



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)

Terms of Reference of Remuneration Committee

1. Constitution

1.1 The remuneration committee (the “**Committee**”) of Qunxing Paper Holdings Company Limited (the “**Company**”) was established pursuant to a resolution passed by the board of directors (the “**Board**”) of the Company at its meeting held on 8 September 2007.

2. Membership

2.1 The Committee shall consist of not less than three members (the “**Member(s)**”), a majority of whom shall be independent non-executive directors (the “**Director(s)**”) of the Company.

2.2 All the Members shall be appointed by the Board and can be removed by the Board at its sole discretion.

2.3 The chairman (the “**Chairman**”) of the Committee shall be appointed by the Board and shall be an independent non-executive Director.

2.4 The company secretary of the Company shall be the secretary (the “**Secretary**”) of the Committee.

3. Meetings

3.1 The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.

3.2 Unless otherwise agreed by all the Members, a Committee meeting shall be called by at least two days’ notice.

3.3 The quorum of a Committee meeting shall be two Members.

3.4 Resolutions of the Committee shall be passed by a majority of votes which could also be passed by way of unanimous written resolutions. Meetings could be held in person, by telephone or by video conference.

3.5 Full minutes shall be kept by the Secretary. Draft and final versions of minutes shall be circulated to all the Members for their comment and records respectively, in both cases within a reasonable period of time after the meeting. Such minutes shall be open for Directors’ inspection.

4. Authority

- 4.1 The Committee should report directly to the Board.
- 4.2 The Committee may seek independent professional advice in appropriate circumstances at the Company's expense to perform its duties.
- 4.3 The Committee is granted an authority to investigate any activity within its terms of reference and all employees of the Company must cooperate as requested by the Members.
- 4.4 The Committee should be provided with sufficient resources to perform its duties.

5. Duties

- 5.1 The duties of the Committee shall be:
 - (a) to make recommendations to the Board on the Company's policy and structure for all the Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
 - (c) to make recommendations to the Board on the remuneration packages of the individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
 - (d) to make recommendations to the Board on the remuneration of the non-executive Directors;
 - (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
 - (f) to review and approve compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
 - (g) to review and approve compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
 - (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

6. General

- 6.1 The Chairman or in his absence, another Member, or failing this his duly appointed delegate shall attend the annual general meetings of the Company prepared to respond to any shareholder questions on the Committee's affairs.
- 6.2 The Committee should make available these terms of reference, explaining its role and the authority delegated to it by the Board by including them on the website of The Stock Exchange of Hong Kong Limited and the website of the Company.

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