



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)

2010
Annual Report
年報





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 13 highly automated paper Production lines nos. 1 to 13 in Zouping County, Binzhou City, Shandong Province, the PRC with an aggregate designed annual production capacity of approximately 380,000 tonnes.

We have an experienced sales and marketing team serving 6 designated sales regions in the PRC and have over 130 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。本集團為中國最大之裝飾原紙製造商，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 種不同規格之裝飾原紙產品，以迎合各類型工業及客戶之需求。本集團之裝飾原紙產品為中介產品，一般用作粉飾人造板之裝飾表層，裝飾原紙為一種裝飾物料，廣泛應用於樓宇及運輸工具之內部裝飾、加工產品(如強化木地板)、傢俬及綜合辦公室和家居用品。本集團之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 13 號 13 條高度自動化紙張生產線，其總設計年產能約為 380,000 噸。

本集團擁有一支經驗豐富之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 130 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

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

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

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

CORPORATE INFORMATION

公司資料

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
Shandong Zouping Rural Commercial Bank,
Changshan 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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

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

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
山東鄒平農村商業銀行，長山支行

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

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

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

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

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

CORPORATE INFORMATION

公司資料

STOCK CODE

The Stock Exchange of Hong Kong Limited: 3868

WEBSITES

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

INVESTOR AND MEDIA RELATIONS CONSULTANT

iPR Ogilvy Ltd.

2011 FINANCIAL CALENDAR

Announcement of 2010 Annual Results:
30 March 2011

2011 Annual General Meeting:
18 May 2011

Announcement of 2011 Interim Results:
August 2011 (*tentative date*)

2010 Final Dividend and Special Dividend

Final Dividend : HK8.633 cents (in scrip form with a
Per Share cash option)

Special Cash : HK3 cents
Dividend
Per Share

Period of Book : 12 May 2011 to 18 May 2011
Closure (both days inclusive)

Dividend Payment : 16 June 2011
Date

股份代號

香港聯合交易所有限公司：3868

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

二零一一年財務日誌

二零一零年全年業績公佈：

二零一一年三月三十日

二零一一年股東週年大會：

二零一一年五月十八日

二零一一年中期業績公佈：

二零一一年八月(暫定日期)

二零一零年末期股息及特別股息

每股末期股息 : 8.633 港仙(採用以股代息方
式，惟可選擇收取現金)

每股特別現金 : 3 港仙
股息

截止過戶時間 : 二零一一年五月十二日
至二零一一年五月十八日
(包括首尾兩日)

派發股息日期 : 二零一一年六月十六日

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之涵義
“Articles of Association” 「組織章程細則」	指	the articles of association of the Company (as amended from time to 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 所載之《企業管治常規守則》
“Code Provision(s)” 「守則條文」	指	the code provision(s) under the CG Code 載於企業管治守則之守則條文
“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之有限公司，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之涵義
“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

DEFINITIONS

釋義

“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 所載之《上市公司董事進行證券交易之標準守則》
“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之紙張
“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之招股章程
“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之《證券買賣守則》(經不時修訂)，其條款不較標準守則寬鬆
“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，一間於中國成立之有限公司，並為本公司之全資附屬公司
“sq.m.” 「平方米」	指	square metre 平方米

DEFINITIONS

釋義

“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之涵義
“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

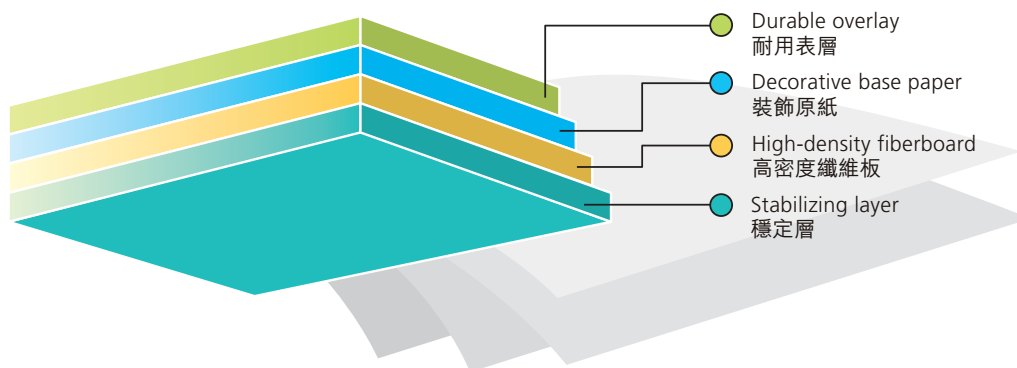
* *for identification purpose only*
僅供識別

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 由多層互相重疊之木製或合成物料及裝飾原紙組成之木板產品，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之紙張</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之紙張，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

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	Change 變動
Operating Results	經營業績			
Turnover	營業額	2,058,916	1,530,321	+34.5%
Profit from operations	經營溢利	455,973	375,862	+21.3%
Profit before taxation	除稅前溢利	455,973	371,694	+22.7%
Profit attributable to equity shareholders	權益股東應佔溢利	397,506	324,087	+22.7%
Per Share Data	每股數據			
Basic earnings per share (RMB cents)	每股基本盈利 (人民幣分)	38	31	+22.6%
Dividend per share (HK cents)	每股股息 (港仙)	11.633	10.680	+8.9%
— Final dividend	— 末期股息	8.633	7.403	
— Interim dividend	— 中期股息	—	3.277	
— Special Cash dividend	— 特別現金股息	3.000	—	
Financial Position	財務狀況			
Total assets	資產總值	2,957,192	2,530,525	+16.7%
Cash and cash equivalents	現金及現金等價物	447,763	682,764	-34.4%
Total liabilities	負債總值	109,748	78,216	+40.3%
Total equity	權益總值	2,847,444	2,452,309	+16.1%
Financial Ratios	財務比率			
Gross profit margin	毛利率	25.2%	27.8%	-2.6 pts 百分點
Net profit margin	淨溢利率	19.3%	21.2%	-1.9 pts 百分點
Return on assets	資產回報率	13.4%	12.8%	+0.6 pts 百分點
Return on equity	權益回報率	14.0%	13.2%	+0.8 pts 百分點
Current ratio	流動比率	5.5	10.1	-4.6 times 倍
Quick ratio	速動比率	5.1	9.7	-4.6 times 倍
Gearing ratio	資產負債比率	0%	0%	Nil 無

CHAIRMAN'S STATEMENT

主席報告書



Dr. ZHU Yu Guo
朱玉國博士
Chairman 主席

Dear Shareholders,

On behalf of the Board of QX Paper, I am pleased to present to you the annual results of QX Group for the year ended 31 December 2010.

BUSINESS REVIEW

Thanks to the collective efforts of governments around the world to tackle the financial crisis, the global economy has been making a notable recovery. Nonetheless, with the sovereign debt crisis in Europe still lingering, and commodity and property prices driven up by the second round of US\$600 billion quantitative easing launched by the US government, the risk of inflation has gradually heightened in Asia. In 2010, the Chinese government launched a multitude of measures in a bid to cool down the property market, the stock market and the capital asset market. These measures successfully enabled China to dodge the debt crisis in Europe, avoid sliding into double-dip recession and ward off the inflow of hot money. According to the National Bureau of Statistics, China's gross domestic product ("GDP") reached RMB39.8 trillion in 2010, up 10.3% from 2009 and outpacing the 9.2% growth rate recorded in 2009. All these reflected the steady economic growth, sustained rising living standard and accelerating urbanisation in China for the past year.

尊敬的各位股東：

本人謹代表群星紙業的董事會，欣然向各位股東呈報群星集團截至二零一零年十二月三十一日止年度的全年業績。

業務回顧

在各國政府努力克服金融危機下，全球經濟已顯著復蘇。歐債危機陰霾不散，美國推出第二輪涉及6,000億美元之量化寬鬆貨幣政策，推高商品及物業價格，亞洲區內通脹風險逐步升溫。中央政府於二零一零年推出多項政策，為樓市、股市及資本資產市場降溫，並成功讓中國經濟避過歐債危機、雙底衰退及熱錢流竄之危機。根據國家統計局之資料顯示，二零一零年中國之國內生產總值達人民幣39.8萬億元，較二零零九年增長10.3%，增速高於二零零九年之9.2%，反映中國經濟去年平穩增長，人民生活水平持續提升，城市化步伐不斷加快。

Although the central government continued to step up efforts to curb the overheating of the mainland property market, the adjustment in sales volume was only temporary and the market remains active on the whole, indicating the demand-driven nature of the PRC property market, particularly in second- and third-tier cities where huge demand was seen. The Group delivered an excellent performance marked by continuous growth momentum, thanks to accelerating urbanisation in second- and third-tier cities, the construction of social security housing, rising demand for housing decoration materials and our strategy to boost sales of high-end products in accordance with market demand.

For the year ended 31 December 2010, the Group recorded a turnover of RMB2,058,916,000, up 34.5% year-on-year. Profits for the year reached RMB397,506,000, representing a 22.7% increase from the same period last year. Earnings per share were RMB38 cents (2009: RMB31 cents).

STRONG SALES GROWTH

During the year, both the selling price and sales volume of the Group's products increased. Average product price of decorative base paper products was up 6.3% year-on-year, mainly due to a surge in the cost of raw materials that led to adjustments to product prices. The total sales volume for decorative base paper products also went up by 31.4%, indicating an improvement in the production capacity as well as market demand for premium decorative base paper. Production lines nos. 12 and 13 were launched in the October of 2010 and the effects of their economies of scale have not been reflected. As a result, the Group's gross profit margin for the year dropped from 27.8% in 2009 to 25.2%, which was still at a healthy level.

縱使中央政府調控樓市過熱之力度持續升級，內地樓市之交易量只出現短暫性之調整，然而中國樓市整體仍然保持活躍，反映國內房地產行業仍然以實際住房需求推動，尤其是二、三線城市對房屋需求更為殷切。受惠於二、三線城市城市化進程持續提速，保障房陸續興建，增加對房屋裝修物料之需求，加上本集團因應市場消費喜好增加高檔產品之銷售比例，令本集團之整體業務表現優秀，維持增長之勢頭。

截至二零一零年十二月三十一日止年度，本集團之營業額為人民幣2,058,916,000元，按年增長34.5%。年度溢利達到人民幣397,506,000元，較去年同期增加22.7%。每股盈利為人民幣38分(二零零九年：人民幣31分)。

銷售增長強勁

年內，本集團產品銷售價量齊升，裝飾原紙產品之產品平均售價按年上升6.3%，主要因應原材料成本上升而調節產品售價；裝飾原紙產品之總銷售量亦增長31.4%，反映產能之提升以及市場對高檔裝飾原紙需求提高。由於第12及第13號生產線於二零一零年十月剛落成投產，未及在期內發揮其規模效益，故去年全年，本集團之毛利率由二零零九年之27.8%下調至25.2%，但仍然處於健康之水平。

CHAIRMAN'S STATEMENT

主席報告書

EXPANSION OF PRODUCTION CAPACITY

The Group's construction of Production lines nos. 12 and 13 were completed smoothly in August 2010 and commenced commercial production in October 2010. Each production line has an annual production capacity of approximately 30,000 tonnes, pushing up the Group's aggregate designed annual production capacity to about 380,000 tonnes, comprising approximately 330,000 tonnes of decorative base paper products and approximately 50,000 tonnes of printing paper product.

The Group launched the reconstruction of Production lines nos. 1 and 2 in September 2010 and completion is scheduled for the fourth quarter of 2011. The expansion of production capacity mainly involves premium decorative base paper products that have a higher profit margin. This will effectively alleviate the pressure on the gross profit margin resulting from the surge in the cost of wood pulp.

SOPHISTICATED DISTRIBUTION CHANNELS

During the period under review, the Group continued to focus on expanding its business in six designated retail sales regions, namely Shandong, Sichuan, Guangdong, Beijing, Jiangsu and Zhejiang. We boast a sophisticated distribution network and our clientele are formed by more than 130 customers spanning across 13 provinces, autonomous regions and municipalities in China.

VERSATILE PRODUCT PORTFOLIO

The Group strives to develop widely applicable and quality decorative base paper. At present, we produce and retail over 80 types of products catering to different markets. Our products are suitable for a broad range of applications from furniture and home and office products to stadiums, community halls, exhibition centres, as well as interior decoration of vehicles and aircraft. QX Group will continue to enhance sales of high-end decorative paper base products to increase its profits.

擴充產能

本集團投資興建之第12及第13號生產線已於二零一零年八月順利竣工，並於二零一零年十月開始商業投產。每條設計年產能約為30,000噸，本集團之年度總設計產能遂增加至約380,000噸，其中約330,000噸為裝飾原紙產品之產能及約50,000噸為印刷用紙產品之產能。

本集團於二零一零年九月重建第1及第2號生產線，預計將於二零一一年第四季竣工。本集團擴充之產能以高毛利之高檔裝飾原紙產品為主，將有效舒緩木漿價格上升對毛利率構成之壓力。

成熟之分銷網絡

回顧期內，本集團已選定於山東、四川、廣東、北京、江蘇及浙江等六個銷售地區拓展業務。本公司坐擁成熟之分銷網絡，並且擁有逾130名客戶，遍佈中國13個省份、自治區及直轄市。

多元化之產品組合

本集團一直致力開發用途廣泛之優質裝飾原紙產品，現時生產及銷售逾80種產品，以迎合不同市場之需要。本集團之產品應用範圍甚廣，由傢俱、家居及辦公室用品以至大型設施如體育館、社區會堂、展覽場館及汽車和飛機等運輸工具之內部裝飾均適用。群星集團將繼續增加高檔裝飾原紙產品之銷售比例，以提高盈利。

CHAIRMAN'S STATEMENT

主席報告書

ENVIRONMENTAL PROTECTION

We are committed to fulfilling our corporate social responsibilities and environmental protection has always been one of our first priorities. The premium wood pulp that we use to produce decorative base paper products causes almost zero environmental pollution during the production process and is in line with the national policies on environmental protection.

The Group is also highly concerned about the impact of its operations on the environment. At present, we have two waste water treatment systems with a total annual processing capacity of approximately 5,350,000 cubic metres. The Group has upgraded and improved one of the systems with an annual processing capacity of approximately 1,700,000 cubic metres in October 2010 to enhance its sewage standard. The other system has an annual processing capacity of approximately 3,650,000 cubic metres. Waste water after treatment is reused for irrigation at the Group's production base in Shandong, the PRC.

OUTLOOK

Under the "12th Five-Year" plan launched by the central government in October 2010, construction of more social security housing has become one of the key policies of the State. It is anticipated that the number of newly constructed social security housing in 2011 will shoot up by 70% compared with 2010, pushing up the market demand for decorative base paper products. In view of the Group's high-end technology in producing decorative base paper products and its solid foundation, the Board believes the Group's business will continue to grow steadily in 2011.

To complement its business growth, the Group made an open offer in January 2011, raising approximately HK\$345 million in total. On 14 January 2011, the Group issued to an independent party unlisted warrants of the Company in an amount of approximately HK\$10 million. Assuming the full exercise of the subscription rights attaching to the warrants by the subscriber, the Company will be able to raise about HK\$609 million. These financing activities will further enhance the Group's financial position and reinforce its ability to capture market opportunities in the decorative paper base industry of China.

環境保護

我們一向致力履行企業社會責任，並十分著重環境保護這一環。集團生產裝飾原紙產品所使用之高級木漿，在生產過程中幾乎完全不會對環境造成污染，完全符合國家之環保政策。

本集團亦十分關注營運對周遭環境造成之影響。本集團現時擁有兩個污水處理系統，每年合共可處理約5,350,000立方米污水。其中一個每年可處理約1,700,000立方米污水。本集團於二零一零年十月對該污水處理系統進行更新及改善工程，以提升其排污標準。另外一個污水處理系統則每年可處理約3,650,000立方米污水。經處理後之污水再用作本集團中國山東生產基地之灌溉系統之水源。

前景

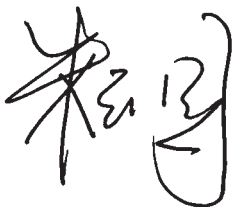
中央政府於二零一零年十月提出「十二五」規劃，其中加建保障房為其主要國策之一，預料二零一一年保障房之新建數目將較二零一零年大增70%，進一步帶動裝飾原紙產品之市場需求。憑藉本集團生產裝飾原紙產品之高端技術及穩固基礎，董事會相信本集團之業務在二零一一年將繼續穩步發展。

為配合本集團之業務發展，本集團於二零一一年一月進行公開發售，成功集資共約3.45億港元。本集團亦於二零一一年一月十四日以約1,000萬港元向一名獨立人士發行非上市認股權證。假設該批認股權證附帶之認購權獲認購人悉數行使，本公司將可額外籌集約6.09億港元。上述集資活動進一步壯大本集團之財政實力，並增強本集團把握中國裝飾原紙業市場機會之能力。

CHAIRMAN'S STATEMENT 主席報告書

We will continue to expand our production capacity and further strengthen our competitiveness by improving and upgrading our production facilities. Parallel to consolidating our leading market position and client base in the mainland market covered by our sales network, we will make an effort to boost the sales and market share of high-end products with a higher gross profit margin and implement rigorous cost-control measures. The QX Group is keeping a lookout for suitable and potentially lucrative acquisition targets in the decorative base paper industry of China and related areas, with a view to generating greater returns for our shareholders in the long run. The Group will make an announcement in accordance with the requirements of the Listing Rules when such opportunities are realised.

本集團將繼續通過改善現有生產設施以擴充產能，進一步提升競爭力。除了鞏固本集團在國內現有銷售地區之市場領導地位及客戶基礎外，本集團還會增加毛利率較佳之高檔次產品之銷售比重及市場份額，並貫徹執行嚴格之成本控制措施。群星集團正積極在中國之裝飾原紙行業及相關領域積極物色合適及具潛力之收購目標，冀能在長遠而言為股東帶來增益。本集團將於有關機會落實時遵照上市規則之規定作出公告。



ZHU Yu Guo 朱玉國

Chairman 主席

Shandong, the PRC, 30 March 2011

中國山東，二零一一年三月三十日

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 2010 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.

Thanks to the collective efforts of governments around the world to tackle the financial crisis, the global economy has been making a notable recovery. 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 34.5% from RMB1,530.3 million for the year ended 31 December 2009 to RMB2,058.9 million for the year ended 31 December 2010. 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. 10 to 11 and nos. 12 to 13 since December 2009 and October 2010, respectively.

During the year under review, our profit before taxation increased by approximately 22.7% from RMB371.7 million for the year ended 31 December 2009 to RMB456.0 million for the year ended 31 December 2010.

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. Our taxation for the years ended 31 December 2009 and 2010 were RMB47.6 million and RMB58.5 million respectively. As a result, our net profit attributable to the shareholders increased by approximately 22.7% from RMB324.1 million for the year ended 31 December 2009 to RMB397.5 million for the year ended 31 December 2010.

The basic earnings per share for the years ended 31 December 2009 and 2010 were RMB31 cents and RMB38 cents, respectively. The increase in the basic earnings per share for the year under review was mainly attributable to the increase in turnover as discussed above.

在閱讀下述討論與分析時，請一併參閱本年報載列之本集團於二零一零年十二月三十一日及截至該日止年度之經審核綜合財務報表及隨附之附註。

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之裝飾原紙製造商。

在各國政府努力克服金融危機下，全球經濟已顯著復蘇，本集團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二零零九年十二月三十一日止年度人民幣1,530,300,000元上升約34.5%至截至二零一零年十二月三十一日止年度人民幣2,058,900,000元。營業額增加主要由於第10至第11號生產線以及第12至第13號生產線分別於二零零九年十二月及二零一零年十月開始商業生產，提高本集團產能所致。

回顧年內，本集團除稅前溢利由截至二零零九年十二月三十一日止年度人民幣371,700,000元上升約22.7%至截至二零一零年十二月三十一日止年度人民幣456,000,000元。

自二零零九年開始，本集團之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。截至二零零九年及二零一零年十二月三十一日止年度，本集團之稅項分別為人民幣47,600,000元及人民幣58,500,000元。因此，本集團股東應佔純利由截至二零零九年十二月三十一日止年度之人民幣324,100,000元上升約22.7%至截至二零一零年十二月三十一日止年度之人民幣397,500,000元。

截至二零零九年及二零一零年十二月三十一日止年度，每股基本盈利分別為人民幣31分及人民幣38分。回顧年內，每股基本盈利增加之主因是上述營業額之影響。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

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.

