



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)



2011

Interim Report 中期報告

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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

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

授權代表

朱玉國博士
林慧怡女士

LEGAL ADVISERS

As to Hong Kong laws

DLA Piper Hong Kong

As to Cayman Islands laws

Conyers Dill & Pearman

PRINCIPAL BANKERS IN HONG KONG

Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited

PRINCIPAL BANKERS IN THE PRC

Agricultural Bank of China, Changshan Sub-branch
Shandong Zouping Rural Commercial Bank,
Changshan Sub-branch
Industrial and Commercial Bank of China,
Zouping Sub-branch

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
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

法律顧問

香港法律

歐華律師事務所

開曼群島法律

康德明律師事務所

香港主要往來銀行

恒生銀行有限公司
中國工商銀行(亞洲)有限公司

中國主要往來銀行

中國農業銀行，長山支行
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

國衛會計師事務所
英國特許會計師
香港執業會計師

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

CORPORATE INFORMATION 公司資料

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

中國總辦事處及主要營業地點

中國
山東省
鄒平縣
長山鎮
三里河

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

主要股份過戶登記處

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

香港股份過戶登記分處

卓佳證券登記有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

STOCK CODE

The Stock Exchange of Hong Kong Limited: 3868

股份代號

香港聯合交易所有限公司：3868

WEBSITES

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

網址

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

INVESTOR AND MEDIA RELATIONS CONSULTANT

iPR Ogilvy Ltd.

投資者及傳媒關係顧問

iPR 奧美公關

FINANCIAL CALENDAR

Announcement of 2011 Interim Results:
18 August 2011

財務日誌

二零一一年中期業績公佈：
二零一一年八月十八日

Announcement of 2011 Annual Results:
March 2012 (*tentative date*)

二零一一年全年業績公佈：
二零一二年三月(暫定日期)

“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 載於企業管治守則的守則條文
“Company” or “QX Paper” 「本公司」或「群星紙業」	指	Qunxing Paper Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange 群星紙業控股有限公司，一間在開曼群島註冊成立的有限責任公司，其已發行股份於聯交所主板上市
“Director(s)” 「董事」	指	director(s) of the Company 本公司董事
“Group”, “QX Group”, “we”, “our” or “us” 「本集團」或「群星集團」	指	the Company and its subsidiaries 本公司及其附屬公司
“HK\$” 「港元」	指	Hong Kong dollars, the lawful currency of Hong Kong 港元，香港法定貨幣
“Hong Kong” 「香港」	指	the Hong Kong Special Administrative Region of the PRC 中國香港特別行政區
“Listing Rules” 「上市規則」	指	the Rules Governing the Listing of Securities on the Stock Exchange 《聯交所證券上市規則》
“Model Code” 「標準守則」	指	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules 上市規則附錄10所載之《上市公司董事進行證券交易的標準守則》

DEFINITIONS

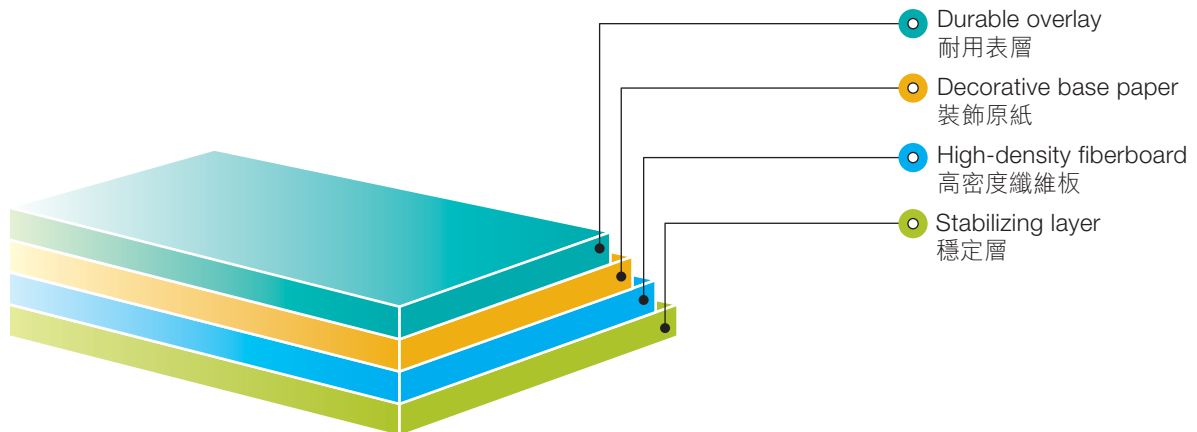
釋義

“PRC” 「中國」	指	the People’s Republic of China, which for the purpose of this interim report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan 中華人民共和國，就本中期報告而言，不包括香港、中國澳門特別行政區及台灣
“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 terms no less exacting than the required standard in the Model Code 本公司於二零零七年九月八日採納的《證券買賣守則》(經不時修訂)，其條款不較標準守則寬鬆
“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) 《證券及期貨條例》(香港法例第571章)
“Shandong QX” 「山東群星」	指	Shandong Qunxing Paper Limited*, a limited liability company established in the PRC and a wholly-owned subsidiary of the Company 山東群星紙業有限公司，一間於中國成立的有限責任公司，並為本公司之全資附屬公司
“Stock Exchange” 「聯交所」	指	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“substantial shareholder(s)” 「主要股東」	指	has the same meaning ascribed to it under the Listing Rules 具有上市規則所賦予的相同涵義
“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

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

Structure diagram of laminated board
人造板之結構圖



FINANCIAL HIGHLIGHTS

財務摘要

		For the six months ended 30 June 截至六月三十日止六個月		
		2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	Change 變動
Operating Results		經營業績		
Turnover	營業額	1,038,341	873,569	+18.9%
Profit from operations	經營溢利	183,002	198,262	-7.7%
Profit before taxation	除稅前溢利	183,002	198,262	-7.7%
Profit attributable to equity shareholders	權益持有人應佔溢利	158,804	172,508	-7.9%
Gross profit margin	毛利率	21.3%	25.6%	-4.3% pts 百分點
Net profit margin	淨溢利率	15.3%	19.7%	-4.4% pts 百分點
Per Share Data		每股數據		
Basic earnings per share (RMB cents)	每股基本盈利 (人民幣分)	11	16	-31.3%
Dividend per share	每股股息	—	—	Nil 無
		As at 30 June 2011 於二零一一年六月三十日 RMB'000 人民幣千元 (Audited) (經審核)		
		As at 31 December 2010 於二零一零年十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)		
Financial Position		財務狀況		
Total assets	資產總值	3,324,768	2,957,192	+12.4%
Cash and cash equivalents	現金及現金等價物	896,176	447,763	+100.1%
Total liabilities	負債總值	179,876	109,748	+63.9%
Total equity	權益總值	3,144,892	2,847,444	+10.4%
Current ratio	流動比率	5.9	5.5	+0.4 times 倍
Quick ratio	速動比率	5.6	5.1	+0.5 times 倍
Gearing ratio	資產負債比率	0%	0%	Nil 無

BUSINESS REVIEW

As the global economy recovery continues since 2010, the China's economy maintained a good growth momentum in the first half of 2011. According to the National Bureau of Statistics of the PRC, China's gross domestic product (GDP) reached RMB20.4 trillion in the first half of 2011, up 9.6% as compared to the same period last year. All these reflected the steady economic growth, sustained rising living standard and accelerating urbanisation in China for the first half of 2011.

Although the central government tightened measures to cool down the property market as well as the People's Bank of China has increased interest rates, the adjustment in sales volume was merely temporary. In the first half of 2011, commodity housing sector in China grew, in terms of area sold and price, by 12.1% and 22.3%, respectively, over the same period of 2010, indicating the demand-driven nature of the PRC property market. The accelerating urbanisation in second- and third-tier cities as well as the construction of social security housing have driven the demand for housing decoration materials. Taking advantage of the positive market environment, the Group has maintained appropriate cost control initiatives and implemented its strategy to boost sales of high-end products as per consumer preference and delivered satisfactory performance marked by continuous growth momentum.

For the six months ended 30 June 2011, the Group recorded a turnover of RMB1,038.3 million, up 18.9% as compared with the same period last year. Profits for the period reached RMB158.8 million, representing a 7.9% decrease from the same period last year. Basic earnings per share were RMB11 cents (1H2010: RMB16 cents).

業務回顧

隨著全球經濟承繼二零一零年復甦勢頭，二零一一年上半年，中國經濟亦維持良好增長動力。根據中國國家統計局數據，二零一一年上半年國內生產總值達人民幣20.4萬億元，同比增長9.6%。反映中國經濟在二零一一年上半年平穩增長，人民生活水平不斷提升，城市化步伐持續加快。

儘管中央政府不斷深化調控樓市過熱的措施、中國人民銀行亦多次加息，然而內地樓市的交易量只出現短暫性的調整。二零一一年上半年，全國商品住宅量價齊升，銷售面積及金額同比增長12.1%及22.3%，反映國內房地產行業仍然以實際住房需求推動。受惠於二、三線城市城市化進程持續提速、保障房陸續興建，帶動房屋裝修物料的需求亦見上升。本集團把握有利的市場形勢，在適當控制成本的同時，並因應消費者的喜好增加高檔產品的銷售比例，令整體業務表現理想，維持增長的勢頭。

截至二零一一年六月三十日止六個月，本集團的營業額為人民幣1,038,300,000元，較二零一零年同期增長18.9%。期內溢利達到人民幣158,800,000元，同比下降7.9%。每股基本盈利為人民幣11分（二零一零年上半年：人民幣16分）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Stable sales growth

During the period under review, selling prices of the Group's products remained steady with increase in sales volume of 18.9%, reflecting increased production capacity and expanded demand for premium decorative base paper. As Production lines nos. 12 and 13 commenced production in the fourth quarter of 2010, full-capacity operations could not be achieved in the phase of trial operation during the period. As a result, the effects of economies of scale have not been reflected in the period. In addition, upon commencement of such trial operations, electricity and gas supply were inadequate for all of our production lines, leading to average production volume of our production lines less than expected. Meanwhile, fixed costs had to be committed in the trial phase of operations of Production lines nos. 12 and 13, reducing our gross profit margin for the first half of 2011 to 21.3% from 25.6% for the same period last year.

Expansion of production capacity

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. Upon completion, our annual design production capacity will further increase to 410,000 tonnes. 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.

