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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Qunxing Paper Holdings Company Limited, you should at once hand the Prospectus Documents (as defined herein) to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee. This Prospectus appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC (as defined herein) for deposit, clearance and settlement in CCASS (as defined herein) with effect from the commencement date of dealings in the Offer Shares or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. You should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance. The Registrar of Companies in Hong Kong and the Securities and Futures Commission in Hong Kong take no responsibility as to the contents of any document referred to above.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this Prospectus, 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 Prospectus.

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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)**

## OPEN OFFER OF 528,797,150 OFFER SHARES TO QUALIFYING SHAREHOLDERS ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON RECORD DATE

Financial adviser to the Company



**KINGSTON CORPORATE FINANCE LTD.**

Underwriter to the Open Offer



**KINGSTON SECURITIES LTD.**

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The Latest Time for Acceptance of and payment for the Offer Shares is 4:00 p.m. on Tuesday, 4 January 2011. The procedures for application and payment for the Offer Shares are set out on pages 11 to 12 of this Prospectus.

The Open Offer is conditional, inter alia, upon the fulfilment of the conditions set out under the section headed "Conditions of the Open Offer" on pages 13 to 14 of this Prospectus. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as more particularly described in the section headed "Termination of the Underwriting Agreement" on pages 5 to 6 of this Prospectus. If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Friday, 10 December 2010 and that dealings in the Shares may take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Thursday, 6 January 2011) will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing the Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

17 December 2010

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## EXPECTED TIMETABLE

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Further to the Announcement, set out below is an indicative timetable for the implementation of the Open Offer.

2011

Latest Time for Acceptance of and payment for Offer Shares . . . . .	4:00 p.m. on 4 January, Tuesday
Latest time for the Open Offer to become unconditional . . . . .	4:00 p.m. on 6 January, Thursday
Announcement of results of acceptance of the Open Offer to be published on the Stock Exchange's website . . . . .	10 January, Monday
Despatch of share certificates for Offer Shares on or before . . . . .	10 January, Monday
Commencement of dealings in Offer Shares . . . . .	12 January, Wednesday

### EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR THE OFFER SHARES

All times in this Prospectus refer to Hong Kong times. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Tuesday, 4 January 2011:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 12:00 noon and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected. An announcement will be published by the Company in such event as soon as possible.

Dates or deadlines stated in this Prospectus for events in the timetable are indicative only and may be extended or varied between the Company and the Underwriter. Any changes to the anticipated timetable for the Open Offer will be announced as and when appropriate.

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## DEFINITIONS

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*In this Prospectus, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“Announcement”	the announcement of the Company dated 5 November 2010 in relation to the Open Offer
“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Boom Instant”	Boom Instant Limited, a company incorporated in the British Virgin Islands with limited liability, and the controlling shareholder of the Company
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“Company”	Qunxing Paper Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Excluded Shareholders”	the Overseas Shareholders to whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Offer Shares on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place

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## DEFINITIONS

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“Excluded Shares”	358,402,406 Offer Shares to be taken up by Boom Instant pursuant to the terms and conditions of the Underwriting Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	5 November 2010, the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
“Latest Practicable Date”	10 December 2010, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on 4 January 2011 or such later date as the Company and the Underwriter may agree, being the latest time for acceptance of and payment of the offer of Offer Shares and if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to the next business day which does not have either of those warnings in force in Hong Kong at any time between 12:00 noon and 4:00 p.m.
“Latest Time for Termination”	4:00 p.m. on the second Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Offer Share(s)”	528,797,150 new Shares to be allotted and issued under the Open Offer

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## DEFINITIONS

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“Open Offer”	the proposed issue of the Offer Shares by way of open offer at the Subscription Price of HK\$0.66 per Offer Share on the basis of one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date
“Overseas Shareholders”	the Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China, and for the purpose of this Prospectus, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this document issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	17 December 2010 or such later date to be mutually agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Excluded Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	16 December 2010, the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Investor Services Limited of 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shandong QX”	Shandong Qunxing Paper Limited* (山東群星紙業有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

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## DEFINITIONS

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“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.66 per Offer Share
“subsidiaries”	has the meaning ascribed to it in the Companies Ordinance
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertaking”	the irrevocable deed of undertaking given by Boom Instant in favour of the Company and the Underwriter on the terms and conditions of the Underwriting Agreement
“Underwriter” or “Kingston Securities”	Kingston Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activity
“Underwriting Agreement”	the underwriting agreement dated 5 November 2010 entered into between the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	all the Offer Shares other than the Excluded Shares, being 170,394,744 Offer Shares
“%”	per cent.

*For illustration purposes, amounts in RMB in this Prospectus have been translated into HK\$ at RMB1.00 = HK\$1.16.*

\* *for identification purpose only*

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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### TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement, if, prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
  - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - (f) any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or



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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (3) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer.

The Underwriter shall also be entitled by a notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) shall terminate forthwith and the Open Offer will not proceed.