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.

近年產能之提升

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，本集團之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之生產基地配備高度自動化之生產設施，使本集團得以提供各類型裝飾原紙產品之一站式服務。

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之契機，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噸之第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。

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噸之第8及第9號生產線開始興建。該建設於二零零八年底竣工，並分別於二零零九年三月及二零零九年四月開始商業生產。

於二零零八年九月，本集團展開第10及第11號生產線之建設工程。兩條生產線之設計年產能均為約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開始商業生產。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Production lines nos. 12 and 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. The construction of these production lines was completed in August 2010 and commercial production commenced in October 2010.

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

第12及第13號生產線

於二零零九年八月，本集團展開第12及第13號生產線之建設工程，每條設計年產能均為約30,000噸。此生產線之建設工程於二零一零年八月竣工，並於二零一零年十月開始商業生產。

下表載列所示日期本集團之設計年產能。

		As at 31 December 於十二月三十一日				
(in tonnes)	(單位：噸)	2006 二零零六年	2007 二零零七年	2008 二零零八年	2009 二零零九年	2010 二零一零年
Production line no(s).	生產線編號					
1, 2, 3, 4 (note 1)	1、2、3、4 (附註1)	110,000	110,000	110,000	110,000	110,000
5, 6	5、6	60,000	60,000	60,000	60,000	60,000
7	7	—	30,000	30,000	30,000	30,000
8, 9	8、9	—	—	60,000	60,000	60,000
10, 11	10、11	—	—	—	60,000	60,000
12, 13	12、13	—	—	—	—	60,000
		170,000	200,000	260,000	320,000	380,000

Notes:

- Rebuilding of Production lines no. 1 and 2 commenced in September 2010 and is estimated to be complete by the third quarter of 2011. Upon the completion of rebuilding construction, the aggregate designed annual production capacity of Production lines no. 1 and 2 will be increased by 30,000 tonnes from approximately 30,000 tonnes to approximately 60,000 tonnes.

Subsequent to the commencement of the commercial operation of Production lines nos. 12 and 13 in October 2010, the aggregate designed annual production capacity of our Group as at 31 December 2010 is approximately 380,000 tonnes, representing an increase by approximately 18.8% from approximately 320,000 tonnes as at 31 December 2009.

附註：

- 第1及第2號生產線於二零一零年九月展開重建，估計將於二零一一年第三季竣工。於重建工程完成後，第1及第2號生產線之總設計年產能將由約30,000噸增加30,000噸至約60,000噸。

隨著第12及第13號生產線於二零一零年十月投入商業營運，本集團於二零一零年十二月三十一日之總設計年產能約為380,000噸，較二零零九年十二月三十一日之約320,000噸上升約18.8%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

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 lines nos. 7 to 13 since our listing and the commercial operation of these production lines was commenced since March 2008. Currently, the two old Production lines nos. 1 and 2, with aggregate designed annual production capacity of approximately 30,000 tonnes, are under rebuilding and the rebuilding construction is estimated to complete by third quarter of 2011.

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.

本集團相信，近年產能之上升已進一步鞏固本集團之市場領導地位，提升本集團之市場競爭力。本集團之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13號生產線之建設工程，並自二零零八年三月起展開商業營運。現時，兩條舊有總設計年產能約30,000噸之第1及第2號生產線處於重建階段，估計重建工程於二零一一年第三季竣工。

設備使用率之增加

下表顯示過去數年本集團各生產線之使用率、實際及計劃運作小時之資料。

Production line no. 生產線編號	2006 二零零六年			2007 二零零七年			Year ended 31 December 截至十二月三十一日止年度 2008 二零零八年			2009 二零零九年			2010 二零一零年		
	Actual hours of operation 實際營運小時	Planned hours of operation ⁽¹⁾ 計劃營運小時 ⁽¹⁾	Equipment Utilisation rate ⁽²⁾ 設備使用率 ⁽²⁾	Actual hours of operation 實際營運小時	Planned hours of operation ⁽¹⁾ 計劃營運小時 ⁽¹⁾	Equipment Utilisation rate ⁽²⁾ 設備使用率 ⁽²⁾	Actual hours of operation 實際營運小時	Planned hours of operation ⁽¹⁾ 計劃營運小時 ⁽¹⁾	Equipment Utilisation rate ⁽²⁾ 設備使用率 ⁽²⁾	Actual hours of operation 實際營運小時	Planned hours of operation ⁽¹⁾ 計劃營運小時 ⁽¹⁾	Equipment Utilisation rate ⁽²⁾ 設備使用率 ⁽²⁾	Actual hours of operation 實際營運小時	Planned hours of operation ⁽¹⁾ 計劃營運小時 ⁽¹⁾	Equipment Utilisation rate ⁽²⁾ 設備使用率 ⁽²⁾
1	7,558	7,776	97.2%	7,872	8,040	97.9%	8,023	8,208	97.7%	7,868	8,208	95.9%	1,417 ⁽³⁾	1,560 ⁽³⁾	90.8% ⁽³⁾
2	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%	7,971	8,208	97.1%
3	7,294	7,776	93.8%	7,824	8,040	97.3%	8,003	8,208	97.5%	7,972	8,208	97.1%	7,940	8,208	96.7%
4	7,740	7,776	99.5%	7,872	8,040	97.9%	7,920	8,040	98.5%	7,917	8,040	98.5%	7,921	8,040	98.5%
5	5,033 ⁽⁵⁾	5,832 ⁽⁵⁾	86.3%	7,920	8,040	98.5%	8,097	8,208	98.6%	8,108	8,208	98.8%	8,010	8,208	97.6%
6	5,477 ⁽⁵⁾	5,832 ⁽⁵⁾	93.9%	7,968	8,040	99.1%	8,084	8,208	98.5%	8,091	8,208	98.6%	8,023	8,208	97.7%
7							6,960 ⁽⁵⁾	7,176 ⁽⁵⁾	97.0%	8,091	8,208	98.6%	8,145	8,208	99.2%
8										6,368 ⁽⁶⁾	6,528 ⁽⁶⁾	97.5%	8,059	8,208	98.2%
9										6,007 ⁽⁶⁾	6,168 ⁽⁶⁾	97.4%	8,026	8,208	97.8%
10										443 ⁽⁷⁾	456 ⁽⁷⁾	97.1%	8,018	8,208	97.7%
11										323 ⁽⁷⁾	336 ⁽⁷⁾	96.1%	8,035	8,208	97.9%
12													2,074 ⁽⁸⁾	2,136 ⁽⁸⁾	97.1%
13													1,906 ⁽⁸⁾	1,968 ⁽⁸⁾	96.8%

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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) Commercial operation of Production lines nos. 12 and 13 commenced in October 2010.
- (9) Production line no. 1 suspended operation since four quarter of 2010.
- (10) The average age of the machinery and equipment is approximately 4.0 years.

The production lines normally operate on a continuous basis, subject to temporary stoppages, 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, one to two days each month and an annual maintenance which lasts for about a week. As increases or decreases 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.

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之時間。
- (2) 設備使用率指實際營運小時佔計劃營運小時之百分比。
- (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) 第12及第13號生產線於二零一零年十月開始商業營運。
- (9) 第1號生產線自二零一零年第四季起停止營運。
- (10) 機械及設備之平均年齡約為4.0年。

生產線一般會持續運作，但可能會因清潔機器、調整不同產品規格之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。由於設備使用率之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作出生產安排，以減少因應產品及規格之變動而調整造紙機器所需之停產時間。

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FINANCIAL REVIEW

Turnover

Turnover increased by approximately 34.5% from RMB1,530.3 million for the year ended 31 December 2009 to RMB2,058.9 million for the year ended 31 December 2010. The increase in turnover during the year ended 31 December 2010 was mainly attributable to the combined effects of (i) the increase in overall sales volumes by approximately 21.2% from 146,506 tonnes in 2009 to 177,567 tonnes in 2010, out of which sales volumes of the decorative base paper products increased by approximately 31.4% from 107,667 tonnes for the year ended 31 December 2009 to 141,429 tonnes for the year ended 31 December 2010; and (ii) the increase in the average selling prices of the decorative base paper products and printing paper product by approximately 6.3% from RMB12,142 per tonne in 2009 to RMB12,907 per tonne in 2010 and approximately 12.5% from RMB5,744 per tonne in 2009 to RMB6,460 per tonne in 2010, respectively.

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.

Cost of sales increased by approximately 39.2% from RMB1,105.5 million for the year ended 31 December 2009 to RMB1,539.1 million for the year ended 31 December 2010. 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) an increase in purchasing costs of wood pulp and titanium dioxide powder, our principal raw materials for production during the year ended 31 December 2010 (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. 10 to 11 and 12 to 13 since December 2009 and October 2010, respectively.

財務回顧

營業額

營業額由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元增加約34.5%至截至二零一零年十二月三十一日止年度之人民幣2,058,900,000元。營業額於截至二零一零年十二月三十一日止年度有所增加，主要由於下列因素之綜合影響所致：(i) 整體銷售量由二零零九年之146,506噸增加約21.2%至二零一零年之177,567噸(當中裝飾原紙產品之銷售量由截至二零零九年十二月三十一日止年度之107,667噸增加約31.4%至截至二零一零年十二月三十一日止年度之141,429噸)；及(ii) 裝飾原紙產品及印刷用紙產品之平均售價分別由二零零九年之每噸人民幣12,142元及人民幣5,744元增加約6.3%及約12.5%至二零一零年之每噸人民幣12,907元及人民幣6,460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。

銷售成本由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元增加約39.2%至截至二零一零年十二月三十一日止年度之人民幣1,539,100,000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二零一零年十二月三十一日止年度之採購成本上升(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10至第11號及第12至第13號生產線分別於二零零九年十二月及二零一零年十月起進行商業生產而增加。

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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 2009 and 2010, the purchase of wood pulp amounted to approximately RMB405.9 million and RMB603.0 million, respectively, representing approximately 36.7% and 39.2% of the total cost of sales for the respective years. The increase is due to the combined effect of (i) an increase in usage of wood pulp, in line with the increased sales volume; and (ii) an increase in the average purchase price (value added tax inclusive) of wood pulp by approximately 22.4% from approximately RMB5,104 per tonne in 2009 to RMB6,247 per tonne in 2010.

For each of the two years ended 31 December 2009 and 2010, the purchase of titanium dioxide powder amounted to approximately RMB314.3 million and RMB418.4 million, respectively, representing approximately 28.4% and 27.2% of the total cost of sales for the respective years. The 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) an increase in the average purchase price (value added tax inclusive) of titanium dioxide by approximately 5.5% from approximately RMB12,747 per tonne in 2009 to RMB13,451 per tonne in 2010.

Utilities and steam expenses

During the years ended 31 December 2009 and 2010, our electricity and steam expenses increased by approximately 26.7% from RMB139.4 million in 2009 to RMB176.6 million in 2010, which was mainly due to the increase in production volume as a result of the commercial operation of Production lines nos. 10 to 11 and 12 to 13 since December 2009 and October 2010, respectively. The electricity and steam expenses accounted for approximately 12.6% and 11.5% of the total cost of sales for the respective years.

Depreciation charges

During the years ended 31 December 2009 and 2010, our depreciation charges included in cost of sales increased by approximately 62.5% from RMB91.7 million in 2009 to RMB149.0 million in 2010, mainly due to the commercial operation of Production lines nos. 10 to 11 and 12 to 13 since December 2009 and October 2010, respectively.

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。

截至二零零九年及二零一零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405,900,000元及人民幣603,000,000元，分別佔各年度總銷售成本約36.7%及39.2%。增加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)，由二零零九年每噸約人民幣5,104元上升約22.4%至二零一零年每噸約人民幣6,247元。

截至二零零九年及二零一零年十二月三十一日止兩個年度各年，購買鈦白粉分別耗資約人民幣314,300,000元及人民幣418,400,000元，分別佔各年度總銷售成本約28.4%及27.2%。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)由二零零九年每噸約人民幣12,747元上升約5.5%至二零一零年每噸約人民幣13,451元。

公用事業及蒸汽費用

於截至二零零九年及二零一零年十二月三十一日止年度，電力及蒸汽費用由二零零九年人民幣139,400,000元增加約26.7%至二零一零年人民幣176,600,000元，增加主要由於第10至第11號及第12至第13號生產線分別於二零零九年十二月及二零一零年十月起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12.6%及11.5%。

折舊費用

於截至二零零九年及二零一零年十二月三十一日止年度，計入銷售成本之折舊費用由二零零九年人民幣91,700,000元增加約62.5%至二零一零年人民幣149,000,000元，增加主要是因為第10至第11號及第12至第13號生產線分別於二零零九年十二月及二零一零年十月起進行商業生產所致。

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管理層討論及分析

Gross profit and gross profit margin

The gross profit of our Group increased by approximately 22.4% from RMB424.8 million for the year ended 31 December 2009 to RMB519.8 million for the year ended 31 December 2010, while the gross profit margin decreased from approximately 27.8% for the year ended 31 December 2009 to approximately 25.2% for the year ended 31 December 2010.

The following table sets forth the gross profit margin of each category of the products for the two years ended 31 December 2009 and 2010:

Products	產品	Year ended 31 December	
		截至十二月三十一日止年度 2010 二零一零年	2009 二零零九年
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	33.2%	37.7%
— Premium white decorative base paper	— 高檔無色裝飾原紙產品	24.7%	26.4%
— Ordinary coloured decorative base paper	— 普通有色裝飾原紙產品	25.7%	26.4%
Sub-total	小計	26.5%	29.6%
Printing paper product	印刷用紙產品	15.8%	17.3%

The change in overall gross profit margin of our decorative base paper products in 2010 was mainly attributable to the increased depreciation charges under the commercial operation of Production lines nos. 12 to 13 since October 2010, where the economies of scales have not been reflected while the change in gross profit margin of our printing paper products was mainly attributable to the change in sales mix of printing paper products in 2010.

Other revenue and other net loss

Other revenue, which represented mainly interest income earned from the bank deposits and dividend income from listed securities, decreased by approximately 50.0% from RMB4.4 million for the year ended 31 December 2009 to RMB2.2 million for the year ended 31 December 2010. 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 after the wake of the financial tsunami such that interest income from deposits decreased by approximately 44.0% from RMB4.0 million in 2009 to RMB2.2 million in 2010.

毛利及毛利率

本集團之毛利由截至二零零九年十二月三十一日止年度之人民幣424,800,000元增加約22.4%至截至二零一零年十二月三十一日止年度之人民幣519,800,000元，同時毛利率由截至二零零九年十二月三十一日止年度約27.8%減少至截至二零一零年十二月三十一日止年度約25.2%。

下表載列截至二零零九年及二零一零年十二月三十一日止兩個年度各產品類別之毛利率：

裝飾原紙產品於二零一零年取之整體毛利率變動乃主要由於第12至第13號生產線自二零一零年十月開始進行商業生產所產生之折舊費用增加而又未能反映規模經濟效益所致；而印刷用紙產品之毛利率變動乃主要由於二零一零年之印刷用紙產品銷售組合有所變動所致。

其他收益及其他虧損淨額

其他收益主要指銀行存款所賺取之利息收入及上市證券之股息收入，由截至二零零九年十二月三十一日止年度之人民幣4,400,000元減少約50.0%至截至二零一零年十二月三十一日止年度之人民幣2,200,000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，使存款所得之利息收入由二零零九年人民幣4,000,000元下降約44.0%至二零一零年人民幣2,200,000元。

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In compliance with the financial management and treasury policies, certain investments were made using uncommitted funds. For the year ended 31 December 2009, we recorded a net realised loss on financial assets at fair value through profit or loss of RMB0.1 million whilst no such profit or loss was recorded for the year ended 31 December 2010.

Selling expenses

As at 31 December 2010, our Group had 46 sales and marketing staff and continued to carry 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 37.5% from RMB19.2 million for the year ended 31 December 2009 to RMB26.4 million for the year ended 31 December 2010. As a percentage of turnover, our selling expenses were maintained at approximately 1.3% for the two years ended 31 December 2009 and 2010. 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.

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 15.9% from RMB34.0 million for the year ended 31 December 2009 to RMB39.4 million for the year ended 31 December 2010. The increase was mainly due to the recognition of an impairment loss on property, plant and equipment of RMB4.1 million upon the rebuilding of Production lines nos. 1 and 2 in 2010.

Finance costs

Finance costs consist primarily of interest expenses on the bank borrowings. We recorded interest expenses of RMB4.2 million for the year ended 31 December 2009 while no interest expense was recorded for the year ended 31 December 2010 since the bank borrowings were fully repaid in 2009.

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虧損淨額為人民幣100,000元，而截至二零一零年十二月三十一日止年度並無錄得有關損益。

銷售開支

於二零一零年十二月三十一日，本集團有46名銷售及市場推廣員工，以繼續進行多項宣傳活動，務求於中國六個指定銷售地區尋求新客戶。因此，銷售開支由截至二零零九年十二月三十一日止年度之人民幣19,200,000元上升約37.5%至截至二零一零年十二月三十一日止年度之人民幣26,400,000元。截至二零零九年及二零一零年十二月三十一日止兩個年度，銷售開支佔營業額之百分比維持在約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。

行政開支

行政開支主要包括行政及管理員工之薪金及福利、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。

行政開支由截至二零零九年十二月三十一日止年度之人民幣34,000,000元增加約15.9%至截至二零一零年十二月三十一日止年度之人民幣39,400,000元。增加主要是由於在二零一零年重建第1及第2號生產線後確認物業、廠房及設備之減值虧損人民幣4,100,000元所致。

融資成本

融資成本主要包括銀行借貸之利息支出。本公司於截至二零零九年十二月三十一日止年度錄得利息支出人民幣4,200,000元，而由於本集團於二零零九年已悉數償還銀行借貸，故截至二零一零年十二月三十一日止年度並無錄得利息支出。

MANAGEMENT DISCUSSION AND ANALYSIS

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Income tax

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

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 liable to pay income tax in the PRC for the years ended 31 December 2009 and 2010, and is subject to the PRC income tax rate of 12.5% for the respective years.

No provision has been made for Hong Kong Profits Tax for 2009 and 2010 as the Group did not earn assessable profits subject to Hong Kong Profits Tax for either year.

The effective tax rates of our Group for the years ended 31 December 2009 and 2010 was maintained at 12.8%. The reconciliation between income tax expenses and accounting profit at the applicable tax rates was set out as follows:

所得稅

本集團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。

根據於二零零七年三月十六日通過之中國企業所得稅法之稅務優惠過渡辦法，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。因此截至二零零九年及二零一零年十二月三十一日止年度，本集團需在中國繳納所得稅，而兩個年度均須按 12.5% 之稅率繳納中國所得稅。

鑒於本集團於二零零九年及二零一零年並無賺取須繳納香港利得稅之應課稅溢利，故毋須就有關年度之香港利得稅計提撥備。

本集團截至二零零九年及二零一零年十二月三十一日止年度之實際稅率均維持於 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	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Profit before taxation	除稅前溢利	455,973	371,694
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	114,729	93,706
Tax effect of tax concession period	稅務優惠期間之稅務影響	(58,548)	(49,040)
Tax effect of non-deductible expenses	不可扣減開支之稅務影響	1,857	1,981
Tax effect of non-taxable income	非應課稅收入之稅務影響	(21)	(103)
Under provision in prior year	過往年度撥備不足	450	—
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項虧損之稅務影響	—	1,063
Income tax expenses for the year	年度所得稅開支	58,467	47,607

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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之若干財務比率。

		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		
		Note	2010	2009
		附註	二零一零年	二零零九年
Profitability ratios	盈利能力比率			
Gross profit margin	毛利率	1	25.2%	27.8%
Net profit margin	淨溢利率	2	19.3%	21.2%
Return on assets	資產回報率	3	13.4%	12.8%
Return on equity	權益回報率	4	14.0%	13.2%
Liquidity ratios	流動資金比率			
Current ratio	流動比率	5	5.5	10.1
Quick ratio	速動比率	6	5.1	9.7
Gearing ratio	資產負債比率	7	0%	0%
Inventory turnover days	存貨週轉天數	8	15	16
Debtors' turnover days	應收賬款週轉天數	9	17	7
Creditors' turnover days	應付賬款週轉天數	10	23	20

Notes:

- 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 of 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.

