice-chairman), Mr. SUN Zhen Shui, the non-executive Director is Ms. SUN Rui Fang and the independent non-executive Directors are Messrs. ZHAO Wei, WANG Lu and KWONG Kwan Tong.