



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
中期報告
2010



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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
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

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
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
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 2010 Interim Results:
25 August 2010

Announcement of 2010 Annual Results:
March 2011 (*tentative date*)

財務日誌

二零一零年中期業績公佈：
二零一零年八月二十五日

二零一零年全年業績公佈：
二零一一年三月(暫定日期)

DEFINITIONS

釋義

“Board” 「董事會」	指	the board of Directors 董事會
“BVI” 「英屬處女群島」	指	the British Virgin Islands 英屬處女群島
“CG Code” 「企業管治守則」	指	the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules 上市規則附錄14所載之《企業管治常規守則》
“Code Provision(s)” 「守則條文」	指	the code provision(s) under the CG Code 載於企業管治守則的守則條文
“Company” or “QX Paper” 「本公司」或「群星紙業」	指	Qunxing Paper Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange 群星紙業控股有限公司，一間在開曼群島註冊成立的有限責任公司，其已發行股份於聯交所主板上市
“Director(s)” 「董事」	指	director(s) of the Company 本公司董事
“Group”, “QX Group”, “we”, “our” or “us” 「本集團」或「群星集團」	指	the Company and its subsidiaries 本公司及其附屬公司
“HK\$” 「港元」	指	Hong Kong dollars, the lawful currency of Hong Kong 港元，香港法定貨幣
“Hong Kong” 「香港」	指	the Hong Kong Special Administrative Region of the PRC 中國香港特別行政區
“Listing Rules” 「上市規則」	指	the Rules Governing the Listing of Securities on the Stock Exchange 《聯交所證券上市規則》

<p>“Model Code” 「標準守則」</p>	指	<p>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》</p>
<p>“PRC” 「中國」</p>	指	<p>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</p>
<p>“Prospectus” 「招股章程」</p>	指	<p>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</p>
<p>“QX Securities Dealing Code” 「群星證券買賣守則」</p>	指	<p>a securities dealing code adopted by the Company on 8 September 2007 (as amended from time to time) on terms no less exacting than the required standard in the Model Code 本公司於二零零七年九月八日採納的《證券買賣守則》(經不時修訂)，其條款不較標準守則寬鬆</p>
<p>“RMB” 「人民幣」</p>	指	<p>Renminbi, the lawful currency of the PRC 人民幣，中國法定貨幣</p>
<p>“SFO” 「證券及期貨條例」</p>	指	<p>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)</p>
<p>“Shandong QX” 「山東群星」</p>	指	<p>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</p>
<p>“Stock Exchange” 「聯交所」</p>	指	<p>The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司</p>

* for identification purpose only
僅供識別

DEFINITIONS

釋義

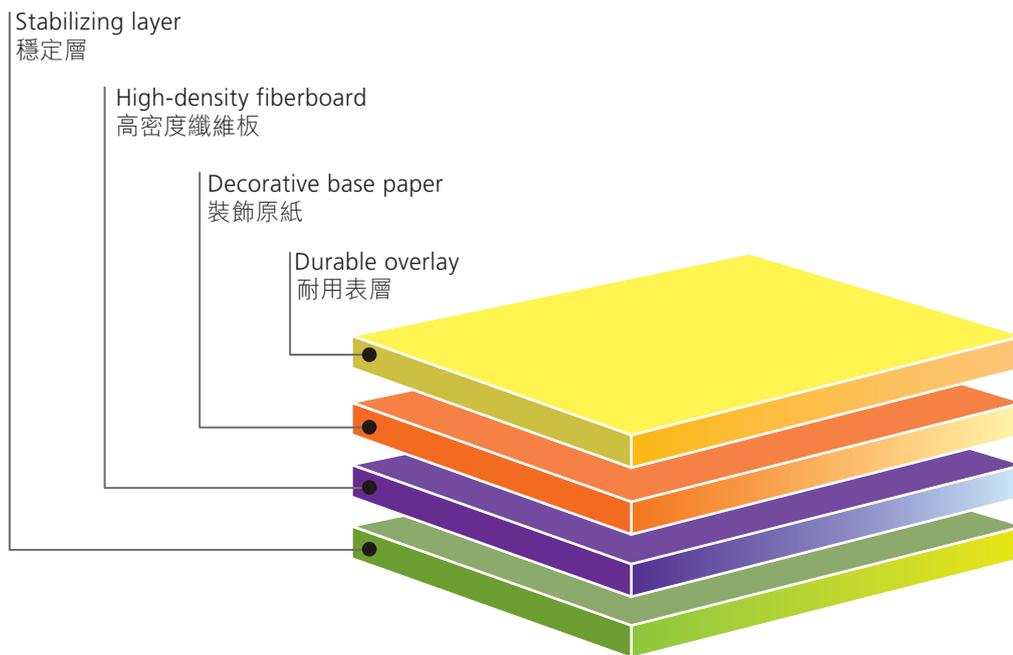
“substantial shareholder(s)” 「主要股東」	指	has the same meaning ascribed to it under the Listing Rules 具有上市規則所賦予的涵義
“tonne” 「噸」	指	a metric tonne, equivalent to 1,000 kilograms 一公噸，相當於1,000公斤
“%” 「%」	指	per cent. 百分比

