



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)



2012 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 Limited

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

國衛會計師事務所有限公司

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 2012 Interim Results:
23 August 2012

財務日誌

二零一二年中期業績公佈：
二零一二年八月二十三日

Announcement of 2012 Annual Results:
March 2013 (*tentative date*)

二零一二年全年業績公佈：
二零一三年三月(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
“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》
“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

DEFINITIONS

釋義

“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
“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)
“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

On behalf of the Board of QX Paper, I would like to present to you the audited interim results of the Group for the six months ended 30 June 2012.

BUSINESS REVIEW

In the first half of 2012, the deteriorating debt crisis in Europe has rattled the global economy and China was not immune from such economic woes which led to prolonged slowdown in economic growth in China. According to the National Bureau of Statistics of the PRC, China's gross domestic product (GDP) was RMB22.7 trillion in the first half of 2012, with slowing growth of 7.8%. In view of such economic landscape, the PRC government has even pared the nation's economic growth target to 7.5%.

In spite of the slowdown in economic growth, the PRC government has not relaxed its control measures for the housing market, resulting in a 10.0% decrease in gross floor area of commodity housing sold in the first half of 2012 to 399.64 million square metres, depressing demand for building materials. Moreover, high prices of raw materials have further hampered the operations of producers of decorative base paper, and our business in the first half has also been affected as a result.

For the six months ended 30 June 2012, our turnover slightly decreased to RMB974,635,000 as compared to approximately RMB1,038,341,000 for the same period in 2011. During the period, our cost of sales increased and gross profit margin dropped 9.3 percentage points to 12.0% due to a surge in raw material prices over the same period last year; in particular, the price of titanium dioxide powder, one of our principal raw materials, was up by 29%. Meanwhile, both increase in administrative expense which results from the Group's measures to investigate audit issues raised by its former auditors and increase in cost to sales revenue (as the benefit of economies of scale could not be fully reflected) led to a drop in profit for the first half of 2012 by 74.3% to RMB40,829,000. Basic earnings per share were RMB3 cents (1H2011: RMB11 cents). The Board does not recommend the payment of an interim dividend (1H2011: Nil).

本人謹代表群星紙業董事會呈報本集團截至二零一二年六月三十日止六個月的經審核中期業績。

業務回顧

二零一二年上半年，歐債危機不斷惡化，困擾全球經濟，中國經濟亦受到拖累，增長持續放緩。國家統計局的資料顯示，二零一二年上半年中國國內生產總值達人民幣22.7萬億元，同比增長放緩至7.8%。中國政府更因應經濟發展形勢，將全年經濟增長目標調整為7.5%。

儘管經濟增長轉慢，然而中國政府對房地產市場的調控力度未減，致使二零一二年上半年商品房銷售面積比去年同期下降10.0%至39,964萬平方米，對房地產相關用品用品的需求亦造成一定壓力。原材料價格持續高企，對裝飾原紙生產商的經營雪上加霜，本集團上半年的業務亦受到較大的影響。

截至二零一二年六月三十日止六個月，本集團之營業額為人民幣974,635,000元，較二零一一年同期營業額約人民幣1,038,341,000元稍微下跌。期內，原材料價格，較去年同期顯著上升，主要原材料鈦白粉價格升幅更高達29%，導致銷售成本增加，毛利率減少9.3個百分點至12.0%。加上本集團就調查前任核數師提出之審計事宜所作出的舉措令行政費用上升，規模效益未能全面反映導致銷售成本比率上升，以致二零一二年上半年溢利減少74.3%至人民幣40,829,000元。每股基本盈利為人民幣3分（二零一一年上半年：人民幣11分）。董事會不建議派發中期股息（二零一一年上半年：無）。

CHAIRMAN'S STATEMENT

主席報告書

SALES PERFORMANCE

During the period under review, the sales of our products remained steady but overall sales volume decreased. Due to the uncertain macroeconomic environment, our customers maintained a cautious approach to placing orders, and the decorative base paper industry was facing increasingly intensive competition, which directly affected our sales. As such, our overall sales volume for the first half of the year dropped by 7.1%, with sales income of decorative base paper, one of our principal products down 7.7%. Production lines nos. 1 and 2 have commenced operation upon the completion of their rebuilding in the fourth quarter of 2011; however, more time is needed for the increased production scale to bring in the benefits of economies of scale.

EXPANSION OF PRODUCTION CAPACITY

In order to enhance our production technology, we have upgraded our production technology during off peak season to facilitate long-term development. The relocation of production lines no. 3 commenced in May 2012 and completion is expected to take place in the fourth quarter of 2013. The expansion of production capacity mainly involves premium decorative base paper products which have a higher profit margin. We believe this will effectively alleviate the pressure on the gross profit margin resulting from the surge in prices of raw materials. Meanwhile, the existing production lines No. 3 has been operating as usual during the period of relocation, and our overall production capacity has not reduced.

銷售表現

回顧期內，本集團產品銷售保持平穩，整體銷量則有所下降。受到宏觀經濟環境影響，客戶訂單態度趨於審慎，加上中國裝飾原紙市場競爭日趨激烈，直接影響本集團的銷售收入，故上半年整體銷售量下降7.1%，本集團主要產品裝飾紙銷售收入減少7.7%。雖然第1及第2號兩條新生產線已於二零一一年第四季完成重建，額外產能亦順利投入生產，惟未及在期內發揮其規模效益。

擴充產能

本集團為了提升製造技術，並藉著市場較淡靜的時間提升製造技術以促進長遠發展，於二零一二年五月另外選址重建第3號生產線，預期於二零一三年第四季竣工。新增的產能以高毛利率的高檔裝飾原紙產品為主，相信能有效紓緩原材料價格上升對毛利率構成的壓力，而現有的第3號生產線於重建期間仍會如常運作，所以整體產能不會減少。

SOPHISTICATED DISTRIBUTION CHANNELS

At present, the Group has 6 retail sales regions in China, namely, Shandong, Sichuan, Guangdong, Beijing, Jiangsu and Zhejiang. We boast a sophisticated distribution network and have a customer base spanning across 13 provinces, autonomous regions and municipalities in China.

VERSATILE PRODUCT PORTFOLIO

The Group has striven to develop widely applicable and quality decorative base paper products. At present, we produce and sell over 80 types of products catering to different segments in the market. Our products are suitable for a broad range of applications from furniture, home and office products to stadiums, community halls, exhibition centres, as well as interior decoration of vehicles and aircraft. The Group will continue to enhance sales of premium decorative paper base products to increase its profits.

ENVIRONMENTAL PROTECTION

We are committed to corporate social responsibilities and environmental protection. 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. One of the systems has an annual processing capacity of approximately 1,700,000 cubic metres and another one has an annual processing capacity of approximately 3,650,000 cubic metres. Waste water treated by our waste water treatment systems is reused for irrigation at the Group's production base in Shandong, the PRC.

