



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

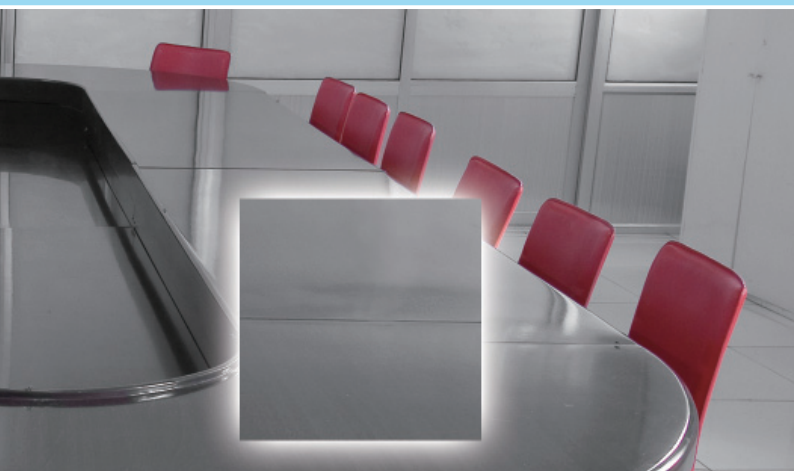
(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號: 3868)

INTERIM REPORT | **2008**  
中期報告





## Contents目錄

	<i>Page</i> <i>頁</i>
Corporate Information 公司資料	2
Definitions 釋義	6
Glossary of Technical Terms 技術詞彙	9
Financial Highlights 財務摘要	10
Condensed Consolidated: 簡明綜合	
Income Statement 收益表	11
Balance Sheet 資產負債表	12
Statement of Changes in Equity 權益變動表	13
Cash Flow Statement 現金流量表	14
Notes to Condensed Consolidated Interim Financial Statements 簡明綜合中期財務報表附註	15
Management Discussion & Analysis 管理層討論及分析	34
Disclosure of Interests 權益披露	48
Corporate Governance 企業管治	52
Other Information 其他資料	55

## 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

## Qualified Accountant & Company Secretary

Mr. AU-YEUNG Kwong Wah  
*CPA (Hong Kong), CPA (Australia)*

## 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

## 合資格會計師兼公司秘書

歐陽廣華先生  
*CPA (香港) · CPA (澳洲)*

### **Legal Advisers**

#### **As to Hong Kong law**

Chiu & Partners

#### **As to Cayman Islands law**

Conyers Dill & Pearman

### **Principal Bankers in Hong Kong**

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

### **Principal Bankers in the PRC**

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

### **Auditors**

KPMG  
*Certified Public Accountants*

### **Registered Office**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### **Principal Place of Business in Hong Kong**

Unit 3103-5, Enterprise Square Two  
No. 3 Sheung Yuet Road  
Kowloon Bay  
Hong Kong

### **法律顧問**

#### **香港法律**

趙不渝馬國強律師事務所

#### **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，常山支行  
中國銀行，鄒平支行  
中國建設銀行，鄒平支行  
  
中國工商銀行，鄒平支行

### **核數師**

畢馬威會計師事務所  
*執業會計師*

### **註冊辦事處**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### **香港主要營業地點**

香港  
九龍灣  
常悅道3號  
企業廣場2期3103-5室

## Head Office and Principal Place of Business in the PRC

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

## 中國總辦事處及 主要營業地點

中國  
山東省  
鄒平縣  
長山鎮  
三里河

## Principal Share Registrar and Transfer Office

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
George Town  
Grand Cayman  
KY1-1107  
Cayman Islands

## 主要股份過戶登記處

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
George Town  
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](http://www.qxpaper.com)  
[www.irasia.com/listco/hk/qunxingpaper/](http://www.irasia.com/listco/hk/qunxingpaper/)

## 網址

[www.qxpaper.com](http://www.qxpaper.com)  
[www.irasia.com/listco/hk/qunxingpaper/](http://www.irasia.com/listco/hk/qunxingpaper/)

## Investor Relations Contact

iPR Ogilvy Ltd.  
Units 2608-10, 26/F., The Center  
99 Queen's Road Central  
Hong Kong

## 投資者關係聯絡資料

iPR 奧美公關  
香港  
皇后大道中99號  
中環中心26樓2608-10室

## Financial Calendar

Announcement of 2008 Interim Results:  
15 August 2008

Announcement of 2008 Annual Results:  
March 2009 (*tentative date*)

## 財務日誌

二零零八年中期業績公佈：  
二零零八年八月十五日

二零零八年全年業績公佈：  
二零零九年三月(暫定日期)

**2008 Interim Dividend**

Payment of Dividend Per Share : HK4.16 cents per share (equivalent to approximately RMB3.66 cents)

Period of Book Closure : 3 September 2008 to 5 September 2008

Payment Date : 12 September 2008

**二零零八年中期股息**

每股派息 : 每股4.16港仙(約相當於人民幣3.66分)

截止過戶時間 : 二零零八年九月三日至二零零八年九月五日

派發日期 : 二零零八年九月十二日

“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
“connected person” 「關連人士」	指 has the meaning ascribed to it under the Listing Rules 具有上市規則所賦予的涵義
“Director(s)” 「董事」	指 director(s) of the Company 本公司董事
“Dr. Zhu” 「朱博士」	指 Dr. ZHU Yu Guo, an executive Director and chairman of the Company and father of Mr. Zhu and husband of Mrs. Zhu 朱玉國博士，為本公司之執行董事兼主席，並為朱先生的父親及朱太太的丈夫
“Group”, “QX Group”, “we”, “our” or “us” 「本集團」或「群星集團」	指 the Company and its subsidiaries 本公司及其附屬公司
“HK\$” 「港元」	指 Hong Kong dollars, the lawful currency of Hong Kong 港元，香港法定貨幣
“Hong Kong” 「香港」	指 the Hong Kong Special Administrative Region of the PRC 中國香港特別行政區

## DEFINITIONS

### 釋義

“Listing Rules” 「上市規則」	指 the Rules Governing the Listing of Securities on the Stock Exchange 《聯交所證券上市規則》
“Model Code” 「標準守則」	指 the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules 上市規則附錄 10 所載之《上市公司董事進行證券交易的標準守則》
“Mr. Zhu” 「朱先生」	指 Mr. ZHU Mo Qun, an executive Director, vice-chairman and general manager of the Company and the son of Dr. Zhu and Mrs. Zhu 朱墨群先生，為本公司之執行董事、副主席兼總經理，並為朱博士與朱太太之兒子
“Mrs. Zhu” 「朱太太」	指 Ms. SUN Rui Fang, a non-executive Director and the wife of Dr. Zhu and mother of Mr. Zhu 孫瑞芳女士，為非執行董事，並為朱博士的妻子及朱先生的母親
“PRC” 「中國」	指 the People’s Republic of China, which for the purpose of this report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan 中華人民共和國，就本報告而言，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 on no less exacting terms than the Model Code 本公司於二零零七年九月八日採納的《證券買賣守則》，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

\* the unofficial English translation is for identification purpose only

\* 非正式英文翻譯僅供識別



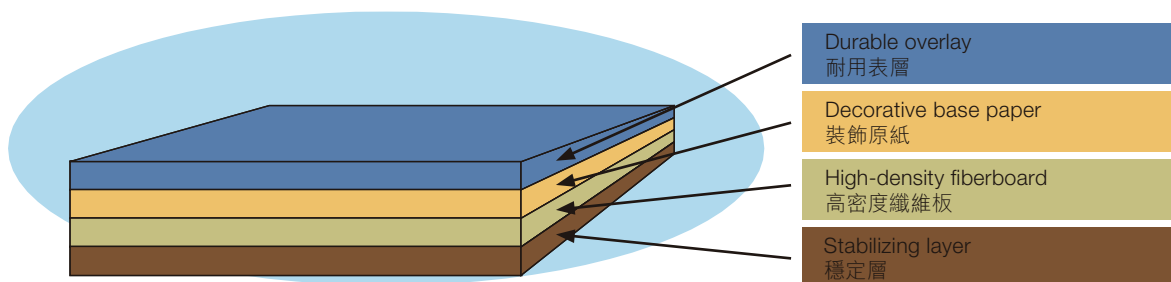


## DEFINITIONS 釋義

“Stock Exchange” 「聯交所」	指 The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“substantial shareholder(s)” 「主要股東」	指 has the same meaning ascribed to it under the Listing Rules 具有上市規則所賦予的涵義
“%” 「%」	指 per cent. 百分比

## GLOSSARY OF TECHNICAL TERMS 技術詞彙

<p>“decorative base paper” 「裝飾原紙」</p>	<p>指 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>“laminated board” 「人造板」</p>	<p>指 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>“printing paper” 「印刷用紙」</p>	<p>指 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>“specialty paper” 「特種紙」</p>	<p>指 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，在造紙業中不被歸類為標準紙張之一</p>
<p>“sq.m.” 「平方米」</p>	<p>指 square meter 平方米</p>
<p>“tonne” 「噸」</p>	<p>指 a metric tonne, equivalent to 1,000 kilograms 一公噸，相當於1,000公斤</p>



Structure diagram of a 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		
		2008	2007	
		二零零八年	二零零七年	
		RMB'000	RMB'000	
		人民幣千元	人民幣千元	
		(Unaudited)	(Unaudited)	Change
		(未經審核)	(未經審核)	變動
<b>Operating Results</b>		<b>經營業績</b>		
Turnover	營業額	<b>683,415</b>	518,644	+31.8%
Profit from operations	經營溢利	<b>200,062</b>	118,798	+68.4%
Profit before taxation	除稅前溢利	<b>192,374</b>	107,936	+78.2%
Profit attributable to equity shareholders	權益股東應佔盈利	<b>190,089</b>	107,936	+76.1%
Gross profit margin	毛利率	<b>25.3%</b>	25.2%	+0.1% pts 百分點
Net profit margin	淨溢利率	<b>27.8%</b>	20.8%	+7.0% pts 百分點
<b>Per Share Data</b>		<b>每股數據</b>		
Basic earnings per share (RMB cents)	每股基本盈利 (人民幣分)	<b>18</b>	14	+28.6%
Dividend per share (HK cents)	每股股息 (港仙)	<b>4.16</b>	—	N/A 不適用
(equivalent to approximately RMB cents)	(約相當於人民幣分)	<b>3.66</b>	—	N/A 不適用
		<b>As at 30 June 2008</b>	As at 31 December 2007	
		於二零零八年六月三十日	於二零零七年十二月三十一日	
		<b>RMB'000</b>	<b>RMB'000</b>	
		人民幣千元	人民幣千元	
		(Unaudited)	(Audited)	
		(未經審核)	(經審核)	
<b>Financial Position</b>		<b>財務狀況</b>		
Total assets	資產總值	<b>2,330,109</b>	2,517,922	-7.5%
Cash and cash equivalents	現金及現金等價物	<b>1,490,762</b>	1,792,158	-16.8%
Total liabilities	負債總值	<b>244,919</b>	476,272	-48.6%
Total equity	權益總值	<b>2,085,190</b>	2,041,650	+2.1%
Current ratio	流動比率	<b>6.6</b>	7.0	-0.4 times 倍
Quick ratio	速動比率	<b>6.5</b>	6.8	-0.3 times 倍
Gearing ratio	資產負債比率	<b>5.3%</b>	9.4%	-4.1% pts 百分點