GLOSSARY OF TECHNICAL TERMS

技術詞彙

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

Structure diagram of laminated board 人造板之結構圖



FINANCIAL HIGHLIGHTS

財務摘要

		For the six months ended 30 June		
		截至六月三十日止六個月		
		2010	2009	Change
		二零一零年	二零零九年	變動
		RMB'000	RMB'000	
		人民幣千元	人民幣千元	
		(Unaudited)	(Unaudited)	
		(未經審核)	(未經審核)	
Operating Results		經營業績		
Turnover	營業額	873,569	702,205	+24.4%
Profit from operations	經營溢利	198,262	175,467	+13.0%
Profit before taxation	除稅前溢利	198,262	171,299	+15.7%
Profit attributable to equity shareholders	權益股東應佔盈利	172,508	149,208	+15.6%
Gross profit margin	毛利率	25.6%	28.0%	-2.4% pts 百分點
Net profit margin	淨溢利率	19.7%	21.2%	-1.5% pts 百分點
Per Share Data		每股數據		
Basic earnings per share (RMB cents)	每股基本盈利 (人民幣分)	17	14	+21.4%
Dividend per share (HK cents) (equivalent to approximately RMB cents)	每股股息 (港仙) (約相當於人民幣分)	—	3.277	
		—	2.889	
		As at	As at	
		30 June	31 December	
		2010	2009	
		於二零一零年	於二零零九年	
		六月	十二月	
		三十日	三十一日	
		RMB'000	RMB'000	
		人民幣千元	人民幣千元	
		(Unaudited)	(Audited)	
		(未經審核)	(經審核)	
Financial Position		財務狀況		
Total assets	資產總值	2,809,397	2,530,525	+11.0%
Cash and cash equivalents	現金及現金等價物	684,820	682,764	+0.3%
Total liabilities	負債總值	185,522	78,216	+137.2%
Total equity	權益總值	2,623,875	2,452,309	+7.0%
Current ratio	流動比率	4.7	10.1	-5.4 times 倍
Quick ratio	速動比率	4.4	9.7	-5.3 times 倍
Gearing ratio	資產負債比率	0.0%	0.0%	

BUSINESS REVIEW

In the first half of 2010, the global economy continued its recovery seen in the latter half of 2009 despite lingering worries over credit conditions in Europe. China's economy remained robust, thanks to the effort of the PRC's government in boosting domestic demand, adjusting economic development structure, building a new countryside and improving overall living standard. According to the National Bureau of Statistics, China's gross domestic product ("GDP") grew 11.1% in the first half of 2010. On a quarter to quarter basis, the first-quarter GDP growth was 11.9% whilst the second-quarter GDP growth remaining strong at 10.3%.

General wage growth and acceleration in urbanization have paved the growing market demand of decorative base paper industry in the PRC. In particular, strong backing for the construction of economically affordable housing by the PRC government fueled demand for laminated boards in substitution of logs, driving the growth of the Group's decorative base paper business.

During the period under review, the overall business performance of the Group remained stable with improvements in operating efficiency. For the six months ended 30 June 2010, the Group recorded a turnover of RMB873.6 million, representing an increase of approximately 24.4% as compared to that of the corresponding period in 2009. Profit for the period amounted to RMB172.5 million, representing an increase of approximately 15.6% as compared with the corresponding period in 2009. Basic earnings per share were RMB17 cents (1H 2009: RMB14 cents). The overall gross profit margin dropped by 2.4% to 25.6% from 28.0% for the corresponding period in 2009. The decrease in overall gross profit margin was primarily due to the fact that Production lines nos. 10 and 11 were still in their preliminary stage of commercial production during the period under review and had not yet achieved their optimal production capacity. Moreover, an increase in depreciation expenses arising from establishment of new production facilities also cut into the Group's overall gross profit margin.

業務回顧

於二零一零年上半年，儘管歐洲信貸狀況對全球經濟造成隱憂，但全球經濟仍能保持自二零零九年下半年的復蘇勢頭。中國經濟在政府的推動下持續發展蓬勃，這有賴中國政府致力刺激內需、調整經濟發展架構、建設新農村和改善人民的整體生活水平。據中國國家統計局的資料所示，二零一零年上半年中國的國內生產總值(GDP)較二零零九年同期增長11.1%。以季度作比較，首季度的國內生產總值的增長為11.9%，而次季度仍然維持10.3%的強勁增長。

中國整體工資水平上升及城市化的步伐加快，令裝飾原紙產品在中國的市場需求不斷增長。尤其是中國政府大力鼓勵興建經濟適用房，促進市場對原木替代品人造板的需求，從而成為本集團裝飾原紙業務增長的加速器。

回顧期內，本集團透過致力改善營運效益，整體業務繼續表現平穩。截至二零一零年六月三十日止六個月，本集團的營業額為人民幣873,600,000元，較二零零九年同期增長約24.4%。期內溢利達到人民幣172,500,000元，較二零零九年同期增長約15.6%。每股基本盈利為人民幣17分(二零零九年上半年：人民幣14分)。整體毛利率為25.6%，較二零零九年同期的28.0%下跌2.4%，主要原因為第10及11號兩條生產線於回顧期內仍在落成投產初期，產能尚未完全發揮，加上新生產設施導致折舊費用增加，令本集團之整體毛利率受壓所致。

BUSINESS REVIEW *(Continued)*

Expansion of production capacity

As at 30 June 2010, the Group has invested and is operating 11 highly automated Production lines nos. 1 to 11, with an aggregate designed annual production capacity of approximately 320,000 tonnes, comprising approximately 270,000 tonnes of decorative base paper products and approximately 50,000 tonnes of printing paper product. Production lines nos. 12 and 13, each of which has a designed annual production capacity of approximately 30,000 tonnes, are currently under construction and are expected to be completed in August 2010. Commercial production of these two Production lines is expected to commence in the fourth quarter of 2010 and will further expand the Group's aggregate designed annual production capacity to approximately 380,000 tonnes.

In addition, the Group plans to rebuild two production lines, namely, Production lines nos. 1 and 2 in the second half of 2010 in order to further increase the designed annual production capacity of these production lines and to enhance the Group's cost competitiveness.

Comprehensive distribution channels

During the period under review, the Group continued to develop business strategically in 6 designated sales regions in the PRC, namely, Shandong, Sichuan, Guangdong, Beijing, Jiangsu and Zhejiang. The Group has maintained a comprehensive distribution channel with over 130 customers covering 13 provinces, autonomous regions and municipalities in the PRC. The Group will endeavor to maintain and strengthen the long term relationships with existing customers with a view to developing a solid foundation for our future business expansion.

