



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) RESIGNATION AND APPOINTMENT OF EXECUTIVE DIRECTORS;
(2) CHANGE OF AUTHORISED REPRESENTATIVE;
(3) RESIGNATION OF NON-EXECUTIVE DIRECTOR; AND
(4) RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Board announces that with effect from 21 March 2014:

- (a) Dr. Zhu Yu Guo has resigned as an executive director, chairman of the Board, an authorised representative and as a member of each of the Executive Committee, Remuneration Committee and Nomination Committee of the Company;
- (b) Mr. Zhu Mo Qun has resigned as an executive director and as a member of the Executive Committee of the Company;
- (c) Mr. Sun Zhen Shui has resigned as an executive director and as a member of the Executive Committee of the Company;
- (d) Ms. Sun Rui Fang has resigned as a non-executive director of the Company;
- (e) Mr. Guo Guang Quan was appointed as an executive director, chairman of the Board, an authorised representative and as a member of each of the Executive Committee, Remuneration Committee and Nomination Committee of the Company;
- (f) Mr. Yang Li Quan was appointed as an executive director and as a member of the Executive Committee of the Company;
- (g) Mr. Wang Lu has resigned as an independent non-executive director and as a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company; and
- (h) Mr. Kwong Kwan Tong has resigned as an independent non-executive director, chairman of the Audit Committee and as a member of the Remuneration Committee and Nomination Committee of the Company.

Suspension of trading

On 20 December 2013, the SFC issued a direction under Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules, directing The Stock Exchange of Hong Kong Limited to suspend all dealings in the shares of the Company from 9:00 a.m. on 20 December 2013.

Trading in the shares of the Company was previously suspended at the request of the Company on 30 March 2011. Trading will remain suspended until further notice.

Further announcements will be made as and when appropriate.

Resignation of executive directors and an authorised representative

The board (the “**Board**”) of directors (the “**Directors**”) of Qunxing Paper Holdings Company Limited (the “**Company**”) announces that:

- (a) Dr. Zhu Yu Guo (“**Dr. Zhu**”) has tendered his resignation as an executive director, chairman of the Board, an authorised representative and as a member of each of the Executive Committee, Remuneration Committee and Nomination Committee of the Company with effect from 21 March 2014 due to personal commitments on his other business;
- (b) Mr. Zhu Mo Qun (“**Mr. Zhu**”) has tendered his resignation as an executive director and as a member of the Executive Committee of the Company with effect from 21 March 2014 due to personal commitments on his other business; and
- (c) Mr. Sun Zhen Shui (“**Mr. Sun**”) has tendered his resignation as an executive director and a member of the Executive Committee of the Company with effect from 21 March 2014 due to personal commitments on his other business;

Each of Dr. Zhu, Mr. Zhu and Mr. Sun has confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of holders of securities of the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board would like to express its sincere gratitude and appreciation to Dr. Zhu, Mr. Zhu and Mr. Sun for their valuable contribution to the Company during their tenure of office.

Appointment of executive directors and an authorised representative

The Board of the Company is pleased to announce that:

- (a) Mr. Guo Guang Quan (“**Mr. Guo**”) has been appointed as an executive director, chairman of the Board, an authorised representative and as a member of each of the Executive Committee, Remuneration Committee and Nomination Committee of the Company with effect from 21 March 2014; and
- (b) Mr. Yang Li Quan (“**Mr. Yang**”) has been appointed as an executive director and as a member of the Executive Committee of the Company with effect from 21 March 2014.

Mr. Guo

Mr. Guo, aged 57, completed his tertiary education in business administration at Shandong University of Technology (山東理工大學). He was a deputy factory manager of a paper manufacturing company listed in Hong Kong and also a project manager responsible for the machinery installation, engineering and pulp manufacturing projects. Mr. Guo has more than 20 years of experience in corporate operation and management and is experienced in paper manufacturing technology.