附註：

- 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。
- 流動比率以年末流動資產總值除以年末流動負債總值計算。
- 速動比率以年末流動資產總值與存貨之差額除以年末流動負債總值計算。

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- Gearing ratio is calculated based on the total bank borrowings divided by total assets and multiplied by 100%.
- 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.
- 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.
- 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.
- 資產負債比率以銀行借貸總額除以資產總值乘以100%計算。
- 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。
- 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。
- 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。

Current and quick ratio

The current ratio of the Group decreased from 10.1 as at 31 December 2009 to 5.5 as at 31 December 2010 and the quick ratio of the Group decreased from 9.7 as at 31 December 2009 to 5.1 as at 31 December 2010, respectively, which was mainly due to the combined effect of i) the settlement of construction costs for Production lines nos. 10 to 13; and ii) the partial payment of construction costs for re-building of Production lines nos. 1 and 2 during the year ended 31 December 2010.

Gearing ratio

As at 31 December 2009 and 2010, the Group did not have any outstanding bank borrowings and the gearing ratio was 0.0%.

Return on assets

The return on assets increased from 12.8% for the year ended 31 December 2009 to 13.4% for the year ended 31 December 2010. The increase in return on assets for the year ended 31 December 2009 was mainly attributable to the increase in our turnover arisen from operations (discussed above under the header "Turnover").

Return on equity

The return on equity for the years ended 31 December 2009 and 2010 were approximately 13.2% and 14.0% respectively. The increase in return on equity for the year ended 31 December 2010 was mainly attributable to the increase in turnover arisen from operations.

流動比率及速動比率

本集團之流動比率由二零零九年十二月三十一日之10.1下降至二零一零年十二月三十一日之5.5，而本集團之速動比率由二零零九年十二月三十一日之9.7下降至二零一零年十二月三十一日之5.1，主要由於下列因素之綜合影響所致：i) 支付第10至第13號生產線之建造成本；及ii) 於截至二零一零年十二月三十一日止年度支付重建第1及第2號生產線之部分建造成本。

資產負債比率

於二零零九年及二零一零年十二月三十一日，本集團並無任何未償還銀行借貸，資產負債比率為0.0%。

資產回報率

資產回報率由截至二零零九年十二月三十一日止年度之12.8%上升至截至二零一零年十二月三十一日止年度之13.4%。截至二零一零年十二月三十一日止年度資產回報率增加之主因是業務之營業額增加(見上文「營業額」一節討論)。

權益回報率

截至二零零九年及二零一零年十二月三十一日止兩個年度之權益回報率分別約為13.2%及14.0%。截至二零一零年十二月三十一日止年度權益回報率上升之主因是業務之營業額增加。

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Inventories and the inventory turnover days

Our inventory level increased by approximately 31.1% from approximately RMB37.3 million as at 31 December 2009 to approximately RMB49.0 million as at 31 December 2010. Nonetheless, the inventory turnover days maintained at 16 days and 15 days for the years ended 31 December 2009 and 2010, respectively, which proved that we have effectively implemented our 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.

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 30 days on a rolling basis to the customers, depending on whom our Group has maintained a longer business relationship.

The trade receivables balance increased by approximately 230.5% from approximately RMB29.5 million as at 31 December 2009 to RMB97.5 million as at 31 December 2010. The increase in trade receivables as at 31 December 2010 is mainly attributable to the relaxation of credit periods granted to our customers during 2010 which aimed to maintain the long-term business relationship with our customers and also attract of business opportunities under the expansion of our production capacity.

As such, the debtors' turnover days increased from 7 days for the year ended 31 December 2009 to 17 days for the year ended 31 December 2010.

存貨及存貨週轉天數

本集團之存貨水平由二零零九年十二月三十一日之約人民幣37,300,000元增加約31.1%至二零一零年十二月三十一日之約人民幣49,000,000元。然而，存貨週轉天數於截至二零零九年及二零一零年十二月三十一日止兩年度分別維持於16天及15天，反映我們於過去數年有效實施存貨監控政策及措施。

本集團之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之供應。而針對製成品，本集團之一貫做法是保存最少製成品庫存，以應付客戶突如其來之需求。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，為一個審慎之做法。

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。是否授予客戶除賬期視乎客戶之個別情況，本集團一般給予長期客戶3至30天之除賬期。

應收貿易賬款結餘由二零零九年十二月三十一日約人民幣29,500,000元增加約230.5%至二零一零年十二月三十一日之人民幣97,500,000元。於二零一零年十二月三十一日之應收貿易賬款增加，主要是因為本集團於二零一零年放寬授予客戶之信貸期，以求與客戶維持長期業務關係，並為擴充產能吸引業務機會。

因此，應收賬款週轉天數亦由截至二零零九年十二月三十一日止年度之7天增加截至二零一零年十二月三十一日止年度之17天。

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Trade payables and creditors' turnover days

Our trade payable balance increased by approximately 66.2% from RMB45.5 million as at 31 December 2009 to RMB75.6 million as at 31 December 2010. The credit periods granted by various suppliers generally range from 3 days to 30 days. The creditors' turnover days were 20 and 23 for each of the year ended 31 December 2009 and 2010, 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 purchases based on production plans.

Financial resources

The financial resources of the Group continued to be strong. As at 31 December 2010, shareholders' funds of the Group totalled RMB2,847.4 million, representing an increase of approximately 16.1% from RMB2,452.3 million at 31 December 2009. The Group had cash and cash equivalents of approximately RMB447.8 million as at 31 December 2010 (31 December 2009: RMB682.8 million).

The Group continues to enjoy a stable and strong net cash inflow from operations. During the years ended 31 December 2009 and 2010, the net cash generated from operations was RMB432.0 million and RMB565.3 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 2010, the Group did not have any bank borrowings.

應付貿易賬款及應付賬款週轉天數

本集團之應付貿易賬款結餘由二零零九年十二月三十一日之人民幣45,500,000元上升約66.2%至二零一零年十二月三十一日之人民幣75,600,000元。各供應商給予之餘款期通常介乎3至30天。截至二零零九年及二零一零年十二月三十一日止兩個年度，應付賬款週轉天數分別為20天及23天。為了與各供應商維持良好之關係，本集團會於餘賬期內償付所有結欠供應商之欠款。本集團之原材料採購額與生產需求相符，而本集團按生產計劃進行之採購對應付賬款週轉天數之波動構成影響。

財務資源

本集團之財務資源仍然穩健。於二零一零年十二月三十一日，本集團之股東資金總額為人民幣2,847,400,000元，較於二零零九年十二月三十一日之人民幣2,452,300,000元增加約16.1%。本集團於二零一零年十二月三十一日之現金及現金等價物約為人民幣447,800,000元(二零零九年十二月三十一日：人民幣682,800,000元)。

本集團繼續享有穩定及強勁經營業務現金流入淨額。於截至二零零九年及二零一零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432,000,000元及人民幣565,300,000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。於二零一零年十二月三十一日，本集團並無任何銀行借貸。

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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 2010, the Group recorded aggregate additions to property, plant and equipment and construction in progress and change in prepayments for the acquisition of plant and equipment of approximately RMB725.4 million (2009: RMB939.4 million).

Capital commitments, contingencies and charge on assets

The Group will further invest RMB452.9 million to expand the production capacity and re-engineer and modify the existing production facilities to enhance production efficiency. Such capital commitments will be financed by the internal resources of the Group.

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 2010.

As at 31 December 2009 and 2010, the Group did not have any property, plant and equipment secured for any borrowings.

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報貨幣。因此，年內人民幣兌外幣之波動對本集團之業績並無重大影響。

資本開支

於截至二零一零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變動合共動用約人民幣725,400,000元(二零零九年：人民幣939,400,000元)。

資本承擔、或然項目及資產抵押

本集團將進一步投資人民幣452,900,000元於擴充產能，以及重整及改善現有生產設施以提升生產效率。有關資本承擔將以本集團之內部資源撥付。

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，本集團於二零一零年十二月三十一日並無重大或然負債。

於二零零九年及二零一零年十二月三十一日，本集團並無就任何借貸而抵押任何物業、廠房及設備。

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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 2010, the net proceeds had been applied as follows:

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(相等於約人民幣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。於二零一零年十二月三十一日，所得款項淨額已應用於下列各項：

		Amount utilised up to Planned amount	Balance as at 31 December 2010 直至二零一零年 十二月三十一日	Balance as at 31 December 2010 於二零一零年 十二月三十一日
		計劃金額 RMB'000 人民幣千元	已使用金額 RMB'000 人民幣千元	之結餘 RMB'000 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號生產線之餘款	163,300	163,300	—
Construction of new 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號生產線(附註2)	360,000	360,000	—
Re-engineering and modification of the existing Production lines nos. 1 and 2	重整及改善第1及第2號現有生產線	40,000	40,000	—
		1,283,300	1,283,300	—

Notes:

- 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.

附註：

- 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。

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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 2010, our Group employed approximately 1,500 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.

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，將計劃之第10至第11號生產線之產能提高一倍，由60,000噸提高至120,000噸。超額配股權已於上市日期獲行使，而本集團決定透過建造第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

於二零一零年十二月三十一日，本集團於國內及香港共聘用約1,500名員工。本集團薪酬福利之主要組成部分包括基本薪金、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 55, 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 parttime 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，55歲，為群星集團之聯席創辦人之一。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之董事。彼亦為本公司主要股東 Boom Instant Limited 之董事。彼負責監察及規劃本集團之業務策略。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(現時為本公司之全資附屬公司)註冊成立之前，朱博士一直從事與造紙機器零件製造有關之工作逾10年，在此期間，彼透過研究各類紙產品之特徵，從而於造紙行業累積了豐富之經驗及知識。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之配偶，以及董事會副主席朱墨群先生之父。

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 31, 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.

Mr. SUN Zhen Shui, aged 56, 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.

董事(續)

執行董事(續)

朱墨群先生，31歲，為群星集團之聯席創辦人之一。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之董事。彼亦為本公司主要股東 Boom Instant Limited 之董事。朱先生負責本集團業務之整體管理。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之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之資料。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之兒子。

孫振水先生，56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之財務及行政事務。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之資格。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之主管會計師，彼於財務範疇累積逾20年之經驗。

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

DIRECTORS (CONTINUED)

Non-executive Director

Ms. SUN Rui Fang, aged 55, 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.

Independent Non-executive Directors

Mr. ZHAO Wei, aged 50, 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 vicepresident 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 has accumulated approximately 28 years of experience in the paper making industry.

Mr. WANG Lu, aged 30, 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 7 years of experience in computer engineering.

董事(續)

非執行董事

孫瑞芳女士，55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之董事。彼亦為本公司主要股東 Boom Instant Limited 之董事。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之一般行政工作。孫女士為朱玉國博士之配偶及朱墨群先生之母親。

獨立非執行董事

趙偉先生，50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之會員，並自二零零六年起成為全國造紙工業標準化技術委員會之副主任委員。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之獨立董事。趙先生於造紙業累積約28年之經驗。

王魯先生，30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之講師。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7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. KWONG Kwan Tong, aged 45, 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 a chief financial officer of Verdure International Holding Company Limited. Mr. Kwong has over 20 years of experience in management accounting and financial control.

SENIOR MANAGEMENT

Mr. SUN Shu Guang, aged 57, 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. POON Tsz Hang, aged 33, 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.

Ms. LAM Wai Yee, Sophie, aged 35, 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 a fellow 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.

董事(續)

獨立非執行董事(續)

鄺焜堂先生，45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。

高級管理層

孫曙光先生，57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金融部門主管，負責本集團在中國之金融管理工作。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之經濟機關任職。彼於企業管理方面擁有豐富經驗。

潘子恆先生，33歲，於二零零九年五月獲委任為本公司之財務總監，負責本集團之整體財務管理、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。

林慧怡女士，35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之資深會員。彼於合規及公司秘書等專業範疇擁有逾10年之經驗。

REPORT OF THE DIRECTORS

董事會報告書

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 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries as at 31 December 2010 are set out in note 1 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 2010 are set out in the consolidated income statement.

FINAL DIVIDEND AND SPECIAL DIVIDEND

No interim dividend was declared for the six months ended 30 June 2010 (six months ended 30 June 2009: HK3.277 cents per share).

The Board has resolved to recommend the payment of a final dividend for the year ended 31 December 2010 in scrip form equivalent to HK8.633 cents (2009: HK7.403 cents) per share with a cash option and a special cash dividend of HK3 cents (2009: Nil) per share to shareholders whose names appear on the register of members of the Company on Wednesday, 18 May 2011. Subject to the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares, each of the shareholders will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash. They will be given an option to elect to receive the final dividend cash in lieu of the allotment of shares either in whole or in part. These proposed dividends are subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on Wednesday, 18 May 2011. The dividends will be paid on or about Thursday, 16 June 2011.

Details about the scrip dividend scheme ("Scheme") in relation to the final dividend will be set out in a circular to be despatched to shareholders on or about Monday, 11 April 2011 and the full details of the Scheme will be set out in another circular to be sent to the shareholders together with a form of election on or about Wednesday, 25 May 2011.

董事會欣然提呈群星集團截至二零一零年十二月三十一日止年度之年報連同經審核綜合財務報表。

主要業務

本公司之主要業務為投資控股。本公司之附屬公司於二零一零年十二月三十一日之主要業務載於財務報表附註1。本集團之主要業務性質於年內概無重大變動。

業績

本集團截至二零一零年十二月三十一日止年度之業績載於綜合損益表。

末期股息及特別股息

本公司並無宣派截至二零一零年六月三十日止六個月之中期股息(截至二零零九年六月三十日止六個月：每股3.277港仙)。

董事會議決建議向於二零一一年五月十八日(星期三)名列本公司股東名冊之股東以代息股份形式派付相等於每股8.633港仙(二零零九年：7.403港仙)之截至二零一零年十二月三十一日止年度末期股息(可選擇現金)及特別現金股息每股3港仙(二零零九年：無)。待聯交所上市委員會批准新股份上市及買賣後，各股東將獲配發繳足股份，總市值相等於該股東可選擇以現金收取末期股息之總額，彼等將可選擇收取現金取代全部或部分配發股份。該等建議股息須待本公司股東於將於二零一一年五月十八日(星期三)舉行之應屆股東週年大會上作出批准後，方可作實。股息將於二零一一年六月十六日(星期四)或前後派發。

有關末期股息之以股代息計劃(「該計劃」)之詳情將載於二零一一年四月十一日(星期一)前後寄發予股東之通函內，而該計劃之詳情則載於另一份將於二零一一年五月二十五日(星期三)前後連同選擇表格寄發予股東之通函內。

REPORT OF THE DIRECTORS

董事會報告書

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 12 May 2011 to Wednesday, 18 May 2011, 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, 11 May 2011.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 23 to the financial statements.

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 62 of this annual report and note 23 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2010 are set out in note 14 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2010, 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 RMB1,354.2 million, of which approximately RMB119.3 million and RMB41.4 million have been proposed as a final dividend and special cash dividend for the year respectively.

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.

暫停辦理股份過戶登記

本公司將於二零一一年五月十二日(星期四)至二零一一年五月十八日(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之資格，所有股份過戶文件連同有關股票須於二零一一年五月十一日(星期三)下午四時三十分前送達本公司之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

本公司於年內之股本變動詳情載於財務報表附註23。

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之條文，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

本集團於年內之儲備變動詳情載於本年報第62頁之綜合權益變動表及財務報表附註23。

附屬公司

本公司附屬公司於二零一零年十二月三十一日之詳情載於財務報表附註14。

可供分派儲備

於二零一零年十二月三十一日，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)計算之本公司可供分派儲備約為人民幣1,354,200,000元，其中約人民幣119,300,000元及人民幣41,400,000元已建議作為本年度末期股息及特別現金股息。

物業、廠房及設備

物業、廠房及設備於年內之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, Dr. Zhu Yu Guo, Ms. Sun Rui Fang and Mr. Zhao Wei 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. During the year, their appointments have been renewed for 2 years upon their respective expiry, on substantially the same terms.

The non-executive Director and independent non-executive Directors are appointed for a period of 2 years in accordance with their respective appointment letters.

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.

董事

於年內及截至本年報日期止之在任董事為：

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，朱玉國博士、孫瑞芳女士及趙偉先生將於本公司即將召開之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 條就其獨立性發出之年度確認書，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 年之服務協議。年內，彼等之任期在屆滿後獲續期兩年，條款與先前所訂立之大致相同。

根據非執行董事及獨立非執行董事各自之聘書，彼等之任期為期兩年。

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之股東週年大會上膺選連任之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)而終止之服務合約。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN CONTRACTS

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.

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 2010, the number of issued ordinary shares of the Company was 1,057,594,300; 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

Name of Director 董事名稱	Capacity/Nature of interest 身份／權益性質	Number of ordinary shares held 持有之普通股數目	Approximate percentage of shareholding 股權之概約百分比
Dr. ZHU Yu Guo 朱玉國博士	Interest of controlled corporation 受控制公司權益	716,804,812 (Note) (附註)	67.78%
Ms. SUN Rui Fang 孫瑞芳女士	Interest of spouse 配偶權益	716,804,812 (Note) (附註)	67.78%

董事於合約之權益

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之合約中直接或間接擁有任何重大權益。

董事於競爭業務之權益

董事及彼等各自之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之業務，或於該等業務得到權益。

董事薪酬

董事於年內之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之權益

於二零一零年十二月三十一日，本公司之已發行普通股數目為1,057,594,300股；而董事於本公司及其相聯法團(具證券及期貨條例第XV部之涵義)之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之登記冊內之權益，或根據標準守則須知會本公司及聯交所之權益載列如下：

於本公司股份之好倉

REPORT OF THE DIRECTORS

董事會報告書

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, an 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.

Long position in Shares of Associated Corporations of the Company

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 持有之普通股數目	Approximate percentage of the issued ordinary shares 佔已發行普通股之概約百分比
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%

董事於本公司及其相聯法團股份之權益(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 之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 持有之同一批股份之權益。

根據證券及期貨條例，非執行董事孫瑞芳女士(朱玉國博士之配偶)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之權益」一節所披露之由 Boom Instant Limited 持有之股份相同。

於本公司相聯法團股份之好倉

REPORT OF THE DIRECTORS

董事會報告書

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 2010, 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之權益(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 之 100% 直接股份權益，彼被視為擁有 Be Broad Limited 持有之同一批 Boom Instant Limited 股份之權益。

除上文所披露者外，於二零一零年十二月三十一日，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 部之涵義)之股份、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之登記冊內之權益或淡倉，或根據標準守則須知會本公司及聯交所之權益或淡倉。

董事購買股份或債權證之權利

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之股份或債權證而獲益，而董事或彼等之配偶或未滿 18 歲之子女於年內概無擁有可認購本公司證券之任何權利，亦無行使任何該等權利。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (CONTINUED)

As at 31 December 2010, 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:

董事購買股份或債權證之權利(續)

於二零一零年十二月三十一日，根據證券及期貨條例第336條備存之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)於本公司股份之權益載列如下：

Name of substantial shareholder 主要股東名稱	Number of ordinary shares held 持有之普通股數目	Approximate percentage of the issued ordinary shares 佔已發行普通股之概約百分比
Boom Instant Limited	716,804,812 (Note 1) (附註1)	67.78%
Addinsight Limited	716,804,812 (Note 1) (附註1)	67.78%
The Overlook Partners' Fund L.P.	64,596,219 (Note 2) (附註2)	6.11%

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.

附註：

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

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. 普通合夥人之身份以及 Overlook Investments (BVI) Limited 以 Overlook Investments L.P. 普通合夥人之身份，被視為擁有該等股份之權益。

鑒於 Richard Hurd Lawrence JR. 先生及 Dee Macleod Lawrence 太太擁有 Overlook Investments (BVI) Limited 之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 所持之同一批股份之權益。

REPORT OF THE DIRECTORS

董事會報告書

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES OF THE COMPANY

Save as disclosed above, as at 31 December 2010, 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 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 27 to the financial statements.