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Dr. ZHU Yu Guo (*Chairman*)  
Mr. ZHU Mo Qun (*Vice-chairman*)  
Mr. SUN Zhen Shui

*Non-executive Director:*

Ms. SUN Rui Fang

*Independent non-executive*

*Directors:*

Mr. ZHAO Wei  
Mr. WANG Lu  
Mr. KWONG Kwan Tong

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Principal place of business*

*in Hong Kong:*

Suite 1901A, Exchange Tower  
33 Wang Chiu Road  
Kowloon Bay  
Hong Kong

17 December 2010

*To the Qualifying Shareholders and for information only, the Excluded Shareholders*

Dear Sir/Madam,

### **OPEN OFFER OF 528,797,150 OFFER SHARES TO QUALIFYING SHAREHOLDERS ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON RECORD DATE**

#### **INTRODUCTION**

It was announced on 5 November 2010 that the Board intended to raise approximately HK\$349.01 million (before expenses), by way of Open Offer, on the basis of one Offer Share for every two existing Shares held on the Record Date and payable in full upon application. The Open Offer involves an issue of 528,797,150 Offer Shares at the Subscription Price of HK\$0.66 per Offer Share. Based on the estimated net proceeds of HK\$344.82 million from the Open Offer, the net price per Offer Share upon full acceptance of the Offer Shares will be approximately HK\$0.65.

The Open Offer is only available to the Qualifying Shareholders. Boom Instant has undertaken to subscribe for 358,402,406 Offer Shares under its entitlement. The Open Offer is fully underwritten.

The purpose of this Prospectus is to provide you with, among others, further information in relation to the Open Offer, including information on dealings in and application for the Offer Shares, and financial and other information on the Group.

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## LETTER FROM THE BOARD

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### THE OPEN OFFER

#### Issue statistics

Basis of the Open Offer	:	One Offer Share for every two existing Shares held on the Record Date
Number of Shares in issue as at the Latest Practicable Date	:	1,057,594,300 Shares
Number of Offer Shares	:	528,797,150 Offer Shares
Nominal value of the Offer Shares	:	HK\$52,879,715.00
Subscription Price	:	HK\$0.66 per Offer Share, payable in full upon application
Number of Shares in issue as enlarged upon completion of the Open Offer	:	1,586,391,450 Shares

As at the Latest Practicable Date, the Company has no outstanding options, warrants, convertible notes or convertible securities.

#### Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be the Excluded Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must have lodged any transfer of the Shares (with the relevant Share certificates) for registration with the Registrar by 4:30 p.m. on Monday, 13 December 2010.

The Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong.

The Offer Shares to which the Excluded Shareholders would have been entitled will be underwritten by the Underwriter.

#### Closure of register of members

The register of members of the Company was closed from Tuesday, 14 December 2010 to Thursday, 16 December 2010, both dates inclusive, to determine the eligibility and entitlements to the Open Offer. No transfer of Shares was registered during this period.

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## LETTER FROM THE BOARD

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### Subscription price

The Subscription Price is HK\$0.66 per Offer Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 80.30% to the closing price of HK\$3.35 per Share as quoted on the Stock Exchange for the Last Trading Day;
- (ii) a discount of approximately 80.12% to the average closing price of HK\$3.32 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 80.24% to the average closing price of HK\$3.34 per Share for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 74.90% to the closing price of HK\$2.63 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a discount of approximately 75.46% to the audited consolidated net asset value per Share of approximately RMB2.32 (equivalent to approximately HK\$2.69) as at 31 December 2009 (based on 1,057,594,300 Shares in issue as at the Last Trading Day).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares and the current market conditions. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its shareholding in the Company on the Record Date. The Directors consider the Subscription Price is fair and reasonable and the Open Offer is in the interests of the Company and the Shareholders as a whole.

The net price per Offer Share upon full acceptance of the Offer Shares will be approximately HK\$0.65.

### Basis of allotments

One Offer Share for every two existing Shares held by a Qualifying Shareholder on the Record Date.

### Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

The Offer Shares have a nominal amount of HK\$52,879,715.00 and a market value of approximately HK\$1,771,470,000.00 based on the closing price of HK\$3.35 per Share as quoted on the Stock Exchange for the Last Trading Day.

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## LETTER FROM THE BOARD

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### **Fractions of the Offer Shares**

Entitlement to the Offer Shares will be rounded down to the nearest whole number. No fractional entitlements to the Offer Shares will be allotted to the Qualifying Shareholders. All such fractional entitlements will be aggregated and shall be taken up by the Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

### **Share certificates of the Offer Shares**

Subject to fulfilment of the conditions of the Open Offer as set out in the section headed "Conditions of the Open Offer" in this Prospectus and save as otherwise provided in the Underwriting Agreement, share certificates for fully-paid Offer Shares are expected to be posted on or before Monday, 10 January 2011 to all the Qualifying Shareholders by ordinary post at their own risk.

### **No application for excess Offer Shares**

There is no arrangement for application of Offer Shares by the Qualifying Shareholders in excess of their assured entitlements. Under the Open Offer, there will not be trading in nil-paid allotment of Offer Shares. Any Offer Shares not taken up by the Qualifying Shareholders and the Offer Shares to which the Excluded Shareholders would otherwise have been entitled to under the Open Offer will be taken up by the Underwriter or subscribers procured by the Underwriter.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of the HKSCC, the Offer Shares will be accepted as eligible securities by the HKSCC for deposit, clearance and settlement in the CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by the HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in the CCASS on the second trading day thereafter. All activities under the CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

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## LETTER FROM THE BOARD

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### PROCEDURES FOR APPLICATION AND PAYMENT

For each Qualifying Shareholder, an Application Form is enclosed with this Prospectus which entitles you to subscribe for the number of the Offer Shares shown therein.

