

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The Unaudited Pro Forma Financial Information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

#### (A) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the following statement of unaudited pro forma adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is prepared to show the effect on the audited net tangible assets of the Group as at 30 April 2007 as if the Share Offer had occurred on 30 April 2007 and is based on the combined net assets derived from the audited Financial Information of the Group as at 30 April 2007, as set out in Appendix I to this prospectus and adjusted as follows.

The unaudited pro forma adjusted net tangible assets of the Group has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial position of the Group.

	Audited combined net assets of the Group as at 30 April 2007 (RMB'000)	Lease prepayments as at 30 April 2007 (RMB'000)	Estimated net proceeds from the New Issue (RMB'000)	Unaudited pro forma adjusted net tangible assets (RMB'000)	Unaudited pro forma adjusted net tangible assets per share (RMB)
Based on the maximum indicative Offer Price of HK\$5.35 per Offer Share	<u>350,782</u>	<u>(10,960)</u>	<u>1,281,918</u>	<u>1,621,740</u>	<u>1.62</u>
Based on the minimum indicative Offer Price of HK\$4.10 per Offer Share	<u>350,782</u>	<u>(10,960)</u>	<u>977,259</u>	<u>1,317,081</u>	<u>1.32</u>

*Notes:*

1. In accordance with the Group's accounting policies, leasehold land is up-front payments made to acquire the right of use of a long-term interest in land. These prepayments are stated at cost and amortised over the period of the related leases on a straight-line basis. Properties constructed on top of which are stated at historical cost less accumulated depreciation and impairment loss if any.

As at 30 June 2007, LCH (Asia-Pacific) Surveyors Limited (the "Valuer"), an independent property valuer, performed an independent valuation for the Group's leasehold land and buildings and structures based on market value and depreciated replacement cost. The Valuer reported valuation of the land and buildings and structures at an amount of RMB59,820,000 as at 30 June 2007 and the revaluation surplus was RMB4,094,000. The Group will not account for these revaluation surpluses in its financial statements for the year ending 31 December 2007 according to its accounting policies. If they were accounted for, increases in amortisation and depreciation of approximately RMB5,000 and RMB50,000 respectively would have been recognised for the financial year ending 31 December 2007.

2. The estimated net proceeds from the New Issue are based on the maximum and minimum indicative Offer Price of HK\$5.35 and HK\$4.10 per Offer Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company and take no account of any Shares which may be issued upon the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme.
3. The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to above and on the basis that 1,000,000,000 Shares (including the Shares in issue as at 30 April 2007, Shares under the Capitalisation Issue and the Share Offer) are in issue and that the Over-allotment Option and the options that may be granted under the Share Option Scheme are not exercised.

**(B) UNAUDITED PRO FORMA FULLY DILUTED FORECAST EARNINGS PER SHARE**

The following unaudited pro forma fully diluted forecast earnings per share for the financial year ending 31 December 2007 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer as if it had taken place on 30 April 2007. This unaudited pro forma fully diluted forecast earnings per share has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial results of the Group following the Share Offer.

Forecast combined profit attributable to  
the equity holders for the year ending  
31 December 2007 <sup>(1)</sup> ..... not less than RMB210.0 million  
(equivalent to approximately  
HK\$216.3 million)

Unaudited pro forma forecast  
earnings per Share – fully diluted<sup>(2)</sup> ..... not less than RMB0.210  
(equivalent to approximately HK\$0.216)

*Notes:*

1. The unaudited forecast combined profit attributable to equity holders of the Company for the financial year ending 31 December 2007 is extracted from the section headed “Financial information – Profit Forecast for the Financial Year Ending 31 December 2007” in this prospectus. The bases and assumptions on which the above profit forecast has been prepared are summarised in Appendix III to this prospectus.

The forecast combined profit attributable to equity holders of the Company for the financial year ending 31 December 2007 is based on the audited combined results of the Group for the four months ended 30 April 2007, the unaudited management accounts of the Group for the three months ended 31 July 2007, and a forecast of the combined results of the Group for the remaining five months ending 31 December 2007.

2. The calculation of the unaudited forecast earnings per Share on a pro forma fully diluted basis is based on the forecast combined profit attributable to equity holders of the Company for the financial year ending 31 December 2007 assuming that the Company had been listed on the Main Board since 1 January 2007 and a total of 1,000,000,000 Shares (including the Shares in issue as at 30 April 2007, Shares under the Capitalisation Issue and the Share Offer) had been in issue during that financial year, but does not take into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of the Shares referred to under the paragraph headed “Resolutions in writing of the sole Shareholder passed on 8 September 2007” in Appendix VI to this prospectus.

**(C) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE PRO FORMA ADJUSTED NET TANGIBLE ASSETS AND PRO FORMA FULLY DILUTED FORECAST EARNINGS PER SHARE**

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



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

17 September 2007

The Directors  
Qunxing Paper Holdings Company Limited  
ICEA Capital Limited  
Access Capital Limited

Dear Sirs,

We report on the unaudited pro forma statement of adjusted net tangible assets and unaudited pro forma fully diluted forecast earnings per share ("the Unaudited Pro Forma Financial Information") of the Company and its subsidiaries (collectively referred to as the "Group") set out in Parts (A) and (B) of Appendix II to the prospectus dated 17 September 2007 ("the Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the share offer might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Parts (A) and (B) of Appendix II to 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 ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29 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 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 made 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 April 2007 or any future date; or
- the earnings per share of the Group for the year ending 31 December 2007 or any future periods.

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 “Use of Proceeds” set out in the section headed “Future Plans and Use of Proceeds” as set out in 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