銷售平穩增長

回顧期內，本集團產品售價保持穩定，銷量則上漲18.9%，反映產能提升以及市場對高檔裝飾原紙需求有所增加。由於第12及第13號兩條新生產線剛於二零一零年第四季剛落成投產，故於本期內新機台未能達到滿負荷運轉，仍處於試產階段，未及在期內發揮其規模效益。此外，受到新機台試產後，電力及燃氣供應不足以應付本集團所有生產線的需求，導致生產線平均產量低於預期。與此同時，由於在第12及第13號在期內試產期間仍需要承擔固定成本，故影響本集團二零一一年上半年的毛利，本集團期內的整體毛利率由去年同期的25.6%下調至約21.3%。

擴充產能

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。於重建完成後，本集團之年度設計產能將進一步增加至410,000噸。本集團擴充之產能以高毛利的高檔裝飾原紙產品為主，將有效紓緩木漿價格上升對毛利率構成的壓力。

成熟的分銷渠道

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

Versatile product portfolio

The Group has striven to develop widely applicable and quality decorative base paper products. At present, we develop and market over 80 types of decorative base paper 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 aircrafts. QX Group will continue to enhance sales of premium decorative paper base products to increase its profitability.

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. In addition, 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.

多元化的產品組合

本集團一直致力開發用途廣泛的優質裝飾原紙產品，現時開發及營銷逾80種裝飾原紙產品，以迎合市場的不同需要。本集團之產品應用範圍甚廣，其中包括傢俱、辦公室及家居用品，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的內部裝飾均適用。群星集團將繼續增加高檔裝飾原紙產品的銷售比例，以提高盈利能力。

環境保護

我們一直致力履行企業社會責任，並十分著重環境保護這一環。本集團生產裝飾原紙產品所使用的高級木漿，在生產過程中幾乎完全不會對環境造成污染，符合國家的環保政策。此外，本集團現時擁有兩個污水處理系統，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可處理約3,650,000立方米污水。經處理後的污水將用作本集團山東生產基地之灌溉系統的水源。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Independent Internal Control Review and Investigation Report

On 19 April 2011, the Audit Committee (the “Audit Committee”) of the Board engaged ZHONGLEI Risk Advisory Services Limited (“ZHONGLEI”), an independent professional advisor, for conducting independent internal control reviews and investigation on, among other things, the financial reporting system, the internal control procedures and the corporate governance of the Group. The internal control review and follow-up internal control review report was issued on 11 July 2011, and its independent review and investigation report was issued on 22 July 2011. ZHONGLEI concluded that no significant deficiency in the financial reporting system, the internal control procedures and corporate governance mechanism of the Group was found during the internal control review. ZHONGLEI further stated in the report that based on the follow-up internal control review, they observed that the Group has taken necessary actions in response to their recommendations as set out in the report to their satisfaction. Nothing has come to their attention to indicate that the Group is unable to meet its obligations and requirements under the Listing Rules during the independent internal control reviews.

The Audit Committee and the Board confirmed that the scope of review and investigation carried out by ZHONGLEI was sufficient and appropriate; there are no material negative implications on the financial and trading position of the Group identified; and the audit issues have been clarified following the assessment of the findings of the investigation report. The Board and the Audit Committee concluded that, through the taking of necessary actions by the Group in response to the recommendations made by ZHONGLEI as set out in the Internal Control Report to their satisfaction, the Group has proper internal control system and corporate governance mechanism in place to discharge its obligations under the Listing Rules and that there are no significant areas of concerns which may adversely affect the interests of the Company and its shareholders as a whole. The Group will make continuous efforts to reinforce its internal control system whilst the Directors will closely monitor the Group’s internal control system for sustained improvement.

獨立內部監控審查及調查報告

於二零一一年四月十九日，董事會旗下的審核委員會（「審核委員會」）聘請中磊風險顧問有限公司（「中磊」）作為獨立專業顧問以進行獨立內部監控審查及調查，主要審查本集團的財務申報制度、內部監控程序及企業管治等。內部監控審查及跟進內部監控審查報告已於二零一一年七月十一日發出；而其獨立審查及調查報告亦於二零一一年七月二十二日發出。中磊的結論認為，在內部監控審查過程中，並無發現本集團的財務申報制度、內部監控程序及企業管治機制有重大不足。此外，中磊在跟進內部監控審查結果時，本集團已就報告內的建議採取必要措施，而中磊亦對本集團所採取的措施表示滿意。同時，中磊在獨立內部監控審查過程中，未發現本集團沒有遵守上市規則的有關責任及規定。

審核委員會及董事會已確認中磊的審查及調查工作充足及恰當、本集團並無發現財務及營運狀況出現重大負面影響、以及經評估調查後，審計問題已獲得澄清。董事會及審核委員會認為，基於本集團已就中磊在內部監控報告中所作出的建議採取行動，本集團已制定恰當的內部監控制度及企業管治機制以履行上市規則所規定的責任，並認為無重大事項會對本公司及其股東整體利益造成不利影響。本集團將繼續致力加強其內部監控制度，而董事將密切監察本集團的內部監控制度，以作出持續改進。

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Details of the aforesaid reports have been disclosed in two announcements of the Company dated 11 July 2011 and 22 July 2011 respectively.

An announcement in respect of resumption of trading of the Company's shares will be made by the Company as and when appropriate.

FINANCIAL REVIEW

Turnover

Turnover increased by approximately 18.9% from RMB873.6 million for the six months ended 30 June 2010 to RMB1,038.3 million for the six months ended 30 June 2011.

The increase in turnover for the six months ended 30 June 2011 was mainly attributable to the combined effects of (i) the increase in overall sales volumes by approximately 11.9% from 76,858 tonnes to 85,998 tonnes, out of which sales volumes of the decorative base paper products increased by approximately 23.1% from 60,329 tonnes in 2010 to 74,245 tonnes in 2011; and (ii) the increase in the average selling prices of the decorative base paper products by approximately 1.5% from RMB12,755 per tonne in 2010 to RMB12,940 per tonne in 2011, as well as the printing paper product by approximately 4.8% from RMB6,297 per tonne in 2010 to RMB6,602 per tonne in 2011.

Cost of sales

Cost of sales represents the production costs of goods sold during the periods. 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.

上述報告的詳情已於本公司分別於二零一一年七月十一日及二零一一年七月二十二日刊發的兩份公告內披露。

本公司將於適當時候就本公司股份恢復買賣之情況作另行公佈。

財務回顧

營業額

營業額由截至二零一零年六月三十日止六個月之人民幣873,600,000元增加約18.9%至截至二零一一年六月三十日止六個月之人民幣1,038,300,000元。

營業額於截至二零一一年六月三十日止六個月有所增加，主要由於下列因素之綜合影響所致：(i)整體銷售量由76,858噸增加約11.9%至85,998噸(當中裝飾原紙產品之銷售量由二零一零年之60,329噸增加約23.1%至二零一一年之74,245噸)；及(ii)裝飾原紙產品及印刷用紙產品之平均售價分別由二零一零年之每噸人民幣12,755元增加約1.5%至二零一一年之每噸人民幣12,940元及由二零一零年之每噸人民幣6,297元增加約4.8%至二零一一年之每噸人民幣6,602元。

銷售成本

銷售成本指於期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。

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Overall cost of sales increased by approximately 25.8% from RMB649.6 million for the six months ended 30 June 2010 to RMB817.5 million for the six months ended 30 June 2011. The increase in cost of sales was primarily due to the combined effects of (i) the increase in usage of raw materials, which are the major component of our cost of sales, as a result of the increased sales volume, (ii) the increase in average purchasing costs of wood pulp and titanium dioxide powder, our principal raw materials for production during the six months ended 30 June 2011 (as discussed below), (iii) the increase in production overheads, such as electricity and steam expenses, in line with the increase in production volume; and (iv) the increase in depreciation expenses due to the commercial production of Production lines nos. 12 to 13 since October 2010.

Principal raw materials

Our results of operations are subject to the 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 six months ended 30 June 2010 and 2011, the purchase of wood pulp amounted to approximately RMB251.5 million and RMB303.5 million, respectively, representing approximately 38.7% and 37.1% of the total cost of sales for the respective periods. The increase is due to the combined effect of (i) the increase in usage of wood pulp, in line with the increased sales volume; and (ii) the increase in the average purchase price (value added tax inclusive) of wood pulp by approximately 10.1% from approximately RMB5,917 per tonne in 2010 to RMB6,512 per tonne in 2011. For each of the six months ended 30 June 2010 and 2011, the purchase of titanium dioxide powder amounted to approximately RMB183.2 million and RMB235.9 million, respectively, representing approximately 28.2% and 28.9% of the total cost of sales for the respective periods. The increase was mainly due to the combined effect of (i) the increase in usage of titanium dioxide as a result of the increased sales volume in decorative base paper products; and (ii) the increase in the average purchase price (value added tax inclusive) of titanium dioxide by approximately 3.5% from approximately RMB13,242 per tonne in 2010 to RMB13,711 per tonne in 2011.

整體銷售成本由截至二零一零年六月三十日止六個月人民幣649,600,000元增加約25.8%至截至二零一一年六月三十日止六個月之人民幣817,500,000元。銷售成本增加主要因為下列因素之綜合影響所致：(i)作為本集團之銷售成本主要部分之原料耗用量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二零一一年六月三十日止六個月之平均採購成本上升(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12至第13號生產線於二零一零年十月起進行商業生產而增加。

主要原料

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

截至二零一零年及二零一一年六月三十日止各六個月期間，購買木漿分別耗資約人民幣251,500,000元及人民幣303,500,000元，分別佔各期間總銷售成本約38.7%及37.1%。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)，由二零一零年每噸約人民幣5,917元上升約10.1%至二零一一年每噸約人民幣6,512元。截至二零一零年及二零一一年六月三十日止各六個月期間，購買鈦白粉分別耗資約人民幣183,200,000元及人民幣235,900,000元，分別佔各期間總銷售成本約28.2%及28.9%。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)由二零一零年每噸約人民幣13,242元上升約3.5%至二零一一年每噸約人民幣13,711元。

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Utilities and steam expenses

Our electricity and steam expenses increased by approximately 12.7% from RMB76.3 million in the six months ended 30 June 2010 to RMB86.0 million in the six months ended 30 June 2011, which was mainly due to the increase in production volume as a result of the commercial operation of Production lines nos. 12 to 13 since October 2010. The electricity and steam expenses accounted for approximately 11.7% and 10.5% of the total cost of sales for the respective periods.

Depreciation charges

Our depreciation charges included in cost of sales increased by approximately 45.3% from RMB65.3 million in the six months ended 30 June 2010 to RMB94.9 million in the six months ended 30 June 2011, which was mainly due to the commercial operation of Production lines nos. 12 to 13 since October 2010.

Gross profit and gross profit margin

The gross profit of our Group decreased by approximately 1.4% from RMB224.0 million for the six months ended 30 June 2010 to RMB220.9 million for the six months ended 30 June 2011.

