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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other 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** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**(1) GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES;  
(2) RE-ELECTION OF DIRECTORS;  
(3) SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND  
FOR THE YEAR ENDED 31 DECEMBER 2009;  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting (the “AGM”) of the Company to be held at Salon Rooms VI–VII, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Wednesday, 5 May 2010 at 11:00 a.m. is set out on pages 14 to 17 of this circular.

A form of proxy for use at the AGM is also enclosed with this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

31 March 2010

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“2009 Final Dividend”	the final dividend of HK7.403 cents per Share for the year ended 31 December 2009 payable to the Shareholders whose names were recorded on the register of members of the Company on the Record Date
“AGM”	the annual general meeting of the Company to be convened and held at Salon Rooms VI–VII, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Wednesday, 5 May 2010 at 11:00 a.m., the notice of which is set out on pages 14 to 17 of this circular
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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, and Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with new Shares up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution in relation thereof
“Latest Practicable Date”	24 March 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Record Date”	Wednesday, 5 May 2010
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase fully paid-up Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution in relation thereof
“Scrip Dividend Scheme”	a scheme of the Company under which the 2009 Final Dividend is to be wholly paid up by the allotment and issue of Scrip Shares credited as fully paid in lieu of cash
“Scrip Shares”	new Share(s) to be allotted, issued and credited as fully paid up under the Scrip Dividend Scheme
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“%”	per cent.

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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

31 March 2010

*To the Shareholders,*

Dear Sir or Madam,

**(1) GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES;  
(2) RE-ELECTION OF DIRECTORS;  
(3) SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND  
FOR THE YEAR ENDED 31 DECEMBER 2009;  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

### **INTRODUCTION**

The purpose of this circular is provide you with (i) details of the Issue Mandate and the Repurchase Mandate; (ii) an explanatory statement regarding the Repurchase Mandate; (iii) details of re-election of the Directors; (iv) details of the Scrip Dividend Scheme; and (v) notice of the AGM.

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## LETTER FROM THE BOARD

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### REPURCHASE MANDATE

At the annual general meeting of the Company held on 6 May 2009, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution. Such mandate will lapse at the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors. An explanatory statement as required under the Listing Rules to provide the requisite information of the Repurchase Mandate is set out in Appendix I to this circular.

### ISSUE MANDATE AND EXTENSION OF ISSUE MANDATE

At the annual general meeting of the Company held on 6 May 2009, a general mandate was given by the Company to the Directors to exercise the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the relevant resolution and such general mandate was extended by adding to it the aggregate nominal amount of any Shares repurchased by the Company under the authority to repurchase Shares granted on that date. Such general mandate will also lapse at the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed to grant the Issue Mandate to the Directors in order to ensure flexibility to the Directors to issue new Shares. As at the Latest Practicable Date, a total of 1,032,800,000 Shares was in issue. Subject to the passing of the proposed ordinary resolution approving the Issue Mandate and on the basis that there are no further changes in the issued share capital of the Company from the Latest Practicable Date up to the date of convening the AGM, the Directors would be allowed under the Issue Mandate to issue a maximum of 206,560,000 Shares, representing 20% of the total number of Shares in issue as at the date of passing of the relevant resolution at the AGM. In addition, an ordinary resolution will also be proposed to extend the Issue Mandate by adding to it the number of such Shares repurchased by the Company under the Repurchase Mandate, if granted.

### RE-ELECTION OF DIRECTORS

In accordance with Article 108 of the Articles of Association, Messrs. Zhu Mo Qun, Sun Zhen Shui and Kwong Kwan Tong will retire and, being eligible, will offer themselves for re-election at the AGM. The biographical details of these Directors are set out in Appendix II to this circular.

### SCRIP DIVIDEND SCHEME

On 17 March 2010, the Board announced the audited consolidated results of the Group for the year ended 31 December 2009 and recommended the payment of the 2009 Final Dividend which is payable in scrip form equivalent to HK7.403 cents per Share without a cash option to the Shareholders whose name appear on the Company's register of members as at the Record Date.