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 page 30 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 126 to 128 of this annual report.

RETIREMENT SCHEMES

Particulars of the retirement schemes adopted by the Group during the year are set out in note 2 to the financial statements.

主要股東於本公司股份之權益

除上文所披露者外，於二零一零年十二月三十一日，根據證券及期貨條例第336條本公司須予備存之登記冊所記錄，概無其他人士(董事除外)擁有本公司股份或相關股份之權益或淡倉。

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，按董事會之酌情決定，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。該計劃之主要條款概述於財務報表附註27。

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之用途載於本年報第30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之業績與資產及負債摘要載於本年報第126至128頁。

退休計劃

本集團於年內採納之退休計劃詳情載於財務報表附註2。

REPORT OF THE DIRECTORS

董事會報告書

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:

		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	11.3%	—
Five largest customers in aggregate	五大客戶合計	21.7%	—
The largest supplier	最大供應商	—	23.7%
Five largest suppliers in aggregate	五大供應商合計	—	55.2%

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 2010, 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 2010, or where applicable, up to the date of this annual report, are set out in the Corporate Governance Report on pages 45 to 55 of this annual report.

AUDITORS

KPMG will retire at the forthcoming annual general meeting.

ZHU Yu Guo 朱玉國

Chairman 主席

Shandong, the PRC, 30 March 2011

中國山東，二零一一年三月三十日

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之資料如下：

於年內任何時間，概無董事、彼等各自之聯繫人或任何就董事所知擁有超過5%本公司已發行股本之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之資料及據董事所知，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之公眾持股量。

企業管治常規

截至二零一零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)。本公司在截至二零一零年十二月三十一日止年度或截至本年報日期(如適用)所採納之企業管治常規之所有詳情載於本年報第45至55頁之企業管治報告內。

核數師

畢馬威會計師事務所將於即將召開之股東週年大會上告退。

CORPORATE GOVERNANCE REPORT

企業管治報告

QX Paper is committed to maintaining good 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 2010, 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.

群星紙業矢志維持良好之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之表現，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之企業管治水平，尤其著重獨立性、有效之內部監控、透明度及對股東問責。

截至二零一零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 所載之企業管治守則之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，主席及行政總裁之職務須分開，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之職務。朱博士亦負責監察及策劃本集團之業務策略，並率領及管理董事會。本公司主席與總經理之職責分開。本公司之執行董事、總經理兼董事會副主席朱墨群先生(朱博士之兒子)，負責本集團之整體管理及業務運作，以及執行董事會所制訂之業務策略。董事會認為此管理架構令本集團之領導具一致性，並讓本集團能迅速及有效地執行及落實董事會之決定。董事會將定期檢討此管理架構之成效，以確保該架構切合本集團當時之情況。

CORPORATE GOVERNANCE REPORT

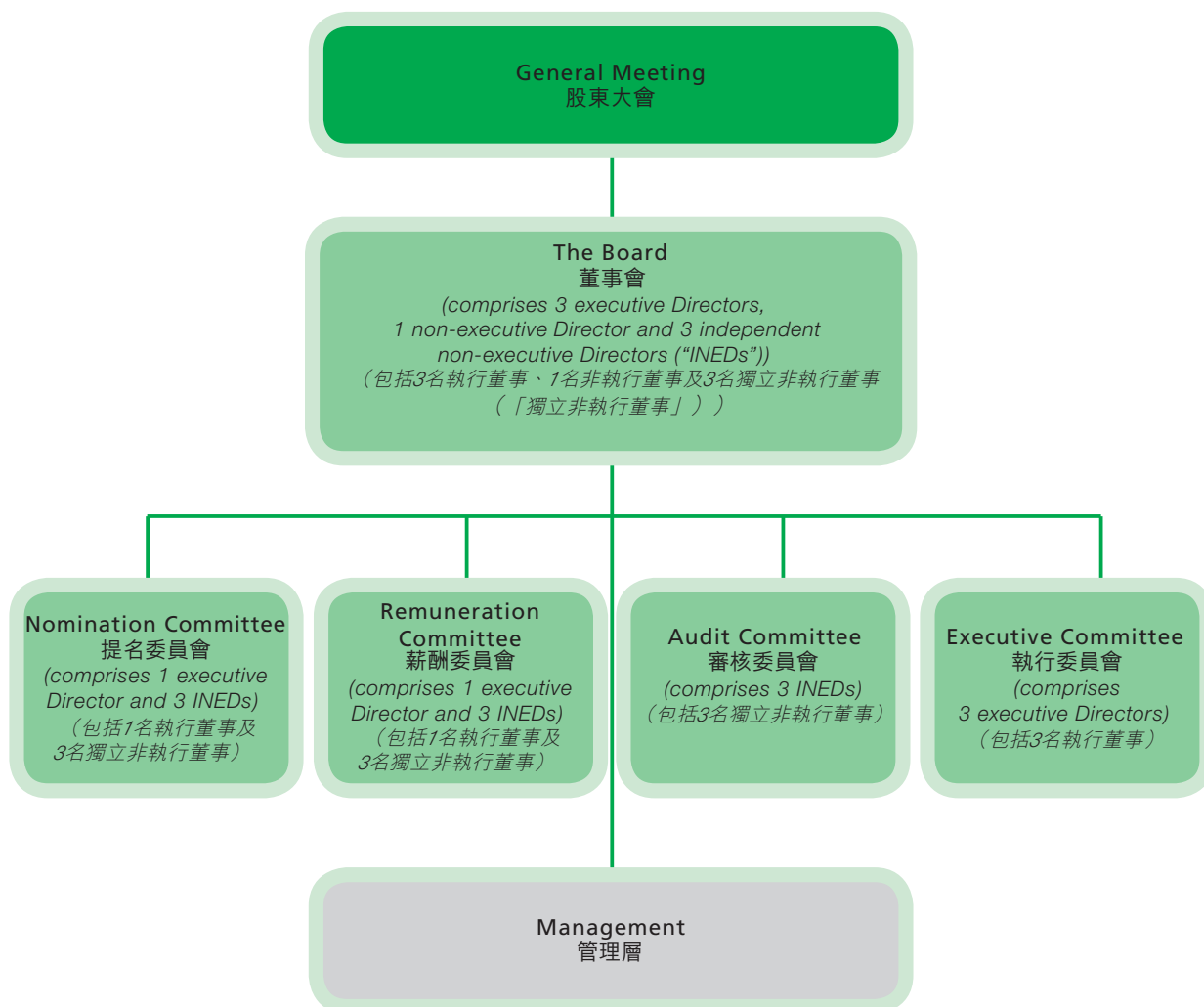
企業管治報告

CORPORATE GOVERNANCE STRUCTURE

企業管治架構

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

本公司現時之企業管治架構如下：



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 2010, or where applicable, up to the date of this annual report.

下文概述本公司於截至二零一零年十二月三十一日止年度(或如適用，直至本年報日期為止)遵照企業管治守則之原則及精神所採納之企業管治常規。

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. 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 32 to 35 of this annual report and the Company's website at 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.

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，例如造紙業之知識及技術知識、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之平衡。董事之履歷及彼等之關係(如有)載於本年報第32至35頁「董事及高級管理層履歷」一節及本公司網站www.qxpaper.com。

董事會之委任

董事會負責製訂本集團之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之利益衝突事項、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，並於本公司之日常管理業務中必需進行之事宜，則授權本公司董事會旗下之執行委員會及高級管理層處理。

CORPORATE GOVERNANCE REPORT

企業管治報告

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.

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 his or her bonus (if any).

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.

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.

董事之委任、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條之規定透過於股東大會上提呈普通決議案以罷免任何董事。

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之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之經驗及其對本集團之貢獻、本集團之表現及盈利，以及當時之市況而釐定。每名執行董事不可就任何有關其花紅金額之董事會決議案投票(如有)。

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之謹慎態度、技能及誠信責任。在所有披露董事姓名之公司通訊內，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之專業人士，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之專業知識及經驗，就本公司之營運及管理向本公司提供意見，並就本公司之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之會議。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之整體利益，並促進本集團之發展。

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。

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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 2010, the Board held a total of 5 meetings (the "Board Meeting(s)") with an attendance rate of 100% to review and approve, among other things, the 2009 annual results and 2010 interim results, connected transaction and strategic business direction of the Group.

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.

本公司已根據上市規則第3.13條之規定收到各獨立非執行董事呈交之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

新委任之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之職務及責任。

所有董事均不時獲簡介及更新法律及法規之最新發展，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之責任。

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之意見，並由本公司負責有關開支。

董事會會議

截至二零一零年十二月三十一日止年度，董事會合共舉行5次會議(「董事會會議」)，出席率為100%，以審議及批准(其中包括)二零零九年全年業績及二零一零年中期業績、關連交易及本集團之策略性業務方向等。

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之事宜作出知情之決定。

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。

本公司之公司秘書(「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之事項。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。

CORPORATE GOVERNANCE REPORT

企業管治報告

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 or her own remuneration.

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 2010.

薪酬政策

本集團之薪酬政策旨在確保本集團所付之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之目標及目的。董事及高級管理人員之薪酬福利是按表現釐定，其中計入本集團之業務績效及當時之市場常例等因素。本集團薪酬福利之主要組成部分包括基本薪金、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之一切決定。

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層之薪酬推薦建議時，會向董事會主席作諮詢。薪酬委員會之詳情載於下文「董事委員會」一節。

董事及重要職員之責任保險

本公司已購買合適之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之潛在責任作出彌償。本公司每年均會檢討董事及本集團高級職員之保險承保範圍。

董事進行證券交易之標準守則

本公司已就董事以及擁有或可能擁有未經公開之股價敏感資料之相關僱員（「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二零一零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之規定標準。

CORPORATE GOVERNANCE REPORT

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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 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, corporate governance and corporate communication of the Group. During the year, the Executive Committee held 1 meeting 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.

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」），以監察本集團之特定事務。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圍。各委員會之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之秘書。各委員會盡可能採納董事會會議就會議之進行、會議通告及會議記錄所作之程序及安排。各委員會之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、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1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之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之概要報告將定期呈交予董事會審閱。

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(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 3 meetings with an attendance rate of 100% to review, inter alia, (a) the financial reporting matters including the review of 2009 annual results and 2010 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").

In view of the various discussions between the auditors of the Company and the Company regarding the issues raised by the auditors in relation to the Group's consolidated financial statements for the year ended 31 December 2010, the Audit Committee of the Company comprised of all the independent non-executive Directors had recently conducted a preliminary investigation into the state of affairs and the internal control system of the Group, and through the gathering of evidence and the conducting of verification so far, the Audit Committee did not discover any significant irregularities in the Group's internal control system and business operations. With a view to addressing the issues raised by the auditors, the Audit Committee will engage an independent professional advisor to conduct a review of the Group's internal control system and to conduct further investigation into the matters raised by the Company's auditors. The Company will keep shareholders informed of the progress by making further announcement as and when appropriate.

(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年之經驗。審核委員會之主要職責為檢討及監督本集團之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之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。審核委員會之全體成員與本集團外聘核數師及管理層之接觸並無受到限制。

審核委員會於年內舉行了3次會議，出席率為100%，以審議(其中包括)(a)財務報告事宜，包括審議本集團二零零九年全年業績及二零一零年中期業績；(b)續聘本集團之外聘核數師；及(c)本公司之內部審核部門(「內部審核部」)之職員配備及資源。

鑒於本公司核數師與本公司對核數師提出有關本集團截至二零一零年十二月三十一日止年度綜合財務報表之問題進行多次討論，成員包括全體獨立非執行董事之本公司審核委員會最近對本集團之事務狀況及內部監控系統進行初步調查，而透過至今搜集之證據及進行之核實，審核委員會並無發現本集團內部監控系統及業務營運存在任何重大不當之處。為應對核數師提出之問題，審核委員會將委聘獨立專業顧問以就本集團之內部監控系統進行檢討，並對本公司核數師提出之事宜再作進一步調查。本公司將於適當時另作公告，以通知股東有關進展。

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(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.

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 2011 annual general meeting of the Company in accordance with the Articles of Association.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Group has 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.

(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。薪酬委員會之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之薪酬。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之薪酬福利。

(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。提名委員會之主要職責為就填補董事會空缺之候選人向董事會作出建議。

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之架構及組成，並根據上市規則之有關規定評估獨立非執行董事之獨立性，以及根據組織章程細則將於本公司二零一一年股東週年大會上輪值退任之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之溝通。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之業務發展，本公司網站www.qxpaper.com為提供本集團業務營運及發展方面之全面及最新資料之有效渠道。本集團公司網站內所載之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。

CORPORATE GOVERNANCE REPORT

企業管治報告

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.

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, analysts and potential investors 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.

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.

本公司股東週年大會為股東提供有效之平台，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之任何提問。

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之意見，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、分析員及潛在投資者溝通，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之資料披露，以及與投資者和股東溝通之效能。

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，就本集團之發展及前景提供全面及均衡之評估，包括但不限於年報及中期報告、任何屬股價敏感之公告及根據上市規則須予披露之財務資料、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之資料。

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之財務／營運數據及資料，從而確保彼等一直完全瞭解本集團之財務及營運狀況。

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之持續經營能力存疑。

CORPORATE GOVERNANCE REPORT

企業管治報告

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 56 to 57 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.

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 2010, 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.

With a view to addressing the issues raised by the auditors in relation to the Group's consolidated financial statements for the year ended 31 December 2010, the Audit Committee will engage an independent professional advisor to conduct a review of the Group's internal control system and to conduct further investigation into the matters raised by the Company's auditors. The Company will keep shareholders informed of the progress by making further announcement as and when appropriate.

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\$1,150,000.

外聘核數師就其有關對本集團財務報表作出財務報告之責任聲明載於本年報第56至57頁之獨立核數師報告內。

內部監控及風險管理

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

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

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之成效，從而確定(a)本集團之主要業務及營運風險已獲識別及處理；及(b)本集團所執行之內部監控乃屬恰當。

上述由內部審核部作出之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之評估及建議，同意本集團在截至二零一零年十二月三十一日止年度已實行足夠之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之重要範疇需要關注。

為應對核數師就本集團截至二零一零年十二月三十一日止年度之綜合財報表所提出之問題，審核委員會將委聘獨立專業顧問以就本集團之內部監控系統進行檢討，並對本公司核數師提出之事宜再作進一步調查。本公司將於適當時另作公告，以通知股東有關進展。

獨立外聘核數師酬金

本公司之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之年度核數費用約為1,150,000港元。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



Independent auditor's report to the shareholders of
Qunxing Paper Holdings Company Limited
(Incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of Qunxing Paper Holdings Company Ltd (the "Company") set out on pages 58 to 125, which comprise the consolidated and company statements of financial position as at 31 December 2010, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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.

Except for the inability to obtain sufficient appropriate audit evidence as explained below, 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 about whether the financial statements are free from material misstatement. Because of the matters described in the basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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58至125頁群星紙業控股有限公司(「貴公司」)之綜合財務報表，此綜合財務報表包括於二零一零年十二月三十一日之綜合及公司財務狀況表與截至該日止年度之綜合收益表、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解釋資料。

董事就財務報表須承擔之責任

貴公司董事須負責根據國際會計準則委員會頒佈之國際財務報告準則及香港公司條例之披露規定編製及真實而公允地列報該等財務報表及落實董事認為編製財務報表所必要之內部控制，以使財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述。

核數師之責任

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

除未能取得足夠適當審核憑證(誠如下文所闡釋)外，我們已根據香港會計師公會頒佈之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重大錯誤陳述。然而，因應拒絕發表意見之基準所述之事宜，我們無法取得足夠適當審核憑證，作為審核意見之基準。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

BASIS FOR DISCLAIMER OF OPINION

When performing our audit procedures and seeking independent corroborative evidence, we identified inconsistencies between the information contained in the Group's accounting records with respect to transactions and balances with certain customers and suppliers and independently obtained information. We also identified discrepancies which indicated that documents contained in the Group's accounting records relating to some of the Group's bank transactions may not be authentic or otherwise reliable. We have not been able to obtain satisfactory explanations from the management of the Group concerning these matters and we were also unable to satisfy ourselves that these instances were isolated occurrences.

This has called into question the reliability of the financial and other information and documents provided by management and undermined our ability to rely on the Group's system of internal control to safeguard the genuineness of accounting records and documentation. Given these circumstances, there were no practicable audit procedures that we could perform to satisfy ourselves that the information and documents presented to us for the purpose of our audit are complete and accurate in all material respects, nor to quantify the extent of adjustments that might be necessary in respect of the Group's financial statements for the year ended 31 December 2010, including the comparative figures for the prior year and opening balances.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and as to whether the financial statements 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

30 March 2011

拒絕發表意見之基準

在我們執行審計程序及尋求獨立審計證據過程中，我們發現 貴集團會計記錄中有關某些客戶和供應商之交易及餘額與我們獨立取得之相關信息存在不一致之情況。我們也注意到一些表明 貴集團有關某些銀行交易之相關會計記錄文件可能存在不真實或者不可靠之不一致信息。就此，我們未能從 貴集團管理層取得滿意之解釋。同時，我們也不能說服自己這些實例是孤立之事件。

這導致我們對由管理層提供之財務與其他信息及文件之可信性產生質疑，同時也使得我們不能依賴於 貴集團之內部控制制度，以保障會計記錄及文件之真實性。在這種情況下，我們無法執行切實可行之審計程序使得我們認為提供給我們審核用之信息及文件在所有重大方面是完整及準確的。我們也無法計量可能須對 貴集團截至二零一零年十二月三十一日止年度之財務報表(包括以過往年度之比較數字及期初餘額)作出之調整程度。

拒絕發表意見

由於拒絕發表意見之基準一段所述事項之重要性，我們未能取得足夠適當審核憑證，以就核數意見提供基礎。因此，我們未能就綜合財務報表是否按照國際財務報告準則真實而公平地反映 貴公司及 貴集團於二零一零年十二月三十一日之財務狀況及 貴集團截至該日止年度之溢利及現金流量以及財務報表是否已按照香港公司條例之披露規定妥為編製發表意見。

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

二零一一年三月三十日

CONSOLIDATED INCOME STATEMENT

綜合收益表

For the year ended 31 December 2010 (Expressed in Renminbi)

截至二零一零年十二月三十一日止年度(以人民幣呈列)

		Note	2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
		附註		
Turnover	營業額	4	2,058,916	1,530,321
Cost of sales	銷售成本		(1,539,131)	(1,105,517)
Gross profit	毛利		519,785	424,804
Other revenue	其他收益	5	2,212	4,371
Other net loss	其他虧損淨額	5	(189)	(62)
Selling expenses	銷售開支		(26,426)	(19,233)
Administrative expenses	行政開支		(39,409)	(34,018)
Profit from operations	經營溢利		455,973	375,862
Finance costs	融資成本	6(a)	—	(4,168)
Profit before taxation	除稅前溢利	6	455,973	371,694
Income tax	所得稅	7(a)	(58,467)	(47,607)
Profit for the year	年度溢利		397,506	324,087
Earnings per share (RMB)	每股盈利(人民幣)	11		
				(restated) (重列)
Basic	基本		38 cents分	31 cents分

The notes on pages 64 to 125 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 23(d).

於第64至125頁之附註構成此等財務報表之一部份。應付本公司權益持有人應佔年度溢利之股息詳情載於附註23(d)。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31 December 2010 (Expressed in Renminbi)
截至二零一零年十二月三十一日止年度(以人民幣呈列)

		2010 二零一零年	2009 二零零九年
	Note 附註	'000 千元	'000 千元
Profit for the year	年度溢利	397,506	324,087
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」)境外業務之財務報表產生之匯兌差額	(2,371)	(153)
Total comprehensive income for the year	年度全面收益總額	395,135	323,934
Attributable to:	應佔：		
Equity shareholders of the Company	本公司權益持有人	395,135	323,934

The notes on pages 64 to 125 form part of these financial statements.