# CONDENSED CONSOLIDATED INCOME STATEMENT

## 簡明綜合損益表

For the six months ended 30 June 2008  
截至二零零八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		
		2008 二零零八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2007 二零零七年 RMB'000 人民幣千元 (Unaudited) (未經審核)	
	Note 附註			
<b>Turnover</b>	營業額	3	<b>683,415</b>	518,644
Cost of sales	銷售成本		<b>(510,680)</b>	(387,926)
<b>Gross profit</b>	毛利		<b>172,735</b>	130,718
Other revenue	其他收益	4	<b>50,139</b>	306
Other net loss	其他虧損淨額	4	<b>(473)</b>	(11)
Selling expenses	銷售開支		<b>(7,234)</b>	(3,565)
Administrative expenses	行政開支		<b>(15,105)</b>	(8,650)
<b>Profit from operations</b>	經營溢利		<b>200,062</b>	118,798
Finance costs	融資成本	5(a)	<b>(7,688)</b>	(10,862)
<b>Profit before taxation</b>	除稅前溢利	5	<b>192,374</b>	107,936
Income tax expense	所得稅開支	6	<b>(2,285)</b>	—
<b>Profit for the period</b>	期間溢利		<b>190,089</b>	107,936
<b>Dividends:</b>	股息：	7		
— Final dividend paid	— 已派付之末期股息		<b>105,172</b>	—
— Interim dividend proposed	— 建議派付之中期股息		<b>38,018</b>	—
<b>Earnings per share (RMB cents)</b>	每股盈利(人民幣分)	8		
Basic	基本		<b>18</b>	14

The notes on pages 15 to 32 from part of these interim financial statements.

於第15至32頁之附註構成此等中期財務報表之一部分。

# CONDENSED CONSOLIDATED BALANCE SHEET

## 簡明綜合資產負債表

As at 30 June 2008  
於二零零八年六月三十日

		Note 附註	As at 30 June 2008 於二零零八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	9	597,290	461,021
Construction in progress	在建工程	9	97,305	167,098
Lease prepayments	租賃預付款項	9	15,321	11,255
			<b>709,916</b>	639,374
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	10	37,799	35,487
Trade and other receivables	應收貿易賬款及其他應收款項	11	91,632	50,903
Cash and cash equivalents	現金及現金等價物		1,490,762	1,792,158
			<b>1,620,193</b>	1,878,548
<b>Current liabilities</b>	<b>流動負債</b>			
Bank loans	銀行貸款	12	124,000	30,000
Trade and other payables	應付貿易賬款及其他應付款項	13	108,766	229,404
Current taxation	即期稅項		12,153	9,868
			<b>244,919</b>	269,272
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>1,375,274</b>	1,609,276
<b>Total assets less current liabilities</b>	<b>資產總值減流動負債</b>		<b>2,085,190</b>	2,248,650
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Bank loans	銀行貸款	12	—	207,000
<b>NET ASSETS</b>	<b>資產淨值</b>		<b>2,085,190</b>	2,041,650
<b>Capital and reserves</b>	<b>資本及儲備</b>			
Share capital	股本	14	100,771	101,359
Reserves	儲備		1,984,419	1,940,291
<b>TOTAL EQUITY</b>	<b>權益總值</b>		<b>2,085,190</b>	2,041,650

The notes on pages 15 to 32 from part of these interim financial statements.

於第15至32頁之附註構成此等中期財務報表之一部分。

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 簡明綜合權益變動表

For the six months ended 30 June 2008  
截至二零零八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	Capital reserve	Other reserve	Statutory surplus reserve	Exchange reserve	Retained profits	Total equity
		股本	股份溢價	資本儲備	其他儲備	法定盈餘儲備	匯兌儲備	保留溢利	權益總值
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
At 1 January 2007	於二零零七年一月一日	102	—	129,900	(169,327)	51,884	4,884	71,395	88,838
Exchange differences on translation of financial statements of operations outside the PRC	換算中國境外業務的財務報表產生的匯兌差額	—	—	—	—	—	3,168	—	3,168
Arising on Reorganisation	重組時產生	897	—	—	(996)	—	—	—	(99)
Capitalisation issue	資本化發行	8,895	182,363	—	—	—	—	—	191,258
Capitalisation of reserves	儲備資本化	—	—	(129,900)	160,000	(30,100)	—	—	—
Net profit for the period	期內溢利淨額	—	—	—	—	—	—	107,936	107,936
At 30 June 2007	於二零零七年六月三十日	9,894	182,363	—	(10,323)	21,784	8,052	179,331	391,101
<b>At 1 January 2008</b>	<b>於二零零八年一月一日</b>	<b>101,359</b>	<b>1,536,403</b>	<b>—</b>	<b>(10,323)</b>	<b>45,151</b>	<b>(29,540)</b>	<b>398,600</b>	<b>2,041,650</b>
Exchange differences on translation of financial statements of operations outside the PRC	換算中國境外業務的財務報表產生的匯兌差額	—	—	—	—	—	(23,370)	—	(23,370)
Dividend paid in respect of previous year	關於前年度已派付股息	—	—	—	—	—	—	(105,172)	(105,172)
Share repurchase	股份回購	(588)	(17,419)	—	—	—	—	—	(18,007)
Net profit for the period	期內溢利淨額	—	—	—	—	—	—	190,089	190,089
At 30 June 2008	於二零零八年六月三十日	100,771	1,518,984	—	(10,323)	45,151	(52,910)	483,517	2,085,190

The notes on pages 15 to 32 form part of these interim financial statements.

於第 15 至 32 頁之附註構成此等中期財務報表之一部分。

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

## 簡明綜合現金流量表

For the six months ended 30 June 2008  
截至二零零八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	
		2008 二零零八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2007 二零零七年 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	157,458	139,527
Net cash used in investing activities	投資活動所用現金淨額	(196,301)	(28,900)
Net cash used in financing activities	融資活動所用現金淨額	(244,331)	(98,268)
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額	(283,174)	12,359
Cash and cash equivalents at beginning of the period	期初現金及現金等價物	1,792,158	67,265
Effect of foreign exchange rate changes	匯率變動之影響	(18,222)	—
Cash and cash equivalents at end of the period	期末現金及現金等價物	1,490,762	79,624

The notes on pages 15 to 32 form part of these interim financial statements.

於第15至32頁之附註構成此等中期財務報表之一部分。

## 1. General Information and Basis of Presentation

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.

Pursuant to a reorganisation of the Group (the "Reorganisation"), the Company acquired the equity interests of entities under common control and became the holding company of the subsidiaries now comprising the Group in preparing for the listing of the Company's shares on the Main Board of the Stock Exchange. Details of the Reorganisation are set out in the Prospectus.

The shares of the Company were listed on the Stock Exchange on 2 October 2007.

The Group is regarded as a continuing entity resulting from the Reorganisation under common control. Accordingly, the condensed consolidated financial statements of the Group for the six months ended 30 June 2007 have been prepared as if the current group structure had been in existence throughout the period presented.

## 1. 一般資料及呈列基準

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。

根據本集團之重組(「重組」), 本公司收購受共同控制實體之股本權益, 成為現時組成本集團之附屬公司之控股公司, 以籌備本公司之股份在聯交所主板上市。重組之詳情載於招股章程。

本公司之股份於二零零七年十月二日在聯交所上市。

本集團被視為經受共同控制實體重組而成之持續經營實體。因此, 本集團於截至二零零七年六月三十日止六個月之簡明綜合財務報表, 乃假設目前之集團架構於所呈列之期間一直存在而編製。



## 2. Basis of Preparation and Significant Accounting Policies

The condensed consolidated interim financial statements for the six months ended 30 June 2008 have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Listing Rules 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 2007 (the “2007 Annual Report”).

The accounting policies adopted in the condensed consolidated interim financial statements for the six months ended 30 June 2008 are consistent with those in the preparation of the 2007 Annual Report.

The IASB has issued certain new and revised International Financial Reporting Standards (“IFRSs”), which collective terms includes all applicable individual IFRSs, IASs and Interpretations, that are first effective for the current interim period of the Group. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies applied in the condensed consolidated financial statements for the current and prior accounting periods presented.

## 2. 編製基準及主要會計政策

截至二零零八年六月三十日止六個月之簡明綜合中期財務報表乃根據上市規則附錄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，並應與本集團截至二零零七年十二月三十一日止年度之年報(「二零零七年年報」)一併閱讀。

截至二零零八年六月三十日止六個月之簡明綜合中期財務報表所採納之會計政策與編製二零零七年年報所用者貫徹一致。

國際會計準則委員會已頒佈若干於本集團本中期內首次生效之新訂及經修訂國際財務報告準則(「國際財務報告準則」)，其統稱包括所有適用個別國際財務報告準則、國際會計準則及詮釋)。採納該等新訂及經修訂國際財務報告準則並無對本集團於即期及過往會計期間呈列之簡明綜合財務報表所應用之會計政策構成重大變動。

## 2. Basis of Preparation and Significant Accounting Policies

(Continued)

The Group has not early adopted the following new and revised standards, amendment, or interpretations that have been issued but are not yet effective.

		<b>Effective for accounting periods beginning on or after</b> 自下列日期起或之後開始的會計期間生效
IFRS 8 國際財務報告準則第8號	Operating segments 營運分部	1 January 2009 二零零九年一月一日
Revised IAS 1 國際會計準則第1號(經修訂)	Presentation of financial statements 呈列財務報表	1 January 2009 二零零九年一月一日
Revised IAS 23 國際會計準則第23號(經修訂)	Borrowing costs 借貸成本	1 January 2009 二零零九年一月一日
Revised IFRS 3 國際財務報告準則第3號(經修訂)	Business combinations 業務合併	1 July 2009 二零零九年七月一日
Amendments to IAS 27 國際會計準則第27號(修訂本)	Consolidated and separate financial statements 綜合及獨立財務報表	1 July 2009 二零零九年七月一日

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's result of operations and financial position.

