



Qunxing Paper Holdings Company Limited
群星紙業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
(Stock Code 股份代號：3868)



Annual Report
年報

2009

Corporate Profile 公司簡介

Qunxing Paper Holdings Company Limited (Stock Code: 3868) was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 2 October 2007. We are the largest decorative base paper manufacturer in the PRC, specialising in the production of decorative base paper products and printing paper product.

We developed and marketed more than 80 types of decorative base paper products under our own brand name with different specifications which are customised for various industrial and customers' needs. Our decorative base paper products, being intermediate products, are commonly used as decorative layer to furnish the surface of laminated board, a decorative material which has wide applications in interior decoration of buildings and transportation vehicles, processed products such as fortified wooden floorboard, furniture and composite office and household wares. Our printing paper product is mainly used for photocopying and office printing.

We currently own and operate 11 highly automated paper Production lines nos. 1 to 11 in Zouping County, Binzhou City, Shandong Province, the PRC with an aggregate designed annual production capacity of approximately 320,000 tonnes.

We have an experienced sales and marketing team serving 6 designated sales regions in the PRC and have over 110 customers covering 13 provinces, autonomous regions and municipalities in the PRC.

群星紙業控股有限公司(股份代號：3868)於二零零七年十月二日在香港聯合交易所有限公司主板上市。本集團為中國最大的裝飾原紙製造商，專門生產裝飾原紙產品及印刷用紙產品。

本集團以其本身品牌開發及銷售逾80種不同規格的裝飾原紙產品，以迎合各類型工業及客戶的需求。本集團的裝飾原紙產品為中介產品，一般用作粉飾人造板的裝飾表層，裝飾原紙為一種裝飾物料，廣泛應用於樓宇及運輸工具的內部裝飾、加工產品(如強化木地板)、傢俬及綜合辦公室和家居用品。本集團的印刷用紙產品主要用作複印及辦公室印刷。

本集團目前於中國山東省濱州市鄒平縣擁有及營運第1至11號11條高度自動化紙張生產線，其總設計年產能約為320,000噸。

本集團擁有一支經驗豐富的銷售及市場推廣團隊，在中國6個指定銷售地區工作。我們並在中國13個省份、自治區及直轄市擁有逾110名客戶。



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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

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

BOARD COMMITTEES

Audit Committee

Mr. KWONG Kwan Tong (*Committee Chairman*)
Mr. ZHAO Wei
Mr. WANG Lu

Executive Committee

Dr. ZHU Yu Guo (*Committee Chairman*)
Mr. ZHU Mo Qun
Mr. SUN Zhen Shui

Nomination Committee

Mr. ZHU Mo Qun (*Committee Chairman*)
Mr. ZHAO Wei
Mr. WANG Lu
Mr. KWONG Kwan Tong

Remuneration Committee

Dr. ZHU Yu Guo (*Committee Chairman*)
Mr. ZHAO Wei
Mr. WANG Lu
Mr. KWONG Kwan Tong

董事會

執行董事

朱玉國博士(*主席*)
朱墨群先生(*副主席*)
孫振水先生

非執行董事

孫瑞芳女士

獨立非執行董事

趙偉先生
王魯先生
鄭焜堂先生

董事委員會

審核委員會

鄭焜堂先生(*委員會主席*)
趙偉先生
王魯先生

執行委員會

朱玉國博士(*委員會主席*)
朱墨群先生
孫振水先生

提名委員會

朱墨群先生(*委員會主席*)
趙偉先生
王魯先生
鄭焜堂先生

薪酬委員會

朱玉國博士(*委員會主席*)
趙偉先生
王魯先生
鄭焜堂先生

COMPANY SECRETARY

Ms. LAM Wai Yee, Sophie

AUTHORISED REPRESENTATIVES

Dr. ZHU Yu Guo

Ms. LAM Wai Yee, Sophie

LEGAL ADVISERS

As to Hong Kong law

DLA Piper Hong Kong

As to Cayman Islands law

Conyers Dill & Pearman

PRINCIPAL BANKERS IN HONG KONG

Hang Seng Bank Limited

Industrial and Commercial Bank of China (Asia) Limited

PRINCIPAL BANKERS IN THE PRC

Agricultural Bank of China, Changshan Sub-branch

Bank of China, Zouping Sub-branch

China Construction Bank, Zouping Sub-branch

Industrial and Commercial Bank of China,

Zouping Sub-branch

AUDITORS

KPMG

Certified Public Accountants

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

公司秘書

林慧怡女士

法定代表

朱玉國博士

林慧怡女士

法律顧問

香港法律

歐華律師事務所

開曼群島法律

康德明律師事務所

香港主要往來銀行

恒生銀行有限公司

中國工商銀行(亞洲)有限公司

中國主要往來銀行

中國農業銀行，長山支行

中國銀行，鄒平支行

中國建設銀行，鄒平支行

中國工商銀行，鄒平支行

核數師

畢馬威會計師事務所

執業會計師

註冊辦事處

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

CORPORATE INFORMATION

公司資料

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1901A, Exchange Tower
33 Wang Chiu Road
Kowloon Bay
Hong Kong

香港主要營業地點

香港
九龍灣
宏照道33號
國際交易中心1901A室

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

San Li He
Chang Shan Town
Zouping County
Shandong Province
The PRC

中國總辦事處及主要營業地點

中國
山東省
鄒平縣
長山鎮
三里河

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman
KY1-1107
Cayman Islands

主要股份過戶登記處

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman
KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

香港股份過戶登記分處

卓佳證券登記有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

STOCK CODE

The Stock Exchange of Hong Kong Limited: 3868

股份代號

香港聯合交易所有限公司：3868

WEBSITES

www.qxpaper.com
www.irasia.com/listco/hk/qxpaper/

INVESTOR AND MEDIA RELATIONS CONSULTANT

iPR Ogilvy Ltd.

2010 FINANCIAL CALENDAR

Announcement of 2009 Annual Results:
17 March 2010
2010 Annual General Meeting:
5 May 2010
Announcement of 2010 Interim Results:
August 2010 (*tentative date*)

2009 FINAL DIVIDEND

Payment of : HK7.403 cents (in scrip form)
Dividend Per
Share

Period of Book : 29 April 2010 to 5 May 2010
Closure (both days inclusive)

Despatch of : 8 June 2010
Definitive Share
Certificates

網址

www.qxpaper.com
www.irasia.com/listco/hk/qxpaper/

投資者及傳媒關係顧問

iPR 奧美公關

二零一零年財務日誌

二零零九年全年業績公佈：
二零一零年三月十七日
二零一零年股東週年大會：
二零一零年五月五日
二零一零年中期業績公佈：
二零一零年八月(暫定日期)

二零零九年末期股息

每股派息 : 7.403港仙(以股代息)

截止過戶時間 : 二零一零年四月二十九日
至二零一零年五月五日
(包括首尾兩日)

寄發正式股票 : 二零一零年六月八日

DEFINITIONS

釋義

“associate(s)” 「聯繫人」	指	has the same meaning ascribed to it under the Listing Rules 具有上市規則所賦予的涵義
“Articles of Association” 「組織章程細則」	指	the articles of association of the Company (as amended from time of time) 本公司組織章程細則(經不時修訂)
“Board” 「董事會」	指	the board of Directors 董事會
“BVI” 「英屬處女群島」	指	the British Virgin Islands 英屬處女群島
“CG Code” 「企業管治守則」	指	the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules 上市規則附錄14所載的《企業管治常規守則》
“Code Provision(s)” 「守則條文」	指	the code provision(s) under the CG Code 載於企業管治守則的守則條文
“Company” or “QX Paper” 「本公司」或「群星紙業」	指	Qunxing Paper Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange 群星紙業控股有限公司，一間在開曼群島註冊成立的有限公司，其已發行股份於聯交所主板上市
“connected person(s)” 「關連人士」	指	has the meaning ascribed to it under the Listing Rules 具有上市規則所賦予的涵義
“Director(s)” 「董事」	指	director(s) of the Company 本公司董事

“Group”, “QX Group”, “we”, “our” or “us” 「本集團」或「群星集團」	指	the Company and its subsidiaries 本公司及其附屬公司
“HK\$” 「港元」	指	Hong Kong dollars, the lawful currency of Hong Kong 港元，香港法定貨幣
“Hong Kong” 「香港」	指	the Hong Kong Special Administrative Region of the PRC 中國香港特別行政區
“Listing Rules” 「上市規則」	指	the Rules Governing the Listing of Securities on the Stock Exchange 《聯交所證券上市規則》
“Model Code” 「標準守則」	指	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules 上市規則附錄10所載的《上市公司董事進行證券交易的標準守則》
“PRC” 「中國」	指	the People’s Republic of China, which for the purpose of this annual report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan 中華人民共和國，就本年報而言，不包括香港、中國澳門特別行政區及台灣
“printing paper” 「印刷用紙」	指	a kind of paper commonly used for photocopying and office printing 一種普遍用於影印及辦公室印刷的紙張
“Prospectus” 「招股章程」	指	the prospectus of the Company dated 17 September 2007 本公司日期為二零零七年九月十七日的招股章程
“QX Securities Dealing Code” 「群星證券買賣守則」	指	a securities dealing code adopted by the Company on 8 September 2007 (as amended from time to time) on no less exacting terms than the Model Code 本公司於二零零七年九月八日採納的《證券買賣守則》(經不時修訂)，其條款不較標準守則寬鬆

DEFINITIONS

釋義

“RMB” 「人民幣」	指	Renminbi, the lawful currency of the PRC 人民幣，中國法定貨幣
“SFO” 「證券及期貨條例」	指	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) 香港法例第571章《證券及期貨條例》
“Shandong QX” 「山東群星」	指	Shandong Qunxing Paper Limited*, a limited liability company established in the PRC and a wholly-owned subsidiary of the Company 山東群星紙業有限公司，一間於中國成立的有限公司，並為本公司的全資附屬公司
“sq.m.” 「平方米」	指	square meter 平方米
“Stock Exchange” 「聯交所」	指	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“substantial shareholder(s)” 「主要股東」	指	has the same meaning ascribed to it under the Listing Rules 具有上市規則所賦予的涵義
“tonne” 「噸」	指	a metric tonne, equivalent to 1,000 kilograms 一公噸，相當於1,000公斤
“%” 「%」	指	per cent. 百分比

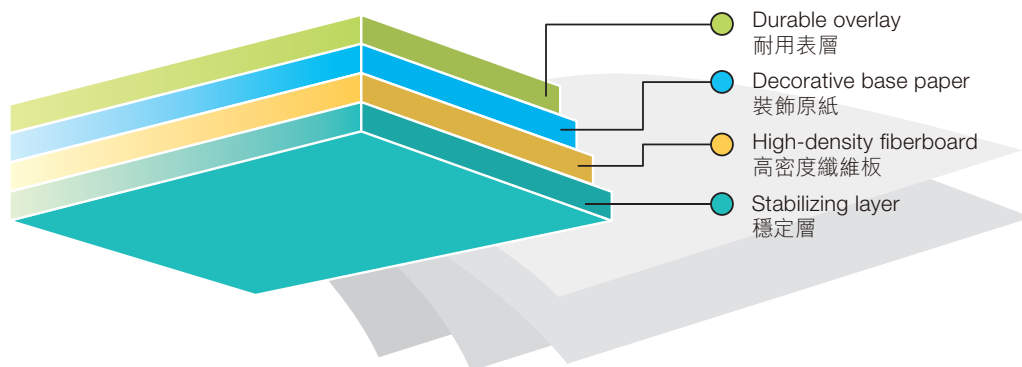
* *for identification purpose only*
僅供識別

GLOSSARY OF TECHNICAL TERMS 技術詞彙

<p>“decorative base paper” 「裝飾原紙」</p>	<p>“laminated board” 「人造板」</p>	<p>“printing paper” 「印刷用紙」</p>	<p>“specialty paper” 「特種紙」</p>
<p>a kind of specialty paper which is used as a decorative layer to be impregnated with various wooden or synthetic materials to form laminated board 一種特種紙，用作裝飾表層並與不同木製或合成物料浸漬製成人造板</p>	<p>a board product comprising a plurality of adjacent sheets of wooden or synthetic materials and decorative base paper, laid onto each other by an adhesive bonding material positioned in between to form a laminate 由多層互相重疊的木製或合成物料及裝飾原紙組成的木板產品，以黏性物質將物料黏緊以形成薄片</p>	<p>a kind of paper commonly used for photocopying and printing 一種普遍用於影印及印刷的紙張</p>	<p>a kind of paper with unique properties which is suitable for special purposes and is not considered to be one of the standard papers by paper manufacturing industry 一種具獨特性而適用於特別用途的紙張，在造紙業中不屬於標準紙張之一</p>

Structure diagram of laminated board

人造板之結構圖



FINANCIAL HIGHLIGHTS

財務摘要

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	Change 變動
Operating Results	經營業績			
Turnover	營業額	1,530,321	1,496,360	+2.3%
Profit from operations	經營溢利	375,862	396,681	-5.2%
Profit before taxation	除稅前溢利	371,694	383,361	-3.0%
Profit attributable to equity shareholders	權益股東應佔溢利	324,087	383,361	-15.5%
Per Share Data	每股數據			
Basic earnings per share (RMB cents)	每股基本盈利 (人民幣分)	31	37	-16.2%
Dividend per share (HK cents)	每股股息 (港仙)	10.68	12.61	-15.3%
— Final	— 末期	7.403	8.45	
— Interim	— 中期	3.277	4.16	
Financial Position	財務狀況			
Total assets	資產總值	2,530,525	2,689,828	-5.9%
Cash and cash equivalents	現金及現金等價物	682,764	1,539,373	-55.6%
Total liabilities	負債總值	78,216	454,621	-82.8%
Total equity	權益總值	2,452,309	2,235,207	+9.7%
Financial Ratios	財務比率			
Gross profit margin	毛利率	27.8%	27.1%	+0.7% pts 百分點
Net profit margin	淨溢利率	21.2%	25.6%	-4.4% pts 百分點
Return on assets	資產回報率	12.8%	14.3%	-1.5% pts 百分點
Return on equity	權益回報率	13.2%	17.2%	-4.0% pts 百分點
Current ratio	流動比率	10.1	3.7	+6.4 times 倍
Quick ratio	速動比率	9.7	3.6	+6.1 times 倍
Gearing ratio	資產負債比率	0%	4.6%	-4.6% pts 百分點

CHAIRMAN'S STATEMENT
主席報告書



Dr. ZHU Yu Guo
朱玉國博士
Chairman 主席

CHAIRMAN'S STATEMENT

主席報告書

BUSINESS REVIEW

In the face of financial tsunami triggered by the U.S. subprime mortgage crisis, authorities across the globe responded quickly and took various remedial measures to shore up international financial system so as to stabilise the macro economy. The global economy has experienced a gradual recovery since the trough in March 2009. Given swift policy actions taken by the PRC government, including the introduction of a RMB4 trillion fiscal stimulus package, the fundamentals of the PRC's economy remained intact throughout the global financial crisis. According to the National Bureau of Statistics, China's gross domestic product (GDP) in 2009 grew by 8.7% to RMB33,535.3 billion from 2008, reflecting the continuing urbanisation and improvement in people's living standards in the PRC.

The decorative base paper industry in the PRC is less affected by the global financial crisis without a sharp decline in market demand. During the year, urbanisation has been accelerating in second- and third-tiered cities in the PRC and the PRC government gave strong backing for the construction of economically affordable housing, which in turn fueled demand for laminated boards, the economic and environmental friendly substitutes for logs. Such development provided sustained driving forces for growth of the Group's decorative base paper business.

Despite facing the challenging market environment, the overall business performance of the Group remained stable boosted by improvements in operating efficiency and margins. For the year ended 31 December 2009, the Group recorded a turnover of RMB1,530.3 million, representing an increase of 2.3% as compared with the corresponding period in 2008. The overall gross profit margin increased from 27.1% in 2008 to 27.8% in 2009. Profit for the year amounted to RMB324.1 million, representing a decrease of 15.5% as compared with the corresponding period in 2008. Basic earnings per share were RMB31 cents (2008: RMB37 cents).

業務回顧

全球各國政府為應對由美國次按危機所引發的金融海嘯，紛紛迅速採取多項拯救措施以振興國際金融體系及穩定宏觀經濟。環球經濟自二零零九年三月從谷底反彈，並逐漸步入復甦。中國政府亦及時出台一攬子方案，包括4萬億元人民幣刺激經濟計劃，以致在全球金融危機下，中國經濟的基本面亦未有改變。根據國家統計局的資料顯示，二零零九年中國的國內生產總值(GDP)達人民幣335,353億元，較二零零八年增長8.7%，反映中國的城市化進程持續，人民的生活水平仍不繼改善。

全球金融危機對中國裝飾原紙產業所帶來的影響相對輕微，市場需求未有因此出現急跌。年內，中國二、三綫城鄉地區的城市化進程一直在加快，中國政府大力鼓勵興建經濟適用房，帶動對人造板的需求，人造板為原木的替代品，兼具經濟及環保的特性。以上種種造就了本集團裝飾原紙業務增長的驅動力。

儘管面對市況挑戰連連，本集團透過致力改善營運效益及提高毛利率，整體業務繼續表現平穩。截至二零零九年十二月三十一日止年度，本集團的營業額為人民幣1,530,300,000元，較二零零八年同期增長2.3%。整體毛利率由二零零八年的27.1%增至二零零九年的27.8%。年度溢利達到人民幣324,100,000元，較二零零八年同期下調15.5%。每股基本盈利為人民幣31分(二零零八年：人民幣37分)。

Expansion of production capacity

As at 31 December 2009, the Group has invested in and is currently operating 11 highly automated Production lines nos. 1 to 11 with an aggregate designed annual production capacity of approximately 320,000 tonnes, comprising approximately 270,000 tonnes of decorative base paper products and approximately 50,000 tonnes of printing paper product. Construction of Production lines nos. 12 and 13, each of which has a designed annual production capacity of approximately 30,000 tonnes, is currently underway and is scheduled to be completed by mid 2010. Commercial production of these Production lines is expected to commence in late 2010. By then, the Group's aggregate designed annual production capacity will reach approximately 380,000 tonnes.

We will also input resources to refine existing production lines in order to increase production efficiency and to further enhance the Group's competitiveness.

Comprehensive distribution channels

During the year under review, the Group continued to focus on developing business in its 6 designated sales regions in the PRC, namely, Shandong, Sichuan, Guangdong, Beijing, Jiangsu and Zhejiang. The Group maintained a comprehensive distribution channel with over 110 customers covering 13 provinces, autonomous regions and municipalities in the PRC. The Group will strive to maintain and consolidate long-term relationships with existing customers.

Research and development of products

The Group has marketed more than 80 types of decorative base paper products that can be used in a diversified spectrum of areas, including furniture and flooring of home and office, interior decoration of large scale infrastructure facilities and vehicles. In the face of growing market demand, the QX Group will continue to optimize product mix and enlarge the weighting of premium decorative base paper products so as to capture a larger market share and to increase profitability.

擴充產能

截至二零零九年十二月三十一日，本集團投資及營運第1至第11號11條總設計年產能約為320,000噸的高度自動化之生產線，包括約270,000噸裝飾原紙產品的產能及約50,000噸印刷用紙產品的產能。同時，本集團現正興建第12及第13號生產線，設計年產能約各為30,000噸，預期於二零一零年年中竣工。兩條生產線預計於二零一零年年底開始商業生產。屆時，本集團的總設計年產能將約達380,000噸。

此外，本集團將投放資源改造現有生產線，以提高生產效能及進一步提升本集團的競爭力。

完善的分銷渠道

回顧年內，本集團繼續專注在中國選定6個銷售地區發展業務，分別為山東、四川、廣東、北京、江蘇及浙江。本集團擁有完善的分銷渠道及逾110名客戶，遍及中國13個省份、自治區及直轄市。本集團將致力維持及鞏固與現有客戶的長遠合作關係。

產品研發

本集團銷售逾80種裝飾原紙產品，其應用範圍廣泛。除傢俱及家居辦公室地板等傳統應用外，大型基建設施及汽車的內部裝飾亦適用。隨著市場需求日益殷切，群星集團將繼續優化產品組合，增加高檔裝飾原紙產品的佔比，冀能提升市場份額及盈利能力。

CHAIRMAN'S STATEMENT

主席報告書

In our on-going efforts to enhance research and development capabilities, the Group continued our strategic partnership with Research and Design Institute of Papermaking Industry of Shandong Province* (山東省造紙工業研究設計院) so as to conduct research and develop new products and technology.

Environmental protection

Environmental protection always plays an important part on the Group's agenda. Being the Group's core product, decorative base paper products are indeed a cost-effective alternative to wood products. Moreover, the premium wood pulp used for producing decorative base paper causes almost no pollution and conforms to the national policies of the PRC for environmental protection.

We have also endeavoured to alleviate the impact of our operation on the environment. The Group has currently a waste water treatment system with an annual processing capacity of approximately 1,700,000 cubic meters. To cope with the expansion of our production capacity, construction of another waste water treatment system with an annual processing capacity of approximately 3,650,000 cubic meters was completed in December 2009. Waste water after treatment is reused for irrigation at the Group's production base in Shandong.

Awards and recognition

The Group continued to receive a number of accreditations for its management excellence and remarkable business performance during the year. QX Paper was conferred "The Credible Enterprise of China Accreditation in 2009" jointly by China Enterprise Reputation and Credibility Association (Overseas) Ltd. and Reputation Institute China. The Group was also named as one of "Top 500 Overseas Chinese Merchants in China's Market (Mainland)*" by *Ta Kung Pao* (大公報) and *Hai Wai Wen Zhai* (海外文摘). Besides, Shandong Qunxing Paper Limited* ("Shandong QX"), a wholly-owned subsidiary of the Company, was granted "2008 Chinese Enterprise with Excellent Integrity" award by the China Enterprise Confederation and the China Entrepreneur Association.

為繼續增強研發能力，本集團維持與山東省造紙工業研究設計院的策略性合作夥伴關係，聯手研發新產品及技術。

環境保護

本集團一向重視環境保護。除本集團的核心產品裝飾原紙為木質品的廉價替代品外，本集團生產裝飾原紙所使用的高級木漿，在生產過程中並不會怎樣構成環境污染，符合中國的環保國策。

我們亦致力減低本集團營運對環境所造成的影響。本集團現有一個污水處理系統，每年可處理約1,700,000立方米污水。本集團另一污水處理系統的建設工程已於二零零九年十二月竣工，該系統每年可處理約3,650,000立方米污水，得以配合本集團的產能擴充。經處理的污水會用作本集團山東生產基地之灌溉系統的水源。

獎項及嘉許

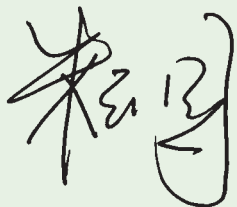
本集團繼續於年內憑藉其優良管理及卓越的業務表現取得多項獎譽。年內，群星紙業榮獲中華(海外)企業信譽協會及信譽研究院(中國)聯合主辦的二零零九年度中國「信譽企業」認證。本集團亦獲《大公報》及《海外文摘》選為「海外華商中國市場(大陸)500強」之一。此外，本公司之全資附屬公司山東群星紙業有限公司(「山東群星」)獲中國企業聯合會及中國企業家協會授予「2008年中國優秀誠信企業」之殊榮。另山東群星獲中國造紙

Moreover, Shandong QX was named as one of "Top 30 Papermaking Enterprises in China*" while I personally was named as one of "Outstanding Entrepreneur of Papermaking Industry in China*" by China Paper Association.

OUTLOOK

While market data and various indicators suggest that the PRC's domestic market will continue to grow and experience a growth in export-driven demand following the gradual recovery of the global economy, the PRC's economy is likely to remain its upward trend in 2010. The Group will nevertheless adopt a prudent approach and closely monitor any market changes. With the PRC government's strong support for industries related to environmental protection, the uniqueness of our decorative base paper products and the solid foundation of the Group, the management is confident that the Group will be able to achieve stable growth in 2010.

Looking ahead, the Group will uphold its competitiveness and strengthen its leading market position through various initiatives, such as enhancing product quality, optimising product portfolio, improving research and development capability and strengthening both cost and quality control. Taking advantage of our strong financial position, the Group is well-positioned to explore and capture suitable and relevant development opportunities with an aim to maximising our shareholders' value in the long run.



ZHU Yu Guo 朱玉國
Chairman 主席

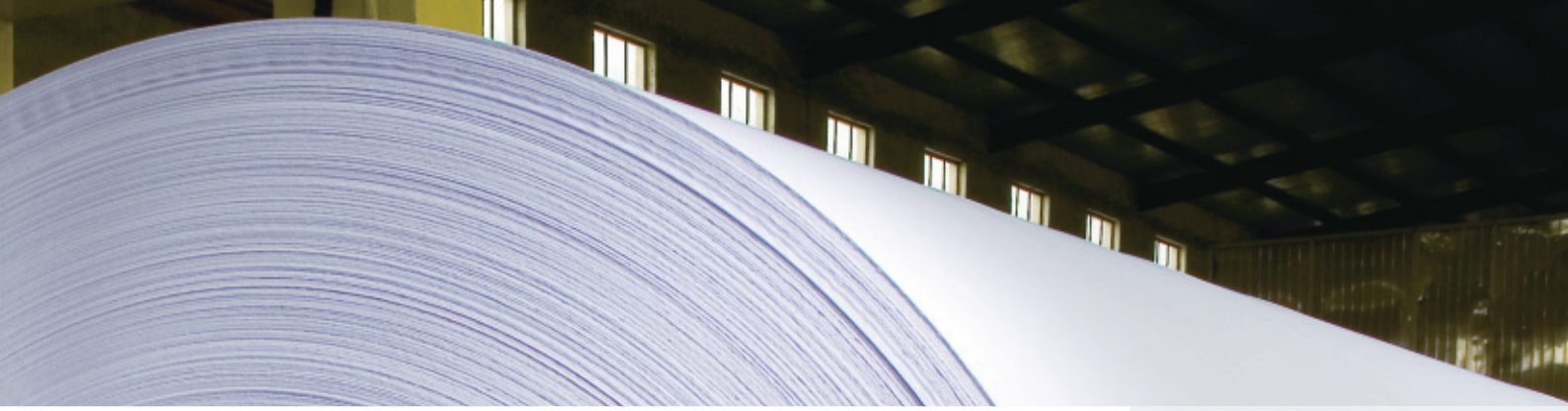
Shandong, the PRC, 17 March 2010
中國山東，二零一零年三月十七日

協會評為「全國製漿造紙行業企業三十強」之一，而本人亦同時獲選為「全國製漿造紙行業優秀企業家」之一。

前景

市場數據及多項經濟指標均反映中國內需市場將持續增長，出口帶動的需求將隨著全球經濟逐步回暖而有所提升，中國經濟可望於二零一零年保持增長勢頭。儘管如此，本集團將持審慎的態度，密切注視市場的任何變化。憑藉中國政府對環保相關產業的大力支持、本集團裝飾原紙產品的獨特性及其堅實的基礎，管理層堅信，本集團之業務在二零一零年將穩步向上。

展望未來，本集團將採取多項措施以保持競爭優勢及鞏固其市場領先地位，包括提升產品品質、優化產品組合、改善研發能力及加緊成本及質量控制。本集團的財務狀況十分穩健，正整裝待發，物色及抓緊合適的發展契機，長遠為股東帶來最佳回報。



Quality
Products
in its own right

優質產品
「紙」成一家



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析



The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of our Group as at and for the year ended 31 December 2009 and the accompanying notes set out in this annual report.

OVERVIEW

Our Group is principally engaged in the manufacture and sale of decorative base paper products and printing paper product. As ranked by China Paper Association, our Group is the largest decorative base paper manufacturer in terms of the actual annual production capacity in the PRC since 2005.

在閱讀下述討論與分析時，請一併參閱本年報載列的本集團於二零零九年十二月三十一日及截至該日止年度的經審核綜合財務報表及隨附的附註。

概覽

本集團主要從事製造及銷售裝飾原紙產品及印刷用紙產品。按實際年產能計算，本集團自二零零五年起獲中國造紙協會評為中國最大的裝飾原紙製造商。



OVERVIEW (Continued)

Though the macroeconomic environment in the PRC is facing a challenging time after the financial tsunami in late 2008, our Group continued to achieve growth in the business during the year under review. We are continuing to expand the production capacity and improve the technical know-how in the provision of quality decorative base paper products to our customers. Our turnover increased by approximately 2.3% from RMB1,496.4 million for the year ended 31 December 2008 to RMB1,530.3 million for the year ended 31 December 2009. The increase in turnover was mainly attributable to the increase in our Group's production capacity as a result of the commercial operation of Production lines nos. 8 to 9 and nos. 10 to 11 since March 2009 and December 2009, respectively.

概覽(續)

二零零八年下半年金融海嘯過後，儘管中國宏觀經濟環境挑戰重重，但本集團的業務於回顧年內仍取得增長。我們繼續擴大產能，提升專業技術知識，致力為客戶提供優質裝飾原紙產品。本集團營業額由截至二零零八年十二月三十一日止年度人民幣1,496,400,000元上升約2.3%至截至二零零九年十二月三十一日止年度人民幣1,530,300,000元。營業額增加主要由於第8至第9號生產線以及第10至第11號生產線分別於二零零九年三月及二零零九年十二月開始商業生產，提高本集團產能所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OVERVIEW (Continued)

During the year under review, our profit before taxation decreased by approximately 3.0% from RMB383.4 million for the year ended 31 December 2008 to RMB371.7 million for the year ended 31 December 2009. As a consequence of persistently low interest rate environment in the wake of the financial tsunami, our interest income decreased by approximately 90.0% from RMB40.1 million for the year ended 31 December 2008 to RMB4.0 million for the year ended 31 December 2009. Excluding the effect of other revenue (included mainly interest income as discussed above) and other net loss from non-core operations, our profit before taxation from core operations increased by approximately 6.7% from RMB344.3 million for the year ended 31 December 2008 to RMB367.4 million for the year ended 31 December 2009.

Our Group was entitled to a full exemption from the PRC income tax in 2008. Starting from 2009, our profit from operation in the PRC is subject to a reduced PRC income tax rate of 12.5% for three years till 31 December 2011. As a result, our profit for the year decreased by approximately 15.5% from RMB383.4 million for the year ended 31 December 2008 to RMB324.1 million for the year ended 31 December 2009.

The basic earnings per share for the years ended 31 December 2008 and 2009 were RMB37 cents and RMB31 cents, respectively. The decrease in the basic earnings per share for the year under review was mainly attributable to the effect of low interest income and the payment of PRC income tax as discussed above.

概覽(續)

回顧年內，本集團除稅前溢利由截至二零零八年十二月三十一日止年度人民幣383,400,000元下降約3.0%至截至二零零九年十二月三十一日止年度人民幣371,700,000元。經過金融海嘯一役後，低息環境持續，本集團利息收入由截至二零零八年十二月三十一日止年度人民幣40,100,000元減少約90.0%至截至二零零九年十二月三十一日止年度人民幣4,000,000元。扣除其他收益(主要包括上述的利息收入)及非核心業務所產生的其他虧損淨額，本集團核心業務的除稅前溢利由截至二零零八年十二月三十一日止年度人民幣344,300,000元上升約6.7%至截至二零零九年十二月三十一日止年度人民幣367,400,000元。

於二零零八年，本集團獲豁免繳納中國所得稅。自二零零九年開始三個年度，本集團的中國經營溢利須按優惠稅率12.5%繳納中國所得稅，直至二零一一年十二月三十一日止。因此，本集團的年度溢利由截至二零零八年十二月三十一日止年度人民幣383,400,000元下降約15.5%至截至二零零九年十二月三十一日止年度人民幣324,100,000元。

截至二零零八年及二零零九年十二月三十一日止年度，每股基本盈利分別為人民幣37分及人民幣31分。回顧年內，每股基本盈利減少的主因是上述利息收入減少及繳納中國所得稅的影響。

OVERVIEW (Continued)

The expansion of production capacity in recent years

Our production capacity has been expanded significantly in recent years through establishing new production facilities as well as re-engineering and modifying the existing production facilities with a view to improving the production efficiency. With the highly automated production facilities at our production base located in Zouping County, Binzhou City, Shandong Province, the PRC, we are able to provide one-stop service for a wide range of decorative base paper products.

Production lines nos. 1 to 6

Since the commencement of our operation, we have successfully increased our designed annual production capacity from approximately 10,000 tonnes in 1999 to approximately 170,000 tonnes in 2006. As of 31 December 2006, we owned and operated six highly automated Production lines nos. 1 to 6, with an aggregate designed annual production capacity of approximately 170,000 tonnes.

Production line no. 7

In order to tap the continuously growing demand for decorative base paper products in the PRC market, we commenced the construction of various production lines since 2007. In May 2007, we commenced the construction of Production line no. 7 with a designed annual production capacity of approximately 30,000 tonnes. The construction was completed in December 2007 and the commercial production commenced in March 2008.

概覽(續)

近年產能的提升

透過設立新生產設施，以及重整和改善現有生產設施以提高生產效率，本集團的產能在近年來得以顯著擴大。本集團設於中國山東省濱州市鄒平縣的生產基地配備高度自動化的生產設施，使本集團得以提供各類型裝飾原紙產品的一站式服務。

第1至第6號生產線

自本集團開業以來，設計年產能一直不斷上升，由一九九九年約10,000噸增至二零零六年約170,000噸。於二零零六年十二月三十一日，本集團擁有及經營第1至第6號六條高度自動化生產線，其總設計年產能約為170,000噸。

第7號生產線

為捕捉中國市場對裝飾原紙產品越見殷切帶來的契機，本集團自二零零七年開始建設多條生產線。於二零零七年五月，本集團興建設計年產能約30,000噸的第7號生產線。該建設於二零零七年十二月竣工，並於二零零八年三月開始商業生產。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OVERVIEW (Continued)

The expansion of production capacity in recent years (Continued)

Production lines nos. 8 to 11

In February 2008, we commenced the construction of Production lines nos. 8 and 9 with a designated annual production capacity of approximately 30,000 tonnes each. The construction was completed in late 2008 and the commercial production commenced in March 2009 and April 2009 respectively.