If you wish to exercise your right to subscribe for all the Offer Shares in your assured allotment as specified in the Application Form, you must lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application, with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Tuesday, 4 January 2011 (or, under bad weather conditions, such later date and/or time as mentioned in the paragraph headed "Effect of bad weather on the Latest Time for Acceptance and payment for the Offer Shares" in this Prospectus). **All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "QUNXING PAPER HOLDINGS COMPANY LIMITED — OPEN OFFER" and crossed "ACCOUNT PAYEE ONLY".**

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Tuesday, 4 January 2011 (or, under bad weather conditions, such later date and/or time as mentioned in the paragraph headed "Effect of bad weather on the Latest Time for Acceptance and payment for the Offer Shares" in this Prospectus), the relevant assured allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and the relevant Offer Shares will be taken up by the Underwriter and/or subscribers procured by the Underwriter.

The Application Form contains full information regarding the procedures to be followed for application of the whole or part of your assured allotment.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgment of the Application Form together with a cheque or cashier's order in payment of the Offer Shares being applied for will constitute a warranty that the cheque or cashier's order will be honoured upon first presentation. Any Application Form in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the relevant assured allotment of Offer Shares and all rights thereunder will be deemed to have been declined and will be cancelled.

No action has been taken to permit the offering of the Offer Shares in any territory other than Hong Kong (save that copies of the Prospectus will be sent to the Excluded Shareholders, if any, for their information only). Subject to the paragraph headed "Qualifying Shareholders" above, no person receiving an Application Form for the Offer Shares in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Offer Shares, unless in the relevant territory such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements. Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for the Offer Shares to satisfy himself/herself/itself/themselves as to the observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith. No application for Offer Shares will be accepted from any person whose address is outside Hong Kong unless the

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## LETTER FROM THE BOARD

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Board is satisfied (in its absolute discretion) that such application would not involve a breach of any applicable laws or regulatory requirements or any need for compliance with any registration or other legal or regulatory requirements. The Company reserves the right to refuse to accept any application for the Offer Shares where it believes that in doing so would violate the applicable securities or other laws or regulations of the territory of residence of the applicant.

The Application Form is for use only by the Qualifying Shareholders and is not transferable. No receipt will be issued in respect of any application monies received. If the Underwriting Agreement does not become unconditional or the Underwriter exercises its right to rescind the Underwriting Agreement any time on or before 4:00 p.m. on Thursday, 6 January 2011, the Open Offer will not proceed and the monies received in respect of applications of the Offer Shares will be returned to the Qualifying Shareholders without interest, by means of cheques crossed "ACCOUNT PAYEE ONLY" to be despatched by ordinary post to their registered addresses and in the case of the joint Qualifying Shareholders, to the registered address of the Qualifying Shareholder whose name first appears on the register of members of the Company at their own risk as soon as practicable thereafter.

The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. None of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

### UNDERWRITING ARRANGEMENT

#### Underwriting Agreement

Date	:	5 November 2010 (after trading hours)
Underwriter	:	Kingston Securities
Total number of Offer Shares being underwritten by the Underwriter	:	The Underwriter has agreed to fully underwrite a maximum of 170,394,744 Underwritten Shares
Commission	:	2.5% of the aggregate Subscription Price in respect of the Underwritten Shares

As at the Latest Practicable Date, the Underwriter is interested in one Share. To the best of the Directors' knowledge and information, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons and are not acting in concert with any Shareholder.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure to subscribe for the Underwritten Shares which have not been taken up, the maximum number of which is 170,394,744 Shares. The Directors are of the opinion that the terms of the Underwriting Agreement and the amount of commission payable to the Underwriter are fair and reasonable after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rates.

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## LETTER FROM THE BOARD

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### **Undertaking by controlling shareholder of the Company**

As of the Latest Practicable Date, Boom Instant is directly interested in an aggregate of 716,804,812 Shares, representing approximately 67.78% of the existing issued share capital of the Company, and is the controlling shareholder of the Company. Boom Instant has given the Undertaking in favour of the Company and the Underwriter, among other things, that (i) it will subscribe for or procure subscriptions by its associates or nominees for the 358,402,406 Offer Shares to which it or its nominees will be entitled to pursuant to the terms of the Open Offer; (ii) the Shares comprising it and its nominees' shareholdings will remain registered in its name and/or the names of its nominees on the Record Date as they are on the date of the Undertaking; and (iii) it will procure that the applications in respect of the 358,402,406 Offer Shares comprising it and its nominees' entitlements under the Open Offer will be lodged with the Registrar, with payment in accordance with the terms of the Prospectus Documents on or before the Latest Time for Acceptance.

As at the Latest Practicable Date, other than the abovementioned undertakings, the Company had not procured any other undertaking and had not received any undertaking provided by any other Shareholders to subscribe for his entitlement under the Open Offer or any arrangement that may have an effect to the Open Offer.

### **Conditions of the Open Offer**

The Open Offer is conditional upon:

- (1) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Offer Shares (in their fully-paid forms) by no later than the first day of their dealings;
- (2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (4) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (5) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (6) compliance with and performance by Boom Instant of all its obligations and undertakings under the Undertaking.

The Company is not entitled to waive any of the conditions above. The Underwriter may waive the condition (5) set out above in whole or in part by written notice to the Company.



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## LETTER FROM THE BOARD

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If the conditions above are not satisfied and/or waived (to the extent such condition is capable of being waived) in whole or in part by the Underwriter by the Latest Time for Termination or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breach.

The Open Offer is not subject to the Shareholders' approval under the Listing Rules.

### **Termination of the Underwriting Agreement**

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement, if, prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
  - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - (f) any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or

## LETTER FROM THE BOARD

- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer.

The Underwriter shall also be entitled by a notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) shall terminate forthwith and the Open Offer will not proceed.

### EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer, assuming that (i) there is no change to the shareholding structure of the Company as at (a) the Latest Practicable Date; (b) the Record Date; and (c) immediately before completion of the Open Offer; and (ii) the Underwriter and/or subscribers procured by the Underwriter have taken up all the Offer Shares other than the 358,402,406 Offer Shares already committed by Boom Instant.

	As at the Latest Practicable Date		Immediately after completion of the Open Offer (assuming all the Qualifying Shareholders take up their respective entitlements under the Open Offer)		Immediately after the completion of the Open Offer (assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer, except for Boom Instant) (Note 2)	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Boom Instant (Note 1)	716,804,812	67.78	1,075,207,218	67.78	1,075,207,218	67.78
Underwriter	1	0.00	1	0.00	170,394,745	10.74
Other public Shareholders	340,789,487	32.22	511,184,231	32.22	340,789,487	21.48
<b>Total</b>	<b>1,057,594,300</b>	<b>100.00</b>	<b>1,586,391,450</b>	<b>100.00</b>	<b>1,586,391,450</b>	<b>100.00</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. All these shares were beneficially owned by Boom Instant. By virtue of its 80% shareholding interest in Boom Instant, Addinsight Limited was deemed to be interested in all the shares held by Boom Instant under the SFO. Dr. Zhu Yu Guo, Mr. Zhu Mo Qun and Ms. Sun Rui Fang, the Directors, are the directors of both Boom Instant and Addinsight Limited.
2. This scenario is for illustrative purpose only and will never occur. The Company will ensure that the number of Shares held by the public Shareholders will remain more than 25% in compliance with the Listing Rules upon completion of the Open Offer. Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers to subscribe for any of the Offer Shares which have not been taken up by Qualifying Shareholders in respect of their respective entitlements under the Open Offer (the "Untaken Shares"):
  - (a) the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 9.9% of the voting rights of the Company upon the completion of the Open Offer; and
  - (b) the Underwriter shall use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholders of the Company or their respective associates; and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Open Offer.

### REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

The Company is principally engaged in manufacturing and trading of decorative base paper products and printing paper product.

For the financial year ended 31 December 2009, the Group recorded an audited net profit of approximately HK\$324.09 million and the audited net assets of the Group as at 31 December 2009 were approximately HK\$2,452.31 million.

For the six months ended 30 June 2010, the Group recorded an unaudited net profit of approximately HK\$172.51 million and the unaudited net assets of the Group as at 30 June 2010 were approximately HK\$2,623.88 million.

The net proceeds of the Open Offer (after deduction of expenses of the Open Offer which is estimated to be about HK\$4.19 million, including legal fees, accountants' fees, underwriter's fees and printing costs, payable by the Company) are estimated to be approximately HK\$344.82 million. The Company intends to utilise the net proceeds from the Open Offer for the general working capital of the Group.

The Open Offer will allow the Company to increase its capital base and offer the Qualifying Shareholders an equal opportunity to participate in the long-term development of the Company and to maintain their proportionate interests in the Company. The Directors thus consider that the Open Offer will facilitate the long-term growth of the Company and is in the interests of the Group and the Shareholders as a whole.

The terms of the Open Offer were concluded after arm's length negotiations between the Company and the Underwriter and are on general commercial terms, the Directors, including the independent non-executive Directors, consider such terms are fair and reasonable under the current market conditions.

So far the Directors are aware, there is no restriction affecting the remittance of profit or repatriation of capital into Hong Kong from outside Hong Kong other than the PRC, which the Group is required to comply with the relevant PRC laws and regulations before the remittance of profit or repatriation of capital into Hong Kong.

The Company did not carry out any fund raising activities during the past twelve months immediately before the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### FUTURE PROSPECTS OF THE GROUP

In view of the global economic recovery and China's huge resurgence in growth, management of the Group will continue to develop its business in a prudent manner and closely monitor market changes. With the PRC government's strong emphasis on environmental protection and its continuous support for related industries, the management believes that the laminated board market in the PRC will continue to grow considerably. The Group will strive to steer steady development of our production and operations and to capture a higher market share.

Looking ahead, the management is confident that with the uniqueness of our decorative base paper products, strong research and development capability and healthy financial position, the Group will be able to further consolidate its leading position in the PRC's decorative base paper market, improve our profitability and capitalise on the growing demand for laminated board in China. In addition, we are actively looking for potential and suitable acquisition targets in the PRC's decorative base paper industry and related sectors that would create synergy to the Group's existing business and would also sharpen our competitive edge in order to maximise return for all the Shareholders in the long run.

### WARNING OF THE RISKS OF DEALING IN SHARES

Shareholders and potential investors of the Company should note that the Open Offer is conditional upon, inter alia, the fulfilment of the conditions set out under the section headed "Conditions of the Open Offer" and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" above). Accordingly, the Open Offer may or may not proceed.

Based on the expected timetable, the Shares have been dealt in on an ex-entitlement basis from Friday, 10 December 2010 and that dealing in the Shares take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Thursday, 6 January 2011), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information in respect of the Company set out in the appendices to this Prospectus.

By Order of the Board  
**Sophie W.Y. LAM**  
*Company Secretary*

**1. FINANCIAL INFORMATION**

The financial information of the Group for each of the three years ended 31 December 2007, 2008 and 2009 is disclosed in the annual reports of the Company for the years ended 31 December 2008 and 2009 respectively. The unaudited financial information of the Group for the six months ended 30 June 2009 and 2010 is disclosed in the interim report of the Company for the six months ended 30 June 2010. The aforementioned financial information of the Group is published on both the HKExnews website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.qxpaper.com](http://www.qxpaper.com)).