## 2. 編製基準及主要會計政策(續)

本集團並無提早採納以下已頒佈但尚未生效之新訂及經修訂準則、修訂本及詮釋。

**Effective for accounting periods beginning on or after**  
自下列日期起或之後開始的會計期間生效

		<b>Effective for accounting periods beginning on or after</b> 自下列日期起或之後開始的會計期間生效
IFRS 8 國際財務報告準則第8號	Operating segments 營運分部	1 January 2009 二零零九年一月一日
Revised IAS 1 國際會計準則第1號(經修訂)	Presentation of financial statements 呈列財務報表	1 January 2009 二零零九年一月一日
Revised IAS 23 國際會計準則第23號(經修訂)	Borrowing costs 借貸成本	1 January 2009 二零零九年一月一日
Revised IFRS 3 國際財務報告準則第3號(經修訂)	Business combinations 業務合併	1 July 2009 二零零九年七月一日
Amendments to IAS 27 國際會計準則第27號(修訂本)	Consolidated and separate financial statements 綜合及獨立財務報表	1 July 2009 二零零九年七月一日

本集團正在評估此等修訂、新準則及新詮釋在首次應用期間預期產生的影響，迄今，本集團認為採納上述各項修訂、新準則及新詮釋對本集團的經營業績及財務狀況造成重大影響的機會不大。

### 3. Turnover

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

### 3. 營業額

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

Decorative base paper products	裝飾原紙產品
Printing paper product	印刷用紙產品

**For the six months  
ended 30 June**  
截至六月三十日止六個月

<b>2008</b> 二零零八年 <b>RMB'000</b> 人民幣千元 <b>(Unaudited)</b> (未經審核)	2007 二零零七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>551,780</b>	397,947
<b>131,635</b>	120,697
<b>683,415</b>	518,644

4. Other Revenue and Net Loss

4. 其他收益及虧損淨額

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2007 二零零七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Other revenue</b>	<b>其他收益</b>		
Interest income on financial assets not at fair value through profit or loss	非按公平值計入損益之 財務資產利息收入		
— interest income from bank deposits	— 銀行存款利息收入	21,075	306
Net realised gain on financial assets at fair value through profit or loss	按公平值計入損益之財務資產 已變現收益淨額	29,064	—
		<b>50,139</b>	<b>306</b>
<b>Other net loss</b>	<b>其他虧損淨額</b>		
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備虧損	(9)	(6)
Net foreign exchange loss	外匯虧損淨額	(464)	(5)
		<b>(473)</b>	<b>(11)</b>

## 5. Profit Before Taxation

Profit before taxation is arrived at after charging:

## 5. 除稅前溢利

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	
		2008	2007
		二零零八年	二零零七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
(a) Finance costs: Interest on financial liabilities not at fair value through profit or loss — interest on bank borrowings wholly repayable within five years	(a) 融資成本： 非按公平值計入損益之 財務負債利息  — 於五年內悉數償還之 銀行借貸利息	<b>7,688</b>	10,862
(b) Staff costs: Contributions to defined contribution retirement plans Salaries, wages and other benefits	(b) 員工成本： 定額供款退休計劃供款  薪金、工資及其他福利	<b>997</b> <b>15,191</b>	1,358 10,991
		<b>16,188</b>	12,349
(c) Other items: Amortisation of lease prepayments Depreciation Loss on disposal of property, plant and equipment Operating lease charges in respect of leasehold land and properties Sewage disposal expenses Research and development costs	(c) 其他項目： 租賃預付款項攤銷  折舊 出售物業、廠房及設備 虧損 與租賃土地及物業有關之 經營租賃費用  排污費 研究及開發成本	<b>139</b> <b>33,988</b> <b>9</b> <b>787</b> <b>66</b> <b>109</b>	61 28,667 6 527 41 476

## 6. Income Tax Expense

Current tax	即期稅項
— PRC income tax	— 中國所得稅
— Hong Kong Profits Tax	— 香港利得稅

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period.

The Group is not liable to pay any income tax in the PRC during the six months ended 30 June 2007 and 2008 as Shandong QX became a foreign investment enterprise since 16 August 2006, it has been granted certain tax relief whereby it is fully exempted from the PRC income tax for the two years started from 1 January 2007 to 31 December 2008, followed by a 50% reduction in the PRC income tax rate for the following three years from 1 January 2009 to 31 December 2011.

## 6. 所得稅開支

For the six months  
ended 30 June  
截至六月三十日止六個月

2008 二零零八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2007 二零零七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
—	—
2,285	—
<b>2,285</b>	—

根據開曼群島及英屬處女群島規則及法規，本集團毋須繳納開曼群島及英屬處女群島之任何所得稅。

二零零八年之香港利得稅撥備乃就期間估計應課稅溢利按16.5%（二零零七年：17.5%）計算。

由於山東群星自二零零六年八月十六日起成為外資企業，而其已獲授若干稅務優惠，並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其後三年間獲減免50%中國所得稅稅率，故本集團於截至二零零七年及二零零八年六月三十日止六個月期間毋須繳納任何中國所得稅。

## 6. Income Tax Expense (Continued)

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (the "New Tax Law") which took effect on 1 January 2008. The PRC income tax rate is unified to 25% for all enterprises, except for small-scale enterprises earning small profit, where the tax rate is reduced to 20%.

Under the grandfathering treatments of the New Tax Law, Shandong QX, which has not fully utilised its five-year tax holiday upon implementation of the New Tax Law, will be allowed to continue to receive such a tax holiday during the five-year grandfathering period. Accordingly, Shandong QX is exempted from the PRC income tax for the two years started from 1 January 2007 to 31 December 2008, followed by a reduced PRC income tax rate at 12.5% for the following three years from 1 January 2009 to 31 December 2011.

The enactment of the New Tax Law is not expected to have any financial effect on the amounts accrued in the balance sheet in respect of current tax payable.

There were no significant unrecognised deferred tax assets or liabilities as at the balance sheet dates.

## 6. 所得稅開支(續)

於二零零七年三月十六日，第十屆全國人民代表大會五中全會通過中華人民共和國企業所得稅法(「新稅法」)。新稅法於二零零八年一月一日生效。除賺取小額溢利之小規模企業之所得稅稅率調低至20%外，中國所有企業之所得稅稅率一律統一為25%。

根據新稅法之稅務優惠過渡辦法，山東群星於實施新稅法時未完成享有五年稅務優惠期，可於五年稅務優惠過渡期內繼續享有該稅務優惠期。因此，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其後三年間按12.5%之減免稅率繳納中國所得稅。

新稅法之頒佈預期不會對資產負債表中即期應付稅項之應計金額產生任何財務影響。

於結算日並無重大及未經確認的遞延稅項資產或負債。

7. Dividends

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

Interim dividend proposed for the six months ended 30 June 2008 of HK4.16 cents (equivalent to approximately RMB3.66 cents) per ordinary share (for the six months ended 30 June 2007: Nil)

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

Final dividend paid for the year ended 31 December 2007 of RMB10.126 cents per ordinary share (for the year ended 31 December 2006: Nil)

7. 股息

- (a) 應付本公司權益股東應佔中期股息：

For the six months ended 30 June  
 截至六月三十日止六個月

2008 二零零八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2007 二零零七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
38,018	—

截至二零零八年六月三十日止六個月建議派付之中期股息每股普通股4.16港仙(約相當於人民幣3.66分)(截至二零零七年六月三十日止六個月：無)

於結算日後建議派付之中期股息並未確認為結算日之負債。

- (b) 應付本公司權益股東應佔過往財政年度股息(已於中期內獲批准及派付)：

For the six months ended 30 June  
 截至六月三十日止六個月

2008 二零零八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2007 二零零七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
105,172	—

截至二零零七年十二月三十一日止年度已派付之末期股息每股普通股人民幣10.126分(截至二零零六年十二月三十一日止年度：無)



## 8. Earnings Per Share

- (a) The calculation of basic earnings per share for the six months ended 30 June 2008 is based on the unaudited profit attributable to equity shareholders of the Company of RMB190,089,000 and the weighted average number of 1,039,714,000 ordinary shares in issue during the period.

The calculation of basic earnings per share for the six months ended 30 June 2007 is based on the unaudited profit attributable to equity shareholders of the Company of RMB107,936,000 and the 750,000,000 shares (100,000,000 shares in issue as at the date of the Prospectus and 650,000,000 shares issued pursuant to capitalisation issue upon listing), as if the shares had been outstanding throughout the period.

- (b) There were no dilutive potential ordinary shares during the periods presented and, therefore, diluted earnings per share is not presented.

## 9. Capital expenditure

Capital expenditure comprises additions to property, plant and equipment, increase in construction in progress and acquisition of land use rights. During the six months ended 30 June 2008, the Group has aggregate capital expenditure of RMB104,677,000 (during the six months ended 30 June 2007: RMB12,628,000).

## 8. 每股盈利

- (a) 截至二零零八年六月三十日止六個月之每股基本盈利乃根據未經審核本公司權益股東應佔溢利人民幣190,089,000元以及期內已發行普通股之加權平均數1,039,714,000股計算。

截至二零零七年六月三十日止六個月之每股基本盈利乃根據未經審核本公司權益股東應佔溢利人民幣107,936,000元，以及750,000,000股股份(於招股章程日期100,000,000股已發行股份及於上市後根據資本化發行650,000,000股已發行股份)計算，猶如該等股份於整個期間一直在外流通。

- (b) 於呈列期間內本公司並無具有攤薄影響之潛在普通股，故並無呈列每股攤薄盈利。

## 9. 資本開支

資本開支包括物業、廠房及設備添置、在建工程增加及購買土地使用權。截至二零零八年六月三十日止六個月，本集團之總資本開支為人民幣104,677,000元(截至二零零七年六月三十日止六個月：人民幣12,628,000元)。

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 簡明綜合中期財務報表附註

### 10. Inventories

Raw materials and consumables	原材料及消耗品
Finished goods	製成品

### 10. 存貨

<b>As at 30 June 2008</b>	As at 31 December 2007
於二零零八年 六月三十日 <b>RMB'000</b> 人民幣千元 <b>(Unaudited)</b> (未經審核)	於二零零七年 十二月三十一日 <b>RMB'000</b> 人民幣千元 (Audited) (經審核)
<b>21,931</b>	19,316
<b>15,868</b>	16,171
<b>37,799</b>	35,487

### 11. Trade and Other Receivables

Trade receivables	應收貿易賬款
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項
Less: allowance for doubtful debts	減：呆壞賬撥備

### 11. 應收貿易賬款及其他應收款項

<b>As at 30 June 2008</b>	As at 31 December 2007
於二零零八年 六月三十日 <b>RMB'000</b> 人民幣千元 <b>(Unaudited)</b> (未經審核)	於二零零七年 十二月三十一日 <b>RMB'000</b> 人民幣千元 (Audited) (經審核)
<b>61,244</b>	50,297
<b>30,388</b>	606
<b>—</b>	—
<b>91,632</b>	50,903

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

所有應收貿易賬款預期於一年內收回。

## 11. Trade and Other Receivables

(Continued)

### Ageing analysis

Included in trade and other receivables are trade debtors with the following ageing analysis as of the balance sheet dates:

Current 即期

## 11. 應收貿易賬款及其他應收款項

(續)

### 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結算日之賬齡分析如下：

<b>As at 30 June 2008</b> 於二零零八年 六月三十日 <b>RMB'000</b> 人民幣千元 <b>(Unaudited)</b> (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 <b>RMB'000</b> 人民幣千元 (Audited) (經審核)
<b>61,244</b>	50,297

## 12. Bank Loans

At 30 June 2008, the bank loans were repayable as follows:

Within one year 一年內  
After one year but within two years 一年後但兩年內

## 12. 銀行貸款

於二零零八年六月三十日，應予償還之銀行貸款情況如下：

<b>As at 30 June 2008</b> 於二零零八年 六月三十日 <b>RMB'000</b> 人民幣千元 <b>(Unaudited)</b> (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 <b>RMB'000</b> 人民幣千元 (Audited) (經審核)
<b>124,000</b>	30,000
—	207,000
<b>124,000</b>	237,000

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 簡明綜合中期財務報表附註

### 12. Bank Loans (Continued)

At 30 June 2008, the bank loans were secured as follows:

Secured bank loans:	有抵押銀行貸款：
— secured by property, plant and equipment	— 以物業、廠房及設備抵押

The bank loans as at 30 June 2008 were interest bearing at rates ranging from 7.23% to 8.54% per annum (31 December 2007: 7.23% to 8.95% per annum).

