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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)

CLARIFICATION AND FURTHER INDEPENDENT REVIEW AND INVESTIGATION REPORT — FURTHER DETAILS AND UPDATE OF PROGRESS

CLARIFICATION

The Board noted that inadvertent typographical errors were contained in the Announcement (as defined below) and wishes to make clarification as set out below.

KEY FINDINGS AND OBSERVATIONS OF THE FURTHER INVESTIGATION

Further details of the Further Investigation are set out below.

GENERAL

At the meeting of the Audit Committee held on 22 November 2012, the representative of JLA Asia confirmed to the Audit Committee that in the course of the Further Investigation, JLA Asia did not find any evidence of falsification of Qunxing's books and records or misappropriation of Qunxing's assets as evidenced by an extract of the Minutes of that meeting certified by both the chairman of the Audit Committee and the director of JLA Asia. The Company has also submitted the aforesaid certified extract of the Minutes to the Stock Exchange in July 2013.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company was suspended since 30 March 2011 and will remain suspended until further notice. The Company will continue its efforts to resume trading in its securities.

The Company refers to its announcements relating to the internal control review and follow-up review report and independent review and investigation report from Zhonglei dated 11 July 2011 and 22 July 2011 and its announcements relating to the progress of further independent review and investigation report from JLA Asia dated 2 November 2011, 24 October 2012, 30 January 2013, 1 March 2013, 22 April 2013 and 17 July 2013. Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the announcement (the "**Announcement**") of the Company dated 17 July 2013.

CLARIFICATION

The Board noted that inadvertent typographical errors were contained in the respective figures set out on the first and second lines in the second paragraph under the heading “Independent visits and meetings arranged by Qunxing” in both Chinese and English versions of the Announcement. The Board wishes to clarify that the correct numbers are “11” and “8” respectively.

KEY FINDINGS AND OBSERVATIONS OF THE FURTHER INVESTIGATION

As disclosed in the Announcement, during the Further Investigation, JLA Asia conducted independent visits to the 19 Identified Customers and Identified Suppliers to verify their existence and operations prior to their meeting with them.

Pursuant to the Report, JLA Asia noted that the signage of one of the Identified Customers (the “**Customer**”) had been removed and the security guard (the “**Security Guard**”) advised that he was not aware that the Customer was a tenant. However, according to the meeting notes acknowledged by a representative of the Customer (the “**Representative**”), the Representative has explained to JLA that: (1) the business of the Customer was not going well; and (2) the Security Guard may not have advised that the Customer is a tenant of the premises because debt collectors had turned up previously requesting settlement of their client’s outstanding debt.

Further, during JLA Asia’s meeting with the Customer, the Representative has provided the relevant tenancy agreement to JLA Asia for their review. Afterward, JLA Asia has sent two letters separately to the Customer’s principal place of business and meeting place and has received the reply sent from the Customer’s principal place of business.

Management’s response:

It is conceivable that JLA Asia came across the above situation as the Company is aware that the Customer managed to evade debt collectors and thus was extremely alert in contacts with outsiders. The Company also considers that the aforesaid issue belongs to the internal matter of another company and such matter actually has nothing to do with the Group’s business.

Views of the Audit Committee:

Based on the written confirmations and relevant documents obtained by JLA Asia in the course of the Further Investigation, the Audit Committee considers that such evidence sufficiently substantiates the existence of the Customer.

GENERAL

At the meeting of the Audit Committee held on 22 November 2012, the representative of JLA Asia confirmed to the Audit Committee that in the course of the Further Investigation, JLA Asia did not find any evidence of falsification of Qunxing’s books and records or misappropriation of Qunxing’s assets as evidenced by an extract of the Minutes of that meeting certified by both the chairman of the Audit Committee and the director of JLA Asia. The Company has also submitted the aforesaid certified extract of the Minutes to the Stock Exchange in July 2013.

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By Order of the Board

ZHU Yu Guo

Chairman

Shandong, the PRC, 9 August 2013

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