



Qunxing Paper Holdings Company Limited
群星紙業控股有限公司

(Interim Receivers and Managers Appointed)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3868)
(the "Company")

UPDATES ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

This announcement is made by Qunxing Paper Holdings Company Limited (the "Company") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The Company hereby updates the shareholders of the Company on the recent developments with respect to the suspension of trading in its ordinary shares ("Shares").

On 22 September 2017, the Company received a letter from The Stock Exchange of Hong Kong Limited ("Stock Exchange") by way of facsimile notifying the Company that the Stock Exchange is intended to exercise its power to cancel the listing of the Shares under the Listing Rules and proposes to publish an announcement on 6 October 2017 in this regard.

The Stock Exchange indicated that it has decided to commence procedures to cancel the Company's listing under Rule 6.01(4) on the ground that it is no longer suitable for listing.

The Stock Exchange indicated that it arrived at its decision having considered, among others, the following:

1. The audit issues and the findings of the Securities and Futures Commission resulting in its directed suspension of trading in the Company's shares (as announced in the Stock Exchange's notice dated 20 December 2013) and legal proceedings against the Company (as announced on 13 December 2013) (the "SFC Findings") give rise to serious issues about the accuracy and credibility of the Company's financial statements or records in material respect; management integrity; and lack of a sound system of internal controls over its financial, operations and compliance matters to safeguard its assets and protect shareholders' interests. The Company's current management has been unable (and does not appear to be taking steps) to resolve these issues despite a prolonged period of suspension.

2. The Company's continuing failure to comply with its financial reporting obligations under the Listing Rules deprives shareholders and investors of financial information to appraise the position of the Company. To date, the Company has not published its 2013 annual results and subsequent annual and interim results.
3. The continuation of trading suspension for a prolonged period due to the Company's failure to resolve the audit issues and the SFC Findings and publish its outstanding financial statements denies reasonable access to the market and prevents it proper functioning. This deprives shareholders from trading their shares and/or realizing their investment in the market.
4. The Company has ceased to have sufficient operations or assets as required under Rule 13.24 to warrant its continued listing.

The Stock Exchange required the Company to remedy those matters which have rendered it unsuitable for listing within a period of 1 month from 6 October 2017, i.e. by 5 November 2017. Should the Company fail to do so, the Stock Exchange may proceed with cancelling the Company's listing.

Further announcement will be made by the Company to update shareholders of the Company and the investing public on the development of trading in the Shares as and when required pursuant to the requirement of the Listing Rules.

For and on behalf of
Qunxing Paper Holdings Company Limited
(Interim Receivers and Managers Appointed)
Roderick John Sutton, Fok Hei Yu and
John Howard Batchelor
Interim Receivers and Managers

Hong Kong, 27 September 2017

At the date of this announcement, the executive directors of the Company are Mr. GUO Guang Quan (Chairman) and Mr. Yang Li Quan and the independent non-executive director of the Company is Mr. GUO Liang Yong.

On 20 December 2013, the Securities and Futures Commission issued a direction under Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules, directing the Stock Exchange to suspend all dealings in the shares of the Company from 9:00 a.m. on 20 December 2013. Trading of the shares of the Company was previously suspended at the request of the Company on 30 March 2011. Trading will remain suspended until further notice.