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## LETTER FROM THE BOARD

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### Particulars of Scrip Dividend Scheme

Under the Scrip Dividend Scheme, each Shareholder is entitled to receive the 2009 Final Dividend by the allotment and issue of Scrip Shares credited as fully paid up in lieu of cash.

Pursuant to the Articles of Association, the Board may recommend the Company to satisfy scrip dividend wholly in the form of an allotment of Shares credited as fully paid up without offering any right to the Shareholders to elect to receive such dividend in cash in lieu of such allotment.

For the purpose of calculating the number of Scrip Shares to be allotted to the Shareholders pursuant to the Scrip Dividend Scheme, the market value of a Scrip Share will be calculated as an amount equal to the average closing price ("Average Closing Price") per Share for the 5 trading days (on which such price is available) up to and including 5 May 2010 less a discount of 5% and rounding down such figure to four decimal places. Accordingly, it will not be possible to determine until after the close of business on Wednesday, 5 May 2010 the exact number of Scrip Shares that the Shareholders will be entitled. The number of Scrip Shares which the Shareholders will receive in respect of the existing Shares registered in their names as at the Record Date will be calculated as follows:

$$\begin{array}{rcccl} & & & \text{HK\$0.7403} & \\ & & & \text{(2009 Final Dividend} & \\ \text{Number of Scrip} & = & \text{Number of existing Shares} & \times & \frac{\text{per share)} & \times & \frac{95}{100} \\ \text{Shares to be received} & & \text{held on the Record Date} & & \frac{\text{Average Closing}}{\text{Price per share}} & & \\ & & & & & & \end{array}$$

Scrip Shares will rank *pari passu* in all respects with the existing issued Shares, and will rank in full for all future dividends and distribution which may be declared, made or paid (except for the 2009 Final Dividend).

The number of Scrip Shares to be issued to the Shareholders will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares will be disregarded and the benefit thereof will accrue to the Company.

The Company will make an announcement setting out the basis of allotment of Scrip Shares on or about Friday, 7 May 2010.

Odd lots of Shares may arise out of the distribution of Scrip Shares. However, as the reason behind the Scrip Dividend Scheme is for the Shareholders to increase its investment in the Company and not to encourage the Shareholders to sell Scrip Shares immediately after its distribution, the Company will not appoint any agent to facilitate the trading of odd lots of Shares after the distribution of Scrip Shares.

### Closure of Register of Members

The register of members of the Company will be closed from Thursday, 29 April 2010 to Wednesday, 5 May 2010, both days inclusive. In order to qualify for the proposed 2009 Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 28 April 2010.

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## LETTER FROM THE BOARD

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### **Effect of Scrip Dividend Scheme**

The Shareholders should note that Scrip Shares may give rise to notification requirements under Part XV of the SFO. If the Shareholders are in any doubt as to how these provisions may affect them or as to their taxation position, they are recommended to consult their own professional advisers.

The Shareholders who are trustees are recommended to seek professional advice as to whether it is within their powers to receive Scrip Shares and as to its effect having regard to the terms of the relevant trust instrument.

Whether or not it is to your advantage to receive Scrip Shares depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the responsibility of each Shareholder. If you are in any doubt as to what to do, you are recommended to consult your own professional advisers.

### **Advantages of Scrip Dividend Scheme**

The Scrip Dividend Scheme will give the Shareholders an opportunity to increase their investment in the Company without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company to the extent that the Shareholders shall receive Scrip Shares in whole in lieu of a cash dividend, and the profit of the Company will be retained for use as working capital by the Company.

### **Overseas Shareholders**

Based on the register of members of the Company as at the Latest Practicable Date, no Shareholder had a registered address outside Hong Kong.

None of this circular nor Scrip Shares will be registered or filed under the securities laws or equivalent legislation of any jurisdiction outside Hong Kong. It is the responsibility of any Shareholder to satisfy himself/herself/itself as to full observance of the laws of any relevant territory, including obtaining any governmental or other consents which may be required for receiving Scrip Shares. In this respect, the Shareholders should consult their professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to receive Scrip Shares. No person resident in any territory outside Hong Kong and no person receiving in any territory outside Hong Kong a copy of this circular may treat the same as an invitation to him/her/it to subscribe for Scrip Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without having to comply with any unfulfilled registration or other legal requirements.