In September 2008, the construction of Production lines nos. 10 and 11 commenced. Each of the production lines has a designated annual production capacity of approximately 30,000 tonnes. The construction was completed in September 2009 and commercial production commenced in December 2009.

Production lines nos. 12 to 13

In August 2009, we commenced the construction of Production lines nos. 12 and 13 with a designated annual production capacity of approximately 30,000 tonnes each. By the end of 2009, these production lines were still under construction and the construction is estimated to complete by mid 2010.

概覽(續)

近年產能的提升(續)

第8至第11號生產線

於二零零八年二月，各自設計年產能約為30,000噸的第8及第9號生產線開始施工興建。該建設於二零零八年底竣工，並分別於二零零九年三月及四月開始商業生產。

於二零零八年九月，本集團展開第10及第11號生產線的建設工程。兩條生產線的設計年產能均約為30,000噸。該建設於二零零九年九月竣工，並於二零零九年十二月初開始商業生產。

第12至第13號生產線

於二零零九年八月，本集團展開第12及第13號生產線的建設工程，設計年產能均約為30,000噸。二零零九年年底，生產線仍處於建設階段，估計於二零一零年年中竣工。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OVERVIEW (Continued)

The expansion of production capacity in recent years (Continued)

The following table sets forth our designed annual production capacity as of the dates indicated.

概覽(續)

近年產能的提升(續)

下表載列所示日期本集團的設計年產能。

		As at 31 December				
		於十二月三十一日				
(in tonnes)	(單位：噸)	2005	2006	2007	2008	2009
		二零零五年	二零零六年	二零零七年	二零零八年	二零零九年
Production line no(s).	生產線編號					
1, 2, 3, 4	1, 2, 3, 4	110,000	110,000	110,000	110,000	110,000
5, 6	5, 6	—	60,000	60,000	60,000	60,000
7	7	—	—	30,000	30,000	30,000
8, 9	8, 9	—	—	—	60,000	60,000
10, 11	10, 11	—	—	—	—	60,000
12, 13 (note1)	12, 13 (附註1)	—	—	—	—	—
		110,000	170,000	200,000	260,000	320,000

Notes:

- Construction was commenced in August 2009 and is estimated to complete by mid 2010.

Subsequent to the commencement of the commercial operation of Production lines nos. 8 to 11 in 2009, the aggregate designed annual production capacity of our Group as at 31 December 2009 is 320,000 tonnes, representing an increase by approximately 23.1% from 260,000 tonnes as at 31 December 2008.

附註：

- 建設工程已於二零零九年八月展開，估計於二零一零年年中竣工。

隨著第8至第11號生產線於二零零九年投入商業營運，本集團於二零零九年十二月三十一日的總設計年產能為320,000噸，較二零零八年十二月三十一日的260,000噸升約23.1%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OVERVIEW (Continued)

The expansion of production capacity in recent years (Continued)

Our Group believes that the increase in the production capacity in recent years has strengthened our leading market position and enhanced our competitiveness in the market. Our Group's plan to keep expanding the production capacity was approved by 山東省輕工業辦公室 (Shandong Province Light Industry Council*) in January 2007 as one of the approved projects for paper manufacturing industry in the PRC under 人造板工業十一五規劃分析報告 (The Outline for Development of the Laminated Board Industry under the Eleventh Five Year Plan*). We have already completed the construction of Production line nos. 7 to 11 since our listing and the commercial operation of these production lines was commenced since March 2008. Currently, another two new Production lines nos. 12 and 13, each with a designed annual capacity of 30,000 tonnes, are under construction and the construction is estimated to complete by mid 2010.

概覽(續)

近年產能的提升(續)

本集團相信，近年產能的上升已進一步鞏固本集團的市場領導地位，提升本集團的市場競爭力。本集團的擴產計劃於二零零七年一月獲山東省輕工業辦公室批准，成為人造板工業十一五規劃分析報告內中國造紙業獲批項目之一。從上市至今，我們已完成第7至第11號生產線的建設工程，並自二零零八年三月起展開商業營運。現時，另有兩條全新生產線第12及第13號生產線處於建設階段，設計年產能均為30,000噸，估計於二零一零年年中竣工。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OVERVIEW (Continued)

The expansion of production capacity in recent years (Continued)

The increase of equipment utilisation rate

The following table illustrates information on the utilisation rates and actual and planned hours of operation for the production lines over the past years.

概覽(續)

近年產能的提升(續)

設備使用率的增加

下表顯示過去數年本集團各生產線的使用率、實際及計劃運作小時的資料。

Production line no.	Year ended 31 December														
	截至十二月三十一日止年度														
	2005			2006			2007			2008			2009		
	二零零五年			二零零六年			二零零七年			二零零八年			二零零九年		
Actual	Planned	Equipment	Actual	Planned	Equipment	Actual	Planned	Equipment	Actual	Planned	Equipment	Actual	Planned	Equipment	
hours of	hours of	Utilisation	hours of	hours of	Utilisation	hours of	hours of	Utilisation	hours of	hours of	Utilisation	hours of	hours of	Utilisation	
operation	operation ⁽¹⁾	rate ⁽²⁾	operation	operation ⁽¹⁾	rate ⁽²⁾	operation	operation ⁽¹⁾	rate ⁽²⁾	operation	operation ⁽¹⁾	rate ⁽²⁾	operation	operation ⁽¹⁾	rate ⁽²⁾	
實際	計劃	設備	實際	計劃	設備	實際	計劃	設備	實際	計劃	設備	實際	計劃	設備	
生產線編號	營運小時	營運小時 ⁽¹⁾	使用率 ⁽²⁾	營運小時	營運小時 ⁽¹⁾	使用率 ⁽²⁾	營運小時	營運小時 ⁽¹⁾	使用率 ⁽²⁾	營運小時	營運小時 ⁽¹⁾	使用率 ⁽²⁾	營運小時	營運小時 ⁽¹⁾	使用率 ⁽²⁾
1	6,660	7,776	85.6%	7,558	7,776	97.2%	7,872	8,040	97.9%	8,023	8,208	97.7%	7,868	8,208	95.9%
2	6,840	7,776	88.0%	6,034	7,776	77.6% ⁽⁴⁾	7,608	7,752	98.1%	8,071	8,208	98.3%	8,015	8,208	97.6%
3	6,770	7,776	87.1%	7,294	7,776	93.8%	7,824	8,040	97.3%	8,003	8,208	97.5%	7,972	8,208	97.1%
4	7,284	7,776	93.7%	7,740	7,776	99.5%	7,872	8,040	97.9%	7,920	8,040	98.5%	7,917	8,040	98.5%
5				5,033	5,832 ⁽³⁾	86.3%	7,920	8,040	98.5%	8,097	8,208	98.6%	8,108	8,208	98.8%
6				5,477	5,832 ⁽³⁾	93.9%	7,968	8,040	99.1%	8,084	8,208	98.5%	8,091	8,208	98.6%
7										6,960 ⁽⁵⁾	7,176 ⁽⁶⁾	97.0%	8,091	8,208	98.6%
8													6,368 ⁽⁸⁾	6,528 ⁽⁸⁾	97.5% ⁽⁸⁾
9													6,007 ⁽⁸⁾	6,168 ⁽⁸⁾	97.4% ⁽⁸⁾
10													443 ⁽⁷⁾	456 ⁽⁷⁾	97.1% ⁽⁷⁾
11													323 ⁽⁷⁾	336 ⁽⁷⁾	96.1% ⁽⁷⁾

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OVERVIEW (Continued)

The expansion of production capacity in recent years (Continued)

The increase of equipment utilisation rate

(Continued)

Notes:

- (1) Planned hours of operation takes into account, among other things, planned maintenance shutdowns and shutdowns for equipment optimisation.
- (2) Equipment utilisation rates represent the actual hours of operation as a percentage of the planned hours of operation.
- (3) Commercial operation of Production lines nos. 5 and 6 commenced in April 2006.
- (4) The decrease in the equipment utilisation rate is due to the re-engineering works carried out in this production line during the years.
- (5) Commercial operation of Production line no. 7 commenced in March 2008.
- (6) Commercial operation of Production lines nos. 8 and 9 commenced in March 2009 and April 2009, respectively.
- (7) Commercial operation of Production lines nos. 10 and 11 commenced in December 2009.
- (8) The average age of the machinery and equipment is approximately 3.7 years.

概覽(續)

近年產能的提升(續)

設備使用率的增加(續)

附註：

- (1) 計劃營運小時計及(其中包括)因進行計劃維修及設備優化而需暫時停產的時間。
- (2) 設備使用率指實際營運小時佔計劃營運小時的百分比。
- (3) 第5及第6號生產線於二零零六年四月開始商業營運。
- (4) 設備使用率下降因該生產線於年內進行重整工程所致。
- (5) 第7號生產線於二零零八年三月開始商業營運。
- (6) 第8及第9號生產線分別於二零零九年三月及二零零九年四月開始商業營運。
- (7) 第10及第11號生產線於二零零九年十二月開始商業營運。
- (8) 機械及設備的平均年齡約為3.7年。

OVERVIEW (Continued)

The expansion of production capacity in recent years (Continued)

The increase of equipment utilisation rate
(Continued)

The production lines normally operate on a continuous basis, subject to the temporary stoppage, as and when necessary, for the purposes of machine cleaning, recalibration for different product specifications as well as regular inspection and maintenance work which generally lasts for, in aggregate, 1 to 2 days each month and an annual maintenance which lasts for about a week. As increase or decrease in the equipment utilisation rates will have an impact on the product volume and, thus, can have a significant effect on the unit costs and gross profit margins, we therefore plan the production schedules carefully so as to minimise the shutdown time required for making adjustments to the paper making machines for product and specification changes.

概覽 (續)

近年產能的提升 (續)

設備使用率的增加 (續)

生產線一般會持續運作，但可能會因清潔機器、調整不同產品規格的設定以及進行定期檢查及維修工作而暫時停產，定期檢查及維修時間每個月普遍為期合共一至兩日，而年度維修則維持約一週。由於設備使用率的增減將對產量造成影響，並會對單位成本及毛利率有重大影響，因此本集團會仔細計劃作出生產安排，以減少因應產品及規格的變動而調整造紙機器所需的停產時間。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

DESCRIPTION OF THE MAJOR COMPONENTS OF THE RESULTS OF OPERATIONS

Turnover

For the year ended 31 December 2009, the average selling prices of the decorative base paper products and printing paper product decreased by approximately 8.3% from RMB13,236 per tonne in 2008 to RMB12,142 per tonne in 2009 and approximately 13.9% from RMB6,670 per tonne in 2008 to RMB5,744 per tonne in 2009, respectively. Despite of this, the overall sales volumes increased by approximately 10.0% from 133,213 tonnes in 2008 to 146,506 tonnes in 2009, out of which sales volumes of the decorative base paper products increased by approximately 16.3% from 92,564 tonnes for the year ended 31 December 2008 to 107,667 tonnes for the year ended 31 December 2009. As a result, our turnover increased by approximately 2.3% from RMB1,496.4 million in the year ended 31 December 2008 to RMB1,530.3 million in the year ended 31 December 2009.

Cost of sales

Cost of sales represents the production costs of goods sold during the year. Our production costs comprise costs of raw materials, direct labour costs and manufacturing overheads, which include depreciation charges, utility expenses, consumables, repairs and maintenance and other overhead related expenses.

經營業績各主要部分的概況

營業額

截至二零零九年十二月三十一日止年度，裝飾原紙產品及印刷用紙產品之平均售價，分別由二零零八年每噸人民幣13,236元下降約8.3%至二零零九年每噸人民幣12,142元及由二零零八年每噸人民幣6,670元下降約13.9%至二零零九年每噸人民幣5,744元。儘管如此，整體銷售量卻由二零零八年之133,213噸上升約10.0%至二零零九年之146,506噸，其中裝飾原紙產品之銷售量由截至二零零八年十二月三十一日止年度之92,564噸上升約16.3%至截至二零零九年十二月三十一日止年度之107,667噸。因此，營業額由截至二零零八年十二月三十一日止年度之人民幣1,496,400,000元增加約2.3%至截至二零零九年十二月三十一日止年度之人民幣1,530,300,000元。

銷售成本

銷售成本指於年內出售貨品之生產成本。本集團之生產成本包括原料成本、直接勞工成本及製造成本，包括折舊費用、公用事業費用、消耗品、維修及保養以及其他相關經常性開支。

DESCRIPTION OF THE MAJOR COMPONENTS OF THE RESULTS OF OPERATIONS *(Continued)*

Cost of sales *(Continued)*

Cost of sales increased by approximately 1.3% from RMB1,090.8 million for the year ended 31 December 2008 to RMB1,105.5 million for the year ended 31 December 2009. The increase in cost of sales was primarily due to the combined effects of (i) an increase in the aggregate raw material costs, which are the major component of our cost of sales, as a result of the increased sales volume, (ii) a decrease in purchasing costs of wood pulp and titanium dioxide powder, our principal raw materials for production during the year ended 31 December 2009 (as discussed below), (iii) an increase in production overheads, such as electricity and steam expenses, in line with the increase in production volume; and (iv) an increase in depreciation expenses due to the commercial production of Production lines nos. 8 to 11 during the year.

Principal raw materials

Our results of operations are subject to price fluctuations of raw materials used in the production process. The principal raw materials for our production are wood pulp and titanium dioxide powder.

For each of the two years ended 31 December 2008 and 2009, the purchase of wood pulp amounted to approximately RMB472.7 million and RMB405.9 million, respectively, representing approximately 43.3% and 36.7% of the total cost of sales for the respective years. The decrease is due to the combined effect of (i) an increase in usage of wood pulp, in line with the increased sales volume; and (ii) a decrease in the average purchase price (value added tax inclusive) of wood pulp by approximately 22.0% from approximately RMB6,540 per tonne in 2008 to RMB5,104 per tonne in 2009.

經營業績各主要部分的概況 *(續)*

銷售成本 *(續)*

銷售成本由截至二零零八年十二月三十一日止年度之人民幣1,090,800,000元增加約1.3%至截至二零零九年十二月三十一日止年度之人民幣1,105,500,000元。銷售成本增加主要因為下列因素之綜合影響所致：(i)作為本集團之銷售成本主要部分之原料總成本隨銷售量上升而增加；(ii)生產所需主要原料木漿及鈦白粉於截至二零零九年十二月三十一日止年度之採購成本下降(後文另有闡述)；(iii)經常性生產開支如電力及蒸汽等費用亦因產量增加而相應增加；及(iv)折舊費用亦因第8至第11號生產線於年內進行商業生產而增加。

主要原料

經營業績受制於用於生產過程之原料價格之波動，生產所需之主要原料是木漿及鈦白粉。

截至二零零八年及二零零九年十二月三十一日止兩個年度，購買木漿分別耗資約人民幣472,700,000元及人民幣405,900,000元，分別佔各年度總銷售成本約43.3%及36.7%。減少是因為下列因素之綜合影響所致：(i)木漿之耗用量隨銷售量增加而上升；及(ii)木漿之平均採購價(包括增值稅)，由二零零八年約每噸人民幣6,540元下降約22.0%至二零零九年約每噸人民幣5,104元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

DESCRIPTION OF THE MAJOR COMPONENTS OF THE RESULTS OF OPERATIONS (Continued)

Cost of sales (Continued)

Principal raw materials (Continued)

For each of the two years ended 31 December 2008 and 2009, the purchase of titanium dioxide powder amounted to approximately RMB303.8 million and RMB314.3 million, respectively, representing approximately 27.9% and 28.4% of the total cost of sales for the respective years. The slight increase is mainly due to the combined effect of (i) an increase in the usage of titanium dioxide as a result of the increased sales volume in decorative base paper products; and (ii) a decrease in the average purchase price (value added tax inclusive) of titanium dioxide by approximately 7.2% from approximately RMB13,741 per tonne in 2008 to RMB12,747 per tonne in 2009.

Utilities and steam expenses

During the years ended 31 December 2008 and 2009, our electricity and steam expenses increased by approximately 11.9% from RMB124.6 million in 2008 to RMB139.4 million in 2009, which was mainly due to the increase in production volume as a result of the commercial operation of Production lines nos. 8 to 11 during the year. The electricity and steam expenses accounted for approximately 11.4% and 12.6% of the total cost of sales for the respective years.

Depreciation charges

During the years ended 31 December 2008 and 2009, our depreciation charges included in cost of sales increased by approximately 31.9% from RMB69.6 million in 2008 to RMB91.7 million in 2009, mainly due to the commercial operation of Production lines nos. 8 to 11 in 2009.

經營業績各主要部分的概況(續)

銷售成本(續)

主要原料(續)

截至二零零八年及二零零九年十二月三十一日止兩個年度，購買鈦白粉分別耗資約人民幣303,800,000元及人民幣314,300,000元，分別佔各年度總銷售成本約27.9%及28.4%。輕微上升主要是因為下列因素之綜合影響所致：(i)鈦白粉之耗用量隨裝飾原紙產品銷量增加而上升；及(ii)鈦白粉之平均採購價(包括增值稅)由二零零八年約每噸人民幣13,741元下降約7.2%至二零零九年約每噸人民幣12,747元。

公用事業及蒸汽費用

截至二零零八年及二零零九年十二月三十一日止年度，電力及蒸汽費用由二零零八年人民幣124,600,000元增加約11.9%至二零零九年人民幣139,400,000元，增加主要由於年內第8至第11號生產線進行商業生產而推高產量所致。電力及蒸汽費用分別佔各年度總銷售成本約11.4%及12.6%。

折舊費用

截至二零零八年及二零零九年十二月三十一日止年度，計入銷售成本之折舊費用由二零零八年人民幣69,600,000元增加約31.9%至二零零九年人民幣91,700,000元，增加是因為第8至第11號生產線於二零零九年進行商業生產所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

DESCRIPTION OF THE MAJOR COMPONENTS OF THE RESULTS OF OPERATIONS (Continued)

Gross profit and gross profit margin

The gross profit of our Group increased by approximately 4.8% from RMB405.5 million for the year ended 31 December 2008 to RMB424.8 million for the year ended 31 December 2009, while the gross profit margin improved from approximately 27.1% for the year ended 31 December 2008 to approximately 27.8% for the year ended 31 December 2009.

The following table sets forth the gross profit margin of each category of the products for the two years ended 31 December 2008 and 2009:

經營業績各主要部分的概況(續)

毛利及毛利率

本集團之毛利由截至二零零八年十二月三十一日止年度之人民幣405,500,000元增加約4.8%至截至二零零九年十二月三十一日止年度之人民幣424,800,000元，同時毛利率由截至二零零八年十二月三十一日止年度約27.1%增加至截至二零零九年十二月三十一日止年度約27.8%。

下表載列本集團於截至二零零八年及二零零九年十二月三十一日止兩個年度各產品類別之毛利率：

Products	產品	Year ended 31 December	
		2009	2008
		二零零九年	二零零八年
Decorative base paper products	裝飾原紙產品		
— Premium coloured decorative base paper	— 高檔有色裝飾原紙產品	37.7%	36.7%
— Premium white decorative base paper	— 高檔無色裝飾原紙產品	26.4%	27.2%
— Ordinary coloured decorative base paper	— 普通有色裝飾原紙產品	26.4%	22.2%
Sub-total	小計	29.6%	29.1%
Printing paper product	印刷用紙產品	17.3%	17.8%

The increase in overall gross profit margin of our decorative base paper products in 2009 was mainly attributable to the increase in sales of our premium decorative base paper products, which have higher gross profit margin.

二零零九年度裝飾原紙產品之整體毛利率上升，主要是因為有較高毛利率之裝飾原紙產品銷售增加所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

DESCRIPTION OF THE MAJOR COMPONENTS OF THE RESULTS OF OPERATIONS *(Continued)*

Other revenue and other net loss

Other revenue, which represented mainly interest income earned from the bank deposits and financial assets not at fair value through profit or loss and dividend income from listed securities, decreased by approximately 89.4% from RMB41.5 million for the year ended 31 December 2008 to RMB4.4 million for the year ended 31 December 2009. The decrease was mainly due to the consequence of less cash held on hand upon the payment of construction costs for production lines and the persistently low interest rate environment in the wake of the financial tsunami such that interest income from deposits decreased by approximately 90.0% from RMB40.1 million in 2008 to RMB4.0 million in 2009.

In compliance with the financial management and treasury policies, certain investments were made using uncommitted funds. During the years ended 31 December 2008 and 2009, we recorded a net realised and unrealised loss on financial assets at fair value through profit or loss of RMB2.0 million and RMB0.1 million, respectively.

Selling expenses

As disclosed in the Prospectus, we planned to strengthen our marketing activities. During the year ended 31 December 2009, our Group increased its sales and marketing staff to 46 and had carried out various promotional activities in an attempt to solicit new customers in the six designated sales regions in the PRC. As a result, the selling expenses increased by approximately 21.0% from RMB15.9 million for the year ended 31 December 2008 to RMB19.2 million for the year ended 31 December 2009. As a percentage of turnover, our selling expenses were maintained at approximately 1.1% to 1.3% for each of the two years ended 31 December 2009. This was in line with the existing policy of our Group to allocate approximately 1.0% of the revenue from sales as the annual budget for the marketing activities.

經營業績各主要部分的概況(續)

其他收益及其他虧損淨額

其他收益主要指從銀行存款及非按公平值計入損益之財務資產所賺取之利息收入，以及上市證券之股息收入，由截至二零零八年十二月三十一日止年度之人民幣41,500,000元減少約89.4%至截至二零零九年十二月三十一日止年度之人民幣4,400,000元。減少主要是因為支付生產線建築成本後手頭現金減少，再加上經過金融海嘯一役後，低息環境持續，使存款所得的利息收入由二零零八年人民幣40,100,000元下降約90.0%至二零零九年人民幣4,000,000元。

遵照財務管理及庫存政策，本集團就未定用途資金作出若干投資。截至二零零八年及二零零九年十二月三十一日止年度，本集團錄得按公平值計入損益之財務資產已變現及未變現虧損淨額分別為人民幣2,000,000元及人民幣100,000元。

銷售開支

誠如招股章程所披露，本集團計劃加強本集團之市場推廣活動。截至二零零九年十二月三十一日止年度，本集團增加其銷售及市場推廣員工至46人，並進行多項宣傳活動，務求於中國六個指定銷售地區尋求新客戶。因此，銷售開支由截至二零零八年十二月三十一日止年度之人民幣15,900,000元上升約21.0%至截至二零零九年十二月三十一日止年度之人民幣19,200,000元。截至二零零九年十二月三十一日止兩個年度各年，本集團之銷售開支佔營業額之百分比維持在約1.1%至1.3%之水平，這與本集團將銷售收益約1.0%分配於市場推廣活動之年度預算之現行政策一致。

DESCRIPTION OF THE MAJOR COMPONENTS OF THE RESULTS OF OPERATIONS *(Continued)*

Administrative expenses

The administrative expenses consist primarily of administrative and management staff salaries and benefits, depreciation of non-production related fixed assets, research and development costs, and pension contributions.

Administrative expenses increased by approximately 6.3% from RMB32.0 million for the year ended 31 December 2008 to RMB34.0 million for the year ended 31 December 2009. The increase was mainly due to the expansion of operations during the year where additional supportive staff were employed such that the administrative staff costs, employee benefits and pension expenses increased by approximately 6.2% from RMB8.1 million in the year ended 31 December 2008 to RMB8.6 million in the year ended 31 December 2009.

Finance costs

Finance costs consist primarily of interest expenses on the bank borrowings. The amount decreased by approximately 68.4% from RMB13.3 million for the year ended 31 December 2008 to RMB4.2 million for the year ended 31 December 2009 due to the repayment of bank borrowings during the year.

Income tax

Members of the Group are incorporated in different jurisdictions, with different taxation requirements.

經營業績各主要部分的概況(續)

行政開支

行政開支主要包括行政及管理員工之薪酬及福利、非生產相關固定資產之折舊、研究及開發成本，以及退休金供款。

行政開支由截至二零零八年十二月三十一日止年度之人民幣32,000,000元增加約6.3%至截至二零零九年十二月三十一日止年度之人民幣34,000,000元。增加是由於年內拓展經營業務，從而增聘支援員工，令行政職員成本、員工福利及退休金開支由截至二零零八年十二月三十一日止年度之人民幣8,100,000元增加約6.2%至截至二零零九年十二月三十一日止年度之人民幣8,600,000元。

融資成本

融資成本主要包括銀行借貸之利息支出。由於本集團於年內償還銀行借貸，利息支出由截至二零零八年十二月三十一日止年度之人民幣13,300,000元減少約68.4%至截至二零零九年十二月三十一日止年度之人民幣4,200,000元。

所得稅

本公司之成員公司於不同司法權區註冊成立，而不同司法權區擁有不同之稅務規定。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

DESCRIPTION OF THE MAJOR COMPONENTS OF THE RESULTS OF OPERATIONS *(Continued)*

Income tax *(Continued)*

Shandong QX, our principal operating subsidiary in the PRC, had been exempted from PRC income tax for the two years from 1 January 2007 to 31 December 2008, followed by a reduced PRC income tax rate at 12.5% for the remaining three years from 1 January 2009 to 31 December 2011 under the grandfathering treatments of the Corporate Income Tax Law of the PRC passed on 16 March 2007. As such, our Group is not liable to pay any income tax in the PRC for the year ended 31 December 2008, while Shandong QX is subject to an income tax rate of 12.5% for the year ended 31 December 2009.

No provision has been made for Hong Kong Profits Tax for 2008 and 2009 as the Group did not earn assessable profits subject to Hong Kong Profits Tax for either year.

經營業績各主要部分的概況(續)

所得稅(續)

根據於二零零七年三月十六日通過的中國企業所得稅法的稅務優惠過渡辦法，本集團於中國之主要營運附屬公司山東群星自二零零七年一月一日至二零零八年十二月三十一日兩年間獲豁免繳納中國所得稅，以及於二零零九年一月一日至二零一一年十二月三十一日餘下三年間按12.5%之減免稅率繳納中國所得稅。因此截至二零零八年十二月三十一日止年度，本集團在中國並不需要承擔任何所得稅，而山東群星截至二零零九年十二月三十一日止年度則須按12.5%之稅率繳納中國所得稅。

鑒於本集團年內並無賺取應課稅溢利，故毋須就二零零八年及二零零九年的香港利得稅撥備。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

DESCRIPTION OF THE MAJOR COMPONENTS OF THE RESULTS OF OPERATIONS *(Continued)*

Income tax *(Continued)*

The effective tax rates of our Group for the years ended 31 December 2008 and 2009 were 0.0% and 12.8% respectively. The reconciliation between income tax expenses and accounting profit at the applicable tax rates was set out as follows:

經營業績各主要部分的概況(續)

所得稅(續)

本集團截至二零零八年及二零零九年十二月三十一日止年度之實際稅率分別為0.0%及12.8%。按適用稅率計算之所得稅開支與會計溢利之對賬如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2009 二零零九年 <i>RMB'000</i> 人民幣千元	2008 二零零八年 <i>RMB'000</i> 人民幣千元
Profit before taxation	除稅前溢利	371,694	383,361
Income tax on profit before taxation, calculated at the tax rates applicable in the respective tax jurisdictions concerned	按相關稅務司法權區適用稅率計算之除稅前溢利所得稅	93,706	96,882
Tax effect of tax concession period	稅務優惠期間之稅務影響	(49,040)	(100,001)
Tax effect of non-deductible expenses	不可扣減開支之稅務影響	1,981	3,739
Tax effect of non-taxable income	非應課稅收入之稅務影響	(103)	(620)
Tax effect of unused tax loss not recognised for deferred tax purposes	就遞延稅項目的未確認未使用稅款抵免之稅務影響	1,063	—
Income tax expenses for the year	年度所得稅開支	47,607	—

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

KEY FINANCIAL RATIOS

The following table sets forth certain financial ratios of our Group as of the date or for the year indicated.

主要財務比率

下表列明本集團於下列所示日期或截至該日止年度的若干財務比率。

		As of or for the years ended		
		31 December		
		於十二月三十一日或		
		截至該日止年度		
		<i>Note</i>	2009	2008
		<i>附註</i>	二零零九年	二零零八年
Profitability ratios	盈利能力比率			
Gross profit margin	毛利率	1	27.8%	27.1%
Net profit margin	淨溢利率	2	21.2%	25.6%
Return on assets	資產回報率	3	12.8%	14.3%
Return on equity	權益回報率	4	13.2%	17.2%
Liquidity ratios	流動資金比率			
Current ratio	流動比率	5	10.1	3.7
Quick ratio	速動比率	6	9.7	3.6
Gearing ratio	資產負債比率	7	0%	4.6%
Inventory turnover days	存貨週轉天數	8	16	18
Debtors' turnover days	應收賬款週轉天數	9	7	9
Creditors' turnover days	應付賬款週轉天數	10	20	37

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

KEY FINANCIAL RATIOS (Continued)

Notes:

1. Gross profit margin is calculated based on the gross profit divided by turnover and multiplied by 100%.
2. Net profit margin is calculated based on the profit for the year divided by turnover and multiplied by 100%.
3. Return on assets is calculated based on the profit for the year divided by the total assets at the end of the year and multiplied by 100%.
4. Return on equity is calculated based on the profit for the year divided by capital and reserves at the end of the year and multiplied by 100%.
5. Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year.
6. Quick ratio is calculated based on the difference between the total current assets and the inventories divided by the total current liabilities at the end of the year.
7. Gearing ratio is calculated based on the total bank borrowings divided by total assets and multiplied by 100%.
8. Inventory turnover days is calculated based on the inventory at the end of the year divided by the total purchases during the year and multiplied by the number of days during the year.
9. Debtors' turnover days is calculated based on trade receivables at the end of the year divided by turnover during the year and multiplied by the number of days during the year.
10. Creditors' turnover days is calculated based on trade payables at the end of the year divided by the total purchases during the year and multiplied by the number of days during the year.

主要財務比率(續)

附註：

1. 毛利率以毛利除以營業額乘以100%計算。
2. 淨溢利率以本年度溢利除以營業額乘以100%計算。
3. 資產回報率以本年度溢利除以年末資產總值乘以100%計算。
4. 權益回報率以本年度溢利除以年末資本及儲備乘以100%計算。
5. 流動比率以年末流動資產總值除以年末流動負債總值計算。
6. 速動比率以年末流動資產總值與存貨的差額除以年末流動負債總值計算。
7. 資產負債比率以銀行借貸總額除以資產總值乘以100%計算。
8. 存貨週轉天數以年末存貨除以本年度採購總額乘以本年度內天數計算。
9. 應收賬款週轉天數以年末應收賬款除以本年度營業額乘以本年度內天數計算。
10. 應付賬款週轉天數以年末應付賬款除以本年度採購總額乘以本年度內天數計算。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

KEY FINANCIAL RATIOS (Continued)

Analysis on Selected Financial Ratios

Current and quick ratios

The current ratio of our Group increased from 3.7 as at 31 December 2008 to 10.1 as at 31 December 2009 and the quick ratio of our Group increased from 3.6 as at 31 December 2008 to 9.7 as at 31 December 2009, respectively, which were mainly attributable to the combined effects of (i) the repayment of short-term bank loans of RMB124.0 million during the year; and (ii) the settlement of construction costs for Production lines nos. 8 to 11 during the year ended 31 December 2009.

Gearing ratio

As at 31 December 2009, the Group did not have any outstanding bank borrowings (2008: RMB124.0 million). The gearing ratio was therefore decreased from approximately 4.6% as at 31 December 2008 to 0% as at 31 December 2009.

Return on assets

The return on assets decreased from 14.3% for the year ended 31 December 2008 to 12.8% for the year ended 31 December 2009. The decrease in return on assets for the year ended 31 December 2009 was mainly attributable to the decrease in other revenue (discussed above under the header “*other revenue and net loss*”) arisen from non-core operations and also the commencement to pay PRC income tax at a reduced tax rate of 12.5% since 2009 (discussed above under the header “*income tax*”).

主要財務比率(續)

選定財務比率分析

流動比率及速動比率

本集團的流動比率由二零零八年十二月三十一日的3.7升至二零零九年十二月三十一日的10.1，而本集團的速動比率則由二零零八年十二月三十一日的3.6升至二零零九年十二月三十一日的9.7，主要由於下列因素的綜合影響所致：(i)年內償還短期銀行貸款人民幣124,000,000元；(ii)截至二零零九年十二月三十一日止年度繳付第8至第11號生產線的建設成本。

資產負債比率

於二零零九年十二月三十一日，本集團並無未償還的銀行借貸(二零零八年：人民幣124,000,000元)。因此，資產負債比率由二零零八年十二月三十一日約4.6%減至二零零九年十二月三十一日的0%。

資產回報率

資產回報率由截至二零零八年十二月三十一日止年度的14.3%下降至截至二零零九年十二月三十一日止年度的12.8%。截至二零零九年十二月三十一日止年度資產回報率減少的主因是非核心業務的其他收益減少(見上文一節「其他收益及虧損淨額」)，再加上於二零零九年開始須按優惠稅率12.5%繳納中國所得稅(見上文一節「所得稅」)。

KEY FINANCIAL RATIOS (Continued)

Analysis on Selected Financial Ratios (Continued)

Return on equity

The return on equity for the years ended 31 December 2008 and 2009 were approximately 17.2% and 13.2% respectively. The decrease in return on equity for the year ended 31 December 2009 was mainly attributable to the decrease in other revenue arisen from non-core operations and the commencement to pay PRC income tax at a reduced tax rate of 12.5% since 2009.