The following table sets forth the gross profit margin of each category of the products for the six months ended 30 June 2010 and 2011:

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2011	2010
		二零一一年	二零一零年
Products	產品		
Decorative base paper products	裝飾原紙產品	22.3%	26.9%
Printing paper product	印刷用紙產品	8.3%	16.6%
Overall	總計	21.3%	25.6%

公用事業及蒸汽費用

電力及蒸汽費用由截至二零一零年六月三十日止六個月人民幣76,300,000元增加約12.7%至截至二零一一年六月三十日止六個月人民幣86,000,000元，增加主要由於第12至第13號生產線於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期間總銷售成本約11.7%及10.5%。

折舊費用

計入銷售成本之折舊費用由截至二零一零年六月三十日止六個月人民幣65,300,000元增加約45.3%至截至二零一一年六月三十日止六個月人民幣94,900,000元，增加主要是因為第12至第13號生產線於二零一零年十月起進行商業生產所致。

毛利及毛利率

本集團之毛利由截至二零一零年六月三十日止六個月之人民幣224,000,000元下降約1.4%至截至二零一一年六月三十日止六個月之人民幣220,900,000元。

下表載列截至二零一零年及二零一一年六月三十日止六個月各產品類別之毛利率：

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The decrease in overall gross profit margin of our decorative base paper products in 2011 was mainly attributable to the economies of scale has not been achieved for Production lines nos. 12 to 13, which commenced commercial operation in October 2010. As a result, the average unit cost for decorative base paper products was comparative higher for the six months ended 30 June 2011 upon sharing the sunk costs of Production lines nos. 12 to 13.

The gross profit margin of printing paper product was decreased from 16.6% in 2010 to 8.3% in 2011 mainly due to the termination of business with a customer where the economies of scale in operating the printing paper product segment was affected. The Group is already making its utmost effort in soliciting new customers with an aim to effectively utilize the resources of the Group to maximize the returns for shareholders.

As a result, our overall gross profit margin decreased from approximately 25.6% for the six months ended 30 June 2010 to approximately 21.3% for the six months ended 30 June 2011.

Other revenue and other net loss

Other revenue, which represented the interest income earned from bank deposits, increased by approximately 33.3% from RMB1.2 million for the six months ended 30 June 2010 to RMB1.6 million for the six months ended 30 June 2011 mainly due to the increase in cash held on hand under the cash generated from operating activities and Open Offer.

Selling expenses

As at 30 June 2011, our Group had 46 sales and marketing staff 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 13.1% from RMB9.9 million for the six months ended 30 June 2010 to RMB11.2 million for the six months ended 30 June 2011. As a percentage of turnover, our selling expenses were maintained at approximately 1.1% for the six months ended 30 June 2011. 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.

二零一一年，裝飾原紙產品的整體毛利率下降，主要由於二零一零年十月投產的第12至第13號生產線尚未達致規模經濟效益。因此，分擔第12及第13號生產線的既付成本後，裝飾原紙產品的平均單位成本於截至二零一一年六月三十日止六個月相對為高。

印刷用紙產品的毛利率由二零一零年之16.6%下降至二零一一年之8.3%，主要由於與一名客戶的業務終止，影響經營印刷用紙產品分部的規模經濟效益。本集團正全力招攬新客戶，務求有效利用本集團的資源，為股東爭取最大回報。

因此，本集團整體毛利率由截至二零一零年六月三十日止六個月約25.6%降至截至二零一一年六月三十日止六個月約21.3%。

其他收益及其他虧損淨額

其他收益乃指銀行存款所賺取之利息收入，由截至二零一零年六月三十日止六個月之人民幣1,200,000元增加約33.3%至截至二零一一年六月三十日止六個月的人民幣1,600,000元，主要由於經營活動及公開發售所得現金增加手頭現金。

銷售開支

於二零一一年六月三十日，本集團有46名銷售及市場推廣員工，負責進行多項宣傳活動，務求於中國六個指定銷售地區尋求新客戶。因此，銷售開支由截至二零一零年六月三十日止六個月之人民幣9,900,000元上升約13.1%至截至二零一一年六月三十日止六個月之人民幣11,200,000元。截至二零一一年六月三十日止六個月，銷售開支佔營業額之百分比維持在約1.1%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。

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 65.9% from RMB17.0 million for the six months ended 30 June 2010 to RMB28.2 million for the six months ended 30 June 2011. The increase was mainly due to (i) the continuing expansion of our business where additional supportive staff were employed such that the administrative staff costs, employee benefits and pension expenses were increased; and (ii) additional costs incurred for performing reviews on the audit matters raised by the Group's preceding auditors.

Finance costs

Our Group did not incur any finance costs during the six months ended 30 June 2010 and 2011.

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 PRC income tax for the six months ended 30 June 2010 and 2011 and is subject to the PRC income tax rate of 12.5% for the respective periods.

No provision has been made for Hong Kong Profits Tax as the Group did not earn assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2010 and 2011.

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。

行政開支由截至二零一零年六月三十日止六個月之人民幣17,000,000元增加約65.9%至截至二零一一年六月三十日止六個月之人民幣28,200,000元。增加主要是由於(i)我們持續拓展業務，其中增聘支援員工，因而增加行政員工成本、僱員福利及退休金開支；及(ii)就審閱本集團前任核數師提出的審核事項而產生額外成本。

融資成本

截至二零一零年及二零一一年六月三十日止六個月，本集團並無任何融資成本。

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。因此截至二零一零年及二零一一年六月三十日止六個月，本集團需在中國繳納所得稅，而各期間均須按12.5%之稅率繳納中國所得稅。

鑒於本集團截至二零一零年及二零一一年六月三十日止六個月並無賺取須繳納香港利得稅之應課稅溢利，故毋須就有關期間之香港利得稅計提撥備。

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Liquidity and financial resources

Current and quick ratio

The current ratio of the Group increased from 5.5 as at 31 December 2010 to 5.9 as at 30 June 2011 and the quick ratio of the Group increased from 5.1 as at 31 December 2010 to 5.6 as at 30 June 2011, respectively, which was mainly due to the increase in cash held on hands under the cash generated from operating activities and Open Offer.

Financial resources

The financial resources of the Group continued to be strong. As at 30 June 2011, shareholders' fund of the Group totalled RMB3,144.9 million, representing an increase of approximately 10.4% from RMB2,847.4 million at 31 December 2010. The Group had cash and cash equivalents of approximately RMB896.2 million as at 30 June 2011 (31 December 2010: RMB447.8 million).

The Group continues to enjoy a stable and strong net cash inflow from operations. During the six months ended 30 June 2010 and 2011, the net cash generated from operations was RMB260.4 million and RMB313.6 million, respectively, representing an increase of 20.4% on a period-to-period comparison.

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.

流動資金及財務資源

流動比率及速動比率

本集團之流動比率由二零一零年十二月三十一日之5.5上升至二零一一年六月三十日之5.9，而本集團之速動比率由二零一零年十二月三十一日之5.1上升至二零一一年六月三十日之5.6，主要由於經營活動及公開發售所得現金增加手頭現金。

財務資源

本集團之財務資源仍然穩健。於二零一一年六月三十日，本集團之股東資金總額為人民幣3,144,900,000元，較於二零一零年十二月三十一日之人民幣2,847,400,000元增加約10.4%。本集團於二零一一年六月三十日之現金及現金等價物約為人民幣896,200,000元(二零一零年十二月三十一日：人民幣447,800,000元)。

本集團繼續享有穩定及強勁經營業務現金流入淨額。於截至二零一零年及二零一一年六月三十日止六個月，經營業務所得現金淨額分別為人民幣260,400,000元及人民幣313,600,000元，期間之比較增長為20.4%。

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。

As at 30 June 2011, the Group did not have any borrowings. 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 periods did not have significant impact on the results of the Group.

Capital expenditure

During the six months ended 30 June 2011, the Group recorded aggregate additions to property, plant and equipment and prepayment for the acquisition of plant and equipment of approximately RMB5.3 million (six months ended 30 June 2010: RMB258.5 million).

Capital commitments and contingencies

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

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 30 June 2011.

於二零一一年六月三十日，本集團並無任何借貸。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，期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

於截至二零一一年六月三十日止六個月，本集團之物業、廠房及設備及購買廠房及設備之預付款項增加合共為約人民幣5,300,000元（截至二零一零年六月三十日止六個月：人民幣258,500,000元）。

資本承擔及或然項目

本集團投資於擴充產能，以及重整及改善現有生產設施以提升生產效率。有關資本承擔部份以二零零七年十月二日首次公開發售所得款項淨額撥付。詳情請參閱「首次公開發售所得款項用途」一段。

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，於本報告日期，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，本集團於二零一一年六月三十日並無重大或然負債。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

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 30 June 2011, part of 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(約相等於人民幣1,445,500,000元)(扣除相關費用及於上市日期行使超額配股權(附註1)後)。誠如招股章程所披露，本集團計劃將大部分所得款項淨額用於擴充產能，以及重整及改善現有生產設施以提升生產效率。於二零一一年六月三十日，所得款項淨額部份已應用於下列各項：

		Amount		
		Planned amount	utilized up to 30 June 2011	Balance as at 30 June 2011
			直至二零一一年六月三十日 已使用金額	於二零一一年六月三十日 之結餘
		計劃金額 RMB'000 人民幣千元	RMB'000 人民幣千元	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	重整及改善現有第1及第2號生產線	40,000	40,000	—
		1,283,300	1,283,300	—

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Notes:

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

HUMAN RESOURCES

As at 30 June 2011, our Group employed approximately 1,600 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.

附註：

1. 根據日期為二零零七年九月二十日之國際配售包銷協議，本公司向其股份發售牽頭經辦人工商東亞證券有限公司（「工商東亞」）授出配股權（「超額配股權」），據此，本公司須配發及發行最多合共45,000,000股額外股份以補足國際配售之超額分配。超額配股權之每股行使價為5.35港元。於上市日期，超額配股權獲工商東亞悉數行使，因此，本公司於同日發行45,000,000股額外股份。
2. 誠如招股章程所披露，倘超額配股權獲行使，本集團計劃動用部分額外所得款項淨額人民幣360,000,000元，將計劃之第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

於二零一一年六月三十日，本集團於中國及香港共聘用約1,600名員工。本集團薪酬福利的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供款。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亦不曾遇到任何困難。本集團與其僱員保持良好工作關係。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OUTLOOK

Under the “12th Five-Year” plan launched by the central government last year, construction of more social security housing has become one of the key policies of the State. In 2011, the number of newly constructed social security housing will reach 10 million units, surging 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 the second half of 2011.