業務回顧 *(續)*

擴充產能

於二零一零年六月三十日，本集團投資及營運第1至第11號11條總設計年產能約為320,000噸的高度自動化之生產線，其中約270,000噸為裝飾原紙產品的產能，而其餘約50,000噸為印刷用紙產品的產能。同時，本集團現正興建第12及第13號生產線，每條設計年產能約為30,000噸，預期將於二零一零年八月竣工，並於二零一零年第四季開始商業生產。屆時，本集團的總設計年產能將進一步增加至約380,000噸。

另外，本集團計劃於二零一零年下半年重建第1及第2號兩條生產線，以進一步提升該等生產線的設計年產能，從而增強本集團的成本競爭優勢。

完善的分銷渠道

回顧期內，本集團繼續在中國六個選定銷售地區作戰略發展，分別為山東、四川、廣東、北京、江蘇及浙江。本集團擁有完善的分銷渠道及逾130名客戶，遍及中國13個省份、自治區及直轄市。本集團將致力維持及鞏固與現有客戶的長遠合作關係，從而為未來業務拓展奠下穩固的基礎。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW *(Continued)*

Research and development of products

The Group has been putting efforts in research and development of products and technology. During the period under review, the Group has marketed more than 80 types of decorative base paper products which can be used in a wide spectrum of areas, ranging from furniture and flooring of home and office to interior decoration of large scale infrastructure facilities and vehicles, such as sports stadiums, community halls and air-crafts. The Group will continue to optimize product mix by enlarging the proportion of premium decorative base paper products so as to further capture market share and to enhance profitability.

Environmental protection

Environmental protection and corporate social responsibilities have always been highlighted in the Group's agenda. Decorative base paper products, as the Group's core product, are indeed a cost-effective alternative for wood products. Furthermore, the premium wood pulp used in the production of decorative base paper products conforms to the national policies for environmental protection of the PRC with almost no pollution caused. Besides, the promotion of the development and use of new energy automobiles by the PRC Government could poise the growing demand in our environmentally friendly decorative base paper products as interior decoration materials.

業務回顧 *(續)*

產品研發

本集團一直著力研發產品及技術。回顧期內，本集團銷售逾80種裝飾原紙產品，其應用範圍廣泛。除傢俱及家居辦公室地板等傳統應用外，大型基建設施如體育館、社區會堂以及交通工具如汽車的內部裝飾亦適用。本集團將繼續優化產品組合，增加高檔裝飾原紙產品的佔比，冀能提升市場份額及盈利能力。

著重環境保護

本集團一直著重履行環保及企業社會責任。本集團的核心產品裝飾原紙實屬木質品的廉價替代品。此外，本集團生產裝飾原紙產品所使用的高級木漿，在生產過程中並不會怎樣構成環境污染，符合國家的環保政策。再者，中國政府鼓勵發展及使用新能源汽車，順帶亦鼓勵使用我們的環保性裝飾原紙產品作為內部裝飾物料，因而推高市場對本集團裝飾原紙產品的需求。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW *(Continued)*

Environmental protection *(Continued)*

Currently, the Group has two waste water treatment systems. An earlier established system (the “Old System”) has an annual processing capacity of approximately 1,700,000 cubic meters whilst the other established in December 2009 has an annual processing capacity of approximately 3,650,000 cubic meters. A monitoring device is installed in those systems by the relevant authority in the PRC to ensure their waste water emission level is up to national standard. In order to further enhance the standard of our waste water treatment to accommodate the Group’s long-term growth and future expansion of production capacity, the Group has planned to commence renovation and improvement works on the Old System in the second half of 2010.

FINANCIAL REVIEW

Turnover

Turnover increased by approximately 24.4% from RMB702.2 million for the six months ended 30 June 2009 to RMB873.6 million for the six months ended 30 June 2010.

The increase in turnover for the six months ended 30 June 2010 was mainly attributable to the combined effects of (i) the increase in overall sales volumes by approximately 12.9% from 68,078 tonnes to 76,858 tonnes, out of which sales volumes of the decorative base paper products increased by approximately 22.7% from 49,175 tonnes in 2009 to 60,329 tonnes in 2010; and (ii) the increase in the average selling prices of the decorative base paper products by approximately 5.7% from RMB12,072 per tonne in 2009 to RMB12,755 per tonne in 2010, as well as the printing paper product by approximately 9.6% from RMB5,744 per tonne in 2009 to RMB6,297 per tonne in 2010.

業務回顧 *(續)*

著重環境保護 *(續)*

本集團在目前設有兩個污水處理系統，其中一個於較早期落成的污水處理系統（「舊有系統」）其每年的污水處理量約為1,700,000立方米，而另一個於二零零九年十二月落成的污水處理系統，其每年的污水處理量則約為3,650,000立方米。中國有關當局於上述污水處理系統安裝了監察儀器，確保該等系統的污水排放量符合國家標準。為提升污水處理標準以應付本集團的長遠發展及未來產能的擴充，本集團計劃於二零一零年下半年翻新和改良舊有系統。

財務回顧

營業額

營業額由截至二零零九年六月三十日止六個月人民幣702,200,000元上升約24.4%至截至二零一零年六月三十日止六個月人民幣873,600,000元。

截至二零一零年六月三十日止六個月營業額上升主要因為下列因素之綜合影響所致：(i)整體銷售量由68,078噸上升約12.9%至76,858噸，其中裝飾原紙產品的銷售量由二零零九年的49,175噸上升約22.7%至二零一零年的60,329噸；及(ii)裝飾原紙產品的平均售價由二零零九年每噸人民幣12,072元上升約5.7%至二零一零年每噸人民幣12,755元，而印刷用紙產品則由二零零九年每噸人民幣5,744元上升約9.6%至二零一零年每噸人民幣6,297元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW *(Continued)*

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.

Overall cost of sales increased by approximately 28.5% from RMB505.4 million for the six months ended 30 June 2009 to RMB649.6 million for the six months ended 30 June 2010. The increase in cost of sales was primarily due to the combined effects of (i) the increase in usage of raw materials, which are the major component of our cost of sales, as a result of the increased sales volume, (ii) the increase in average purchasing costs of wood pulp and titanium dioxide powder, our principal raw materials for production during the six months ended 30 June 2010 (as discussed below), (iii) the increase in production overheads, such as electricity and steam expenses, in line with the increase in production volume; and (iv) the increase in depreciation expenses due to the commercial production of Production lines nos. 8 to 11 since 2009.