For the avoidance of doubt, Scrip Shares are not being offered to the public.

### **Listing and Dealings**

The Shares are listed and dealt in on the Stock Exchange. No part of the Company's securities is listed or dealt in on any other stock exchange, nor is listing or permission to deal on any other exchange being or proposed to be sought.



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## LETTER FROM THE BOARD

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Application has been made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, Scrip Shares. It is expected that the share certificates for Scrip Shares will be posted to the Shareholders at the risk of those entitled thereto on or about Tuesday, 8 June 2010. Dealings in Scrip Shares on the Stock Exchange are expected to commence on or about Thursday, 10 June 2010.

Subject to the granting by the Listing Committee of the Stock Exchange the listing of, and permission to deal in, Scrip Shares issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. The Shareholders should seek the advice of their licensed securities dealer or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interests.

Scrip Shares to be issued to the Shareholders may be allocated in odd lots. No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of Scrip Shares issued in odd lots. The Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

### **Conditions of Scrip Dividend Scheme**

The Scrip Dividend Scheme are conditional upon (1) the passing of an ordinary resolution to approve the 2009 Final Dividend at the AGM; and (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, Scrip Shares.

### **Documents Available for Inspection**

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Suite 1901A, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong during normal business hours from the date of this circular up to and including Friday, 23 April 2010.

- (1) The Articles of Association;
- (2) The Companies Law (2009 Revision) of the Cayman Islands;
- (3) Annual reports of the Company for the two years ended 31 December 2008 and 2009; and
- (4) Service agreements/contracts with each of the Directors.

### **Waiver Application**

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 19.10(2) and 19.10(3) of the Listing Rules regarding the requirements to include in this circular summaries of (1) the provisions of the constitutive documents of the Company in so far as they may affect shareholders' rights and protections and directors' powers; and (2) the relevant regulatory provisions of the jurisdiction in which the Company is incorporated.

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## LETTER FROM THE BOARD

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### Expected Timetable for the Scrip Dividend Scheme

AGM to approve the payment of the 2009 Final Dividend . . . . . Wednesday, 5 May 2010

Fix the market value of a Scrip Share . . . . . Thursday, 29 April 2010 to  
(95% of 5 trading days average) . . . . . Wednesday, 5 May 2010

Announcement setting out the basis of  
allotment of Scrip Shares . . . . . on or about Friday, 7 May 2010

Share certificates for Scrip Shares to all the Shareholders . . . . . Tuesday, 8 June 2010

Commencement of dealings in Scrip Shares . . . . . Thursday, 10 June 2010

### AGM

A notice convening the AGM to be held at Salon Rooms VI–VII, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Wednesday, 5 May 2010 at 11:00 a.m. is set out on pages 14 to 17 of this circular. Pursuant to Rules 13.39(4) and 13.39(5) of the Listing Rules, any voting of the Shareholders at the AGM will be taken by way of poll and an announcement on the poll results of the AGM will be made by the Company after the AGM as soon as possible.

A form of proxy for use at the AGM is enclosed with this circular and has posted on HKEx news website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.qxpaper.com](http://www.qxpaper.com) respectively. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained herein misleading.

### RECOMMENDATION

The Directors consider that (1) the grant of the Issue Mandate; (2) the grant of the Repurchase Mandate; (3) the extension of the Issue Mandate by the addition of the number of Shares repurchased pursuant to the Repurchase Mandate; (4) the re-election of the Directors; and (5) the payment of the 2009 Final Dividend to be satisfied wholly by way of scrip dividend are in the interests of the Group and the Shareholders as a whole and accordingly recommend all the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,  
**ZHU Yu Guo**  
Chairman

*This Appendix serves as an explanatory statement as required under the Listing Rules, to provide the requisite information to you for consideration of the Repurchase Mandate.*

**SHARE CAPITAL**

As at the Latest Practicable Date, the Company had an issued share capital of HK\$103,280,000 comprising 1,032,800,000 Shares. Subject to the passing of the proposed ordinary resolution approving the Repurchase Mandate at the AGM and on the basis that there are no further changes in the issued share capital of the Company from the Latest Practicable Date up to the date of convening the AGM, the Directors would be allowed under the Repurchase Mandate to repurchase a maximum of 103,280,000 Shares, representing 10% of the total number of Shares in issue as at the date of passing of the relevant resolution at the AGM.