**2. INDEBTEDNESS**

As at the close of business on 31 October 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group did not have outstanding any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities except for the environmental contingencies set below.

**Contingent Liabilities**

As at 31 October 2010, the Group has not incurred any significant expenditure for environmental remediation and is currently not involved in any environmental remediation. As such, the Group has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that could have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved and may move further towards more rigorous enforcement of applicable laws and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination, (ii) the extent of required clean up efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present and could be material.

**3. WORKING CAPITAL**

The Directors are of the opinion that, in absence of unforeseeable circumstances and after taking into account the internal financial resources, the cash flows to be generated from the operating activities and the expected net proceeds from the Open Offer, the Group has sufficient working capital for its present requirements and for the period up to twelve months from the date of this Prospectus.

**4. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2009 (being the date to which the latest audited financial statements of the Group were made) up to and including the Latest Practicable Date.

## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

### I. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 30 June 2010.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Open Offer been completed as at 30 June 2010 or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the unaudited consolidated net tangible assets of the Group attributable to the Shareholders at 30 June 2010, as extracted from the interim report of the Company for the six months ended 30 June 2010 and adjusted to reflect the effect of the Open Offer.

Unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2010 <i>RMB'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Open Offer <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders <i>RMB'000</i>	Unaudited consolidated net tangible assets of the Group per Share attributable to the Shareholders		Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the Shareholders	
			<i>RMB</i> <i>(Note 3)</i>	<i>HK\$</i> <i>(Note 5)</i>	<i>RMB</i> <i>(Note 4)</i>	<i>HK\$</i> <i>(Note 5)</i>
2,623,875	296,758	2,920,633	2.48	2.88	1.84	2.14

*Notes:*

- The unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2010 is extracted from the published consolidated interim report of the Company for the six months ended 30 June 2010, and is based on unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2010 of approximately RMB2,624 million. The consolidated net tangible assets per Share as at 30 June 2010 was RMB2.48.
- The estimated net proceeds from the issue of the Offer Shares of approximately HK\$344,815,000 (equivalent to approximately RMB296,758,000) are based on 528,797,150 Offer Shares to be issued at the Subscription price of HK\$0.66 (on the basis of 1,057,594,300 Shares in issue as at the Record Date) per Offer Share and after deduction of estimated related expenses of HK\$4,191,000 (equivalent to approximately RMB3,607,000).
- The unaudited consolidated net tangible assets of the Group per Share attributable to the Shareholders is calculated based on the unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2010 of RMB2,623,875,000 and on the basis of 1,057,594,300 Shares in issue as at 30 June 2010.
- The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the Shareholders is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders of RMB2,920,633,000 and on the basis of 1,586,391,450 Shares in issue upon completion of the Open Offer, representing the 1,057,594,300 Shares in issue as at 30 June 2010 after adjusting for the effect of the 528,797,150 Offer Shares.

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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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5. The unaudited consolidated net tangible assets per Share and the unaudited pro forma adjusted consolidated net tangible asset per Share have been translated into Hong Kong dollars at an exchange rate of HK\$1.00 to RMB0.86063. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
6. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2010.



**II. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.*



8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

17 December 2010

The Directors  
Qunxing Paper Holdings Company Limited

Dear Sirs,

We report on the unaudited pro forma financial information ("the Pro Forma Financial Information") of Qunxing Paper Holdings Company Limited (the "Company") and its subsidiaries (the "Group") set out on page II-1 of Section I of Appendix II of the prospectus dated 17 December 2010 (the "Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the proposed open offer might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in the notes on pages II-1 and II-2 of Appendix II of the Prospectus.

**Responsibilities**

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29 (7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.



**Basis of opinion**

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (“HKSIR”) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and, accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2010 or any future date.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company’s shares, the application of those net proceeds, or whether such use will actually take place as described under the heading of “Reasons for the open offer and the use of proceeds” set out in Section of “Letter from the board” of the Prospectus.

**Opinion**

In our opinion:

- a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully

**KPMG**

*Certified Public Accountants*

Hong Kong

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

## 2. SHARE CAPITAL

The authorised share capital and the issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Open Offer will be as follows:

*Authorised:*

		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.10 each	<u>1,000,000,000.00</u>

*Issued and to be issued:*

1,057,594,300	Shares as at the Latest Practicable Date	105,759,430.00
528,797,150	Offer Shares to be allotted and issued under the Open Offer	52,879,715.00
<u>1,586,391,450</u>	Shares immediately after completion of the Open Offer	<u>158,639,145.00</u>

All of the Offer Shares to be issued will rank pari passu in all respect with each other, including as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Offer Shares. The Offer Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any securities exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares, the Offer Shares or any other securities of the Company to be listed or dealt in on any other securities exchange.

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants or conversion rights or similar rights or securities in issue which are convertible or exchangeable into Shares or Offer Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

There is no share or loan capital of the Company or any member of the Group has been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally or unconditionally to be issued or granted.

### 3. DISCLOSURE OF INTERESTS

#### (a) Directors' Interests in Shares of the Company and its Associated Corporation

As at the Latest Practicable Date, no Directors or chief executive of the Company, save as disclosed below, had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

##### 1) Long positions in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Dr. ZHU Yu Guo	Interest of controlled corporation	716,804,812 (Note)	67.78%
Ms. SUN Rui Fang	Interest of spouse	716,804,812 (Note)	67.78%

*Note:*

All these shares were beneficially owned by Boom Instant which was owned as to 80% by Addinsight Limited. By virtue of his 87.5% direct interest in Addinsight Limited, Dr. Zhu Yu Guo, a chairman of the Board, was deemed to be interested in the same parcel of shares held by Boom Instant under the SFO.