於第64至125頁之附註構成此等財務報表之一部份。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2010 (Expressed in Renminbi)

於二零一零年十二月三十一日(以人民幣呈列)

			2010 二零一零年	2009 二零零九年
		Note 附註	'000 千元	'000 千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	13(a)	2,015,579	1,365,520
Construction in progress	在建工程	15	253,878	296,911
Lease prepayments	租賃預付款項	16	14,468	14,809
Prepayment for the acquisition of plant and equipment	購買廠房及設備之預付款項	13(a)	24,029	60,780
Prepayment for flood prevention expenses	防洪開支預付款項	17	41,225	—
			2,349,179	1,738,020
Current assets	流動資產			
Inventories	存貨	18(a)	48,962	37,334
Trade and other receivables	應收貿易賬款及其他應收款項	19	111,288	72,407
Cash and cash equivalents	現金及現金等價物	20	447,763	682,764
			608,013	792,505
Current liabilities	流動負債			
Trade and other payables	應付貿易賬款及其他應付款項	21	87,040	58,000
Current taxation	即期稅項	22(a)	22,708	20,216
			109,748	78,216
Net current assets	流動資產淨值		498,265	714,289
NET ASSETS	資產淨值		2,847,444	2,452,309
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	23(b)	102,427	100,258
Reserves	儲備		2,745,017	2,352,051
TOTAL EQUITY	權益總值		2,847,444	2,452,309

Approved and authorised for issue by the board of directors on 30 March 2011.

董事會於二零一一年三月三十日批准及授權刊發。

Zhu Yu Guo 朱玉國
Director 董事

Zhu Mo Qun 朱墨群
Director 董事

The notes on pages 64 to 125 form part of these financial statements.

於第64至125頁之附註構成此等財務報表之一部份。

STATEMENT OF FINANCIAL POSITION

財務狀況表

At 31 December 2010 (Expressed in Renminbi)

於二零一零年十二月三十一日(以人民幣呈列)

			2010 二零一零年	2009 二零零九年
		Note 附註	'000 千元	'000 千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	13(b)	348	586
Interests in subsidiaries	於附屬公司之權益	14	1,190,648	1,220,733
			1,190,996	1,221,319
Current assets	流動資產			
Prepayments	預付款項	19	378	397
Cash and cash equivalents	現金及現金等價物	20	76,032	83,945
			76,410	84,342
Current liabilities	流動負債			
Other payables and accruals	其他應付款項及預提費用	21	1,253	1,260
Net current assets	流動資產淨值		75,157	83,082
NET ASSETS	資產淨值		1,266,153	1,304,401
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	23(a)	102,427	100,258
Reserves	儲備		1,163,726	1,204,143
TOTAL EQUITY	權益總值		1,266,153	1,304,401

Approved and authorised for issue by the board of directors on 30 March 2011.

董事會於二零一零年三月三十日批准及授權刊發。

Zhu Yu Guo 朱玉國
Director 董事

Zhu Mo Qun 朱墨群
Director 董事

The notes on pages 64 to 125 form part of these financial statements.

於第64至125頁之附註構成此等財務報表之一部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2010 (Expressed in Renminbi)

截至二零一零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 權益總計
	Note 附註	'000 千元	'000 千元	'000 千元	'000 千元	'000 千元	'000 千元	'000 千元
Balance at 1 January 2009	於二零零九年一月一日之結餘	100,258	1,474,812	(10,323)	84,576	(51,480)	637,364	2,235,207
Changes in equity for 2009:	二零零九年權益變動：							
Profit for the year	年度溢利	—	—	—	—	—	324,087	324,087
Other comprehensive income	其他全面收益	—	—	—	—	(153)	—	(153)
Total comprehensive income	全面收益總額	—	—	—	—	(153)	324,087	323,934
Dividends approved in respect of the previous year	批准上一年度股息	23(d)	(76,990)	—	—	—	—	(76,990)
Appropriation to surplus reserve	分配至盈餘儲備	—	—	—	33,325	—	(33,325)	—
Dividends declared in respect of the current year	本年度已宣派股息	23(d)	(29,842)	—	—	—	—	(29,842)
Balance at 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日及二零一零年一月一日之結餘	100,258	1,367,980	(10,323)	117,901	(51,633)	928,126	2,452,309
Changes in equity for 2010:	二零一零年權益變動：							
Profit for the year	年度溢利	—	—	—	—	—	397,506	397,506
Other comprehensive income	其他全面收益	—	—	—	—	(2,371)	—	(2,371)
Total comprehensive income	全面收益總額	—	—	—	—	(2,371)	397,506	395,135
Appropriation to surplus reserve	分配至盈餘儲備	—	—	—	40,612	—	(40,612)	—
Dividend approved in respect of the previous year	批准上一年度股息	23(d)	(67,385)	—	—	—	—	(67,385)
Shares issued in respect of scrip dividend of previous year	發行上一年度以股代息股份	23(d)	2,169	65,216	—	—	—	67,385
Balance at 31 December 2010	於二零一零年十二月三十一日之結餘	102,427	1,365,811	(10,323)	158,513	(54,004)	1,285,020	2,847,444

The notes on pages 64 to 125 form part of these financial statements.

於第64至125頁之附註構成此等財務報表之一部份。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December 2010 (Expressed in Renminbi)

截至二零一零年十二月三十一日止年度(以人民幣呈列)

			2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Operating activities	經營活動			
Cash generated from operations	經營業務產生之現金	20(b)	565,265	432,045
PRC income tax paid	已付中國所得稅		(55,975)	(37,259)
Net cash generated from operating activities	經營活動所得現金淨額		509,290	394,786
Investing activities	投資活動			
Payment for the purchase of property, plant and equipment	購置物業、廠房及設備所付之款項		(2,434)	(16,049)
Payment for construction in progress	支付在建工程款項		(674,821)	(1,008,381)
Prepayment for the acquisition of plant and equipment	預付購置廠房及設備的款項		(24,029)	(60,780)
Prepayment for flood prevention expenses	防洪開支預付款項		(42,500)	—
Net proceeds from sales of trading securities	出售交易證券款項收入淨額		—	64,711
Interest received	已收利息		2,212	3,977
Dividends received from investments in securities	投資證券已收股息		—	394
Net cash used in investing activities	投資活動所用現金淨額		(741,572)	(1,016,128)
Financing activities	融資活動			
Repayment of bank loans	償還銀行貸款		—	(124,000)
Interest paid	已付利息		—	(4,168)
Dividends paid to equity shareholders of the Company	已付本公司權益持有人股息	23(d)	—	(106,832)
Net cash used in financing activities	融資活動所用現金淨額		—	(235,000)
Net decrease in cash and cash equivalents	現金及現金等價物淨額減少		(232,282)	(856,342)
Cash and cash equivalents at 1 January	一月一日現金及現金等價物	20(a)	682,764	1,539,373
Effect of foreign exchange rate changes	匯率變動之影響		(2,719)	(267)
Cash and cash equivalents at 31 December	十二月三十一日現金及現金等價物	20(a)	447,763	682,764

The notes on pages 64 to 125 form part of these financial statements.

於第64至125頁之附註構成此等財務報表之一部份。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除非另有指明，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.

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.

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。

本公司之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之國際財務報告準則(「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。本集團採納之主要會計政策概要載於後文。

國際會計準則委員會頒佈了若干於本集團現行會計期間首次生效或可供提前採納之新增及經修訂之國際財務報告準則。附註3載列初次應用該等調整引致之會計政策變更資料，惟該等調整與該等財務報表所反映之本集團現時及過往會計期間有關。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除非另有指明，以人民幣呈列)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as “the Group”).

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.

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

截至二零一零年十二月三十一日止年度之綜合財務報表涉及本公司及其附屬公司(統稱為「本集團」)。

財務報表以人民幣(「人民幣」)呈列，湊整至最接近千元計算。編製財務報表時使用之計量基準為歷史成本基準。

管理層在編製符合國際財務報告準則之財務報表時，須作出可影響會計政策應用及資產和負債、收入和支出之呈報金額之判斷、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之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管道直接獲得之資產和負債項目的賬面值之依據。實際結果可能有別於估計之金額。

管理層會持續審閱各項估計和相關假設。倘若會計估計之修訂僅對作出修訂之期間產生影響，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，則在作出修訂之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及主要不確定性來源有重大影響之判斷，載列於附註30。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除非另有指明，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.

(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.

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之實體。倘本集團有權支配一間實體之財務和經營政策，並藉此從其業務中取得利益，本集團便被視為擁有該實體之控制權。在評估控制權時，將會考慮目前可行使之潛在投票權。附屬公司之財務報表由擁有控制權當日起計入綜合財務報表直至控制權結束當日為止。

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

(ii) 綜合賬目時抵銷之交易

集團內公司間之結餘和交易及集團內公司間交易所產生之任何未變現溢利，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之未變現虧損之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之部份。

(d) 以公平值計價並計入損益之投資

倘某金融工具乃持有作買賣或於初次確認時指定持作買賣，則該金融工具會透過損益賬按公平值分類。倘本集團管理該等投資，根據其公平值作出買賣決定，則該等金融工具指定透過損益賬按公平值列賬。於初次確認後，應佔交易成本會於其產生時於損益賬確認。透過損益賬按公平值列賬之金融工具會按公平值計算，而其中之變動會於損益內確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除非另有指明，以人民幣呈列)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investments at fair value through profit or loss (Continued)

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.

(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 are stated in the consolidated 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)

(d) 以公平值計價並計入損益之投資(續)

指定以公平值計價並計入損益之金融工具所得淨收入包括所有該等金融資產及金融負債公平值變動產生之損益(扣除應計票息)，以及該等金融工具應計之利息收入及開支以及股息收入。

該等投資於本集團／本公司承諾購入／出售投資當日予以確認／撤銷確認。

(e) 租賃預付款項

租賃預付款項是收購租賃土地而支付之費用。租賃土地按成本減累計攤銷和減值虧損(見附註2(i))列賬。攤銷在相關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))於綜合財務狀況表列賬。

報廢或出售物業、廠房及設備項目所產生之損益以出售所得款項淨額與項目賬面值間之差額釐定，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

(Expressed in Renminbi unless otherwise indicated)

(除非另有指明，以人民幣呈列)

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.

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.

2. 主要會計政策(續)

(f) 物業、廠房及設備(續)

物業、廠房及設備項目之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之可使用年限及其剩餘價值(如有)。

(g) 在建工程

在建工程是在建中之物業、廠房及設備以及有待安裝之設備，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。成本包括施工時之直接成本。當絕大部份為準備該資產可投入擬定用途之活動完成時，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。

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，則根據租賃支付之款項會在租賃年期所涵蓋之會計期間內按等額在損益表內扣除，惟倘有其他基準能夠更清楚反映租賃資產所產生之收益模式時則除外。已收租賃優惠於損益表確認為租賃淨付款總額之組成部份。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除非另有指明，以人民幣呈列)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of assets

(i) Impairment of trade and other receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each 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;
- 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.

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.

2. 主要會計政策(續)

(i) 資產減值

(i) 應收貿易賬款及其他應收款項之減值

本集團於每個報告期末評估以成本或經攤銷成本列賬之應收賬款，以釐定是否存在減值之客觀證據。減值之客觀證據包括本集團注意到以下一項或多項虧損事項之顯著數據：

- 債務人有重大財務困難；
- 違反合約，如拖欠利息或本金之償還；
- 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之改變而對債務人有不利影響。

倘有任何該等證據存在，減值虧損按下列釐定及確認：

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

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of assets (Continued)

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

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.

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.

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之減值(續)

就按攤銷成本列值之金融資產而言，減值虧損按資產賬面值與估計未來現金流量現值之差額計算，如貼現影響屬重大，則按金融資產原來實際利率(即初始確認該等資產時計算之實際利率)貼現。如按攤銷成本列賬之金融資產具備類似之風險特徵，例如類似之逾期情況及並未單獨被評估為減值，則有關之評估會同時進行。同時進行評估之金融資產之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之過往虧損情況來一同減值。

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之事件聯繫，則減值虧損將在損益表撥回。減值虧損之撥回額不得導致資產之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之賬面值。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of assets (Continued)

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

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, whose recovery 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.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each 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;
- construction in progress; and
- prepayment for the acquisition of plant and equipment.

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)

(i) 應收貿易賬款及其他應收款項之減值(續)

因包含在應收貿易賬款及其他應收款項中之應收貿易賬款之可收回性被視為難以預料而並非微乎其微，就其確認之減值虧損不會從相應之資產中直接撤銷。相反，就其他資產確認之減值虧損應從相應之資產中直接撤銷。在此情況下，呆壞賬之減值虧損以撥備賬記錄。倘本集團確認能收回應收賬款之機會微乎其微，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之任何金額會被撥回。若之前計入撥備賬之款項在其後收回，則相關之撥備會被撥回。其他有關撥備賬及其後收回之前直接撤銷之金額之變動均於損益確認。

(ii) 其他資產減值

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

- 於附屬公司之投資；
- 租賃預付款項；
- 物業、廠房及設備；
- 在建工程；及
- 收購廠房及設備之預付款項。

如果出現任何有關減值跡象，便會對資產之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)

— 可收回金額之計算

資產之可收回金額是其公平值減銷售成本與使用價值兩者之間之較高者。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之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之現金流入，則就能夠獨立產生現金流入之最小資產組別(即現金產生單位)來釐定可收回金額。

— 減值虧損之確認

當資產或其所屬之現金產生單位之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之減值虧損會予以分配，以按比例減去該單位(或一組單位)中資產之賬面值，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 loss 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)).

(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.

2. 主要會計政策(續)

(i) 資產減值(續)

(ii) 其他資產減值(續)

— 減值虧損之撥回

倘若用作釐定資產可收回金額之估算出現正面之變動，則有關之減值虧損會被撥回。

所撥回之減值虧損，以假設於以往年度並無確認減值虧損而應釐定之資產賬面值為限。所撥回之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之中期財務報告。於中期結算日，本集團採用之減值測試、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))。

(j) 存貨

存貨以成本及可變現淨值兩者之間之較低者入賬。

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之其他成本。

可變現淨值乃日常業務過程中之估計售價減去完成生產及銷售所需之估計成本。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Inventories (Continued)

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.

(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) 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.

(m) 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.

2. 主要會計政策(續)

(j) 存貨(續)

存貨出售時，存貨之賬面值在相關收入獲確認之期間內確認為開支。存貨撇減至可變現淨值及存貨之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之金額在撥回期間確認為列作支出之存貨全額減少。

(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之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) 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。

(m) 現金及現金等價物

現金及現金等價物包括存放於銀行及其他財務機構之現金及手頭現金、存放於銀行之活期存款，以及短期和高流通性之投資。此等投資可以隨時換算為已知之現金額，而價值變動方面之風險並不重大，並在購入後三個月內到期。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.
- (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 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.

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 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)

(n) 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之供款及非現金福利之成本，均在僱員提供服務之年度內計提。若有關之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之地方定額供款退休計劃作出之供款，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之金額除外。
- (iii) 授予僱員之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之資本儲備。公平值於授出日期採用二項式點陣模式，經考慮授出購股權之條款及條件計量。倘僱員於無條件有權獲授購股權前符合歸屬條件，購股權之估計總公平值經考慮購股權歸屬之可能性後，於歸屬期內分攤。

歸屬期內會審閱預期將會歸屬之購股權數目。凡對過往年度已確認之累計公平值作出之調整，須扣自／計入回顧年度之損益表，並會對資本儲備作出相應調整，惟合資格確認為資產之原有僱員開支則除外。於歸屬日期，已確認為開支之款額會作出調整，以反映實際歸屬之購股權數目，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之歸屬條件而沒收之情況則除外。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)

(o) 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.

Apart from certain limited exceptions, 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)

(o) 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之變動。即期稅項和遞延稅項資產與負債之變動均在損益表內確認，但與於其他全面收入確認之項目有關或直接在權益中確認者之相關稅款則分別於其他全面收入或直接於權益確認。
- (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之稅率計算之預期應付稅項，以及對過往年度應付稅項之任何調整。
- (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就財務報告目的之賬面值與這些資產與負債之計稅基礎之差額。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。

除若干有限例外情況外，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之未來應課稅溢利，包括因轉回現有應課稅暫時差額而產生之金額，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之同一期間轉回，或在遞延稅項資產所產生之稅項虧損可承前或結轉之期間內轉回。在判斷現有應課稅暫時差額是否足以支援確認因未動用稅項虧損及抵免所產生之遞延稅項資產時，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之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)

(o) 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 the end of each 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.

(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)

(o) 所得稅(續)

(iii) (續)

所確認之遞延稅項金額按照各資產及負債項目賬面值之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之稅率計算。遞延稅項資產及負債均不予貼現。

遞延稅項資產之賬面值會於每一個報告期末予以評估。倘預計不再可能獲得足夠之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之金額。如可能有足夠應課稅溢利，該減少金額將被撥回。

(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之所得稅有關：
 - 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之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)

2. 主要會計政策(續)

(p) Provisions and contingent liabilities

Provisions are recognised for 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.

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.

(q) 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.

(ii) Interest income

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

(p) 撥備及或然負債

倘本集團或本公司須就已發生之事件承擔法律或推定責任時，可能須就清償責任而導致經濟利益外流，則在可以作出可靠之估計時，便會就該未能確定時間或數額之負債計提撥備。如果貨幣之時間價值重大，則按預計履行責任所需支出之現值計列撥備。

倘因事件而引致經濟利益外流之機會不大，或是無法對有關數額作出可靠之估計，便有需要將有關責任披露為或然負債，但付出經濟效益之可能性極低則除外。如果本集團之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，亦會被露為或然負債，但付出經濟效益之可能性極低則除外。

(q) 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之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。

(ii) 利息收入

利息收入於應計時以實際利率法確認。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue recognition (Continued)

(iii) Dividend income

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

(r) 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").

(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. Statement of financial position items 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)

(q) 收益確認(續)

(iii) 股息收入

上市投資之股息收入於此等股價轉換為除息股價時確認。

(r) 外幣換算

(i) 功能及呈列貨幣

計入本集團各實體之財務報表之項目乃以最能反映相關事件及情況之經濟因素之貨幣(「功能貨幣」)計量。本公司及其中國以外附屬公司之功能貨幣為港元，而於中國之附屬公司之功能貨幣為人民幣。由於本集團主要於中國營運，故使用人民幣為本集團之呈列貨幣(「呈列貨幣」)。

(ii) 交易及結餘

年內之外幣交易以交易日之匯率換算。以外幣計值之貨幣資產及負債均以報告期末之匯率換算。匯兌盈虧於損益表內確認。

按歷史成本以外幣計值之非貨幣資產及負債，按交易日之匯率換算。

中國境外業務之業績按與交易日之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之匯率換算為人民幣。所產生之匯兌差額於其他全面收益內確認並獨立累計入匯兌儲備之權益內。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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.

(s) 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.

(t) 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.

(u) Repair and maintenance expenditure

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

2. 主要會計政策(續)

(r) 外幣換算(續)

(ii) 交易及結餘(續)

出售中國境外業務時，與該境外業務相關之匯兌差額累計金額須於確認出售損益時從權益重新歸類至損益內。

(s) 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之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之活動，代表開始將借貸資本化為合資格資產之成本部份。借貸成本之資本化在所有準備合資格資產作其擬定用途或銷售之所須活動絕大部分終止或完成時終止或停止。

(t) 研發

研究活動之費用於其產生期間內確認為開支。倘若產品或程式在技術上和商業上可行，且本集團有足夠之資源和意願完成開發，則開發活動之費用會予以資本化。其他發展開支於產生期間確認為開支。之前確認為開支之開發費用於往後期間不會確認為資產。

(u) 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。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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;
- (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.

(w) 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.

2. 主要會計政策(續)

(v) 關連方

就此等財務報表而言，如果符合任何下列一項，則被視為本集團之關連方：

- (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，或能對本集團之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；
- (iii) 該方為本集團之聯營公司或以本集團為合營夥伴之合營企業；
- (iv) 該方為本集團或本集團母公司之主要管理人員或該主要管理人員之近親，或受該人士控制、共同控制或受其重大影響之實體；
- (v) 該方為(i)所述人士之近親，或受該人士控制、共同控制或受其重大影響之實體；或
- (vi) 該方為本集團或本集團關連方之任何實體之僱員提供福利而設之離職後福利計劃。

任何個別人士之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之家庭成員。

(w) 分部報告

經營分部及財務報表內呈報之各分部項目之金額自定期提供予本集團最高行政管理人員之財務資料中識別出來，以將資源分配至本集團之各項業務及地理位置及評估本集團之各項業務及地理位置之表現。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Segment reporting (Continued)

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.