### 13. Trade and Other Payables

Trade payables	應付貿易賬款
Other payables and accruals	其他應付款項及預提費用

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

### 12. 銀行貸款(續)

於二零零八年六月三十日，銀行貸款之抵押情況如下：

As at 30 June 2008 於二零零八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
124,000	237,000

於二零零八年六月三十日，銀行貸款按年利率介乎7.23%至8.54%（二零零七年十二月三十一日：年利率介乎7.23%至8.95%）計息。

### 13. 應付貿易賬款及其他應付款項

As at 30 June 2008 於二零零八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
85,217	61,120
23,549	168,284
108,766	229,404

所有應付貿易賬款及其他應付款項預期於一年內償付。



#### 14. Share Capital (Continued)

- (a) During 1 January to 28 February 2008, the Company repurchased its own shares on the Stock Exchange. The repurchased shares were cancelled and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the repurchase of the shares of HK\$18,820,000 (equivalent to RMB17,419,000) was charged to the share premium account.

#### 15. Commitments and Contingent Liabilities

##### (a) Operating leases

At 30 June 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

Within one year	一年內
After one year but within five years	一年後但在五年內
After five years	五年後

The Group is the lessee in respect of leasehold land and properties held under operating leases. The leases typically run for an initial period of 1 to 2 years, with an option to renew the leases upon expiry when all terms are renegotiated. None of the leases includes contingent rentals.

#### 14. 股本(續)

- (a) 於二零零八年一月一日至二月二十八日，本公司於聯交所購回其本身之股份。所購回股份已予註銷，本公司之已發行股本並因此按該等股份之面值減少。購回股份時已付之溢價18,820,000港元(相當於人民幣17,419,000元)自股份溢價賬扣除。

#### 15. 承擔及或然負債

##### (a) 經營租賃

於二零零八年六月三十日，根據不可撤銷的經營租賃在日後最低經營租賃費用總額如下：

<b>As at 30 June 2008 於二零零八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)</b>	As at 31 December 2007 於二零零七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
972	997
262	1,253
—	2,280
<b>1,234</b>	<b>4,530</b>

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一至兩年，並可於租賃期滿時選擇續租並重新磋商所有條款。所有租賃不包括或然租金。

**15. Commitments and Contingent Liabilities** *(Continued)*

**(b) Capital commitments**

Capital commitments outstanding at 30 June 2008 not provided for in the condensed consolidated interim financial statements were as follows:

Contracted for	已訂約
Authorised but not contracted for	已獲授權但未訂約

**15. 承擔及或然負債(續)**

**(b) 資本承擔**

於二零零八年六月三十日尚未償付且未在簡明綜合中期財務報表作出撥備的資本承擔如下：

<b>As at 30 June 2008</b> 於二零零八年 六月三十日 <b>RMB'000</b> 人民幣千元 <b>(Unaudited)</b> (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 <b>RMB'000</b> 人民幣千元 (Audited) (經審核)
<b>262,695</b>	654
<b>760,000</b>	1,120,000
<b>1,022,695</b>	1,120,654

**15. 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 cleanup 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.

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



## 16. Material Related Party Transactions

During the six months ended 30 June 2008, the directors are of the view that the following companies are related parties of the Group:

Name of related party 關連方名稱	Relationship 關係
Shandong Changxing Group Limited ("SD Changxing")* 山東長星集團有限公司(「山東長星」)	Effectively 55% owned by Dr. Zhu, 30% by Mr. Zhu and 15% by Mrs. Zhu, the Directors 由董事朱博士、朱先生及朱太太分別實際擁有55%、30%及15%權益
Zouping Guang Hua Veneer Company Limited ("Guang Hua")* 鄒平光華板材有限公司(「光華」)	Effectively 50% owned by Dr. Zhu, 33% by Mr. Zhu and 17% by Mrs. Zhu, the Directors 由董事朱博士、朱先生及朱太太分別實際擁有50%、33%及17%權益

\* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

## 16. 重大關連方交易

截至二零零八年六月三十日止期間，董事認為下列公司為本集團之關連方：

\* 公司名稱的英文翻譯僅供參考。該等公司的正式名稱為中文名稱。

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 簡明綜合中期財務報表附註

### 16. Material Related Party Transactions

(Continued)

### 16. 重大關連方交易(續)

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2007 二零零七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
(a) Recurring transactions	(a) 經常性交易		
Sale of decorative base paper products	銷售裝飾原紙產品		
— Guang Hua	— 光華	4,474	2,963
Lease of leasehold land and properties	租賃租賃土地及物業		
— SD Changxing	— 山東長星	200	200
		<b>4,674</b>	<b>3,163</b>
(b) Non-recurring transactions	(b) 非經常性交易		
Acquisition of leasehold lands	購買租賃土地		
— Guang Hua	— 光華	4,082	11,441
Lease of leasehold land and properties	租賃租賃土地及物業		
— Guang Hua	— 光華	92	243
		<b>4,174</b>	<b>11,684</b>
(c) Key management personnel remuneration	(c) 主要管理人員酬金		
Short-term employee benefits	短期僱員福利	1,615	626
Contribution to defined contribution retirement plans	定額供款退休計劃供款	7	8
		<b>1,622</b>	<b>634</b>

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

本公司董事認為，上述關連方交易乃根據一般商業條款在日常業務過程中進行。

## BUSINESS REVIEW

The PRC economy saw steady growth during the first half of 2008, with its gross domestic product (GDP) increasing 10.4% from the same period last year to RMB13.06 trillion. Given the sustainable increase in the general level of disposable income and the proportion of middle to upper-middle income earners, the desire for better living standard and hence the demand for quality housing continued to grow. Meanwhile, the PRC government implemented stringent environmental protection policies and discouraged consumption of wood and wooden products. These policies drove up demand for laminated board, a substitute of wooden material with diversified applications. The surge in such demand in return fuelled the demand for decorative base paper which is the core product of QX Group and is an intermediate product commonly used as a decorative layer to furnish the surface of laminated board.

Existing domestic supply of premium decorative base paper products in the PRC significantly falls short of the rising market demand. Currently, approximately two-third of decorative base papers in the PRC is imported. A promising market prospect is thus created and this is favourable to local manufacturers who are capable of supplying quality products at competitive prices. Capitalising on our capability to deliver quality products with international standards while producing at a cost significantly lower than overseas rivals, QX Group has successfully maintained its leading position in the PRC's decorative base paper market and captured a greater market share in the premium market during the six months ended 30 June 2008.

QX Group's business continued to achieve encouraging growth in the first half of 2008. For the six months ended 30 June 2008, turnover increased by 31.8% to approximately RMB683.4 million as compared with approximately RMB518.6 million for the corresponding period last year. In spite of the upsurge in the costs of raw materials during the period under review, the Group was able to maintain its gross profit margin at 25.3% (six months ended 30 June 2007: 25.2%). Profit for the period increased by 76.2% to approximately RMB190.1 million as compared with approximately RMB107.9 million for the corresponding period last year.

## 業務回顧

中國經濟於二零零八年上半年穩步增長，國內生產總值較去年同期增加10.4%至人民幣13.06萬億元。可支配收入之整體水平及中等至高中等收入人士之比例不斷上升，令人們日趨渴求更佳生活水平，引致對優質房屋之需求持續高企。同時，中國政府厲行環保政策，不鼓勵消耗木材及木製品。該等政策導致木料代替品並兼具多種用途之人造板需求上升，並繼而刺激裝飾原紙之需求。裝飾原紙是一種慣常用作裝飾表層以粉飾人造板表面之中介產品，為群星集團之主要產品。

中國高檔裝飾原紙產品之本地現有供應遠遠跟不上日益殷切之市場需求。中國現時約三分之二的裝飾原紙均來自進口，因此市場前景十分秀麗，對能以具競爭力之價格供應優質產品之本地製造商有利。憑著本集團能以遠低於海外對手之成本生產達致國際水平之優質產品的優勢，在截至二零零八年六月三十日止六個月內，群星集團成功維持其於中國裝飾原紙市場之領導地位，並在高檔次市場取得較大之市場佔有率。

群星集團之業務於二零零八年上半年繼續取得令人鼓舞之增長。截至二零零八年六月三十日止六個月，營業額較去年同期約人民幣518,600,000元上升31.8%至約人民幣683,400,000元。儘管原料成本於回顧期內急升，惟本集團仍能維持其毛利率於25.3%（二零零七年六月三十日止六個月：25.2%）。期內溢利較去年同期約人民幣107,900,000元上升76.2%至約人民幣190,100,000元。

### BUSINESS REVIEW *(Continued)*

During the period under review, capitalising on the realignment of product mix by increasing the proportion of high margin premium decorative base paper products, we were able to overcome cost pressure brought about by rising energy prices and domestic inflation and maintained our gross profit margin at almost the same level as in the corresponding period last year. Moreover, strong research and development (“R&D”) capabilities mean that we are able to raise its average selling price by launching new products every year and transfer the impact of rising cost to customers in order to maintain our profit margin. We also benefit from the appreciation of Renminbi as it sourced wood pulp, our major raw material, from overseas.

#### Expansion of production capacity

To date, QX Group has invested and operated seven highly automated Production lines nos. 1 to 7 with an aggregate designed annual production capacity of approximately 200,000 tonnes, comprising approximately 150,000 tonnes of decorative base paper products and approximately 50,000 tonnes of printing paper product.