Ms. Sun Rui Fang, an non-executive Director and the spouse of Dr. Zhu Yu Guo, was deemed to be interested in the same parcel of shares held by Dr. Zhu Yu Guo under the SFO.

These shares were same as those shares held by Boom Instant as disclosed in the section headed "Substantial Shareholders' interests in Shares of the Company" below.

2) *Long positions in shares of associated corporation of the Company*

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Dr. ZHU Yu Guo	Boom Instant	Interest of controlled corporation	80	80%
	Addinsight Limited	Beneficial owner/Interest of spouse	87.5/12.5	87.5%/12.5%
Ms. SUN Rui Fang	Boom Instant	Interest of spouse	80	80%
	Addinsight Limited	Beneficial owner/Interest of spouse	12.5/87.5	12.5%/87.5%
Mr. ZHU Mo Qun	Boom Instant	Interest of controlled corporation	20 ( <i>Note</i> )	20%
	Be Broad Limited	Beneficial owner	100	100%

*Note:*

All these shares were beneficially owned by Be Broad Limited. By virtue of his 100% shareholding interest in Be Broad Limited, Mr. Zhu Mo Qun, a vice-chairman of the Board, was deemed to be interested in the same parcel of shares in Boom Instant held by Be Broad Limited under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Substantial Shareholders' interests in Shares of the Company**

As at the Latest Practicable Date, according to the register of interests kept by the Company under Section 336 of the SFO and so far as is known to the Directors or chief executives of the Company, the following are details of the persons (other than the Directors or chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any option in respect of such capital:

Name of Shareholder	Number of Shares held	Approximate percentage of shareholding
Boom Instant	716,804,812 ( <i>Note 1</i> )	67.78%
Addinsight Limited	716,804,812 ( <i>Note 1</i> )	67.78%
The Overlook Partners' Fund L.P.	65,996,219 ( <i>Note 2</i> )	6.24%
Underwriter	170,394,745 ( <i>Note 3</i> )	10.74%

*Notes:*

1. All these shares were beneficially owned by Boom Instant. By virtue of its 80% shareholding interest in Boom Instant, Addinsight Limited was deemed to be interested in all the shares held by Boom Instant under the SFO. Dr. Zhu Yu Guo, Mr. Zhu Mo Qun and Ms. Sun Rui Fang are the directors of both Boom Instant and Addinsight Limited.
2. All these shares were beneficially owned by The Overlook Partners' Fund L.P.. Overlook Investments L.P., in its capacity as the general partner of The Overlook Partners' Fund L.P., and Overlook Investments (BVI) Limited, in its capacity as the general partner of Overlook Investments L.P., were deemed to be interested in such shares under the SFO. By virtue of their 100% indirect interest in Overlook Investments (BVI) Limited, Mr. Richard Hurd Lawrence JR. and Mrs. Dee Macleod Lawrence were deemed to be interested in the same parcel of shares as Overlook Investments (BVI) Limited in accordance with the SFO.
3. The Underwriter is interested in 1 Share and is deemed to be interested in the 170,394,744 Underwritten Shares pursuant to the SFO and the shareholding of 10.74% is calculated on the basis of issued share capital of the Company (as at the Latest Practicable Date) as enlarged by the completion of the Open Offer.

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Save as disclosed herein, none of the Directors or proposed Director is a director or employee of a company which has an interest in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(c) Service contracts**

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

**(d) Interests in assets and contracts**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2009, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries; and

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting which is significant in relation to the business of the Group.

**4. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or likely to compete with the business of the Group.

**6. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position or contingent liabilities of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.

## 7. EXPERT AND CONSENT

The following is the qualification of the professional adviser whose opinions or advice are contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
KPMG	Certified Public Accountants

KPMG has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and all references to its name in the form and context in which they are included.

As at the Latest Practicable Date, KPMG did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and KPMG did not have any direct or indirect interest in any assets which have been or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2009, being the date to which the latest published audited accounts of the Group were made up.

The report on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group from KPMG is given as of the date of this Prospectus for incorporation herein.

## 8. MATERIAL CONTRACTS

Save for the Underwriting Agreement, there are no other contracts, other than contracts entered into in the ordinary course of business, which have been entered into by the Group and are or may be material during the two years immediately preceding the Latest Practicable Date.

## 9. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

<b>Registered office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Head office and principal place of business in the PRC</b>	San Li He Chang Shan Town Zouping County Shandong Province The PRC
<b>Principal place of business in Hong Kong</b>	Suite 1901A, Exchange Tower 33 Wang Chiu Road Kowloon Bay Hong Kong

<b>Authorised representatives</b>	<p>Dr. ZHU Yu Guo Flat 102, 1st Floor, Block 2 No. 9 Changxing Road Chang Shan Town Zouping County Shandong Province The PRC</p> <p>Ms. LAM Wai Yee, Sophie Flat C, 5/F., 42–44 South Wall Road Kowloon City Kowloon Hong Kong</p>
<b>Company secretary</b>	Ms. LAM Wai Yee, Sophie <i>FCIS FCS</i>
<b>Principal share registrar</b>	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
<b>Underwriter</b>	Kingston Securities Ltd.
<b>Legal advisers</b>	<p><i>As to Hong Kong laws:</i> DLA Piper Hong Kong 17/F, Edinburgh Tower The Landmark 15 Queen's Road, Central Hong Kong</p> <p><i>As to Cayman Islands laws:</i> Conyers Dill &amp; Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands</p>



