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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)

## INSIDE INFORMATION

This announcement is made by Qunxing Paper Holdings Company Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

On 12 December 2013, the Securities and Futures Commission (the “**SFC**”) executed a search warrant at the Hong Kong office of the Company and seized certain property and documents, including but not limited to accounting records and corporate documents.

On the same day, the SFC obtained an injunction order from the High Court of the Hong Kong Special Administrative Region (the “**Court**”) prohibiting disposal of assets (the “**Frozen Assets**”) of the Company and its wholly-owned subsidiary, Best Known Group Limited (“**Best Known**”) in Hong Kong up to the value of HK\$1,968,000,000. The sum equal to the amount of funds raised by the Company through (i) its initial public offering in October 2007; (ii) its open offer of new shares in December 2010; and (iii) a warrant issue pursuant to a subscription agreement dated 14 January 2011 entered into between the Company and an independent third party (the “**Transactions**”).

Meanwhile, the SFC has commenced legal proceedings against the Company and Best Known alleging that, among other things, the Company had breached several provisions of the SFO. The SFC is also seeking orders under Section 213 of the SFO that, inter alia, (i) a proper person be appointed to recover, receive and administer the Frozen Assets; and (ii) the Court to direct the Company to make an offer to all its current public shareholders to repurchase their shares and to holders of its unlisted warrants to unwind the Transactions.

The Company has engaged a firm of solicitors in Hong Kong to provide legal advice and to act as its legal representative in the aforesaid legal proceedings.

Further announcement will be made by the Company as and when appropriate.

### 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 will remain suspended until further notice.

By Order of the Board  
**ZHU Yu Guo**  
Chairman

Shandong, the PRC, 13 December 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. WANG Lu, KWONG Kwan Tong and GUO Liang Yong.*