財務回顧 *(續)*

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。

整體銷售成本由截至二零零九年六月三十日止六個月之人民幣505,400,000元增加約28.5%至截至二零一零年六月三十日止六個月之人民幣649,600,000元。銷售成本增加主要因為下列因素之綜合影響所致：(i)作為本集團之銷售成本主要部分之原料耗用量隨銷售量上升而增加；(ii)截至二零一零年六月三十日止六個月內，本集團之主要生產原料木漿及鈦白粉之平均採購成本上升(詳情將於下文論述)；(iii)經常性生產開支如電力及蒸汽等費用亦因產量增加而相應增加；及(iv)折舊費用亦因第8號至第11號生產線於二零零九年開始進行商業生產而增加。

FINANCIAL REVIEW (Continued)

Cost of sales (Continued)

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 2009 and 2010, the purchase of wood pulp amounted to approximately RMB192.4 million and RMB251.5 million, respectively, representing approximately 38.1% and 38.7% of the total cost of sales for the respective periods. The increase is due to the combined effect of (i) the increase in usage of wood pulp, in line with the increased sales volume; and (ii) the increase in the average purchase price (value added tax inclusive) of wood pulp by approximately 15.9% from approximately RMB5,104 per tonne in 2009 to RMB5,917 per tonne in 2010. For each of the six months ended 30 June 2009 and 2010, the purchase of titanium dioxide powder amounted to approximately RMB133.9 million and RMB183.2 million, respectively, representing approximately 26.5% and 28.2% of the total cost of sales for the respective periods. The increase was mainly due to the combined effect of (i) the increase in usage of titanium dioxide as a result of the increased sales volume in decorative base paper products; and (ii) the increase in the average purchase price (value added tax inclusive) of titanium dioxide by approximately 5.7% from approximately RMB12,524 per tonne in 2009 to RMB13,242 per tonne in 2010.

財務回顧(續)

銷售成本(續)

主要原料

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

截至二零零九年及二零一零年六月三十日止六個月各期間，購買木漿分別耗資約人民幣192,400,000元及人民幣251,500,000元，分別佔各期間總銷售成本約38.1%及38.7%。增加是因為下列因素之綜合影響所致：(i)木漿之耗用量隨銷售量增加而上升；及(ii)木漿之平均採購價(包括增值稅)，由二零零九年約每噸人民幣5,104元上升約15.9%至二零一零年約每噸人民幣5,917元。截至二零零九年及二零一零年六月三十日止六個月各期間，購買鈦白粉分別耗資約人民幣133,900,000元及人民幣183,200,000元，分別佔各期間總銷售成本約26.5%及28.2%。增加主要是因為下列因素之綜合影響所致：(i)鈦白粉之耗用量隨裝飾原紙產品銷量增加而上升；及(ii)鈦白粉之平均採購價(包括增值稅)由二零零九年約每噸人民幣12,524元上升約5.7%至二零一零年約每噸人民幣13,242元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Cost of sales (Continued)

Utilities and steam expenses

Our electricity and steam expenses increased by approximately 17.6% from RMB64.9 million in the six months ended 30 June 2009 to RMB76.3 million in the six months ended 30 June 2010, which was mainly due to the increase in production volume as a result of the commercial operation of Production lines nos. 8 to 9 and Production lines nos. 10 to 11 since March 2009 and December 2009, respectively. The electricity and steam expenses accounted for approximately 12.8% and 11.7% of the total cost of sales for the respective periods.

Depreciation charges

Our depreciation charges included in cost of sales increased by approximately 55.8% from RMB41.9 million in the six months ended 30 June 2009 to RMB65.3 million in the six months ended 30 June 2010, which was mainly due to the commercial operation of Production lines nos. 8 to 11 in 2009.

Gross profit and gross profit margin

The gross profit of our Group increased by approximately 13.8% from RMB196.8 million for the six months ended 30 June 2009 to RMB224.0 million for the six months ended 30 June 2010.

The following table sets forth the gross profit margin of each category of the products for the six months ended 30 June 2009 and 2010:

Products	產品	2010 二零一零年	2009 二零零九年
Decorative base paper products	裝飾原紙產品	26.9%	30.0%
Printing paper product	印刷用紙產品	16.6%	17.0%
Overall	整體毛利率	25.6%	28.0%

財務回顧(續)

銷售成本(續)

公用事業及蒸汽費用

電力及蒸汽費用由截至二零零九年六月三十日止六個月人民幣64,900,000元增加約17.6%至截至二零一零年六月三十日止六個月人民幣76,300,000元，增加主要由於第8與第9號生產線及第10與第11號生產線分別於二零零九年三月及二零零九年十二月進行商業生產而推高產量所致。電力及蒸汽費用分別佔各期間總銷售成本約12.8%及11.7%。

折舊費用

計入銷售成本之折舊費用由截至二零零九年六月三十日止六個月人民幣41,900,000元增加約55.8%至截至二零一零年六月三十日止六個月人民幣65,300,000元，增加是因為第8至第11號生產線於二零零九年開始進行商業生產所致。

毛利及毛利率

本集團之毛利由截至二零零九年六月三十日止六個月之人民幣196,800,000元增加約13.8%至截至二零一零年六月三十日止六個月之人民幣224,000,000元。

下表載列截至二零零九年及二零一零年六月三十日止六個月各產品類別之毛利率：

Six months ended 30 June

截至六月三十日止六個月

2010 2009
二零一零年 二零零九年

FINANCIAL REVIEW (Continued)

Gross profit and gross profit margin (Continued)

The decrease in overall gross profit margin of our decorative base paper products in 2010 was mainly attributable to (i) the change in sales mix during the six months ended 30 June 2010 where the sales of coloured decorative base paper products, which generally has higher gross profit margins, decreased; and (ii) the economies of scale has not been achieved for Production lines nos. 10 to 11, which commenced commercial operation in December 2009.

As a result, our overall gross profit margin decreased from approximately 28.0% for the six months ended 30 June 2009 to approximately 25.6% for the six months ended 30 June 2010.

