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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

THE ACQUISITION

On 24 September 2009 (after trading hours), the Vendors and the Purchaser, being an indirectly wholly-owned subsidiary of the Company, entered into the Acquisition Agreement.

The Acquisition Agreement provides for the purchase of the Target Company by the Purchaser. The purchase will be effected by an acquisition of the Sale Capital and the Sale Debts. The total consideration is RMB24.2 million (about HK\$27.5 million) (subject to adjustment, but in any event shall not exceed RMB563.5 million (about HK\$639.4 million), which will be satisfied in cash in accordance with the terms and conditions as set out in the Acquisition Agreement.

The Target Company has entered into the Existing Business Agreements pursuant to which it has agreed to purchase certain Equipment, engineering services and other assets for its Wind Power Generation Business.

The contract sums under the Existing Business Agreements amounted to RMB559.1 million (about HK\$634.4 million). The Group will, on completion of the Acquisition, become liable to pay all unpaid balances due under the Existing Business Agreements.

GENERAL

Since the applicable percentage ratios for the total amount payable by the Company under the Acquisition, inclusive of the amount payable under the Existing Business Agreements, are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As both of the Vendors are the Directors, the Acquisition also constitutes a connected transaction of the Company.

Three of the Directors are the ultimate beneficial owners of the Equipment Company. Accordingly, the Equipment Company is a connected person of the Company. The transactions contemplated under the EES Supply Contracts, being some of the Existing Business Agreements, will become connected transactions of the Company upon Completion.

The Acquisition and, subject to Completion, the transactions contemplated under the EES Supply Contracts will be subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors interested in the Acquisition (and their respective associates) will abstain from voting at the EGM on the resolution to approve the Acquisition Agreement, the EES Supply Contracts and the transactions contemplated thereunder.

The Independent Board Committee consisting of all the independent non-executive Directors has been established to advise the Independent Shareholders on whether the Acquisition Agreement, the Acquisition, the EES Supply Contracts and the transactions contemplated thereunder are fair and reasonable. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Acquisition Agreement, the EES Supply Contracts and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Acquisition and the EES Supply Contracts; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition Agreement and the EES Supply Contracts and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition Agreement and the EES Supply Contracts; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

THE ACQUISITION AGREEMENT

Date: 24 September 2009 (after trading hours)

Parties:

Vendors : (i) Ms. Sun, who owns 87% in the equity interest of the registered capital of the Target Company; and
(ii) Mr. Zhu, who owns 13% in the equity interest of the registered capital of the Target Company.

Purchaser : Shandong Qunxing Paper Limited, an indirect wholly-owned subsidiary of the Company

Assets to be acquired

Pursuant to the Acquisition Agreement, the Vendors have agreed to sell and the Purchaser has agreed to purchase the Target Company by acquiring the Sale Capital and the Sale Debts, subject to the terms and conditions as set out in the Acquisition Agreement.

The Sale Capital represents the entire equity interest in the registered capital of the Target Company, which amounted to RMB20 million as at the date of this announcement.

The Target Company was established by Ms. Sun and an Independent Third Party on 2 November 2007. At its incorporation, the Target Company was owned by Ms. Sun and such Independent Third Party as to 87% (who contributed RMB17.4 million to its registered capital) and 13% (who contributed RMB2.6 million to its registered capital) respectively. In October 2008, the said Independent Third Party transferred to Mr. Zhu his 13% registered capital in the Target Company at a consideration of RMB2.6 million.

As at the date of Acquisition Agreement, the Sale Debts represent all the shareholder's loans owing by the Target Company to one of the Vendors. To the best of the Directors' knowledge and information having made all reasonable enquiries, as at 31 August 2009, the Sale Debts amounted to approximately RMB4.2 million (about HK\$4.8 million).

Further information regarding the Target Company and the Wind Farm is set out in the paragraph headed "Information on the Target Company and the Wind Farm" below.

The Target Company has entered into a total of 34 Existing Business Agreements, 4 of which are the EES Supply Contracts, pursuant to which the Target Company has agreed to purchase certain Equipment, engineering services and other assets for its Wind Power Generation Business.

The contract sums under the Existing Business Agreements amounted to RMB559.1 million (about HK\$634.4 million). The Group will, on Completion become liable to pay all unpaid balances due under the Existing Business Agreements.

PURCHASE PRICE, ITS ADJUSTMENT AND THE CONTRACT SUMS UNDER THE EXISTING BUSINESS AGREEMENTS

The Purchase Price is initially RMB24.2 million (about HK\$27.5 million) and is subject to adjustment as mentioned below, which shall be paid by the Purchaser to the Vendors at Completion in cash.