To cater for the rapid growth of market demand for decorative base paper products, commercial production of Production line no. 7 with a designed annual production capacity of 30,000 tonnes has commenced in early March 2008, two months ahead of the original schedule and has reached full capacity in June 2008. Meanwhile, Production lines nos. 8 and 9 are currently under construction and are expected to be completed by late 2008. Besides, construction of Production lines nos. 10 and 11 is expected to commence by August 2008 and to be completed by early 2009. The designed annual capacity of each of the four Production lines nos. 8 to 11 is 30,000 tonnes.

### 業務回顧(續)

在回顧期內，本集團透過增加利潤高之高檔裝飾原紙產品比例以重整產品組合，得以克服能源價格上漲及本地通脹所帶來之成本壓力，並使毛利率維持在與去年同期相若之水平。此外，本集團憑藉雄厚的研究及開發(「研發」)實力，可透過每年推出新產品以提高平均售價，並將成本上升之影響轉嫁予客戶以維持邊際利潤。由於本集團自海外採購木漿(本集團之主要原材料)，故本集團亦受惠於人民幣升值。

#### 擴充產能

群星集團迄今已投資及營運七條高度自動化之第1至第7號生產線，總設計年產能約為200,000噸，包括約150,000噸裝飾原紙產品及約50,000噸印刷用紙產品。

為應付市場對裝飾原紙產品之需求飆升，設計年產能達30,000噸之第7號生產線已於二零零八年三月初開始商業生產，較原定時間提前兩個月，並已於二零零八年六月達致全面投產。同時，本集團正興建第8及第9號生產線，預期將於二零零八年底前建成。此外，第10及第11號生產線預期於二零零八年八月前施工，並將於二零零九年初前竣工。第8至11號等四條生產線之每條設計年產能均為30,000噸。

## BUSINESS REVIEW (Continued)

### Expansion of production capacity (Continued)

Furthermore, the Group also planned to construct another two new Production lines nos. 12 and 13. Construction of these production lines is scheduled to commence in early 2009 and to be completed by late 2009. The designed annual production capacity of each of the two new production lines is 30,000 tonnes. These new production facilities will further expand the Group's total production capacity and contribute to the growth of our turnover, thus strengthening our leading position in the PRC's decorative base paper market.

### Consolidation of distribution channels

During the period under review, our distribution channels were consolidated by realigning our product mix. To date, the Group has designated and marketed six sales regions in the PRC, namely, Shandong, Sichuan, Guangdong, Beijing, Jiangsu and Zhejiang. The Group has over 96 customers covering 13 provinces, autonomous regions and municipalities in the PRC. The consolidated customer base enables us to further improve client relationship, particularly in terms of providing customized products to our clients. In addition, the Group is committed to developing overseas markets in order to broaden our revenue streams so as to sustain long-term business growth.

### Diversification of product applications

QX Group has developed and marketed more than 80 types of decorative base paper products to accommodate different market demands. Other than the applications in furniture and the flooring of households, sport stadiums and production factories, our products are developed with wider applications including the interior decoration of motor vehicles, aircrafts, etc.

## 業務回顧(續)

### 擴充產能(續)

此外，本集團亦計劃興建第12及第13號另外兩條新生產線。該等生產線計劃於二零零九年初施工，並將於二零零九年底前竣工。上述兩條新生產線之每條設計年產能均為30,000噸。該等新生產設施將進一步擴充本集團之總產能，從而帶動本集團之營業額增長，並鞏固本集團於中國裝飾原紙市場之領導地位。

### 整合分銷渠道

於回顧期內，群星集團透過重整產品組合以整合本集團之分銷渠道。本集團迄今已於中國選定六個銷售地區進行銷售，分別為山東、四川、廣東、北京、江蘇及浙江。本集團擁有逾96名客戶，遍佈中國13個省份、自治區及直轄市。透過整合客戶基礎，本集團可進一步加強客戶關係，尤其為客戶提供度身訂造之產品。此外，本集團銳意拓展海外市場，以擴闊收益來源，從而維持業務之長遠增長。

### 產品用途多元化

群星集團已開發及銷售逾80種裝飾原紙產品，以迎合不同市場之需求。除於家居、運動場及生產廠房內使用之傢俬及地板外，本集團亦開發用途更廣之產品，包括汽車及飛機等之內部裝飾。

### BUSINESS REVIEW (Continued)

#### Awards

During the period under review, Shandong QX, a wholly-owned subsidiary of QX Paper, was awarded the “Advanced Enterprise of Shandong Province’s Paper Manufacturing Industry in 2007” by Shandong Province Paper Manufacturing Industry Association (the “Association”). This is an acknowledgement of the leading position of QX Group in the PRC’s paper industry. Shandong QX was also appointed as the standing council member by the Association in recognition of its outstanding achievements in the PRC’s paper industry. We endeavour to participate in the activities held by the Association and help set up the industry standard so as to contribute to the development of the PRC’s paper industry.

### FINANCIAL REVIEW

#### Turnover

Turnover increased by approximately 31.8% from RMB518.6 million for the six months ended 30 June 2007 to RMB683.4 million for the six months ended 30 June 2008. The increase in turnover for the six months ended 30 June 2008 was mainly attributable to the combined effects of (i) the increase in overall sales volumes by approximately 13.1% from 54,087 tonnes to 61,197 tonnes, out of which sales volumes of the decorative base paper products increased by approximately 18.8% from 34,897 tonnes for the six months ended 30 June 2007 to 41,474 tonnes for the six months ended 30 June 2008; and (ii) the increase in the average selling prices of the decorative base paper products and printing paper product by approximately 16.7% from RMB11,404 per tonne to RMB13,304 per tonne and approximately 6.1% from RMB6,289 per tonne to RMB6,674 per tonne, respectively.

### 業務回顧(續)

#### 殊榮

於回顧期內，群星紙業之全資附屬公司山東群星獲山東省造紙工業協會(「協會」)頒發「二零零七年度山東省造紙行業『先進企業』」之殊榮，充分肯定群星集團在中國造紙業之領導地位。山東群星亦獲協會委任為其常務理事，以表彰其在中國造紙業之傑出成就。本集團正致力參與協會所舉辦之活動及協助制定行業標準，從而為中國造紙業之發展作出貢獻。

### 財務回顧

#### 營業額

營業額由截至二零零七年六月三十日止六個月之人民幣518,600,000元增加約31.8%至截至二零零八年六月三十日止六個月之人民幣683,400,000元。截至二零零八年六月三十日止六個月營業額之上升，主要由於下列因素之綜合影響所致：(i)整體銷售量由54,087噸上升約13.1%至61,197噸，其中裝飾原紙產品之銷售量由截至二零零七年六月三十日止六個月之34,897噸上升約18.8%至截至二零零八年六月三十日止六個月之41,474噸；及(ii)裝飾原紙產品及印刷用紙產品之平均售價分別由每噸人民幣11,404元上升約16.7%至每噸人民幣13,304元及由每噸人民幣6,289元上升約6.1%至每噸人民幣6,674元。

## FINANCIAL REVIEW

### Cost of sales

The cost of sales increased by approximately 31.7% from RMB387.9 million for the six months ended 30 June 2007 to RMB510.7 million for the six months ended 30 June 2008. The increase in the cost of sales was primarily due to the increase in the raw material costs, which are the major component of our cost of sales, as a result of the increased sales volume. Moreover, production overheads such as electricity and steam expenses also increased in line with the increase in production volume. Depreciation expenses also increased due to the establishment and commercial production of Production line no. 7 since March 2008.

The results of operations are subject to price fluctuations of raw materials used in the production process. The principal raw materials for the production of both of the decorative base paper products and printing paper product are wood pulp and titanium dioxide powder. For the six months ended 30 June 2007 and 2008, the purchase of wood pulp amounted to approximately RMB169.1 million and RMB214.5 million, respectively, representing approximately 43.6% and 42.0% of the total cost of sales for the respective periods and the purchase of titanium dioxide powder amounted to approximately RMB84.1 million and RMB147.3 million, respectively, representing approximately 21.7% and 28.8% of the total cost of sales for the respective periods. For the six months ended 30 June 2007 and 2008, the Group purchased wood pulp at the average price per tonne (value added tax inclusive) of approximately RMB5,922 and RMB6,540, respectively, and titanium dioxide powder at the average price per tonne (value added tax inclusive) of approximately RMB12,362 and RMB14,023, respectively. The prices of both wood pulp and titanium dioxide powder had increased steadily and moderately during the two periods.

## 財務回顧

### 銷售成本

銷售成本由截至二零零七年六月三十日止六個月之人民幣387,900,000元增加約31.7%至截至二零零八年六月三十日止六個月之人民幣510,700,000元。銷售成本增加主要因為作為本集團之銷售成本主要部分之原料成本隨銷售量上升而增加所致。此外，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，折舊費用亦因第7號生產線之設立並於二零零八年三月開始作商業生產而增加。

經營業績受制於用於生產過程之原料價格之波動，生產裝飾原紙產品及印刷用紙產品所需之主要原料是木漿及鈦白粉。截至二零零七年及二零零八年六月三十日止六個月，購買木漿分別耗資約人民幣169,100,000元及人民幣214,500,000元，分別佔相關期間總銷售成本約43.6%及42.0%；而購買鈦白粉則分別耗資約人民幣84,100,000元及人民幣147,300,000元，分別佔相關期間總銷售成本約21.7%及28.8%。截至二零零七年及二零零八年六月三十日止六個月，本集團購買木漿之每噸平均價格(包括增值稅)分別約為人民幣5,922元及人民幣6,540元，而購買鈦白粉之每噸平均價格(包括增值稅)則分別約為人民幣12,362元及人民幣14,023元。木漿與鈦白粉於兩個期間之價格升幅平穩且溫和。

### FINANCIAL REVIEW (Continued)

#### Gross profit and gross profit margin

The gross profit of the Group increased by approximately 32.1% from RMB130.7 million for the six months ended 30 June 2007 to RMB172.7 million for the six months ended 30 June 2008. The following table sets forth the gross profit margin of each category of the products for the six months ended 30 June 2007 and 2008:

Decorative base paper products	裝飾原紙產品
Printing paper product	印刷用紙產品

The gross profit margins for decorative base paper products and printing paper product decreased slightly for the six months ended 30 June 2008 as compared to that for the six months ended 30 June 2007. The decrease was mainly due to (i) the increase in the prices of both wood pulp and titanium dioxide powder during the period; and (ii) the depreciation expenses for the six months ended 30 June 2008 included that of Production line no.7 which commenced commercial production in March 2008 and at when the economies of scale was not yet fully reflected.

However, the overall gross profit margin of the Group increased from approximately 25.2% to approximately 25.3% during the six months ended 30 June 2008 due to the increase in sales of decorative base paper products which have higher margin.