We will continue to optimise the existing production facilities orderly and enhance production capacities as well efficiency of Production lines nos. 12 and 13, so as to further strengthen our competitiveness. Paralleled 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 premium products with a higher gross profit margin, and implement rigorous cost-control measures, aiming at enhancing profitability. 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.

前景

中央政府於去年提出「十二五」規劃中，增加興建保障房為其主要國策之一，二零一一年份的保障房建設數目達1,000萬套，進一步帶動裝飾原紙產品的市場需求。憑藉本集團生產裝飾原紙產品的高端技術及穩固基礎，董事會相信本集團的業務在二零一一年下半年將繼續穩步發展。

本集團將繼續通過有序地優化現有生產設備，並提升第12及第13條生產線的產量及效率，從而進一步提升競爭力。本集團亦會藉著鞏固其在國內現有銷售地區的市場領導地位及客戶基礎，增加毛利率較佳的高檔次產品之銷售比重及市場份額，以及貫徹執行嚴格的成本控制措施，以提升盈利能力。群星集團正積極在中國的裝飾原紙行業及相關領域物色具潛力及合適的收購目標，冀能在長遠而言為股東帶來回報。本集團並會於有關機會落實時遵照上市規則的規定作出公告。



國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F Gloucester Tower 香港
The Landmark 中環
11 Pedder Street 畢打街11號
Central 置地廣場
Hong Kong 告羅士打大廈31樓

**TO THE DIRECTORS OF
QUNXING PAPER HOLDINGS COMPANY LIMITED**

(Incorporated in the Cayman Island with limited liability)

We have audited the interim financial information set out on pages 26 to 55, which comprise the condensed consolidated statement of financial position of Qunxing Paper Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2011, and the condensed consolidated income statements, condensed consolidated statements of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting".

Directors' responsibility for the interim financial information

The directors of the Company are responsible for the preparation of interim financial information that gives a true and fair view in accordance with International Accounting Standard 34 "Interim Financial Reporting", and for such internal control as the directors determine is necessary to enable the preparation of interim financial information that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on this interim financial information based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

致群星紙業控股有限公司各董事

(於開曼群島註冊成立之有限公司)

我們已審核第26至第55頁所載的中期財務資料，其中包含群星紙業控股有限公司（「貴公司」）及其附屬公司（統稱「貴集團」）於二零一一年六月三十日的簡明綜合財務狀況表、截至該日止六個月期間的簡明綜合損益表、簡明綜合全面收益表、簡明綜合權益變動表及簡明綜合現金流量表，以及主要會計政策概要及其他闡釋資料。香港聯合交易所有限公司證券上市規則規定編製中期財務資料的報告須遵守其中相關的條文以及國際會計準則第34號「中期財務報告」。

董事就中期財務資料須承擔之責任

貴公司董事負責根據國際會計準則第34號「中期財務報告」編製及真實而公允地列報中期財務資料及落實董事認為編製中期財務資料所必要之內部控制，以使中期財務資料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中期財務資料作出意見，並按照我們協定的委聘條款僅向閣下（作為一個團體）匯報，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。我們已根據香港會計師公會頒佈之香港審計準則進行

INDEPENDENT AUDITORS' REPORT 獨立核數師報告

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 interim financial information is free from material misstatement.

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

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

Basis for qualified opinion

The consolidated financial statements of the Group for the year ended 31 December 2010 were audited by another firm of auditors (the "Previous Auditor"), who expressed a disclaimer of opinion on those statements on 30 March 2011. As stated in its independent auditor's report dated 30 March 2011, the Previous Auditor 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. The Previous Auditor also identified discrepancies which indicated that documents contained in the Group's accounting records relating to some of the Group's bank transactions might not be authentic or otherwise reliable. In performing our audit of the interim financial information of the Group for the six months ended 30 June 2011, we have not been able to obtain sufficient appropriate audit evidence to satisfy

審核。該等準則要求我們遵守道德規範，並規劃及執行審核，以合理保證中期財務資料是否不存有重大錯誤陳述。

審核範圍包括進程序以取得與中期財務資料所載數額及披露事項有關之審核憑證。選用之程序須視乎核數師之判斷，包括評估中期財務資料之重大錯誤陳述(不論其由欺詐或錯誤引起)之風險。在作出該等風險評估時，核數師將考慮與公司編製並真實而公允地列報財務資料有關之內部監控，以為不同情況設計適當審核程序，但並非旨在就公司內部監控是否有效表達意見。審核範圍亦包括評估所用會計政策之恰當性，董事所作會計估算之合理性，並就中期財務資料之整體呈列方式作出評估。

我們相信我們取得足夠適當審核憑證，作為審核意見之基準。

有保留意見之基準

貴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經另一間核數師行(「前任核數師」)審核，前任核數師於二零一一年三月三十日對該等報表拒絕發表意見。誠如日期為二零一一年三月三十日的獨立核數師報告所載，前任核數師發現 貴集團會計記錄中有關某些客戶和供應商的交易及餘額與前任核數師獨立取得的相關資訊存在不一致的情況。前任核數師也注意到一些表明 貴集團有關某些銀行交易的相關會計記錄文件可能不存在不真實或者不可靠的不一致資訊。在審核 貴集團截至二零一一年六月三十日止六個月中期財務資料時，我們未能取得足夠及適當的審核憑證，以信納二零一一年一月一日期初結餘與二零一零年十二月三十一日比較數字乃公平地列報。倘二零一一年一月一日期初結餘需作出任何調整， 貴集團截至二零一一年六月三十日止六個月的業績及現

ourselves as to whether the opening balances as at 1 January 2011 and comparative figures of 31 December 2010 were fairly stated. Any adjustments found to be necessary to the opening balances as at 1 January 2011 may affect the results and cash flows of the Group for the six months ended 30 June 2011 and related disclosures in the interim financial information.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the interim financial information gives a true and fair view of the state of affairs of the Group as at 30 June 2011, and of its profit and cash flows for the six months then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Other matters

1. Without further qualifying our opinion, we draw attention to the fact that the corresponding figures set out in the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2010 and related disclosures in the interim financial information have not been audited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.
2. The consolidated financial statements of the Group for the year ended 31 December 2010 were audited by the Previous Auditor who expressed a disclaimer of opinion on those statements on 30 March 2011.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 18 August 2011

金流量，以及中期財務資料相關披露均可能受到影響。

有保留意見

我們認為，除上段有保留意見基準一段所述事宜的潛在影響外，中期財務資料按國際會計準則第34號「中期財務報告」真實而公允地反映貴集團於二零一一年六月三十日的事務狀況及貴集團截至該日止六個月的溢利及現金流量。

其他事宜

1. 在不進一步發出有保留意見的情況下，敬希垂注，截至二零一零年六月三十日止六個月的簡明綜合損益表、簡明綜合全面收益表、簡明綜合權益變動表及簡明綜合現金流量表所載相應數字及中期財務資料相關披露並未根據香港會計師公會頒佈之香港審計準則進行審核。
2. 貴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經前任核數師審核，前任核數師於二零一一年三月三十日對該等報表拒絕發表意見。

國衛會計師事務所
英國特許會計師
香港執業會計師

香港，二零一一年八月十八日

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合損益表

For the six months ended 30 June 2011
截至二零一一年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月		
		2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	
	Note 附註			
Turnover	營業額	5	1,038,341	873,569
Cost of sales	銷售成本		(817,475)	(649,561)
Gross profit	毛利		220,866	224,008
Other revenue	其他收益	6	1,628	1,223
Other net loss	其他虧損淨額	6	(53)	(84)
Selling expenses	銷售開支		(11,240)	(9,866)
Administrative expenses	行政開支		(28,199)	(17,019)
Profit before taxation	除稅前溢利	7	183,002	198,262
Income tax	所得稅	8	(24,198)	(25,754)
Profit for the period	期內溢利		158,804	172,508
Attributable to:	應佔：			
Equity shareholders of the Company	本公司權益持有人		158,804	172,508
				(restated) (重列)
Earnings per share (RMB cents)	每股盈利(人民幣分)	10		
Basic	基本		11	16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收益表

For the six months ended 30 June 2011
截至二零一一年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
	Note 附註		
Profit for the period	期內溢利	158,804	172,508
Other comprehensive loss for the period	期內其他全面虧損		
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」)境外業務財務報表產生的滙兌差額	(3,383)	(942)
Total comprehensive income for the period	期內全面收益總額	155,421	171,566
Attributable to:	應佔：		
Equity shareholders of the Company	本公司權益持有人	155,421	171,566

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

As at 30 June 2011
於二零一一年六月三十日

		Note 附註	As at 30 June 2011 於 二零一一年 六月三十日 RMB'000 人民幣千元 (Audited) (經審核)	As at 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	2,000,055	2,015,579
Construction in progress	在建工程	11	202,260	253,878
Lease prepayments	租賃預付款項		14,298	14,468
Prepayment for the acquisition of plant and equipment	購買廠房及設備預付款項		—	24,029
Prepayment for flood prevention expenses	防洪開支預付款項		40,800	41,225
			2,257,413	2,349,179
Current assets	流動資產			
Inventories	存貨	12	51,917	48,962
Trade and other receivables	應收貿易賬款及其他應收款項	13	119,262	111,288
Cash and cash equivalents	現金及現金等價物		896,176	447,763
			1,067,355	608,013
Current liabilities	流動負債			
Trade and other payables	應付貿易賬款及其他應付款項	14	153,652	87,040
Current taxation	即期稅項		26,224	22,708
			179,876	109,748
Net current assets	流動資產淨值		887,479	498,265
NET ASSETS	資產淨值		3,144,892	2,847,444
Capital and reserves	資本及儲備			
Share capital	股本	15	147,562	102,427
Reserves	儲備		2,997,330	2,745,017
TOTAL EQUITY	權益總值		3,144,892	2,847,444

Approved and authorised for issue by the board of directors on 18 August 2011

董事會於二零一一年八月十八日批准及授權刊發

ZHU Yu Guo 朱玉國
Director 董事

ZHU Mo Qun 朱墨群
Director 董事

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2011
截至二零一一年六月三十日止六個月

		Attributable to equity shareholders of the Company 本公司權益持有人應佔							
		Share capital	Share premium	Warrant reserve 認股權證 儲備	Other reserve 其他儲備	Statutory surplus reserves 法定 盈餘儲備	Exchange reserve 滙兌儲備	Retained profits 保留溢利	Total equity 權益總計
Note 附註		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
	Balance at 1 January 2010 (Audited)	100,258	1,367,980	—	(10,323)	117,901	(51,633)	928,126	2,452,309
	Profit for the period	—	—	—	—	—	—	172,508	172,508
	Other comprehensive loss for the period	—	—	—	—	—	(942)	—	(942)
	Total comprehensive income/(loss) for the period	—	—	—	—	—	(942)	172,508	171,566
	Dividends declared and approved in respect of the previous year	9(b)	(67,385)	—	—	—	—	—	(67,385)
	Shares issued in respect of scrip dividend of previous year	15(a)	2,169	65,216	—	—	—	—	67,385
	Balance at 30 June 2010 (Unaudited)	102,427	1,365,811	—	(10,323)	117,901	(52,575)	1,100,634	2,623,875
	Balance at 1 January 2011 (Audited)	102,427	1,365,811	—	(10,323)	158,513	(54,004)	1,285,020	2,847,444
	Profit for the period	—	—	—	—	—	—	158,804	158,804
	Other comprehensive loss for the period	—	—	—	—	—	(3,383)	—	(3,383)
	Total comprehensive income/(loss) for the period	—	—	—	—	—	(3,383)	158,804	155,421
	Dividends declared and approved in respect of the previous year	9(b)	(160,694)	—	—	—	—	—	(160,694)
	Shares issued under Open Offer	15(b)	45,135	248,997	—	—	—	—	294,132
	Issue of warrants	(a)	—	8,589	—	—	—	—	8,589
	Balance at 30 June 2011 (Audited)	147,562	1,454,114	8,589	(10,323)	158,513	(57,387)	1,443,824	3,144,892

(a) On 14 January 2011, the Group entered into a subscription agreement with an independent third party to subscribe for warrants of up to HK\$609,352,000 at a warrant subscription price of HK\$0.05 per warrant, the aggregate of which amounting to HK\$10,328,000 (equivalent to approximately RMB8,762,000).