Other revenue and other net loss

Other revenue, which represented mainly interest income earned from the bank deposits and dividend income from listed securities, decreased by approximately 53.8% from RMB2.6 million for the six months ended 30 June 2009 to RMB1.2 million for the six months ended 30 June 2010. The decrease was mainly due to the consequence of less cash held on hand upon the payment of construction costs for production lines and the persistently low interest rate environment in the wake of the financial tsunami.

In compliance with the financial management and treasury policies, certain investments were made using uncommitted funds. During the six months ended 30 June 2009, we recorded a net realised and unrealised loss on financial assets at fair value through profit or loss of RMB0.8 million. We did not incur such loss during the six months ended 30 June 2010.

財務回顧(續)

毛利及毛利率(續)

裝飾原紙產品二零一零年的整體毛利率下降主要由於(i)截至二零一零年六月三十日止六個月的銷售組合有所變動，其中毛利率一般較高的有色裝飾原紙產品之銷售減少；及(ii)於二零零九年十二月展開商業營運的第10至第11號生產線尚未達到規模經濟效益。

因此，整體毛利率由截至二零零九年六月三十日止六個月約28.0%降至截至二零一零年六月三十日止六個月約25.6%。

其他收益及其他虧損淨額

其他收益主要指從銀行存款所賺取之利息收入以及上市證券之股息收入，由截至二零零九年六月三十日止六個月之人民幣2,600,000元減少約53.8%至截至二零一零年六月三十日止六個月之人民幣1,200,000元。減少主要是因為支付生產線建築成本後手頭現金減少，再加上經過金融海嘯一役後，低息環境持續。

遵照財務管理及庫存政策，本集團就未定用途資金作出若干投資。截至二零零九年六月三十日止六個月，本集團錄得按公平值計入損益之財務資產已變現及未變現虧損淨額為人民幣800,000元。截至二零一零年六月三十日止六個月，我們並無錄得有關虧損。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Selling expenses

In accordance with our Group policy, we allocate approximately 1.0% of the revenue from sales as the annual budget for the marketing activities. As at latest practical date, we have 46 sales and marketing staff to carry out various promotional activities in an attempt to solicit new customers in the six designated sales regions in the PRC.

For the six months ended 30 June 2010, the selling expenses increased by approximately 17.9% to RMB9.9 million from RMB8.4 million for the six months ended 30 June 2009. As a percentage of turnover, our selling expenses were maintained at approximately 1.1% for the six months ended 30 June 2010, which was in line with our Group policy.

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.

Our administrative expenses increased by approximately 14.9% from RMB14.8 million for the six months ended 30 June 2009 to RMB17.0 million for the six months ended 30 June 2010. The increase was mainly due to the continuing expansion of our business where additional supportive staff were employed such that the administrative staff costs, employee benefits and pension expenses were increased. Nevertheless, our administrative expenses, as a percentage of turnover, were maintained at approximately 2.0% for each of the six months ended 30 June 2009 and 2010.

財務回顧(續)

銷售開支

按本集團的政策，我們將銷售收益約1.0%分配於市場推廣活動之年度預算。於最後實際可行日期，本集團銷售及市場推廣員工有46人，專責進行多項宣傳活動，務求於中國六個選定銷售地區尋求新客戶。

銷售開支由截至二零零九年六月三十日止六個月之人民幣8,400,000元上升約17.9%至截至二零一零年六月三十日止六個月之人民幣9,900,000元。截至二零一零年六月三十日止六個月，銷售開支佔營業額之百分比維持約1.1%，符合本集團的政策。

行政開支

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

行政開支由截至二零零九年六月三十日止六個月之人民幣14,800,000元增加約14.9%至截至二零一零年六月三十日止六個月之人民幣17,000,000元。增加主要由於持續拓展經營業務，從而增聘支援員工，令行政職員成本、員工福利及退休金開支增加所致。然而，本集團之行政開支佔營業額之百分比截至二零零九年及二零一零年六月三十日止六個月均維持於約2.0%。

FINANCIAL REVIEW (Continued)

Finance costs

Finance costs consist primarily of interest expenses on the bank borrowings. We incurred a finance cost of RMB4.2 million during the six months ended 30 June 2009, but we did not have any finance cost for the six months ended 30 June 2010 as all of the bank borrowings were repaid in last year.

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, Shandong QX is subject to an income tax rate of 12.5% for the six months ended 30 June 2009 and 2010.

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 2009 and 2010.

Liquidity and financial resources

Current and quick ratio

The current ratio of the Group decreased from 10.1 as at 31 December 2009 to 4.7 as at 30 June 2010 and the quick ratio of the Group decreased from 9.7 as at 31 December 2009 to 4.4 as at 30 June 2010, respectively, which was mainly due to the combined effect of (i) the full utilisation of value-added tax recoverable of RMB40.2 million to offset value-added tax payables on sales during the six months ended 30 June 2010; and (ii) the increase in raw material purchases for production under the production capacity expansion.

財務回顧(續)

融資成本

融資成本主要包括銀行借貸之利息支出。本集團於截至二零零九年六月三十日止六個月產生融資成本人民幣4,200,000元，惟截至二零一零年六月三十日止六個月則沒有產生任何融資成本，原因是所有銀行借貸已於去年清還。

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的中國企業所得稅法的稅務優惠過渡辦法，本集團於中國之主要營運附屬公司山東群星自二零零七年一月一日至二零零八年十二月三十一日兩年間獲豁免繳納中國所得稅，以及於二零零九年一月一日至二零一一年十二月三十一日餘下三年間按12.5%之減免稅率繳納中國所得稅。因此山東群星截至二零零九年及二零一零年六月三十日止六個月則須按12.5%之稅率繳納中國所得稅。

鑒於本集團截至二零零九年及二零一零年六月三十日止六個月並無賺取任何須繳納香港利得稅之應課稅溢利，故毋須就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

本集團的流動比率由二零零九年十二月三十一日的10.1降至二零一零年六月三十日的4.7，而本集團的速動比率由二零零九年十二月三十一日的9.7降至二零一零年六月三十日的4.4，主要由於下列因素的綜合影響所致：(i)可收回增值稅人民幣40,200,000元已全數利用抵銷截至二零一零年六月三十日止六個月與銷售有關的應付增值稅；及(ii)因擴產而增加原料採購。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Liquidity and financial resources (Continued)

Financial resources

The financial resources of the Group continued to be strong. As at 30 June 2010, shareholders' fund of the Group totalled RMB2,623.9 million, representing an increase of approximately 7.0% from RMB2,452.3 million at 31 December 2009. The Group had cash and cash equivalents of approximately RMB684.8 million as at 30 June 2010 (31 December 2009: RMB682.8 million).