Mr. Guo has entered into a letter of appointment with the Company for a term of two years and the term of his service as an executive director is subject to retirement by rotation and re-election in accordance with the provisions of the Company’s Articles of Association. He is entitled to a director’s fee of RMB540,000 per annum (which will be pro-rata to the period of services in the year of his appointment) 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 for being a director of the Company, Mr. Guo has not held any directorship in other listed companies in Hong Kong in the last three years and does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

As at the date of this announcement, Mr. Guo has no interests in the shares of the Company which are required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, the Board is not aware of any other matters in relation to the appointment of Mr. Guo as an executive director that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the Rules 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Mr. Yang

Mr. Yang, aged 42, completed his tertiary education in corporate administration at Lu Dong University (魯東大學). He was a manager of a reputable construction company in the People’s Republic of China who was responsible for machinery technology, installation and administration. Mr. Yang is experienced in paper manufacturing technology and paper machine installation and calibration.

Mr. Yang has entered into a letter of appointment with the Company for a term of two years and the term of his service as an executive director is subject to retirement by rotation and re-election in accordance with the provisions of the Company’s Articles of Association. He is entitled to a director’s fee of RMB540,000 per annum (which will be pro-rata to the period of services in the year of his appointment) 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 for being a director of the Company, Mr. Yang has not held any directorship in other listed companies in Hong Kong in the last three years and does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

As at the date of this announcement, Mr. Yang has no interests in the shares of the Company which are required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, the Board is not aware of any other matters in relation to the appointment of Mr. Yang as an executive director that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under the Rules 13.51(2)(h) to 13.51(2)(v) of the Listing rules.

The Board would like to express its warmest welcome to Mr. Guo and Mr. Yang in joining the Board.

Resignation of non-executive director

Ms. Sun Rui Fang (“**Ms. Sun**”) has tendered her resignation as a non-executive director of the Company with effect from 21 March 2014 due to her other personal commitments.

Ms. Sun has confirmed that she has no disagreement with the Board and there are no matters that need to be brought to the attention of holders of securities of the Company and the Stock Exchange.

The Board would like to express its sincere gratitude and appreciation to Ms. Sun for her valuable contribution to the Company during her tenure of office.

Resignation of independent non-executive directors

Mr. Wang Lu (“**Mr. Wang**”) has tendered his resignation as an independent non-executive director and as a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company with effect from 21 March 2014 in order to be more focused on his other work engagement.

Mr. Wang has confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of holders of securities of the Company and the Stock Exchange.

Mr. Kwong Kwan Tong (“**Mr. Kwong**”) has tendered his resignation as an independent non-executive director, chairman of the Audit Committee and as a member of the Remuneration Committee and Nomination Committee of the Company with effect from 21 March 2014 in order to be more focused on his other work engagement.

Mr. Kwong has confirmed that he has no disagreement with the Board. However, the Company is now under legal proceeding and Mr. Kwong is of the view that information may not be available to him completely and in time to discharge his duty as an independent non-executive director of the Company. Except for this, there are no matters that need to be brought to the attention of holders of securities of the Company and the Stock Exchange.

The Board would like to express its sincere gratitude and appreciation to Mr. Wang and Mr. Kwong for his valuable contribution to the Company during his tenure of office.

Insufficient number of independent non-executive director

Following the resignation of Mr. Wang and Mr. Kwong, the Company has only one independent non-executive director and one Audit Committee member, the number of which falls below the minimum number required under rule 3.10(1) and 3.21 of the Listing Rules.

As at the date of this announcement, the Board comprises a total of two executive directors and one independent non-executive director. In order to comply with the Listing Rules, the Company proposes to appoint at least two additional independent non-executive directors, assuming that there is no change to the current composition of the Board.

The Company has made endeavors to find a suitable additional independent non-executive directors. However more time is required to identify a suitable candidate to be additional independent non-executive directors in order to comply with the Listing Rules. The Company will continue with such endeavors and will comply with the Listing Rules as soon as possible.

Further announcements will be made in relation to the appointment of independent non-executive directors as and when appropriate.

Suspension of trading

On 20 December 2013, the SFC issued a direction under Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules, directing The Stock Exchange of Hong Kong Limited to suspend all dealings in the shares of the Company from 9:00 a.m. on 20 December 2013.

Trading in the shares of the Company was previously suspended at the request of the Company on 30 March 2011. Trading will remain suspended until further notice.

By Order of the Board
GUO Guang Quan
Chairman

Shandong, the PRC, 21 March 2014

At the date of this announcement, the executive directors of the Company are Mr. GUO Guang Quan (Chairman) and Mr. Yang Li Quan and the independent non-executive director of the Company is Mr. GUO Liang Yong.