Inventories and the inventory turnover days

Our inventory level decreased by approximately 14.4% from approximately RMB43.6 million as at 31 December 2008 to approximately RMB37.3 million as at 31 December 2009. The inventory turnover days decreased from 18 days for the year ended 31 December 2008 to 16 days for the year ended 31 December 2009. The improvement was mainly due to the effective implementation of inventory control policy and measures over the past years.

It is our Group's practice to purchase sufficient amount of raw materials based on the production schedule and to keep one week's inventory of raw materials in storage. For finished products, it is our Group's practice to keep minimal stock of finished products in our storage warehouse to satisfy any customer's urgent demand. Our Group may also keep reserve stock of finished products at times when the market demand for decorative base paper makes it prudent to do so.

主要財務比率(續)

選定財務比率分析(續)

權益回報率

截至二零零八年及二零零九年十二月三十一日止兩個年度的權益回報率分別約為17.2%及13.2%。截至二零零九年十二月三十一日止年度權益回報率下降的主因是非核心業務的其他收益減少，再加上於二零零九年開始須按優惠稅率12.5%繳納中國所得稅。

存貨及存貨週轉天數

本集團的存貨水平由二零零八年十二月三十一日之人民幣43,600,000元減約14.4%至二零零九年十二月三十一日之人民幣37,300,000元。存貨週轉天數由截至二零零八年十二月三十一日止年度的18天縮短至截至二零零九年十二月三十一日止年度的16天。存貨狀況有所改善，主要由於過去數年有效實施存貨監控政策及措施。

本集團的一貫做法是按生產計劃購入足夠原材料，並確保存貨足夠一週的供應。而針對製成品，本集團的一貫做法是保存最少製成品庫存，以應付客戶突如其來的需求。本集團有時亦可能保留製成品作儲備，對裝飾原紙產品市場需求而言，為一個審慎的做法。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

KEY FINANCIAL RATIOS (Continued)

Analysis on Selected Financial Ratios (Continued)

Trade receivables and debtors' turnover days

Our Group normally requires the customers to settle the invoices by cash on delivery. The granting of credit to customers is assessed on a case-by-case basis and our Group may generally grant credit terms of 3 to 20 days on a rolling basis to the customers, depending on whom our Group has maintained a longer business relationship.

The trade receivables balance decreased by approximately 22.0% from approximately RMB37.8 million as at 31 December 2008 to RMB29.5 million as at 31 December 2009. The decrease in trade receivables as at 31 December 2009 mainly attributable to our Group's tightened credit control on customers to minimise the outstanding balance receivable, such that our exposure to the credit risk from trade debtors could be reduced. Such measure continued to be carried out effectively during the year and as a result, the debtors' turnover days decreased further from 9 days for the year ended 31 December 2008 to 7 days for the year ended 31 December 2009.

Trade payables and creditors' turnover days

Our trade payables balance decreased by approximately 49.0% from RMB89.3 million as at 31 December 2008 to RMB45.5 million as at 31 December 2009. The credit periods granted by various suppliers generally range from 3 days to 30 days. The creditors' turnover days were 37 and 20 for each of the year ended 31 December 2008 and 2009, respectively. It is our Group's policy to settle all of the outstanding balances with the suppliers within the maximum credit period granted so as to maintain the relationships with the respective suppliers. We purchased raw materials in line with our production needs and the fluctuation in creditors' turnover days is affected by our purchase based on production plans.

主要財務比率(續)

選定財務比率分析(續)

應收貿易賬款及應收賬款週轉天數

本集團通常要求客戶貨到付款。是否授予客戶賒賬期視乎客戶的個別情況，本集團一般給予長期客戶3至20天的賒賬期。

應收貿易賬款結餘由二零零八年十二月三十一日約人民幣37,800,000元減少約22.0%至二零零九年十二月三十一日的人民幣29,500,000元。於二零零九年十二月三十一日的應收貿易賬款減少，主要是因為本集團加強對客戶的信貸監控，盡量減少未繳付的應收賬款結餘，從而減低應收貿易賬款的信貸風險。有關措施於年內繼續有效進行，故應收賬款週轉天數亦由截至二零零八年十二月三十一日止年度的9天縮減至截至二零零九年十二月三十一日止年度的7天。

應付貿易賬款及應付賬款週轉天數

本集團的應付貿易賬款結餘由二零零八年十二月三十一日的人民幣89,300,000元下降約49.0%至二零零九年十二月三十一日的人民幣45,500,000元。各供應商給予的賒款期通常介乎3至30天。截至二零零八年及二零零九年十二月三十一日止兩個年度，應付賬款週轉天數分別為37天及20天。為了與各供應商維持良好的關係，本集團會於賒賬期內償付所有結欠供應商的欠款。本集團的原材料採購額與生產需求相符，而本集團按生產計劃進行的採購對應付賬款週轉天數的波動構成影響。

FINANCIAL RESOURCES

The financial resources of the Group continued to be strong. As at 31 December 2009, shareholders' fund of the Group totalled RMB2,452.3 million, representing an increase of approximately 9.7% from RMB2,235.2 million at 31 December 2008. The Group had cash and cash equivalents of approximately RMB682.8 million as at 31 December 2009 (31 December 2008: RMB1,539.4 million), after the payment of final dividend for the year ended 31 December 2008 and interim dividend for the six months ended 30 June 2009 of RMB77.0 million and RMB29.8 million, respectively, during the year.

The Group continues to enjoy a stable and strong net cash inflow from operations. During the years ended 31 December 2008 and 2009, the net cash generated from operations was RMB460.6 million and RMB432.0 million, respectively.

FINANCIAL MANAGEMENT AND TREASURY POLICIES

The Group adopts a conservative approach for cash management and investment of uncommitted funds with an objective of enhancing the practicable returns for shareholders and maintaining adequate liquidity and preservation of capital. The Group's financing and treasury activities are centrally managed and controlled at the corporate level and aim to ensure that adequate financial resources are available for refinancing and business growth. The Group reviews its liquidity and financing arrangements periodically.

The Group's policy is to manage its interest rate risk to ensure there are no undue exposures to significant interest rate movements and rates are approximately fixed. As at 31 December 2009, the Group did not have any bank borrowings.

財務資源

本集團之財務資源仍然穩健。於二零零九年十二月三十一日，本集團之股東資金總額為人民幣2,452,300,000元，較於二零零八年十二月三十一日之人民幣2,235,200,000元增加約9.7%。於年內派付截至二零零八年十二月三十一日止年度末期股息人民幣77,000,000元及截至二零零九年六月三十日止六個月中期股息人民幣29,800,000元後，本集團於二零零九年十二月三十一日之現金及現金等價物約為人民幣682,800,000元(二零零八年十二月三十一日：人民幣1,539,400,000元)。

本集團繼續享有穩定及強勁經營業務現金流入淨額。截至二零零八年及二零零九年十二月三十一日止年度，經營業務所得現金淨額分別為人民幣460,600,000元及人民幣432,000,000元。

財務管理及庫務政策

本集團對現金管理及未定用途資金投資採取保守方法，旨在提高股東之實際回報、維持足夠流動資金及保留資本。本集團之融資及庫務活動集中管理，按公司控制，目的在於確保有足夠財務資源以供再融資及業務增長。本集團定期檢討其流動資金及融資安排。

本集團管理利率風險之政策是確保在出現重大利率變動時不會承受過高風險及確保利率大致固定。於二零零九年十二月三十一日，本集團並無任何銀行借貸。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL MANAGEMENT AND TREASURY POLICIES *(Continued)*

The Group conducts its business transactions principally in the PRC. All of the Group's turnover and cost of sales and most of the Group's monetary assets and liabilities are denominated in RMB. RMB is the functional currency of the Group's principal operating subsidiary and used as the reporting currency in the preparation of the consolidated financial statements of the Group. As such, the fluctuation of RMB against foreign currencies during the years did not have significant impact on the results of the Group.

CAPITAL EXPENDITURE

During the year ended 31 December 2009, the Group recorded aggregate additions to property, plant and equipment and construction in progress and prepayments for the acquisition of plant and equipment of approximately RMB939.4 million (2008: RMB434.8 million).

CAPITAL COMMITMENTS, CONTINGENCIES AND CHARGE ON ASSETS

The Group will further invest to expand the production capacity and re-engineering and modify the existing production facilities to enhance production efficiency. Part of such capital commitments will be financed by the net proceeds received from the initial public offering on 2 October 2007. For details, please refer to the paragraph "Use of proceeds from Initial Public Offering".

財務管理及庫務政策(續)

本集團主要在中國進行其業務交易。本集團所有營業額及銷售成本以及本集團絕大部分貨幣性資產及負債均以人民幣計值，人民幣乃本集團主要營運附屬公司之功能貨幣並於編製本集團綜合財務報表中用作呈列貨幣。因此，期內人民幣兌外幣的波動對本集團之業績並無重大影響。

資本開支

截至二零零九年十二月三十一日止年度，本集團之物業、廠房及設備及在建工程之增加以及購買廠房及設備之預付款項合共動用約為人民幣939,400,000元(二零零八年：人民幣434,800,000元)。

資本承擔、或然項目及資產抵押

本集團將進一步投資於擴充產能，以及重整及改善現有生產設施以提升生產效率。有關資本承擔之一部份將以於二零零七年十月二日首次公開發售獲得之所得款項淨額撥付。詳情請參閱「首次公開發售所得款項用途」一段。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CAPITAL COMMITMENTS, CONTINGENCIES AND CHARGE ON ASSETS *(Continued)*

The Group has environmental contingencies under the increasingly stringent environmental protection laws and regulations in the PRC. However, as at the date hereof, the Group has not incurred any significant expenditure for environmental remediation and is currently not involved in any environmental remediation. In addition, the outcome of environmental liabilities under proposed or future environmental legislation cannot be reasonably estimated at present. As such, the Group has not accrued any amounts for environmental remediation relating to its operations. Saved as disclosed above, the Group had no material contingent liabilities as at 31 December 2009.

As at 31 December 2009, the Group did not have any property, plant and equipment secured for any borrowings (2008: RMB225.2 million).

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

Upon the initial public offering of the Company on 2 October 2007 (the "Listing Date"), the Group received net proceeds amounted to approximately HK\$1,492.8 million (equivalent to approximately RMB1,445.5 million), after deduction of related expenses and the exercise of Over-allotment Option (*Note 1*) on the Listing Date. As disclosed in the Prospectus, our Group planned to apply most of the net proceeds to expand our production capacity as well as to re-engineer and modify our existing production facilities to enhance production efficiency. As at 31 December 2009, part of the net proceeds had been applied as follows:

資本承擔、或然項目及資產抵押(續)

本集團在中國日益嚴格之環保法律及法規下有環保或然項目。然而，於本公告日期，本集團並未因環境修復問題產生任何重大支出，現時亦無涉及任何環境修復事件。此外，目前無法合理估計建議中或將來推出之環保法律規定可能導致在環保方面之負債。因此，本集團未就任何與業務相關之環境修復計提任何金額。除上文所披露者外，本集團於二零零九年十二月三十一日並無重大或然負債。

於二零零九年十二月三十一日，本集團並無就任何借貸而抵押任何物業、廠房及設備(二零零八年：人民幣225,200,000元)。

首次公開發售所得款項用途

本公司於二零零七年十月二日(「上市日期」)首次公開發售後，本集團獲取所得款項淨額約為1,492,800,000港元(約相等於人民幣1,445,500,000元)(扣除相關費用及於上市日期行使超額配股權(附註1)後)。誠如招股章程所披露，本集團計劃將大部分所得款項淨額用於擴充產能，以及重整及改善現有生產設施以提升生產效率。於二零零九年十二月三十一日，部分所得款項淨額已應用於下列各項：

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (Continued)

首次公開發售所得款項用途(續)

		Planned amount	Amount utilised up to 31 December 2009	Balance as at 31 December 2009
		直至二零零九年 十二月三十一日 計劃金額	於二零零九年 十二月三十一日 已使用金額	於二零零九年 十二月三十一日 之結餘
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Settlement of the remaining balance of the construction costs of Production line no. 7	支付建造第7號生產線的餘款	163,300	163,300	—
Construction of Production lines nos. 8 to 11	建造第8至第11號生產線	720,000	720,000	—
Construction of new Production lines nos. 12 to 13 (Note 2)	建造第12至第13號新生產線 (附註2)	360,000	218,200	141,800
Re-engineering and modification of the existing Production lines nos. 1 and 3	重整及改善第1至第3號現有生產線	40,000	—	40,000
		1,283,300	1,101,500	181,800

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (Continued)

Notes:

1. Pursuant to an international placing underwriting agreement dated 20 September 2007, the Company granted an option (the "Over-allotment Option") to ICEA Securities Limited ("ICEA"), the lead manager of the Company's share offer, whereby the Company was required to allot and issue up to an aggregate 45,000,000 additional shares to cover over allocations in the international placing. The exercise price per share for the Over-allotment Option was HK\$5.35. On the Listing Date, the Over-allotment Option was fully exercised by ICEA and, as a result, the Company issued 45,000,000 additional shares on the same date.
2. As disclosed in the Prospectus, in the event that the Over-allotment Option is exercised, our Group planned to apply part of the additional net proceeds of RMB360.0 million for doubling the production capacity of the planned new Production lines nos. 10 to 11 from 60,000 tonnes to 120,000 tonnes. The Over-allotment Option was exercised on the Listing Date and our Group decided to further increase our production capacity by 60,000 tonnes by way of constructing two more Production lines nos. 12 to 13.

HUMAN RESOURCES

As at 31 December 2009, our Group employed approximately 1,400 employees in the PRC and Hong Kong. Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. Promotion and salary increments are assessed based on a performance related basis.

The Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees. The Group maintains a good working relationship with its employees.

首次公開發售所得款項用途(續)

附註：

1. 根據日期為二零零七年九月二十日之國際配售包銷協議，本公司向其股份發售牽頭經辦人工商東亞證券有限公司(「工商東亞」)授出配股權(「超額配股權」)，據此，本公司須配發及發行最多合共45,000,000股額外股份以補足國際配售之超額分配。超額配股權之每股行使價為5.35港元。於上市日期，超額配股權獲工商東亞悉數行使，因此，本公司於同日發行45,000,000股額外股份。
2. 誠如招股章程所披露，倘超額配股權獲行使，本集團計劃動用部分額外所得款項淨額人民幣360,000,000元，將計劃的第10至第11號生產線的產能提高一倍，由60,000噸提高至120,000噸。超額配股權已於上市日期獲行使，而本集團決定透過興建第12至第13號另外兩條生產線，進一步增加60,000噸產能。

人力資源

於二零零九年十二月三十一日，本集團於香港及國內共聘用約1,400名員工。本集團薪酬福利的主要組成部份包括基本薪金、醫療保險、酌情現金花紅及退休福利計劃。晉升機會及加薪以個別表現作評估基準。

本集團並無遇到任何重大勞資問題，過往亦無因勞資糾紛以致業務受到任何干擾或於招聘及挽留富經驗僱員時遇到任何困難。本集團與其僱員保持良好工作關係。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷

DIRECTORS

Executive Directors

Dr. ZHU Yu Guo, aged 54, is the co-founder of QX Group. Dr. Zhu was appointed as an executive Director and a 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. He is responsible for overseeing and planning the business strategies of the Group. Dr. Zhu completed tertiary education with major in corporate management in Shandong Province Economic Management Official Institute* in the PRC in April 1992. Prior to the incorporation of Shandong QX, which is now a wholly-owned subsidiary of the Company, Dr. Zhu had been engaged in work relating to the manufacture of paper manufacturing machinery parts for over 10 years during which he also studied the features of different types of paper products and has accumulated extensive experience and knowledge in paper manufacturing industry. In 1990, Dr. Zhu was appraised as an economist by Zouping County Science and Technology Committee*. In July 2003, he was honoured by Shandong Provincial People's Government as "Outstanding Private Entrepreneur in Shandong Province, the PRC*". In January 2007, Dr. Zhu was hired by the Information Management Institute of Shandong Economic Institute as a part-time professor. In November 2007, Dr. Zhu received the "World Outstanding Chinese Award" from the World Outstanding Chinese Association and World Chinese Business Investment Foundation. He was also conferred with Honorary Doctoral Degree from Sinte Gleska University of California. In 2009, Dr. Zhu was conferred as one of the "Outstanding Entrepreneur of Papermaking Industry in China"* by China Paper Association. Dr. Zhu is the spouse of Ms. Sun Rui Fang, a non-executive Director, and the father of Mr. Zhu Mo Qun, a vice-chairman of the Board.

董事

執行董事

朱玉國博士，54歲，為群星集團的聯席創辦人之一。朱博士於二零零六年九月獲委任為執行董事兼董事會主席。彼為本公司多間附屬公司及相聯法團的董事。彼亦為本公司主要股東 Boom Instant Limited 的董事。彼負責監察及規劃本集團的業務策略。朱博士於一九九二年四月在中國山東省經濟管理幹部學院完成專上教育，主修企業管理。於山東群星（現時為本公司的全資附屬公司）註冊成立之前，朱博士一直從事與造紙機器零件製造有關的工作逾10年，在此期間，彼透過研究各類紙產品的特徵，從而於造紙行業累積了豐富的經驗及知識。於一九九零年，朱博士獲鄒平縣科學技術委員會評定為經濟師。於二零零三年七月，彼獲山東省人民政府評為「中國山東省優秀民營企業家」。於二零零七年一月，朱博士獲山東經濟學院信息管理學院聘用為兼職教授。於二零零七年十一月，朱博士獲世界傑出華人會及世界華商投資基金會頒發「世界傑出華人獎」，並獲美國加州聖格拉斯加大學頒授榮譽博士學位。朱博士並於二零零九年獲中國造紙協會評為「全國製漿造紙行業優秀企業家」之一。朱博士為非執行董事孫瑞芳女士的配偶，以及董事會副主席朱墨群先生的父親。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

DIRECTORS (Continued)

Executive Directors (Continued)

Mr. ZHU Mo Qun, aged 30, is the co-founder of QX Group. He was appointed as an executive Director, a general manager of the Company as well as a 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 International Managers Union. In January 2005, he was approved by China Human Resource Exchange Centre* to become a member of database of experts in the PRC. The 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.

董事(續)

執行董事(續)

朱墨群先生，30歲，為群星集團的聯席創辦人之一。彼於二零零六年九月獲委任為本公司執行董事、總經理兼董事會副主席。彼為本公司多間附屬公司及相聯法團的董事。彼亦為本公司主要股東 Boom Instant Limited 的董事。朱先生負責本集團業務的整體管理。彼於二零零一年七月於中國山東省政法管理幹部學院完成專上法律教育。於二零零四年，彼獲國際經理人聯合會授予國際職業經理人資格。於二零零五年一月，彼通過中華人民共和國人事部全國人才流動中心的審批成為中國數據庫專才，該數據庫稱為「全國企業經營管理人才庫」，乃用作儲存資深企業行政人員的資料。於二零零五年，彼獲山東十大優秀企業家評委會表揚為「山東十大優秀企業家」之一。於二零零六年四月，彼獲共青團濱州市委及濱州市經貿委聯合表揚為「濱州市傑出青年企業家」。朱先生為董事會主席朱玉國博士及非執行董事孫瑞芳女士的兒子。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷

DIRECTORS (Continued)

Executive Directors (Continued)

Mr. SUN Zhen Shui, aged 55, was appointed as an executive Director in September 2007. Mr. Sun is responsible for managing the financial and administrative affairs of the Group. He 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.

Non-executive Director

Ms. SUN Rui Fang, aged 54, was appointed as a non-executive Director in September 2007. She is a director of various subsidiaries and associated corporations of the Company. She is also a director of Boom Instant Limited, a substantial shareholder of the Company. Prior to such appointment, Ms. Sun had, since the inception of Shandong QX, assisted Dr. Zhu Yu Zuo, a chairman of the Board and Mr. Zhu Mo Qun, a vice-chairman of the Board, in attending general administrative works of Shandong QX. Ms. Sun is the spouse of Dr. Zhu Yu Guo and the mother of Mr. Zhu Mo Qun.

董事(續)

執行董事(續)

孫振水先生，55歲，於二零零七年九月獲委任為執行董事。孫先生負責管理本集團的財務及行政事務。彼於一九九四年五月在中國山東省經濟管理幹部學院完成工商管理專上教育，並於一九九四年十二月獲中國山東省濱州地區職稱改革領導小組授予中國合資格會計師的資格。孫先生於一九八三年至二零零四年期間擔任長山鎮經濟委員會的主管會計師，彼於財務範疇累積逾20年之經驗。

非執行董事

孫瑞芳女士，54歲，於二零零七年九月獲委任為非執行董事。彼為本公司多間附屬公司及相聯法團的董事。彼亦為本公司主要股東 Boom Instant Limited 的董事。獲此委任前，孫女士自山東群星成立以來一直協助董事會主席朱玉國博士及董事會副主席朱墨群先生處理山東群星的一般行政工作。孫女士為朱玉國博士的配偶及朱墨群先生的母親。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷

DIRECTORS (Continued)

Independent Non-executive Directors

Mr. ZHAO Wei, aged 49, was appointed as an independent non-executive Director in September 2007. Mr. Zhao completed tertiary education in Dalian Institute of Light Industry (now known as “Dalian Polytechnic University”) in the PRC in June 1982, majoring in paper manufacturing. Mr. Zhao became a senior engineer accredited by China Light Industry Association* in December 1993 and is now the vice-president and general secretary of China Paper Association. Mr. Zhao has been a member of the Food and Agriculture Organization of the United Nations since 2007. Mr. Zhao has also been a deputy chief member of the Nationwide Paper Making Industry Standardized Technology Committee since 2006.

Mr. Zhao is currently an independent director of Guangdong Guanhao High-Tech Co., Ltd., a company listed on the Shanghai Stock Exchange of the PRC. Mr. Zhao is also a non-executive director of Shandong Chenming Paper Holdings Limited*, a company listed on the Main Board of the Stock Exchange. Mr. Zhao has accumulated approximately 27 years of experience in the paper making industry.

董事(續)

獨立非執行董事

趙偉先生，49歲，於二零零七年九月獲委任為獨立非執行董事。趙先生於一九八二年六月在中國大連輕工業學院(現稱「大連輕工業大學」)完成專上教育，主修製紙。趙先生於一九九三年十二月獲中國輕工總會任命為高級工程師，現為中國造紙協會副理事長兼秘書長。趙先生自二零零七年起為聯合國糧食及農業組織的會員，並自二零零六年起成為全國造紙工業標準化技術委員會的副主任委員。

趙先生現時為中國上海證券交易所上市公司廣東冠豪高新技術股份有限公司的獨立董事。趙先生同時為聯交所主板上市公司山東晨鳴紙業集團股份有限公司的非執行董事。趙先生於造紙行業累積了約27年之經驗。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷

DIRECTORS *(Continued)*

Independent Non-executive Directors *(Continued)*

Mr. WANG Lu, aged 29, was appointed as an independent non-executive Director in September 2007. He graduated from Shandong University in the PRC in July 2003 with a degree in computer science and technology and subsequently obtained a master's degree in information technology from Monash University in Australia in October 2005. He has been a lecturer of a university in the PRC. He currently works as engineer at YanTai University in the PRC. Mr. Wang has approximately 6 years of experience in computer engineering.

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 a chief financial officer of Verdure International Holding Company Limited. Mr. Kwong has over 20 years of experience in management accounting and financial control.

董事 *(續)*

獨立非執行董事 *(續)*

王魯先生，29歲，於二零零七年九月獲委任為獨立非執行董事。彼於二零零三年七月畢業於中國山東大學，取得計算機科學與技術學位，並隨後於二零零五年十月於澳洲 Monash University 獲取信息技術碩士學位。彼曾任中國一間大學的講師。彼現時於中國煙台大學擔任工程師。王先生於電腦工程方面擁有約6年之經驗。

鄺焜堂先生，44歲，於二零零七年九月獲委任為獨立非執行董事。彼為英國特許公認會計師公會資深會員、香港會計師公會會員及英國特許管理會計師公會會員。彼現時為聯交所主板上市公司中國投資基金有限公司的獨立非執行董事，以及翠屏國際控股有限公司之財務總監。鄺先生於管理會計及財務監控方面擁有逾20年之經驗。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

SENIOR MANAGEMENT

Mr. SUN Shu Guang, aged 56, joined the Group as a deputy general manager and the head of finance department of Shandong QX in April 2003, and is responsible for the Group's financial management function in the PRC. Mr. Sun completed tertiary education in Shandong Province Communist Party School* in the PRC in December 1994, majoring in economic administration. Prior to joining the Group, Mr. Sun had worked in the economic authorities of the PRC government. He has extensive experience in corporate management.

Mr. LIU Shu Li, aged 54, joined the Group as a deputy general manager of Shandong QX in August 2003 and is responsible for the Group's administrative affairs. Mr. Liu completed tertiary education in National Judicial Official Amateur Legal University* in the PRC in August 1994, majoring in law. Prior to joining the Group, Mr. Liu performed military service at the General Administration of Civil Aviation of China and was given a title of senior engineer. He had also worked in the judicial authority of the PRC government and is experienced in legal matters.

Mr. POON Tsz Hang, aged 32, was appointed as financial controller of the Company in May 2009 and is responsible for the Group's overall financial management, accounting and investor relations. Mr. Poon graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy. Mr. Poon is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Prior to joining the Group in December 2007, Mr. Poon worked with an international accounting firm. He has over 10 years of experience in auditing and accounting.

高級管理層

孫曙光先生，56歲，於二零零三年四月加入本集團為山東群星之副總經理兼財政部門主管，負責本集團在中國的財務管理工作。孫先生於一九九四年十二月在中國山東省委黨校完成專上教育，主修經濟管理。於加入本集團前，孫先生曾在中國政府的經濟機關任職。彼於企業管理方面擁有豐富經驗。

劉樹理先生，54歲，於二零零三年八月加入本集團為山東群星的副總經理，負責本集團的行政事務。劉先生於一九九四年八月於中國全國法院幹部業餘法律大學完成專上教育，主修法律。於加入本集團前，劉先生曾於中國民用航空總局服役，並獲授高級工程師銜。彼亦曾在中國政府司法機關工作，擁有豐富的法律事務經驗。

潘子恆先生，32歲，於二零零九年五月獲委任為本公司之財務總監，負責本集團的整體財務管理、會計及投資者關係等事務。潘先生畢業於香港理工大學，取得會計學士學位。潘先生為英國特許公認會計師公會資深會員、香港會計師公會及英格蘭及威爾斯特許會計師公會會員。潘先生於二零零七年十二月加入本集團前，曾於一家國際會計師事務所任職。彼於審計及會計方面擁有逾10年之經驗。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷

SENIOR MANAGEMENT *(Continued)*

Ms. LAM Wai Yee, Sophie, aged 34, joined the Group in January 2008 and was appointed as company secretary of the Company in May 2009. Ms. Lam is responsible for the Group's corporate services including compliance, company secretarial, human resources and corporate communications. Ms. Lam holds a bachelor's degree in translation and a postgraduate diploma in corporate administration from City University of Hong Kong. Ms. Lam is also an associate member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She has over 10 years of experience in compliance and company secretarial profession.

高級管理層(續)

林慧怡女士，34歲，於二零零八年一月加入本集團，並於二零零九年五月獲委任為本公司之公司秘書。林女士負責本集團之企業服務，包括合規、公司秘書、人力資源及企業傳訊等事務。林女士持有香港城市大學翻譯學士學位及企業行政管理深造文憑。林女士並為英國特許秘書及行政人員公會和香港特許秘書公會會士。彼於合規及公司秘書等專業範疇擁有逾10年之經驗。

The Board has pleasure in submitting the annual report together with the audited consolidated financial statements of QX Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries as at 31 December 2009 are set out in note 14 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated income statements.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend for the year ended 31 December 2009 in scrip form equivalent to HK7.403 cents (2008: HK8.45 cents) per share to shareholders whose names appear on the register of members of the Company on Wednesday, 5 May 2010 (the Scrip Dividend Scheme). Together with the interim dividend of HK3.277 cents (2008: HK4.16 cents) per share paid on 18 September 2009, the total dividends per share for the year ended 31 December 2009 will thus be HK10.68 cents per share (2008: HK12.61 cents).

董事會欣然提呈群星集團截至二零零九年十二月三十一日止年度的年報連同經審核綜合財務報表。

主要業務

本公司的主要業務為投資控股。本公司的附屬公司於二零零九年十二月三十一日的主要業務載於財務報表附註14。本集團的主要業務性質於年內概無重大變動。

業績

本集團截至二零零九年十二月三十一日止年度的業績載於綜合損益表。

末期股息

董事會議決建議向於二零一零年五月五日(星期三)名列本公司股東名冊之股東按以股代息方式派發截至二零零九年十二月三十一日止年度的末期股息，股息金額相等於每股7.403港仙(二零零八年：8.45港仙)(「以股代息計劃」)。連同二零零九年九月十八日派發的中期股息每股3.277港仙(二零零八年：4.16港仙)，截至二零零九年十二月三十一日止年度之每股股息總額將為每股10.68港仙(二零零八年：12.61港仙)。

REPORT OF THE DIRECTORS 董事會報告書

FINAL DIVIDEND *(Continued)*

The number of new shares ("Scrip Shares") to be allotted and issued under the Scrip Dividend Scheme will be calculated on the basis of the average closing price per share of the Company on the Stock Exchange for the 5 consecutive trading days from Thursday, 29 April 2010 to Wednesday, 5 May 2010, less a discount of 5%.

Subject to (i) the approval of the Company's shareholders at the forthcoming annual general meeting to be held on Wednesday, 5 May 2010; and (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in Scrip Shares, the relevant share certificates for Scrip Shares will be despatched to shareholders on or about Tuesday, 8 June 2010.

A circular containing details of the Scrip Dividend Scheme will be sent to shareholders on or about Wednesday, 31 March 2010.

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 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.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 24 to the financial statements.

末期股息(續)

根據以股代息計劃配發及發行的新股份(「代息股份」)，將按本公司每股股份自二零一零年四月二十九日(星期四)至二零一零年五月五日(星期三)五個連續交易日在聯交所的平均收市價折讓5%作計算基準。

待 (i) 本公司股東於二零一零年五月五日(星期三)舉行即將召開的股東週年大會上批准；及 (ii) 聯交所上市委員會批准代息股份上市及買賣之後，代息股份的有關股票將於二零一零年六月八日(星期二)或前後寄發予股東。

本公司將於二零一零年三月三十一日(星期三)或前後向股東寄發一份載有以股代息計劃詳情之通函。

暫停辦理股份過戶登記

本公司將於二零一零年四月二十九日(星期四)至二零一零年五月五日(星期三)(包括首尾兩天)暫停辦理股東登記手續。為符合獲派建議末期股息的資格，所有股份過戶文件連同有關股票須於二零一零年四月二十八日(星期三)下午四時三十分前送達本公司的香港股份過戶登記分處卓佳證券登記有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

股本

本公司於年內的股本變動詳情載於財務報表附註24。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in Consolidated Statement of Changes in Equity on page 94 of this annual report and note 24 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2009 are set out in note 14 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the Company's reserve available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB1,364.0 million, of which approximately RMB67.4 million has been proposed as a final dividend for the year.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment during the year are set out in note 13 to the financial statements.

優先認購權

組織章程細則或開曼群島法例並無優先認購權的條文，規定本公司須按比例向現有股東提呈發售新股份。

購買、贖回或出售本公司股份

本公司及其附屬公司於年內概無購買、出售或贖回任何本公司股份。

儲備

本集團於年內的儲備變動詳情載於本年報第94頁之綜合權益變動表及財務報表附註24。

附屬公司

本公司附屬公司於二零零九年十二月三十一日的詳情載於財務報表附註14。

可供分派儲備

於二零零九年十二月三十一日，根據開曼群島公司法第22章（一九六一年第三號法例，經綜合及修訂）計算的本公司可供分派儲備約為人民幣1,364,000,000元，其中約人民幣67,400,000元已建議作為本年度末期股息。

物業、廠房及設備

物業、廠房及設備於年內的變動詳情載於財務報表附註13。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS

The Directors who held office during the year and up to the date of this annual report were:

Executive Directors

Dr. ZHU Yu Guo (*Chairman*)^{3, 4}
Mr. ZHU Mo Qun (*Vice-chairman*)^{2, 4}
Mr. SUN Zhen Shui⁴

Non-executive Director

Ms. SUN Rui Fang

Independent Non-executive Directors

Mr. ZHAO Wei^{1, 2, 3}
Mr. WANG Lu^{1, 2, 3}
Mr. KWONG Kwan Tong^{1, 2, 3}

Notes:

1. Member of Audit Committee
2. Member of Nomination Committee
3. Member of Remuneration Committee
4. Member of Executive Committee

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 forthcoming annual general meeting of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of 3 years.

董事

於年內及截至本年報日期止的在任董事為：

執行董事

朱玉國博士(*主席*)^{3, 4}
朱墨群先生(*副主席*)^{2, 4}
孫振水先生⁴

非執行董事

孫瑞芳女士

獨立非執行董事

趙偉先生^{1, 2, 3}
王魯先生^{1, 2, 3}
鄭焜堂先生^{1, 2, 3}

附註：

1. 審核委員會成員
2. 提名委員會成員
3. 薪酬委員會成員
4. 執行委員會成員

根據組織章程細則第108條，朱墨群先生、孫振水先生及鄭焜堂先生將於本公司即將召開的股東週年大會上退任，惟彼等合資格膺選連任。

本公司已接獲各獨立非執行董事根據上市規則第3.13條就其獨立性發出的年度確認書，並認為所有獨立非執行董事均屬獨立人士。

董事服務合約

各執行董事與本公司訂立了一項為期3年的服務協議。

DIRECTORS' SERVICE CONTRACTS

(Continued)

The non-executive Director and independent non-executive Directors are appointed for a period of 2 years in accordance with their respective appointment letters. During the year, their appointments have been renewed for 2 years upon their respective expiry, on substantially the same terms.