### 財務回顧(續)

#### 毛利及毛利率

本集團之毛利由截至二零零七年六月三十日止六個月之人民幣130,700,000元增加約32.1%至截至二零零八年六月三十日止六個月之人民幣172,700,000元。下表載列截至二零零七年及二零零八年六月三十日止六個月各產品類別之毛利率：

#### For the six months ended 30 June

#### 截至六月三十日止六個月

2008	2007
二零零八年	二零零七年

27.0%	27.2%
18.2%	18.7%

截至二零零八年六月三十日止六個月，裝飾原紙產品及印刷用紙產品之毛利率較截至二零零七年六月三十日止六個月輕微下跌。下跌原因主要為：(i) 期內木漿及鈦白粉之價格均上升；及(ii) 截至二零零八年六月三十日止六個月之折舊費用包括於二零零八年三月開始作商業生產之第7號生產線折舊費用，而經濟規模於其時尚未完全反映。

然而，本集團截至二零零八年六月三十日止六個月之整體毛利率由約25.2%上升至約25.3%，是因為利潤較高之裝飾原紙產品之銷售額增加所致。



## FINANCIAL REVIEW (Continued)

### Other revenue

Other revenue, which included the interest income earned from the bank deposits, increased from RMB0.3 million for the six months ended 30 June 2007 to RMB21.1 million for the six months ended 30 June 2008. The increase was mainly due to the increase in average bank balances during the period.

In compliance with the financial management and treasury polices, certain investments were made on uncommitted funds during the period. During the six months ended 30 June 2008, we recorded a net realised gain on financial assets at fair value through profit or loss of RMB29.1 million.

### Selling expenses

As disclosed in the Prospectus, our Group has planned to strengthen our marketing activities. During the six months ended 30 June 2008, the Group had increased its sales and marketing staff to 40 and had carried out various promotional activities in an attempt to solicit new customers in the six designated sales regions in the PRC. As a result, the selling expenses increased by approximately 100.0% from RMB3.6 million for the six months ended 30 June 2007 to RMB7.2 million for the six months ended 30 June 2008. As a percentage of turnover, our selling expenses were maintained at approximately 1.0% for the six months ended 30 June 2007 and 2008. It was in line with the existing policy of the Group to allocate approximately 1.0% of the sales as the annual budget for the marketing activities.

## 財務回顧(續)

### 其他收益

其他收益包括從銀行存款所賺取之利息收入，利息收入由截至二零零七年六月三十日止六個月之人民幣300,000元增加至截至二零零八年六月三十日止六個月之人民幣21,100,000元。增加主要由於期內平均銀行結餘增加所致。

遵照本集團之財務管理及庫存政策，期內已就未定用途資金作出若干投資。於截至二零零八年六月三十日止六個月內，本集團錄得按公平值計入損益之財務資產已變現收益淨額人民幣29,100,000元。

### 銷售開支

誠如招股章程所披露，本集團已計劃加強本集團之市場推廣活動。截至二零零八年六月三十日止六個月，本集團已增加其銷售及市場推廣員工至40人，並已進行多項宣傳活動，務求於中國六個指定銷售地區尋求新客戶。因此，銷售開支由截至二零零七年六月三十日止六個月之人民幣3,600,000元增加約100.0%至截至二零零八年六月三十日止六個月之人民幣7,200,000元。截至二零零七年及二零零八年六月三十日止六個月，本集團之銷售開支佔營業額之百分比維持在約1.0%之水平，這與本集團將銷售額約1.0%分配於市場推廣活動之年度預算之現行政策一致。

### FINANCIAL REVIEW (Continued)

#### Administrative expenses

The administrative expenses increased by approximately 73.6% from RMB8.7 million for the six months ended 30 June 2007 to RMB15.1 million for the six months ended 30 June 2008. As a percentage of turnover, our administrative expenses increased from approximately 1.7% for the six months ended 30 June 2007 to approximately 2.2% for the six months ended 30 June 2008. The increase in administrative expenses was mainly due to (i) the additional staff employed and corresponding change in employee composition after our listing in October 2007 which resulted an increase in personnel expenses; (ii) additional professional fees incurred after the listing; and (iii) the donation to Sichuan Earthquake Relief of RMB1.0 million during the six months ended 30 June 2008.

#### Finance costs

Finance costs consist primarily of interest expenses on the bank borrowings. The amount decreased by approximately 29.4% from RMB10.9 million for the six months ended 30 June 2007 to RMB7.7 million for the six months ended 30 June 2008. The decrease in interest expenses was mainly due to the repayments of certain bank borrowings of the Group during the period.

#### Income tax expense

The Company and the subsidiaries are incorporated in different jurisdictions, with different taxation requirements.

The Group continues to exempt from the income tax in the PRC since Shandong Qunxing, our principal operating subsidiary in the PRC, is still under the tax exemption period during the six months ended 30 June 2008. The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% of the estimated assessable profits for the period.

### 財務回顧(續)

#### 行政開支

行政開支由截至二零零七年六月三十日止六個月之人民幣8,700,000元增加約73.6%至截至二零零八年六月三十日止六個月之人民幣15,100,000元。按營業額之百分比計算，本集團之行政開支由截至二零零七年六月三十日止六個月約1.7%增加至截至二零零八年六月三十日止六個月約2.2%。行政開支增加之主要原因為：(i)本集團於二零零七年十月上市後增聘額外員工及員工組成相應變動導致人事開支增加；(ii)上市後產生額外專業費用；及(iii)於截至二零零八年六月三十日止六個月內向四川地震賑災捐款人民幣1,000,000元。

#### 融資成本

融資成本主要包括銀行借貸之利息支出。利息支出由截至二零零七年六月三十日止六個月之人民幣10,900,000元減少約29.4%至截至二零零八年六月三十日止六個月之人民幣7,700,000元。利息支出減少，主要由於本集團於期內償還若干銀行借貸所致。

#### 所得稅開支

本公司及附屬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。

由於本集團於中國之主要營運附屬公司山東群星於截至二零零八年六月三十日止六個月期間仍處於免稅期，故本集團繼續獲豁免繳納中國所得稅。二零零八年之香港利得稅撥備乃就期內估計應課稅溢利按16.5%計算。

## FINANCIAL REVIEW (Continued)

### Liquidity and financial resources

#### Current and quick ratio

The current ratio of the Group decreased from 7.0 as at 31 December 2007 to 6.6 as at 30 June 2008 and the quick ratio of the Group decreased from 6.8 as at 31 December 2007 to 6.5 as at 30 June 2008, respectively, which were mainly due to the combined effect of (i) the repayment of short-term bank loans of approximately RMB30.0 million during the six months ended 30 June 2008; and (ii) the reclassification of certain long-term bank loans as at 31 December 2007 to short-term bank loans as at 30 June 2008, of which are repayable within 1 year.

#### Gearing ratio

As at 30 June 2008, the Group had outstanding bank borrowings of RMB124.0 million (31 December 2007: RMB237.0 million). The gearing ratio decreased from approximately 9.4% as at 31 December 2007 to 5.3% as at 30 June 2008 mainly due to the decrease in bank borrowings by approximately 47.8% from RMB237.0 million as at 31 December 2007 to RMB124.0 million as at 30 June 2008.

#### Financial resources

The financial resources of the Group continued to be strong. As at 30 June 2008, the total shareholders' fund of the Group was RMB2,085.2 million, represented an increase of 2.1% from RMB2,041.7 million as at 31 December 2007. The Group has cash and cash equivalents of approximately RMB1,490.8 million as at 30 June 2008 (31 December 2007: RMB1,792.2 million), after the payment of dividend for the year ended 31 December 2007 of RMB150.2 million during the period.

The Group continues to enjoy a stable and strong net cash inflow from operating activities. During the six months ended 30 June 2008, the net cash generated from operating activities was RMB157.5 million, represented an increase of 12.9% as compared to RMB139.5 million for the six months ended 30 June 2007.

## 財務回顧(續)

### 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二零零七年十二月三十一日之7.0下降至二零零八年六月三十日之6.6，而本集團之速動比率由二零零七年十二月三十一日之6.8下降至二零零八年六月三十日之6.5，主要由於下列因素之綜合影響所致：(i) 於截至二零零八年六月三十日止六個月內償還短期銀行貸款約人民幣30,000,000元；及(ii) 於二零零七年十二月三十一日之若干長期銀行貸款將於1年內償還並重新分類為於二零零八年六月三十日之短期銀行貸款。

#### 資產負債比率

於二零零八年六月三十日，本集團之未償還銀行借貸為人民幣124,000,000元(二零零七年十二月三十一日：人民幣237,000,000元)。資產負債比率由二零零七年十二月三十一日約9.4%下降至二零零八年六月三十日約5.3%，主要原因是銀行借貸由於二零零七年十二月三十一日之人民幣237,000,000元減少約47.8%至二零零八年六月三十日之人民幣124,000,000元。

#### 財務資源

本集團之財務資源仍然穩健。於二零零八年六月三十日，本集團之股東資金總額為人民幣2,085,200,000元，較於二零零七年十二月三十一日之人民幣2,041,700,000元增加2.1%。於期內派付截至二零零七年十二月三十一日止年度之股息人民幣150,200,000元後，本集團於二零零八年六月三十日之現金及現金等價物約為人民幣1,490,800,000元(二零零七年十二月三十一日：人民幣1,792,200,000元)。

本集團繼續享有穩定及強勁經營活動現金流入淨額。截至二零零八年六月三十日止六個月，經營活動所得現金淨額為人民幣157,500,000元，較截至二零零七年六月三十日止六個月之人民幣139,500,000元增加12.9%。

### FINANCIAL REVIEW (Continued)

#### Financial management and treasury policies

The Group adopts a conservative approach for cash management and investment on 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 aims to ensure that adequate financial resources are available for refinancing and business growth. The Group reviews its liquidity and financing arrangements periodically.

The Group's policy is to manage its interest rate risk to ensure there are no undue exposures to significant interest rate movements and rates are approximately fixed. As at 30 June 2008, all of the Group's bank borrowings were denominated in RMB, of which are fixed rate instruments and insensitive to any change in market interest rates.

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 and used as the reporting currency in the preparation of the consolidated financial statements of the Group. As such, the appreciation of RMB against foreign currencies during the period does not have significant impact on the result of the Group. The Group has not been exposed nor anticipates itself being exposed to material risks due to changes in exchange rates.

#### Capital expenditure

During the six months ended 30 June 2008, the Group has aggregate additions to property, plant and equipment, increase in construction in progress and acquisition of land use right of RMB104.7 million (during the six months ended 30 June 2007: RMB12.6 million).