The Group continues to enjoy a stable and strong net cash inflow from operations. During the six months ended 30 June 2009 and 2010, the net cash generated from operations was RMB199.8 million and RMB260.4 million, respectively, representing an increase of 30.3% on a period-to-period comparison.

Financial management and treasury policies

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

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。於二零一零年六月三十日，本集團之股東資金總額為人民幣2,623,900,000元，較於二零零九年十二月三十一日之人民幣2,452,300,000元增加約7.0%。本集團於二零一零年六月三十日之現金及現金等價物約為人民幣684,800,000元(二零零九年十二月三十一日：人民幣682,800,000元)。

本集團繼續享有穩定及強勁經營業務現金流入淨額。截至二零零九年及二零一零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199,800,000元及人民幣260,400,000元，同期比較上升30.3%。

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 2010, 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 2010, the Group recorded aggregate additions to property, plant and equipment and construction in progress of approximately RMB258.5 million (six months ended 30 June 2009: RMB202.6 million).

Capital commitments and contingencies

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

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 2010.

財務回顧(續)

財務管理及庫務政策(續)

於二零一零年六月三十日，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列貨幣。因此，期內人民幣兌外幣的波動對本集團之業績並無重大影響。

資本開支

截至二零一零年六月三十日止六個月，本集團之物業、廠房及設備及在建工程之增加合共動用約人民幣258,500,000元(截至二零零九年六月三十日止六個月：人民幣202,600,000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。有關資本承擔之一部份將以於二零零七年十月二日首次公開發售獲得之所得款項淨額撥付。詳情請參閱「首次公開發售所得款項用途」一段。

本集團在中國日益嚴格之環保法律及法規下有環保或然項目。然而，於本報告日期，本集團並未因環境修復問題產生任何重大支出，現時亦無涉及任何環境修復事件。此外，目前無法合理估計建議中或將來推出之環保法律規定可能導致在環保方面之負債。因此，本集團未就任何與業務相關之環境修復計提任何金額。除上文所披露者外，本集團於二零一零年六月三十日並無重大或然負債。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Use of proceeds from the Initial Public Offering

Upon the initial public offering of the Company on 2 October 2007 (the "Listing Date"), the Group received net proceeds amounted to approximately HK\$1,492.8 million (equivalent to approximately RMB1,445.5 million), after deduction of related expenses and the exercise of Over-allotment Option (Note 1) on the Listing Date. As disclosed in the Prospectus, our Group planned to apply most of the net proceeds to expand our production capacity as well as to re-engineer and modify our existing production facilities to enhance production efficiency. As at 30 June 2010, part of the net proceeds had 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，本集團獲取所得款項淨額約為1,492,800,000港元(約相等於人民幣1,445,500,000元)(扣除相關費用及於上市日期行使超額配股權(附註1)後)。誠如招股章程所披露，本集團計劃將大部分所得款項淨額用於擴充產能，以及重整及改善現有生產設施以提升生產效率。於二零一零年六月三十日，部分所得款項淨額已應用於下列各項：

		Amount		
	Planned amount	utilized up to 30 June 2010	Balance as at 30 June 2010	
	計劃金額	截至二零一零年六月三十日已使用金額	於二零一零年六月三十日之結餘	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
	人民幣千元	人民幣千元	人民幣千元	
Settlement of the remaining balance of the construction costs of Production line no. 7	支付建造第7號生產線的餘款	163,300	163,300	—
Construction of Production lines nos. 8 to 11	建造第8至第11號生產線	720,000	720,000	—
Construction of new Production lines nos. 12 to 13 (Note 2)	建造第12至第13號新生產線 (附註2)	360,000	360,000	—
Re-engineering and modification of the existing Production lines nos. 1 and 2	重整及改善第1及第2號現有生產線	40,000	—	40,000
		1,283,300	1,243,300	40,000

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Use of proceeds from the Initial Public Offering (Continued)

Notes:

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

HUMAN RESOURCES

As at 30 June 2010, our Group employed approximately 1,400 employees in the PRC and Hong Kong. Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. Promotion and salary increments are assessed based on a performance related basis.

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

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，將計劃的第10至第11號新生產線的產能提高一倍，由60,000噸提高至120,000噸。超額配股權已於上市日期獲行使，而本集團決定透過興建第12至第13號另外兩條生產線，進一步增加60,000噸產能。

人力資源

於二零一零年六月三十日，本集團於中國及香港共聘用約1,400名員工。本集團薪酬福利的主要組成部分包括基本薪金、醫療保險、酌情現金花紅及退休福利計劃供款。晉升機會及加薪以個別表現作評估基準。

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

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OUTLOOK

In view of the global economic recovery and China's huge resurgence in growth, management of the QX Group will continue to develop its business in a prudent manner and closely monitor market changes in the second half of 2010. With the PRC government's strong emphasis on environmental protection and its continuous support for related industries, the management believes that the laminated board market in the PRC will continue to grow considerably. The Group will strive to steer steady development of our production and operations and to capture a higher market share.

Looking ahead to the second half of 2010, the management is confident that with the uniqueness of our decorative base paper products, strong research and development capability and healthy financial position, the Group will be able to further consolidate its leading position in the PRC's decorative base paper market, improve our profitability and capitalize on the growing demand for laminated board in China. In addition, we are actively looking for potential and suitable acquisition targets in the PRC's decorative base paper industry and related sectors that would create synergy to the Group's existing business and would also sharpen our competitive edge in order to maximize return for all the Company's shareholders in the long run.