The warrants entitle the subscriber to subscribe for a total of 206,560,000 warrant shares at the warrant exercise price of HK\$2.95 per warrant share (subject to adjustment as provided in the subscription agreement) at any time during a period of 12 months commencing from the completion date of the subscription of the warrants. The subscription of the warrants was completed on 21 January 2011.

(a) 二零一一年一月十四日，本公司與獨立第三方訂立認購協議，按認股權證認購價每份0.05港元認購最多609,352,000港元的認股權證，總額為10,328,000港元（約相當於人民幣8,762,000元）。

認股權證授權認購人於認股權證認購完成日期起12個月內隨時按每股認股權證股份2.95港元的認股權證行使價（可按認購協議所載者予以調整）認購合共206,560,000股認股權證股份。認股權證之認購已於二零一一年一月二十一日完成。

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2011
截至二零一一年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Net cash generated from operating activities	經營活動所得現金淨額	313,583	260,406
Net cash used in investing activities	投資活動所用現金淨額	(3,722)	(257,287)
Net cash generated from financing activities	融資活動所得現金淨額	142,027	—
Net increase in cash and cash equivalents	現金及現金等價物淨額增加	451,888	3,119
Cash and cash equivalents at beginning of the period	期初現金及現金等價物	447,763	682,764
Effect of foreign exchange rate changes	外匯匯率變動影響	(3,475)	(1,063)
Cash and cash equivalents at end of the period	期末現金及現金等價物	896,176	684,820

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2011
截至二零一一年六月三十日止六個月

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 Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 October 2007.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2010 and 2011 have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual report for the year ended 31 December 2010 (the "2010 Annual Report").

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies used in the condensed consolidated interim financial statements for the six months ended 30 June 2011 are consistent with those in the preparation of the Group's 2010 Annual Report.

Warrant

Warrant issued by the Company that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments are classified as an equity instrument.

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」)主板上市。

2. 編制基準

截至二零一零年及二零一一年六月三十日止六個月之簡明綜合中期財務報表乃根據《聯交所證券上市規則》(「上市規則」)附錄16所載之適用披露規定及國際會計準則委員會(「國際會計準則委員會」)頒佈之國際會計準則(「國際會計準則」)第34號「中期財務報告」而編製。

簡明綜合中期財務報表不包括年度財務報表規定之一切資料及披露, 並應與本集團截至二零一零年十二月三十一日止年度之年報(「二零一零年年報」)一併閱讀。

3. 主要會計政策

除下述者外, 編製截至二零一一年六月三十日止六個月簡明綜合中期財務報表所用的會計政策與編製本集團二零一零年年報的相同。

認股權證

本公司發行的認股權證將以既定現金交換本公司本身既定數目之股本工具被分類為股本工具。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2011
截至二零一一年六月三十日止六個月

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The fair value of warrant on the date of issue is recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium upon exercise of the warrant. Where the warrant remains unexercised at the expiry date, the amount previously recognised in warrant reserve will be released to the retained profits or accumulated losses.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The following new and revised standards, interpretations and amendments ("new IFRSs") issued by IASB have been applied by the Group in the current period which are or have become effective. The impact of the application of the new and revised standards and interpretations is discussed below.

IAS 24 (Revised) *Related Party Disclosures* is effective for annual period beginning on or after 1 January 2011. It introduces an exception from all of the disclosure requirements of IAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

- The name of the government and the nature of their relationship
- The nature and amount of any individually significant transactions; and
- The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

3. 主要會計政策(續)

認股權證於發行日期的公平值於權益(認股權證儲備)確認。認股權證儲備將於認股權證獲行使時轉至股本及股份溢價。倘認股權證於到期日仍未獲行使，之前已於認股權證儲備確認的金額將解除至保留溢利或累計虧損。

4. 應用新增及經修訂之國際財務報告準則

於本期間，本集團應用以下由國際會計準則委員會頒佈並已生效之新增及經修訂準則、詮釋及修訂(「新國際財務報告準則」)。有關應用該等新增及經修訂準則及詮釋構成的影響之討論如下。

國際會計準則第24號(經修訂)*關連方披露*於二零一一年一月一日或之後開始之年度期間生效。此修訂引入國際會計準則第24號有關政府相關主體之間及與政府進行交易之所有披露規定之豁免。此等披露由一項如下披露規定所取代：

- 政府名稱與彼等關係之性質
- 任何個別重大交易之性質及數額；及
- 整體而言屬重大之任何交易之內容或數額。

此修訂亦澄清及簡化了關連方之定義。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2011
截至二零一一年六月三十日止六個月

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

Amendment to IAS 34 *Interim Financial Reporting* is effective for annual period beginning on or after 1 January 2011. It emphasises the existing disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

Amendment to IAS 32 *Classification of Rights Issues* is effective for annual period beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

Amendment to IFRIC – Int 14 *Prepayments of a Minimum Funding Requirement* is effective for annual periods beginning on or after 1 January 2011. This is not currently applicable to the Group, as it does not have a minimum funding requirement.

IFRIC – Int 19 *Extinguishing Financial Liabilities with Equity Instruments* is effective for annual period beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

Improvement to IFRSs (2010) were issued in May 2010 by IASB are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

4. 應用新增及經修訂之國際財務報告準則(續)

國際會計準則第34號中期財務報告之修訂在二零一一年一月一日或之後開始的年度期間起生效。此修訂強調國際會計準則第34號之現有披露原則，並進一步就如何應用此等原則提供指引。更強調有關重大事件和交易的披露原則。額外規定涵蓋公平值計量變動的披露(如重大)，以及需要更新自最近期年報以來的相關資料。會計政策變動僅導致額外披露。

國際會計準則第32號供股之分類之修訂本於二零一零年二月一日或之後開始之年度期間生效。由於本集團並無進行任何供股，故目前不適用於本集團。

國際財務報告詮釋委員會 — 詮釋第14號最低供款規定之預付款之修訂本於二零一一年一月一日或之後開始之年度期間生效。由於本集團並無最低供款規定，故目前不適用於本集團。

國際財務報告詮釋委員會 — 詮釋第19號以股本工具消除金融負債於二零一零年七月一日或之後開始之年度期間生效。由於本集團目前並無以股本工具取代金融負債，故目前不適用於本集團。

國際會計準則委員會於二零一零年五月頒佈國際財務報告準則之改進(二零一零年)目前與本集團無關。所有改進於二零一一年財政年度生效。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2011
截至二零一一年六月三十日止六個月

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

The Group has not early applied the following new IFRSs that have been issued but are not yet effective:

IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ³
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ²
IAS 19 (Amendments) (as revised in 2011)	Employee Benefits ⁴
IAS 27 (as revised in 2011)	Separate Financial Statements ⁴
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ⁴
IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
IFRS 7 (Amendments)	Disclosure — Transfer of Financial Assets ¹
IFRS 9	Financial Instruments ⁴
IFRS 10	Consolidated Financial Statements ⁴
IFRS 11	Joint Arrangements ⁴
IFRS 12	Disclosure of Interests in Other Entities ⁴
IFRS 13	Fair Value Measurement ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

4. 應用新增及經修訂之國際財務報告準則(續)

本集團並無提早應用下列已頒佈但尚未生效之新國際財務報告準則：

國際會計準則第1號 (修訂本)	其他全面收益項目的呈列方式 ³
國際會計準則第12號 (修訂本)	遞延稅項：收回相關資產 ²
國際會計準則第19號 (修訂本) (二零一一年經修訂)	僱員福利 ⁴
國際會計準則第27號 (二零一一年經修訂)	獨立財務報表 ⁴
國際會計準則第28號 (二零一一年經修訂)	於聯營公司及合營企業之投資 ⁴
國際財務報告準則第1號(修訂本)	嚴重高通脹及剔除首次採納者之固定日期 ¹
國際財務報告準則第7號(修訂本)	披露 — 轉讓金融資產 ¹
國際財務報告準則第9號	金融工具 ⁴
國際財務報告準則第10號	綜合財務報表 ⁴
國際財務報告準則第11號	共同安排 ⁴
國際財務報告準則第12號	披露於其他實體之權益 ⁴
國際財務報告準則第13號	公平值之計量 ⁴

¹ 於二零一一年七月一日或之後開始之年度期間生效

² 於二零一二年一月一日或之後開始之年度期間生效

³ 於二零一二年七月一日或之後開始之年度期間生效

⁴ 於二零一三年一月一日或之後開始之年度期間生效

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

For the six months ended 30 June 2011
截至二零一一年六月三十日止六個月

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

The amendments to IAS 1 require companies preparing financial statements in accordance with IFRSs to group together items within other comprehensive income (“OCI”) that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

The amendments to IAS 19 make important improvements by:

- eliminating an option to defer the recognition of gains and losses, known as the ‘corridor method’, improving comparability and faithfulness of presentation.
- streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in OCI, thereby separating those changes from changes that many perceive to be the result of an entity’s day-to-day operations.
- enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

IFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets. IFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

4. 應用新增及經修訂之國際財務報告準則(續)

國際會計準則第1號(修訂本)規定公司根據國際財務報告準則編製財務報表，將可能重新分類至損益表損益部分之項目在其他全面收益中集結。該修訂本亦重申現有規定 — 其他全面收益及損益應於單一報表或兩個連續報表呈列。

國際會計準則第19號(修訂本)藉以下各項提出重要改進：

- 取消遞延確認收益及虧損的選擇(稱為「區間法」)，改善呈列方式的相容性及忠實性。
- 理順界定福利計劃所產生的資產及負債變動的呈列方式，包括要求在其他全面收益呈列項目時的重新計量，藉以將該等變動與視為實體日常營運變動予以區分。
- 加強界定福利計劃的披露規定，提供有關界定福利計劃特色及實體因參與該等計劃而承擔風險的較佳資料。

國際財務報告準則第9號金融工具引入金融資產分類及計量之新規定。國際財務報告準則第9號金融工具(於二零一零年十一月經修訂)加入有關金融負債及取消確認之規定。

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4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

The standard requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investment that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 will affect the classification and measurement of the Group's financial assets.