成熟的分銷渠道

本集團目前設有6個銷售地區，分別位於中國山東、四川、廣東、北京、江蘇及浙江。本集團坐擁成熟的分銷網絡，客戶遍佈中國13個省份、自治區及直轄市。

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，現時生產及銷售逾80種產品，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。本集團亦將繼續增加高檔裝飾原紙產品的銷售比例，以提高盈利。

環境保護

我們一直致力履行企業社會責任，做好環境保護工作。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。另一污水處理系統則可處理約3,650,000立方米污水。經本集團污水處理系統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。

CHAIRMAN'S STATEMENT

主席報告書

INDEPENDENT REVIEW AND INVESTIGATION REPORT

During the period, the Group strived to enhance our internal control system and has, at the end of last year, engaged an independent professional advisor to investigate the audit issues raised by its former auditors and to commission a further review and investigation report. We hereby reiterate that our business has been operating as usual, though we are aware of the concerns raised by shareholders and investors of the Company on our internal audit and control. Further announcement will be made by the Group as and when appropriate informing our shareholders on the progress of the further independent review and investigation.

OUTLOOK

Looking ahead, more efforts on construction of social security housing will be put by the PRC government according to the "Twelfth Five-Year Plan". Despite the macroeconomic environment remaining grim and no sign of the PRC government relaxing control measures for the housing market in the near future, long-term steady growth in China's economy as well as increase in national income will promote long-term demand for commercial housing and therefore the demand for decorative base paper will be sustained. In view of the Group's high-end technology in producing decorative base paper products and its solid foundation, the Board is cautiously optimistic about the development of the Group in the second half of 2012.

It is expected that pressure on raw material costs will remain. To ease the pressure from rising cost of raw materials, the Group will purchase raw materials in due course by closely monitoring the price trends for raw materials. Meanwhile, we will secure competitive prices by establishing long-term relationship with our suppliers.

獨立審查及調查報告

期內，本集團致力加強其內部監控制度，並已於去年底委任一家獨立專業公司，以調查前任核數提出之審計事宜，並作進一步審查及調查報告。本集團瞭解股東和投資者對本集團內部審核及監控工作的關注，我們謹此強調本集團一直如常運作。本集團將於適當時候另作公告，以知會股東有關獨立審查及調查工作的進展。

前景

展望未來，根據中國「十二五」規劃，中央政府將繼續加大力度興建保障房。儘管宏觀經濟環境仍然嚴峻，中國政府調控房地產市場的政策未見改變，然而中國經濟長遠保持穩定增長，國民收入提升，將繼續帶動商品房以至裝飾原紙的長期需求。憑藉本集團生產裝飾原紙產品的高端技術及穩固基礎，董事會對本集團在二零一二年下半年的發展持審慎樂觀的態度。

預期原材料成本壓力仍然會持續。為紓緩原材料成本持續上漲的壓力，本集團將會密切留意成本價格的走勢，把握時機購入原材料。同時，透過與供應商長期合作的關係，爭取具競爭力的價格。

OUTLOOK (Continued)

In response to the complex and changing market environment in the second half, the Group will further enhance its product quality as well as its goodwill by upgrading our existing production facilities, in a bid to expand our market share. In addition to attracting new customers, the Group will also strive to strengthen its leading market position and customer base in its existing sales regions, so as to improve our sales. We will not only constantly optimise our product mix, but also 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, including control on costs of purchase, with a view to enhancing profitability and generating better returns for our shareholders.

APPRECIATION

The achievements of the Group are attributable to the concerted efforts of our management and staff. On behalf of the Board, I would like to take this opportunity to thank our management and staff for their hard work, loyal services and contributions and to our shareholders, business associates and investors for their valuable support during the period.

By Order of the Board
承董事會命



ZHU Yu Guo 朱玉國
Chairman 主席

Shandong, the PRC, 23 August 2012
中國山東，二零一二年八月二十三日

前景(續)

為應對下半年複雜多變的市場環境，本集團將繼續通過改善現有生產設施以進一步完善產品質量，提高本集團的商譽從而增加市場份額。其次，本集團在鞏固現有銷售地區的市場領導地位及客戶基礎之餘，亦致力開拓新客源，以增加銷售。同時，本集團會繼續優化產品結構，增加毛利率較高的高檔次產品之銷售比重及市場份額，並會貫徹執行嚴格的成本控制措施，包括控制採購成本，從而提高毛利率，為股東帶來更佳回報。

致謝

本集團之成就有賴管理層及員工之共同努力。本人謹藉此機會代表董事會向管理層及員工於期內的辛勞工作、忠誠服務及貢獻致以謝意，並向股東、業務合作夥伴及投資者的寶貴支持表示感謝。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Turnover

Turnover decreased by approximately 6.1% from RMB1,038.3 million for the six months ended 30 June 2011 to RMB974.6 million for the six months ended 30 June 2012. The decrease in turnover for the six months ended 30 June 2012 was mainly attributable to the combined effects of (i) the decrease in sales volumes of the decorative base paper products by approximately 10.3% from 74,245 tonnes in 2011 to 66,563 tonnes in 2012; and (ii) the increase in the average selling prices of the decorative base paper products by approximately 2.9% from RMB12,940 per tonne in 2011 to RMB13,322 per tonne in 2012. The sales volume of printing paper product increased by approximately 13.3% from 11,753 tonnes in 2011 to 13,322 tonnes in 2012 with the average selling price maintained at approximately RMB6,600 per tonne for both periods under review.

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.

財務回顧

營業額

營業額由截至二零一一年六月三十日止六個月之人民幣1,038,300,000元下降約6.1%至截至二零一二年六月三十日止六個月之人民幣974,600,000元。營業額於截至二零一二年六月三十日止六個月有所下降，主要由於下列因素之綜合影響所致：(i)裝飾原紙產品之銷售量由二零一一年之74,245噸下降約10.3%至二零一二年之66,563噸；及(ii)裝飾原紙產品之平均售價由二零一一年之每噸人民幣12,940元增加約2.9%至二零一二年之每噸人民幣13,322元。印刷用紙產品銷售量由二零一一年之11,753噸增加約13.3%至二零一二年之13,322噸，平均售價於兩個回顧期內維持約每噸人民幣6,600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。

FINANCIAL REVIEW (Continued)

Cost of sales (Continued)

Overall cost of sales increased by approximately 4.9% from RMB817.5 million for the six months ended 30 June 2011 to RMB857.5 million for the six months ended 30 June 2012. The increase in cost of sales was primarily due to the combined effects of (i) the decrease in usage of raw materials, which are the major component of our cost of sales, as a result of the decreased sales volume; (ii) the increase in average purchasing costs of titanium dioxide powder, one of our principal raw materials for production, during the six months ended 30 June 2012 as compared to the corresponding period in 2011 (as discussed below); (iii) the decrease in production overheads, such as electricity and steam expenses, in line with the decrease in production volume; and (iv) the increase in direct labour costs and depreciation expenses due to the commercial production of rebuilt Production lines nos. 1 to 2 since March 2012.

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 2011 and 2012, the purchase of wood pulp amounted to approximately RMB303.5 million and RMB283.3 million, respectively, representing approximately 37.1% and 33.0% of the total cost of sales for the respective periods. The decrease was due to the decrease in usage of wood pulp, in line with the decreased sales volume. The average purchase price (value added tax inclusive) of wood pulp was maintained at approximately RMB6,512 per tonne for both periods under review.