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued two revised IFRS, a number of amendments to IFRSs and one new Interpretation 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 3 (revised 2008), *Business combinations*
- Amendments to IAS 27, *Consolidated and separate financial statements*
- Improvements to IFRSs (2009)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The developments resulted in changes in accounting policy but none of these changes in policies has a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to IFRS 3 and IAS 27 has not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

2. 主要會計政策(續)

(w) 分部報告(續)

就財務呈報而言，除非分部具備相似之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之方法及監管環境之性質方面相似，否則各個重大經營分部不會進行合算。個別非重大之經營分部，如果符合上述大部分標準，則可進行合算。

3. 會計政策變動

國際會計準則委員會頒佈了多項國際財務報告準則修訂本及一項新詮釋，均於本集團及本公司現行會計期間首次生效。當中與本集團財務報表有關之變化如下：

- 國際財務報告準則第3號(二零零八年經修訂)，*業務合併*
- 國際會計準則第27號修訂本，*綜合及獨立財務報表*
- 國際財務報告準則之改進(二零零九年)

本集團並無應用任何於現行會計期間尚未生效之新增準則或詮釋。

有關變化導致會計政策變動，惟該等政策變動概無對現行或比較期間造成重大影響，原因如下：

- 由於國際財務報告準則第3號及國際會計準則第27號之修訂將於本集團訂立有關交易(例如業務合併或出售附屬公司)時首次生效，故該等變動大部分尚未對本集團之財務報表造成重大影響，且並無規定須重列過往有關交易之記錄金額。

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

- The impact of the amendments to IFRS 3 (in respect of recognition of acquiree's deferred tax assets) and IAS 27 (in respect of allocation of losses to non-controlling interests in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.
- The amendment introduced by the *Improvements to IFRSs (2009)* omnibus standard in respect of IAS 17, *Leases* had no material impact on the Group's financial statements as the Group does not have any leasehold land interests located in Hong Kong and the Group has re-evaluated the classification of its interests in leasehold land in PRC as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of IFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in IFRS 3 (revised 2008). These include the following changes in accounting policies:
 - Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.
 - If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

3. 會計政策變動(續)

- 由於並無規定須重列過往期間之記錄金額，而現行期間並無產生有關遞延稅項資產或虧損，故國際財務報告準則第3號修訂本(有關確認被收購方之遞延稅項資產)及國際會計準則第27號修訂本(有關分配予非控股權益之虧損超逾其權益)並無造成重大影響。
- 由於本集團並無任何位於香港之租賃土地權益，故國際財務報告準則之改進(二零零九年)綜合準則就國際會計準則第17號租賃引入之修訂本並無對本集團之財務報表造成重大影響，而本集團已重新評估其位於中國之租賃土地權益之分類，是確定依本集團之判斷，租賃是否轉移土地擁有權之絕大部分風險及回報，致使本集團在經濟上具有與買方類似之地位。本集團得出結論認為，該等租賃分類為經營租賃仍然適當。

該等會計政策變動之進一步詳情如下：

- 由於採納國際財務報告準則第3號(二零零八年經修訂)，任何於二零一零年一月一日或之後收購之業務合併將根據國際財務報告準則第3號(二零零八年經修訂)所載之新規定及詳細指引確認。此包括以下會計政策變動：
 - 本集團就業務合併產生之交易成本(如介紹費用、法律費用、盡職調查費用及其他專業及諮詢費用)將於產生時支銷，而過往則入賬作業務合併成本之一部分，故影響確認商譽之金額。
 - 倘本集團於緊接取得控制權前於被收購方持有權益，該等權益將被視為猶如於取得控制權當日按公平值出售及重新收購。過往會應用累進法，據此商譽按猶如於各收購階段累計之方式計算。

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

— (Continued)

- Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.
- If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.
- In addition to the Group's existing policy of measuring the non-controlling interests in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

In accordance with the transitional provisions in IFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

3. 會計政策變動(續)

— (續)

- 或然代價將於收購日期按公平值計量。其後計量該或然代價時出現與於收購日期存在之事實及情況無關之變動將於損益確認，而過往該等變動會確認為業務合併成本之調整，故影響確認商譽之金額。
- 倘被收購方有累計稅項虧損或其他暫時可扣減差額，而該等虧損或差額於收購日期無法符合遞延稅項資產之確認標準，則該等資產之任何其後確認將於損益確認，而並非如過往政策般確認為商譽調整。
- 除本集團按非控股權益佔被收購方可識別資產淨額之比例計量於被收購方之非控股權益之現有政策外，未來本集團可選擇按個別交易以公平值計量非控股權益。

根據國際財務報告準則第3號(二零零八年經修訂)之過渡性條文，該等新會計政策將以未來適用法應用於現行或未來期間之任何業務合併。有關確認遞延稅項資產變動之新政策亦將以未來適用法應用於過往業務合併收購之累計稅項虧損及其他暫時可扣減差額。本集團並無對收購日期早於應用該經修訂準則之業務合併產生之資產及負債之賬面值作出調整。

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

— (Continued)

- As a result of the adoption of IAS 27 (amended 2008), the following changes in accounting policies will be applied as from 1 January 2010:
 - If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions and partial disposals, respectively.
 - If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to IFRS 5, if at the end of reporting period the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in IFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions would have been treated as partial disposals.

3. 會計政策變動(續)

— (續)

- 由於採納國際會計準則第27號(二零零八年修訂)，以下會計政策變動將於二零一零年一月一日起應用：
 - 倘本集團增購非全資附屬公司之權益，該交易將入賬作與權益持有人(非控股權益)以其擁有人身份進行之交易，故不會因該等交易而確認商譽。同樣地，倘本集團出售其於附屬公司之部分權益，但仍保留控制權，則該交易亦將入賬作與權益持有人(非控股權益)以其擁有人身份進行之交易，故不會因該等交易而確認損益。過往本集團分別視該等交易為累進交易及部分出售。
 - 倘本集團失去附屬公司之控制權，則該交易將入賬作出售該附屬公司之全部權益，而本集團保留之任何剩餘權益按公平值確認，猶如重新收購。此外，由於採納國際財務報告準則第5號修訂本，倘於報告期末本集團有意出售於附屬公司之控股權益，則不論本集團將保留權益多少，該附屬公司之全部權益將分類為持作出售(假設符合國際財務報告準則第5號之持作出售標準)。過往該等交易會被視為部分出售。

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

— (Continued)

In accordance with the transitional provisions in IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

— In order to be consistent with the above amendments to IFRS 3 and IAS 27, the following accounting policies will be applied as from 1 January 2010:

— If the Group holds interests in the acquiree immediately prior to obtaining significant influence or joint control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining significant influence or joint control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

— If the Group loses significant influence or joint control, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if re-acquired. Previously such transactions were treated as partial disposals.

Consistent with the transitional provisions in IFRS 3 and IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

3. 會計政策變動(續)

— (續)

根據國際會計準則第27號之過渡性條文，該等新會計政策將以未來適用法應用於現行或未來期間之交易，故並無重列過往期間。

— 為與上述國際財務報告準則第3號及國際會計準則第27號修訂本一致，以下會計政策將自二零一零年一月一日起應用：

— 倘本集團於緊接取得重大影響力或共同控制權前於持有被收購方之權益，該等權益將被視為猶如於取得重大影響力或共同控制權當日按公平值出售及重新收購。過往會應用累進法，據此商譽按猶如於各收購階段累計之方式計算。

— 倘本集團失去重大影響力或共同控制權，則該交易將入賬作出售該被投資方之全部權益，而任何剩餘權益按公平值確認，猶如重新收購。過往該等交易會被視為部分出售。

與國際財務報告準則第3號及國際會計準則第27號之過渡性條文一致，該等新會計政策將以未來適用法應用於現行或未來期間之交易，故並無重列過往期間。

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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:

		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Decorative base paper products	裝飾原紙產品	1,825,455	1,307,243
Printing paper product	印刷用紙產品	233,461	223,078
		2,058,916	1,530,321

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenue. In 2010, revenue from sales of printing paper product to this customer amounted to approximately RMB233,461,000 (2009: RMB223,078,000) and all arose in the PRC. Details of concentrations of credit risk arising from this customer is set out in note 24(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之業務。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：

本集團之客源分散，與本集團進行交易之客戶中，只有一名佔本集團收益超過10%。於二零一零年，向該名客戶銷售印刷用紙紙品之收益約為人民幣233,461,000元(二零零九年：人民幣223,078,000元)，全部在中國產生。此客戶產生之集中信貸風險詳情，載於附註24(a)。

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5. OTHER REVENUE AND NET LOSS

5. 其他收益及虧損淨額

		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Other revenue	其他收益		
Bank interest income	銀行利息收入	2,212	3,977
Dividend income from listed securities	上市證券之股息收入	—	394
		2,212	4,371
Other net loss	其他虧損淨額		
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	—	6
Net foreign exchange loss	外匯虧損淨額	189	14
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	—	42
		189	62

6. PROFIT BEFORE TAXATION

6. 除稅前溢利

Profit before taxation is arrived at after charging:

除稅前溢利已扣除：

		2010 二零一零年 '000 千元	2009 二零零九年 '000 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之財務負債利息		
— Interest on bank borrowings wholly repayable within five years	— 於五年內悉數償還之銀行借貸利息	—	4,168
(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	3,905	2,831
Salaries, wages and other benefits	薪金、工資及其他福利	42,338	37,923
		46,243	40,754

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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.

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)

根據中國之相關勞工規則及法規，中國附屬公司參與地方當局組織之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之定額供款額就計劃作出供款。市政府承擔應付退休僱員之全部退休金責任。

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之僱員提供強制性公積金計劃(「強積金計劃」)。強積金計劃之資產與本集團之資產分開持有，由獨立信託人管理。根據強積金計劃，本集團及其僱員均須定期作出供款，本集團之供款額相當於僱員有關收入之5%，以月薪20,000港元為上限。向計劃作出之強制性供款即時歸屬。

除上文所述兩個計劃下之每年供款外，本集團概無其他與該兩個計劃相關之重大退休金福利支付責任。

		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
(c) Other items	(c) 其他項目		
Amortisation of lease prepayments	租賃預付款項攤銷	341	341
Auditors' remuneration	核數師酬金		
— audit services	— 審計服務	1,001	881
— tax services	— 稅務服務	66	50
Depreciation	折舊	150,960	93,393
Impairment loss of property, plant and equipment	物業、廠房及設備 減值虧損	4,137	—
Operating lease charges in respect of	有關之經營租賃費用		
— leasehold land and properties	— 租賃土地及物業	4,944	3,967
— others	— 其他	150	150
Sewage disposal expenses	排污費	362	132
Research and development costs	研究及開發成本	189	156

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7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

7. 綜合收益表內之所得稅

(a) Taxation in the consolidated income statement represents:

(a) 綜合收益表內所得稅為：

		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Current tax — PRC corporate income tax	即期稅項 — 中國企業所得稅		
Provision for the year	本年度計提	58,017	47,607
Under-provision in respect of the prior year	過往年度撥備不足	450	—
		58,467	47,607

(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.

(i) 根據開曼群島及英屬處女群島（「英屬處女群島」）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) No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subjected to Hong Kong Profits Tax during the year (2009: Nil).

(ii) 於本年度，由於本集團並無賺取任何須繳納香港利得稅之應課稅溢利，因此並無就香港利得稅計提撥備（二零零九年：無）。

(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 2010 is 12.5%.

(iii) 山東群星紙業有限公司（「山東群星」）為外資企業並獲批若干稅務寬減，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按50%之減免稅率繳納之中國所得稅。山東群星截至二零一零年十二月三十一日止年度之適用稅率為12.5%。

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

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

(iii) (Continued)

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 Shangdong 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.

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

7. 綜合收益表內之所得稅(續)

(a) 綜合收益表內所得稅為：(續)

(iii) (續)

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之溢利將予分派，則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之股息，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。

(b) 按適用稅率計算之稅項開支與會計溢利之對賬：

		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Profit before taxation	除稅前溢利	455,973	371,694
Notional tax on profit before taxation, calculated at the rates applicable to profit in the countries concerned	按相關國家之溢利所適用稅率計算之除稅前溢利名義稅項	114,729	93,706
Tax effect of tax concession period	稅務優惠期間之稅務影響	(58,548)	(49,040)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	1,857	1,981
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(21)	(103)
Under-provision in prior year	過往年度少計提	450	—
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	58,467	47,607

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8. DIRECTORS' REMUNERATION

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

Year ended 31 December 2010

		Directors' fees 董事袍金 '000 千元	Basic salaries, allowances and other benefits in kind 基本薪金、津貼及其他實物福利 '000 千元	Contributions to retirement benefit scheme 退休福利計劃供款 '000 千元	Bonuses 花紅 '000 千元	Total 合計 '000 千元
Executive Directors	執行董事					
Dr. Zhu Yu Guo	朱玉國博士	627	—	—	—	627
Mr. Zhu Mo Qun	朱墨群先生	627	—	—	—	627
Mr. Sun Zhen Shui	孫振水先生	313	—	—	—	313
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	104	—	—	—	104
Mr. Wang Lu	王魯先生	104	—	—	—	104
Mr. Kwong Kwan Tong	鄺焜堂先生	157	—	—	—	157
Total	合計	1,995	—	—	—	1,995

8. 董事酬金

根據香港公司條例第161條所披露之董事酬金如下：

截至二零一零年十二月三十一日止年度

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8. DIRECTORS' REMUNERATION (Continued)

8. 董事酬金(續)

Year ended 31 December 2009

截至二零零九年十二月三十一日止年度

		Directors' fees 董事袍金 '000 千元	Basic salaries, allowances and other benefits in kind 基本薪金、津貼及其他實物福利 '000 千元	Contributions to retirement benefit scheme 退休福利計劃供款 '000 千元	Bonuses 花紅 '000 千元	Total 合計 '000 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

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作為加入後之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 (2009: three) are Directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2009: two) individuals are as follows:

		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Salaries and other emoluments	薪金及其他酬金	1,281	1,150
Discretionary bonuses	酌情花紅	—	—
Retirement scheme contributions	退休金計劃供款	21	21
		1,302	1,171

The emoluments of the two individuals (2009: two) with the highest emoluments are within the following band:

		Number of individuals 人數	
		2010 二零一零年	2009 二零零九年
HK\$ Nil to HK\$1,000,000	人民幣零元至人民幣1,000,000元	2	2

10. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB7,716,000 (2009: RMB6,215,000) 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 for the year ended 31 December 2010 is based on the profit attributable to ordinary equity shareholders of the Company of RMB397,506,000 (2009: RMB324,087,000) and the weighted average number of 1,057,594,300 ordinary shares (2009 (restated): 1,057,594,300) in issue during the year after adjusting the outstanding number of ordinary shares deemed to be issued as at the beginning of the year as a result of the scrip dividend.

9. 最高薪酬人士

五名最高薪酬人士中有三名(二零零九年：三名)亦為董事，彼等之酬金於附註8中披露。其他兩名(二零零九年：兩名)最高薪酬人士之酬金總額如下：

	2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Salaries and other emoluments	1,281	1,150
Discretionary bonuses	—	—
Retirement scheme contributions	21	21
	1,302	1,171

兩名(二零零九年：兩名)最高薪酬人士之酬金介乎以下範圍：

	Number of individuals 人數	
	2010 二零一零年	2009 二零零九年
HK\$ Nil to HK\$1,000,000	2	2

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7,716,000元(二零零九年：人民幣6,215,000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

截至二零一零年十二月三十一日止年度之每股基本盈利乃根據本公司普通股權益持有人應佔溢利人民幣397,506,000元(二零零九年：人民幣324,087,000元)及年內已發行普通股之加權平均數1,057,594,300股(二零零九年(重列)：1,057,594,300股)，及因以股代息而調整於年初被視為發行之流通在外普通股數目後計算。

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(除非另有指明，以人民幣呈列)

11. EARNINGS PER SHARE (Continued)

Basic earnings per share (Continued)

Weighted average number of ordinary shares

11. 每股盈利(續)

每股基本盈利(續)

普通股之加權平均數

		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元 (restated) (重列)
Issued ordinary shares at 1 January	於一月一日已發行普通股	1,032,800	1,032,800
Effect of scrip dividend issued (note)	發行以股代息股份影響(附註)	24,794	24,794
Weighted average number of ordinary shares at 31 December	於十二月三十一日普通股之加權平均數	1,057,594	1,057,594

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

Note: On 5 May 2010, the Board resolved to recommend the payment of a final dividend for the year ended 31 December 2010 wholly in scrip form. 24,794,300 shares were issued on 8 June 2010. The basic earnings per share for the year ended 31 December 2009 have been restated as the scrip shares are treated as if the issue had occurred as at 1 January 2009.

於呈報年度內本公司並無潛在具有攤薄影響之普通股，故並無呈列每股攤薄盈利。

附註：於二零一零年五月五日，董事會議決建議派發截至二零一零年十二月三十一日止之末期股息，全部採用以股代息之方式派付。24,794,300股股份乃於二零一零年六月八日發行。截至二零零九年十二月三十一日止年度之每股基本盈利已重列，猶如以股代息股份被視為於二零零九年一月一日已獲發行。

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. 分部呈披

本集團之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之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，而絕大部份之資產亦位於中國，故此本集團並無披露地區分部資料。

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(除非另有指明，以人民幣呈列)

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

(a) The Group

(a) 本集團

		Buildings 樓宇 '000 千元	Leasehold improvements 租賃裝修 '000 千元	Plant and machinery 廠房及機器 '000 千元	Motor vehicles 汽車 '000 千元	Furniture and fixtures and computer equipment 傢俬及裝置 及電腦設備 '000 千元	Total 合計 '000 千元
Cost:	成本：						
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
At 1 January 2010	於二零一零年一月一日	308,850	295	1,388,789	2,515	6,148	1,706,597
Additions	添置	—	—	2,239	—	195	2,434
Transfer from construction in progress (note 15)	轉撥自在建工程(附註15)	292,476	—	510,257	—	—	802,733
Exchange adjustments	匯兌調整	—	(6)	—	—	(5)	(11)
At 31 December 2010	於二零一零年十二月三十一日	601,326	289	1,901,285	2,515	6,338	2,511,753
Accumulated depreciation and impairment:	累計折舊及減值：						
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
At 1 January 2010	於二零一零年一月一日	9,026	8	328,203	1,032	2,808	341,077
Charge for the year	本年度折舊	9,695	97	140,457	198	513	150,960
Impairment loss	減值虧損	2,879	—	1,258	—	—	4,137
At 31 December 2010	於二零一零年十二月三十一日	21,600	105	469,918	1,230	3,321	496,174
Net book value:	賬面淨值：						
At 31 December 2010	於二零一零年十二月三十一日	579,726	184	1,431,367	1,285	3,017	2,015,579
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

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(除非另有指明，以人民幣呈列)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) The Group (Continued)

All of the Group's buildings and plant and machinery are located in the PRC.

As at 31 December 2010, the Group made a prepayment of RMB24,029,000 (2009: RMB60,780,000) to acquire plant and machinery.

Impairment loss

During the year 31 December 2010, an impairment loss was made for a production line due to technological obsolescence. The Group assessed the recoverable amount of this production line and as a result the remaining carrying amount of the production line was written down by RMB4,137,000. The estimate of recoverable amount was based on the value in use of the production line to the Group.