The Directors shall retire by rotation and be eligible for re-election subject to Article 108 of the Articles of Association.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save for transactions as set out in the section headed "Connected Transactions" below, none of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors and their respective associates has engaged in or had an interest in a business, which, directly or indirectly, competes or may compete with the business of the Group.

董事服務合約(續)

根據非執行董事及獨立非執行董事各自之聘書，彼等的任期為期兩年。年內，彼等之任期在屆滿後獲續期兩年，條款與先前所訂立的大致相同。

董事須按照組織章程細則第108條規定輪值告退，並合資格膺選連任。

擬於本公司即將召開的股東週年大會上膺選連任的董事概無與本公司訂有本公司不可於一年內免付補償(法定補償除外)而終止的服務合約。

董事於合約的權益

除下文「關連交易」一節所載的交易外，董事概無於本公司、其控股公司或其任何附屬公司或同系附屬公司於本年度所訂立對本集團業務而言屬重大的合約中直接或間接擁有任何重大權益。

董事於競爭業務的權益

董事及彼等各自的聯繫人於年內概無從事直接或間接與本集團業務競爭或可能競爭的業務，或於該等業務得到權益。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' REMUNERATION

Details of the remuneration of the Directors during the year are set out in note 8 to the financial statements.

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 December 2009, the number of issued ordinary shares of the Company was 1,032,800,000; and the interests of the Directors in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were set out below:

Long Positions in Shares of the Company

董事薪酬

董事於年內的薪酬詳情載於財務報表附註8。

董事於本公司及其相聯法團股份的權益

於二零零九年十二月三十一日，本公司的已發行普通股數目為1,032,800,000股；而董事於本公司及其相聯法團（具證券及期貨條例第XV部的涵義）的股份中擁有根據證券及期貨條例第352條須登記於本公司備存的登記冊內的權益，或根據標準守則須知會本公司及聯交所的權益載列如下：

於本公司股份的好倉

Name of Director 董事名稱	Capacity/Nature of interest 身份／權益性質	Number of ordinary shares held 持有的普通股數目	Approximate percentage of shareholding 股權的概約百分比
Dr. ZHU Yu Guo 朱玉國博士	Interest of controlled corporation 受控制公司權益	700,000,000 (Note) (附註)	67.78%
Ms. SUN Rui Fang 孫瑞芳女士	Interest of spouse 配偶權益	700,000,000 (Note) (附註)	67.78%

**DIRECTORS' INTERESTS IN SHARES OF
THE COMPANY AND ITS ASSOCIATED
CORPORATION** (Continued)

Note:

All these shares were beneficially owned by Boom Instant Limited which was owned as to 80% by Addinsight Limited. By virtue of his 87.5% direct interest in Addinsight Limited, Dr. Zhu Yu Guo, a chairman of the Board, was deemed to be interested in the same parcel of shares owned by Boom Instant Limited under the SFO.

Ms. Sun Rui Fang, a non-executive Director and the spouse of Dr. Zhu Yu Guo, was deemed to be interested in the same parcel of shares as Dr. Zhu under the SFO.

These shares were same as those shares held by Boom Instant Limited as disclosed in the section headed "Substantial Shareholders' Interests in Shares of the Company" below.

董事於本公司及其相聯法團股份的權益(續)

附註：

該等股份全部由 Boom Instant Limited 實益擁有，Addinsight Limited 擁有其80%股份權益。鑑於董事會主席朱玉國博士擁有Addinsight Limited 的87.5%直接股份權益，根據證券及期貨條例，彼被視為擁有 Boom Instant Limited 持有的同一批股份之權益。

根據證券及期貨條例，非執行董事孫瑞芳女士(朱玉國博士的配偶)被視為擁有朱博士所持同一批股份之權益。

該等股份與下文「主要股東於本公司股份的權益」一節所披露的由 Boom Instant Limited 持有之股份相同。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION (Continued)

董事於本公司及其相聯法團股份的權益(續)

Long position in Shares of Associated Corporations of the Company

於本公司相聯法團股份的好倉

Name of Director 董事名稱	Name of associated corporation 相聯法團名稱	Capacity/Nature of interest 身份／權益性質	Number of ordinary shares held 持有的普通股數目	Approximate percentage of the issued ordinary shares 佔已發行普通股的概約百分比
Dr. ZHU Yu Zuo 朱玉國博士	Boom Instant Limited	Interest of controlled corporation 受控制公司權益	80	80%
	Addinsight Limited	Beneficial owner/ Interest of spouse 實益擁有人／配偶權益	87.5/12.5	87.5%/12.5%
Ms. SUN Rui Fang 孫瑞芳女士	Boom Instant Limited	Interest of spouse 配偶權益	80	80%
	Addinsight Limited	Beneficial owner/ Interest of spouse 實益擁有人／配偶權益	12.5/87.5	12.5%/87.5%
Mr. ZHU Mo Qun 朱墨群先生	Boom Instant Limited	Interest of controlled corporation 受控制公司權益	20 (Note) (附註)	20%
	Be Broad Limited	Beneficial owner 實益擁有人	100	100%

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION (Continued)

Note:

All these shares were beneficially owned by Be Broad Limited. By virtue of his 100% direct interest in Be Broad Limited, Mr. Zhu Mo Qun, a vice-chairman of the Board, was deemed to be interested in the same parcel of shares in Boom Instant Limited held by Be Broad Limited under the SFO.

Save as disclosed above, as at 31 December 2009, none of the Directors has interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year, was the Company or any of its subsidiaries a party to arrangements to enable the Directors to acquire benefits by means of the acquisitions of shares or debentures of the Company or any other body corporate, and none of the Directors or their spouse or children under age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

董事於本公司及其相聯法團股份的權益(續)

附註：

該等股份全部由 Be Broad Limited 實益擁有。根據證券及期貨條例，鑑於董事會副主席朱墨群先生擁有 Be Broad Limited 的100%直接股份權益，彼被視為擁有 Be Broad Limited 持有的同一批 Boom Instant Limited 股份的權益。

除上文所披露者外，於二零零九年十二月三十一日，董事概無於本公司或其任何控股公司、附屬公司或其他相聯法團(具證券及期貨條例第XV部的涵義)的股份、相關股份或債權證中擁有根據證券及期貨條例第352條須登記於本公司備存的登記冊內的權益或淡倉，或根據標準守則須知會本公司及聯交所的權益或淡倉。

董事購買股份或債權證的權利

於年內任何時間，本公司或其任何附屬公司並無訂立任何安排，致使董事可藉購買本公司或任何其他法人團體的股份或債權證而獲益，而董事或彼等的配偶或未滿18歲的子女於年內概無擁有可認購本公司證券的任何權利，亦無行使任何該等權利。

REPORT OF THE DIRECTORS

董事會報告書

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES OF THE COMPANY

As at 31 December 2009, the interests of substantial shareholders and other persons (other than the Directors) in the shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO, or as otherwise notified to the Company, were set out below:

主要股東於本公司股份的權益

於二零零九年十二月三十一日，根據證券及期貨條例第336條備存的本公司登記冊所記錄(或本公司獲知悉)，主要股東及其他人士(董事除外)於本公司股份的權益載列如下：

Name of substantial shareholder 主要股東名稱	Number of ordinary shares held 持有的普通股數目	Approximate percentage of the issued ordinary shares 佔已發行普通股的概約百分比
Boom Instant Limited	700,000,000 (Note 1) (附註1)	67.78%
Addinsight Limited	700,000,000 (Note 1) (附註1)	67.78%
The Overlook Partners' Fund L.P.	62,032,000 (Note 2) (附註2)	6.01%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES OF THE COMPANY

(Continued)

Notes:

1. All these shares were beneficially owned by Boom Instant Limited. By virtue of its 80% direct interest in Boom Instant Limited, Addinsight Limited was deemed to be interested in the same parcel of shares held by Boom Instant Limited under the SFO. Dr. Zhu Yu Zuo, Mr. Zhu Mo Qun and Ms. Sun Rui Fang are the directors of both Boom Instant Limited and Addinsight Limited.

2. All these shares were beneficially owned by The Overlook Partners' Fund L.P..

Overlook Investments L.P., in its capacity as the general partner of The Overlook Partners' Fund L.P., and Overlook Investments (BVI) Limited, in its capacity as the general partner of Overlook Investments L.P., were deemed to be interested in such shares under the SFO.

By virtue of their 100% indirect interest in Overlook Investments (BVI) Limited, Mr. Richard Hurd Lawrence JR. and Mrs. Dee Macleod Lawrence were deemed to be interested in the same parcel of shares as Overlook Investments (BVI) Limited in accordance with the SFO.

Save as disclosed above, as at 31 December 2009, no other persons (other than the Directors) were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 8 September 2007 whereby any Directors or selected participants may be granted options to subscribe for the Company's shares at the discretion of the Board. The principal terms of the scheme are summarised in note 28 to the financial statements.

主要股東於本公司股份的權益(續)

附註：

1. 該等股份全部由 Boom Instant Limited 實益擁有。鑑於 Addinsight Limited 擁有 Boom Instant Limited 的80%直接股份權益，根據證券及期貨條例，彼被視為擁有 Boom Instant Limited 持有的同一批股份的權益。朱玉國博士、朱墨群先生及孫瑞芳女士均為 Boom Instant Limited 及 Addinsight Limited 兩間公司的董事。

2. 該等股份全部由 The Overlook Partners' Fund L.P. 實益擁有。

根據證券及期貨條例，Overlook Investments L.P. 以 The Overlook Partners' Fund L.P. 普通合夥人的身份以及 Overlook Investments (BVI) Limited 以 Overlook Investments L.P. 普通合夥人的身份，被視為擁有該等股份的權益。

鑒於 Richard Hurd Lawrence JR. 先生及 Dee Macleod Lawrence 太太擁有 Overlook Investments (BVI) Limited 的100%間接股份權益，根據證券及期貨條例，彼等被視為擁有 Overlook Investments (BVI) Limited 所持的同一批股份之權益。

除上文所披露者外，於二零零九年十二月三十一日，根據證券及期貨條例第336條本公司須予備存的登記冊所記錄，概無其他人士(董事除外)擁有本公司股份或相關股份的權益或淡倉。

購股權計劃

本公司於二零零七年九月八日採納一項購股權計劃，據此，按董事會的酌情決定，任何董事或選定參與者可獲授予購股權以認購本公司股份。該計劃的主要條款概述於財務報表附註28。

REPORT OF THE DIRECTORS

董事會報告書

CONNECTED TRANSACTIONS

Material related party transactions entered into by the Group during the year ended 31 December 2009 are disclosed in note 27 to the financial statements.

During the year, the Group has entered into the following connected transaction and continuing connected transaction as defined under the Listing Rules:

(1) Connected Transaction

Acquisition of Tongliao Changxing Wind Power Co., Ltd.* (the “Target Company”)

As disclosed in an announcement of the Company dated 24 September 2009, on even date, Shandong QX as purchaser has entered into a conditional acquisition agreement (the “Acquisition Agreement”) with both Mr. Zhu Mo Qun and Ms. Sun Rui Fang, the Directors, as vendors (the “Vendors”) to purchase the Target Company by acquiring its entire registered capital and shareholders’ loan at a maximum consideration of not exceeding RMB563.5 million.

Since the Vendors are the Directors and hence are the connected persons of the Company, the Acquisition Agreement and the transactions contemplated thereunder constituted connected transactions for the purpose of the Listing Rules and were subject to reporting, announcement and independent shareholders’ approval requirements as set out in Chapter 14A of the Listing Rules.

關連交易

本集團於截至二零零九年十二月三十一日止年度進行的重大關連方交易於財務報表附註27內披露。

年內，本集團曾進行以下根據上市規則所界定的關連交易及持續關連交易：

(1) 關連交易

收購遼遠長星風力發電有限公司(「目標公司」)

誠如本公司於二零零九年九月二十四日刊發的公告，山東群星(作為買方)與董事朱墨群先生及孫瑞芳女士(作為賣方)(「賣方」)訂立一份有條件收購協議(「收購協議」)，以收購目標公司，方法是以最高不超過人民幣563,500,000元的代價，收購其全部註冊資本及股東貸款。

鑑於賣方為董事，故屬本公司的關連人士，就上市規則而言，收購協議及據此擬進行的交易構成關連交易，須遵守上市規則第14A章所載的申報、公告及獨立股東批准的規定。

CONNECTED TRANSACTIONS (Continued)

(1) Connected Transaction (Continued)
Acquisition of Tongliao Changxing Wind Power Co., Ltd.* (the “Target Company”)
(Continued)

The Acquisition Agreement was not approved by the independent shareholders at an extraordinary general meeting of the Company held on 3 November 2009. As the approval of the independent shareholders is one of the conditions precedent to the completion of the Acquisition Agreement, the Acquisition Agreement was lapsed on even date.

(2) Continuing Connected Transaction
Supply of Decorative Base Paper Products to Zouping Guang Hua Veneer Company Limited (“Guang Hua”)

A master supply agreement (the “Master Supply Agreement”) dated 3 September 2007 was entered into between Shandong QX as supplier and Guang Hua as customer pursuant to which, Shandong QX agreed to supply decorative base paper products to Guang Hua for a period from 3 September 2007 to 31 December 2009 at prices determined from time to time by Shandong QX and Guang Hua at the prevailing market prices of decorative base paper products and on such other standard terms of sale and purchase applicable from time to time, provided that such terms were on normal and usual commercial terms and were no more favourable than those applicable to the sale of the same type and quality of decorative base paper products for comparable quantity by the Group to independent third parties (the “Continuing Connected Transaction”). The Master Supply Agreement does not provide for renewal clauses.

關連交易 (續)

(1) 關連交易 (續)
收購通遼長星風力發電有限公司(「目標公司」) (續)

收購協議於二零零九年十一月三日舉行之本公司股東特別大會上不獲獨立股東批准。鑑於獨立股東的批准為收購協議的其中一項先決條件，故收購協議於同日已告失效。

(2) 持續關連交易
向鄒平光華板材有限公司(「光華」)供應裝飾原紙產品

山東群星(作為供應商)與光華(作為客戶)於二零零七年九月三日訂立主供應協議(「主供應協議」)，據此，山東群星同意自二零零七年九月三日至二零零九年十二月三十一日期間，按山東群星與光華不時釐定的價格向光華供應裝飾原紙產品，此價格乃經參考裝飾原紙產品的當時的市場價格釐定，而供應條款為不時適用的其他銷售及採購的有關其他標準條款，惟該等條款乃屬一般及日常商業條款，並且不會較本集團向獨立第三方銷售數量相若及類型與品質相同的裝飾原紙產品時適用的條款更優厚(「持續關連交易」)。主供應協議並無續期條款。

REPORT OF THE DIRECTORS

董事會報告書

CONNECTED TRANSACTIONS (Continued)

(2) Continuing Connected Transaction

(Continued)

Supply of Decorative Base Paper Products to Zouping Guang Hua Veneer Company Limited (“Guang Hua”) (Continued)

The annual caps of the Master Supply Agreement for each of the three years ended 31 December 2009 are RMB7.3 million, RMB7.5 million and RMB7.8 million respectively. During the year, Shandong QX and Guang Hua have not carried out any transactions in relation to the supply of decorative base paper products under the Master Supply Agreement. As such, no transaction value thereof was incurred.

As the entire equity interest of Guang Hua was owned by Jumbo Bonus Investments Limited (“Jumbo Bonus”) which was in turn owned by Dr. Zhu Yu Guo, Mr. Zhu Mo Qun and Ms. Sun Rui Fang, the Directors, as to 70%, 20% and 10% respectively, Guang Hua is a connected person of the Company and the Continuing Connected Transaction constituted non-exempt continuing connected transaction of the Company under the Listing Rules and was subject to the reporting and announcement requirements but was exempt from the independent shareholders’ approval requirement under the Listing Rules. The Stock Exchange has granted a waiver to the Company to exempt the transaction from strict compliance with the announcement requirements under the Listing Rules until 31 December 2009.

The Master Supply Agreement expired on 31 December 2009 and was not renewed.

關連交易(續)

(2) 持續關連交易(續)

向鄒平光華板材有限公司(「光華」)供應裝飾原紙產品(續)

截至二零零九年十二月三十一日止三個年度各年，主供應協議的年度上限分別為人民幣7,300,000元、人民幣7,500,000元及人民幣7,800,000元。年內，山東群星與光華並無根據主供應協議進行任何有關供應裝飾原紙產品之交易。因此，並無產生任何相關交易價值。

由於諾天投資有限公司(「諾天」)擁有光華全部股本權益，而董事朱玉國博士、朱墨群先生及孫瑞芳女士則分別擁有諾天70%、20%及10%權益，故光華為本公司的關連人士。根據上市規則，持續關連交易構成本公司的非豁免持續關連交易，須遵守上市規則有關申報及公告的規定，惟獲豁免遵守上市規則項下有關獨立股東批准的規定。聯交所並向本公司授出豁免，以豁免本交易嚴格遵守上市規則有關公告的規定，直至二零零九年十二月三十一日為止。

主供應協議已於二零零九年十二月三十一日屆滿，並不獲重續。

CONNECTED TRANSACTIONS *(Continued)*

(2) Continuing Connected Transaction

(Continued)

All the independent non-executive Directors have reviewed and confirmed that there were no transactions between Shandong QX and Guang Hua under the Master Supply Agreement during the year and no transaction value thereof was incurred.

The Directors have requested KPMG, the auditors of the Company, to perform certain agreed upon procedures on the Continuing Connected Transaction. However, as the Directors confirmed that there were no transactions between Shandong QX and Guang Hua under the Master Supply Agreement during the year, KPMG have issued a report to the Board confirming that the required procedures pursuant to Rule 14A.38 of the Listing Rules could not be performed.

關連交易 *(續)*

(2) 持續關連交易 *(續)*

經全體獨立非執行董事審議後確認，年內，山東群星根據主供應協議並無與光華進行任何交易，故此並無產生任何交易價值。

董事要求本公司之核數師畢馬威會計師事務所就持續關連交易進行若干協定程序。然而，由於董事確認年內山東群星並無根據主供應協議與光華進行交易，畢馬威會計師事務所已向董事會出具報告，確認無法進行上市規則第14A.38條規定之程序。

REPORT OF THE DIRECTORS

董事會報告書

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Through the issue of 1,045,000,000 new shares at HK\$5.35 each on the Main Board of the Stock Exchange in October 2007, the Group had raised approximately HK\$1,492.8 million (equivalent to approximately RMB1,445.5 million), after deduction of related expenses. The use of such proceeds by the Group during the year is set out in the Management Discussion and Analysis on pages 43 to 45 of this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 190 to 192 of this annual report.

RETIREMENT SCHEMES

Particulars of the retirement schemes adopted by the Group during the year are set out in note 6 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year was as follows:

首次公開發售所得款項用途

通過於二零零七年十月在聯交所主板以每股5.35港元發行1,045,000,000股新股份，本集團於扣除有關開支後籌得約1,492,800,000港元（約相當於人民幣1,445,500,000元）。本集團於年內對該筆所得款項的用途載於本年報第43至45頁管理層討論及分析。

五年財務摘要

本集團於過去五個財政年度的業績與資產及負債摘要載於本年報第190至192頁。

退休計劃

本集團於年內採納的退休計劃詳情載於財務報表附註6。

主要客戶及供應商

有關本集團主要客戶及供應商於年內分別所佔銷售額及採購額的資料如下：

		Percentage of the Group's total 佔本集團百分比	
		Sales 總銷售額	Purchases 總採購額
The largest customer	最大客戶	14.6%	—
Five largest customers in aggregate	五大客戶合計	25.8%	—
The largest supplier	最大供應商	—	23.4%
Five largest suppliers in aggregate	五大供應商合計	—	66.1%

MAJOR CUSTOMERS AND SUPPLIERS

(Continued)

At no time during the year have the Directors, their respective associates or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the year and up to the date of this annual report.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2009, the Company had complied with the applicable Code Provisions save for the deviation from the Code Provision A.2.1. The full details of corporate governance practices adopted by the Company during the year ended 31 December 2009, or where applicable, up to the date of this annual report, are set out in the Corporate Governance Report on pages 70 to 84 of this annual report.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

ZHU Yu Guo 朱玉國

Chairman 主席

Shandong, the PRC, 17 March 2010

中國山東，二零一零年三月十七日

主要客戶及供應商(續)

於年內任何時間，概無董事、彼等各自的聯繫人或任何就董事所知擁有超過5%本公司已發行股本的本公司股東於該等主要客戶及供應商擁有任何權益。

足夠公眾持股量

根據本公司從公開途徑所得的資料及據董事所知，本公司於年內及直至本年報日期止，一直維持上市規則所規定的公眾持股量。

企業管治常規

截至二零零九年十二月三十一日止年度，本公司一直遵守適用守則條文(偏離守則條文第A.2.1條除外)。本公司在截至二零零九年十二月三十一日止年度或截至本年報日期(如適用)所採納的企業管治常規的所有詳情載於本年報第70至84頁的企業管治報告內。

核數師

畢馬威會計師事務所任滿告退，惟表示願意膺選連任。本公司將於即將召開的股東週年大會上提呈有關續聘畢馬威會計師事務所為本公司核數師之決議案。

CORPORATE GOVERNANCE REPORT 企業管治報告

QX Paper is committed to maintaining high standards of corporate governance practices and corporate conduct. It is the belief of the Board that such commitment can enhance the performance of the Group and serve to enhance our shareholders' value. To this end, the Board and our management will make continuous effort to reinforce our standards of corporate governance with emphasis on independence, effective internal control, transparency and accountability to shareholders.

During the year ended 31 December 2009, the Company has complied with the applicable Code Provisions and principles under the CG Code as set out in Appendix 14 to the Listing Rules except for the following deviation:

Under the Code Provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. Currently, the Company does not have any person holding the title of CEO. Dr. Zhu Yu Guo, who apart from being the Company's major shareholder, executive Director and chairman of the Board, also assumed responsibilities which are comparable to those of a CEO. Dr. Zhu is responsible for overseeing and planning the business strategies of the Group as well as providing leadership and management to the Board. The role of the chairman is separated from that of the general manager of the Company. Mr. Zhu Mo Qun (the son of Dr. Zhu), an executive Director, general manager of the Company as well as vice-chairman of the Board, is responsible for the overall management of the Group's business operations and implementing the business strategies formulated by the Board. The Board considers that this management structure can provide the Group with consistent leadership and enables the Group to make and implement the Board's decisions promptly and efficiently. The Board will regularly review the effectiveness of this structure to ensure that such structure is appropriate in view of the Group's prevailing circumstances.

群星紙業矢志維持高水平的企業管治常規及企業操守。董事會相信此理念可提升本集團的表現，並為本集團股東帶來增益。為此，本公司董事會及管理層將不斷努力提升本集團的企業管治水平，尤其著重獨立性、有效的內部監控、透明度及對股東問責。

截至二零零九年十二月三十一日止年度，本公司一直遵守上市規則附錄14所載的企業管治守則的適用守則條文及原則，惟下述偏離除外：

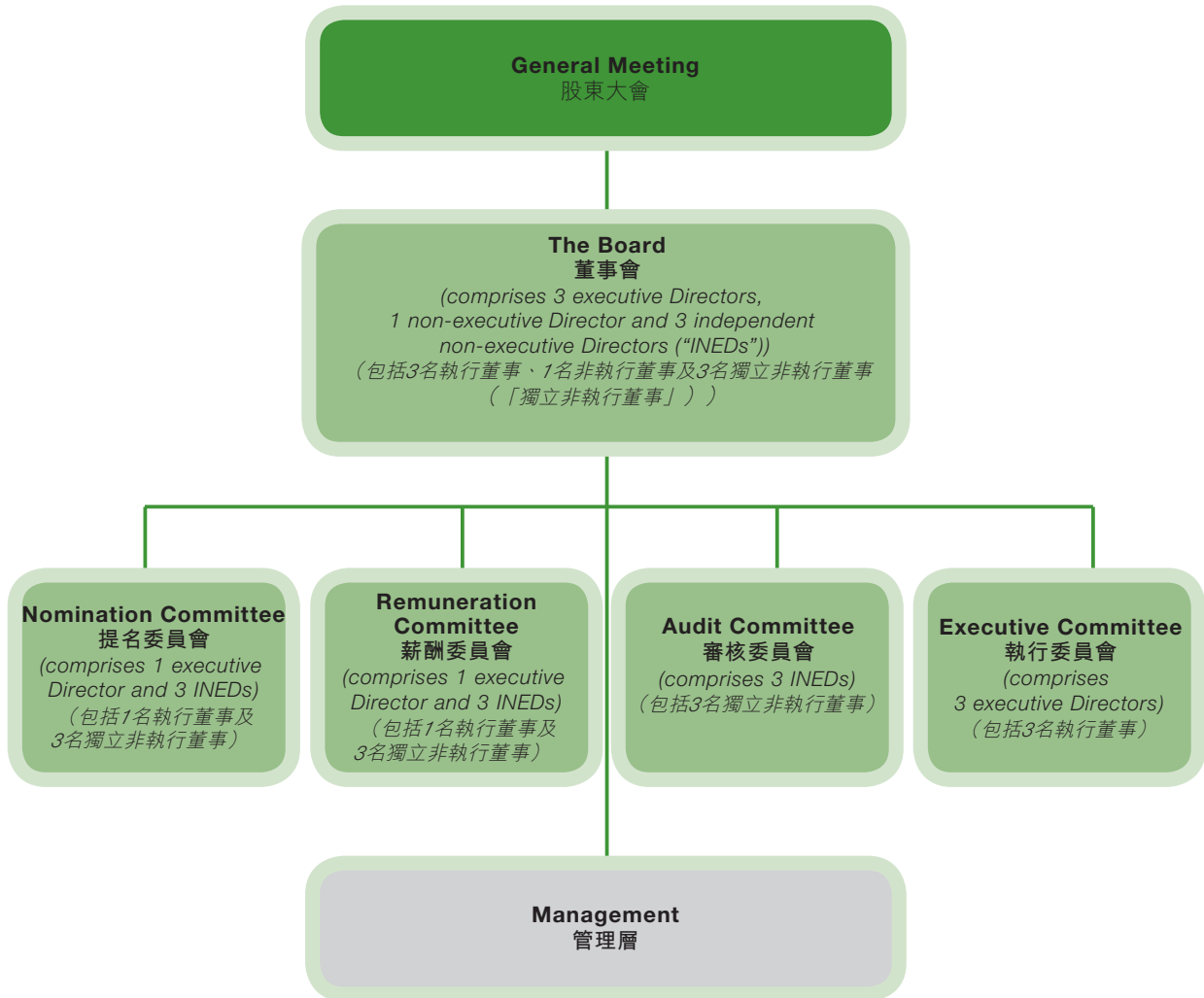
根據守則條文第A.2.1條，主席及行政總裁的職務須分開，不應由同一人擔任。目前，本公司並無任何人士擔任行政總裁一職。朱玉國博士除身為本公司主要股東、執行董事兼董事會主席外，亦擔任與行政總裁相若的職務。朱博士亦負責監察及策劃本集團的業務策略，並率領及管理董事會。本公司主席與總經理的職責分開。本公司的執行董事、總經理兼董事會副主席朱墨群先生（朱博士的兒子），負責本集團的整體管理及業務運作，以及執行董事會所制訂的業務策略。董事會認為此管理架構令本集團的領導具一致性，並讓本集團能迅速及有效地執行及落實董事會的決定。董事會將定期檢討此管理架構的成效，以確保該架構切合本集團當時的情況。

CORPORATE GOVERNANCE STRUCTURE

企業管治架構

The Company's corporate governance structure currently in place is as follows:

本公司現時的企業管治架構如下：



Outlined below are the corporate governance practices adopted by the Company in compliance with the principles and spirit of the CG Code during the year ended 31 December 2009, or where applicable, up to the date of this annual report.

下文概述本公司於截至二零零九年十二月三十一日止年度(或如適用，直至本年報日期為止)遵照企業管治守則的原則及精神所採納的企業管治常規。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS

Composition

The Board currently comprises 3 executive Directors, 1 non-executive Director and 3 INEDs as follows:

Executive Directors

Dr. ZHU Yu Guo (*Chairman*)

Mr. ZHU Mo Qun (*Vice-chairman*)

Mr. SUN Zhen Shui

Non-executive Director

Ms. SUN Rui Fang

INEDS

Mr. ZHAO Wei

Mr. WANG Lu

Mr. KWONG Kwan Tong

The Directors are well-versed in respective areas such as papermaking industry's knowledge and technical know-how, accounting and finance and business management and the Board as a whole has achieved an appropriate balance of skills and experience. The biographical details of the Directors and the relationship among them, if any, are set out in the "Biographical Details of Directors and Senior Management" section on pages 47 to 50 of this annual report and the Company's website at www.qxpaper.com.

董事會

組成

董事會目前包括3名執行董事、1名非執行董事及3名獨立非執行董事，詳情如下：

執行董事

朱玉國博士(主席)

朱墨群先生(副主席)

孫振水先生

非執行董事

孫瑞芳女士

獨立非執行董事

趙偉先生

王魯先生

鄭焜堂先生

董事於各有關方面富有豐富經驗，例如造紙業的知識及技術知識、會計及金融以及商業管理，而董事會整體在技能及經驗上均達致適當的平衡。董事的履歷及彼等的關係(如有)載於本年報第47至50頁「董事及高級管理層履歷」一節及本公司網站 www.qxpaper.com。

Delegation by the Board

The Board is responsible for setting the strategic direction and policies of the Group and supervising our management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder or Director of the Company, the approval of the interim and final results and other disclosures to the public or regulators are reserved by the Board for consideration and approval. Matters not specifically reserved to the Board and necessary for the daily management and operation of the Company are delegated to the executive committee of the Board and senior management of the Company.

Appointment, Re-election and Removal of Directors

Article 108 of the Articles of Association provides that all the Directors, including chairman of the Board, are subject to retirement from office at least once every 3 years at each annual general meeting and shall be eligible for re-election. Under Article 105 of the Articles of Association, the office of a Director is liable to be vacated in certain circumstances and the Company may remove any Director by an ordinary resolution at a general meeting as prescribed in Article 114 of the Articles of Association.

董事會的委任

董事會負責製訂本集團的策略方向及政策以及監督管理層。若干事宜由董事會考慮及批准，包括(其中包括)監察及批准重大交易與涉及本公司主要股東或董事的利益衝突事項、批准中期及末期業績，以及向公眾或監管機關作其他披露。而並非指定由董事會裁決，並於本公司的日常管理業務中必需進行的事宜，則授權本公司董事會旗下執行委員會及高級管理層處理。

董事的委任、重選及罷免

組織章程細則第108條規定所有董事(包括董事會主席)均須最少每3年一次於股東週年大會上退任，並合資格膺選連任。根據組織章程細則第105條，董事職位可於若干情況下出現空缺，而本公司亦可按組織章程細則第114條的規定透過於股東大會上提呈普通決議案以罷免任何董事。

Executive Directors

All the executive Directors have entered into service agreements with the Company for a term of 3 years and are 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. Each of them is entitled to a fixed Director's fee per annum and a discretionary 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. An executive Director may not vote on any Board's resolution regarding the amount of the management bonus payable to him.

Non-executive Director and INEDs

The non-executive Director and INEDs have the same duties of care and skill and fiduciary duties as the executive Directors. They are expressly identified as such in all corporate communications that disclose the names of the Directors.

The INEDs are experienced professionals with expertise in respective areas of papermaking industry and related technical know-how, engineering, accounting and finance. With their professional knowledge and experience, the INEDs advise the Company on its operation and management; provide independent opinion on the Company's connected transactions; participate in various committees' meetings of the Board. The INEDs also contribute to provide adequate checks and balance to protect the interests of the Group and its shareholders as a whole, and to promote the development of the Group.

執行董事

所有執行董事已與本公司訂立服務協議，年期為3年，並須根據組織章程細則的規定於本公司股東週年大會上輪值退任並膺選連任。各執行董事每年可獲固定董事袍金及酌情花紅，有關金額由董事會釐定。該等酬金乃參考各董事的經驗及其對本集團的貢獻、本集團的表現及盈利，以及當時的市況而釐定。每名執行董事不可就任何有關應付彼的管理層花紅金額的董事會決議案投票。

非執行董事及獨立非執行董事

非執行董事及獨立非執行董事與執行董事應具有相同的謹慎態度、技能及誠信責任。在所有披露董事姓名的公司通訊內，均會明確指明彼等為非執行董事及獨立非執行董事。

獨立非執行董事均為經驗豐富的專業人士，彼等各自分別在造紙業及有關技術知識、工程、會計及金融等範疇具備專長。獨立非執行董事憑藉彼等的專業知識及經驗，就本公司的營運及管理向本公司提供意見，並就本公司的關連交易提供獨立意見以及參與董事會旗下不同董事委員會的會議。獨立非執行董事亦致力提供充分監督與制衡，務求保障本集團及其股東的整體利益，並促進本集團的發展。

All the non-executive Director and INEDs have entered into letters of appointment with the Company for a term of 2 years and are subject to retirement by rotation and eligible for re-election in accordance with the provision of the Articles of Association.

The Company has received an annual confirmation of independence from each of the INEDs pursuant to Rule 3.13 of the Listing Rules and considers that all INEDs to be independent as at the date of this annual report.

Supply of and access to information

Newly appointed Directors will receive induction packages containing the duties and responsibilities of directors under the Listing Rules and other applicable rules and regulations.