**Auditors and reporting accountants**

KPMG  
*Certified Public Accountants*  
8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

**Principal bankers**

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

Industrial and Commercial Bank of China (Asia)  
Limited  
33/F., ICBC Tower,  
3 Garden Road, Central  
Hong Kong

Agricultural Bank of China,  
Changshan Sub-branch  
No. 56, Yao Nan Road  
Changshan Town  
Zouping County  
Shandong Province  
The PRC

Shandong Zouping Rural Commercial Bank,  
Changshan Sub-branch  
Changshan Town  
Zouping County  
Shandong Province  
The PRC

Industrial and Commercial Bank of China,  
Zouping Sub-branch  
No. 183, Huangshan Third Road  
Zouping County  
Shandong Province  
The PRC

## 10. DIRECTORS AND SENIOR MANAGEMENT

## (a) Name and address of Directors and senior management

Name	Address
<b><i>Executive Directors</i></b>	
Dr. ZHU Yu Guo ( <i>Chairman</i> )	Flat 102, 1st Floor, Block 2 No. 9 Changxing Road Chang Shan Town Zouping County Shandong Province The PRC
Mr. ZHU Mo Qun ( <i>Vice-chairman</i> )	Zhen Zhi Chang Shan Town Zouping County Shandong Province The PRC
Mr. SUN Zhen Shui	Flat 201, 2nd Floor, Block 1 No. 9 Changxing Road Chang Shan Town Zouping County Shandong Province The PRC
<b><i>Non-executive Director</i></b>	
Ms. SUN Rui Fang	Flat 102, 1st Floor, Block 2 No. 9 Changxing Road Chang Shan Town Zouping County Shandong Province The PRC
<b><i>Independent non-executive Directors</i></b>	
Mr. ZHAO Wei	No. 1402, Unit 8, Building 3 Yuetanbeixiao Street Xicheng District Beijing The PRC
Mr. WANG Lu	No. 30 Qingquan Road Laishan District Yantai City Shandong Province The PRC

Mr. KWONG Kwan Tong  
Flat B, 28/F, Tower 2  
Grandview Garden  
18 Bridges Street  
Central  
Hong Kong

***Senior management***

Mr. SUN Shu Guang  
No. 201, Unit 2, 1st Floor  
No. 68 Huang Shan 2nd Road  
Zouping County  
Shandong Province  
The PRC

Mr. POON Tsz Hang  
Flat F, 23/F, Tower 2  
Metro Town  
8 King Ling Road  
Tseung Kwan O  
New Territories  
Hong Kong

Ms. LAM Wai Yee, Sophie  
Flat C, 5/F., 42–44 South Wall Road  
Kowloon City  
Kowloon  
Hong Kong

**(b) Profiles of Directors and senior management**

***Executive Directors***

**Dr. ZHU Yu Guo**

Dr. Zhu, aged 55, is the co-founder of the Group. Dr. Zhu was appointed as an executive Director and a chairman of the Board in September 2006. He is a director of various subsidiaries and associated corporations of the Company. He is also a director of Boom Instant. He is responsible for overseeing and planning the business strategies of the Group. Dr. Zhu completed tertiary education with major in corporate management in Shandong Province Economic Management Official Institute\* in the PRC in April 1992. Prior to the incorporation of Shandong QX, which is now a wholly-owned subsidiary of the Company, Dr. Zhu had been engaged in work relating to the manufacture of paper manufacturing machinery parts for over 10 years during which he also studied the features of different types of paper products and has accumulated extensive experience and knowledge in paper manufacturing industry. In 1990, Dr. Zhu was appraised as an economist by Zouping County Science and Technology Committee\*. In July 2003, he was honoured by Shandong Provincial People's Government as "Outstanding Private Entrepreneur in Shandong Province, the PRC\*". In January 2007, Dr. Zhu was hired by the Information Management Institute of Shandong Economic Institute as a part-time professor. In November 2007, Dr. Zhu received the "World Outstanding Chinese Award" from the World Outstanding Chinese Association and World Chinese Business Investment Foundation. He was also conferred with

Honorary Doctoral Degree from Sinte Gleska University of California. In 2009, Dr. Zhu was conferred as one of the “Outstanding Entrepreneur of Papermaking Industry in China”\* by China Paper Association. Dr. Zhu is the spouse of Ms. Sun Rui Fang, a non-executive Director, and the father of Mr. Zhu Mo Qun, a vice-chairman of the Board.

**Mr. ZHU Mo Qun**

Mr. Zhu, aged 31, is the co-founder of the Group. He was appointed as an executive Director, a general manager of the Company as well as a vice-chairman of the Board in September 2006. He is a director of various subsidiaries and associated corporations of the Company. He is also a director of Boom Instant. Mr. Zhu is responsible for the overall management of the Group’s business. He completed tertiary legal education in Shandong Province Political & Legal Management Official Institute\* in the PRC in July 2001. In 2004, he was awarded with the title of International Professional Manager by International Managers Union. In January 2005, he was approved by China Human Resource Exchange Centre\* to become a member of database of experts in the PRC. The database is known as “National Database of Human Resources in Business Operation and Management\*” which stores the information of senior enterprise administrators. In 2005, he was appraised as one of the “Ten Outstanding Entrepreneurs in Shandong\*” by Appraisal Committee for Ten Outstanding Entrepreneurs in Shandong\*. In April 2006, he was honoured jointly by Binzhou City Committee of the Communist Youth League\* and State Economic and Trade Commission in Binzhou City\* as “Outstanding Young Entrepreneur in Binzhou City\*”. Mr. Zhu is the son of Dr. Zhu Yu Guo, a chairman of the Board, and Ms. Sun Rui Fang, a non-executive Director.