The Purchase Price is composed of two portions: (i) consideration for the Sale Capital, which is equal to the face value of registered capital of the Target Company as at the Completion Date, and (ii) the consideration for the Sale Debts, which shall be an amount equal to the face value of the Sale Debts as at the Completion Date. The Purchase Price shall be subject to adjustment by reference to the face value of the shareholder's loans of the Target Company as at the Completion Date.

As informed by the Vendors, the Target Company has not borrowed from any banking or financial institutions or any other third-party, except from the Vendors for financing the construction of the Wind Farm. The registered capital of the Target Company and the loans provided by the shareholder of the Target Company have been applied to pay the construction and investment costs for the Wind Farm and will be applied to the payment of contract sums payable under the Existing Business Agreements.

As informed by the Vendors, the Target Company has entered into a total of 34 Existing Business Agreements, the total contract sums of which amounted to approximately RMB559.1 million (about HK\$634.4 million). Of the 34 Existing Business Agreements, (i) 30 were made with Independent Third Parties and the total contract sums for these 30 supply agreements amounted to about RMB35.9 million (about HK\$40.7 million) and (ii) 4 are the ESS Supply Contracts. The total contract sums under the EES Supply Contracts amounted to RMB523.2 million (about HK\$593.6 million). As at 31 August 2009, the total contract sums payable by the Target Company under the EES Supply Contracts amounted to RMB221.0 million (about HK\$250.8 million).

Under the Existing Business Agreements, the total contract sums amounted to RMB559.1 million (about HK\$634.4 million). It is expected that up to the Longstop Date, accumulated operating expenses of the Target Company (excluding the amounts paid or payable under the Existing Business Agreements) amounted to approximately RMB4.4 million (about HK\$5.0 million) since establishment. Accordingly, the Purchase Price in any event would not exceed RMB563.5 million (about HK\$639.4 million) (being the sum of the said total contract sums plus the said operating expenses).

The Purchase Price as at Completion will be equivalent to the aggregate of (i) the contract sums under the Existing Business Agreements paid up to the Completion Date, and (ii) the Target Company's operating expenses paid up to the Completion Date.

The balance of the contract sums payable under the Existing Business Agreements subsequent to the Completion Date and the Target Company's operating expenses payable subsequent to the Completion Date will be borne by the Target Company.

The Purchase Price and the balance of the contract sums payable under the Existing Business Agreements subsequent to the Completion Date and the Target Company's operating expenses payable subsequent to the Completion Date (subject to and after Completion) will be funded by the Group's internally generated funds. Proceeds arising from the initial public offerings carried out by the Company in October 2007 will not be applied to payments under the Existing Business Agreements.

As informed by the Vendors, the contract price for the Equipment and the service fees for the engineering services under the EES Supply Contracts were agreed between the Target Company and the Equipment Company which were determined with reference to (i) the required level of technology for the Equipment and the engineering services; and (ii) the prevailing market prices of such equipment and services.

As the Purchase Price of the Acquisition was determined generally on cost basis, and taking into consideration the basis for the determination of the contract price for the

Equipment and the service fees for the engineering services under the EES Supply Contracts as set out above, the Directors (excluding the independent non-executive Directors whose views will be provided after taking into account the opinion and advice from the independent financial adviser) consider that the Purchase Price, the contract sums under the EES Supply Contracts, the other terms and conditions of the Acquisition and the transactions contemplated under the EES Supply Contracts are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

CLOSING CONDITIONS OF THE ACQUISITION

Completion of the Acquisition Agreement is subject to (among other conditions) the following Closing Conditions being fulfilled and remaining satisfied as at the Completion (or, where applicable, waived by the Purchaser) on or before the Longstop Date:

- (a) receipt by the Purchaser of a legal opinion on PRC laws (in the form and substance to the Purchaser's satisfaction) to be issued by such PRC law firms, covering, among others, the following issues:
- (i) the Target Company having been duly established and validly subsisting; its entire registered capital being legally and beneficially owned by the Vendors free from Encumbrances and all relevant approvals and filings required to be done having been properly obtained and completed;
 - (ii) the legality of the construction of and in the Wind Farm and the operation or proposed operation of the Wind Power Generation Business;
 - (iii) the relevant approvals and licences regarding the construction of and in the Wind Farm and/or other relevant buildings and facilities having been obtained and being in full force and effect at Completion;
 - (iv) all relevant permits and licences necessary for the operation or proposed operation of the Wind Power Generation Business having been obtained and being in full force and effect at Completion (or if the same have not been obtained upon Completion, there shall be no material legal prohibition, impediment or delay for obtaining the same);
 - (v) the legality, validity and enforceability of the Existing Business Agreements;
 - (vi) all deposits, tax and other fees payable by the Target Company to any governmental authorities in compliance with the relevant laws on or prior to Completion having been paid in full;
 - (vii) (if applicable) all necessary permits, approvals, waivers, registrations and/or filings required to be obtained by the Vendors and/or the Target Company in relation to the execution and enforcement of the Acquisition Agreement and/or the transactions contemplated thereunder having been obtained;