財務回顧(續)

銷售成本(續)

整體銷售成本由截至二零一一年六月三十日止六個月人民幣817,500,000元增加約4.9%至截至二零一二年六月三十日止六個月之人民幣857,500,000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下降而減少；(ii)生產所需主要原料之一鈦白粉於截至二零一二年六月三十日止六個月之平均採購成本較二零一一年同期上升(後文另有闡述)；(iii)經常性生產開支如電力及蒸汽等費用因產量減少而相應減少；及(iv)直接勞工成本與折舊費用亦因重建後第1至第2號生產線於二零一二年三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。

截至二零一一年及二零一二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303,500,000元及人民幣283,300,000元，分別佔各期間總銷售成本約37.1%及33.0%。減少是因為木漿之耗用量隨銷售量減少而下降。木漿之平均採購價(包括增值稅)於兩個回顧期內維持每噸約人民幣6,512元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Cost of sales (Continued)

Principal raw materials (Continued)

For each of the six months ended 30 June 2011 and 2012, the purchase of titanium dioxide powder amounted to approximately RMB235.9 million and RMB291.2 million, respectively, representing approximately 28.9% and 34.0% of the total cost of sales for the respective periods. The increase was mainly due to the combined effect of (i) the decrease in usage of titanium dioxide as a result of the decreased 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 29.3% from approximately RMB13,711 per tonne in 2011 to approximately RMB17,735 per tonne in 2012.

Utilities and steam expenses

Our electricity and steam expenses decreased by approximately 7.2% from RMB86.0 million in the six months ended 30 June 2011 to RMB79.8 million in the six months ended 30 June 2012, which was mainly due to the decrease in production volume as a result of decrease in sales. The electricity and steam expenses accounted for approximately 10.5% and 9.3% of the total cost of sales for the respective periods.

Depreciation charges

Our depreciation charges included in cost of sales increased by approximately 16.0% from RMB94.9 million in the six months ended 30 June 2011 to RMB110.1 million in the six months ended 30 June 2012, which was mainly due to the commercial operation of rebuilt Production lines nos. 1 to 2 since March 2012. The depreciation charges accounted for approximately 11.6% and 12.8% of the total cost of sales for the respective periods.

財務回顧(續)

銷售成本(續)

主要原料(續)

截至二零一一年及二零一二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235,900,000元及人民幣291,200,000元，分別佔各期間總銷售成本約28.9%及34.0%。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減少而下降；及(ii)鈦白粉之平均採購價(包括增值稅)由二零一一年每噸約人民幣13,711元上升約29.3%至二零一二年每噸約人民幣17,735元。

公用事業及蒸汽費用

電力及蒸汽費用由截至二零一一年六月三十日止六個月人民幣86,000,000元下降約7.2%至截至二零一二年六月三十日止六個月人民幣79,800,000元，下降主要由於銷售下降而使產量減少所致。電力及蒸汽費用分別佔各期間總銷售成本約10.5%及9.3%。

折舊費用

計入銷售成本之折舊費用由截至二零一一年六月三十日止六個月人民幣94,900,000元增加約16.0%至截至二零一二年六月三十日止六個月人民幣110,100,000元，增加主要是因為重建後第1至第2號生產線於二零一二年三月起進行商業生產所致。折舊費用佔各期間的總銷售成本約11.6%及12.8%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Gross profit and gross profit margin

The gross profit of our Group decreased by approximately 47.0% from RMB220.9 million for the six months ended 30 June 2011 to RMB117.1 million for the six months ended 30 June 2012.

The following table sets forth the gross profit margin of each category of the products for the six months ended 30 June 2011 and 2012:

		For the six months ended	
		30 June	
		截至六月三十日止六個月	
		2012	2011
		二零一二年	二零一一年
Products	產品		
Decorative base paper products	裝飾原紙產品	12.5%	22.3%
Printing paper product	印刷用紙產品	7.0%	8.3%
Overall	總計	12.0%	21.3%

The decrease in overall gross profit margin of our decorative base paper products in 2012 was mainly attributable to the economies of scale has not been achieved for rebuilt Production lines nos. 1 to 2, which commenced commercial operation in March 2012. As a result, the average unit cost for decorative base paper products was comparative higher for the six months ended 30 June 2012 upon sharing the sunk costs of rebuilt Production lines nos. 1 to 2.

財務回顧(續)

毛利及毛利率

本集團之毛利由截至二零一一年六月三十日止六個月之人民幣220,900,000元下降約47.0%至截至二零一二年六月三十日止六個月之人民幣117,100,000元。

下表載列截至二零一一年及二零一二年六月三十日止六個月各產品類別之毛利率：

二零一二年，裝飾原紙產品的整體毛利率下降，主要由於重建後的第1至第2號生產線於二零一二年三月投產尚未達致規模經濟效益。因此，分擔重建後第1及第2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二零一二年六月三十日止六個月相對為高。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Gross profit and gross profit margin (Continued)

The gross profit margin of printing paper product decreased from 8.3% in 2011 to 7.0% in 2012 mainly due to the termination of business with a customer in early 2011 where the economies of scale in operating the printing paper product segment was affected. The Group continues to make 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 21.3% for the six months ended 30 June 2011 to approximately 12.0% for the six months ended 30 June 2012.

Other revenue and other net loss

Other revenue, which represented the interest income earned from bank deposits, decreased by approximately 18.8% from RMB1.6 million for the six months ended 30 June 2011 to RMB1.3 million for the six months ended 30 June 2012 mainly due to the decrease in average cash held on hand under the payments of construction costs for rebuilding Production lines nos. 1 to 2.

Upon the commercial operation of rebuilt Production line no 2 in March 2012, the aged Production line no 2 was disposed and a loss on disposal of RMB12.6 million was recognized during the six months ended 30 June 2012.

財務回顧(續)

毛利及毛利率(續)

印刷用紙產品的毛利率由二零一一年之8.3%下降至二零一二年之7.0%，主要由於與一名客戶的業務於二零一一年初終止，影響經營印刷用紙產品分部的規模經濟效益。本集團繼續全力招攬新客戶，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二零一一年六月三十日止六個月約21.3%下降至截至二零一二年六月三十日止六個月約12.0%。

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，由截至二零一一年六月三十日止六個月之人民幣1,600,000元下降約18.8%至截至二零一二年六月三十日止六個月的人民幣1,300,000元，主要由於支付重建第1至第2號生產線建築費用使平均手頭現金減少。

重建後的第2號生產線於二零一二年三月進行商業生產後，舊有的第2號生產線已經處置，錄得的清理虧損人民幣12,600,000元於截至二零一二年六月三十日止六個月確認入賬。

FINANCIAL REVIEW (Continued)

Selling expenses

As at 30 June 2012, our Group had 43 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. The selling expenses increased by approximately 19.6% from RMB11.2 million for the six months ended 30 June 2011 to RMB13.4 million for the six months ended 30 June 2012 and represented approximately 1.1% and 1.4% as a percentage of turnover for the six months ended 30 June 2011 and 2012 respectively.

Administrative expenses

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

Administrative expenses increased by approximately 15.6% from RMB28.2 million for the six months ended 30 June 2011 to RMB32.6 million for the six months ended 30 June 2012 mainly due to the additional costs incurred to investigate audit issues raised by the Group's preceding former auditors.

Finance costs

Our Group did not incur any finance costs during the six months ended 30 June 2011 and 2012.

