

香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

ANNOUNCEMENT

In relation to the matter of
Qunxing Paper Holdings Company Limited
(Stock Code: 3868)

Commencement of cancellation procedures

The Stock Exchange of Hong Kong Limited (the "Exchange") is minded to exercise its power to cancel the listing of the shares of Qunxing Paper Holdings Company Limited (the "Company") under the Listing Rules.

In this regard, the Exchange requires that the Company must have remedied those matters which have rendered it unsuitable for listing by 6 November 2017. Should the Company fail to do so, the Exchange may proceed with cancelling the Company's listing.

Trading of the Company's shares was suspended on 30 March 2011 pending release of an announcement clarifying the basis of a disclaimer of opinion given by its then auditors on its annual results for the year ended 31 December 2010. The 2010 annual results announcement disclosed that the Company's then auditors identified (i) inconsistencies between the Company's accounting records of transactions and balances with certain customers and suppliers and independently obtained information; and (ii) discrepancies indicating that documents contained in the Company's accounting records relating to some of the Company's bank transactions may not be authentic or otherwise reliable.

The Exchange has decided to commence procedures to cancel the Company's listing under Rule 6.01(4) on the ground it is no longer suitable for listing. The Exchange 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 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 respects; management integrity; and the 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

- (2) The Company's continuing failure to comply with its financial reporting obligations under the 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 its proper functioning. This deprives shareholders from trading their shares and/or realizing their investments 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.

TAKE NOTICE that pursuant to Rule 6.10, the Exchange requires the Company to remedy those matters which have rendered it unsuitable for listing within one month from today, that is, by 6 November 2017. Should the Company fail to do so, the Exchange may proceed with cancelling the Company's listing. The Exchange will make a further announcement for cancellation of the listing, if appropriate, in due course.

Hong Kong, 6 October 2017