- (viii) (if applicable) the Target Company having obtained all licences and rights to own or use all the properties owned, leased or occupied by the Target Company; and
 - (ix) such other aspects of the PRC laws as the Purchaser may reasonably require in relation to the Target Company, the Wind Farm and/or the Wind Power Generation Business;
- (b) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether legal, accounting, financial, operation or other aspects that the Purchaser considers material) on the Target Company and its related businesses, assets, liabilities, activities, operations, prospects and other status which the Purchaser, its agents or professional advisers think necessary and appropriate to conduct;
 - (c) (if required) the Vendors having obtained, pursuant to applicable laws and regulations, from the relevant authorities all approvals in connection with the Acquisition Agreement and the transactions contemplated thereby;
 - (d) the approval by the Shareholders (or, as the case may be, the Independent Shareholders) at the EGM of the Acquisition Agreement, the EES Supply Contracts and the transactions contemplated thereunder pursuant to the articles of association of the Company and the Listing Rules having been obtained;
 - (e) the Purchaser being satisfied that, from the date of the Acquisition Agreement and up to the Completion Date, the warranties given by the Vendors under the Acquisition Agreement remain true and accurate, not misleading in any material aspect or in breach; and that no events or situations have occurred which indicate that there has been any Material Adverse Change;
 - (f) the Purchaser not discovering or becoming aware of, from the date of the Acquisition Agreement, any abnormal operation of the Target Company or any Material Adverse Change regarding the scope of operation, status (including its assets, financial and legal status), operation, performance or properties of the Target Company or any non-disclosed potential risks having a material effect; and
 - (g) (if applicable) all requisite approvals, consents or waivers from any relevant third parties (including but not limited to banks or creditors) in connection with the execution and/or enforcement of the Acquisition Agreement having been obtained by the Vendors and/or the Target Company.

The Purchaser may at any time by notice in writing to the Vendors waive any of the Closing Conditions (other than that specified in items (c) and (d) above). If any of the Closing Conditions are not completely fulfilled (or, as the case may be, waived by the Purchaser) on or before the Longstop Date, the Purchaser may, after the Longstop Date, send a written notice to the Vendors to terminate the Acquisition Agreement, whereupon the Acquisition Agreement shall cease to be of any effect and the obligations of the Purchaser under the Acquisition Agreement shall forthwith cease and terminate and none of the parties to the Acquisition Agreement shall have any claims against the other parties, save for any antecedent breaches.

COMPLETION OF THE ACQUISITION

Subject to the satisfaction of all the Closing Conditions (or (where applicable) waiver of those which are waivable), Completion shall take place at 12:00 noon (Hong Kong time) on the fifth Business Day (or at such other time and/or date as the Vendors and the Purchaser may agree) following the date on which the Purchaser shall have sent a written notice to the Vendors for Completion upon the fulfillment or (where applicable) waiver of all Closing Conditions.

INFORMATION ON THE TARGET COMPANY AND THE WIND FARM

The Target Company was established in the PRC as a limited liability company on 2 November 2007. Its registered capital is RMB20 million which has been fully paid up. The business scope of the Target Company covers the operation of the Wind Power Generation Business. Upon Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and its financial results will be consolidated with those of the Group.

The Target Company has obtained all relevant approval and consent for development and operating the Wind Farm. The Wind Farm will be operated with planned installed capacity of 49.3 MW and installed with 58 sets of 850 KW wind turbines on a land with a planned site area of approximately 190,000 sq.m.. The total investment cost of the Wind Farm is approximately RMB570 million (about HK\$646.7 million). The construction of the Wind Farm commenced in March 2009 and is expected to be completed in March 2010. Commercial operation of the Wind Farm is expected to commence in May 2010.

The Wind Farm is located at the Eastern Inner Mongolia Autonomous Region in the PRC with abundant wind resources with close proximity to the North-east China national grid. The Wind Farm has been approved by the National Development and Reform Commission of the PRC as a project under the clean development mechanism (“**CDM**”) for the reduction of carbon emission. Under the CDM, the Target Company can sell certain amount of certified emission reductions (“**CERs**”) in the form of carbon credits as produced by the Wind Power Generation Business. The National Development and Reform Commission of the PRC has approved the Target Company to enter into an agreement with a European company for the sale of a maximum of 440,000 tonnes of CERs to the European company.