財務回顧(續)

銷售開支

於二零一二年六月三十日，本集團有43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。銷售開支由截至二零一一年六月三十日止六個月之人民幣11,200,000元上升約19.6%至截至二零一二年六月三十日止六個月之人民幣13,400,000元。截至二零一一年及二零一二年六月三十日止六個月，銷售開支分別佔營業額約1.1%及1.4%。

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。

行政開支由截至二零一一年六月三十日止六個月之人民幣28,200,000元增加約15.6%至截至二零一二年六月三十日止六個月之人民幣32,600,000元。增加主要是由於就審查本集團前任核數師提出的審計事宜而產生額外成本。

融資成本

截至二零一一年及二零一二年六月三十日止六個月，本集團並無任何融資成本。

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管理層討論及分析

FINANCIAL REVIEW (Continued)

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 was liable to pay PRC income tax at the applicable tax rate of 12.5% for the six months ended 30 June 2011. Since 1 January 2012, our Group is subject to the PRC income tax at the applicable tax rate of 25%.

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 2011 and 2012.

Liquidity and financial resources

Current and quick ratio

The current ratio of the Group decreased from 5.4 as at 31 December 2011 to 3.6 as at 30 June 2012 and the quick ratio of the Group decreased from 5.0 as at 31 December 2011 to 3.3 as at 30 June 2012, respectively, which was mainly due to the 2011 final dividends approved but not yet paid as at 30 June 2012.

財務回顧(續)

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。

因此截至二零一一年六月三十日止六個月，本集團須按12.5%之適用稅率繳納中國所得稅。自二零一二年一月一日起，本集團須按25%之適用稅率繳納中國所得稅。

鑒於本集團截至二零一一年及二零一二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。

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二零一一年十二月三十一日之5.4下降至二零一二年六月三十日之3.6，而本集團之速動比率由二零一一年十二月三十一日之5.0下降至二零一二年六月三十日之3.3，主要由於二零一一年終期股息已獲批准但截至二零一二年六月三十日尚未派付。

FINANCIAL REVIEW (Continued)

Liquidity and financial resources (Continued)

Financial resources

The financial resources of the Group continued to be strong. As at 30 June 2012, shareholders' fund of the Group totalled approximately RMB3,200.7 million (31 December 2011: RMB3,202.4 million). The Group had cash and cash equivalents of approximately RMB574.0 million as at 30 June 2012 (31 December 2011: RMB488.9 million).

The Group continues to enjoy a stable and strong net cash inflow from operations. During the six months ended 30 June 2011 and 2012, the net cash generated from operations was RMB313.6 million and RMB209.7 million, respectively.

Financial management and treasury policies

The Group adopts a conservative approach for cash management and investment of uncommitted funds with an objective of enhancing the practicable returns for shareholders and maintaining adequate liquidity and preservation of capital. The Group's financing and treasury activities are centrally managed and controlled at the corporate level and aim to ensure that adequate financial resources are available for refinancing and business growth. The Group reviews its liquidity and financing arrangements periodically. The Group's policy is to manage its interest rate risk to ensure there are no undue exposures to significant interest rate movements and rates are approximately fixed.

財務回顧(續)

流動資金及財務資源(續)

財務資源

本集團之財務資源仍然穩健。於二零一二年六月三十日，本集團之股東資金總額約為人民幣3,200,700,000元(二零一一年十二月三十一日：人民幣3,202,400,000元)。本集團於二零一二年六月三十日之現金及現金等價物約為人民幣574,000,000元(二零一一年十二月三十一日：人民幣488,900,000元)。

本集團繼續享有穩定及強勁經營業務現金流入淨額。於截至二零一一年及二零一二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313,600,000元及人民幣209,700,000元。

財務管理及庫務政策

本集團對現金管理及未定用途資金投資採取保守方法，旨在提高股東之實際回報、維持足夠流動資金及保留資本。本集團之融資及庫務活動集中管理，按公司控制，目的在於確保有足夠財務資源以供再融資及業務增長。本集團定期檢討其流動資金及融資安排。本集團管理利率風險之政策是確保在出現重大利率變動時不會承受過高風險及確保利率大致固定。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Financial management and treasury policies

(Continued)

As at 30 June 2012, 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 2012, the Group recorded aggregate additions to property, plant and equipment, prepayment for the acquisition of plant and equipment and construction in progress of approximately RMB127.2 million (six months ended 30 June 2011: RMB5.3 million).

Capital commitments and contingencies

The Group will further invest to expand the production capacity and reengineering and modify the existing production facilities to enhance production efficiency. Such capital commitments will be financed by the internal resource of the Group.

財務回顧(續)

財務管理及庫務政策(續)

於二零一二年六月三十日，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

截至二零一二年六月三十日止六個月，本集團之物業、廠房及設備、購買廠房及設備之預付款項及在建工程增加合共為約人民幣127,200,000元(截至二零一一年六月三十日止六個月：人民幣5,300,000元)。

資本承擔及或然項目

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

FINANCIAL REVIEW *(Continued)*

Capital commitments and contingencies

(Continued)

The Group has environmental contingencies under the increasingly stringent environmental protection laws and regulations in the PRC. However, as at the date hereof, the Group has not incurred any significant expenditure for environmental remediation and is currently not involved in any environmental remediation. In addition, the outcome of environmental liabilities under proposed or future environmental legislation cannot be reasonably estimated at present. As such, the Group has not accrued any amounts for environmental remediation relating to its operations. Saved as disclosed above, the Group had no material contingent liabilities as at 30 June 2012.

HUMAN RESOURCES

As at 30 June 2012, our Group employed approximately 1,700 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.

財務回顧(續)

資本承擔及或然項目(續)

本集團在中國日益嚴格之環保法律及法規下有環保或然項目。然而，於本公告日期，本集團並未因環境修復問題產生任何重大支出，現時亦無涉及任何環境修復事件。此外，目前無法合理估計建議中或將來推出之環保法律規定可能導致在環保方面之負債。因此，本集團未就任何與業務相關之環境修復計提任何金額。除上文所披露者外，本集團於二零一二年六月三十日並無重大或然負債。

人力資源

於二零一二年六月三十日，本集團於中國及香港共聘用約1,700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。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF 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 25 to 50, 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 2012, and the related 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-month period then ended, and a summary of significant accounting policies and other explanatory notes. 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" ("IAS 34") issued by the International Accounting Standards Board.

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 IAS 34 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.

獨立核數師報告 致群星紙業控股有限公司董事會

(於開曼群島註冊成立之有限公司)

我們已審核第25至第50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」）於二零一二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相關簡明綜合損益表、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附註。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委員會（「國際會計準則第34號」）頒佈之國際會計準則第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。

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. 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 interim financial information that gives 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.

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中期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。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告

Basis of Opinion

In our opinion, the interim financial information gives a true and fair view of the state of affairs of the Group as at 30 June 2012 and of its profit and cash flows for the six-month period then ended in accordance with IAS 34 "Interim Financial Reporting".

Emphasis of Matter

We draw attention to note 1 to the interim financial statements which describes the uncertainty related to the outcome of an ongoing independent review and investigation currently undertaken by an independent professional advisor appointed by the Company in respect of certain audit issues raised by the Company's previous auditor in its report dated 30 March 2011 on the consolidated financial statements of the Group for the year ended 31 December 2010. Our opinion is not qualified in respect of this matter.