**REASONS FOR SHARE REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

**FUNDING OF SHARE REPURCHASES**

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

**IMPACT OF SHARE REPURCHASES**

The exercise of the Repurchase Mandate in full will not have a material adverse impact on the working capital or the gearing level of the Company (as compared with the position disclosed in its latest published audited accounts as at 31 December 2009).

**SHARE PRICES**

The highest and lowest prices at which the Shares traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2009</b>		
March	2.34	1.27
April	3.25	2.26
May	3.43	2.62
June	3.90	3.18
July	4.60	3.60
August	4.68	3.42
September	3.68	2.63
October	3.29	2.61
November	3.58	2.93
December	3.48	2.81
<b>2010</b>		
January	3.53	3.00
February	3.17	2.92
March (up to the Latest Practicable Date)	3.27	3.03

**UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

To the best of their knowledge having made all reasonable enquiries, none of the Directors nor any of their respective associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.

No connected persons of the Company have notified the Company that they have a present intention to sell any Shares to the Company nor have undertaken not to sell any of the Shares held by them to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

**TAKEOVERS CODE**

If, as a result of share repurchase made by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. Accordingly, the Shareholder, or a group of the Shareholders acting in concert with him (within the meaning under the Takeovers Code), depending on the level of increase of the Shareholders' interests, may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Boom Instant Limited, a substantial shareholder of the Company, together with its associates, are interested in an aggregate of 700,000,000 Shares, representing approximately 67.78% of the then issued share capital of the Company (and 75.31% of the issued share capital of the Company if the Repurchase Mandate is exercised in full). On the basis of the shareholding interest of Boom Instant Limited in the Company, an exercise of the Repurchase Mandate in full would not result in it becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Board will ensure that the Company will maintain a 25% public float as required under Rule 8.08 of the Listing Rules.

Save as disclosed above, the Board is not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases pursuant to the Repurchase Mandate.

The Company had not purchased any shares, whether on the Stock Exchange or otherwise, in the six months preceding the Latest Practicable Date.

*The biographical details of the Directors proposed to be re-elected at the AGM are as follows:*

**Mr. ZHU Mo Qun**, aged 30, is the co-founder of the Group. He was appointed as an executive Director, general manager of the Company as well as 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 Limited, a substantial shareholder of the Company. 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 the International Managers Union. In January 2005, he was approved by China Human Resource Exchange Centre\* to become a member of a database of experts in the PRC. This 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. Save for the Company, Mr. Zhu does not have any directorship in any listed companies in the last 3 years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Zhu does not have any interests in securities of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Zhu does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

Mr. Zhu has entered into a service agreement with the Company for a term of 3 years commencing from 1 October 2007 and the term of his service as a Director is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association. He is entitled to a director's fee of HK\$720,000 per annum and a discretionary management bonus in an amount to be determined by the Board. Such emoluments are determined with reference to his experience and contributions to the Group, the Group's performance and profitability, as well as the prevailing market conditions.

**Mr. SUN Zhen Shui**, aged 55, was appointed as an executive Director in September 2007 and is responsible for managing the financial and administrative affairs of the Group. Mr. Sun 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. Save for the Company, Mr. Sun did not hold directorship in any listed public companies in the last 3 years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Sun did not have any interests in the securities of the Company within the meaning of Part XV of the SFO. Mr. Sun does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company.

Mr. Sun has entered into a service agreement with the Company for a term of 3 years commencing from 1 October 2007 and the term of his service as a Director is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association. He is entitled to a director's fee of HK\$360,000 per annum and a discretionary management bonus in an amount to be determined by the Board. Such emoluments are determined with reference to his experience and contributions to the Group, the Group's performance and profitability, as well as the prevailing market conditions.