All the Directors are briefed and updated from time to time on the latest legislative and regulatory developments to ensure that they are fully aware of their responsibilities under the Listing Rules, applicable legal and regulatory requirements.

In order to ensure that their duties can be properly discharged, the Directors are entitled to seek advice from independent professional advisers whenever deemed necessary by them at the Company's expense.

Board Meetings

During the year ended 31 December 2009, the Board held a total of 7 meetings (the "Board Meeting(s)") with an attendance rate of 100% to review and approve, among other things, the 2008 annual results and 2009 interim results, connected transaction and strategic business direction of the Group.

所有非執行董事及獨立非執行董事已與本公司簽訂委任書，年期為兩年，並須根據組織章程細則之規定輪值退任，並合資格膺選連任。

本公司已根據上市規則第3.13條的規定收到各獨立非執行董事呈交的年度獨立確認書，並認為所有獨立非執行董事於本年報日期均為獨立人士。

提供及查閱資料

新委任的董事將收到一套入職指引文件，當中載有上市規則以及其他適用規則及規例所規定董事的職務及責任。

所有董事均不時獲簡介及更新法律及法規的最新發展，確保彼等完全知悉彼等根據上市規則、適用法例及規例規定所須承擔的責任。

為確保董事能恰當履行其職責，董事於認為有需要時有權尋求獨立專業顧問的意見，並由本公司負責有關開支。

董事會會議

截至二零零九年十二月三十一日止年度，董事會合共舉行7次會議（「董事會會議」），出席率為100%，以審議及批准（其中包括）二零零八年全年業績及二零零九年中中期業績、關連交易及本集團的策略性業務方向等。

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The Board Meetings are permitted to be held by means of telephone or other means of electronic communication under the Articles of Association.

Reasonable notices are served and comprehensive information is provided to the Board members in advance of all the Board Meetings in order to enable them to make informed decisions on all matters transacted at the Board Meetings.

The proceedings of the Board Meetings are normally conducted by the chairman of the Board who ensures that sufficient time is allowed for discussion among the Directors and equal opportunities are being given to the Directors to express their views and share their concerns.

The company secretary (the “Company Secretary”) of the Company is responsible for preparing minutes recording all matters transacted and resolved at the Board Meetings. All minutes of the Board Meetings are kept by the Company Secretary and are open for inspection by the Directors.

Remuneration Policy

The remuneration policy of the Group is to ensure that the Group’s pay levels are competitive in attracting and retaining the Directors, senior management and employees as well as motivating them in the continual pursuit of the Group’s goal and objectives. The remuneration package of the Directors and senior management is performance-based and takes into account factors such as the Group’s business performance and prevailing market practices. The key components of the Group’s remuneration package include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. No individual Director or senior management will be involved in deciding his own remuneration.

組織章程細則准許董事會會議以電話方式或其他電子通訊方式舉行。

在所有董事會會議舉行前，董事會成員均會獲發合理事前通知及全面資料，讓彼等能夠就董事會會議上所有商討的事宜作出知情的決定。

董事會會議程序一般由董事會主席負責主持。主席須確保有足夠時間讓董事討論以及各董事均獲同等機會發表其見解及交流意見。

本公司的公司秘書（「公司秘書」）負責編製會議記錄，以記錄董事會會議上所有商討及議決的事項。所有董事會會議記錄均由公司秘書負責保存，並可供董事查閱。

薪酬政策

本集團的薪酬政策旨在確保本集團所付的薪酬水平具有競爭力，能夠招攬及延挽董事、高級管理人員及僱員，同時能夠鼓勵他們致力達成本集團的目標及目的。董事及高級管理人員的薪酬福利是按表現釐定，其中計入本集團的業務績效及當時的市場常例等因素。本集團薪酬福利的主要組成部份包括基本薪金、醫療保險、酌情現金花紅及退休福利計劃等。董事或高級管理人員概不參與有關其本身薪酬的一切決定。

The Remuneration Committee of the Board will consult with chairman of the Board in respect of their recommendations in determining the remuneration of the executive Directors and senior management of the Company. The details of the Remuneration Committee is set out in the section headed “Board Committees” below.

Directors’ and Officers’ Liability Insurance

The Company has arranged appropriate directors’ and officers’ liability insurance to indemnify the Directors and senior staff of the Group for their potential liabilities incurred by them in discharging their duties. The Company reviews the insurance coverage for the Directors and the Group’s senior staff on an annual basis.

Model Code for Securities Transactions by Directors

The Company has adopted the QX Securities Dealing Code for securities transactions by the Directors and relevant employees (the “Relevant Employees”) who are or may be in possession of unpublished price sensitive information on no less exacting terms than the Model Code. Having made specific enquiry by the Company, the Company confirmed that all the Directors and the Relevant Employees have complied with the required standard as set out in both the QX Securities Dealing Code and the Model Code throughout the year ended 31 December 2009.

Board Committees

The Board has established a total of 4 board committees including executive committee (the “Executive Committee”), audit committee (the “Audit Committee”), remuneration committee (the “Remuneration Committee”) and nomination committee (“Nomination Committee”) (collectively the “Committees”) to oversee specific aspects of the Group’s affairs. The Committees have been

董事會旗下薪酬委員會在釐定本公司執行董事及高級管理人員的薪酬推薦建議時，會向董事會主席作諮詢。薪酬委員會的詳情載於下文「董事委員會」一節。

董事及重要職員的責任保險

本公司已購買合適的董事及重要職員責任保險，以為董事及本集團高級職員因履行職務而可能承擔的潛在責任作出彌償。本公司每年均會檢討董事及本集團高級職員的保險承保範圍。

董事進行證券交易的標準守則

本公司已就董事以及擁有或可能擁有未經公開的股價敏感資料的相關僱員（「相關僱員」）進行證券交易採納群星證券買賣守則，其條款不比標準守則寬鬆。經本公司作出特定查詢後，本公司確認所有董事及相關僱員於截至二零零九年十二月三十一日止年度，一直遵守群星證券買賣守則及標準守則兩者所載的規定標準。

董事委員會

董事會合共成立4個董事委員會，包括執行委員會（「執行委員會」）、審核委員會（「審核委員會」）、薪酬委員會（「薪酬委員會」）及提名委員會（「提名委員會」）（統稱為「各委員會」），以監察本集團的特定事務。委員會獲提供充足資源以履行其相關職責。各委員會均採納涵蓋其職責、權力及職能之特定職權範圍，並將由董事會不時檢討該等職權範

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provided with sufficient resources to discharge their respective duties. Each of the Committees has adopted specific terms of reference covering its duties, powers and functions which will be reviewed by the Board from time to time. The terms of reference of the Committees have been posted on website of the Company at www.qxpaper.com. The Company Secretary also acts as secretary of the Committees. The Committees adopt as far as practicable, the procedures and arrangement of the Board Meeting in relation to the conduct of meetings, notice of meetings and recording of minutes. Further particulars of each of the Committees are set out below:

(1) **Executive Committee**

The Executive Committee currently comprises all 3 executive Directors and is chaired by Dr. Zhu Yu Guo, a chairman of the Board. The Board delegates powers to the Executive Committee to conduct and supervise the business and daily operation of the Group as well as its staff. The Executive Committee is also responsible for overseeing the management of the Company, dealing with matters regarding finance, investment, merger and acquisition, corporate governance and corporate communication of the Group. During the year, the Executive Committee held 18 meetings with an attendance rate of 100%.

All the matters considered and decided by the Executive Committee at the meetings will be recorded in details by minutes. A summary report of the businesses transacted at the Executive Committee meetings will be submitted to the Board for review regularly.

圍。各委員會的職權範圍已刊登於本公司網站 www.qxpaper.com。公司秘書亦身兼各委員會的秘書。各委員會盡可能採納董事會會議就會議的進行、會議通告及會議記錄所作的程序及安排。各委員會的進一步資料載列如下：

(1) **執行委員會**

執行委員會現時由全體3名執行董事組成，並由董事會主席朱玉國博士出任主席。董事會委派授權予執行委員會以執行及監督本集團日常營運及業務，以及其員工。執行委員會亦負責監察本公司管理層、處理有關本集團融資、投資、合併及收購、企業管治及企業傳訊等事宜。執行委員會於年內合共舉行了18次會議，出席率為100%。

所有由執行委員會於會議上所考慮及決定的事項均會詳細記錄於會議記錄中。執行委員會在會議中所處理之事務的概要報告將定期呈交予董事會審閱。

(2) Audit Committee

The Audit Committee currently comprises all 3 INEDs and is chaired by Mr. Kwong Kwan Tong, a professional accountant with over 20 years of experience in management accounting and financial control. The primary duties of the Audit Committee are to review and supervise the financial reporting process and the internal control of the Group. Moreover, the Audit Committee is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the Company's external auditors as well as approving their terms of engagement, including remuneration. All members of the Audit Committee have unrestricted access to the Group's external auditors and management.

During the year, the Audit Committee has held 2 meetings with an attendance rate of 100% to review, inter alia, (a) the financial reporting matters including the review of 2008 annual results and 2009 interim results of the Group; (b) the re-appointment of the Group's external auditors; and (c) the staffing and resources of the Company's Internal Audit Department (the "Internal Audit Department").

(2) 審核委員會

審核委員會現時由全體3名獨立非執行董事組成，並由鄭焜堂先生出任主席，彼為專業會計師，於管理會計及財務監控方面擁有逾20年的經驗。審核委員會的主要職責為檢討及監督本集團的財務報告過程及內部監控。此外，審核委員會亦負責就委任、重新委任及罷免本公司的外聘核數師向董事會作出建議，以及批准其聘任條款，包括其酬金。審核委員會的全體成員與本集團外聘核數師及管理層的接觸並無受到限制。

審核委員會於年內舉行了兩次會議，出席率為100%，以審議(其中包括)(a) 財務報告事宜，包括審議本集團二零零八年全年業績及二零零九年中期業績；(b) 續聘本集團的外聘核數師；及(c) 本公司之內部審核部門(「內部審核部」)的職員配備及資源。

(3) Remuneration Committee

The Remuneration Committee currently comprises 4 members including 1 executive Director and all 3 INEDs. The Remuneration Committee is chaired by Dr. Zhu Yu Guo, a chairman of the Board. The primary duty of the Remuneration Committee is to review and determine on behalf of the Board specific remuneration packages and conditions of employment for the Directors and senior management. Each of the Directors is prohibited from involving in the determination of his/her own remuneration. The Remuneration Committee meets at least once a year.

During the year, the Remuneration Committee has held 2 meetings with an attendance rate of 100%. At the meetings, members of the Remuneration Committee reviewed and approved the remuneration packages of the Directors and senior management of the Group.

(4) Nomination Committee

The Nomination Committee currently comprises 4 members including 1 executive Director and all 3 INEDs. The Nomination Committee is chaired by Mr. Zhu Mo Qun, a vice-chairman of the Board. The primary duty of the Nomination Committee is to make recommendations to the Board regarding candidates to fill vacancies of the Board.

(3) 薪酬委員會

薪酬委員會現時由4名成員組成，包括1名執行董事及全體3名獨立非執行董事。薪酬委員會由董事會主席朱玉國博士出任主席。薪酬委員會的主要職責為代表董事會審議及釐定董事及高級管理層之特定薪酬福利及僱用條件。各董事概不得參與釐定其本身的薪酬。薪酬委員會每年最少舉行1次會議。

薪酬委員會於年內舉行了兩次會議，出席率為100%。薪酬委員會成員於會上審議及批准本集團各董事及高級管理人員的薪酬福利。

(4) 提名委員會

提名委員會現時由4名成員組成，包括1名執行董事及全體3名獨立非執行董事。提名委員會由董事會副主席朱墨群先生出任主席。提名委員會的主要職責為就填補董事會空缺的候選人向董事會作出建議。

During the year, the Nomination Committee has held 1 meeting with an attendance rate of 100%. At the meeting, members of the Nomination Committee have reviewed the structure and composition of the Board, assessed the independence of INEDs in accordance with the relevant requirements of the Listing Rules, and the suitability of the re-election of the Directors who are subject to the retirement by rotation at the 2010 annual general meeting of the Company in accordance with the Articles of Association.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Group is endeavoured to enhance its corporate transparency and communications with shareholders and the investment community. Through the timely distribution of press releases, the Group has also kept the public abreast of its latest developments. To ensure shareholders and investors can follow closely on the Group's business development, our corporate website at www.qxpaper.com acts as an effective channel for providing comprehensive and updated information on the Group's business operation and development. Useful information which is available on our corporate website include corporate information, announcements, circulars, press releases, results presentations as well as interim and annual reports.

The annual general meeting of the Company provides a useful platform for shareholders to exchange views with the Board. The chairman of the Board, the Board members and the senior management of the Company are available to answer any questions raised by shareholders.

提名委員會於年內舉行了1次會議，出席率為100%。於會上，提名委員會成員檢討董事會的架構及組成，並根據上市規則的有關規定評估獨立非執行董事的獨立性，以及根據組織章程細則將於本公司二零一零年股東週年大會上輪值退任的董事是否適合膺選連任。

與股東之溝通及投資者關係

本集團致力提高其企業透明度及加強與股東及投資界的溝通。本集團通過適時發佈新聞稿，從而向公眾披露其最新發展。為確保股東及投資者能緊貼本集團的業務發展，本公司網站 www.qxpaper.com 為提供本集團業務營運及發展方面的全面及最新資料之有效渠道。本集團公司網站內所載的有用資料包括公司資料、公告、通函、新聞稿、業績簡報，以及中期報告和年報等。

本公司股東週年大會為股東提供有效的平台，藉此與董事會交流意見。董事會主席、董事會成員及本公司高級管理人員樂意在會上回答股東的任何提問。

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During the year, the Directors and senior management of the Company participated in several meetings and teleconferences with fund managers and analysts, providing excellent opportunities for the investment community to express their views on the Group and to exchange thoughts with the Directors and senior management of the Company. The Company has designated key officers to communicate with institutional shareholders and analysts to ensure consistency of the Group's information.

Our Directors and management review the Group's disclosure of information and effectiveness of communication with investors and shareholders from time to time.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparing financial statements of the Group in accordance with relevant statutory requirements and International Financial Reporting Standards and ensuring that the financial statements give a true and fair view of the Group's financial position. To this end, the Directors strives to present a comprehensive and balanced assessment of the Group's development and prospects in all corporate communications, including but not limited to annual and interim reports, any price-sensitive announcements and financial disclosures required under the Listing Rules, any reports to regulators as well as information required to be disclosed pursuant to other statutory requirements.

董事及本公司高級管理層於年內與基金經理及分析員進行多個會議及電話會議，為投資界提供良機以表達其對本集團的意見，並與本公司董事及高級管理層交流意見。本公司已指派要員與機構股東及分析員溝通，確保本集團資料貫徹一致。

本集團董事及管理層不時檢討本集團的資料披露，以及與投資者和股東溝通的效能。

財務報告

董事已知悉其須根據相關法定要求及國際財務報告準則編製本集團財務報表，並確保有關財務報表真實公平地反映本集團之財務狀況。為此，董事致力透過所有公司通訊文件，就本集團的發展及前景提供全面及均衡的評估，包括但不限於年報及中期報告、任何屬股價敏感的公告及根據上市規則須予披露的財務資料、任何提交予監管機構之報告，以及根據其他法定要求須予披露的資料。

In addition, monthly business and financial reports are prepared by the Group's finance department with a view to providing the Board and the management with timely and reliable financial/operational data and information to ensure that they fully understand the financial position and operating conditions of the Group all the time.

The Directors consider that the Group had adequate resources to continue in business in the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

A statement by the external auditors regarding their responsibilities with respect to financial reporting on the Group's financial statements is set out in the Independent Auditor's Report on pages 85 to 87 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Group is committed to implementing effective internal controls and risk management procedures to identify and manage the risks that may be faced by the Group, with an aim of safeguarding the Group's assets and improving the operational efficiency, corporate governance and risk management of the Group.

The Board is responsible for maintaining adequate internal controls and risk management procedures in the Group, and for reviewing its effectiveness through the Audit Committee. Evaluation of the Group's internal control is independently conducted by the Internal Audit Department on an on-going basis.

此外，本集團財務部於每月均會編製業務及財務報告，以向董事會及管理層提供即時及可靠的財務／營運數據及資料，從而確保彼等一直完全瞭解本集團的財務及營運狀況。

董事認為，本集團擁有充足資源於可見將來持續經營業務，且並不知悉有重大不確定性可導致本公司的持續經營能力存疑。

外聘核數師就其有關對本集團財務報表作出財務報告的責任聲明載於本年報第85至87頁的獨立核數師報告內。

內部監控及風險管理

本集團致力推行有效的內部監控及風險管理程序，以識別及處理本集團可能面對的風險，從而保障本集團之資產及提升本集團的營運效率、企業管治及風險管理。

董事會負責確保本集團維持足夠的內部監控及風險管理程序，並透過審核委員會檢討其效益。本集團的內部監控評估乃由內部審核部獨立持續進行。

CORPORATE GOVERNANCE REPORT 企業管治報告

During the year, the Internal Audit Department performed risk-based audits to review the effectiveness of the Group's internal controls so as to assure that (a) key business and operational risks of the Group are identified and managed; and (b) the Group's internal controls are carried out appropriately.

The aforesaid review made by the Internal Audit Department has been reported to the Audit Committee and the Audit Committee has, in turn, reported the same to the Board together with its assessment and recommendations. Based on the results of the review together with the assessment and recommendations made by the Audit Committee, the Board is satisfied that during the year ended 31 December 2009, the Group has implemented adequate internal controls and risk management procedures. No significant areas of concern which might materially affect the Group's operation and the interests of our shareholders were identified.

REMUNERATION OF INDEPENDENT EXTERNAL AUDITORS

The Company's independent external auditors are KPMG. During the year, the annual audit fees paid by the Company to KPMG were approximately HK\$1,000,000.

於本年度，內部審核部進行風險基礎審計，以檢討本集團內部監控的成效，從而確定(a) 本集團的主要業務及營運風險已獲識別及處理；及(b) 本集團所執行的內部監控乃屬恰當。

上述由內部審核部作出的檢討結果已向審核委員會匯報，而審核委員會亦隨後將該檢討結果連同其評估及建議向董事會匯報。董事會根據有關檢討結果以及審核委員會所作的評估及建議，同意本集團在截至二零零九年十二月三十一日止年度已實行足夠的內部監控及風險管理程序，且並無發現任何可能會嚴重影響本集團營運及其股東利益的重要範疇需要關注。

獨立外聘核數師酬金

本公司的獨立外聘核數師為畢馬威會計師事務所。年內，本公司向畢馬威會計師事務所支付的年度核數費用約為1,000,000 港元。



**Independent auditor's report to the shareholders
of Qunxing Paper Holdings Company Limited**

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Qunxing Paper Holdings Company Limited ("the Company") set out on pages 88 to 189, which comprise the consolidated and company statements of financial position as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

**DIRECTORS' RESPONSIBILITY FOR THE
FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

獨立核數師報告

致群星紙業控股有限公司各股東

(於開曼群島註冊成立之有限公司)

我們已審核列載於第88至189頁群星紙業控股有限公司(以下簡稱「貴公司」)的綜合財務報表，此綜合財務報表包括於二零零九年十二月三十一日的綜合及公司財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔的責任

貴公司董事須負責根據國際會計準則委員會頒佈的國際財務報告準則及香港公司條例的披露規定編製及真實而公允地列報該等財務報表。這責任包括設計、實施及維護與編製及真實而公允地列報財務報表相關的內部控制，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況作出合理的會計估計。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

核數師的責任

我們的責任是根據我們的審核對該等財務報表作出意見。本報告僅為股東(作為一個團體)編製，別無其他用途。我們並不就本報告的內容對任何其他人士承擔任何義務或接受任何責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。該等準則要求我們遵守道德規範，並規劃及執行審核，以合理保證財務報表是否不存有任何重大錯誤陳述。

審核涉及執行程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公允地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證乃充足及適當地為我們的審核意見提供基礎。

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

17 March 2010

意見

我們認為，該等綜合財務報表已根據國際財務報告準則真實而公允地反映 貴公司及 貴集團於二零零九年十二月三十一日的財務狀況及 貴集團截至該日止年度的溢利及現金流量，並已按照香港公司條例的披露規定妥為編製。

畢馬威會計師事務所

執業會計師
香港中環
遮打道10號
太子大廈8樓

二零一零年三月十七日

CONSOLIDATED INCOME STATEMENT

綜合收益表

For the year ended 31 December 2009 (Expressed in Renminbi)
截至二零零九年十二月三十一日止年度(以人民幣呈列)

		Note 附註	2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Turnover	營業額	4	1,530,321	1,496,360
Cost of sales	銷售成本		(1,105,517)	(1,090,844)
Gross profit	毛利		424,804	405,516
Other revenue	其他收益	5	4,371	41,503
Other net loss	其他虧損淨額	5	(62)	(2,441)
Selling expenses	銷售開支		(19,233)	(15,896)
Administrative expenses	行政開支		(34,018)	(32,001)
Profit from operations	經營溢利		375,862	396,681
Finance costs	融資成本	6(a)	(4,168)	(13,320)
Profit before taxation	除稅前溢利	6	371,694	383,361
Income tax	所得稅	7(a)	(47,607)	—
Profit for the year	年度溢利		324,087	383,361
Earnings per share (RMB)	每股盈利(人民幣分)	11		
Basic	基本		31 cents	37 cents

The notes on pages 97 to 189 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 24(d).

於第97至189頁的附註構成此等財務報表的一部份。由年度溢利分配之應支付予本公司股東之股息詳情載於附註24(d)。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31 December 2009 (Expressed in Renminbi)
截至二零零九年十二月三十一日止年度(以人民幣呈列)

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Profit for the year	年度溢利	324,087	383,361
Other comprehensive income for the year	年度其他全面收益		
Exchange differences on translation of financial statements of operations outside the People's Republic of China ("the PRC")	換算中華人民共和國(「中國」)境外業務的財務報表產生的匯兌差額	(153)	(21,940)
Total comprehensive income for the year	年度全面收益總額	323,934	361,421
Attributable to:	應佔		
Equity shareholders of the Company	本公司權益持有人	323,934	361,421

The notes on pages 97 to 189 form part of these financial statements.

於第97至189頁的附註構成此等財務報表的一部份。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2009 (Expressed in Renminbi)
於二零零九年十二月三十一日(以人民幣呈列)

			2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
		Note 附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	13(a)	1,365,520	561,146
Construction in progress	在建工程	15	296,911	316,060
Lease prepayments	租賃預付款項	16	14,809	15,150
Prepayment for the acquisition of plant and equipment	購買廠房及設備之預付款項	13(a)	60,780	110,880
			1,738,020	1,003,236
Current assets	流動資產			
Trading securities	交易證券	17	—	64,753
Inventories	存貨	18	37,334	43,622
Trade and other receivables	應收貿易賬款及 其他應收款項	19	72,407	38,844
Cash and cash equivalents	現金及現金等價物	20	682,764	1,539,373
			792,505	1,686,592
Current liabilities	流動負債			
Bank loans	銀行貸款	21	—	124,000
Trade and other payables	應付貿易賬款及 其他應付款項	22	58,000	320,753
Current taxation	即期稅項	23(a)	20,216	9,868
			78,216	454,621
Net current assets	流動資產淨值		714,289	1,231,971
NET ASSETS	資產淨值		2,452,309	2,235,207

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2009 (Expressed in Renminbi)
於二零零九年十二月三十一日(以人民幣呈列)

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
		Note 附註	
Capital and reserves	資本及儲備		
Share capital	股本	100,258	100,258
Reserves	儲備	2,352,051	2,134,949
TOTAL EQUITY	權益總值	2,452,309	2,235,207

Approved and authorised for issue by the board of directors on 17 March 2010.

董事會於二零一零年三月十七日批准及授權刊發。

ZHU Yu Guo

朱玉國

Director

董事

ZHU Mo Qun

朱墨群

Director

董事

The notes on pages 97 to 189 form part of these financial statements.

於第97至189頁的附註構成此等財務報表的一部份。

STATEMENT OF FINANCIAL POSITION

財務狀況表

At 31 December 2009 (Expressed in Renminbi)
於二零零九年十二月三十一日(以人民幣呈列)

		Note	2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
		附註		
Non-current assets	非流動資產			
Plant and equipment	廠房及設備	13(b)	586	596
Interests in subsidiaries	於附屬公司的權益	14	1,220,733	1,230,391
			1,221,319	1,230,987
Current assets	流動資產			
Trading securities	交易證券	17	—	28,058
Prepayments	預付款項	19	397	481
Cash and cash equivalents	現金及現金等價物	20	83,945	161,371
			84,342	189,910
Current liabilities	流動負債			
Other payables and accruals	其他應付款項及 預提費用	22	1,260	1,316
Amounts due to subsidiaries	應付附屬公司款項		—	62
			1,260	1,378
Net current assets	流動資產淨值		83,082	188,532
NET ASSETS	資產淨值		1,304,401	1,419,519

STATEMENT OF FINANCIAL POSITION

財務狀況表

At 31 December 2009 (Expressed in Renminbi)
於二零零九年十二月三十一日(以人民幣呈列)

			2009	2008
			二零零九年	二零零八年
			'000	'000
			千元	千元
		Note 附註		
Capital and reserves	資本及儲備	24(a)		
Share capital	股本		100,258	100,258
Reserves	儲備		1,204,143	1,319,261
TOTAL EQUITY	權益總值		1,304,401	1,419,519

Approved and authorised for issue by the board of directors on 17 March 2010.

董事會於二零一零年三月十七日批准及授權刊發。

ZHU Yu Guo

朱玉國

Director

董事

ZHU Mo Qun

朱墨群

Director

董事

The notes on pages 97 to 189 form part of these financial statements.

於第97至189頁的附註構成此等財務報表的一部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2009 (Expressed in Renminbi)
截至二零零九年十二月三十一日止年度(以人民幣呈列)

		Attributable to equity shareholders of the Company 本公司權益持有人應佔						
		Share capital 股本	Share premium 股份溢價	Other reserve 其他儲備	Surplus reserves 盈餘儲備	Exchange reserve 匯兌儲備	Retained profits 保留溢利	Total equity 權益總值
Note		'000	'000	'000	'000	'000	'000	'000
附註		千元	千元	千元	千元	千元	千元	千元
		(Note 24)	(Note 24)		(Note 24)	(Note 24)		(Note 24)
		(附註24)	(附註24)		(附註24)	(附註24)		(附註24)
Balance at 1 January 2008	於二零零八年一月一日	101,359	1,536,403	(10,323)	45,151	(29,540)	398,600	2,041,650
Changes in equity for 2008:	二零零八年權益變動：							
Dividends approved in respect of the previous year	過往年度批准的股息	24(d)	—	—	—	—	(105,172)	(105,172)
Shares repurchased:	股份回購：	24(b)						
— par value paid	— 支付面值		(1,101)	—	—	—	—	(1,101)
— premium paid	— 支付溢價		—	(23,573)	—	—	—	(23,573)
Total comprehensive income for the year	年度全面收益總額		—	—	—	(21,940)	383,361	361,421
Appropriation to surplus reserve	分配至盈餘儲備		—	—	39,425	—	(39,425)	—
Dividends declared in respect of the current year	本年度宣派的股息	24(d)	—	(38,018)	—	—	—	(38,018)
Balance at 31 December 2008 and at 1 January 2009	於二零零八年十二月三十一日及二零零九年一月一日		100,258	1,474,812	(10,323)	84,576	(51,480)	637,364
Changes in equity for 2009:	二零零九年權益變動：							
Dividends approved in respect of the previous year	過往年度批准的股息	24(d)	—	(76,990)	—	—	—	(76,990)
Total comprehensive income for the year	年度全面收益總額		—	—	—	(153)	324,087	323,934
Appropriation to surplus reserve	分配至盈餘儲備		—	—	33,325	—	(33,325)	—
Dividends declared in respect of the current year	本年度宣派的股息	24(d)	—	(29,842)	—	—	—	(29,842)
Balance at 31 December 2009	於二零零九年十二月三十一日		100,258	1,367,980	(10,323)	117,901	(51,633)	928,126

The notes on pages 97 to 189 form part of these financial statements.

於第97至189頁的附註構成此等財務報表的一部份。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December 2009 (Expressed in Renminbi)
截至二零零九年十二月三十一日止年度(以人民幣呈列)

			2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
		Note 附註		
Operating activities	經營活動			
Cash generated from operations	經營業務產生的現金	20(b)	432,045	460,610
PRC income tax paid	已付中國所得稅	23	(37,259)	—
Net cash generated from operating activities	經營活動所得現金淨額		394,786	460,610
Investing activities	投資活動			
Payment for the purchase of property, plant and equipment	購置物業、廠房及設備所付的款項		(16,049)	(3,642)
Payment for construction in progress	支付在建工程款項		(1,008,381)	(249,634)
Prepayment for the acquisition of plant and equipment	預付購置廠房及設備的款項		(60,780)	(110,880)
Lease prepayments	租賃預付款項		—	(4,205)
Net proceeds from sales/ (payment for purchases) of trading securities	買賣交易證券收入/(支付)淨額		64,711	(72,136)
Net cash received from financial assets at fair value through profit or loss	按公平值計入損益之財務資產的所得現金淨額		—	5,386
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		—	91
Interest received	已收利息		3,977	40,146
Dividends received from investments in securities	投資證券所得股息		394	1,357
Net cash used in investing activities	投資活動所用現金淨額		(1,016,128)	(393,517)

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December 2009 (Expressed in Renminbi)
截至二零零九年十二月三十一日止年度(以人民幣呈列)

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
	Note 附註		
Financing activities	融資活動		
Repayment of bank loans	償還銀行貸款	(124,000)	(113,000)
Interest paid	已付利息	(4,168)	(13,320)
Payment for repurchase of shares	回購股份的款項	—	(24,674)
Dividends paid to equity shareholders of the Company	應付本公司權益 持有人的股息	(106,832)	(143,190)
Net cash used in financing activities	融資活動所用現金淨額	(235,000)	(294,184)
Net decrease in cash and cash equivalents	現金及現金等價物淨額 減少	(856,342)	(227,091)
Cash and cash equivalents at 1 January	一月一日現金及 現金等價物	1,539,373	1,792,158
Effect of foreign exchange rate changes	匯率變動的影響	(267)	(25,694)
Cash and cash equivalents at 31 December	十二月三十一日現金及 現金等價物	682,764	1,539,373

The notes on pages 97 to 189 form part of these financial statements.

於第97至189頁的附註構成此等財務報表的一部份。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有所指外，以人民幣呈列)

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 September 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Group is principally engaged in manufacturing and trading of decorative base paper products and printing paper product.

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) on 2 October 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“IASs”) and Interpretations, issued by the International Accounting Standards Board (“IASB”).

These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

1. 一般資料

本公司於二零零六年九月五日根據開曼群島公司法第22章(一九六一年法例3，經綜合及修訂)，在開曼群島註冊成立為一間獲豁免有限公司。本集團主要從事製造及銷售裝飾原紙產品及印刷用紙產品。

本公司的股份於二零零七年十月二日在香港聯合交易所有限公司(「聯交所」)上市。

2. 主要會計政策

(a) 合規聲明

此等財務報表乃根據所有適用的國際財務報告準則(「國際財務報告準則」)而編製，國際財務報告準則此統稱包括國際會計準則委員會(「國際會計準則委員會」)頒佈之所有適用之個別國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋。

此等財務報表亦符合香港公司條例之披露規定及聯交所證券上市規則之適用披露規定。本集團採納的主要會計政策概要載於後文。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有所指外，以人民幣呈列)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(a) Statement of compliance (Continued)

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries.

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except for financial instruments at fair value through profit or loss (see note 2(d)) which are stated at their fair values.

2. 主要會計政策(續)

(a) 合規聲明(續)

國際會計準則委員會頒佈了若干於本集團及本公司現行會計期間首次生效或可供提前採納的新增及經修訂的國際財務報告準則。附註3提供初次應用有關新增及經修訂準則對會計政策所作改動的資料，惟限於此等財務報表反映本及前會計期間與本集團有關者。

(b) 編製基準

截至二零零九年十二月三十一日止年度的綜合財務報表涉及本公司及其附屬公司。

財務報表以人民幣(「人民幣」)呈列，湊整至最接近千元計算。除按公平值計入損益之財務工具按公平值列值之外(見附註2(d))，編製財務報表時使用的計量基準為歷史成本基準。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有所指外，以人民幣呈列)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(b) Basis of preparation (Continued)

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 30.

2. 主要會計政策(續)

(b) 編製基準(續)

管理層在編製符合國際財務報告準則的財務報表時，須作出可影響會計政策應用及資產和負債、收入和支出的呈報金額的判斷、估計和假設。該等估計和相關假設是根據過往經驗和管理層因應當時情況認為合理的各種其他因素為基礎。而所得結果是用作判斷該等無法從其他渠道直接獲得的資產和負債項目的賬面值的依據。實際結果可能有別於估計的金額。

管理層會持續審閱各項估計和相關假設。倘若會計估計的修訂僅對作出修訂的期間產生影響，則有關修訂會在該期間內確認；倘若修訂對現時及未來期間均有產生影響，則在作出修訂的期間和未來期間確認。

有關管理層在採用國際財務報告準則時所作出對財務報表有重大影響的判斷，以及對估算不明朗因素的主要來源的討論內容，載列於附註30。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有所指外，以人民幣呈列)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(ii)).