13. 物業、廠房及設備(續)

(a) 本集團(續)

本集團全部樓宇、廠房及機器均位於中國。

於二零一零年十二月三十一日，本集團預付人民幣24,029,000元(二零零九年：人民幣60,780,000元)以購置廠房及機器。

減值虧損

截至二零一零年十二月三十一日止年度，本集團由於技術陳舊而為一生產線作減值虧損。本集團評核該生產線之可收回金額及對其賬面淨值作人民幣4,137,000之減值準備。估計可收回金額時乃根據生產線對本集團之使用價值而釐定。

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(除非另有指明，以人民幣呈列)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

13. 物業、廠房及設備(續)

(b) The Company

(b) 本公司

		Leasehold improvements 租賃裝修 '000 千元	Furniture and fixtures and computer equipment 傢俬及裝置 及電腦設備 '000 千元	Total 合計 '000 千元
Cost:	成本：			
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
At 1 January 2010	於二零一零年一月一日	295	553	848
Additions	添置	—	6	6
Exchange adjustments	匯兌調整	(6)	(5)	(11)
At 31 December 2010	於二零一零年十二月三十一日	289	554	843
Accumulated depreciation:	累計折舊：			
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
At 1 January 2010	於二零一零年一月一日	8	254	262
Charge for the year	本年度折舊	97	136	233
At 31 December 2010	於二零一零年十二月三十一日	105	390	495
Net book value:	賬面淨值：			
At 31 December 2010	於二零一零年十二月三十一日	184	164	348
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. 於附屬公司之權益

		The Company 本公司	
		2010 二零一零年	2009 二零零九年
		'000 千元	'000 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	1,189,652	1,219,737
		1,190,648	1,220,733

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.

應收附屬公司之款項為無抵押、免息及無固定還款期。董事認為應收附屬公司之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。

Details of the subsidiaries at 31 December 2010 are set out below:

於二零一零年十二月三十一日附屬公司之詳情載列如下：

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 已發行及繳足股本詳情	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美元之股份	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港元之股份	—	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.

* 該實體為於中國成立之外商獨資企業。

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15. CONSTRUCTION IN PROGRESS

15. 在建工程

		The Group 本集團	
		2010 二零一零年	2009 二零零九年
		'000 千元	'000 千元
At 1 January	於一月一日	296,911	316,060
Additions	添置	759,700	862,577
Transfer to property, plant and equipment (note 13)	轉撥至物業、廠房及設備 (附註 13)	(802,733)	(881,726)
At 31 December	於十二月三十一日	253,878	296,911

Construction in progress comprises costs incurred on buildings and plant and machinery not yet completed at the end of the respective reporting period.

在建工程包括於各報告期末尚未完成之樓宇與廠房及機器產生之成本。

16. LEASE PREPAYMENTS

16. 租賃預付款項

The Group		本集團	
		'000 千元	
Cost:	成本：		
At 1 January 2009, 31 December 2009 and 31 December 2010	於二零零九年一月一日、二零零九十二月 三十一日及二零一零十二月三十一日		15,646
Accumulated amortisation:	累計攤銷：		
At 1 January 2009	於二零零九一月一日		496
Charge for the year	本年度攤銷		341
At 31 December 2009	於二零零九十二月三十一日		837
At 1 January 2010	於二零一零一月一日		837
Charge for the year	本年度攤銷		341
At 31 December 2010	於二零一零十二月三十一日		1,178
Net book value:	賬面淨值：		
At 31 December 2009	於二零零九十二月三十一日		14,809
At 31 December 2010	於二零一零十二月三十一日		14,468

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之中國土地使用權之成本。

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(除非另有指明，以人民幣呈列)

17. PREPAYMENT FOR FLOOD PREVENTION EXPENSES

On 11 June 2010, a prepayment amounting to RMB42,500,000 was made for the flood prevention expenses charged for a period of 50 years up to 2059. Amortisation of the prepayment for flood prevention expenses is being charged to profit or loss on a straight-line basis over 50 years.

18. INVENTORIES

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

		The Group 本集團	
		2010 二零一零年	2009 二零零九年
		'000 千元	'000 千元
Raw materials and consumables	原材料及消耗品	33,372	23,336
Finished goods	製成品	15,590	13,998
		48,962	37,334

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

		The Group 本集團	
		2010 二零一零年	2009 二零零九年
		'000 千元	'000 千元
Carrying amount of inventories sold	已售存貨賬面值	1,539,131	1,105,517

17. 防洪開支預付款項

於二零一零年六月十一日，向鄒平縣長山鎮人民政府支付預付防洪開支為數人民幣42,500,000元，款項預付50年並於二零五九年屆滿。預付防洪開支之攤銷於50年期間按直線法計入損益。

18. 存貨

(a) 綜合財務狀況表內之存貨包括：

(b) 在損益中確認為開支之存貨金額分析如下：

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(除非另有指明，以人民幣呈列)

19. TRADE AND OTHER RECEIVABLES

19. 應收貿易賬款及其他應收款項

		The Group 本集團		The Company 本公司	
		2010 二零一零年	2009 二零零九年	2010 二零一零年	2009 二零零九年
		'000 千元	'000 千元	'000 千元	'000 千元
Trade receivables	應收貿易賬款	97,503	29,520	—	—
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	1,228	2,737	378	397
Other tax recoverable	其他可收回稅項	12,557	40,150	—	—
		111,288	72,407	378	397

The amount of prepayments, deposits and other receivables includes the current portion of RMB850,000 relating to the prepayment for flood prevention expenses as referred to in note 17.

預付款項、按金及其他應收款項之金額包括附註17所述預付防洪開支本年度部分之人民幣850,000元。

All of the trade receivables are expected to be recovered or recognised as an expense within one year.

所有應收貿易賬款預期於一年內確認為開支。

(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:

(a) 賬齡分析

包括在應收貿易賬款及其他應收款項之應收貿易款項於報告期末之賬齡分析如下：

		The Group 本集團	
		2010 二零一零年	2009 二零零九年
		'000 千元	'000 千元
Current	即期	93,802	27,630
Less than one month past due	逾期少於一個月	3,701	1,890
		97,503	29,520

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19. TRADE AND OTHER RECEIVABLES (Continued)

(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)).

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

20. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group 本集團		The Company 本公司	
	2010 二零一零年 '000 千元	2009 二零零九年 '000 千元	2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Deposits with banks	69,945	58,076	41,719	42,663
Cash at bank and other financial institutions and cash in hand	377,818	624,688	34,313	41,282
Cash and cash equivalents in the statement of financial position	447,763	682,764	76,032	83,945
Cash and cash equivalents in the consolidated cash flow statement	447,763	682,764		

As at 31 December 2010, cash in hand and cash at banks in the PRC included in the cash and cash equivalents above amounted to RMB341,710,000 (2009: RMB567,124,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

19. 應收貿易賬款及其他應收款項(續)

(b) 應收貿易賬款減值

就應收貿易賬款而言，減值虧損使用於撥備賬予以記錄，除非本集團相信日後收回該等款項之可能性很低，則有關之減值虧損將直接於應收貿易賬款中撇銷(見附註2(i))。

尚未逾期或減值之應收款項乃有關廣泛之客戶，其並無近來之欠款記錄。

已逾期但未減值之應收款項乃有關若干獨立客戶，其與本集團之往績記錄良好。根據過往經驗，由於客戶之信貸質量並未出現重大變動，且認為餘額可悉數收回，故本集團相信毋須作出減值撥備。本集團並就該等結餘持有任何抵押品。

20. 現金及現金等價物

(a) 現金及現金等價物包括：

於二零一零年十二月三十一日，手頭現金及存放於中國之銀行存款包括上述現金及現金等價物為人民幣341,710,000元(二零零九年：人民幣567,124,000元)。將款項匯出中國須受中國政府施行之外匯管制所限。

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(除非另有指明，以人民幣呈列)

20. CASH AND CASH EQUIVALENTS (Continued)

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

		Note	2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
		附註		
Profit before taxation	除稅前溢利		455,973	371,694
Adjustments for:	就以下各項調整：			
Amortisation of lease prepayments	租賃預付款項攤銷	6(c)	341	341
Amortisation of prepayment for flood prevention expenses	防洪開支預付款項攤銷		425	—
Depreciation	折舊	6(c)	150,960	93,393
Impairment of property, plant and equipment	物業、廠房及設備減值	6(c)	4,137	—
Finance costs	融資成本	6(a)	—	4,168
Interest income	利息收入	5	(2,212)	(3,977)
Dividend income	股息收入	5	—	(394)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	5	—	6
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
Foreign exchange loss	外匯虧損		359	116
Changes in working capital:	營運資金變動：			
(Increase)/decrease in inventories	存貨(增加)／減少		(11,628)	6,288
(Increase)/decrease in trade and other receivables	應收貿易賬款及其他應收款項(增加)／減少		(65,624)	6,587
Increase/(decrease) in trade and other payables	應付貿易賬款及其他應付款項增加／(減少)		32,534	(46,219)
Cash generated from operations	經營業務產生之現金		565,265	432,045

20. 現金及現金等價物(續)

(b) 除稅前溢利及經營業務產生之現金對賬：

21. TRADE AND OTHER PAYABLES

		The Group 本集團		The Company 本公司	
		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元	2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Trade payables	應付貿易賬款	75,596	45,529	—	—
Other payables and accruals	其他應付款項及預提費用	11,444	12,471	1,253	1,260
		87,040	58,000	1,253	1,260

21. 應付貿易賬款及其他應付款項

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(除非另有指明，以人民幣呈列)

21. TRADE AND OTHER PAYABLES (Continued)

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.

		The Group 本集團	
		2010 二零一零年	2009 二零零九年
		'000 千元	'000 千元
Due within 30 days	30日內到期	75,596	45,529

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

21. 應付貿易賬款及其他應付款項(續)

包含在應付貿易賬款及其他應付款項中之應付貿易賬款於報告期末之賬齡分析如下。各供應商授予之信貸期一般不多於30日。

		The Group 本集團	
		2010 二零一零年	2009 二零零九年
		'000 千元	'000 千元
Due within 30 days	30日內到期	75,596	45,529

所有應付貿易賬款及其他應付款項預計於一年內償付。

22. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

		The Group 本集團	
		2010 二零一零年	2009 二零零九年
		'000 千元	'000 千元
Provision for PRC income tax for the year	本年度已計提之中國所得稅	58,017	47,607
PRC income tax paid	已繳付之中國所得稅	(45,177)	(37,259)
		12,840	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	22,708	20,216

22. 綜合財務狀況表內之所得稅

(a) 綜合財務狀況表內之即期稅項代表：

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(除非另有指明，以人民幣呈列)

22. 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(o), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB13,262,840 (2009: RMB17,035,000) 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 2010, temporary differences relating to the undistributed profits of the PRC subsidiary amounted to RMB1,019,809,000 (2009: RMB654,751,000). Deferred tax liabilities of RMB50,990,000 (2009: RMB32,738,000) 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.

22. 綜合財務狀況表內之所得稅(續)

(b) 未經確認之遞延稅項資產

根據附註2(o)之會計政策，本集團並無確認由累計稅項虧損人民幣13,262,840元(二零零九年：人民幣17,035,000元)產生之遞延稅項資產，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) 未經確認之遞延稅項負債

於二零一零年十二月三十一日，有關中國附屬公司之未分配利潤之暫時差額為人民幣1,019,809,000元(二零零九年：人民幣654,751,000元)。由於本公司控制此等附屬公司之股息政策，且已確定於可見之將來其溢利將不予分配，故未有確認於分配此等留存溢利時須要繳納之稅款共人民幣50,990,000元(二零零九年：人民幣32,738,000元)為遞延稅項負債。

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23. CAPITAL, RESERVES AND DIVIDENDS

23. 資本、儲備及股息

(a) Movements in components of equity

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:

The Company

(a) 權益項目變動

本集團綜合權益各項目之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之變動詳情如下：

本公司

		Share capital 股本 '000 千元	Share premium 股份溢價 '000 千元	Exchange reserve 匯兌儲備 '000 千元	Retained profits/ (Accumulated losses) 留存收益/ (累計虧損) '000 千元	Total 合計 '000 千元
Balance at 1 January 2009	於二零零九年一月一日之結餘	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：					
Loss for the year	本年度虧損	—	—	—	(6,215)	(6,215)
Other comprehensive income	其他全面收益	—	—	(2,071)	—	(2,071)
Total comprehensive income	全面收益總額	100,258	1,474,812	(159,895)	(3,942)	1,411,233
Dividends approved in respect of the previous year	批准上一年度股息	—	(76,990)	—	—	(76,990)
Dividends declared in respect of the current year	本年度已宣派股息	—	(29,842)	—	—	(29,842)
Balance at 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日及二零一零年一月一日之結餘	100,258	1,367,980	(159,895)	(3,942)	1,304,401
Changes in equity for 2010:	二零一零年權益變動：					
Loss for the year	本年度虧損	—	—	—	(7,716)	(7,716)
Other comprehensive income	其他全面收益	—	—	(30,532)	—	(30,532)
Total comprehensive income	全面收益總額	100,258	1,367,980	(190,427)	(11,658)	1,266,153
Dividend issued in respect of previous year	發行上一年度股息	—	(67,385)	—	—	(67,385)
Shares issued in respect of scrip dividend of previous year	發行上一年度代息股份	2,169	65,216	—	—	67,385
Balance at 31 December 2010	於二零一零年十二月三十一日之結餘	102,427	1,365,811	(190,427)	(11,658)	1,266,153

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23. CAPITAL, RESERVES AND DIVIDENDS (Continued)

23. 資本、儲備及股息(續)

(b) Authorised and issued share capital

(b) 法定及已發行股本

		2010 二零一零年		2009 二零零九年	
		Number of shares 股份數目 (‘000) (千股)	’000 千元	Number of shares 股份數目 (‘000) (千股)	’000 千元
Authorised:	法定:				
Ordinary shares of HK\$0.1 each	每股面值0.1港元 之普通股	10,000,000	1,000,000	10,000,000	1,000,000
Ordinary shares issued and fully paid:	已發行及繳足普 通股:				
At 1 January	於一月一日	1,032,800	100,258	1,032,800	100,258
Shares issued under scrip dividend (note)	發行代息 股份(附註)	24,794	2,169	—	—
At 31 December	於十二月三十一日	1,057,594	102,427	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之股息，並有權於本公司會議上按每股一票之比例投票。就本公司餘下資產而言，所有普通股均享有同等地位。

Note: Shares issued under scrip dividend

附註：發行代息股份

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 HK\$7.403 cents (equivalent to approximately RMB6.525 cents) per ordinary share to shareholders whose names appear on the register of members of the Company on 5 May 2010, totalling of HK\$76,458,000 (equivalent to RMB67,385,000).

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上之股東派發截至二零零九年十二月三十一日止之末期股息，每股7.403港仙(相等於約人民幣6.525分)，全部採用以股代息之方式派付，總金額為76,458,000港元(相等於約人民幣67,385,000元)。

For the purpose of calculating the number of scrip shares allotted in respect of the final dividend in 2009, the market value of the scrip dividend was HK\$3.0837, which was the average closing price of the Company's share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding 5 May 2010, less a discount of 5% and rounding such figure to four decimal places.

就計算二零零九年末期股息之代息股份數目而言，代息股息之市值釐定為每股3.0837港元，乃於記錄日期二零一零年五月五日(包括該日)前五個連續交易日在聯交所所報每股股份平均收市價經5%折讓(約數至小數點後四個位)。

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23. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Authorised and issued share capital (Continued)

Note: (Continued)

On 8 June 2010, the Company issued and allotted 24,794,300 of shares in scrip form to shareholders totalling of HK\$76,458,000 (equivalent to approximately RMB67,385,000), out of which RMB2,169,000 was recorded in share capital and RMB65,216,000 was recorded in share premium. These shares rank pari passu with the existing shares of the Company in all aspects.

(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 2010, a final dividend of RMB67,385,000 (2009: RMB76,990,000) in respect of the previous year was paid out from the share premium account. During the year ended 31 December 2009, an interim dividend of RMB29,842,000 in respect of the year ended 31 December 2009 (2010: Nil) was 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.

23. 資本、儲備及股息(續)

(b) 法定及已發行股本(續)

附註:(續)

於二零一零年六月八日，本公司向股東發行及配發24,794,300股代息股份，總金額76,458,000港元(相等於約人民幣67,385,000元)，其中約人民幣2,169,000元記入股本，人民幣65,216,000元記入股份溢價。該等股份與本公司之現有股份在各方面具有同等地位。

(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之債項。股份溢價亦可以繳足紅股方式分派。於截至二零一零年十二月三十一日止年度，上一年度之末期股息人民幣67,385,000元(二零零九年：人民幣76,990,000元)已於股份溢價賬中派發。於截至二零零九年十二月三十一日止年度，截至二零零九年十二月三十一日止年度之中期股息人民幣29,842,000元(二零一零年：無)已於股份溢價賬中派發。

(ii) 盈餘儲備

本集團根據有關中國規則及法規以及本公司於中國註冊成立之附屬公司之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純利之10%轉撥至盈餘儲備，直至該儲備之結餘達致註冊資本之50%為止。本集團須在向股東分派股息前撥往此儲備。

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23. CAPITAL, RESERVES AND DIVIDENDS (Continued)

23. 資本、儲備及股息(續)

(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(r).

(iv) Distributability of reserves

At 31 December 2010, the aggregate amount of reserves available for distribution to equity shareholders of the Company, including the distributable amounts disclosed in note 23(c)(i) was RMB1,354,153,000 (2009: RMB1,364,038,000).

(d) Dividends

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

(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之財務報表而產生之所有匯兌差額，並根據附註2(r)所載之會計政策處理。

(iv) 可供分派儲備

於二零一零年十二月三十一日，可供分派予本公司權益持有人的儲備總額，包括在附註23(c)(i)所披露之可分派金額為人民幣1,354,153,000元（二零零九年：人民幣1,364,038,000元）。

(d) 股息

(i) 應付本公司權益持有人年度應佔股息

		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Interim dividend declared and paid of HK3.277 cents per ordinary share (equivalent to approximately RMB2.889 cents) for the year ended 31 December 2009	已宣派及派付之截至二零零九年十二月三十一日止年度之中期股息每股普通股3.277港仙(相等於約人民幣2.889分)	—	29,842
Final dividend proposed after the end of the reporting period of HK8.633 cents (equivalent to approximately RMB7.517 cents) per ordinary share (2009: HK7.403 cents per ordinary share, equivalent to approximately RMB6.525 cents)	於報告期末建議派付之末期股息每股普通股8.633港仙(相等於約人民幣7.517分)(二零零九年：每股普通股7.403港仙，相等於約人民幣6.525分)	119,252	67,385
Special dividend proposed after the end of the reporting period of HK3 cents (equivalent to approximately RMB2.612 cents) per ordinary share (2009: Nil)	於報告期末建議派付之特別股息每股普通股3港仙(相等於約人民幣2.612分)(二零零九年：無)	41,442	—
		160,694	97,227

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23. CAPITAL, RESERVES AND DIVIDENDS (Continued)

23. 資本、儲備及股息(續)

(d) Dividends (Continued)

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

The Board resolved to recommend the payment of a final dividend for the year ended 31 December 2010 of HK8.633 cents (2009: HK7.403 cents wholly in scrip form) and a special cash dividend of HK3 cents (2009: HK Nil cents) per ordinary share to shareholders whose names appear on the register of members of the Company on 18 May 2011. Shareholders may elect to receive the final dividend in scrip form or in cash form.

The final dividend and special cash dividend proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

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

Final dividend in respect of the previous financial year, approved and paid during the year, of HK7.403 cents (equivalent to approximately RMB6.525 cents) per ordinary share wholly in scrip form (2009: HK8.45 cents per ordinary share wholly in cash form) (equivalent to approximately RMB7.45 cents)

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7.403港仙
(相等於約人民幣6.525
分)，全數以代息股份
形式派付(二零零九年：
每股普通股8.45港仙以
現金形式派付)(相等於
約人民幣7.45分)

67,385

76,990

(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二零一一年五月十八日名列本公司股東名冊之股東派發截至二零一零年十二月三十一日止年度之末期股息每股8.633港仙(二零零九年：7.403港仙)及特別現金股息每股普通股3港仙(二零零九年：零港仙)。股東可選擇以代息股份或現金形式收取末期股息。

於報告期末後建議派付之末期股息及特別現金股息並未確認為報告期末之負債。

(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

2010 二零一零年	2009 二零零九年
'000	'000
千元	千元

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(除非另有指明，以人民幣呈列)

23. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(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.

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 Group has not engaged in any bank borrowings as at 31 December 2009 and 2010.

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

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, business, commodity price and currency risks arises in the normal course of the Group's business.

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.