意見基準

我們認為，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二零一二年六月三十日的事務狀況及截至該日止六個月期間的溢利及現金流量。

強調事宜

我們注意到中期財務報表附註1所述，貴公司委任獨立專業顧問現正就其前任核數師於二零一一年三月三十日發出有關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之報告內提出的若干審計事宜進行持續獨立審查及調查，而審查及調查結果存有不確定性。我們對上述事宜並無保留意見。

HLB Hodgson Impey Cheng Limited

Chartered Accountants
Certified Public Accountants

Hon Koon Fai, Alex

Practising Certificate Number: P05029

國衛會計師事務所有限公司

英國特許會計師
香港執業會計師

韓冠輝

執業證書編號：P05029

Hong Kong, 23 August 2012

香港，二零一二年八月二十三日

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合損益表

For the six months ended 30 June 2012
截至二零一二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	
			2012	2011
			二零一二年	二零一一年
			RMB'000	RMB'000
			人民幣千元	人民幣千元
			(Audited)	(Audited)
			(經審核)	(經審核)
		Note		
		附註		
Turnover	營業額	5	974,635	1,038,341
Cost of sales	銷售成本		(857,525)	(817,475)
Gross profit	毛利		117,110	220,866
Other revenue	其他收益	6	1,332	1,628
Other net gain/(loss)	其他溢利/(虧損)淨額	6	(12,549)	(53)
Selling expenses	銷售開支		(13,357)	(11,240)
Administrative expenses	行政開支		(32,644)	(28,199)
Profit before taxation	除稅前溢利	7	59,892	183,002
Income tax	所得稅	8	(19,063)	(24,198)
Profit for the period	期內溢利		40,829	158,804
Attributable to:	應佔：			
Equity shareholders of the Company	本公司權益持有人		40,829	158,804
Earnings per share (RMB cents)	每股盈利(人民幣分)	10		
Basic and diluted	基本及攤薄		3	11

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收益表

For the six months ended 30 June 2012
截至二零一二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	
		2012 二零一二年	2011 二零一一年
		RMB'000 人民幣千元	RMB'000 人民幣千元
		(Audited) (經審核)	(Audited) (經審核)
Note 附註			
	Profit for the period	40,829	158,804
	Other comprehensive income for the period		
	Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "PRC")	1,835	(3,383)
	Total comprehensive income for the period	42,664	155,421
	Attributable to:		
	Equity shareholders of the Company	42,664	155,421

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

As at 30 June 2012
於二零一二年六月三十日

			As at 30 June 2012 於二零一二年 六月三十日 RMB'000 人民幣千元 (Audited) (經審核)	As at 31 December 2011 於二零一一年 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	2,410,755	2,193,346
Construction in progress	在建工程	11	111,832	451,492
Lease prepayments	租賃預付款項		13,957	14,127
Prepayment for the acquisition of plant and equipment	購買廠房及設備預付款項	11	67,200	—
Prepayment for flood prevention expenses	防洪開支預付款項		39,950	40,375
			2,643,694	2,699,340
Current assets	流動資產			
Inventories	存貨	12	62,155	53,440
Trade and other receivables	應收貿易賬款及其他應收款項	13	135,120	74,290
Cash and cash equivalents	現金及現金等價物		574,010	488,934
			771,285	616,664
Current liabilities	流動負債			
Trade and other payables	應付貿易賬款及其他應付款項	14	142,388	100,532
Dividend payable	應付股息		44,394	—
Current taxation	即期稅項		27,531	13,076
			214,313	113,608
Net current assets	流動資產淨值		556,972	503,056
NET ASSETS	資產淨值		3,200,666	3,202,396
Capital and reserves	資本及儲備			
Share capital	股本	15	147,562	147,562
Reserves	儲備		3,053,104	3,054,834
TOTAL EQUITY	權益總值		3,200,666	3,202,396

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2012
截至二零一二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	Other reserve	Statutory surplus reserves	Exchange reserve	Retained profits	Total equity
		股本	股份溢價	認股權證儲備	其他儲備	法定盈餘儲備	匯兌儲備	保留溢利	權益總計
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
附註		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2011 (Audited)	於二零一一年一月一日之結餘(經審核)	102,427	1,365,811	—	(10,323)	158,513	(54,004)	1,285,020	2,847,444
Profit for the period	期內溢利	—	—	—	—	—	—	158,804	158,804
Other comprehensive income for the period	期內其他全面收益	—	—	—	—	—	(3,383)	—	(3,383)
Total comprehensive income for the period	期內全面收益總額	—	—	—	—	—	(3,383)	158,804	155,421
Dividends declared and approved in respect of the previous year	宣派及批准上一年度股息	9(b)	(160,694)	—	—	—	—	—	(160,694)
Shares issued under Open Offer	根據公開發售發行股份	15(a)	248,997	—	—	—	—	—	248,997
Issue of warrants	發行認股權證	(a)	—	8,589	—	—	—	—	8,589
Balance at 30 June 2011 (Audited)	於二零一一年六月三十日之結餘(經審核)	147,562	1,454,114	8,589	(10,323)	158,513	(57,387)	1,443,824	3,144,892
Balance at 1 January 2012 (Audited)	於二零一二年一月一日之結餘(經審核)	147,562	1,454,114	8,589	(10,323)	182,092	(63,047)	1,483,409	3,202,396
Profit for the period	期內溢利	—	—	—	—	—	—	40,829	40,829
Other comprehensive income for the period	期內其他全面收益	—	—	—	—	—	1,835	—	1,835
Total comprehensive income for the period	期內全面收益總額	—	—	—	—	—	1,835	40,829	42,664
Dividends declared and approved in respect of the previous year	宣派及批准上一年度股息	9(b)	(44,394)	—	—	—	—	—	(44,394)
Release of warrant reserve upon expiry of warrants	認股權證屆滿時解除認股權證儲備	(a)	—	(8,589)	—	—	—	8,589	—
Balance at 30 June 2012 (Audited)	於二零一二年六月三十日之結餘(經審核)	147,562	1,409,720	—	(10,323)	182,092	(61,212)	1,532,827	3,200,666

(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.

During the six months ended 30 June 2012, none of the warrants had been exercised. All existing warrants of the Group in accordance with the terms and conditions of the agreement dated 14 January 2011 constituting the warrants expired as at 14 January 2012.

(a): 二零一一年一月十四日，本集團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。

截至二零一二年六月三十日止六個月，概無認股權證獲行使。根據日期為二零一一年一月十四日協議之條款及條件構成的本集團所有現有認股權證於二零一二年一月十四日期滿。

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2012
截至二零一二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	
		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Audited)	(Audited)
		(經審核)	(經審核)
Net cash generated from operating activities	經營活動所得現金淨額	209,655	313,583
Net cash used in investing activities	投資活動所用現金淨額	(125,846)	(3,722)
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	83,809	451,888
Cash and cash equivalents at beginning of the period	期初現金及現金等價物	488,934	447,763
Effect of foreign exchange rate changes	外匯匯率變動影響	1,267	(3,475)
Cash and cash equivalents at end of the period	期末現金及現金等價物	574,010	896,176

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 2012
截至二零一二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.

The consolidated financial statements of the Group for the year ended 31 December 2010 were audited by another auditor, whose report dated 30 March 2011 contained a disclaimer of opinion arising from inability to obtain sufficient appropriate audit evidence in relation to certain audit issues (the "Audit Issues"). Since 2011, the Company has appointed an independent professional advisor to undertake an independent review and investigation in respect of the Audit Issues. As at the date of approval of these condensed consolidated interim financial statements, the Group's business has been operating as usual and the Company is not aware of any possible impact on the Group's operations and financial position arising from the investigation which is still on-going.