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2. 主要會計政策(續)

(c) 綜合基準

(i) 附屬公司

附屬公司是指本集團控制的實體。倘本集團有權支配一間實體的財務和經營政策，並藉此從其業務中取得利益，本集團便被視為擁有該實體的控制權。在評估控制權時，將會考慮目前可行使的潛在投票權。附屬公司的財務報表由擁有控制權當日起計入財務報表直至控制權結束為止。

在本公司的財務狀況表內，於附屬公司的投資按成本減除減值虧損列賬(見附註2(ii))。

(ii) 綜合賬目時抵銷的交易

集團內公司間的結餘和交易及集團內公司間交易所產生的任何未變現溢利，會在編製綜合財務報表時全數抵銷。集團內公司間交易所產生的未變現虧損的抵銷方法與未變現收益相同，但抵銷額只限於沒有證據顯示已出現減值的部份。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Investments at fair value through profit or loss

A financial instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Net income from financial instruments designated at fair value through profit or loss comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, together with interest income and expense and dividend income attributable to those financial instruments.

Investments are recognised/derecognised on the date the Group/the Company commits to purchase/sell the investments or they expire.

2. 主要會計政策(續)

(d) 按公平值計入損益的投資

倘金融工具為持作買賣或擬於初始確認後作此用途，則分類為按公平值計入損益。倘本集團按金融工具的公平值進行該等投資或作出買賣決定，則金融工具指定按公平值計入損益。初始確認後，應佔交易成本於產生時於損益確認。按公平值計入損益的金融工具按公平值計量，其變動於損益確認。

指定按公平值計入損益金融工具的收入淨額包括該等金融資產及金融負債公平值變動的所有收益及虧損(扣除累計息票)、利息收入及開支，以及該等金融工具應佔的股息收入。

該等投資於本集團／本公司承諾購入／出售投資當日或期滿之時予以確認／撤銷確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(e) Lease prepayments

Lease prepayments represent payments made to acquire leasehold land. Leasehold land is carried at cost less accumulated amortisation and impairment losses (see note 2(i)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the leases.

(f) Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. 主要會計政策(續)

(e) 租賃預付款項

租賃預付款項是收購租賃土地而支付的費用。租賃土地按成本減累計攤銷和減值虧損(見附註2(i))列賬。攤銷費用在各自租賃期內以直線法於損益表中扣除。

(f) 物業、廠房及設備

物業、廠房及設備是以成本減累計折舊及減值虧損(見附註2(i))於財務狀況表列賬。

報廢或出售物業、廠房及設備項目所產生的損益以出售所得款項淨額與項目賬面值之間的差額釐定，並於報廢或出售日期在損益表中確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Property, plant and equipment

(Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Buildings	40 years
— Plant and machinery	10–20 years
— Motor vehicles	10 years
— Furniture and fixtures and computer equipment	2–10 years
— Leasehold improvements	Over the period of the lease term

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Construction in progress

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognised in the statement of financial position at cost less impairment losses (see note 2(i)). Cost comprises direct costs of construction. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

2. 主要會計政策(續)

(f) 物業、廠房及設備(續)

物業、廠房及設備項目的折舊是以直線法在以下預計可使用年內沖銷其成本(已扣除估計剩餘價值(如有))計算：

— 樓宇	40年
— 廠房及機器	10–20年
— 汽車	10年
— 傢俬及裝置及 電腦設備	2–10年
— 租賃裝修	按租賃期限

本集團會每年審閱資產的可使用年限及其剩餘價值(如有)。

(g) 在建工程

在建工程是在建中的物業、廠房及設備以及有待安裝的設備，並在財務狀況表按成本減去減值虧損(見附註2(i))初步確認。成本包括施工時的直接成本。當絕大部份為準備該資產可投入擬定用途的活動完成時，此等成本將停止資本化，而在建工程會被轉撥至物業、廠房及設備。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Construction in progress (Continued)

No depreciation is provided in respect of construction in progress until it is completed and substantially ready for its intended use.

(h) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(i) Impairment of assets

(i) Impairment of trade and other receivables

Receivables that are stated at cost or amortised cost are reviewed at each end of the reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;

2. 主要會計政策(續)

(g) 在建工程(續)

在建工程於竣工及接近可作其擬定用途前，並不計提任何折舊。

(h) 經營租賃費用

當本集團透過經營租賃使用資產，則根據租賃支付的款項會在租賃年期所涵蓋的會計期間內按等額在損益表內扣除；但如有其他基準能夠更清楚反映租賃資產所產生的收益模式時則除外。已收租賃優惠均計入損益表內，確認為租賃淨付款總額的組成部份。

(i) 資產減值

(i) 應收貿易賬款及其他應收款項的減值

本集團於各報告期末審閱以成本或經攤銷成本列賬的應收賬款，以確定是否存在減值的客觀證據。減值的客觀證據包括本集團注意到以下一項或多項虧損事項的顯著數據：

- 債務人有重大財務困難；

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有所指外，以人民幣呈列)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Impairment of assets (Continued)

(i) Impairment of trade and other receivables (Continued)

- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

2. 主要會計政策(續)

(i) 資產減值(續)

(i) 應收貿易賬款及其他應收款項的減值(續)

- 違反合約，如拖欠利息或本金的償還；
- 債務人可能破產或進行其他財務重組；及
- 科技、市場、經濟或法律環境有重大的改變而對債務人有不利影響。

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Impairment of assets (Continued)

(i) Impairment of trade and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

For financial assets carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material.

For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of the asset), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2. 主要會計政策(續)

(i) 資產減值(續)

(i) 應收貿易賬款及其他應收款項的減值(續)

倘有任何該等證據存在，減值虧損按下列者釐定及確認：

就按成本列值的金融資產而言，減值虧損按金融資產賬面值與估計未來現金流量計算，如貼現影響重大，則按同類金融資產現有市場回報率貼現。

就按經攤銷成本列值的金融資產而言，減值虧損按資產賬面值與估計未來現金流量現值的差額計算，如貼現影響屬重大，則按金融資產原來實際利率(即初始確認資產時計算的實際利率)貼現。如按攤銷成本列賬的金融資產具備類似的風險特徵，例如類似的逾期情況及並未單獨被評估為減值，則有關的評估會同時進行。同時進行評估的金融資產的未來現金流量會根據與被評估資產具有類似信貸風險特徵資產的過往虧損情況一同減值。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Impairment of assets (Continued)

(i) Impairment of trade and other receivables (Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, the recovery of which is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. 主要會計政策(續)

(i) 資產減值(續)

(i) 應收貿易賬款及其他應收款項的減值(續)

倘減值虧損金額其後減少，且該等減少可客觀地與減值虧損確認後發生的事件聯繫，則減值虧損將在損益表撥回。減值虧損的撥回額不得導致資產的賬面值超過假設該資產於以往年度從來未確認減值虧損情況下確認的賬面值。

因包含在應收貿易賬款及其他應收款項中的應收貿易賬款的可收回性被視為難以預料而並非微乎其微，就其確認的減值虧損不會從相應的資產中直接撤銷。相反，就其他資產確認的減值虧損應從相應的資產中直接撤銷。在此情況下，呆壞賬的減值虧損以撥備賬記錄。倘本集團確認能收回應收賬款的機會微乎其微，則視為不可收回金額會從應收貿易賬款中直接撤銷，而在撥備賬中持有有關該債務的任何金額會被撥回。若之前計入撥備賬的款項在其後收回，則相關的撥備會被撥回。其他有關撥備賬及其後收回之前直接撤銷的金額的變動均計入損益表。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) **Impairment of assets** (Continued)

(ii) **Impairment of other assets**

Internal and external sources of information are reviewed at each end of the reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- investments in subsidiaries;
- lease prepayments;
- property, plant and equipment; and
- construction in progress.

If any such indication exists, the asset's recoverable amount is estimated.

2. 主要會計政策(續)

(i) **資產減值(續)**

(ii) **其他資產減值**

本集團會於各報告期末審閱內部和外來的信息來源，以辨識下列資產是否有可能出現減值跡象，或是以往確認的減值虧損是否已不再存在或可能有所減少：

- 於附屬公司的投資；
- 租賃預付款項；
- 物業、廠房及設備；及
- 在建工程。

如果出現任何減值跡象，便會對資產的可收回金額作出估計。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Impairment of assets (Continued)

(ii) Impairment of other assets

(Continued)

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2. 主要會計政策(續)

(i) 資產減值(續)

(ii) 其他資產減值(續)

- 可收回金額的計算

資產的可收回金額是其公平值減銷售成本與使用價值兩者之間的較高者。在評估使用價值時，估計未來現金流量會按可反映當時市場對貨幣時間值及該資產特定風險的稅前貼現率貼現至其現值。倘若資產產生現金流入大致上不能獨立於其他資產所產生的現金流入，則能夠獨立產生現金流入的最小資產組別(即現金產生單位)來釐定可收回金額。

- 減值虧損的確認

當資產或其所屬的現金產生單位的賬面值高於其可收回金額時，便會在損益表中確認減值虧損。就現金產生單位確認的減值虧損會予以分配，以按比例減去該單位(或一組單位)中資產的賬面值，但資產賬面值不會減少至低於其個別公平值減銷售成本或其使用價值(如可確定)。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) **Impairment of assets** (Continued)

(ii) **Impairment of other assets**

(Continued)

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) **Interim financial reporting and impairment**

Under the Rules Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(i)(i) and (ii)).

2. 主要會計政策(續)

(i) **資產減值(續)**

(ii) **其他資產減值(續)**

- 減值虧損的撥回

倘若用作釐定資產可收回金額的估算出現正面的變動，則有關的減值虧損會被撥回。

所撥回的減值虧損，以假設於以往年度並無確認減值虧損而應釐定的資產賬面值為限。所撥回的減值虧損於確認撥回年度計入損益表。

(iii) **中期財務報告及減值**

根據聯交所證券上市規則，本集團須按照國際會計準則第34號中期財務報告編製財政年度首六個月的中期財務報告。於中期結算日，本集團採用的減值測試、確認及撥回標準與該財政年度結算日所採用者相同(見附註2(i)(i)及(ii))。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. 主要會計政策(續)

(j) 存貨

存貨以成本及可變現淨值兩者之間的較低者入賬。

成本按加權平均成本法計算，其中包括所有採購成本、轉換成本及將存貨運至現址及變成現狀所產生的其他成本。

可變現淨值乃日常業務過程中的估計售價減去完成生產及銷售所需的估計成本。

存貨出售時，存貨的賬面值在相關收入獲確認的期間內確認為開支。存貨撇減至可變現淨值及存貨的所有虧損均在出現撇減或虧損期間確認為開支。因撇減任何存貨而撥回的金額在撥回期間確認為列作支出的存貨金額減少。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. 主要會計政策(續)

(k) 應收貿易賬款及其他應收款項

應收貿易賬款及其他應收款項初步按公平值確認，其後則按攤銷成本減去呆壞賬減值撥備(見附註2(i))入賬；惟倘應收款項乃給予關連方的無固定還款期免息貸款或其貼現影響並不重大者，則應收款項則會按成本減去呆壞賬減值撥備入賬。

(l) 計息借款

計息借款初步按其公平值減應佔交易成本確認。於初始確認後，計息借款按攤銷成本列賬，而初始確認金額與贖回價值之間的差額及任何應付利息及費用，則於借款期間按實際利息法在損益表內確認。

(m) 應付貿易賬款及其他應付款項

應付貿易賬款及其他應付款項初步按公平值確認，其後按攤銷成本入賬；但如貼現影響並不重大，則按成本入賬。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other financial institutions and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(o) Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

2. 主要會計政策(續)

(n) 現金及現金等價物

現金及現金等價物包括銀行存款及手頭現金、存放於銀行及其他財務機構的活期存款，以及短期和高流通性的投資。此等投資可以隨時換算為已知的現金額，而價值變動方面的風險並不重大，並在購入後三個月內到期。

(o) 僱員福利

- (i) 薪金、年終花紅、有薪年假、向定額供款退休計劃作出的供款及非現金福利的成本，均在僱員提供服務的年度內計提。若有關的付款延遲及其影響重大，則該數額以現值列賬。
- (ii) 根據中國相關勞動規則及法規向適當的地方定額供款退休計劃作出的供款，於供款時在損益表確認為開支，但已計入存貨成本且尚未確認為開支的金額除外。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Employee benefits (Continued)

- (iii) The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the capital reserve within equity. The fair value is measured at the grant date using the binomial lattice model, taking into account the terms and conditions under which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

2. 主要會計政策(續)

(o) 僱員福利(續)

- (iii) 授予僱員的購股權公平值作為僱員成本確認入賬，並會相應增加權益內的資本儲備。公平值於授出日期採用二項式點陣模式，經考慮授出購股權的條款及條件計量。倘僱員於無條件有權獲授購股權前符合歸屬條件，購股權的估計總公平值經考慮購股權歸屬的可能性後，於歸屬期內分攤。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Employee benefits (Continued)

(iii) (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On the vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

2. 主要會計政策(續)

(o) 僱員福利(續)

(iii) (續)

歸屬期內會審閱預期將會歸屬的購股權數目。凡對過往年度已確認的累計公平值作出的調整，須扣自／計入回顧年度的損益表，並會對資本儲備作出相應調整，惟合資格確認為資產的原有僱員開支則除外。於歸屬日期，已確認為開支的款額會作出調整，以反映實際歸屬的購股權數目，並會對資本儲備作出相應調整，惟只因未能達成有關本公司股份市價的歸屬條件而沒收的情況則除外。權益數額在資本儲備內確認，直至購股權於轉撥至股份溢價賬時獲行使或購股權直接自留存溢利解除時到期為止。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(p) Income tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. 主要會計政策(續)

(p) 所得稅

- (i) 本年度所得稅包括即期稅項和遞延稅項資產與負債的變動。即期稅項和遞延稅項資產與負債的變動均在損益表內確認，惟限於與計入其他全面收益或直接計入權益有關的項目，在此情況下，相關稅款則分別計入其他全面收益或直接計入權益內。
- (ii) 即期稅項是按本年度應課稅收入根據在報告期末已生效或實質上已生效的稅率計算的預期應付所得稅，以及對過往年度應付所得稅的任何調整。
- (iii) 遞延稅項資產與負債分別由可扣稅和應課稅暫時差額產生。暫時差異是指資產與負債在財務報表上的賬面值與這些資產與負債的計稅基礎的差額。遞延稅項資產亦可由未使用稅項虧損和未使用稅款抵免產生。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(p) Income tax (Continued)

(iii) (Continued)

Apart from differences which arose on initial recognition of assets and liabilities, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. 主要會計政策(續)

(p) 所得稅(續)

(iii) (續)

除於首次確認資產及負債所產生的差額外，所有遞延稅項負債及所有遞延稅項資產以只限於有可能產生未來應課稅溢利用作抵扣有關資產為限而會確認。支持確認由可抵扣暫時差額所產生遞延稅項資產的未來應課稅溢利，包括因轉回現有應課稅暫時差額而產生的金額，惟差額須與相同稅務機關及相同應課稅實體有關，並預期在預計轉回可抵扣暫時差額的同一期間轉回，或在遞延稅項資產所產生的稅項虧損可承前或結轉的期間內轉回。在判斷現有應課稅暫時差額是否足以支持確認因未動用稅項虧損及抵免所產生的遞延稅項資產時，亦會採用相同準則。即如差額與相同稅務機關及相同應課稅實體有關，並預期在稅項虧損或抵免可被動用的同一期間內轉回情況下始會計入有關差額。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(p) Income tax (Continued)

(iii) (Continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2. 主要會計政策(續)

(p) 所得稅(續)

(iii) (續)

所確認的遞延稅項金額按照各資產及負債項目賬面值的預期變現或償還方式並根據在報告期末已生效或實質上已生效的稅率計算。遞延稅項資產及負債均不予貼現。

遞延稅項資產的賬面值會於各報告期末予以評估。倘預計不再可能獲得足夠的應課稅溢利用以抵銷相關稅務利益，則遞延稅項資產會相應地被減少至其預期可實現的金額。如可能有足夠應課稅溢利，該減少金額將被撥回。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(p) Income tax (Continued)

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. 主要會計政策(續)

(p) 所得稅(續)

(iv) 即期稅項結餘及遞延稅項結餘以及有關變動均獨立呈列及不予抵銷。倘本公司或本集團具備合法可強制執行權力將即期稅項資產與即期稅項負債抵銷，且符合以下額外條件，則即期稅項資產與即期稅項負債可以相抵，而遞延稅項資產則與遞延稅項負債可以相抵：

- 就即期稅項資產及負債而言，本公司或本集團擬按淨值基準結算或同時變現資產及清償負債；或
- 就遞延稅項資產及負債而言，倘此等資產及負債與相同稅務機構就以下其中一項徵收的所得稅有關：
 - 相同應課稅實體；或
 - 如屬不同應課稅實體，此等實體計劃在清償或收回遞延稅項負債或資產的重大金額期間變現即期稅項資產和清償即期稅項負債時以淨值基準結算或同時變現資產及清償負債。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(q) Provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group or the Company issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for this issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

2. 主要會計政策(續)

(q) 撥備及或然負債

(i) 已發出金融擔保

金融擔保乃要求發行人(即擔保人)就擔保受益人(「持有人」)因特定債務人未能根據債務工具的條款於到期時付款而蒙受的損失，而向持有人支付特定款項的合約。

當本集團或本公司發出金融擔保，該擔保的公平值(即交易價格，除非該公平值能確實地估計)最初確認為應付貿易賬款及其他應付款項內的遞延收入。倘在發行該擔保時收取或可收取代價，該代價則根據適用於該類資產的本集團政策而予確認。倘沒有有關尚未收取或應予收取之代價，則於最初確認任何遞延收入時，即時於損益內確認開支。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(q) Provisions and contingent liabilities

(Continued)

(i) Financial guarantees issued

(Continued)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group or the Company under the guarantee, and (ii) the amount of that claim on the Group or the Company is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

2. 主要會計政策(續)

(q) 撥備及或然負債(續)

(i) 已發出金融擔保(續)

最初確認為遞延收入的擔保款額按擔保年期於損益內確認為所發出的金融擔保收入。此外，倘(i)擔保持有人有可能根據本集團或本公司作出金融擔保發出申索通知；及(ii)本集團或本公司的申索款額預期超過現時列於應付貿易賬款及應付其他賬款內的擔保金額(即最初確認的金額減累計攤銷)，則根據附註2(q)(ii)確認有關準備。

(ii) 其他撥備和或然負債

如果本集團或本公司須就已發生的事件承擔法律或推定其他責任，因而預期會導致含有經濟效益的資源外流，在可以作出可靠的估計時，本集團或本公司便會就該時間或數額不定的負債計提撥備。如果貨幣時間值重大，則按預計償還負債支出的現值計提撥備。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(q) Provisions and contingent liabilities

(Continued)

(ii) Other provisions and contingent liabilities (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

2. 主要會計政策(續)

(q) 撥備及或然負債(續)

(ii) 其他撥備和或然負債(續)

如果含有經濟效益的資源外流的可能性較低，或是無法對有關數額作出可靠的估計，便會將該責任披露為或然負債，但資源外流的可能性極低則除外。如果本集團的責任須視乎某宗或多宗未來事件是否發生才能確定是否存在，亦會披露為或然負債，但資源外流的可能性極低則除外。

(r) 收益確認

收益按已收或應收代價公平值計算。如果經濟利益可能流入本集團，而收益及成本(如適用)又能夠可靠地計算時，收益便會根據下列基準在損益表內確認：

(i) 銷售貨品

收益於客戶接納貨品所有權的有關風險及回報時確認。收益不包括增值稅或其他銷售稅，並已扣除任何營業折扣。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(r) Revenue recognition (Continued)

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(s) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The functional currency of the Company and its subsidiaries outside the PRC is Hong Kong dollars and the functional currency of the subsidiary in the PRC is Renminbi. As the Group mainly operates in the PRC, Renminbi is used as the presentation currency of the Group ("presentation currency").

2. 主要會計政策(續)

(r) 收益確認(續)

(ii) 利息收入

利息收入於應計時以實際利率法確認。

(iii) 股息收入

上市投資的股息收入在此等股價轉為除息股價時確認。

(s) 外幣換算

(i) 功能及呈列貨幣

計入本集團各實體的財務報表的項目乃以最能反映相關事件及情況的經濟因素的貨幣(「功能貨幣」)計量。本公司及其中國以外附屬公司的功能貨幣為港元，而於中國的附屬公司的功能貨幣為人民幣。由於本集團主要於中國營運，故使用人民幣為本集團的呈列貨幣(「呈列貨幣」)。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(s) Translation of foreign currencies

(Continued)

(ii) Transactions and balances

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside the PRC are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items in the statement of financial position are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

2. 主要會計政策(續)

(s) 外幣換算(續)

(ii) 交易及結餘

年內的外幣交易以交易日的匯率換算。以外幣計值的貨幣資產及負債均以報告期末的匯率換算。匯兌盈虧於損益表內確認。

按歷史成本以外幣計值的非貨幣資產及負債，按交易日的匯率換算。

中國境外業務的業績按與交易日的相若匯率換算為人民幣。財務狀況表項目則按報告期末公佈的匯率換算為人民幣。所產生的匯兌差額於其他全面收益內確認並獨立累計入匯兌儲備的權益內。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(s) Translation of foreign currencies

(Continued)

(ii) Transactions and balances

(Continued)

On disposal of an operation outside the PRC, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. 主要會計政策(續)

(s) 外幣換算(續)

(ii) 交易及結餘(續)

出售中國境外業務時，如要確認出售的損益，與該境外業務相關的匯兌差額累計金額須從權益重新歸類至損益內。

(t) 借貸成本

直接歸屬於收購、興建或生產而需要相當時間才可達到預定使用或出售狀態的資產之借貸成本將予以資本化，使之成為該資產之成本。其他借貸成本在產生期間支銷。

倘若就資產產生開支、招致借貸成本以及就使有關資產達到預定使用或出售狀態而進行必要的活動，代表開始將借貸資本化為合資格資產的成本部份。借貸成本之資本化隨上述活動終止或完成而終止或停止。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(u) Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. Other development expenditure is recognised as an expense in the period in which it is incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(v) Repair and maintenance expenditure

Repair and maintenance expenditure, including cost of overhaul, is expensed as incurred.

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;

2. 主要會計政策(續)

(u) 研發

研究活動的費用於其產生期間內確認為開支。倘若產品或程序在技術上和商業上可行，且本集團有足夠的資源和意願完成開發，則開發活動的費用會予以資本化。其他開發費用於其產生期間內確認為開支。之前確認為開支的開發費用於往後期間不會確認為資產。

(v) 維修及保養支出

維修及保養支出(包括檢修成本)於產生時入賬。

(w) 關連方

就此等財務報表而言，如果符合任何下列一項，則被視為本集團的關連方：

- (i) 該方能夠透過一間或多間中介機構直接或間接控制本集團，或能對本集團的財務和經營決策行使重大影響力，或共同控制本集團；
- (ii) 本集團及該方受共同控制；

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(w) Related parties (Continued)

- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2. 主要會計政策(續)

(w) 關連方(續)

- (iii) 該方為本集團的聯營公司或以本集團為合營夥伴的合營企業；
- (iv) 該方為本集團或本集團母公司的主要管理人員或該主要管理人員的近親，或受該人士控制、共同控制或受其重大影響的實體；
- (v) 該方為(i)所述人士的近親，或受該人士控制、共同控制或受其重大影響的實體；或
- (vi) 該方為本集團或本集團關連方的任何實體的僱員提供福利而設的離職後福利計劃。

個別人士的近親是指與該實體交易時預期可影響該個別人士或受該個別人士影響的家庭成員。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. 主要會計政策(續)

(x) 分部報告

經營分部及財務報表內呈報的各分部項目的金額自定期提供予本集團最高行政管理人員的財務資料中識別出來，以將資源分配至本集團的各項業務及地理位置及評估本集團的各項業務及地理位置的表現。

就財務呈報而言，除非分部具備相似的經濟特徵及在產品及服務性質、生產工序性質、客戶類型或類別、用作分配產品或提供服務的方法及監管環境的性質方面相似，否則各個重大經營分部不會進行合算。個別非重大的經營分部，如果符合上述大部分標準，則可進行合算。

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3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued one new IFRS, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 8, *Operating segments*
- IAS 1 (revised 2007), *Presentation of financial statements*
- Improvements to IFRSs (2008)
- Amendments to IFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- IAS 23 (revised 2007), *Borrowing costs*

3. 會計政策變動

國際會計準則委員會頒佈了一項新增國際財務報告準則、多項國際財務報告準則修訂本及新詮釋，均於本集團及本公司現行會計期間首次生效。與本集團財務報表有關的會計政策變動如下：

- 國際財務報告準則第8號「營運分部」
- 國際會計準則第1號(二零零七年經修訂)「呈列財務報表」
- 國際財務報告準則的改進(二零零八年)
- 國際財務報告準則第7號(修訂本)「金融工具：披露—改善有關金融工具的披露」
- 國際會計準則第23號(二零零七年經修訂)「借貸成本」

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3. CHANGES IN ACCOUNTING POLICIES

(Continued)

The Improvements to IFRSs (2008) has had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. In addition, the amendments to IFRS 7 do not contain any additional disclosure requirements specifically applicable to the Group's financial statements. The impact of the remainder of these developments on the Group's financial statements is as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management.

3. 會計政策變動(續)

國際財務報告準則的改進(二零零八年)對本集團財務報表並不構成重大影響，原因是其中的修訂與本集團採納的政策相符。此外，國際財務報告準則第7號(修訂本)並無載列特別適用於本集團財務報表的額外披露規定。有關改進對本集團財務報表其餘的影響如下：

- 國際財務報告準則第8號規定分部披露須基於本集團主要經營決策者所關注的範疇及管理集團的方式，每一個應報告分部所列報的金額作為向本集團主要經營決策者列報的計量，供其評估分部表現及就經營事宜作出決策。採納國際財務報告準則第8號令分部數據的呈報方式與提供予本集團的最高行政管理層的內部報告更一致。

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3. CHANGES IN ACCOUNTING POLICIES

(Continued)

- As a result of the adoption of IAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

3. 會計政策變動(續)

- 採納國際會計準則第1號(二零零七年經修訂)後，在經修訂綜合權益變動表中，期內與權益持有人交易產生的權益變動詳情已經與所有其他收入及支出分開列示。所有其他收入及支出項目若確認為本期損益時，需在綜合收益表內呈列；否則需在綜合全面收益表(一份新的主要報表)內呈列。本集團為符合新呈列方式已重列相應的款額。此項呈列變動並無對任何呈列期間的已呈報損益、總收入及支出或資產淨值構成影響。

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3. CHANGES IN ACCOUNTING POLICIES

(Continued)

- The IAS 23 (revised 2007) eliminates the option in IAS 23 (2004 version) of recognising all borrowing costs immediately as an expense. Consequently the Group is required to adopt a policy of capitalising borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. As a result, borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred. Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowings costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any borrowing cost relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009.

3. 會計政策變動(續)

- 國際會計準則第23號(二零零七年經修訂)已刪去國際會計準則第23號(二零零四年版本)有關立即確認借貸成本為開支的選擇權。其後，本集團須採納將直接歸屬於收購、興建或生產合資格資產的借貸成本進行資本化之政策，使借貸成本成為資產成本的一部份。因此，直接歸屬於收購、興建或生產而需要相當時間才可達到預定使用或出售狀態的資產之借貸成本將予以資本化，使之成為該資產之成本。其他借貸成本在產生期間支銷。倘若就資產產生開支、招致借貸成本以及就使有關資產達到預定使用或出售狀態而進行必要的活動，代表開始將借貸資本化為合資格資產的成本部份。借貸成本之資本化隨上述活動終止或完成而終止或停止。根據修訂之過渡規定，本集將對於二零零九年一月一日或之後開始之合資格資產之任何相關借貸成本進行資本化。

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4. TURNOVER

The principal activities of the Group are the manufacturing and sale of decorative base paper products and printing paper product in the PRC. Turnover represents the sales value of goods sold less returns, discounts and value added taxes and other sales taxes, which may be analysed as follows:

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Decorative base paper products	裝飾原紙產品	1,307,243	1,225,220
Printing paper product	印刷用紙產品	223,078	271,140
		1,530,321	1,496,360

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenue. In 2009, revenue from sales of printing paper product to this customer amounted to approximately RMB223,078,000 (2008: RMB271,140,000) and all arose in the PRC. Details of concentrations of credit risk arising from this customer are set out in note 25(a).

4. 營業額

本集團主要於中國從業製造及銷售裝飾原紙產品及印刷用紙產品的業務。營業額指已售貨品銷售額扣除退貨、折扣、增值稅及其他銷售稅，其可分析如下：

本集團的客源豐富，與本集團進行交易的客戶中，只有一名佔本集團收益超過10%。於二零零九年，向該名客戶銷售印刷紙品的收益約為人民幣223,078,000元(二零零八年：人民幣271,140,000元)，全部在中國境內產生。因該名客戶產生的信貸集中風險的詳情，載於附註25(a)。

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5. OTHER REVENUE AND NET LOSS

5. 其他收益及虧損淨額

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Other revenue	其他收益		
Interest income from banks	銀行存款利息收入	3,977	12,970
Other interest income	其他利息收入	—	27,176
Total interest income on financial assets not at fair value through profit or loss	非按公平值計入損益的財務資產總利息收入	3,977	40,146
Dividend income from listed securities	上市證券之股息收入	394	1,357
		4,371	41,503
Other net loss	其他虧損淨額		
Loss/(gain) on disposal of property, plant and equipment	出售物業、廠房及設備的虧損／(收益)	6	(8)
Net foreign exchange loss	外匯虧損淨額	14	452
Net realised and unrealised losses on financial assets at fair value through profit or loss	按公平值計入損益財務資產已變現及未變現淨虧損	42	1,997
		62	2,441

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6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/
(crediting):

6. 除稅前溢利

除稅前溢利已扣除／(計入)：

		2009	2008
		二零零九年	二零零八年
		'000	'000
		千元	千元
(a) Finance costs:	(a) 融資成本：		
Interest on financial liabilities not at fair value through profit or loss	非按公平值計入損益的財務負債利息		
— Interest on bank borrowings wholly repayable within five years	— 於五年內全數償還的銀行借貸利息	4,168	13,320
(b) Staff costs (including directors' remuneration (note 8)):	(b) 員工成本(包括董事酬金(附註8))：		
Contributions to defined contribution retirement plans	定額供款退休金計劃供款	2,831	2,050
Salaries, wages and other benefits	薪金、工資及其他福利	37,923	29,898
		40,754	31,948

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6. PROFIT BEFORE TAXATION (Continued)

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiary participates in a defined contribution retirement benefit scheme (“the Scheme”) organised by the local authority whereby the PRC subsidiary is required to make contributions to the Scheme at a fixed amount announced annually by the municipal government. The municipal government is responsible for the entire pension obligations payable to the retired employees.

The Group operates a Mandatory Provident Fund Scheme (“the MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. The assets of the MPF Scheme are held separately from those of the Group and administrated by an independent trustee. Under the MPF Scheme, both the Group and the employees are required to make regular contributions to the MPF Scheme. The Group is required to contribute an amount equivalent to 5% of the employees’ relevant income to the MPF Scheme, subject to the maximum level of relevant income of HK\$20,000 per month. Mandatory contributions to the MPF Scheme are vested immediately.

6. 除稅前溢利(續)

根據中國的相關勞工規則及法規，中國附屬公司參與地方當局營辦的定額供款退休福利計劃(「計劃」)，據此，中國附屬公司須根據市政府每年公佈的定額供款額就計劃作出供款。市政府承擔應付退休僱員的全部退休金責任。

本集團根據香港強制性公積金計劃條例向其在香港根據僱傭條例聘用的僱員提供強制性公積金計劃(「強積金計劃」)。強積金計劃的資產與本集團的資產分開持有，由獨立受託人管理。根據強積金計劃，本集團及其僱員均須定期向強積金計劃作出供款，本集團的供款額相當於僱員有關收入的5%，以月薪20,000港元為上限。向強積金計劃作出的強制性供款實時歸屬。

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6. PROFIT BEFORE TAXATION (Continued)

The Group has no other material obligation for the payment of pension benefits associated with the two schemes referred to above beyond the contributions described above.

6. 除稅前溢利(續)

除上文所述兩個計劃下的供款外，本集團概無其他與該兩個計劃相關的重大退休金福利支付責任。

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
(c) Other items:	(c) 其他項目：		
Amortisation of lease prepayments	租賃預付款項攤銷	341	310
Auditors' remuneration	核數師酬金		
— Audit services	— 審核服務	881	999
— Tax services	— 稅務服務	50	129
Depreciation	折舊	93,393	70,519
Loss/(gain) on disposal of property, plant and equipment	出售物業、廠房及設備虧損／(收益)	6	(8)
Operating lease charges in respect of	有關的經營租賃費用		
— leasehold land and properties	— 租賃土地及物業	3,967	1,918
— others	— 其他	150	150
Sewage disposal expenses	排污費	132	132
Research and development costs	研發成本	156	169

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7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
<i>Current tax</i>	<i>即期稅項</i>		
— PRC corporate income tax	— 中國企業所得稅		
Provision for the year	本年度計提	47,607	—

7. 綜合收益表內的所得稅

(a) 綜合收益表內的稅項為：

- (i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) No provision has been made for Hong Kong Profits Tax as the Group did not earn profits assessable to Hong Kong Profits Tax during the year.

- (i) 根據開曼群島及英屬處女群島（「英屬處女群島」）的規則及法規，本集團毋須繳納開曼群島及英屬處女群島之任何所得稅。
- (ii) 於本年度，由於本集團並無賺取任何須繳納香港利得稅的應課稅溢利，因此並無就香港利得稅計提撥備。

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7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(a) Taxation in the consolidated income statement represents: (Continued)

- (iii) Shandong Qunxing Paper Limited (“Shandong Qunxing”) is a foreign investment enterprise and has been granted certain tax relief whereby it is fully exempted from PRC income tax for the two years starting from 1 January 2007 to 31 December 2008, followed by a 50% reduction in the PRC income tax rate for the three years from 1 January 2009 to 31 December 2011. The applicable tax rate for Shandong Qunxing for the year ended 31 December 2009 is 12.5%.