23. 資本、儲備及股息(續)

(e) 資本管理

本集團管理資本之主要目標是保障本集團繼續以持續經營方式營運之能力，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之股息金額、股東回報、發行新股份或出售資產以減少負債。

本集團根據資產負債比率之基準，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。於二零零九年及二零一零年十二月三十一日，本集團並無涉及任何銀行借貸。

本公司或其任何附屬公司概無受限於外界施加之資本限制。

24. 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、利息風險、商品價格風險及外匯風險。

本集團面對之該等風險，以及本集團所採納以應對該等風險之金融風險管理政策及慣例概述如下。

(a) 信貸風險

本集團之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。

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(除非另有指明，以人民幣呈列)

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(Continued)

(a) Credit risk (Continued)

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 10 to 30 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.

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, 15% (2009: 37%) and 35% (2009: 59%) 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.

24. 財務風險管理及公平值(續)

(a) 信貸風險(續)

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10至30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。

本集團之信貸風險受各個客戶之不同情況所影響，而非客戶經營之行業或國家，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之應收貿易賬款分別佔本集團應收貿易賬款總額之15% (二零零九年：37%) 及35% (二零零九年：59%)。

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之賬面值。本集團並無提供任何令本集團面臨信貸風險之金融擔保。

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24. 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.

The following table show 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 and the earliest date the Group and the Company can be required to pay:

The Group

2010 二零一零年			2009 二零零九年		
Contractual undiscounted cash outflow 已訂約而未貼現之現金流出			Contractual undiscounted cash outflow 已訂約而未貼現之現金流出		
Within 1 year or on demand	Total	Carrying amount at 31 Dec 於十二月 三十一日之 賬面值	Within 1 year or on demand	Total	Carrying amount at 31 Dec 於十二月 三十一日之 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	(87,040)	(87,040)	(58,000)	(58,000)	(58,000)

24. 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之現金管理，包括現金盈餘之短期投資，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。本集團之政策是盡量確保隨時具備足夠流動資金應付到期之負債，令本集團毋須承擔不能接受之虧損或聲譽損害。

下表詳列本集團於報告期末餘下受契約規管之到期款項及本公司之金融負債，乃基於合約未貼現現金流量(包括按合約利率計算之應付利息)及本集團及本公司須付款之最早日期：

本集團

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24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

24. 財務風險管理及公平值(續)

(b) Liquidity risk (Continued)

The Company

2010 二零一零年			2009 二零零九年			
Contractual undiscounted cash outflow 已訂約而未貼現之現金流出			Contractual undiscounted cash outflow 已訂約而未貼現之現金流出			
Within 1 year or on demand	Total	Carrying amount at 31 Dec 於十二月 三十一日之 賬面值	Within 1 year or on demand	Total	Carrying amount at 31 Dec 於十二月 三十一日之 賬面值	
一年內或 按要求	合計		一年內或 按要求	合計		
'000	'000	'000	'000	'000	'000	
千元	千元	千元	千元	千元	千元	
Other payables and accruals	其他應付款項及預 提費用	(1,253)	(1,253)	(1,253)	(1,260)	(1,260)

(c) Interest rate risk

The Group does not have any interest bearing borrowings at 31 December 2009 and 2010 that would expose the Group to 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.

(b) 流動資金風險(續)

本公司

(c) 利率風險

於二零零九年及二零一零年十二月三十一日，本集團並無任何令本集團承擔利率風險之計息借貸。

(d) 業務風險

本集團集中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定，惟未能確保於需要時此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，則將對本集團之營業額及盈利能力造成不利影響。

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24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Business risk (Continued)

The Group's purchases of raw materials are primarily from several major suppliers. The Group has a certain concentration of business risk as 65% (2009: 67%) 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.

(e) Commodity price risk

The major raw materials used in the production of the Group's products include 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) 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.

24. 財務風險管理及公平值(續)

(d) 業務風險(續)

本集團集中向多名主要供應商採購原材料。本集團有一定程度之業務風險集中，此乃由於本集團向五大供應商採購之採購額佔總採購額之65%（二零零九年：67%）。倘本集團未能向此等供應商採購足夠數量之材料，且未能物色其他來源，則會對本集團之營業額及盈利能力造成不利影響。

(e) 商品價格風險

於生產本集團之產品時所採用之主要原材料包括木漿及鈦白粉。本集團因受木漿及鈦白粉之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之供求情況而定。木漿及鈦白粉之價格波動可對本集團之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之潛在變動。

(f) 外匯風險

由於本集團之大部份貨幣資產及負債以人民幣列值及本集團之業務交易主要以人民幣進行，故本集團所承擔之匯率風險並不重大，而本集團並無利用任何金融工具作對沖用途。

(g) 公平值

如附註14所述，與附屬公司之結欠為免息及無固定還款期。根據有關條款，披露公平值並無意義。

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25. COMMITMENTS AND CONTINGENT LIABILITIES

25. 承擔及或然負債

(a) Operating leases

At 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		The Group 本集團		The Company 本公司	
		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元	2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Within one year	一年內	5,523	4,484	447	341
After one year but within five years	一年後但在五年內	13,064	11,701	372	683
After five years	五年以上	125,178	86,350	—	—
		143,765	102,535	819	1,024

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.

(a) 經營租賃

於二零一零年十二月三十一日，根據不可撤銷之經營租賃在日後應付之經營租賃費用總額如下：

本集團是為以經營租賃形式租賃土地及物業之承租人。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。位於中國之租賃土地每五年重新磋商，以反映實際之市場租值。所有租賃不包括或然租金。

(b) Capital commitments

Capital commitments outstanding at 31 December 2010 not provided for in the financial statements were as follows:

		The Group 本集團	
		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Contracted for	已訂約	312,760	150,220
Authorised but not contracted for	已獲授權但未訂約	—	40,000
		312,760	190,220

As at 31 December 2009 and 2010, the Group was committed to certain construction contracts for the acquisition of plant and machinery and buildings.

(b) 資本承擔

於二零一零年十二月三十一日尚未償付且未在財務報表作出撥備之資本承擔如下：

於二零零九年及二零一零年十二月三十一日，本集團承擔若干購置廠房、機器及物業之建設合約。

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25. 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. MATERIAL RELATED PARTY TRANSACTIONS

During the years ended 31 December 2009 and 2010, transactions with the following party are considered to be related party transactions:

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

董事朱玉國博士、朱墨群先生及孫瑞芳女士分別實際擁有55%、30%及15%權益

* The English translation of the company name is for reference only. The official name of this company is in Chinese.

25. 承擔及或然負債

(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，現時並無涉及任何環境修復事件。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。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之負債。然而，中國政府已經並有可能進一步實施更為嚴格之應用法律及環境保護標準。環保負債之不確定因素較大，可影響本集團估計環境修復最終成本之能力。這些不定因素包括(i)污染之實際性質和程度；(ii)所需清除工作之程度；(iii)各種補救措施之成本；(iv)環境修復要求之變化；及(v)新確認需要實施環保修復之地點。由於可能發生污染之程度和所需採取之補救措施之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之金額，故無法在目前合理預測建議中之或將來之環境保護法律規定可能導致在環保方面之負債，而有關負債可能十分重大。

26. 重大關連方交易

截至二零零九年及二零一零年十二月三十一日止年度，董事認為下列公司為本集團之關連方：

* 該等公司之中文名稱為正式名稱，英文名稱僅供參考。

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26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

26. 重大關連方交易(續)

(a) Recurring transaction

(a) 經常性交易

		2010 二零一零年 '000 千元	2009 二零零九年 '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	2,270	1,335

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) Key management personnel remuneration

(b) 主要管理人員酬金

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:

本集團主要管理人員之酬金(包括附註8所披露已付本公司董事之酬金及附註9所披露已付若干最高薪酬僱員之酬金)如下：

		The Group 本集團	
		2010 二零一零年 '000 千元	2009 二零零九年 '000 千元
Short-term employee benefits	短期僱員福利	3,675	4,147
Contribution to defined contribution retirement plans	定額供款退休金計劃供款	50	46
		3,725	4,193

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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27. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the 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;
- (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.

27. 購股權計劃

根據本公司唯一股東於二零零七年九月八日通過之一項普通決議案，本公司採納一項購股權計劃（「計劃」），以使本集團能就僱員、董事及其他經挑選之參與者對本集團作出之貢獻作出回饋。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及服務之任何供應商；
- (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、開發或其他技術支援之任何人士或實體；
- (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任何持有人；
- (g) 本集團或任何注資實體之任何業務範圍或業務發展之任何顧問（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之增長作出貢獻之任何其他類別參與者。

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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(除非另有指明，以人民幣呈列)

27. 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.

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.

27. 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。根據計劃可能授出之購股權所涉及之本公司股份(「股份」)最高數目，將不得超過於本公司上市當日已發行股本之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之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之購股權而予發行之股份總數，合共不得超過不時已發行股份之30%。於任何十二個月期間向任何人士所授出之購股權所涉及之股份最高數目，不得超過該十二個月期間最後一日已發行股份之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之購股權，倘合共超過已發行股份之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之條款予以終止。

除董事另有訂明以及於向承授人授出購股權之要約所列明者外，根據計劃，於行使購股權前，該購股權概無持有之最低期限作出限制。行使價由董事釐訂，並將不少於下列之最高者：(i)於授出要約日期(必須為營業日)聯交所每日報表所列之股份平均收市價；(ii)緊接授出要約日期前五個交易日聯交所每日報表所列之股份平均收市價；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。

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(Expressed in Renminbi unless otherwise indicated)

(除非另有指明，以人民幣呈列)

28. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) On 5 November 2010, the Company announced an open offer proposal to raise approximately HK\$349.01 million (equivalent to RMB300.07 million) before expenses, by the issuing of 528,797,150 new shares ("new shares") at a price of HK\$0.66 (equivalent to approximately RMB0.57) each in the proportion of 1 offer share for every 2 shares held. The net proceeds are to be used for the purposes of the general working capital of the Group. Details of the open offer are set out in the Company's prospectus to shareholders dated 17 December 2010. The open offer is underwritten by Kingston Corporate Finance Limited, an independent third party incorporated in the Hong Kong with limited liability. On 10 January 2011, the Company issued the new shares and received the net proceeds.
- (b) On 14 January 2011, the Company entered into the Subscription Agreement with Victory Asset Management HK Limited (the "Subscriber") to raise HK\$10,328,000 (equivalent to RMB8,880,000) before expenses, by issuing of 206,560,000 ordinary shares at the warrant subscription price of HK\$0.05 (equivalent to approximately RMB0.04) per warrant. The warrant will entitle the Subscriber to subscribe 206,560,000 ordinary shares at the warrant exercise price of HK\$2.95 (equivalent to approximately RMB2.54) per ordinary shares for a period of 12 months commencing from the completion date as defined in the Subscription Agreement, on 19 January 2011. The net proceeds will be used for the purposes of the general working capital of the Group. The Subscriber is an independent third party incorporated in the BVI with limited liability.

29. IMMEDIATE AND ULTIMATE CONTROLLING COMPANY

At 31 December 2010, the Directors consider the immediate parent and ultimate controlling party of the Group to be Boom Instant Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

28. 報告期後非調整事項

- (a) 二零一零年十一月五日，本公司公佈建議按每持有兩股現有股份獲發一股發售股份之基準以每股發售股份0.66港元(相等於約人民幣0.57元)提呈發行528,797,150股新股份(「新股」)，集資約349,010,000港元(相等於約人民幣300,070,000元)(扣除開支前)。所得款項將用作本集團一般營運資金之用。公開發售之詳情載於本公司於二零一零年十二月十七日向股東刊發之章程。公開發售由金利豐財務顧問有限公司(為一間於香港成立之獨立第三方有限公司)作包銷。於二零一一年一月十日，本公司已發行新股並收到所得款項淨額。
- (b) 於二零一一年一月十四日，本公司與華多利資產管理香港有限公司(「認購人」)訂立認購協議，透過按認股權證認購價每份0.05港元(相等於約人民幣0.04元)發行206,560,000股普通股，集資10,328,000港元(相等於人民幣8,880,000元)。根據認購協議所界定，認股權證賦予認購人權利於完成日期起計12個月內按認股權證行使價每股2.95港元(相等於約人民幣2.54元)認購合共206,560,000股普通股份。所得款項淨額將作本集團一般營運資金之用。認購人為一間於英屬處女群島成立之獨立有限責任第三方。

29. 直接及最終控股公司

董事認為於二零一零年十二月三十一日本集團之直接母公司及最終控股公司為於英屬處女群島註冊成立之Boom Instant Limited。該實體並未編製供公眾查閱之財務報表。

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(除非另有指明，以人民幣呈列)

30. ACCOUNTING JUDGEMENTS AND ESTIMATES

Sources of estimation uncertainty

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.

(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.

30. 會計判斷及估計

估算不明朗因素之來源

主要估計不確定性來源如下：

(a) 減值

倘情況顯示資產之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。該等資產之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之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，該資產產生之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資料釐定可收回金額之合理概約金額，包括基於銷量、銷售收益及營運成本金額之合理及有依據之假設及預測而作出之估計。

(b) 存貨撇減

本集團會釐定陳舊存貨之撇減。此等估計乃參考存貨賬齡分析、預期未來貨品之銷售情況及管理層之經驗及判斷而作出。根據此審閱，倘存貨之賬面值跌至低於其估計可變現淨值，則本集團會撇減存貨之價值。鑒於市況可能發生變動，實際貨品銷售之情況可能與估計有所不同，而此估計之差異可能影響損益。

NOTES TO THE FINANCIAL STATEMENTS

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30. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Sources of estimation uncertainty (Continued)

(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.

(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.

30. 會計判斷及估計(續)

估算不明朗因素之來源(續)

(c) 折舊

物業、廠房及設備經考慮其估計剩餘價值(如有)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之估計可使用年期以釐定於任何列報期間所記錄之折舊費用金額。可使用年期乃根據本集團對類似資產之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，未來期間之折舊費用會予以調整。

(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最終釐訂稅項屬不明朗之交易及計算。在綜合財務報表中已作出額外撥備，以涵蓋可能出現之後果以及可作出合理之估計而釐訂之預期最終稅項後果。然而，最終後果涉及不明朗因素，而所產生之負債可能超逾撥備。

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31. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2010

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and interpretations and one new standard which are not yet effective for the year ended 31 December 2010 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

31. 截至二零一零年十二月三十一日止年度已頒佈但尚未生效之修訂、新準則及詮釋可能產生之影響

截至本財務報表刊發日期，國際會計準則委員會已頒佈在截至二零一零年十二月三十一日止年度尚未生效之一系列修訂及詮釋以及一項新準則，本綜合財務報表並未採納此等修訂、詮釋及準則。以下發展為可能與本集團有關：

Revised IAS 24, Related party disclosures
經修訂國際會計準則第24號，關連方披露

Effective for accounting periods
beginning on or after
自下列日期起或
之後開始之會計期間生效
1 January 2011
二零一一年一月一日

IFRS 9, Financial instruments
國際財務報告準則第9號，財務工具

1 January 2013
二零一三年一月一日

Amendments to IAS 12, Income taxes
國際會計準則第12號(修訂本)，所得稅

1 January 2012
二零一二年一月一日

Improvements to IFRSs 2010
2010國際財務報告準則改善

1 July 2010
or 1 January 2011
二零一零年七月一日
或二零一一年一月一日

The Group is in the process of making an assessment of what the impact of these amendments 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.

本集團正在評估上述修訂在首次應用期間預期產生之影響，迄今，本集團認為採納上述各項對本集團之經營業績及財務狀況造成重大影響之機會不大。

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				
		2006	2007	2008	2009	2010
		二零零六年	二零零七年	二零零八年	二零零九年	二零一零年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
CONSOLIDATED INCOME STATEMENTS		綜合收益表				
Turnover	營業額	950,844	1,125,524	1,496,360	1,530,321	2,058,916
Cost of sales	銷售成本	(766,727)	(842,055)	(1,090,844)	(1,105,517)	(1,539,131)
Gross profit	毛利	184,117	283,469	405,516	424,804	519,785
Other revenue	其他收益	726	121,952	41,503	4,371	2,212
Other net loss	其他虧損淨額	—	(627)	(2,441)	(62)	(189)
Selling expenses	銷售開支	(9,597)	(9,459)	(15,896)	(19,233)	(26,426)
Administrative expenses	行政開支	(11,929)	(23,698)	(32,001)	(34,018)	(39,409)
Profit from operations	經營溢利	163,317	371,637	396,681	375,862	455,973
Finance costs	融資成本	(20,625)	(21,065)	(13,320)	(4,168)	—
Profit before taxation	除稅前溢利	142,692	350,572	383,361	371,694	455,973
Income tax	所得稅	(48,755)	—	—	(47,607)	(58,467)
Profit for the year	年度溢利	93,937	350,572	383,361	324,087	397,506
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	499,776	461,021	561,146	1,365,520	2,015,579
Construction in progress	在建工程	16,000	167,098	316,060	296,911	253,878
Lease prepayments	租賃預付款項	—	11,255	15,150	14,809	14,468
Prepayment for the acquisition of plant and equipment	購買廠房及設備預付款項	—	—	110,880	60,780	24,029
Prepayment for flood prevention expenses	防洪開支預付款項	—	—	—	—	41,225
		515,776	639,374	1,003,236	1,738,020	2,349,179
Current assets		流動資產				
Trading securities	交易證券	—	—	64,753	—	—
Inventories	存貨	50,989	35,487	43,622	37,334	48,962
Trade and other receivables	應收貿易賬款及其他應收款項	81,785	50,903	38,844	72,407	111,288
Amounts due from directors	應收董事款項	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	67,265	1,792,158	1,539,373	682,764	447,763
		200,237	1,878,548	1,686,592	792,505	608,013
Current liabilities		流動負債				
Bank loans	銀行貸款	332,000	30,000	124,000	—	—
Trade and other payables	應付貿易賬款及其他應付款項	79,013	229,404	320,753	58,000	87,040
Amounts due to directors	應付董事款項	194,491	—	—	—	—
Current taxation	即期稅項	21,671	9,868	9,868	20,216	22,708
		627,175	269,272	454,621	78,216	109,748

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				
		2006	2007	2008	2009	2010
		二零零六年	二零零七年	二零零八年	二零零九年	二零一零年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Net current (liabilities)/assets	流動(負債)/資產淨值	(426,938)	1,609,276	1,231,971	714,289	498,265
Total assets less current liabilities	資產總值減流動負債	88,838	2,248,650	2,235,207	2,452,309	2,847,444
Non-current liabilities	非流動負債					
Bank loans	銀行貸款	—	207,000	—	—	—
NET ASSETS	資產淨值	88,838	2,041,650	2,235,207	2,452,309	2,847,444
Capital and reserves	資本及儲備					
Share capital	股本	102	101,359	100,258	100,258	102,427
Reserves	儲備	88,736	1,940,291	2,134,949	2,352,051	2,745,017
TOTAL EQUITY	權益總值	88,838	2,041,650	2,235,207	2,452,309	2,847,444
Earnings per share – Basic (RMB cents)	每股盈利 — 基本(人民幣分)	13	42	37	31	38

FIVE-YEAR FINANCIAL SUMMARY

五年財務摘要

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	2006 二零零六年	2007 二零零七年	2008 二零零八年	2009 二零零九年	2010 二零一零年
Profitability ratios		盈利能力比率					
Gross profit margin	毛利率	1	19.4%	25.2%	27.1%	27.8%	25.2%
Net profit margin	淨溢利率	2	9.9%	31.1%	25.6%	21.2%	19.3%
Return on assets	資產回報率	3	13.1%	13.9%	14.3%	12.8%	13.4%
Return on equity	權益回報率	4	105.7%	17.2%	17.2%	13.2%	14.0%
Liquidity ratios		流動資金比率					
Current ratio	流動比率	5	0.3	7.0	3.7	10.1	5.5
Quick ratio	速動比率	6	0.2	6.8	3.6	9.7	5.1
Gearing ratio	資產負債比率	7	46.4%	9.4%	4.6%	0.0%	0.0%
Inventory turnover days	存貨週轉天數	8	30	20	18	16	15
Debtors' turnover days	應收賬款週轉天數	9	31	16	9	7	17
Creditors' turnover days	應付賬款週轉天數	10	31	35	37	20	23

Notes:

- 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%.
- 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.
- 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.
- 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:

- 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之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。
- 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。
- 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。
- 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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