As at the date of this announcement, the Wind Farm is still in construction stage and the Target Company has not yet generated any turnover so far. The Target Company has recorded neither profit nor loss since its date of incorporation (i.e. 2 November 2007) up to the date of this announcement. Based on the latest management accounts of the Target Company as at 31 August 2009, the total asset value of the Target Company amounted to approximately RMB246.3 million (about HK\$279.5 million), of which the major asset was construction-in-progress in respect of the Wind Farm of about RMB222.3 million (about HK\$252.2 million) and the net asset value of the Target Company amounted to approximately RMB20.0 million (about HK\$22.7 million).

REASONS FOR THE ACQUISITION

The Group is the largest manufacturer of decorative base paper in the PRC, principally engaging in the production and sale of decorative base paper products and printing paper product in the PRC. Following the Acquisition, production of decorative base paper products will remain as a core business of the Group.

As mentioned in the Company's interim report for the six months ended 30 June 2009, the Group has been putting great emphasis on implementing environmental protection and corporate social responsibility. The strategy is to take advantage of opportunities provided by the PRC government's increasing emphasis on the protection of environment and sustainable growth.

The Group's management is of the view that the development of the Wind Power Generation Business is in line with the Group's strategy of focusing on environmentally friendly business, enables the Group to take advantage of favourable long-term national policies for corporate growth to increase shareholder value and return. The Wind Power Generation Business also provides the Group with a means of allocating the cash flow of the Group to gradually build up a new business line.

Accordingly, the Directors consider that the Acquisition provides a valuable opportunity for the Group to diversify into a new and growing industry in the PRC that will add to its business and strengthen its financial capability, continuing development, and creating a new and sustainable source of earnings over the longer term. The Directors consider that the diversification of the Group's business into this new area with high growth potential and steady income is in the best interests of the Company and its Shareholders as a whole.

So far as the Directors are aware, the Equipment Company is the first company in the PRC that developed its own wind turbine technology, which gives it a competitive advantage over foreign and domestic manufacturers, and its wind turbines are capable of producing energy on a commercial basis at relatively light winds. The Equipment Company has made innovations in the wind power generation technology and related equipment and filed a number of patent applications in the PRC and has over 20 tertiary educated researchers and experts in its research and development section.

As informed by the Vendors, as the contract prices for the Equipment and the engineering services were considered by the Target Company to be in line with the market price and in view of the level of technology for such equipment and services as acquired by the Target Company and the ancillary and maintenance services to be provided by the Equipment Company, the Target Company considered that it is in the interest of the Target Company to purchase the Equipment and acquire the engineering services under the EES Supply Contracts from the Equipment Company.

In the light of the above, the Directors (excluding the independent non-executive Directors whose views will be provided after taking into account the opinion and advice from the independent financial adviser) consider that the Acquisition and the purchase of the Equipment and engineering services under the EES Supply Contracts are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

Since the applicable percentage ratios for the total amount payable by the Company under the Acquisition, inclusive of the amount payable under the Existing Business Agreements are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As both of the Vendors are Directors, the Acquisition also constitutes a connected transaction of the Company. Three of the Directors are the ultimate beneficial owners of the Equipment Company, which is thus a connected person of the Company. The transactions contemplated under the EES Supply Contracts, being some of the Existing Business Agreements, will, therefore, become connected transactions upon Completion. The Acquisition and, subject to Completion, the transactions contemplated under the EES Supply Contracts will be subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors interested in the Acquisition (and their respective associates) will abstain from voting at the EGM on the resolution to approve the Acquisition Agreement, the EES Supply Contracts and the transactions contemplated thereunder.