In relation of financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in OCI, unless the presentation of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Previously, under IAS 39, the entire amount of change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 will be effective from 1 January 2013, with earlier application permitted.

4. 應用新增及經修訂之國際財務報告準則(續)

該準則規定所有屬於國際會計準則第39號金融工具：確認及計量範圍內之已確認金融資產以攤銷成本或公平值計量。具體而言，如債項投資(i)於目的為收取合約現金流量之業務模式下持有及(ii)附有純粹作本金及尚未償還本金之利息付款之合約現金流量，則一般按攤銷成本計量。所有其他債項投資及股權投資乃按公平值計量。應用國際財務報告準則第9號將影響本集團金融資產之分類及計量。

就金融負債而言，重大變動乃與指定為按公平值計入損益之金融負債有關。尤其是，根據國際財務報告準則第9號，就指定為按公平值計入損益之金融負債而言，因金融負債信貸風險有變而導致其公平值變動之款額乃於其他全面收益呈列，除非於其他全面收益呈報該負債信貸風險變動之影響會產生或增加損益之會計錯配，則作別論。過往，根據國際會計準則第39號，指定為按公平值計入損益之金融負債之全部公平值變動款額均於損益中呈列。

國際財務報告準則第9號自二零一三年一月一日起生效，並可提早應用。

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

The amendments to IFRS 7 *Disclosures – Transfer of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level continuing exposure in the asset. The amendments also require disclosures when transfers of financial assets are not evenly distributed throughout the period.

IFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces SIC-12 *Consolidation – Special Purpose Entities* and replaces parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.

IFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

4. 應用新增及經修訂之國際財務報告準則(續)

國際財務報告準則第7號(修訂本)披露一轉讓金融資產，增設涉及金融資產轉讓之交易之披露規定。該等修訂旨在就於金融資產被轉讓而轉讓人保留該資產一定程度之持續風險承擔時，提供風險承擔之更大透明度。該等修訂亦規定於該期間內金融資產轉讓並非均衡分佈時作出披露。

國際財務報告準則第10號綜合財務報表於現有原則上建立透過識別控制概念作為實體是否應計入母公司之綜合財務報表之釐定因素。該準則提供額外指引協助釐定難以評估之控制權。該準則取代會計詮釋委員會詮釋一第12號綜合一特殊目的實體及取代國際會計準則第27號綜合及獨立財務報表之一部分。

國際財務報告準則第11號共同安排透過著重安排之權利及責任(而非目前之法定形式)提供共同安排之更現實反映。該準則透過規定以單一方法將於共同控制實體之權益入賬以解決呈報共同安排之不一致性。國際財務報告準則第11號取代國際會計準則第31號於合營企業之權益及會計詮釋委員會詮釋一第13號共同控制實體一合營方之非貨幣貢獻。

國際財務報告準則第12號披露於其他實體之權益為有關其他實體所有形式之權益(包括共同安排、聯營公司、特別用途工具及其他不計入資產負債表之工具)之披露規定之新增全面之準則。

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4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

IFRS 13 *Fair Value Measurement* improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the results and the financial position of the Group.

5. TURNOVER

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:

4. 應用新增及經修訂之國際財務報告準則(續)

國際財務報告準則第13號公平值計量透過首次提供公平值之精確定義及公平值計量之單一來源以及所有國際財務報告準則均適用之披露規定改善一致性及降低複雜性。有關規定並無擴大公平值會計法之使用範圍，惟就其於國際財務報告準則已規定或准許使用時如何使用提供指引。

本公司董事預期，應用其他新增及經修訂國際財務報告準則不會對本集團業績及財務狀況造成重大影響。

5. 營業額

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：

		For the six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Decorative base paper products	裝飾原紙產品	960,743	769,493
Printing paper product	印刷用紙產品	77,598	104,076
		1,038,341	873,569

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6. OTHER REVENUE AND OTHER NET LOSS

6. 其他收益及其他虧損淨額

		For the six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Other revenue	其他收益		
Bank interest income	銀行利息收入	1,612	1,223
Other	其他	16	—
		1,628	1,223
Other net loss	其他虧損淨額		
Gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益	—	21
Net foreign exchange loss	外匯虧損淨額	(53)	(105)
		(53)	(84)

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7. PROFIT BEFORE TAXATION

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

7. 除稅前溢利

除稅前溢利已扣除／(計入)：

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2011	2010
		二零一一年	二零一零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Audited)	(Unaudited)
		(經審核)	(未經審核)
(a) Staff costs	(a) 員工成本		
Contributions to defined contribution retirement plans	定額供款退休金計劃供款	3,405	1,904
Salaries, wages and other benefits	薪金、工資及其他福利	21,499	19,307
		24,904	21,211

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7. PROFIT BEFORE TAXATION (continued)

7. 除稅前溢利(續)

		For the six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
(b) Other items	(b) 其他項目		
Amortisation of lease payments	租賃預付款項攤銷	170	170
Amortisation of prepayment for flood prevention expenses	防洪開支預付款項攤銷	425	—
Auditors' remuneration	核數師酬金		
— audit services	— 審計服務	780	589
— tax services	— 稅務服務	—	26
Depreciation	折舊	96,496	67,106
Gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益	—	(21)
Operating lease charges in respect of	有關的經營租賃費用		
— leasehold land and properties	— 租賃土地及物業	3,144	4,516
— others	— 其他	75	75
Sewage disposal expenses	排污費	219	143
Research and development cost	研發成本	60	129

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8. INCOME TAX IN THE CONDENSED CONSOLIDATED INCOME STATEMENT

8. 簡明綜合損益表內之所得稅

		For the six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Current tax — PRC corporate income tax	即期稅項 — 中國企業所得稅		
Provision for the period	本期間計提	23,667	25,304
Under-provision in respect of the prior period	過往期間撥備不足	531	450
		24,198	25,754

- (a) Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (b) 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 periods.
- (c) Shandong QX 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 QX for the six months ended 30 June 2010 and 2011 is 12.5%.

- (a) 根據開曼群島及英屬處女群島的規則及法規，本集團無須繳納開曼群島及英屬處女群島的任何所得稅。
- (b) 由於本集團於期內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。
- (c) 山東群星為外資企業，並獲授若干稅務優惠，包括自二零零七年一月一日至二零零八年十二月三十一日兩年間獲全數豁免繳納中國所得稅，以及於二零零九年一月一日至二零一一年十二月三十一日三年間獲減免50%中國所得稅稅率。山東群星截至二零一零年及二零一一年六月三十日止六個月的適用稅率為12.5%。

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8. INCOME TAX IN THE CONDENSED CONSOLIDATED INCOME STATEMENT *(continued)*

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

9. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2011 (2010: Nil).

8. 簡明綜合收益表內之所得稅 (續)

此外，倘山東群星從二零零七年十二月三十一日起將其賺取的溢利分派予本集團，本集團須就此按稅率5%繳納預扣稅。鑒於本公司全資擁有山東群星，本公司可控制山東群星派付的股息，而本公司董事確認，山東群星不太可能在可見將來派付股息。

9. 股息

(a) 應付本公司權益持有人中期應佔股息

董事會不建議派發截至二零一一年六月三十日止六個月的中期股息(二零一零年：無)。

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9. DIVIDENDS (continued)

(b) Dividends payable to equity shareholders of the Company attributable to previous financial year approved and paid during the interim period

9. 股息(續)

(b) 應付本公司權益持有人上一財政年度應佔股息，已於中期內批准及派付

		For the six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Final dividend in respect of the year ended 31 December 2010, approved and paid during the interim period, of HK8.633 cents (equivalent to approximately RMB7.517 cents) per ordinary share (year ended 31 December 2009: HK7.403 cents, equivalent to approximately RMB6.525 cents, per ordinary share)	已於中期內批准及派付截至二零一零年十二月三十一日止年度末期股息每股普通股8.633港仙(約相當於人民幣7.517分)(截至二零零九年十二月三十一日止年度：每股普通股7.403港仙，約相當於人民幣6.525分)	119,252	67,385
Special dividend in respect of the year ended 31 December 2010, approved and paid during the interim period, of HK3 cents (equivalent to approximately RMB2.612 cents) per ordinary share (year ended 31 December 2009: Nil)	已於中期內批准及派付截至二零一零年十二月三十一日止年度特別股息每股普通股3港仙(約相當於人民幣2.612分)(截至二零零九年十二月三十一日止年度：無)	41,442	—
		160,694	67,385

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10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the period ended 30 June 2011 is based on the profit attributable to ordinary equity shareholders of the Company of RMB158,804,000 (2010 (unaudited): RMB172,508,000) and the weighted average number of 1,439,496,861 ordinary shares (2010 (unaudited and restated): 1,057,594,300) in issue during the period. The weighted average number of ordinary shares for the six months period ended 30 June 2010 was reflected after adjusting the outstanding number of ordinary shares deemed to be issued in issue as at the beginning of the period as a result of the scrip dividend.

(b) Diluted earnings per share

The computation of diluted earnings per share for the six months ended 30 June 2011 does not assume the exercise of the Company's outstanding warrants as the exercise of warrants is anti-dilutive.

There was no dilutive events existed during the six months ended 30 June 2010.

11. PROPERTY, PLANT AND EQUIPMENT/CONSTRUCTION IN PROGRESS

Capital expenditure comprises additions to property, plant and equipment and construction in progress. During the six months ended 30 June 2011, the Group incurred aggregate capital expenditure of RMB5,334,000 (2010 (unaudited): RMB258,510,000).