Further announcement will be made by the Company as and when appropriate informing our shareholders on the progress of the investigation.

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。

本集團截至二零一零年十二月三十一日止年度綜合財務報表經另一名核數師審核, 該核數師基於無法就若干審計事宜(「審計事宜」)取得充分合適的審計憑證而於二零一一年三月三十日發出拒絕發表意見的報告。自二零一一年開始, 本公司委任獨立專業顧問就審計事宜進行獨立審查及調查。截至批准該等簡明綜合中期財務報表當日, 本集團一直如常運作, 並據本公司所悉, 仍在進行的調查對本集團業務經營及財務狀況不會構成任何潛在影響。

本公司將於適當時候另作公告, 以知會股東有關調查工作的進展。

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 2012
截至二零一二年六月三十日止六個月

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2011 and 2012 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 2011 (the “2011 Annual Report”).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated interim financial statements for the six months ended 30 June 2012 are consistent with those in the preparation of the Group’s 2011 Annual Report.

2. 編製基準

截至二零一一年及二零一二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，並應與本集團截至二零一一年十二月三十一日止年度之年報(「二零一一年年報」)一併閱讀。

3. 主要會計政策

編製截至二零一二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二零一一年年報的相同。

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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 IFRSs is discussed below.

IFRS 1 (Amendments)	<i>First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
IFRS 7 (Amendments)	<i>Financial Instruments: Disclosure – Transfer of Financial Assets</i>
IAS 12 (Amendments)	<i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

The application of the above new IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated interim financial statements and/or disclosures set out in these condensed consolidated interim financial statements.

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」）。有關應用該等新國際財務報告準則構成的影響之討論如下。

國際財務報告準則第1號 (修訂本)	首次採納國際財務報告準則 — 嚴重高通脹及剔除首次採納者的固定日期
國際財務報告準則第7號 (修訂本)	金融工具：披露 — 金融資產轉讓
國際會計準則第12號 (修訂本)	所得稅 — 遞延稅項：相關資產的收回

於本中期應用上述新國際財務報告準則對本簡明綜合中期財務報表呈報的數據及／或本簡明綜合中期財務報表所載披露資料並無構成重大影響。

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簡明綜合中期財務報表附註

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

(Continued)

IFRSs issued but not effective

The Group has not early adopted the new or revised IFRSs that have been issued but not yet effective.

IFRSs (Amendments)	<i>Annual Improvements to IFRSs 2009–2011 Cycle²</i>
IFRS 7 (Amendments)	<i>Disclosures: Offsetting Financial Assets and Financial Liabilities²</i>
IFRS 7 and IFRS 9 (Amendments)	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures⁴</i>
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transitional Guidance²</i>
IFRS 9	<i>Financial Instruments³</i>
IFRS 10	<i>Consolidated Financial Statements²</i>
IFRS 11	<i>Joint Arrangements²</i>
IFRS 12	<i>Disclosure of Interests in Other Entities²</i>
IFRS 13	<i>Fair Value Measurement²</i>
IAS 1 (Amendments)	<i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income¹</i>
IAS 19 (2011)	<i>Employee Benefits²</i>
IAS 27 (2011)	<i>Separate Financial Statements²</i>
IAS 28 (2011)	<i>Investments in Associates and Joint Ventures²</i>
IAS 32 (Amendments)	<i>Offsetting Financial Assets and Financial Liabilities⁴</i>
IFRIC – Int 20	<i>Stripping Costs in Production Phase of a Surface Mine²</i>

4. 應用新增及經修訂之國際財務報告準則(續)

已頒佈但尚未生效的國際財務報告準則本集團並無提前採納已頒佈但尚未生效的新增或經修訂國際財務報告準則。

國際財務報告準則(修訂本)	國際財務報告準則年度改進(二零零九年至二零一一年周期) ²
國際財務報告準則第7號(修訂本)	披露—抵銷金融資產及金融負債 ²
國際財務報告準則第7及第9號(修訂本)	國際財務報告準則第9號之強制生效日期及過渡披露 ⁴
國際財務報告準則第10、11及12號(修訂本)	綜合財務報表、共同安排及其他實體權益之披露：過渡指引 ²
國際財務報告準則第9號	金融工具 ³
國際財務報告準則第10號	綜合財務報表 ²
國際財務報告準則第11號	共同安排 ²
國際財務報告準則第12號	其他實體權益之披露 ²
國際財務報告準則第13號	公允價值計量 ²
國際會計準則第1號(修訂本)	呈列財務報表—其他全面收入項目之呈列
國際會計準則第19號(二零一一年)	僱員福利 ²
國際會計準則第27號(二零一一年)	獨立財務報表 ²
國際會計準則第28號(二零一一年)	於聯營公司及合營企業之投資 ²
國際會計準則第32號(修訂本)	抵銷金融資產及金融負債 ⁴
國際財務報告詮釋委員會—詮釋第20號	露天礦場生產階段之剝採成本 ²

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

(Continued)

IFRSs issued but not effective (Continued)

- 1 Effective for annual periods beginning on or after 1 July 2012
- 2 Effective for annual periods beginning on or after 1 January 2013
- 3 Effective for annual periods beginning on or after 1 January 2014
- 4 Effective for annual periods beginning on or after 1 January 2015

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)

已頒佈但尚未生效的國際財務報告準則(續)

- 1 於二零一二年七月一日或之後開始的年度期間生效
- 2 於二零一三年一月一日或之後開始的年度期間生效
- 3 於二零一四年一月一日或之後開始的年度期間生效
- 4 於二零一五年一月一日或之後開始的年度期間生效

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	
		2012 二零一二年 RMB'000 人民幣千元 (Audited) (經審核)	2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)
Decorative base paper products	裝飾原紙產品	886,730	960,743
Printing paper product	印刷用紙產品	87,905	77,598
		974,635	1,038,341

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簡明綜合中期財務報表附註

For the six months ended 30 June 2012
截至二零一二年六月三十日止六個月

6. OTHER REVENUE AND OTHER NET GAIN/(LOSS)

6. 其他收益及其他溢利／(虧損)淨額

		For the six months ended 30 June 截至六月三十日止六個月	
		2012 二零一二年 RMB'000 人民幣千元 (Audited) (經審核)	2011 二零一一年 RMB'000 人民幣千元 (Audited) (經審核)
Other revenue	其他收益		
Bank interest income	銀行利息收入	1,312	1,612
Other	其他	20	16
		1,332	1,628
Other net gain/(loss)	其他溢利／(虧損)淨額		
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備的虧損	(12,608)	—
Net foreign exchange gain/(loss)	外匯收益／(虧損)淨額	59	(53)
		(12,549)	(53)

7. PROFIT BEFORE TAXATION

7. 除稅前溢利

Profit before taxation is arrived at after charging:

除稅前溢利已扣除：

		For the six months ended 30 June 截至六月三十日止六個月	
		2012 二零一二年 RMB'000 人民幣千元 (Audited) (經審核)	2011 二零一一年 RMB'000 人民幣千元 (Audited) (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	3,607	3,405
Salaries, wages and other benefits	薪金、工資及 其他福利	29,723	21,499
		33,330	24,904

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簡明綜合中期財務報表附註

For the six months ended 30 June 2012
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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	
		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Audited)	(Audited)
		(經審核)	(經審核)
(b) Other items	(b) 其他項目		
Amortisation of lease prepayments	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	425
Auditors' remuneration	核數師酬金		
— audit services	— 審計服務		
— current interim period	— 本中期	500	780
— under provision in prior year's annual audit	— 以前年度之年度審核撥備不足	800	—
Depreciation	折舊	111,540	96,496
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	12,608	—
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	4,402	3,144
— others	— 其他	85	75
Sewage disposal expenses	排污費	912	219
Research and development cost	研發成本	59	60

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

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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	
		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Audited)	(Audited)
		(經審核)	(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	18,574	23,667
Underprovision in respect of the prior period	過往期間撥備不足	489	531
		19,063	24,198

(a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(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.