**Mr. SUN Zhen Shui**

Mr. Sun, aged 56, was appointed as an executive Director in September 2007. Mr. Sun is responsible for managing the financial and administrative affairs of the Group. He completed tertiary education in business management in Shandong Province Economic Management Official Institute\* in the PRC in May 1994 and obtained from Shandong Province Binzhou District Professional Title Reform Leader Group\* a qualification as a qualified accountant in the PRC in December 1994. Mr. Sun has been a supervising accountant of Changshan Town Economy Committee\* for a period from 1983 to 2004. He has over 20 years of experiences in the financial field.

***Non-executive Director***

**Ms. SUN Rui Fang**

Ms. Sun, aged 55, was appointed as a non-executive Director in September 2007. She is a director of various subsidiaries and associated corporations of the Company. She is also a director of Boom Instant. Prior to such appointment, Ms. Sun had, since the inception of Shandong QX, assisted Dr. Zhu Yu Guo, a chairman of the Board and Mr. Zhu Mo Qun, a vice-chairman of the Board, in attending general administrative works of Shandong QX. Ms. Sun is the spouse of Dr. Zhu Yu Guo and the mother of Mr. Zhu Mo Qun.

***Independent non-executive Directors*****Mr. ZHAO Wei**

Mr. Zhao, aged 50, was appointed as an independent non-executive Director in September 2007. Mr. Zhao completed tertiary education in Dalian Institute of Light Industry (now known as “Dalian Polytechnic University”) in the PRC in June 1982, majoring in paper manufacturing. Mr. Zhao became a senior engineer accredited by China Light Industry Association\* in December 1993 and is now the vice president and general secretary of China Paper Association. Mr. Zhao has been a member of the Food and Agriculture Organization of the United Nations since 2007. Mr. Zhao has also been a deputy chief member of the Nationwide Paper Making Industry Standardized Technology Committee since 2006.

Mr. Zhao is currently an independent director of Guangdong Guanhao High-Tech Co., Ltd., a company listed on the Shanghai Stock Exchange of the PRC. Mr. Zhao has accumulated approximately 27 years of experience in the paper making industry.

**Mr. WANG Lu**

Mr. Wang, aged 29, was appointed as an independent non-executive Director in September 2007. He graduated from Shandong University in the PRC in July 2003 with a degree in computer science and technology and subsequently obtained a master’s degree in information technology from Monash University in Australia in October 2005. He has been a lecturer of a university in the PRC. He currently works as engineer at YanTai University in the PRC. Mr. Wang has approximately 6 years of experience in computer engineering.

**Mr. KWONG Kwan Tong**

Mr. Kwong, aged 44, was appointed as an independent non-executive Director in September 2007. He is a fellow member of the Association of Chartered Certified Accountants, associate member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants. He is currently a chief financial officer of Verdure International Holding Company Limited. Mr. Kwong has over 20 years of experience in management accounting and financial control.

***Senior management*****Mr. SUN Shu Guang**

Mr. Sun, aged 56, joined the Group as a deputy general manager and the head of finance department of Shandong QX in April 2003, and is responsible for the Group’s financial management function in the PRC. Mr. Sun completed tertiary education in Shandong Province Communist Party School\* in the PRC in December 1994, majoring

in economic administration. Prior to joining the Group, Mr. Sun had worked in the economic authorities of the PRC government. He has extensive experience in corporate management.

**Mr. POON Tsz Hang**

Mr. Poon, aged 33, was appointed as financial controller of the Company in May 2009 and is responsible for the Group's overall financial management, accounting and investor relations. Mr. Poon graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy. Mr. Poon is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Prior to joining the Group in December 2007, Mr. Poon worked with an international accounting firm. He has over 10 years of experience in auditing and accounting.

**Ms. LAM Wai Yee, Sophie**

Ms. Lam, aged 35, joined the Group in January 2008 and was appointed as company secretary of the Company in May 2009. Ms. Lam is responsible for the Group's corporate services including compliance, company secretarial, human resources and corporate communications. Ms. Lam holds a bachelor's degree in translation and a 7

postgraduate diploma in corporate administration from City University of Hong Kong. Ms. Lam is also a fellow member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She has over 10 years of experience in compliance and company secretarial profession.

#### **11. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of the Prospectus Documents and the consent letter referred to in the paragraph headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance.

#### **12. EXPENSES**

The expenses in connection with the Open Offer, including legal fees, accountants’ fees, the Underwriter’s fees and printing costs are estimated to be approximately HK\$4.19 million payable by the Company.

#### **13. MISCELLANEOUS**

In case of any inconsistency, the English text of this Prospectus shall prevail over the Chinese text.

#### **14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Company’s principal place of business in Hong Kong at Suite 1901A, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this Prospectus up to and including 4 January 2011 (both days inclusive):

- a. the Memorandum and Articles of Association of the Company;
- b. the annual reports of the Company for the two financial years ended 31 December 2008 and 2009;
- c. the interim report of the Company for the six months ended 30 June 2010;
- d. the accountants’ report on the unaudited pro forma adjusted consolidated net tangible assets of the Group issued by KPMG, the text of which is set out in Appendix II of this Prospectus;
- e. the material contract referred to in the section headed “Material Contracts” in this appendix;
- f. the written consent from KPMG referred to in the section headed “Expert and Consent” in this appendix; and
- g. the Prospectus Documents.