前景

隨著全球經濟復蘇，中國經濟增長蓬勃，群星集團管理層於二零一零年下半年將繼續以審慎態度發展業務，並密切關注市場的任何變動。鑒於中國政府極為重視環境保護，並一直對相關產業提供支持，管理層相信中國的人造板市場仍會維持可觀增長。本集團將繼續致力推動其生產經營平穩發展，並爭取更高的市場份額。

展望二零一零年下半年，憑藉本集團裝飾原紙產品的獨特性、雄厚的研發能力及穩健的財務狀況，管理層有信心能進一步鞏固本集團在中國裝飾原紙市場的龍頭地位及提升其盈利能力，並能抓緊中國對人造板需求日益殷切所帶來的機遇。此外，本集團正在中國的裝飾原紙行業及相關領域積極物色具潛力及合適的收購目標，冀能與本集團的現有業務締造協同效益，並可加強本集團的競爭優勢，從而在長遠而言為本公司全體股東創造最佳回報。

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合損益表

For the six months ended 30 June 2010
截至二零一零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

		Note 附註	2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2009 二零零九年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Turnover	營業額	4	873,569	702,205
Cost of sales	銷售成本		(649,561)	(505,435)
Gross profit	毛利		224,008	196,770
Other revenue	其他收益	5	1,223	2,643
Other net loss	其他虧損淨額	5	(84)	(755)
Selling expenses	銷售開支		(9,866)	(8,414)
Administrative expenses	行政開支		(17,019)	(14,777)
Profit from operations	經營溢利		198,262	175,467
Finance costs	融資成本	6(a)	—	(4,168)
Profit before taxation	除稅前溢利	6	198,262	171,299
Income tax	所得稅	7	(25,754)	(22,091)
Profit for the period	期內溢利		172,508	149,208
Earnings per share (RMB cents)	每股盈利(人民幣分)	9		
Basic	基本		17	14

The notes on pages 32 to 46 form part of these financial statements.

於第32至46頁的附註構成此等財務報表的一部份。

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收益表

For the six months ended 30 June 2010
截至二零一零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	
		2010	2009
		二零一零年	二零零九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Profit for the period	期內溢利	172,508	149,208
Other comprehensive income for the period	期內其他全面收益		
Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "PRC")	換算中華人民共和國(「中國」)境外業務財務報表產生的匯兌差額	(942)	(33)
Total comprehensive income for the period	期內全面收益總額	171,566	149,175
Attributable to:	應佔：		
Equity shareholders of the Company	本公司權益持有人	171,566	149,175

The notes on pages 32 to 46 form part of these financial statements.

於第32至46頁的附註構成此等財務報表的一部份。

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

As at 30 June 2010

於二零一零年六月三十日

		Note 附註	As at 30 June 2010 於二零一零年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2009 於二零零九年 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	10	1,414,842	1,365,520
Construction in progress	在建工程	10	499,773	296,911
Lease prepayments	租賃預付款項	10	14,639	14,809
Prepayments for the acquisition of plant and equipment	購買廠房及 設備預付款項	10	—	60,780
			1,929,254	1,738,020
Current assets	流動資產			
Inventories	存貨	11	55,148	37,334
Trade and other receivables	應收貿易賬款及 其他應收款項	12	140,175	72,407
Cash and cash equivalents	現金及現金等價物		684,820	682,764
			880,143	792,505
Current liabilities	流動負債			
Trade and other payables	應付貿易賬款及 其他應付款項	13	155,915	58,000
Current taxation	即期稅項		29,607	20,216
			185,522	78,216
Net current assets	流動資產淨值		694,621	714,289
NET ASSETS	資產淨值		2,623,875	2,452,309

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

As at 30 June 2010
於二零一零年六月三十日

		Note	As at 30 June 2010 於二零一零年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2009 於二零零九年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Capital and reserves	資本及儲備			
Share capital	股本	14	102,427	100,258
Reserves	儲備		2,521,448	2,352,051
TOTAL EQUITY	權益總值		2,623,875	2,452,309

The notes on pages 32 to 46 form part of these financial statements.

於第32至46頁的附註構成此等財務報表的一部份。

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2010
截至二零一零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 股本 RMB'000 人民幣千元 (Unaudited) (未經審核)	Share premium 股份溢價 RMB'000 人民幣千元 (Unaudited) (未經審核)	Capital reserve 資本儲備 RMB'000 人民幣千元 (Unaudited) (未經審核)	Other reserve 其他儲備 RMB'000 人民幣千元 (Unaudited) (未經審核)	Statutory surplus reserve 法定盈餘儲備 RMB'000 人民幣千元 (Unaudited) (未經審核)	Exchange reserve 匯兌儲備 RMB'000 人民幣千元 (Unaudited) (未經審核)	Retained profits 保留溢利 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total equity 權益總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
At 1 January 2009	於二零零九年一月一日	100,258	1,474,812	—	(10,323)	84,576	(51,480)	637,364	2,235,207
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	—	—	—	—	—	(33)	—	(33)
Dividend paid in respect of prior year	關於前年度股息	—	(76,990)	—	—	—	—	—	(76,990)
Net profit for the period	期內溢利淨額	—	—	—	—	—	—	149,208	149,208
At 30 June 2009	於二零零九年六月三十日	100,258	1,397,822	—	(10,323)	84,576	(51,513)	786,572	2,307,392
At 1 January 2010	於二零一零年一月一日	100,258	1,367,980	—	(10,323)	117,901	(51,633)	928,126	2,452,309
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	—	—	—	—	—	(942)	—	(942)
Dividends declared and approved in respect of the previous year	過往年度宣佈及批准之股息	—	(67,385)	—	—	—	—	—	(67,385)
Shares issued in lieu of dividends	發行以股代息股份	2,169	65,216	—	—	—	—	—	67,385
Net profit for the period	期內溢利淨額	—	—	—	—	—	—	172,508	172,508
At 30 June 2010	於二零一零年六月三十日	102,427	1,365,811	—	(10,323)	117,901	(52,575)	1,100,634	2,623,875

The notes on pages 32 to 46 form part of these financial statements.