(a) 根據開曼群島及英屬處女群島（「英屬處女群島」）的規則及法規，本集團毋須繳納開曼群島及英屬處女群島的任何所得稅。

(b) 期內，由於本集團並無賺取任何須繳納香港利得稅之應課稅溢利，因此並無就香港利得稅計提撥備。

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8. INCOME TAX IN THE CONDENSED CONSOLIDATED INCOME STATEMENT

(Continued)

(c) Shandong Qunxing Paper Limited (“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 2011 and 2012 are 12.5% and 25% respectively.

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 2012 (2011: Nil).

8. 簡明綜合損益表內之所得稅(續)

(c) 山東群星紙業有限公司(「山東群星」)為外資企業，並獲授若干稅務優惠，包括自二零零七年一月一日至二零零八年十二月三十一日兩年間獲全數豁免繳納中國所得稅，以及於二零零九年一月一日至二零一一年十二月三十一日三年間獲減免50%中國所得稅稅率。山東群星截至二零一一年及二零一二年六月三十日止六個月的適用稅率分別為12.5%及25%。

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二零一二年六月三十日止六個月的中期股息(二零一一年：無)。

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For the six months ended 30 June 2012
截至二零一二年六月三十日止六個月

9. DIVIDENDS (Continued)

(b) Dividends payable to equity shareholders of the Company attributable to previous financial year approved 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

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Audited)	(Audited)
		(經審核)	(經審核)
Final dividend in respect of the year ended 31 December 2011, approved during the interim period, of HK3.38 cents (equivalent to approximately RMB2.798 cents) per ordinary share (year ended 31 December 2010: HK8.633 cents, equivalent to approximately RMB7.517 cents, per ordinary share)	已於中期內批准截至二零一一年十二月三十一日止年度末期股息每股普通股3.38港仙(約相當於人民幣2.798分)(截至二零一零年十二月三十一日止年度：每股普通股8.633港仙，約相當於人民幣7.517分)	44,394	119,252
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	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)	—	41,442
		44,394	160,694

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簡明綜合中期財務報表附註

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10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2012 is based on the profit attributable to ordinary equity shareholders of the Company of RMB40,829,000 (2011: RMB158,804,000) and the weighted average number of 1,586,391,450 ordinary shares (2011: 1,439,496,861) in issue during the period.

(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 2012.

11. CAPITAL EXPENDITURE

Capital expenditure comprises additions to property, plant and equipment, prepayment for the acquisition of plant and equipment and construction in progress. During the six months ended 30 June 2012, the Group incurred aggregate capital expenditure of RMB127,158,000 (2011: RMB5,334,000).

10. 每股盈利

(a) 每股基本盈利

截至二零一二年六月三十日止六個月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40,829,000元(二零一一年：人民幣158,804,000元)及期內已發行普通股之加權平均數1,586,391,450股(二零一一年：1,439,496,861股)計算。

(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。

於截至二零一二年六月三十日止六個月內本公司並無攤薄事項。

11. 資本開支

資本開支包括添置物業、廠房及設備、購買廠房及設備之預付款項以及在建工程增加。截至二零一二年六月三十日止六個月，本集團總資本開支為人民幣127,158,000元(二零一一年：人民幣5,334,000元)。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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For the six months ended 30 June 2012
截至二零一二年六月三十日止六個月

12. INVENTORIES

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

		At 30 June 2012 於二零一二年 六月三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2011 於二零一一年 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	39,106	36,006
Finished goods	製成品	23,049	17,434
		62,155	53,440

12. 存貨

(a) 綜合財務狀況表內的存貨包括：

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

(b) 在損益中確認為開支的存貨金額分析如下：

		For the six months ended 30 June 截至六月三十日止六個月 2012 二零一二年 RMB'000 人民幣千元		2011 二零一一年 RMB'000 人民幣千元	
Carrying amount of inventories sold	已售存貨賬面值	857,525	817,475		

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13. TRADE AND OTHER RECEIVABLES

13. 應收貿易賬款及其他應收款項

		At 30 June 2012 於二零一二年 六月三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2011 於二零一一年 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	109,408	72,258
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項	25,712	2,032
		135,120	74,290

At 30 June 2012, prepayments, deposits and other receivables mainly comprise value-added tax recoverable of RMB22,907,000 and current portion relating to the prepayment for flood prevention expenses of RMB850,000 (31 December 2011: RMB850,000).

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

於二零一二年六月三十日，預付款項、按金及其他應收款項之金額主要包括可抵扣增值稅人民幣22,907,000元及防洪開支預付款項即期部分人民幣850,000元(於二零一一年十二月三十一日：人民幣850,000元)。

所有應收貿易賬款及其他應收款項預期於一年內收回或確認為開支。

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截至二零一二年六月三十日止六個月

13. TRADE AND OTHER RECEIVABLES

(Continued)

(a) Ageing analysis

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

	At 30 June 2012 於二零一二年 六月三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2011 於二零一一年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Current 即期	109,408	72,258

13. 應收貿易賬款及其他應收款項

(續)

(a) 賬齡分析

包括在應收貿易賬款及其他應收款項之應收貿易賬款於報告期末之賬齡分析如下：

14. TRADE AND OTHER PAYABLES

14. 應付貿易賬款及其他應付款項

	At 30 June 2012 於二零一二年 六月三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2011 於二零一一年 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	126,809	79,119
Other payables and accruals 其他應付款項及預提費用	15,579	21,413
	142,388	100,532

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14. TRADE AND OTHER PAYABLES

(Continued)

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

14. 應付貿易賬款及其他應付款項

(續)

包含在應付貿易賬款及其他應付款項中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不多於30日。

		At 30 June 2012 於二零一二年 六月三十日 RMB'000 人民幣千元 (Audited) (經審核)	At 31 December 2011 於二零一一年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Due within 30 days	30天內到期	126,809	79,119

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。

15. SHARE CAPITAL

15. 股本

		Note	2012 二零一二年		2011 二零一一年	
			Number of shares '000 股份數目 千股	RMB'000 人民幣 千元	Number of shares '000 股份數目 千股	RMB'000 人民幣 千元
At 1 January	於一月一日		1,586,391	147,562	1,057,594	102,427
Shares issued under Open Offer	根據公開發售 發行股份	(a)	—	—	528,797	45,135
At 30 June	於六月三十日		1,586,391	147,562	1,586,391	147,562