In addition, the Group would be subject to withholding tax at the rate of 5% if profits generated by Shangdong Qunxing after 31 December 2007 were to be distributed. As Shandong Qunxing is wholly owned by the Company, the Company can control the payments of dividends by Shangdong Qunxing and the Company’s directors have confirmed that it is unlikely that Shangdong Qunxing will pay dividends in the foreseeable future.

7. 綜合收益表內的所得稅(續)

(a) 綜合收益表內的稅項為：(續)

- (iii) 山東群星紙業有限公司(「山東群星」)為外資企業，並獲授若干稅務優惠，包括自二零零七年一月一日至二零零八年十二月三十一日兩年間獲全數豁免繳納中國所得稅，以及於二零零九年一月一日至二零一一年十二月三十一日三年間獲減免50%中國所得稅稅率。山東群星截至二零零九年十二月三十一日止年度的適用稅率為12.5%。

此外，倘山東群星從截至二零零七年十二月三十一日止年度起將其賺取的溢利分派予本集團，本集團須就此按稅率5%繳納預扣稅。鑒於本公司全資擁有山東群星，本公司可控制山東群星派付的股息，而本公司董事確認，山東群星不太可能在可見將來派付股息。

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7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Profit before taxation	除稅前溢利	371,694	383,361
Income tax on profit before taxation, calculated at the tax rates applicable in the respective tax jurisdictions concerned	按相關稅務司法權區適用稅率計算之除稅前溢利所得稅	93,706	96,882
Tax effect of tax concession period	稅務優惠期間之稅務影響	(49,040)	(100,001)
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	1,981	3,739
Tax effect of non-taxable income	非課稅收入之稅務影響	(103)	(620)
Tax effect of unused tax losses not recognised for deferred taxation purposes	就遞延稅項目的未確認未使用稅項虧損之稅務影響	1,063	—
Actual tax expense	實際稅項開支	47,607	—

7. 綜合收益表內的所得稅(續)

(b) 按適用稅率計算的稅項開支與會計溢利的對賬：

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8. DIRECTORS' REMUNERATION

The Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

Year ended 31 December 2009

8. 董事酬金

根據香港公司條例第161條所披露的董事酬金如下：

截至二零零九年十二月三十一日止年度

		Directors' fees	Basic salaries, allowances and other benefits in kind	Contributions to retirement benefit scheme	Bonuses	Total
		'000	'000	'000	'000	'000
		千元	千元	千元	千元	千元
Executive Directors	執行董事					
Dr. Zhu Yu Guo	朱玉國博士	634	291	—	—	925
Mr. Zhu Mo Qun	朱墨群先生	634	—	—	—	634
Mr. Sun Zhen Shui	孫振水先生	317	—	—	—	317
Non-executive Director	非執行董事					
Ms. Sun Rui Fang	孫瑞芳女士	63	—	—	—	63
Independent non-executive Directors	獨立非執行董事					
Mr. Zhao Wei	趙偉先生	106	—	—	—	106
Mr. Wang Lu	王魯先生	106	—	—	—	106
Mr. Kwong Kwan Tong	鄺焜堂先生	158	—	—	—	158
Total	合計	2,018	291	—	—	2,309

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8. DIRECTORS' REMUNERATION

(Continued)

Year ended 31 December 2008

8. 董事酬金(續)

截至二零零八年十二月三十一日止年度

		Directors' fees 董事袍金	Basic salaries, allowances and other benefits in kind 基本薪金、津貼及其他福利	Contributions to retirement benefit scheme 退休福利計劃供款	Bonuses 花紅	Total 合計
		'000 千元	'000 千元	'000 千元	'000 千元	'000 千元
Executive Directors	執行董事					
Dr. Zhu Yu Guo	朱玉國博士	641	—	—	—	641
Mr. Zhu Mo Qun	朱墨群先生	641	—	—	—	641
Mr. Sun Zhen Shui	孫振水先生	320	—	—	—	320
Non-executive Director	非執行董事					
Ms. Sun Rui Fang	孫瑞芳女士	64	—	—	—	64
Independent non-executive Directors	獨立非執行董事					
Mr. Zhao Wei	趙偉先生	107	—	—	—	107
Mr. Wang Lu	王魯先生	107	—	—	—	107
Mr. Kwong Kwan Tong	鄺焜堂先生	160	—	—	—	160
Total	合計	2,040	—	—	—	2,040

During the year, no amount was paid or payable by the Group to the Directors or any of the five highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

在本年度，本集團概無已付或應付董事或下文附註9所述五名最高薪酬人士中任何人士酬金以吸引彼等加盟本集團或加入後的獎金或作為離職補償。在本年度，概無訂立安排以致董事放棄或同意放棄任何酬金。

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9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2008: two) were also Directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2008: three) individuals are as follows:

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Salaries and other emoluments	薪金及其他酬金	1,150	1,709
Discretionary bonuses	酌情花紅	—	—
Contribution to defined contribution retirement plan	定額供款退休金計劃供款	21	32
		1,171	1,741

The emoluments of the two individuals (2008: three) with the highest emoluments are within the following band:

		Number of individuals 人數	
		2009 二零零九年	2008 二零零八年
HK\$ Nil to HK\$1,000,000	0港元至 1,000,000港元	2	3

9. 最高薪酬人士

五名最高薪酬人士中有三名(二零零八年：兩名)亦為董事，彼等的酬金於上文附註8中披露。其他兩名(二零零八年：三名)最高薪酬人士的酬金總額如下：

兩名(二零零八年：三名)最高薪酬人士的酬金介乎以下範圍：

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10. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB6,215,000 (2008: loss of RMB8,725,000) which has been dealt with in the financial statements of the Company.

11. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB324,087,000 (2008: RMB383,361,000) and the weighted average number of 1,032,800,000 (2008: 1,038,273,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Issued ordinary shares at 1 January	於一月一日已發行普通股	1,032,800	1,045,000
Effect of shares repurchased	股份回購的影響	—	(6,727)
Weighted average number of ordinary shares at 31 December	於十二月三十一日 普通股的加權平均數	1,032,800	1,038,273

There were no dilutive potential ordinary shares during the years presented and, therefore, diluted earnings per share is not presented.

10. 本公司權益持有人應佔溢利

本公司權益持有人應佔綜合溢利包括虧損人民幣6,215,000元(二零零八年：虧損人民幣8,725,000元)，並已於本公司財務報表內處理。

11. 每股盈利

每股基本盈利

每股基本盈利乃根據本公司普通股權益股東應佔溢利人民幣324,087,000元(二零零八年：人民幣383,361,000元)以及於本年度已發行普通股的加權平均數1,032,800,000股(二零零八年：1,038,273,000股)計算，計算方式如下：

普通股的加權平均數

於所示年度內本公司並無潛在具有攤薄影響的普通股，故並無呈列每股攤薄盈利。

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12. SEGMENT REPORTING

The Group operates in a single business segment, the manufacturing and trading of decorative base paper products and printing paper product in the PRC. The Group's chief operating decision maker regards and manages the Group based on the information of this single business segment, for the purposes of assessing performance and making decisions about operating matters. Accordingly, no segmental analysis is presented. All of the Group's revenues are generated in the PRC and substantially all of the Group's assets are located in the PRC and therefore no geographical segment information has been disclosed.

12. 分部報告

本集團的業務涉及單一業務分部，即在中國製造及銷售裝飾原紙產品及印刷用紙產品。本集團主要經營決策者按這單一業務分部的資料考慮及管理本集團，旨在針對經營事宜評核績效及作出決定。因此，本集團並無呈列分部分析。由於本集團全部收入源自中國，而絕大部份的資產亦位於中國境內，故此本集團並無披露地區分部資料。

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13. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

		Buildings 樓宇	Leasehold improvements 租賃裝修	Plant and machinery 廠房及機器	Motor vehicles 汽車	Furniture and fixtures and computer equipment 傢俬、裝置 及電腦設備	Total 合計
		'000 千元	'000 千元	'000 千元	'000 千元	'000 千元	'000 千元
Cost:	成本：						
At 1 January 2008	於二零零八年一月一日	48,933	—	583,508	2,228	4,146	638,815
Additions	添置	—	306	2,170	308	858	3,642
Transfer from construction in progress (note 15)	轉撥自在建工程(附註15)	13,180	189	153,604	—	120	167,093
Disposals	出售	—	—	—	(130)	(86)	(216)
Exchange adjustments	匯兌調整	—	(4)	—	—	(8)	(12)
At 31 December 2008	於二零零八年十二月三十一日	62,113	491	739,282	2,406	5,030	809,322
At 1 January 2009	於二零零九年一月一日	62,113	491	739,282	2,406	5,030	809,322
Additions	添置	—	295	14,518	109	1,127	16,049
Transfer from construction in progress (note 15)	轉撥自在建工程(附註15)	246,737	—	634,989	—	—	881,726
Disposals	出售	—	(490)	—	—	(8)	(498)
Exchange adjustments	匯兌調整	—	(1)	—	—	(1)	(2)
At 31 December 2009	於二零零九年十二月三十一日	308,850	295	1,388,789	2,515	6,148	1,706,597
Accumulated depreciation:	累計折舊：						
At 1 January 2008	於二零零八年一月一日	5,076	—	170,098	690	1,930	177,794
Charge for the year	本年度折舊	1,450	258	68,188	216	407	70,519
Written back on disposals	出售時撥回	—	—	—	(107)	(26)	(133)
Exchange adjustments	匯兌調整	—	(2)	—	—	(2)	(4)
At 31 December 2008	於二零零八年十二月三十一日	6,526	256	238,286	799	2,309	248,176
At 1 January 2009	於二零零九年一月一日	6,526	256	238,286	799	2,309	248,176
Charge for the year	本年度折舊	2,500	242	89,917	233	501	93,393
Written back on disposals	出售時撥回	—	(490)	—	—	(2)	(492)
At 31 December 2009	於二零零九年十二月三十一日	9,026	8	328,203	1,032	2,808	341,077
Net book value:	賬面淨值：						
At 31 December 2008	於二零零八年十二月三十一日	55,587	235	500,996	1,607	2,721	561,146
At 31 December 2009	於二零零九年十二月三十一日	299,824	287	1,060,586	1,483	3,340	1,365,520

All of the Group's buildings are situated in the PRC.

本集團全部樓宇均位於中國。

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13. PROPERTY, PLANT AND EQUIPMENT

(Continued)

(a) The Group (Continued)

As at 31 December 2009, the Group made a prepayment of RMB60,780,000 (2008: RMB110,880,000) to acquire plant and machinery. The remaining amount of the contract consideration is included in capital commitments (note 26(b)).

At 31 December 2008, property, plant and equipment with a net book value totalling RMB225,194,000 was pledged to secure certain bank loans (note 21) granted to the Group.

13. 物業、廠房及設備(續)

(a) 本集團(續)

於二零零九年十二月三十一日，本集團預付人民幣60,780,000元(二零零八年：人民幣110,880,000元)以購置廠房及設備。合同之餘下款項已包括在資本承擔(附註26(b))。

於二零零八年十二月三十一日，賬面淨值為人民幣225,194,000元的物業、廠房及機器已被抵押，以為授予本集團的若干銀行貸款(附註21)提供擔保。

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13. PROPERTY, PLANT AND EQUIPMENT

(Continued)

(b) The Company

13. 物業、廠房及設備(續)

(b) 本公司

		Leasehold improvements 租賃裝修 '000 千元	Furniture and fixtures and computer equipment 傢俬、裝置 及電腦設備 '000 千元	Total 合計 '000 千元
Cost:	成本：			
At 1 January 2008	於二零零八年一月一日	—	—	—
Additions	添置	306	480	786
Transfer from construction in progress (note 15)	轉撥自在建工程(附註15)	189	—	189
Exchange adjustments	匯兌調整	(4)	(4)	(8)
At 31 December 2008	於二零零八年十二月三十一日	491	476	967
At 1 January 2009	於二零零九年一月一日	491	476	967
Additions	添置	295	85	380
Disposals	出售	(490)	(8)	(498)
Exchange adjustments	匯兌調整	(1)	—	(1)
At 31 December 2009	於二零零九年十二月三十一日	295	553	848
Accumulated depreciation:	累計折舊：			
At 1 January 2008	於二零零八年一月一日	—	—	—
Charge for the year	本年度折舊	258	116	374
Exchange adjustments	匯兌調整	(2)	(1)	(3)
At 31 December 2008	於二零零八年十二月三十一日	256	115	371
At 1 January 2009	於二零零九年一月一日	256	115	371
Charge for the year	本年度折舊	242	141	383
Written back on disposals	出售時撥回	(490)	(2)	(492)
At 31 December 2009	於二零零九年十二月三十一日	8	254	262
Net book value:	賬面淨值：			
At 31 December 2008	於二零零八年十二月三十一日	235	361	596
At 31 December 2009	於二零零九年十二月三十一日	287	299	586

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14. INTERESTS IN SUBSIDIARIES

14. 於附屬公司的權益

		The Company	
		本公司	
		2009	2008
		二零零九年	二零零八年
		'000	'000
		千元	千元
Unlisted shares, at cost	非上市股份，按成本值	996	996
Amounts due from subsidiaries	應收附屬公司款項	1,219,737	1,229,395
		1,220,733	1,230,391

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment. In the opinion of the directors, the amounts due from subsidiaries will not be repaid within twelve months from the end of the reporting period and are, therefore, shown in the statement of financial position as non-current.

應收附屬公司的款項為無抵押、免息及無固定還款期。董事認為應收附屬公司的款項將不能於報告期末起計十二個月內償還，故於財務狀況表內列為非流動。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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14. INTERESTS IN SUBSIDIARIES (Continued)

Details of the subsidiaries at 31 December 2009 are set out below:

Name of company 公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Particulars of issued and fully paid up capital 已發行及繳足資本詳情	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Double Nation Limited ("Double Nation")	BVI 英屬處女群島	100 shares of US\$1 each 100股每股面值1美元的股份	100%	—	Investment holding 投資控股
Best Known Group Limited 慧富集團有限公司	Hong Kong 香港	100 ordinary shares of HK\$1 each 100股每股面值1港元的普通股	—	100%	Investment holding 投資控股
Shandong Qunxing Paper Limited* 山東群星紙業有限公司*	PRC 中國	RMB1,294,000,000 人民幣1,294,000,000元	—	100%	Manufacture and sale of decorative base paper products and printing paper product 製造及銷售裝飾原紙產品及 印刷用紙產品

* This entity is a wholly foreign owned enterprise established in the PRC.

14. 於附屬公司的權益(續)

於二零零九年十二月三十一日附屬公司的詳情載列如下：

* 該實體為於中國成立的外商獨資企業。

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15. CONSTRUCTION IN PROGRESS

15. 在建工程

		The Group 本集團		The Company 本公司	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元	2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
At 1 January	於一月一日	316,060	167,098	—	200
Additions	添置	862,577	316,066	—	—
Transfer to property, plant and equipment (note 13)	轉撥至物業、廠房 及設備(附註13)	(881,726)	(167,093)	—	(189)
Exchange adjustment	匯兌調整	—	(11)	—	(11)
At 31 December	於十二月三十一日	296,911	316,060	—	—

As at 31 December 2009, construction in progress comprises costs incurred on buildings and plant and machinery not yet completed at the end of the reporting period.

於二零零九年十二月三十一日，在建工程包括於報告期末尚未完成的樓宇與廠房及機器產生的成本。

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16. LEASE PREPAYMENTS

The Group

16. 租賃預付款項

本集團

		'000 千元
Cost:	成本：	
At 1 January 2008	於二零零八年一月一日	11,441
Additions	添置	4,205
At 31 December 2008, 1 January 2009 and 31 December 2009	於二零零八年十二月三十一日、 二零零九年一月一日及 二零零九年十二月三十一日	15,646
Accumulated amortisation:	累計攤銷：	
At 1 January 2008	於二零零八年一月一日	186
Charge for the year	本年度攤銷	310
At 31 December 2008	於二零零八年十二月三十一日	496
At 1 January 2009	於二零零九年一月一日	496
Charge for the year	本年度攤銷	341
At 31 December 2009	於二零零九年十二月三十一日	837
Net book value:	賬面淨值：	
At 31 December 2008	於二零零八年十二月三十一日	15,150
At 31 December 2009	於二零零九年十二月三十一日	14,809

Lease prepayments represent the cost of the land use rights in the PRC, which expire in 2053.

租賃預付款項指於二零五三年屆滿的中國土地使用權的成本。

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17. TRADING SECURITIES

17. 交易證券

		The Group 本集團		The Company 本公司	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元	2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Equity securities listed in Hong Kong, at market value	於香港上市之 權益證券， 市場價格	—	64,753	—	28,058

18. INVENTORIES

18. 存貨

(a) Inventories in the consolidated statement of financial position comprise:

(a) 綜合財務狀況表內的存貨包括：

		The Group 本集團	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Raw materials and consumables	原材料及消耗品	23,336	26,932
Finished goods	製成品	13,998	16,690
		37,334	43,622

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18. INVENTORIES (Continued)

- (b) An analysis of the amount of inventories recognised as an expense is as follows:

		The Group 本集團	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Carrying amount of inventories sold	已售存貨賬面值	1,105,517	1,090,844

18. 存貨(續)

- (b) 確認為開支的存貨金額分析如下：

19. TRADE AND OTHER RECEIVABLES

		The Group 本集團		The Company 本公司	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元	2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Trade receivables	應收貿易賬款	29,520	37,795	—	—
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	2,737	1,049	397	481
Other tax recoverable	其他可收回稅款	40,150	—	—	—
Less: allowance for doubtful debts	減：呆壞賬撥備	—	—	—	—
		72,407	38,844	397	481

19. 應收貿易賬款及其他應收款項

All of the trade receivables are expected to be recovered within one year.

所有應收貿易賬款預期於一年內收回。

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19. TRADE AND OTHER RECEIVABLES

(Continued)

(a) Ageing analysis

Included in trade and other receivables are trade receivables with the following ageing analysis as of the end of the reporting period:

		The Group 本集團	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Current	即期	27,630	36,543
Less than one month past due	逾期少於一個月	1,890	1,252
		29,520	37,795

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(i)).

Based on past experience, the Group believes that no impairment allowance is necessary as there has not been a significant change in the credit quality of customers and the balances were considered fully recoverable. The Group does not hold any collateral over these balances.

19. 應收貿易賬款及其他應收款項(續)

(a) 賬齡分析

包括在應收貿易賬款及其他應收款項的應收貿易款項於報告期末的賬齡分析如下：

(b) 應收貿易賬款減值

就應收貿易賬款減值虧損而言，除非本集團相信日後收回該等款項的可能性很低，否則該減值虧損會於減值撥備中獲確認，倘可收回的可能性極低，有關的減值虧損將直接於應收貿易賬款中撇銷(見附註2(i))。

根據過往經驗，由於客戶的信貸質量並未出現重大變動，且認為餘額可悉數收回，故本集團相信無須作出減值撥備。本集團並未持有有關該等應收款項的抵押品。

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20. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

20. 現金及現金等價物

(a) 現金及現金等價物包括：

		The Group 本集團		The Company 本公司	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元	2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Deposits with banks	銀行存款	58,076	82,748	42,663	82,748
Cash at bank and other financial institutions and cash in hand	銀行及其他金融機構的存款和手頭現金	624,688	1,456,625	41,282	78,623
Cash and cash equivalents in the statement of financial position	於財務狀況表所列的現金及現金等價物	682,764	1,539,373	83,945	161,371
Cash and cash equivalents in the consolidated cash flow statement	於綜合現金流量表所列的現金及現金等價物	682,764	1,539,373		

As at 31 December 2009, cash in hand and cash at banks in the PRC included in the cash and cash equivalents above amounted to RMB567,124,000 (2008: RMB1,370,931,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

於二零零九年十二月三十一日，手頭現金及存放於中國的銀行存款包括上述現金及現金等價物為人民幣567,124,000元(二零零八年：人民幣1,370,931,000元)。將款項匯出中國須受中國政府施行的外匯管制所限。

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20. CASH AND CASH EQUIVALENTS

(Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

20. 現金及現金等價物(續)

(b) 除稅前溢利及經營業務產生的現金對賬：

			2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
	Note 附註			
Profit before taxation	除稅前溢利		371,694	383,361
Adjustments for:	就以下各項調整：			
— Amortisation of lease prepayments	— 租賃預付款項攤銷	6(c)	341	310
— Depreciation	— 折舊	6(c)	93,393	70,519
— Finance costs	— 融資成本	6(a)	4,168	13,320
— Interest income	— 利息收入	5	(3,977)	(40,146)
— Dividend income	— 股息收入	5	(394)	(1,357)
— Loss/(gain) on disposal of property, plant and equipment	— 出售物業、廠房及設備虧損／(收益)	5	6	(8)
— Net realised and unrealised losses on financial assets at fair value through profit or loss	— 按公平值計入損益之財務資產已變現及未變現虧損淨額	5	42	1,997
— Foreign exchange loss	— 外匯虧損		116	3,771
Changes in working capital:	營運資金變動：			
Decrease/(increase) in inventories	存貨減少／(增加)		6,288	(8,135)
Decrease in trade and other receivables	應收貿易賬款及其他應收款項減少		6,587	12,059
(Decrease)/increase in trade and other payables	應付貿易賬款及其他應付款項(減少)／增加		(46,219)	24,919
Cash generated from operations	經營業務產生的現金		432,045	460,610

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21. BANK LOANS

At 31 December 2008, the bank loans of RMB124,000,000 were repayable within one year and were secured by property, plant and equipment (note 13).

The bank loans as at 31 December 2008 were interest bearing at rates ranging from 8.54% to 8.95% per annum.

21. 銀行貸款

於二零零八年十二月三十一日，於一年內應予償還並以物業、廠房及設備擔保(附註13)的銀行貸款為人民幣124,000,000元。

於二零零八年十二月三十一日，銀行貸款的年利率介乎8.54%至8.95%。

22. TRADE AND OTHER PAYABLES

22. 應付貿易賬款及其他應付款項

		The Group 本集團		The Company 本公司	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元	2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Trade payables	應付貿易賬款	45,529	89,255	—	—
Other payables and accruals	其他應付款項及預提費用	12,471	231,498	1,260	1,316
		58,000	320,753	1,260	1,316

Included in trade and other payables are trade payables with the following ageing analysis as of the end of the reporting period. The credit period granted by suppliers generally is not more than 30 days.

包含在應付貿易賬款及其他應付賬款項中的應付貿易賬款於報告期末賬齡分析如下。各供貨商授予的信貸期一般不多於30日。

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22. TRADE AND OTHER PAYABLES

(Continued)

22. 應付貿易賬款及其他應付款項(續)

		The Group 本集團	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Due within 30 days	30日內到期	45,529	89,255

All of the trade and other payables are expected to be settled within one year.

所有應付貿易賬款及其他應付款項預計於一年內償付。

23. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

23. 綜合財務狀況表內的所得稅

(a) 綜合財務狀況表內的即期稅項代表：

		The Group 本集團	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Provision for PRC income tax for the year	本年度已計提的中國所得稅	47,607	—
PRC income tax paid	已繳付的中國所得稅	(37,259)	—
		10,348	—
Balance of PRC income tax relating to prior years	過往年度中國所得稅結餘	9,868	9,868
Income tax payable	應付所得稅	20,216	9,868

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23. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB17,035,000 (2008: RMB10,591,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

(c) Deferred tax liabilities not recognised

At 31 December 2009, temporary differences relating to the undistributed profits of the PRC subsidiary amounted to RMB654,751,000 (2008: RMB354,826,000). Deferred tax liabilities of RMB32,738,000 (2008: RMB17,741,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of this subsidiary and it has been determined that it is probable that retained profits will not be distributed in the foreseeable future.

23. 綜合財務狀況表內的所得稅(續)

(b) 未經確認的遞延稅項資產

根據附註2(p)所載會計政策，本集團就累計稅項虧損人民幣17,035,000元(二零零八年：人民幣10,591,000元)並無確認遞延稅項資產，原因是在相關稅務司法權區及實體不太可能產生未來應課稅溢利可用作抵扣有關虧損。根據現行稅法，稅務虧損並無限期。

(c) 未經確認的遞延稅項負債

於二零零九年十二月三十一日，有關中國附屬公司的未分配溢利之暫時差額為人民幣654,751,000元(二零零八年：人民幣354,826,000元)。由於本公司控制此附屬公司的股息政策，並且已確定於可見的將來其留存溢利將不會分派，故未有確認於分配此等留存溢利時須要繳納的稅款共人民幣32,738,000元(二零零八年：人民幣17,741,000元)為遞延稅項負債。

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24. CAPITAL AND RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

(a) The Company

		Share capital	Share premium	Exchange reserve	(Accumulated losses)/retained profits	Total
		'000	'000	'000	(累計虧損)/保留溢利	'000
		千元	千元	千元	千元	千元
		(Note 24(b))	(Note 24(c)(i))	(Note 24(c)(iii))		
		(附註24(b))	(附註24(c)(i))	(附註24(c)(iii))		
Balance at 1 January 2008	於二零零八年一月一日	101,359	1,536,403	(61,989)	116,170	1,691,943
Changes in equity for 2008:	二零零八年權益變動：					
Dividends approved in respect of the previous year	過往年度批准的股息	—	—	—	(105,172)	(105,172)
Shares repurchased:	股份回購：					
— par value paid	— 支付面值	(1,101)	—	—	—	(1,101)
— premium paid	— 支付溢價	—	(23,573)	—	—	(23,573)
Total comprehensive income for the year	年度全面收益總額	—	—	(95,835)	(8,725)	(104,560)
Dividends declared in respect of the current year	本年度宣派的股息	—	(38,018)	—	—	(38,018)
Balance at 31 December 2008 and 1 January 2009	於二零零八年十二月三十一日及二零零九年一月一日	100,258	1,474,812	(157,824)	2,273	1,419,519
Changes in equity for 2009:	二零零九年權益變動：					
Dividends approved in respect of the previous year	過往年度批准的股息	—	(76,990)	—	—	(76,990)
Total comprehensive income for the year	年度全面收益總額	—	—	(2,071)	(6,215)	(8,286)
Dividends declared in respect of the current year	本年度宣派的股息	—	(29,842)	—	—	(29,842)
At 31 December 2009	於二零零九年十二月三十一日	100,258	1,367,980	(159,895)	(3,942)	1,304,401

24. 資本及儲備

本集團綜合權益各項目的年初與年終結餘之對賬，載於綜合權益變動表內。本公司權益個別項目年初與年終的變動詳情如下：

(a) 本公司

(Accumulated losses)/retained profits

(累計虧損)/

保留溢利

'000

千元

Total

總值

'000

千元

(Note 24(b))

(附註24(b))

(Note 24(c)(i))

(附註24(c)(i))

(Note 24(c)(iii))

(附註24(c)(iii))

(Accumulated losses)/retained profits

(累計虧損)/

保留溢利

'000

千元

Total

總值

'000

千元

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24. CAPITAL AND RESERVES (Continued)

24. 資本及儲備(續)

(b) Authorised and issued share capital

(b) 法定及已發行股本

		2009 二零零九年		2008 二零零八年	
		Number of shares 股份數目 (<i>'000</i>) (千股)	<i>'000</i> 千元	Number of shares 股份數目 (<i>'000</i>) (千股)	<i>'000</i> 千元
<i>Authorised:</i>	法定：				
Ordinary shares of HK\$0.1 each	每股面值0.1港元 的普通股	10,000,000	1,000,000	10,000,000	1,000,000
<i>Ordinary shares issued and fully paid:</i>	已發行及繳足 普通股：				
At 1 January	於一月一日	1,032,800	100,258	1,045,000	101,359
Shares repurchased (note)	股份回購(附註)	—	—	(12,200)	(1,101)
At 31 December	於十二月三十一日	1,032,800	100,258	1,032,800	100,258

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股持有人有權收取不時宣派的股息，並有權於本公司會議上按每股一票的比例投票。就本公司餘下資產而言，所有普通股均享有同等地位。

Note: Shares repurchased

附註：股份回購

During the year ended 31 December 2008, the Company repurchased its own shares on the Stock Exchange. The repurchased shares were cancelled and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid, before expenses, on the repurchase of the shares of HK\$25,750,000 (equivalent to RMB23,456,000) was charged to the share premium account.

截至二零零八年十二月三十一日止年度，本公司於聯交所購回其本身之股份。所購回股份已予註銷，本公司之已發行股本並因此按該等股份之面值減少。購回股份時已付之溢價(扣除開支前)25,750,000港元(相等於人民幣23,456,000元)自股份溢價賬扣除。

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24. CAPITAL AND RESERVES (Continued)

(c) Nature and purpose of reserves

(i) Share premium

In accordance with the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares. During the year ended 31 December 2009, a final dividend of RMB76,990,000 (2008: RMB Nil) in respect of the previous year and an interim dividend of RMB29,842,000 (2008: RMB38,018,000) in respect of the current year were paid out from the share premium account.

(ii) Surplus reserves

Transfers from retained profits to the surplus reserves were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiary incorporated in the PRC and were approved by its board of directors.

The PRC subsidiary is required to appropriate 10% of its net profit, as determined in accordance with the PRC accounting rules and regulations, to the surplus reserves until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

24. 資本及儲備(續)

(c) 儲備性質及目的

(i) 股份溢價

根據開曼群島公司法，股份溢價賬可分派予本公司股東，惟緊隨建議宣派股息之日後，本公司須有能力支付在日常業務過程中到期支付的債項。股份溢價亦可以繳足紅股方式分派。截至二零零九年十二月三十一日止年度，上一年度之末期股息人民幣76,990,000元(二零零八年：無)及本年度之中期股息人民幣29,842,000元(二零零八年：人民幣38,018,000元)已於股份溢價中派發。

(ii) 盈餘儲備

本集團是根據有關中國規則及法規以及本公司於中國註冊成立的附屬公司的公司章程細則將留存溢利撥往盈餘儲備，並已獲得董事會批准。

中國附屬公司須根據中國會計規則及法規將溢利的10%轉撥至盈餘儲備，直至該儲備的結餘達致註冊資本的50%為止。本集團須在向股東分派股息前進行有關轉撥。

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24. CAPITAL AND RESERVES (Continued)

(c) Nature and purpose of reserves

(Continued)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC which are dealt with in accordance with the accounting policy as set out in note 2(s).

(iv) Distributability of reserves

At 31 December 2009, the aggregate amount of reserves available for distribution to equity shareholders of the Company, including the distributable amounts disclosed in note 24(c)(i) was RMB1,364,038,000 (2008: RMB1,477,085,000).

24. 資本及儲備(續)

(c) 儲備性質及目的(續)

(iii) 匯兌儲備

匯兌儲備包括換算中國境外業務的財務報表而產生的所有匯兌差額，並根據附註2(s)所載的會計政策處理。

(iv) 可供分派儲備

於二零零九年十二月三十一日，可供分派予本公司權益持有人的儲備總額，包括在附註24(c)(i)所披露的可分派金額為人民幣1,364,038,000元(二零零八年：人民幣1,477,085,000元)。

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24. CAPITAL AND RESERVES (Continued)

24. 資本及儲備(續)

(d) Dividends

(d) 股息

(i) Dividends payable to equity shareholders of the Company attributable to the year

(i) 應付本公司權益持有人年度應佔股息

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Interim dividend declared and paid of HK3.277 cents (equivalent to approximately RMB2.889 cents) per ordinary share (2008: HK4.16 cents per ordinary share) (equivalent to approximately RMB3.66 cents)	已宣派及派付之中期股息每股普通股3.277港仙(約相當於人民幣2.889分)(二零零八年：每股普通股4.16港仙，約相當於人民幣3.66分)	29,842	38,018
Final dividend proposed after the end of the reporting period of HK7.403 cents (equivalent to approximately RMB6.525 cents) per ordinary share (2008: HK8.45 cents per ordinary share) (equivalent to approximately RMB7.45 cents)	於報告期末後建議派付之末期股息每股普通股7.403港仙(約相當於人民幣6.525分)(二零零八年：每股普通股8.45港仙，約相當於人民幣7.45分)	67,385	76,990
		97,227	115,008

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24. CAPITAL AND RESERVES (Continued)

(d) Dividends (Continued)

(i) **Dividends payable to equity shareholders of the Company attributable to the year** (Continued)

The Board has resolved to recommend the payment of a final dividend for the year ended 31 December 2009 wholly in scrip form equivalent to HK7.403 cents (2008: HK8.45 cents in cash form) per ordinary share to shareholders whose names appear on the register of members of the Company on 5 May 2010.

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

24. 資本及儲備(續)

(d) 股息(續)

(i) 應付本公司權益持有人年度應佔股息(續)

董事會議決，建議向於二零一零年五月五日名列本公司股東名冊之股東派發截至二零零九年十二月三十一日止年度的末期股息，全部採用以股代息的方式派付，股息金額相等於每股普通股7.403港仙(二零零八年：8.45港仙)。

於報告期末後建議派付的末期股息並無被確認為於報告期末的負債。

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24. CAPITAL AND RESERVES (Continued)

(d) Dividends (Continued)

(ii) **Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year**

	2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Final dividend in respect of the previous financial year, approved and paid during the year, of HK8.45 cents (equivalent to approximately RMB7.45 cents) per ordinary share (2008: HK11.28 cents per ordinary share) (equivalent to approximately RMB10.126 cents)	76,990	105,172

已於年內批准及派付之上一財政年度末期股息每股普通股8.45港仙（約相當於人民幣7.45分）（二零零八年：每股普通股11.28港仙，約相當於人民幣10.126分）

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

24. 資本及儲備(續)

(d) 股息(續)

(ii) **應付本公司權益持有人上一財政年度應佔股息，已於年內批准及派付**

(e) 資本管理

本集團管理資本的主要目標是保障本集團繼續以持續經營方式營運的能力，以使其能為股東提供回報及為其他權益持有人提供利益，同時維持最佳資本結構以減少資金成本。

為維持或調整資本架構，本集團可調整其向股東派付的股息金額、股東回報、發行新股份或出售資產以減少負債。

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24. CAPITAL AND RESERVES (Continued)

(e) Capital management (Continued)

The Group monitors its capital structure on the basis of gearing ratio, which is calculated as the Group's total bank borrowings over the Group's total assets.