### 財務回顧(續)

#### 財務管理及庫務政策

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

本集團管理利率風險之政策是確保在出現重大利率變動時不會承受過高風險及確保利率大致固定。於二零零八年六月三十日，本集團所有銀行借貸均以人民幣計值，乃定息工具，且不受任何市場利率變動影響。

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，人民幣乃本集團之功能貨幣並於編製本集團綜合財務報表中用作呈列貨幣。因此，本期間人民幣兌外幣升值對本集團之業績並無重大影響。本集團過往並無及預計將來不會因匯率變動而承受重大風險。

#### 資本開支

截至二零零八年六月三十日止六個月，本集團之物業、廠房及設備添置、在建工程增加及購買土地使用權合共為人民幣104,700,000元（截至二零零七年六月三十日止六個月：人民幣12,600,000元）。

## FINANCIAL REVIEW (Continued)

### Capital commitments, contingencies and charge on assets

The Group will further invest approximately RMB1,270.1 million to expand the production capacity and re-engineering and modify the existing production facilities to enhance production efficiency. Such capital commitments will be financed by the net proceeds received from the initial public offering on 2 October 2007. For details, please refer to the paragraph “Use of proceeds from initial public offering” below.

As disclosed in our 2007 Annual Report, 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 2008.

As at 30 June 2008, all of the bank borrowings were secured by property, plant and equipment of the Group with net carrying amount of approximately RMB225.1 million (31 December 2007: RMB383.2 million).

## 財務回顧(續)

### 資本承擔、或然項目及資產抵押

本集團將進一步投資約人民幣1,270,100,000元於擴充產能，以及重整及改善現有生產設施以提升生產效率。有關資本承擔將以於二零零七年十月二日首次公开发售獲得之所得款項淨額撥付。詳情請參閱下文「首次公开发售所得款項用途」一段。

誠如二零零七年年報所披露，本集團在中國日益嚴格之環保法例及規例下有環保或然項目。然而，於本公佈日期，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，無法在目前合理估計建議中或將來環保法律規定可能導致在環保方面之負債。因此，本集團未就任何與業務相關之環境修復計提任何金額。

除上文所披露者外，本集團於二零零八年六月三十日並無重大或然負債。

於二零零八年六月三十日，所有銀行借貸均以本集團賬面淨值約人民幣225,100,000元(二零零七年十二月三十一日：人民幣383,200,000元)之物業、廠房及設備作抵押。

## FINANCIAL REVIEW (Continued)

### Use of proceeds from initial public offering

Upon the initial public offering of the Company on 2 October 2007 (the "Listing Date"), the Group received a net proceed amounted to approximately HK\$1,492.8 million (equivalent to approximately RMB1,445.5 million), after deduction of related expenses and the exercise of the 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 and re-engineer and modify our existing production facilities to enhance production efficiency. Part of the net proceeds has been applied as follows:

### 財務回顧(續)

#### 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，本集團獲得所得款項淨額約1,492,800,000港元(約相當於人民幣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。部分所得款項淨額已用於下列各項：

		<b>Amount utilised up to 30 June 2008 截至 二零零八年 六月三十日 已使用金額 RMB'000 人民幣千元</b>	<b>Balance as at 30 June 2008 於 二零零八年 六月三十日 結餘 RMB'000 人民幣千元</b>
Settlement of the remaining balance of the construction costs of the new Production line no. 7	支付第7號新生產線建設開支之餘下結餘	163,300	163,300
Construction of new Production lines nos. 8 to 11	建造第8至第11號新生產線	720,000	97,305
Construction of new Production lines nos. 12 to 13 (Note 2)	建造第12至第13號新生產線(附註2)	360,000	—
Re-engineering and modification of the existing Production lines nos. 1 and 3	重整及改善現有第1及第3號生產線	40,000	—
		<b>1,283,300</b>	<b>260,605</b>
			<b>1,022,695</b>

## FINANCIAL REVIEW (Continued)

### Use of proceeds from initial public offering (Continued)

Notes:

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

### Employees and Remuneration Policies

As at 30 June 2008, the Group employed a total of approximately 1,100 employees. Remuneration policies are reviewed regularly to ensure that the Group is offering competitive remuneration packages to the staff. Compensation of the employees includes salaries, contributions to housing fund and contributions to retirement benefit schemes. Promotion and salary increments are assessed based on performance related basis.

The Group has not 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 our employees.

## 財務回顧(續)

### 首次公開發售所得款項用途(續)

附註：

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

### 僱員及薪酬政策

於二零零八年六月三十日，本集團共聘用約1,100名僱員。本集團會定期檢討薪酬政策以確保本集團向員工提供具競爭力之薪酬福利。僱員薪酬包括薪金、房屋基金供款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遇到任何困難。本集團與其僱員保持良好工作關係。

### OUTLOOK

Looking into the second half of 2008, our management expects that QX Group will maintain a stable growth. In order to capture the market potentials, the Group will continue to expand its production capacity, widen products applications, refine the production technologies and processes as well as enhance our proprietary R&D capabilities. The Group will also consider any potential merger and acquisition (“M&A”) opportunities to further expand our operation scale and to guarantee the best interest of our shareholders. Furthermore, the recent tightening of credit policy by the PRC government may create M&A opportunities for companies with strong balance sheet and resources like QX Paper.

Our management strongly believes that by leveraging our quality products with wide applications, our excellent core technical competencies and a significantly lower cost base, QX Group will be able to reinforce the market position of its products. The Group is committed to becoming a leading manufacturer of decorative base paper products in the region, and ultimately, generating lucrative returns to our shareholders.

### 展望

展望二零零八年下半年，管理層預期群星集團將繼續保持平穩增長。為把握市場潛力，本集團將繼續擴充產能、開拓產品用途、改良生產技術及工序，以及提升專利研發能力。本集團亦將考慮任何潛在合併及收購(「併購」)機會，以進一步拓展營運規模及確保股東之最佳利益。再者，中國政府近期收緊信貸之政策或可為群星紙業等財務狀況雄厚及資源充裕之公司締造併購機會。

管理層深信，群星集團憑藉用途廣泛之優質產品、卓越核心技能及顯著較低之成本基礎，勢可加強其產品之市場地位。本集團矢志成為區內裝飾原紙產品之龍頭製造商，並最終為股東帶來豐厚回報。



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

As at 30 June 2008, the number of issued ordinary shares of the Company was 1,038,619,000; and 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**

<b>Name of Director 董事名稱</b>	<b>Capacity/Nature of interest 身份／權益性質</b>	<b>Number of ordinary shares held 持有的普通股數目</b>	<b>Approximate percentage of the issued ordinary shares 佔已發行普通股之 概約百分比</b>
Dr. Zhu 朱博士	Interest of controlled corporation 受控制公司權益	700,000,000 (Note) (附註)	67.40%
Mrs. Zhu 朱太太	Interest of spouse 配偶權益	700,000,000 (Note) (附註)	67.40%

Note:

These shares were beneficially owned by Boom Instant Limited ("Boom Instant") which was owned as to 80% by Addinsight Limited ("Addinsight"). By virtue of his 87.5% shareholding interest in Addinsight, Dr. Zhu was deemed to be interested in the same parcel of shares held by Boom Instant under the SFO.

Mrs. Zhu was deemed to be interested in the same parcel of shares held by Dr. Zhu under the SFO.

These shares were same as those shares 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**

於二零零八年六月三十日，本公司之已發行普通股數目為1,038,619,000股；而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**

<b>Name of Director 董事名稱</b>	<b>Capacity/Nature of interest 身份／權益性質</b>	<b>Number of ordinary shares held 持有的普通股數目</b>	<b>Approximate percentage of the issued ordinary shares 佔已發行普通股之 概約百分比</b>
Dr. Zhu 朱博士	Interest of controlled corporation 受控制公司權益	700,000,000 (Note) (附註)	67.40%
Mrs. Zhu 朱太太	Interest of spouse 配偶權益	700,000,000 (Note) (附註)	67.40%

附註：

該等股份由 Boom Instant Limited (「Boom Instant」) 實益擁有，Addinsight Limited (「Addinsight」) 擁有其 80% 權益。根據證券及期貨條例，朱博士透過其於 Addinsight 的 87.5% 股權，被視為擁有 Boom Instant 持有的同一批股份之權益。

根據證券及期貨條例，朱太太被視為擁有朱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/Nature of interest 身份/權益性質	Number of ordinary shares held 持有的普通股數目	Approximate percentage of the issued ordinary shares 佔已發行普通股之概約百分比
Dr. Zhu 朱博士	Boom Instant	Interest of controlled corporation 受控制公司權益	80	80%
	Addinsight	Beneficial owner/ Interest of spouse 實益擁有人/配偶權益	87.5/12.5 <i>(Note 1)</i> <i>(附註 1)</i>	87.5%/12.5%
Mrs. Zhu 朱太太	Boom Instant	Interest of spouse 配偶權益	80	80%
	Addinsight	Beneficial owner/ Interest of spouse 實益擁有人/配偶權益	12.5/87.5 <i>(Note 1)</i> <i>(附註 1)</i>	12.5%/87.5%
Mr. Zhu 朱先生	Boom Instant	Interest of controlled corporation 受控制公司權益	20 <i>(Note 2)</i> <i>(附註 2)</i>	20%
	Be Broad Limited ("Be Broad")	Beneficial owner 實益擁有人	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)

Notes:

1. 12.5 shares of Addinsight was owned by Mrs. Zhu.
2. These shares were beneficially owned by Be Broad. By virtue of his 100% shareholding interest in Be Broad, Mr. Zhu was deemed to be interested in the same parcel of Boom Instant's shares held by Be Broad under the SFO.

Save as disclosed above, as at 30 June 2008, none of the Directors has interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the 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：

1. 12.5股Addinsight股份由朱太太擁有。
2. 該等股份由Be Broad實益擁有。根據證券及期貨條例，朱先生透過其於Be Broad的100%股權，被視為擁有Be Broad持有的同一批Boom Instant股份之權益。

除上文所披露者外，於二零零八年六月三十日，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、相關股份或債權證中擁有根據證券及期貨條例第352條須登記於本公司備存的登記冊內的權益或淡倉，或根據標準守則須知會本公司及聯交所的權益或淡倉。

## 董事購買股份或債券之權利

本公司或其任何附屬公司於期內並無訂立任何安排，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十八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 2008, 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	Capacity/Nature of interest 身份/權益性質	Number of ordinary shares held 持有的普通股數目	Approximate percentage of the issued ordinary shares 佔已發行普通股的概約百分比
Boom Instant	Beneficial owner 實益擁有人	700,000,000 (Note) (附註)	67.40%
Addinsight	Interest of controlled corporation 受控制公司權益	700,000,000 (Note) (附註)	67.40%

*Note:* These shares were beneficially owned by Boom Instant. By virtue of its 80% shareholding interest in Boom Instant, Addinsight was deemed to be interested in all the shares held by Boom Instant under the SFO. Dr. Zhu, Mr. Zhu and Mrs. Zhu are the directors of both Boom Instant and Addinsight.