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截至二零一二年六月三十日止六個月

15. SHARE CAPITAL (Continued)

(a) 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) 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制定決策。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 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		At 30 June 2012	At 31 December 2011
		於二零一二年 六月三十日	於二零一一年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within one year	一年內	6,098	6,273
After one year but within five years	一年後但在五年內	18,812	18,730
After five years	五年以上	163,817	200,546
		188,727	225,549

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

於二零一二年六月三十日，根據不可撤銷的經營租賃在日後應付的經營租賃費用總額如下：

本集團是為以經營租賃形式租賃土地及物業的承租人。該等租賃一般初步為期二至五十年，並可於租賃期滿時選擇續租並重新磋商所有條款。位於中國租賃土地的租賃費用每五年重新磋商，以反映市場租值。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 2012 not provided for in the consolidated interim financial statements were as follows:

	At 30 June 2012	At 31 December 2011
	於二零一二年 六月三十日	於二零一一年 十二月三十一日
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Contracted for	156,800	353,710

At 30 June 2012 and 31 December 2011, 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

於二零一二年六月三十日尚未償付且未在綜合中期財務報表作出撥備的資本承擔如下：

二零一二年六月三十日及二零一一年十二月三十一日，本集團承擔若干購置廠房與機器及樓宇之建設合約。

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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產生任何重大支出，現時並無涉及任何環境修復事件，故此亦未就任何與業務相關的環境修復計提任何金額。在現行法例下，管理層相信不會發生任何可能對本集團財務狀況或經營業績有重大負面影響的負債。然而，中國政府已經並有可能進一步實施更為嚴格的適用法律及環境保護標準。環保負債的不確定因素較大，可影響本集團估計環境修復最終成本的能力。這些不定因素包括(i)相關地點所發生污染的實際性質和程度；(ii)所需清除工作的程度；(iii)各種補救措施的成本；(iv)環境修復要求的變化；及(v)新確認需要實施環保修復的地點。由於可能發生污染的程度和所需採取的補救措施的確切時間和程度等因素尚未確定，因此無法確定未來可能產生此類費用的金額，故無法在目前合理預測建議中的或將來的環境保護法律規定可能導致在環保方面的負債，而有關負債可能十分重大。

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18. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2011 and 2012, transactions with the following party are considered to be related party transactions:

Name of related party

關連方名稱

Shandong Changxing Group Limited
("SD Changxing")*

山東長星集團有限公司(「山東長星」)

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

18. 關連方交易

截至二零一一年及二零一二年六月三十日止六個月，與下列各方進行的交易被視為關連方交易：

Relationship

關係

Effectively 55% owned by Dr. Zhu Yu Guo, 30% by Mr. Zhu Mo Qun and 15% by Ms. Sun Rui Fang, the Directors 董事朱玉國博士、朱墨群先生及孫瑞芳女士分別實際擁有55%、30%及15%權益

* 該公司之中文名稱為正式名稱，英文名稱僅供參考。

(a) Recurring transaction

(a) 經常性交易

		For the six months ended 30 June	
		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Lease of leasehold land and properties from:	向以下一方租用租賃土地及物業：		
— SD Changxing	山東長星	1,135	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:

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Short-term employee benefits	短期僱員福利	1,593	1,746
Contribution to defined contribution retirement plans	定額供款退休金計劃供款	13	10
		1,606	1,756

19. EVENTS AFTER THE REPORTING PERIOD

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

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:

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 2012, 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 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

於二零一二年六月三十日，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 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 (Note) (附註)	20%
	Be Broad Limited	Beneficial owner 實益擁有人	Corporate 公司	100	100%

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 2012, 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，於二零一二年六月三十日，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。

DISCLOSURE OF INTERESTS

權益披露

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2012, 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:

主要股東於本公司股份之權益

於二零一二年六月三十日，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：

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 (Note) (附註)	67.78%
Addinsight Limited	1,075,207,218 (Note) (附註)	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 2012, 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.

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，於二零一二年六月三十日，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。

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012 (1H2011: Nil).

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2012, the Company has complied with all code provisions (the “Code Provision(s)”) under the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules except the following deviations:

Code Provision A.2.1: 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 assumed responsibilities which are comparable to those of a CEO. Dr. Zhu is responsible for overseeing and planning the business strategies of the Group as well as providing leadership and management to the Board. The role of the chairman is separated from that of the general manager of the Company. Mr. Zhu Mo Qun, 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 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.

中期股息

董事不建議派付截至二零一二年六月三十日止六個月的中期股息(二零一一年上半年：無)。

企業管治守則

在截至二零一二年六月三十日止六個月內，本公司一直遵守上市規則附錄14所載之《企業管治常規守則》(於二零一二年三月三十一日前生效)及《企業管治守則》(自二零一二年四月一日起生效)的所有守則條文(「守則條文」)，惟下述偏離者除外：

守則條文第 A.2.1 條：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。

OTHER INFORMATION

其他資料

CORPORATE GOVERNANCE CODE

(Continued)

Code Provision A.6.7: Ms. Sun Rui Fang, a non-executive Director and Mr. Wang Lu, an independent non-executive Director, were unable to attend the annual general meeting (the “AGM”) of the Company held on 27 June 2012 due to prior business commitment whilst Mr. Zhao Wei, an independent non-executive Director, was unable to attend the AGM as he has gone on a business trip on that day.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTION

The Company has adopted a securities dealing code (the “QX Securities Dealing Code”) regarding Directors’ and employees’ securities transactions on terms no less exacting than the required standard as set out in Mode Code for Securities Transactions by Directors of Listed Issuers (the “Mode Code”) contained in Appendix 10 to the Listing Rules. 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 2012.

DIRECTORS’ INFORMATION

Having made specific enquiry of all the Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules since the publication of the Company’s 2011 annual report.

企業管治守則(續)

守則條文第A.6.7條：非執行董事孫瑞芳女士及獨立非執行董事王魯先生因事先業務承諾而未能出席本公司於二零一二年六月二十七日舉行的股東週年大會(「股東週年大會」)，而獨立非執行董事趙偉先生亦於當日需出差工作而未能出席股東週年大會。

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《證券買賣守則》(「群星證券買賣守則」)，其條款不比上市規則附錄10所載之《上市公司董事進行證券交易的標準守則》(「標準守則」)所載的準則寬鬆。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二零一二年六月三十日止六個月內一直遵守群星證券買賣守則及標準守則兩者所載之規定標準。

董事資料

經向所有董事作出特定查詢後，自本公司刊發二零一一年年報以來，董事資料並無任何變動，而須根據上市規則第13.51B條予以披露。

AUDIT COMMITTEE

The Audit Committee currently comprises all three independent non-executive Directors. The Audit Committee has reviewed with our management, the audited consolidated interim financial statements of the Group for the six months ended 30 June 2012 and the accounting principles and practices adopted by the Group during the period.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

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.

(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.

審核委員會

審核委員會現時由全體三名獨立非執行董事組成。審核委員會已經與管理層審閱本集團截至二零一二年六月三十日止六個月之經審核綜合中期財務報表，以及本集團於期內所採納之會計原則及實務準則。

購買、出售或贖回股份

於截至二零一二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。

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。

(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。

OTHER INFORMATION

其他資料

SHARE OPTION SCHEME (Continued)

(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)

(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%。

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.

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。

OTHER INFORMATION 其他資料

SHARE OPTION SCHEME *(Continued)*

(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 2012.

購股權計劃 *(續)*

(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。

於二零一二年六月三十日，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

www.qxpaper.com