The Independent Board Committee consisting of all the independent non-executive Directors has been established to advise the Independent Shareholders on whether the Acquisition Agreement, the Acquisition, the EES Supply Contracts and the transactions contemplated thereunder are fair and reasonable. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Acquisition Agreement, the EES Supply Contracts and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Acquisition and the EES Supply Contracts; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition Agreement and the EES Supply Contracts and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition Agreement and the EES Supply Contracts; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Capital and the Sale Debts by the Purchaser from the Vendors pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional acquisition agreement dated 24 September 2009 entered into between the Vendors and the Purchaser in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above or on which a “black” rainstorm warning is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Closing Conditions”	the conditions precedent to Completion as set out in the Acquisition Agreement
“Company”	Qunxing Paper Holdings Company Limited (群星紙業控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition pursuant to the terms and conditions set out in the Acquisition Agreement
“Completion Date”	the completion date of the Acquisition, being the fifth Business Day (or such other date as the Vendors and the Purchaser may mutually agree in writing) following the date on which the Purchaser shall have sent a written notice to the Vendors for Completion upon the fulfillment or (where applicable) waiver of all Closing Conditions
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“Dr. Zhu”	Dr. Zhu Yu Guo, an executive Director and the chairman of the Board, the spouse of Ms. Sun and the father of Mr. Zhu
“EGM”	the extraordinary general meeting to be convened by the Company for considering, and if thought fit, approving, among other things, the Acquisition, the Acquisition Agreement, the EES Supply Contracts and the transactions contemplated thereunder
“Encumbrances”	any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and “ Encumber ” and cognate expressions shall be construed accordingly
“Equipment”	the 58 sets of 850 KW wind turbines and other related equipment which was agreed to be purchased by the Target Company from the Equipment Company pursuant to the EES Supply Contracts
“Equipment Company”	山東長星風電科技有限公司 (Shandong Changxing Wind Power Technology Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC whose registered capital is beneficially owned by three of the Directors, namely, Dr. Zhu (70%), Mr. Zhu (20%) and Ms. Sun (10%)
“EES Supply Contracts”	a series of contracts entered into between the Target Company and the Equipment Company, pursuant to which the Equipment Company has agreed to supply certain equipment and engineering services to the Target Company for the construction of the Wind Farm, the total contract sum of which amounts to RMB523.2 million (about HK\$593.6 million)
“Existing Business Agreements”	a total of 34 business contracts (including the ESS Supply Contracts) made by the Target Company for sourcing equipment, engineering services and other assets for the Wind Power Generation Business
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising Messrs. Zhao Wei, Wang Lu and Kwong Kwan Tong, the independent non-executive Directors
“Independent Shareholder(s)”	Shareholder(s) other than Ms. Sun, Mr. Zhu and their respective associates who are required to abstain from voting on the resolution to approve the Acquisition, the Acquisition Agreement, the EES Supply Contracts, and transactions contemplated thereunder at the EGM
“Independent Third Party(ies)”	third party(ies) independent of and not connected or acting in concert with the Company and any of its connected persons and are not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	5:00 p.m. Hong Kong time on 31 December 2009 or such other time and date as the Vendors and the Purchaser may mutually agree in writing
“Material Adverse Change”	any change which has a material and adverse effect on the financial position, business, property, results of operations, prospects or assets of the Target Company as a whole
“Mr. Zhu”	Mr. Zhu Mo Qun, an executive Director, general manager and the vice-chairman of the Board and the son of Dr. Zhu and Ms. Sun
“Ms. Sun”	Ms. Sun Rui Fang, a non-executive Director and the spouse of Dr. Zhu and mother of Mr. Zhu
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Price”	RMB24.2 million (about HK\$27.5 million), being the aggregate purchase price for the Sale Capital and the Sale Debts under the Acquisition Agreement, subject to adjustment

“Purchaser”	山東群星紙業有限公司 (Shandong Qunxing Paper Limited*), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Sale Capital”	the entire registered capital in the Target Company at Completion
“Sale Debts”	a total principal amount of RMB4.2 million (about HK\$4.8 million) as at 31 August 2009 and which actual amount shall equal to the entirety of the face value of the loans outstanding as at Completion made by or on behalf of the Vendors to the Target Company
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	通遼長星風力發電有限公司 (Tongliao Changxing Wind Power Co., Ltd.*), a limited liability company incorporated under the laws of the PRC
“Vendors”	Ms. Sun and Mr. Zhu
“Wind Farm”	內蒙古通遼市科爾沁區莫力廟風電場 (Inner Mongolia Tongliao Keerqin District Molimiao Wind Farm*) which is being established by the Target Company in Inner Mongolia, the PRC
“Wind Power Generation Business”	the wind power generation business and related services being operated or proposed to be operated by the Target Company
“Euro”	the official currency of the European Union
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“KW”	kilowatt or one thousand watts
“KWh”	kilowatt hour. The standard unit of energy used in electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour

“MW”	megawatt or one million watts. The installed capacity of power plants is generally expressed in MW
“MWh”	megawatt hour or one thousand KWh
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“%”	per cent.

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

Hong Kong, 24 September 2009

For the purpose of this announcement, unless the context requires otherwise, translation of RMB and Euro into HK\$, for illustration purpose only, is at the rates of RMB0.88133 to HK\$1 and Euro1 to HK\$11.0889, respectively.

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

* *the unofficial English transliteration or translation is for identification purpose only*