10. 每股盈利

(a) 每股基本盈利

截至二零一一年六月三十日止期間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158,804,000元(二零一零年(未經審核): 人民幣172,508,000元)及期內已發行普通股之加權平均數1,439,496,861股(二零一零年(未經審核及重列): 1,057,594,300股)。截至二零一零年六月三十日止六個月期間的加權平均普通股股數已反映因以股代息視作期初將予發行普通股股數之調整。

(b) 每股攤薄盈利

計算截至二零一一年六月三十日止六個月之每股攤薄盈利並未假設行使本公司之尚未行使認股權證，因行使認股權證具有反攤薄作用。

於截至二零一零年六月三十日止六個月內本公司並無攤薄事項。

11. 物業、廠房及設備／在建工程

資本開支包括物業、廠房及設備及在建工程之增加。截至二零一一年六月三十日止六個月，本集團總資本開支為人民幣5,334,000元(二零一零年(未經審核): 人民幣258,510,000元)。

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12. INVENTORIES

12. 存貨

		At 30 June 2011 於二零一一年 六月 三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2010 於二零一零年 十二月 三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Raw materials and consumables	原材料及消耗品	38,022	33,372
Finished goods	製成品	13,895	15,590
		51,917	48,962

13. TRADE AND OTHER RECEIVABLES

13. 應收貿易賬款及其他應收款項

		At 30 June 2011 於二零一一年 六月 三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2010 於二零一零年 十二月 三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Trade receivables	應收貿易賬款	117,743	97,503
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項	1,519	1,228
Other tax recoverable	其他可收回稅款	—	12,557
		119,262	111,288

The amount of prepayments, deposits and other receivables includes the current portion of RMB850,000 (At 31 December 2010 (audited): RMB850,000) relating to the prepayment for flood prevention expenses.

預付款項、按金及其他應收款項之金額包括防洪開支預付款項即期部分人民幣850,000元(於二零一零年十二月三十一日(經審核): 人民幣850,000元)。

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13. TRADE AND OTHER RECEIVABLES

(continued)

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

(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:

13. 應收貿易賬款及其他應收款項

(續)

所有應收貿易賬款預期於一年內收回或確認為開支。

(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：

		At 30 June 2011 於二零一一年 六月 三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2010 於二零一零年 十二月 三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Current	即期	117,743	93,802
Less than one month past due	逾期少於一個月	—	3,701
		117,743	97,503

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14. TRADE AND OTHER PAYABLES

14. 應付貿易賬款及其他應付款項

		At 30 June 2011 於二零一一年 六月 三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2010 於二零一零年 十二月 三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Trade payables	應付貿易賬款	129,996	75,596
Other payables and accruals	其他應付款項及預提費用	23,656	11,444
		153,652	87,040

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 ranges from 30 days to 60 days.

包含在應付貿易賬款及其他應付款項中的應付貿易賬款於報告期末的賬齡分析如下。各供應商授予的信貸期一般介乎30至60日。

		At 30 June 2011 於二零一一年 六月 三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2010 於二零一零年 十二月 三十一日 RMB'000 人民幣千元 (Audited) (經審核)
0 to 30 days	0至30日	87,149	75,596
31 to 60 days	31至60日	42,847	—
		129,996	75,596

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

所有應付貿易賬款及其他應付款項預計於一年內償付。

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15. SHARE CAPITAL

15. 股本

	Note 附註	2011 二零一一年		2010 二零一零年	
		Number of shares '000 千股	RMB'000 人民幣千元	Number of shares '000 千股	RMB'000 人民幣千元
At 1 January	於一月一日	1,057,594	102,427	1,032,800	100,258
Shares issued in respect of scrip dividends	發行代息股份 (a)	—	—	24,794	2,169
Shares issued under Open Offer	根據公開發售 發行股份 (b)	528,797	45,135	—	—
At 30 June	於六月三十日	1,586,391	147,562	1,057,594	102,427

(a) Share issued in respect of scrip dividends

The Board has resolved to recommend the payment of a final dividend for the year ended 31 December 2009 wholly in scrip form equivalent to HK7.403 cents (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 approximately RMB67,385,000).

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.

(a) 發行代息股份

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年度之末期股息，每股7.403港仙（約相等於人民幣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（約相等於人民幣67,385,000元）。

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，乃緊接於二零一零年五月五日前五個連續交易日在聯交所所報本公司股份平均收市價經5%折讓（約數至小數點後四個位）。

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15. SHARE CAPITAL (continued)

(a) Share issued in respect of scrip dividends (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.

(b) Share issued under Open Offer

On 10 January 2011, the Company issued 528,797,150 ordinary shares pursuant to the Open Offer on the basis of one offer share for every two shares held on the record date at a subscription price of HK\$0.66 per offer share. The ordinary shares were issued for the purpose of increasing general working capital for the Group. The new shares rank pari passu with the existing shares in all respects.

16. 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.

15. 股本(續)

(a) 發行代息股份(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(約相等於人民幣67,385,000元)，其中人民幣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。

(b) 根據公開發售發行股份

於二零一一年一月十日，本公司根據公開發售按於記錄日期每持有兩股股份獲發一股發售股份之基準以認購價每股發售股份0.66港元發行528,797,150股普通股。本集團發行普通股，以增加本集團之一般營運資金。新股份與現有股份在各方面具有同等地位。

16. 分部報告

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

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17. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Operating leases

At 30 June 2011 and 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		At 30 June 2011 於二零一一年 六月 三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2010 於二零一零年 十二月 三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Within one year	一年內	5,514	5,523
After one year but within five years	一年後但在五年內	11,992	13,064
After five years	五年以上	123,509	125,178
		141,015	143,765

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.

17. 承擔及或然負債

(a) 經營租賃

於二零一一年六月三十日及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：

本集團是以經營租賃形式租賃土地及物業之承租人。該等租賃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。

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17. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(b) Capital commitments

Capital commitments outstanding at 30 June 2011 and 31 December 2010 not provided for in the financial information were as follows:

	At 30 June 2011 於二零一一年 六月 三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2010 於二零一零年 十二月 三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Contracted for	已訂約 353,710	312,760

At 30 June 2011 and 31 December 2010, the Group was committed to certain construction contracts for the acquisition of plant and machinery and buildings.

17. 承擔及或然負債(續)

(b) 資本承擔

於二零一一年六月三十日及二零一零年十二月三十一日尚未償付且未在財務資料作出撥備之資本承擔如下：

於二零一一年六月三十日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。

17. 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.

17. 承擔及或然負債 (續)**(c) 環保或然項目**

迄今，本集團並未因環境修復問題發生任何重大支出，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，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。這些不確定因素包括(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)新確認需要實施環境修復之地點。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。

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18. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2011 and 2010, transactions with the following party are considered to be related party transactions:

Name of related party Relationship

Shandong Changxing Group Limited (“SD Changxing”)* Effectively 55% owned by Dr. Zhu Yu Guo, 30% by Mr. Zhu Mo Qun and 15% by Ms. Sun Rui Fang, the Directors

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

(a) Recurring transaction

18. 關連方交易

截至二零一一年及二零一零年六月三十日止六個月，與下列公司進行的交易被視為關連方交易：

關連方名稱 關係

山東長星集團有限公司 (「山東長星」) 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

* 該公司之中文名稱為正式名稱，英文名稱僅供參考。

(a) 經常性交易

For the six months ended 30 June

截至六月三十日止六個月

		2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Lease of leasehold land and properties from: — SD Changxing	向以下一方租用租賃土地及物業： — 山東長星	1,135	1,135

The Directors are of the opinion that the above related party transaction was conducted on normal commercial terms and in the ordinary course of business.

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。

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18. RELATED PARTY TRANSACTIONS

(continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

18. 關連方交易 (續)

(b) 主要管理人員酬金

本集團主要管理人員之酬金(包括已付本公司董事之酬金及已付若干最高薪酬僱員之酬金)如下:

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2011	2010
		二零一一年	二零一零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Audited)	(Unaudited)
		(經審核)	(未經審核)
Short-term employee benefits	短期僱員福利	1,746	1,802
Contribution to defined contribution retirement plans	定額供款退休金計劃供款	10	22
		1,756	1,824

19. EVENT AFTER THE REPORTING PERIOD

The Group did not have any significant event after the reporting period.

19. 報告期後事項

於報告期後，本集團並無任何重大事項。

DISCLOSURE OF INTERESTS 權益披露

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

As at 30 June 2011, the interests of the Directors in the shares of the Company or 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 身份	Nature of interest 權益性質	Number of ordinary shares held 持有的普通股數目	Approximate percentage of the issued ordinary shares 佔已發行普通股之概約百分比
Dr. ZHU Yu Guo 朱玉國博士	Interest of controlled corporation 受控制公司權益	Corporate 公司	1,075,207,218 (Note) (附註)	67.78%
Ms. SUN Rui Fang 孫瑞芳女士	Interest of spouse 配偶權益	Family 家族	1,075,207,218 (Note) (附註)	67.78%

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 held 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 held by Dr. Zhu Yu Guo under the SFO.

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

董事於本公司及其相聯法團股份 之權益

於二零一一年六月三十日，董事於本公司或其相聯法團(具證券及期貨條例第XV部之涵義)的股份中擁有根據證券及期貨條例第352條須登記於本公司備存的登記冊內的權益，或根據標準守則須知會本公司及聯交所的權益載列如下：

於本公司股份之好倉

附註：

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

根據證券及期貨條例，非執行董事孫瑞芳女士(為朱玉國博士之配偶)被視為擁有朱玉國博士持有的同一批股份之權益。

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

DISCLOSURE OF INTERESTS 權益披露

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

董事於本公司及其相聯法團股份 之權益 (續)

Long Positions in Shares of Associated Corporations of the Company

於本公司相聯法團股份之好倉

Name of Director 董事名稱	Name of associated corporation 相聯法團名稱	Capacity 身份	Nature of interest 權益性質	Number of ordinary shares held 持有的普通股數目	Approximate percentage of the issued ordinary shares 佔已發行普通股之概約百分比
Dr. ZHU Yu Guo 朱玉國博士	Boom Instant Limited	Interest of controlled corporation 受控制公司權益	Corporate 公司	80	80%
	Addinsight Limited	Beneficial owner/ Interest of spouse 實益擁有人/ 配偶權益	Personal/ Family 個人/家族	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	Family 家族	80	80%
	Addinsight Limited	Beneficial owner/ Interest of spouse 實益擁有人/ 配偶權益	Personal/ Family 個人/家族	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	Corporate 公司	20 <i>(Note)</i> <i>(附註)</i>	20%
	Be Broad Limited	Beneficial owner 實益擁有人	Corporate 公司	100	100%

DISCLOSURE OF INTERESTS 權益披露

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

Long Positions in Shares of Associated Corporations of the Company (Continued)

Note:

All these shares were beneficially owned by Be Broad Limited. By virtue of his 100% shareholding 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 30 June 2011, none of the Directors has interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding companies, 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 period, 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 in or debentures of the Company or any other body corporate, and none of the Directors or their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the period.

