

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INDEPENDENT REVIEW AND INVESTIGATION REPORT

INDEPENDENT REVIEW AND INVESTIGATION REPORT

The Investigation Report from ZHONGLEI was issued to the Audit Committee on 22 July 2011. The Audit Committee and the Board have reviewed the Investigation Report and assessed, in respect of the Audit Issues, the findings of the Investigation Report on the affairs and operations of the Group and the state of conditions and reliability of its accounting books and records. The Audit Committee and the Board have also reviewed the issues of the Group's internal control as stated in ZHONGLEI's Internal Control Report dated 11 July 2011. The Audit Committee and the Board confirmed that (1) the scope of work carried out by ZHONGLEI was sufficient and appropriate to address the Audit Issues; (2) there are no material negative implications on the financial and trading position of the Group identified; and (3) the Audit Issues have been clarified following the assessment of the findings of the Investigation Report. The Board and the Audit Committee concluded that, through the taking of necessary actions by the Group in response to the recommendations made by ZHONGLEI as set out in the Internal Control Report to their satisfaction, the Group has proper internal control system and corporate governance mechanism in place to discharge its obligations under the Listing Rules and that there are no significant areas of concerns which may adversely affect the interests of the Company and its shareholders as a whole. The Group will make continuous efforts to reinforce its internal control system whilst the Directors will closely monitor the Group's internal control system for sustained improvement.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:00 a.m. on 30 March 2011 and shall remain suspended until further notice.

INDEPENDENT REVIEW AND INVESTIGATION REPORT

References are made to the announcement of the Company dated 19 April 2011 in relation to the appointment of ZHONGLEI Risk Advisory Services Limited ("ZHONGLEI") as the independent professional advisor of the Company for performing the Independent Review and Investigation and Independent Internal Control Reviews and the announcement of the Company dated 11 July 2011 regarding the internal control review and follow-up review report (the "Internal Control Report") of even date from ZHONGLEI (collectively the "Announcements"). Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

An independent review and investigation report (the “**Investigation Report**”) from ZHONGLEI was issued to the Audit Committee on 22 July 2011. The Audit Committee and the Board have reviewed the Investigation Report and assessed, in respect of the Audit Issues, the findings of the Investigation Report on the affairs and operations of the Group and the state of conditions and reliability of its accounting books and records. The Audit Committee and the Board have also reviewed the issues of the Group’s internal control as stated in the Internal Control Report. The Audit Committee and the Board confirmed that 1) the scope of work carried out by ZHONGLEI was sufficient and appropriate to address the Audit Issues; 2) there are no material negative implications on the financial and trading position of the Group identified; and 3) the Audit Issues have been clarified following the assessment of the findings of the Investigation Report. The Board and the Audit Committee concluded that, through the taking of necessary actions in response to the recommendations made by ZHONGLEI as set out in the Internal Control Report to their satisfaction, the Group has proper internal control system and corporate governance mechanism in place to discharge its obligations under the Listing Rules and that there are no significant areas of concerns which may adversely affect the interests of the Company and its shareholders as a whole. The Group will make continuous efforts to reinforce its internal control system whilst the Directors will closely monitor the Group’s internal control system for sustained improvement.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:00 a.m. on 30 March 2011 and shall remain suspended until further notice.

By Order of the Board
ZHU Yu Guo
Chairman

Shandong, the PRC, 22 July 2011

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