Save as disclosed above, as at 30 June 2008, 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

於二零零八年六月三十日，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：* 該等股份由 Boom Instant 實益擁有。Addinsight 透過其於 Boom Instant 的 80% 股權，根據證券及期貨條例被視為擁有 Boom Instant 持有的所有股份的權益。朱博士、朱先生及朱太太均為 Boom Instant 及 Addinsight 之董事。

除上文所披露者外，於二零零八年六月三十日，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)擁有本公司股份或相關股份的權益或淡倉。

Since the listing of the Company on the Main Board of the Stock Exchange in October 2007, 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 2008 were consistent with those disclosed in the 2007 Annual Report.

### COMPLIANCE WITH CG CODE

As at 30 June 2008, 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 the major shareholder, an executive Director and chairman of the Company, 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 (the son of Dr. Zhu), an executive Director, vice-chairman and general manager of the Company, is responsible for the overall management of the Group's business operations and implementing the business strategies formulated by the Board. The Board considers that this management structure can provide the Group with consistent leadership and enables the Group to make and implement the Board's decisions promptly and efficiently. The Board will regularly review the effectiveness of this structure to ensure that such structure is appropriate in view of the Group's prevailing circumstances.

自本公司於二零零七年十月於聯交所主板上市以來，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、透明度及對股東之間責任。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。

本公司在截至二零零八年六月三十日止六個月內所採納之企業管治常規與二零零七年年報所披露者貫徹一致。

### 遵守企業管治守則

於二零零八年六月三十日，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。朱玉國博士除身為本公司之主要股東、執行董事兼主席外，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、副主席兼總經理朱墨群先生（朱博士之兒子），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 Directors' and employees' securities transactions on no less exacting terms than 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 2008.

#### Board Committees

The Board has established a total of four board committees including an Executive Committee (the "Executive Committee"), an Audit Committee (the "Audit Committee"), a Remuneration Committee (the "Remuneration Committee") and an Nomination Committee (the "Nomination Committee") to oversee different aspects of the Group's affairs. Each of the said board committees has adopted specific terms of reference covering its duties, powers and functions which will be reviewed by the Board from time to time.

#### Audit Committee

The Audit Committee currently comprises all three independent non-executive Directors ("INEDs"). The Audit Committee has reviewed with our management the condensed consolidated interim financial statements of the Group for the six months ended 30 June 2008, and the accounting principles and practices adopted by the Group during the period.

#### Remuneration Committee

The Remuneration Committee currently comprises one executive Director and all three INEDs. The primary duties of the Remuneration Committee are to make recommendations to the Board on remuneration of our Directors and senior management and determine on behalf of the Board specific remuneration packages and conditions of employment for our Directors and senior management.

### 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二零零八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標準。

#### 董事委員會

董事會合共成立四個董事委員會，包括執行委員會（「執行委員會」）、審核委員會（「審核委員會」）、薪酬委員會（「薪酬委員會」）及提名委員會（「提名委員會」），以監察本集團不同範疇之事務。上述董事委員會已各自採納涵蓋其職責、權力及職能之特定職權範圍，並將由董事會不時檢討該等職權範圍。

#### 審核委員會

審核委員會現時由全體三名獨立非執行董事（「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二零零八年六月三十日止六個月之簡明綜合中期財務報表，以及本集團於期內所採納之會計原則及實務準則。

#### 薪酬委員會

薪酬委員會現時由一名執行董事及全體三名獨立非執行董事組成。薪酬委員會之主要職責為就董事及高級管理層之薪酬向董事會作出建議，並代表董事會釐定董事及高級管理層之特定薪酬福利及僱用條件。

### **Nomination Committee**

The Nomination Committee currently comprises one executive Director and all three INEDs. The primary function of the Nomination Committee is to make recommendations to the Board regarding candidates to fill vacancies on our Board and senior management.

### **Executive Committee**

The Executive Committee currently comprises all the three executive Directors. The Board delegates powers to the Executive Committee to conduct and supervise the business of the Group and its staff in order to enhance the efficiency of the Group's daily operation.

### **提名委員會**

提名委員會現時由一名執行董事及全體三名獨立非執行董事組成。提名委員會之主要職責為就填補董事會及高級管理層空缺之候選人向董事會作出建議。

### **執行委員會**

執行委員會現時由全體三名執行董事組成。董事會授權予執行委員會執行及管理本集團之業務及員工，務求提升本集團日常營運之效率。

#### INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK4.16 cents (equivalent to approximately RMB3.66 cents) per ordinary share for the six months ended 30 June 2008 which shall be payable on Friday, 12 September 2008 to shareholders whose names appear on the register of members of the Company on Friday, 5 September 2008.

#### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 3 September 2008 to Friday, 5 September 2008, both days inclusive. In order to qualify for the aforesaid interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 2 September 2008.

#### PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2008, the Company repurchased 6,381,000 ordinary shares of the Company in total on the Stock Exchange at an aggregate price (before expenses) of HK\$19,458,330.

#### 中期股息

董事會議決宣派截至二零零八年六月三十日止六個月之中期股息每股普通股4.16港仙(約相當於人民幣3.66分)，將於二零零八年九月十二日(星期五)向於二零零八年九月五日(星期五)名列本公司股東名冊之股東派發。

#### 暫停辦理股份過戶登記

本公司將於二零零八年九月三日(星期三)至二零零八年九月五日(星期五)(首尾兩天包括在內)暫停辦理股份過戶登記手續。為符合獲派上述中期股息之資格，所有股份過戶文件連同有關股票最遲須於二零零八年九月二日(星期二)下午四時三十分前，一併送達本公司之香港股份過戶登記分處卓佳證券登記有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

#### 購買、出售或贖回股份

於截至二零零八年六月三十日止六個月內，本公司合共斥資19,458,330港元(扣除開支前)於聯交所購回合共6,381,000股本公司普通股。



**PURCHASE, SALE OR REDEMPTION  
OF SHARES** (Continued)

Details of repurchases of such ordinary shares were as follows:

Month of repurchase	購回之月份	Number of ordinary shares repurchased 購回之普通股數目	Repurchase price per ordinary share 每股普通股之購回價格		Aggregate repurchase price (before expenses) 購回價總額 (扣除開支前) HK\$ 港元
			Highest 最高 HK\$ 港元	Lowest 最低 HK\$ 港元	
January 2008	二零零八年一月	3,990,000	3.02	2.80	11,897,550
February 2008	二零零八年二月	2,391,000	3.41	2.99	7,560,780
		<b>Total</b> 總計			<b>19,458,330</b>

These repurchased shares were cancelled during the period and the issued share capital of the Company was reduced by the par value thereof. The above repurchases were effected by the Directors pursuant to the repurchase mandate granted to them for the benefit of the Company and the its shareholders as a whole in enhancing the net assets and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period.

**購買、出售或贖回股份(續)**

購回該等普通股之詳情如下：

Month of repurchase	購回之月份	Number of ordinary shares repurchased 購回之普通股數目	Repurchase price per ordinary share 每股普通股之購回價格		Aggregate repurchase price (before expenses) 購回價總額 (扣除開支前) HK\$ 港元
			Highest 最高 HK\$ 港元	Lowest 最低 HK\$ 港元	
January 2008	二零零八年一月	3,990,000	3.02	2.80	11,897,550
February 2008	二零零八年二月	2,391,000	3.41	2.99	7,560,780
		<b>Total</b> 總計			<b>19,458,330</b>

該等購回股份已於期內註銷，而本公司之已發行股本亦已減去相關之面值。上述購回乃由董事根據已授予彼等之購回授權進行，旨在透過提升本公司之每股資產淨值及盈利，從而令本公司及其股東整體得益。

除上文所披露者外，本公司及其任何附屬公司於期內概無購買、出售或贖回任何本公司股份。

#### CONNECTED TRANSACTION

During the six months ended 30 June 2008, the Group has entered into the following connected transaction:

##### Land Use Right Transfer Agreement with Guang Hua

As disclosed in an announcement of the Company dated 2 May 2008, on even date, Shandong QX (a wholly-owned subsidiary of the Company) as a purchaser has entered into a land use right transfer agreement (the "Agreement") with Guang Hua as a vendor pursuant to which Shandong QX agreed to purchase and Guang Hua agreed to sell a land use right in respect of a land parcel situated at San Li He, Shang Shan Town, Zouping County, Binzhou City, Shandong Province, the PRC with a total site area of approximately 21,263 sq.m. at a total consideration of RMB4,082,496 (the "Transfer").

As the entire equity interest of Guang Hua is owned by Dr. Zhu Yu Guo (an executive Director and chairman of the Company), Mr. Zhu Mo Qun (an executive Director and vice-chairman of the Company) and Ms. Sun Rui Fang (an non-executive Director) as to approximately 50%, 33% and 17% respectively, Guang Hua is a connected person of the Company and the Transfer contemplated under the Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. The Transfer was completed on 14 May 2008.

#### CONVERTIBLE BONDS, WARRANTS OR OTHER SIMILAR RIGHTS

During the six months ended 30 June 2008, the Company has not issued any convertible bonds, warrants or similar rights.

#### 關連交易

於截至二零零八年六月三十日止六個月內，本集團曾進行以下關連交易：

##### 與光華訂立土地使用權轉讓協議

誠如本公司日期為二零零八年五月二日之公佈所披露，山東群星(本公司之全資附屬公司)作為買方與光華作為賣方於同日訂立土地使用權轉讓協議(「該協議」)，據此，山東群星同意購買而光華同意出售一幅位於中國山東省濱州市鄒平縣長山鎮三里河、總地盤面積約21,263平方米之土地之土地的土地使用權，總代價為人民幣4,082,496元(「轉讓事項」)。

由於光華之全部股本權益由朱玉國博士(本公司執行董事兼主席)、朱墨群先生(執行董事兼副主席)及孫瑞芳女士(非執行董事)分別擁有約50%、33%及17%，故光華為本公司之關連人士，而根據上市規則第14A章，該協議項下擬進行之轉讓事項構成本公司之關連交易。轉讓事項於二零零八年五月十四日完成。

#### 可換股債券、認股權證或其他類似權利

於截至二零零八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、認股權證或類似權利。

## SHARE OPTION SCHEME

The following is a summary of the principal terms of the 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.

### (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.

## 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參與購股權計劃之投資實體。

### (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的10%。

### SHARE OPTION SCHEME (Continued)

**(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.

**(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 five 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)

**(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十二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%。

**(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二十一日內接納購股權。

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十年，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(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五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(以最高者為準)。

接納獲批授購股權建議時須繳付1港元之象徵式代價。

## 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 2008.



**ZHU Yu Guo** 朱玉國

Chairman 主席

Shandong, the PRC, 15 August 2008

中國山東，二零零八年八月十五日

## 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十年內均屬有效。

於二零零八年六月三十日，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](http://www.qxpaper.com)