**Mr. KWONG Kwan Tong**, 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 an independent non-executive director of China Investment Fund Company Limited, a company listed on the Main Board of the Stock Exchange, and the chief financial officer of Verdure International Holding Company Limited. Mr. Kwong has over 20 years of experience in management accounting and financial control. Save for the Company and save as disclosed above, Mr. Kwong did not hold directorship in any listed public companies in the last 3 years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Kwong does not have any interests in the securities of the Company within the meaning of Part XV of the SFO. Mr. Kwong also does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

Mr. Kwong has entered into a letter of appointment with the Company for a term of 2 years commencing from 1 October 2009 and the term of his service as an independent non-executive Director is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association. He is entitled to a director's fee of HK\$180,000 per annum which is determined by the Board with reference to his experience and contributions to the Group, the Group's performance and profitability, as well as the prevailing market conditions.

Save as disclosed above, there are no other matters concerning the above retiring Directors that need to be brought to the attention of the Shareholders and there is no information that should be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

\* *for identification purpose only*

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## NOTICE OF THE AGM

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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)

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting (the “Meeting”) of Qunxing Paper Holdings Company Limited (the “Company”) will be held at Salon Rooms VI–VII, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Wednesday, 5 May 2010 at 11:00 a.m. for the following purposes:

#### **Ordinary Business:**

1. To receive and consider the audited consolidated financial statements, the report of the directors and independent auditor’s report for the year ended 31 December 2009.
2. To approve the declaration of a final dividend for the year ended 31 December 2009 to be satisfied wholly by way of scrip dividend.
3. To re-elect retiring directors and to authorise the board of directors to fix the directors’ remuneration.
4. To re-appoint KPMG as auditors and to authorise the board of directors to determine their remuneration.

#### **Special Business:**

To consider and, if thought fit, to pass, with or without amendments, the following Resolution nos. 5, 6 and 7 as Ordinary Resolutions:

5. **“THAT:**
  - (a) subject to paragraph(c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares (“Shares”) in the capital of the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph(a) above shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to procure the Company to repurchase Shares at a price determined by the Directors;



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- (c) the aggregate nominal amount of Shares which are authorised to be repurchased by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution, “Relevant Period” means the period from the date of passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company (the “Articles of Association”) or any applicable laws to be held; or
  - (iii) the date upon which the authority set out in this Resolution is revoked or varied by way of an ordinary resolution of the shareholders of the Company in general meeting.”

6. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any

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option scheme or similar arrangement of the Company for the granting or issuance of Shares or rights to acquire Shares; or (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued or to be issued by the Company or any securities which are convertible into Shares; or (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

“Relevant Period” shall have the same meaning as that ascribed to it under the Resolution no. 5 above; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to the holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

7. “**THAT** conditional upon the passing of the Resolution nos. 5 and 6 above, the general mandate granted to the Directors to allot, issue and deal with additional Shares pursuant to the Resolution no. 6 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares repurchased by the Company under the authority granted pursuant to the Resolution no. 5 above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution.”

By Order of the Board  
**ZHU Yu Guo**  
*Chairman*

Shandong, the PRC, 31 March 2010

*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

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*Notes:*

1. In relation to the Resolution no. 2 as set out in this notice, the Register of Members of the Company will be closed from Thursday, 29 April 2010 to Wednesday, 5 May 2010 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited (the "Hong Kong Branch Share Registrar") at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, 28 April 2010.
2. A shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and to vote in his stead. A proxy needs not be a shareholder of the Company.
3. In case of the joint registered holders of any Shares, any one of such persons may vote at any meeting, either in person or by proxy; but if more than one of such joint holders be present at any meeting in person or by proxy, the said person whose name stands first on the Register of Members of the Company shall alone be entitled to vote in respect thereof.
4. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be lodged with the Hong Kong Branch Share Registrar, not less than 48 hours before the time fixed for holding the Meeting.
5. With respect to the Resolution no. 3 as set out in this notice, Messrs. Zhu Mo Qun, Sun Zhen Shui and Kwong Kwan Tong will retire upon the conclusion of the Meeting and, being eligible, will offer themselves for re-election at the Meeting. The profiles of the above retiring Directors have been set out in a circular (the "Circular") of the Company dated 31 March 2010.
6. The Circular and the accompanying form of proxy have been sent to the shareholders together with the 2009 Annual Report of the Company.

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