The gearing ratios as at 31 December 2008 and 2009 are as follows:

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Total borrowings	借貸總額		
Short-term bank loans	短期銀行貸款	—	124,000
Long-term bank loans	長期銀行貸款	—	—
Total bank borrowings	銀行借貸總額	—	124,000
Total assets	資產總值	2,530,525	2,689,828
Gearing ratio	資產負債比率	N/A	4.6%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24. 資本及儲備(續)

(e) 資本管理(續)

本集團根據資產負債比率的基準，監察其資本結構。資產負債比率是以本集團銀行借貸總額除以資產總值計算。

於二零零八年及二零零九年十二月三十一日，資產負債比率概述如下：

本公司或其任何附屬公司概無受限於外界施加的資本限制。

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25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, commodity price and currency risks arises in the normal course of the Group's business. The Group was also exposed to equity price risk arising from equity investments in other entities classified as trading securities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and deposits with banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 3 to 20 days from the date of billing. Debtors with balances that are overdue are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not collect collateral from customers.

25. 財務風險管理及公平值

本集團日常業務過程中須承擔信貸風險、流動資金風險、利率風險、商品價格風險及外匯風險。本集團亦面對於其他實體分類為交易證券的投資而產生的股權價格風險。

本集團面對的該等風險，以及本集團所採納以應對該等風險的金融風險管理政策及慣例概述如下。

(a) 信貸風險

本集團的信貸風險主要涉及貿易賬款及其他應收款項，以及銀行存款。管理層設有信貸政策，而該等信貸風險乃按持續進行基準監督。

就應收貿易賬款而言，本集團對要求超過一定金額信貸之所有客戶進行信貸評估。此等評估集中於客戶過往繳付到期款項之歷史及現時付款之能力，以及考慮到客戶之具體資料及客戶營運所在地之經濟環境。該等應收貿易賬款乃於發票日期後3至20日內到期。借款人在獲授任何其他信貸前必須先清償所有未償還結餘。一般而言，本集團並無向客戶收取抵押品。

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25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 37% (2008: 40%) and 59% (2008: 53%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group limits its exposure to credit risk by placing deposits with financial institutions with sound credit rating. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any financial guarantees which would expose the Group to credit risk.

25. 財務風險管理及公平值(續)

(a) 信貸風險(續)

本集團的信貸風險受各個客戶的不同情況所影響，而非客戶經營的行業或國家，因此重大信貸集中風險主要於本集團涉及大量獨立客戶時出現。於報告期末，本集團最大及五大客戶的應收貿易賬款分別佔本集團應收貿易賬款總額的37% (二零零八年：40%)及59% (二零零八年：53%)。

本集團存放現金於具備良好信貸評級之金融機構以減低其信貸風險。鑒於該等獲得高信貸評級，管理層不預期任何交易方不能履行其責任。

最高信貸風險指綜合財務狀況表內各金融資產的賬面值。本集團並無提供任何令本集團面臨信貸風險的金融擔保。

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25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

25. 財務風險管理及公平值(續)

(b) 流動資金風險

集團內獨立經營實體負責其本身的現金管理，包括現金盈餘的短期投資，以及籌集貸款以應付預期現金需求，當借款超出既定權限，則須獲母公司董事會批准。本集團的政策是盡量確保隨時具備足夠流動資金應付到期的負債，令本集團無須承擔不能接受的虧損或聲譽損害。

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25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group and the Company can be required to pay:

The Group

		2009 二零零九年			2008 二零零八年		
		Contractual undiscounted cash outflow 已訂約而未貼現現金流出			Contractual undiscounted cash outflow 已訂約而未貼現現金流出		
		Within 1 year or on demand 一年內或按要求還款	Total 合計	Carrying amount in consolidated statement of financial position 綜合財務狀況表賬面值	Within 1 year or on demand 一年內或按要求還款	Total 合計	Carrying amount in consolidated statement of financial position 綜合財務狀況表賬面值
		'000 千元	'000 千元	'000 千元	'000 千元	'000 千元	'000 千元
Trade and other payables	應付貿易賬款及其他應付款項	(58,000)	(58,000)	(58,000)	(320,753)	(320,753)	(320,753)
Bank loans	銀行貸款	-	-	-	(127,843)	(127,843)	(124,000)

本集團

(b) 流動資金風險(續)

下表詳列於本集團於報告期末餘下受契約規管的到期款項及本公司的金融負債，乃基於合約未貼現現金流量(包括按合約利率計算的應付利息)及本集團及本公司須付款的最早日期：

The Company

		2009 二零零九年			2008 二零零八年		
		Contractual undiscounted cash outflow 已訂約而未貼現現金流出			Contractual undiscounted cash outflow 已訂約而未貼現現金流出		
		Within 1 year or on demand 一年內或按要求還款	Total 合計	Carrying amount in statement of financial position 財務狀況表賬面值	Within 1 year or on demand 一年內或按要求還款	Total 合計	Carrying amount in statement of financial position 財務狀況表賬面值
		'000 千元	'000 千元	'000 千元	'000 千元	'000 千元	'000 千元
Other payables and accruals	其他應付款項及預提費用	(1,260)	(1,260)	(1,260)	(1,316)	(1,316)	(1,316)

本公司

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25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans. The Group's policy is to manage its interest rate risk to ensure there are no undue exposures to significant interest rate movements and rates are approximately fixed. As at 31 December 2009, the Group was not exposed to this kind of interest rate risk.

(d) Business risk

The Group's sales of printing paper product are principally to one customer. Although the Group has entered into a co-operative agreement with this customer, there can be no assurance that this customer will continue to purchase from the Group as and when needed. In the event that this customer ceased purchasing printing paper product from the Group and the Group could not secure orders from other customers, the Group's turnover and profitability would be adversely affected.

The Group's purchases of raw materials are primarily from several major suppliers. The Group has a certain concentration of business risk as 67% (2008: 75%) of the total purchases were from the Group's five largest suppliers. If the Group could not purchase adequate quantities of materials from these suppliers and failed to identify alternative sources, the Group's turnover and profitability could be adversely affected.

25. 財務風險管理及公平值(續)

(c) 利率風險

本集團利率風險主要來自銀行貸款。本集團的政策是管理利率風險及確保在出現重大利率變動時不會承受過高風險及確保利率大致固定。於二零零九年十二月三十一日，本集團毋須承受此類利率風險。

(d) 業務風險

本集團主要向一名客戶銷售印刷用紙產品。儘管本集團已與該名客戶訂立合作協議，惟未能確保於需要時該客戶將繼續向本集團採購。倘此客戶不再向本集團採購印刷用紙產品，而本集團未能向其他客戶取得訂單，則將對本集團的營業額及盈利能力造成不利影響。

本集團集中向若干主要供應商採購原材料。由於本集團向五大供應商採購的採購額佔總採購額的67% (二零零八年：75%)故本集團有一定程度的業務風險集中。倘本集團未能向供應商採購足夠數量的材料，且未能物色其他來源，則會對本集團的營業額及盈利能力造成不利影響。

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25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Commodity price risk

The major raw materials used in the production of the Group's products included wood pulp and titanium dioxide powder. The Group is exposed to fluctuations in the prices of wood pulp and titanium dioxide powder which are influenced by global as well as regional supply and demand conditions. Fluctuations in the price of wood pulp and titanium dioxide powder could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

(f) Foreign currency risk

As most of the Group's monetary assets and liabilities are denominated in Renminbi and the Group conducts its business transactions principally in Renminbi, the exchange rate risk of the Group is not significant and the Group does not employ any financial instruments for hedging purposes.

(g) Equity price risk

The Group was exposed to equity price changes primarily arising from its investments.

During the year, the Group's investments in financial assets at fair value through profit or loss exposed the Group to the fluctuation of equity price of the underlying securities. As at 31 December 2009, the Group was not exposed to this kind of equity price risk.

25. 財務風險管理及公平值(續)

(e) 商品價格風險

本集團於生產時所採用的主要原材料包括木漿及鈦白粉。本集團因受木漿及鈦白粉的價格波動影響而須承受木漿及鈦白粉價格風險，而價格波動則視乎全球及地區的供求情況而定。木漿及鈦白粉的價格波動可對本集團的財務表現造成不利影響。本集團於過往並無訂立任何商品衍生工具以對沖商品價格的潛在變動。

(f) 外匯風險

由於本集團的大部份貨幣資產及負債以人民幣列值及本集團的業務交易主要以人民幣進行，本集團所承擔的匯率風險並不重大，而本集團並無利用任何金融工具作對沖用途。

(g) 權益價格風險

本集團面對的權益價格變動主要因其投資產生。

年內，本集團於按公平值計入損益的金融資產的投資令本集團面對相關證券權益價格波動。於二零零九年十二月三十一日，本集團毋須承受此類權益價格風險。

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25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(h) Fair values

As stated in note 14, the balances with subsidiaries are interest-free and have no fixed repayment terms. Given these terms it is not meaningful to disclose their fair values. All other financial instruments are carried at amounts not materially different from their fair values as at 31 December 2009.

26. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Operating leases

At 31 December 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

25. 財務風險管理及公平值(續)

(h) 公平值

如附註14所述，與附屬公司之結餘為免息及無固定還款期。根據有關條款，披露其公平值並無意義。所有其他金融工具的賬面值與其於二零零九年十二月三十一日的公平值無重大差異。

26. 承擔及或然負債

(a) 經營租賃

於二零零九年十二月三十一日，根據不可撤銷的經營租賃在日後應付的最低租賃費用如下：

		The Group 本集團		The Company 本公司	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元	2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Within one year	一年內	4,484	2,850	341	—
After one year but within five years	一年後但在 五年內	11,701	8,313	683	—
After five years	五年以上	86,350	88,378	—	—
		102,535	99,541	1,024	—

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26. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(a) Operating leases (Continued)

The Group is the lessee in respect of leasehold land and properties held under operating leases. The leases run for an initial period of two to fifty years, with an option to renew the leases upon expiry when all terms are renegotiated. Lease payments for the leasehold land situated in PRC are renegotiated every five years to reflect market rentals. None of the lease includes contingent rentals.

(b) Capital commitments

Capital commitments outstanding at 31 December 2009 not provided for in the financial statements were as follows:

26. 承擔及或然負債(續)

(a) 經營租賃(續)

本集團是為以經營租賃形式租賃土地及物業的承租人。該等租賃一般初步為期二至五十年，並可於租賃期滿時選擇續租並重新磋商所有條款。租賃位於中國的土地款項每五年重新磋商，以反映市場租金。所有租賃不包括或然租金。

(b) 資本承擔

於二零零九年十二月三十一日尚未償付且未在財務報表作出撥備的資本承擔如下：

		The Group 本集團	
		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Contracted for	已訂約	150,220	274,560
Authorised but not contracted for	已獲授權但未訂約	40,000	400,000
		190,220	674,560

As at 31 December 2009, the Group was committed to certain construction contracts for the acquisition of plant and machinery and buildings.

於二零零九年十二月三十一日，本集團承擔若干購置廠房、機器及物業的建設合約。

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26. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(c) Environmental contingencies

To date, the Group has not incurred any significant expenditure for environmental remediation and is currently not involved in any environmental remediation. As such, the Group has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that could have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved, and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination, (ii) the extent of required clean up efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

26. 承擔及或然負債(續)

(c) 環保或然項目

迄今，本集團並未因環境修復問題發生任何重大支出，且現時並無涉及任何環境修復事件，亦未就任何與業務相關的環境修復計提任何金額。在現行法例下，管理層相信不會發生任何可能對本集團財務狀況或經營業績有重大負面影響的負債。然而，中國政府已經並有可能進一步實施更為嚴格的應用法律及環境保護標準。環保負債的不確定因素較大，可影響本集團估計環境修復最終成本的能力。這些不定因素包括(i)相關地點所發生污染的實際性質和程度；(ii)所需清除工作的程度；(iii)各種補救措施的成本；(iv)環境修復要求的變化；及(v)新確認需要實施環保修復的地點。由於可能發生污染的程度和所需採取的補救措施的確切時間和程度等因素尚未確定，因此無法確定未來可能發生此類費用的金額，故無法在目前合理預測建議中的或將來的環境保護法律規定可能導致在環保方面的負債，而有關負債可能十分重大。

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26. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(d) Financial guarantee issued

During the year ended 31 December 2008, the Company had issued a single guarantee to a bank in respect of a banking facility granted to a wholly-owned subsidiary, which expired in March 2009. As at 31 December 2008, no facility was drawn down by the subsidiary that was covered by this guarantee. The Company had not recognised any deferred income in respect of this guarantee as its fair value could not be reliably measured.

26. 承擔及或然負債(續)

(d) 已發出金融擔保

在二零零八年十二月三十一日止年內，本公司已向銀行就授予一全資附屬公司之銀行融資發出單一擔保，擔保於二零零九年三月到期。二零零八年十二月三十一日，附屬公司並無悉數使用擔保涵蓋的銀行融資。本公司並無就上述擔保確認任何遞延收入，原因乃為其公平值無法可靠地計量。

27. MATERIAL RELATED PARTY TRANSACTIONS

During the years ended 31 December 2008 and 2009, transactions with the following parties are considered to be related party transactions:

27. 重大關連方交易

截至二零零八年及二零零九年十二月三十一日止年度，與下列各方的交易被視為關連方交易：

Name of related party

關連方名稱

Relationship

關係

Shandong Changxing Group Limited
("SD Changxing")*
(山東長星集團有限公司
(「山東長星」))

Effectively 55% owned by Dr. Zhu Yu Guo, 30% by Mr. Zhu Mo Qun and 15% by Ms. Sun Rui Fang, the Directors
本公司董事朱玉國博士、朱墨群先生及孫瑞芳女士分別實益擁有55%、30%及15%權益

Zouping Guanghua Veneer Company Limited ("Guang Hua")*
(鄒平光華板材有限公司
(「光華」))

Entirely owned by Jumbo Bonus Investments Limited which was in turn owned by Dr. Zhu Yu Guo, Mr. Zhu Mo Qun and Ms. Sun Rui Fang, the Directors, as to 70%, 20% and 10% respectively
由諾天投資有限公司全資擁有，該公司則由董事朱玉國博士、朱墨群先生及孫瑞芳女士分別實益擁有70%、20%及10%權益

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

* 該等公司的中文名稱為正式名稱，英文譯名僅供參考。

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27. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

27. 重大關連方交易 (續)

(a) Recurring transaction

(a) 經常性交易

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Lease of leasehold land and properties from:	向以下一方租用租賃土地及物業		
— SD Changxing	— 山東長星	1,335	400

The Directors of the Company are of the opinion that the above related party transaction was conducted on normal commercial terms and in the ordinary course of business.

本公司董事認為，上述關連方交易乃根據一般商業條款在日常業務過程中進行。

(b) Non-recurring transactions

(b) 非經常性交易

(i) Particulars of significant transactions between the Group and the above related party during the years were as follows:

(i) 本集團年內與上述關連方進行的重大交易詳情如下：

		2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Sale of decorative base paper products to:	向以下一方銷售裝飾原紙產品		
— Guang Hua	— 光華	—	4,857
Lease of leasehold land from:	向以下一方租用租賃土地		
— Guang Hua	— 光華	—	92

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27. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Non-recurring transactions (Continued)

- (ii) On 2 May 2008, the Group entered into an agreement with Guang Hua to acquire a piece of leasehold land located in the PRC at the prevailing market value of RMB4,082,000.

The Directors of the Company are of the opinion that the above non-recurring related party transactions were conducted on normal commercial terms and in the ordinary course of business.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

27. 重大關連方交易(續)

(b) 非經常性交易(續)

- (ii) 於二零零八年五月二日，本集團與光華訂立協議，以當時市值人民幣4,082,000元收購其位於中國的租賃土地。

本公司董事認為，上述非經常性關連方交易乃根據一般商業條款在日常業務過程中進行。

(c) 主要管理人員酬金

本集團主要管理人員的酬金(包括附註8所披露已付本公司董事的酬金及附註9所披露已付若干最高薪酬僱員的酬金)如下：

	2009 二零零九年 '000 千元	2008 二零零八年 '000 千元
Short-term employee benefits 短期僱員福利	4,147	3,151
Contribution to defined contribution retirement plans 定額供款退休金 計劃供款	46	26
	4,193	3,177

Total remuneration is included in "staff costs" (see note 6(b)).

酬金總額已包括在「員工成本」內(見附註6(b))。

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(除另有所指外，以人民幣呈列)

28. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the then sole shareholder of the Company on 8 September 2007, the Company adopted a share option scheme (the “Scheme”) for the purpose of enabling the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The Scheme will remain in force for a period of 10 years from adoption of such scheme and will expire on 7 September 2017.

Under the Scheme, the Board may at their discretion grant options to:

- (a) any employee (whether full-time or part-time, including any executive Director but excluding any non-executive Director) of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest (“Invested Entity”) (“Eligible Employee”);
- (b) any non-executive Directors (including independent non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

28. 購股權計劃

根據本公司當時唯一股東於二零零七年九月八日通過的一項普通決議案，本公司採納一項購股權計劃（「計劃」），以使本集團能就僱員、董事及其他經挑選的參與者對本集團作出的貢獻作出回饋。計劃於採納計劃日期起計十年內一直生效，並將於二零一七年九月七日屆滿。

根據計劃，董事會可酌情授出購股權予下列人士：

- (a) 本公司、其任何附屬公司或本集團持有股本權益之任何實體（「注資實體」）之任何僱員（不論全職或兼職並包括執行董事但不包括任何非執行董事）（「合資格僱員」）；
- (b) 本公司、其任何附屬公司或任何注資實體之任何非執行董事（包括獨立非執行董事）；
- (c) 向本集團任何成員公司或任何注資實體提供貨品或服務之任何供貨商；
- (d) 本集團或任何注資實體之任何客戶；
- (e) 向本集團或任何注資實體提供研究、開發或其他技術支持之任何人士或實體；

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28. SHARE OPTION SCHEME (Continued)

- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and
- (h) any other Group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group.

For the purposes of the Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

28. 購股權計劃(續)

- (f) 本集團任何成員公司或任何注資實體之任何股東或本集團任何成員公司或任何注資實體已發行之任何證券之持有人；
- (g) 本集團或任何注資實體之任何業務範圍或業務發展之顧問(專業或其他類型)或諮詢人；及
- (h) 曾經或可能藉合資經營、業務聯盟或其他業務安排而對本集團的增長作出貢獻的任何其他組別或類別參與者。

就計劃而言，購股權可批授予屬於上述任何參與者類別之一位或多位人士全資擁有之任何公司。

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28. SHARE OPTION SCHEME (Continued)

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option, upon payment of a nominal consideration of HK\$1 per option. The maximum number of the Company's shares ("Share(s)") in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of listing (exclusive of shares issued upon the exercise of the over-allotment option). The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the shareholders' approval of the refreshed limit in general meeting. However, the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 30% of Shares in issue from time to time. The maximum number of Shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of Shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules. Options granted to substantial shareholders or independent non-executive Directors representing in aggregate over 0.1% of Shares in issue, and in excess of HK\$5 million must be approved in advance by the shareholders of the Company.

Options may be exercised at any time from the date of grant of the options to the tenth anniversary of the date of grant, subject to the provisions for early termination thereof.

購股權計劃(續)

參與者可於授出購股權要約日期起計21日內，於繳納每份購股權象徵式代價1港元後接納購股權。根據計劃可能授出的購股權所涉及的本公司股份(「股份」)最高數目，將不得超過於本公司上市當日已發行股本的10%(不包括因行使超額配股權而發行之股份)。該上限可於任何時間予以更新，但新上限合共不得超過股東在股東大會上批准更新上限當日本公司已發行股本的10%。然而，於行使所有根據計劃以及本公司任何其他計劃授出但尚未行使的購股權而予發行的股份總數，合共不得超過不時已發行股份的30%。於任何十二個月期間向任何人士所授出的購股權所涉及的股份最高數目，不得超過該十二個月期間最後一日已發行股份的1%，除非獲本公司股東根據上市規則作出批准。向主要股東或獨立非執行董事授出的購股權，倘合共超過已發行股份的0.1%或超過5,000,000港元，則必須獲本公司股東事先批准。

購股權可於授出購股權當日至授出日期十周年屆滿期間行使，惟可根據有關提前終止的條款予以終止。

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28. SHARE OPTION SCHEME (Continued)

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised. The exercise price is determined by the Directors, and will not be less than the highest of (i) the average closing price of Shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

No option has been granted by the Company under the Scheme since its date of adoption.

29. ULTIMATE CONTROLLING COMPANY

The directors consider the ultimate controlling company of the Company as at 31 December 2009 to be Boom Instant Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

28. 購股權計劃(續)

除董事另有訂明以及於向承授人授出購股權的要約所列明者外，根據計劃，於行使購股權前，該購股權概無持有的最低期限作出限制。行使價由董事釐訂，並將不少於下列者的最高者：(i)於授出要約日期(必須為營業日)聯交所每日報表所列的股份平均收市價；(ii)緊接授出要約日期前五個交易日聯交所每日報表所列的股份平均收市價；及(iii)股份面值。

本公司自採納計劃當日起並未根據計劃授出購股權。

29. 最終控股公司

董事認為於二零零九年十二月三十一日本公司的最終控股公司為於英屬處女群島註冊成立的Boom Instant Limited。該實體並未編製供公眾查閱的財務報表。

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30. ACCOUNTING JUDGEMENTS AND ESTIMATES

Key sources of estimation uncertainty are as follows:

(a) Impairment

If circumstances indicate that the carrying value of an asset may not be recoverable, the asset may be considered “impaired” and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed at least annually in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volumes, sales revenue and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volumes, sales revenue and the amount of operating costs.

30. 主要會計估計及判斷

估算不明朗因素的主要來源如下：

(a) 減值

倘情況顯示資產的賬面值可能無法收回時，該資產會被視為「減值」而在損益表內確認減值虧損。該等資產的賬面值最少每年被檢討以評估可收回金額是否已跌至低於賬面值。當有事件或變動顯示該等資產的記錄賬面值可能無法收回時，該等資產會作減值測試。在發生減值時，賬面值會減至可收回金額。

可收回金額為公平值減銷售成本或使用價值之較高者。在釐定使用價值時，該資產產生的預期現金流量會被折現至其現值，而此需要就銷量、銷售收益及營運成本金額作重大判斷。本集團利用所有現有數據釐定可收回金額的合理概約金額，包括基於銷量、銷售收益及營運成本金額的合理及有依據的假設及預測而作出的估計。

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30. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(b) Write-down of inventories

The Group determines the write-down for obsolescence of inventories. These estimates are made with reference to aged inventories analyses, projections of expected future saleability of goods and management experience and judgement. Based on this review, a write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in market conditions, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

(c) Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the relevant assets, after taking into account the estimated residual value, if any. The Group reviews the estimated useful lives of the assets annually in order to determine the amount of depreciation expenses to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

30. 主要會計估計及判斷(續)

(b) 存貨撇減

本集團會釐定陳舊存貨的撇減。此等估計乃參考存貨賬齡分析、預期未來貨品的銷售情況及管理層的經驗及判斷而作出。根據此審閱，倘存貨的賬面值跌至低於其估計可變現淨值，則本集團會撇減存貨的價值。鑒於市況可能發生變動，實際貨品銷售的情況可能與估計有所不同，而此估計的差異可能影響損益。

(c) 折舊

物業、廠房及設備經考慮其估計剩餘價值後，按估計可使用年期以直線法計提折舊。本集團每年檢討資產的估計可使用年期以釐定於報告期間所記錄的折舊費用金額。可使用年期乃根據本集團對類似資產的過往經驗及考慮到預期技術變動後計算。倘過往估計出現重大變動，未來期間的折舊費用會予以調整。

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30. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(d) Income tax

Judgement is required in determining the provision for income taxes. There are transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. Additional provision is made in the consolidated financial statements to cover the expected outcome of the ultimate tax determination to the extent that outcomes are likely and reliable estimates can be made. However, the final outcomes are subject to uncertainties and resulting liabilities may exceed provisions.

31. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2009

Up to the date of issue of these consolidated financial statements, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2009 and have not been adopted in these consolidated financial statements.

30. 主要會計估計及判斷(續)

(d) 所得稅

於釐訂所得稅撥備時須作出判斷。於日常業務過程中會有釐訂最終稅項屬不明朗的交易及計算。在綜合財務報表中已作出額外撥備，以涵蓋可能出現的後果以及可作出合理的估計而釐訂的預期最終稅項後果。然而，最終後果涉及不明朗因素，而所產生的負債可能超逾撥備。

31. 截至二零零九年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋可能產生的影響

截至本綜合財務報表刊發日期，國際會計準則委員會已頒佈下列在截至二零零九年十二月三十一日止年度尚未生效且本綜合財務報表並未採納的修訂、新準則及詮釋。

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31. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

31. 截至二零零九年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋可能產生的影響(續)

		Effective for accounting periods beginning on or after 自下列日期起或 之後開始的會計 期間生效
IFRS 3 (Revised), <i>Business combinations</i>	國際財務報告準則第3號 (經修訂)，企業合併	1 July 2009 二零零九年七月一日
Amendments to IAS 27, <i>Consolidated and separate financial statements</i>	國際會計準則第27號 (修訂本)，合併財務 報表和單獨財務報表	1 July 2009 二零零九年七月一日
Amendments to IAS 39, <i>Financial instruments: Recognition and measurement – Eligible hedged items</i>	國際會計準則第39號， 金融工具：確認和計量 — 合資格的套期項目	1 July 2009 二零零九年七月一日
IFRIC 17, <i>Distributions of non-cash assets to owners</i>	國際財務報告詮釋委員會 詮釋第17號，分配給 所有者的非現金資產	1 July 2009 二零零九年七月一日
Improvements to IFRSs 2009	二零零九年國際財務報告 準則之改進	1 July 2009 or 1 January 2010 二零零九年七月一日 或二零一零年一月一日

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31. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2009 *(Continued)*

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's or the Company's results of operations and financial position.

31. 截至二零零九年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋可能產生的影響 (續)

本集團正就應用該等修訂、新準則及新詮釋對初步應用期間的影響作出評估。本集團就目前情況得出的結論是，應用上述修訂、新準則及新詮釋不太可能對本集團或本公司的經營業績及財務狀況構成重大影響。

FIVE-YEAR FINANCIAL SUMMARY

五年財務摘要

		As at or for the year ended 31 December 於十二月三十一日或截至該日止年度				
		2005 二零零五年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
CONSOLIDATED INCOME STATEMENTS 綜合損益表						
Turnover	營業額	696,425	950,844	1,125,524	1,496,360	1,530,321
Cost of sales	銷售成本	(563,115)	(766,727)	(842,055)	(1,090,844)	(1,105,517)
Gross profit	毛利	133,310	184,117	283,469	405,516	424,804
Other revenue	其他收益	662	726	121,952	41,503	4,371
Other net loss	其他虧損淨額	—	—	(627)	(2,441)	(62)
Selling expenses	銷售開支	(7,008)	(9,597)	(9,459)	(15,896)	(19,233)
Administrative expenses	行政開支	(9,377)	(11,929)	(23,698)	(32,001)	(34,018)
Profit from operations	經營溢利	117,587	163,317	371,637	396,681	375,862
Finance costs	融資成本	(13,793)	(20,625)	(21,065)	(13,320)	(4,168)
Profit before taxation	除稅前溢利	103,794	142,692	350,572	383,361	371,694
Income tax	所得稅	(35,460)	(48,755)	—	—	(47,607)
Profit for the year	年度溢利	68,334	93,937	350,572	383,361	324,087
CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表						
Non-current assets 非流動資產						
Property, plant and equipment	物業、廠房及設備	268,228	499,776	461,021	561,146	1,365,520
Construction in progress	在建工程	132,411	16,000	167,098	316,060	296,911
Lease prepayments	租賃預付款項	—	—	11,255	15,150	14,809
Prepayment for the acquisition of plant and equipment	購買廠房及設備預付款項	—	—	—	110,880	60,780
		400,639	515,776	639,374	1,003,236	1,738,020
Current assets 流動資產						
Trading securities	交易證券	—	—	—	64,753	—
Inventories	存貨	38,365	50,989	35,487	43,622	37,334
Trade and other receivables	應收貿易賬款及其他應收款項	64,257	81,785	50,903	38,844	72,407
Amounts due from directors	應收董事款項	47	15	—	—	—
Amounts due from related parties	應收關連方款項	—	183	—	—	—
Cash and cash equivalents	現金及現金等價物	65,568	67,265	1,792,158	1,539,373	682,764
		168,237	200,237	1,878,548	1,686,592	792,505
Current liabilities 流動負債						
Bank loans	銀行貸款	250,200	332,000	30,000	124,000	—
Trade and other payables	應付貿易賬款及其他應付款項	111,885	79,013	229,404	320,753	58,000
Amounts due to directors	應付董事款項	—	194,491	—	—	—
Current taxation	即期稅項	17,549	21,671	9,868	9,868	20,216
		379,634	627,175	269,272	454,621	78,216
Net current (liabilities)/assets	流動(負債)/資產淨值	(211,397)	(426,938)	1,609,276	1,231,971	714,289
Total assets less current liabilities	資產總值減流動負債	189,242	88,838	2,248,650	2,235,207	2,452,309
Non-current liabilities 非流動負債						
Bank loans	銀行貸款	—	—	207,000	—	—
NET ASSETS	資產淨值	189,242	88,838	2,041,650	2,235,207	2,452,309
Capital and reserves 資本及儲備						
Share capital	股本	30,000	102	101,359	100,258	100,258
Reserves	儲備	159,242	88,736	1,940,291	2,134,949	2,352,051
TOTAL EQUITY	權益總值	189,242	88,838	2,041,650	2,235,207	2,452,309
Earnings per share – Basic (RMB cents)	每股盈利 – 基本(人民幣分)	9	13	42	37	31

KEY FINANCIAL RATIOS

主要財務比率

		As at or for the year ended 31 December 於十二月三十一日或截至該日止年度					
		Note 附註	2005 二零零五年	2006 二零零六年	2007 二零零七年	2008 二零零八年	2009 二零零九年
Profitability ratios	盈利能力比率						
Gross profit margin	毛利率	1	19.1%	19.4%	25.2%	27.1%	27.8%
Net profit margin	淨溢利率	2	9.8%	9.9%	31.1%	25.6%	21.2%
Return on assets	資產回報率	3	12.0%	13.1%	13.9%	14.3%	12.8%
Return on equity	權益回報率	4	36.1%	105.7%	17.2%	17.2%	13.2%
Liquidity ratios	流動資金比率						
Current ratio	流動比率	5	0.4	0.3	7.0	3.7	10.1
Quick ratio	速動比率	6	0.3	0.2	6.8	3.6	9.7
Gearing ratio	資產負債比率	7	44.0%	46.4%	9.4%	4.6%	0.0%
Inventory turnover days	存貨週轉天數	8	30	30	20	18	16
Debtors' turnover days	應收賬款週轉天數	9	34	31	16	9	7
Creditors' turnover days	應付賬款週轉天數	10	24	31	35	37	20

Notes:

附註:

- Gross profit margin is calculated based on the gross profit divided by turnover and multiplied by 100%.
 - Net profit margin is calculated based on the profit for the year divided by turnover and multiplied by 100%.
 - Return on assets is calculated based on the profit for the year divided by the total assets at the end of the year and multiplied by 100%.
 - Return on equity is calculated based on the profit for the year divided by capital and reserves at the end the year and multiplied by 100%.
 - Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year.
 - Quick ratio is calculated based on the difference between the total current assets and the inventories divided by the total current liabilities at the end of the year.
 - Gearing ratio is calculated based on the total bank borrowings divided by total assets and multiplied 100%.
- 毛利率以毛利除以營業額乘以100%計算。
 - 淨溢利率以本年度溢利除以營業額乘以100%計算。
 - 資產回報率以本年度溢利除以年末資產總值乘以100%計算。
 - 權益回報率以本年度溢利除以年末資本及儲備乘以100%計算。
 - 流動比率以流動資產總值除以年末流動負債總值計算。
 - 速動比率以流動資產總值與存貨的差額除以年末流動負債總值計算。
 - 資產負債比率以銀行借貸總額除以資產總值乘以100%計算。

FIVE-YEAR FINANCIAL SUMMARY

五年財務摘要

KEY FINANCIAL RATIOS (Continued)

主要財務比率(續)

Notes: (Continued)

8. Inventory turnover days is calculated based on the inventory at the end of the year divided by the total purchases during the year and multiplied by the number of days during the year.
9. Debtors' turnover days is calculated based on trade receivables at the end of the year divided by turnover during the year and multiplied by the number of days during the year.
10. Creditors' turnover days is calculated based on trade payables at the end of the year divided by the total purchases during the year and multiplied by the number of days during the year.

附註：(續)

8. 存貨週轉天數以年末存貨除以本年度採購總額乘以本年度內天數計算。
9. 應收賬款週轉天數以年末應收貿易賬款除以本年度營業額乘以本年度內天數計算。
10. 應付賬款週轉天數以年末應付貿易賬款除以本年度採購總額乘以本年度內天數計算。





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