董事於本公司及其相聯法團股份 之權益(續)

於本公司相聯法團股份之好倉(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透過其於 Be Broad Limited 的 100% 權益，被視為擁有 Be Broad Limited 持有的同一批 Boom Instant Limited 股份之權益。

除上文所披露者外，於二零一一年六月三十日，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）的股份、相關股份或債券中擁有根據證券及期貨條例第 352 條須登記於本公司備存的登記冊內的權益或淡倉，或根據標準守則須知會本公司及聯交所的權益或淡倉。

董事購買股份或債券之權利

本公司或其任何附屬公司於期內任何時間，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券而獲益，而董事或彼等之配偶或未滿 18 歲之子女於期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。

**SUBSTANTIAL SHAREHOLDERS'
INTERESTS IN SHARES OF THE
COMPANY**

As at 30 June 2011, so far as is known to the Directors, the interests of substantial shareholders/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 were set out below:

Name of substantial shareholder 主要股東名稱	Number of ordinary shares held 持有的普通股數目	Approximate percentage of the issued ordinary shares 佔已發行普通股的 概約百分比
Boom Instant Limited	1,075,207,218 <i>(Note)</i> <i>(附註)</i>	67.78%
Addinsight Limited	1,075,207,218 <i>(Note)</i> <i>(附註)</i>	67.78%

Note:

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

Save as disclosed above, as at 30 June 2011, 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.

主要股東於本公司股份之權益

於二零一一年六月三十日，就董事所知，根據證券及期貨條例第336條備存的本公司登記冊所記錄之主要股東／其他人士（董事除外）於本公司股份的權益載列如下：

附註：

該等股份全部由Boom Instant Limited實益擁有。Addinsight Limited透過其於 Boom Instant Limited 的80%股權，根據證券及期貨條例被視為擁有Boom Instant Limited持有的所有股份的權益。朱玉國博士、朱墨群先生及孫瑞芳女士均為Boom Instant Limited及Addinsight Limited之董事。

除上文所披露者外，於二零一一年六月三十日，根據證券及期貨條例第336條本公司須予備存的登記冊所記錄，概無其他人士（董事除外）擁有本公司股份及相關股份的權益或淡倉。

CORPORATE GOVERNANCE 企業管治

The Board and the management are committed to promoting the Group's standards of corporate governance with emphasis on independence, effective internal control, transparency and accountability to shareholders. It is the belief of the Board that such commitment is crucial to the continuing development of the Group and to enhance our shareholders' value.

The corporate governance practices adopted by the Company throughout the six months ended 30 June 2011 were consistent with those disclosed in the 2010 Annual Report.

COMPLIANCE WITH CG CODE

As at 30 June 2011, the Company has complied with the applicable Code Provisions under the CG Code except the following deviation:

Under the Code Provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separated 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 an executive Director and a chairman of the Board, also assumes 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, an executive Director, a general manager of the Company, as well as a vice-chairman of the Board, is responsible for the overall management of the Group's business operation 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.

董事會及管理層致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、透明度及對股東之問責性。董事會相信該理念乃本集團持續發展及為股東帶來增益之關鍵。

本公司在截至二零一一年六月三十日止六個月內所採納之企業管治常規與二零一零年年報所披露者貫徹一致。

遵守企業管治守則

於二零一一年六月三十日，本公司已遵守企業管治守則之適用守則條文，惟下述偏離者除外：

根據守則條文第A.2.1條，主席及行政總裁（「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。惟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，負責本集團業務營運之整體管理，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作出及執行董事會之決定。董事會將定期檢討此架構之成效，以確保該架構切合本集團當時之情況。

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the QX Securities Dealing Code regarding the Directors' and employees' securities transactions on terms no less exacting than the required standard set out in the Mode Code. The QX Securities Dealing Code also applies to the relevant employees who may be in possession of unpublished price sensitive information. Having made specific enquiry of all the Directors, the Directors confirmed that they have complied with the required standard as set out in both the QX Securities Dealing Code and the Model Code throughout the six months ended 30 June 2011.

董事進行證券交易之標準守則

本公司已採納一套有關董事及僱員進行證券交易之群星證券買賣守則，其條款不比標準守則寬鬆。群星證券買賣守則亦適用於可能擁有未公開股價敏感資料之有關僱員。經向所有董事作出特定查詢後，董事確認彼等於截至二零一一年六月三十日止六個月一直遵守群星證券買賣守則及標準守則兩者所載之規定準則。

OTHER INFORMATION 其他資料

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2011 (1H 2010: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares except for the issue of 528,797,150 shares by way of open offer to shareholders, details of which were set out in a prospectus of the Company dated 17 December 2010 and an announcement of the Company dated 10 January 2011.

CONVERTIBLE BONDS, WARRANTS OR OTHER SIMILAR RIGHTS

During the six months ended 30 June 2011, the Company has not issued any convertible bonds, share options or similar rights.

On 14 January 2011, the Company entered into a subscription agreement with an independent third party to subscribe for warrants of up to HK\$609,352,000 at a warrant subscription price of HK\$0.05 per warrant, the aggregate of which amounting to HK\$10,328,000 (equivalent to approximately RMB8,762,000).

The warrants entitle the subscriber to subscribe for a total of 206,560,000 warrant shares at the warrant exercise price of HK\$2.95 per warrant share (subject to adjustment as provided in the subscription agreement) at any time during a period of 12 months commencing from the completion date (i.e. 21 January 2011) of the subscription of the warrants.

SHARE OPTION SCHEME

The following is a summary of the principal terms of a share option scheme (the "Share Option Scheme") adopted by the Company on 8 September 2007.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

中期股息

董事會不建議派付截至二零一一年六月三十日止六個月的中期股息(二零一零年上半年：無)。

購買、出售或贖回股份

於截至二零一一年六月三十日止六個月，本公司及其任何附屬公司概無購買、出售或贖回任何本公司股份，惟以公開發售形式向股東發行528,797,150股股份除外，有關詳情載於本公司於二零一零年十二月十七日刊發的章程，以及本公司於二零一一年一月十日刊發的公告。

可換股債券、認股權證或其他類似權利

於截至二零一一年六月三十日止六個月內，本公司並無發行任何可換股債券、購股權或類似權利。

於二零一一年一月十四日，本公司與一名獨立第三方訂立認購協議，按認股權證認購價每份0.05港元認購最多達609,352,000港元的認股權證，總額為10,328,000港元(約相當於人民幣8,762,000元)。

認股權證授權認購人可於認股權證認購完成日期(即二零一一年一月二十一日)起12個月內隨時按每股認股權證股份2.95港元的認股權證行使價(可按認購協議所載者予以調整)認購合共206,560,000股認股權證股份。

購股權計劃

以下為本公司於二零零七年九月八日採納之購股權計劃(「購股權計劃」)的主要條款概要：

(a) 購股權計劃之目的

購股權計劃旨在使本集團能向選定參與者授予購股權，以作為彼等對本集團所作貢獻之獎勵或回報。

SHARE OPTION SCHEME (Continued)

(b) Who may join

The Directors may, at their discretion, invite (i) any directors and employees of any members of the Group and any entity (“Invested Entity”) in which the Group holds an equity interest; and (ii) any advisors, consultants, customers, business partners, joint venture partners, supplier of goods and service providers of any member of the Group or any Invested Entity to participate in the Share Option Scheme.

(c) Maximum number of the Company’s shares which may be issued

The maximum number of the Company’s shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The total number of the Company’s shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the issued share capital of the Company on 2 October 2007 (the day on which dealings in the Company’s shares first commenced on the Stock Exchange) but excluding such shares issued upon the exercise of the over-allotment option as referred to in the Prospectus. Such 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 Company’s shareholders’ approval of the refreshed limit in general meeting.

(d) Maximum entitlement of each participant

The total number of the Company’s shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

購股權計劃(續)

(b) 可參與之人士

董事可酌情邀請(i) 本集團或本集團持有股本權益之任何實體(「投資實體」)之任何董事及僱員；及(ii) 任何顧問、諮詢人、客戶、業務夥伴、合資經營夥伴、本集團任何成員公司之貨品供應商及服務供應商或任何投資實體參與購股權計劃。

(c) 可予發行之本公司股份的最高數目

因行使根據購股權計劃及本集團任何其他購股權計劃所有授出而尚未行使之本公司購股權而將予發行之本公司股份最高數目，合共不得超過本公司不時已發行股本之30%。

因行使根據購股權計劃及本集團任何其他購股權計劃將予授出之所有購股權而可予配發及發行之本公司股份總數，合共不得超過本公司於二零零七年十月二日(本公司股份於聯交所開始買賣首日)已發行股本之10%，惟不包括因行使在招股章程所述之超額配售權而發行之該等股份。該上限可於任何時間予以更新，惟新上限合共不得超過本公司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%。

(d) 每位參與者之最高配額

已發行及因行使根據購股權計劃及本集團任何其他購股權計劃而於任何12個月期間向每位參與者授出之購股權(包括已行使或尚未行使之購股權)而須予發行之本公司股份總數，不得超過本公司當時已發行股本之1%。

OTHER INFORMATION 其他資料

SHARE OPTION SCHEME (Continued)

(e) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

(f) Subscription price for Shares and consideration for the option

The subscription price per share of the Company under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price per share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant; (ii) the average closing price per share of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share of the Company.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(g) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which it is adopted.

No options were granted, cancelled or lapsed under the Share Option Scheme as at 30 June 2011.

By Order of the Board
承董事會命



ZHU Yu Guo 朱玉國
Chairman 主席

Shandong, the PRC, 18 August 2011
中國山東，二零一一年八月十八日

購股權計劃(續)

(e) 接納及行使購股權之時間

參與者可於建議授出購股權當日起計21日內接納購股權。

承授人可根據購股權計劃之條款於董事釐定及通知各承授人之期限內隨時行使購股權，該期限可由提出授予購股權建議日期後翌日起計，惟無論如何不得超過自購股權授出當日起計10年，且須受有關購股權提前終止之條文所規限。

(f) 股份之認購價及購股權之代價

根據購股權計劃，每股股份之認購價將由董事釐定，惟不得少於(以下列中最高者為準)(i)建議授出當日聯交所每日報價表中所列之本公司每股股份收市價；(ii)緊接建議授出日期前5個交易日聯交所每日報價表中所列之本公司每股股份平均收市價；及(iii)本公司每股股份面值。

接納獲批授購股權建議時須繳付1港元之象徵式代價。

(g) 購股權計劃之期限

購股權計劃自其獲採納當日起計10年內均屬有效。

於二零一一年六月三十日，概無購股權根據購股權計劃授出、註銷或失效。



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



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