於第32至46頁的附註構成此等財務報表的一部份。

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

簡明綜合現金流量表

For the six months ended 30 June 2010
截至二零一零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	
		2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2009 二零零九年 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	260,406	199,756
Net cash used in investing activities	投資活動所用現金淨額	(257,287)	(306,616)
Net cash used in financing activities	融資活動所用現金淨額	—	(205,158)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物淨額增加/(減少)	3,119	(312,018)
Cash and cash equivalents at beginning of the period	期初現金及現金等價物	682,764	1,539,373
Effect of foreign exchange rate changes	外匯匯率變動影響	(1,063)	(69)
Cash and cash equivalents at end of the period	期末現金及現金等價物	684,820	1,227,286

The notes on pages 32 to 46 form part of these financial statements.

於第32至46頁的附註構成此等財務報表的一部份。

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 2010
截至二零一零年六月三十日止六個月

1. General information and basis of presentation

Qunxing Paper Holdings Company Limited (“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 Company and its subsidiaries (collectively referred to as “the Group”) are principally engaged in manufacturing and trading of decorative base paper products and printing paper product.

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

2. Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2009 and 2010 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 unaudited condensed consolidated 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 2009 (“2009 Annual Report”).

3. Significant accounting policies

Except as described below, the accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2010 are consistent with those in the preparation of the Group’s 2009 Annual Report.

1. 一般資料及呈列基準

群星紙業控股有限公司(「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。本公司及其附屬公司(統稱為「本集團»)主要從事製造及銷售裝飾原紙產品及印刷用紙產品。

本公司的股份於二零零七年十月二日在聯交所上市。

2. 編制基準

截至二零零九年及二零一零年六月三十日止六個月之未經審核簡明綜合財務報表乃根據《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。

未經審核簡明綜合財務報表不包括年度財務報表規定之一切資料及披露，並應與本集團截至二零零九年十二月三十一日止年度之年報(「二零零九年年報»)年報一併閱讀。

3. 主要會計政策

除下列所描述外，截至二零一零年六月三十日止六個月之簡明綜合財務報表所用之會計政策與編製本集團之二零零九年年報所用者貫徹一致。

3. Significant accounting policies

(continued)

The IASB has issued certain amendments, new standards and interpretations that are first effective for the current interim period of the Group. The adoption of these amendments, new standards and interpretations 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.

4. Turnover

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

3. 主要會計政策(續)

國際會計準則委員會頒佈了若干於本集團現行會計期間首次生效的修訂、新準則及詮釋。採納此等修訂、新準則及詮釋並無對本集團應用於現行及之前呈報會計期間的簡明綜合財務報表的會計政策造成重大變動。

4. 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

2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2009 二零零九年 RMB'000 人民幣千元 (Unaudited) (未經審核)
769,493	593,634
104,076	108,571
873,569	702,205

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For the six months ended 30 June 2010
截至二零一零年六月三十日止六個月

5. Other revenue and net loss

5. 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	
		2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2009 二零零九年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Other revenue	其他收益		
Interest income from bank deposits	銀行存款利息收入	1,223	2,249
Dividend income from listed securities	上市證券之股息收入	—	394
		1,223	2,643
Other net loss	其他虧損淨額		
Gain on disposal of property, plant and equipment	出售物業、廠房及 設備的收益	21	—
Net foreign exchange loss	外匯虧損淨額	(105)	—
Net realized and unrealized losses on financial assets at fair value through profit or loss	按公平值計入損益的 財務資產已變現及 未變現淨虧損	—	(755)
		(84)	(755)

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For the six months ended 30 June 2010
截至二零一零年六月三十日止六個月

6. Profit before taxation

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

6. 除稅前溢利

除稅前溢利已扣除／(計入)：

		For the six months ended 30 June 截至六月三十日止六個月	
		2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2009 二零零九年 RMB'000 人民幣千元 (Unaudited) (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的 財務負債利息 — 於五年內全數償還 的銀行貸款利息	—	4,168
(b) Staff costs Contributions to defined contribution retirement plans Salaries, wages and other benefits	(b) 員工成本 定額供款退休金計劃供款 薪金、工資及其他福利	1,904 19,307	1,326 17,216
(c) Other items: Amortisation of lease prepayments Depreciation Gain on disposal of property, plant and equipment Operating lease charges in respect of — leasehold land and properties — others 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 設備收益 有關的經營租賃費用 — 租賃土地及物業 — 其他 排污費 研發成本	170 67,106 (21) 4,516 75 143 129	170 42,214 — 1,512 75 66 96
		21,211	18,542

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 2010
截至二零一零年六月三十日止六個月

7. Income tax expense

7. 所得稅開支

		For the six months ended 30 June 截至六月三十日止六個月	
		2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2009 二零零九年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Current tax	即期稅項		
— PRC corporate income tax	— 中國企業所得稅	25,754	22,091
(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.	(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，本集團無須繳納開曼群島及英屬處女群島的任何所得稅。		
(b) No provision has been made for Hong Kong Profits Tax as the Group did not earn profits assessable to Hong Kong Profits Tax during the periods.	(b) 於期內，由於本集團並無賺取任何須繳納香港利得稅的應課稅溢利，因此並無就香港利得稅計提撥備。		
(c) Shandong QX is a foreign investment enterprise and has been granted certain tax relief whereby it is fully exempted from PRC income tax for the two years starting from 1 January 2007 to 31 December 2008, followed by a 50% reduction in the PRC income tax rate for the three years from 1 January 2009 to 31 December 2011. The applicable tax rate for Shandong QX for the six months ended 30 June 2009 and 2010 is 12.5%.	(c) 山東群星為外資企業，並獲授若干稅務優惠，包括自二零零七年一月一日至二零零八年十二月三十一日兩年間獲全數豁免繳納中國所得稅，以及於二零零九年一月一日至二零一一年十二月三十一日三年間獲減免50%中國所得稅稅率。山東群星截至二零零九年及二零一零年六月三十日止六個月的適用稅率為12.5%。		

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 2010
截至二零一零年六月三十日止六個月

7. Income tax expense (continued)

(c) (continued)

In addition, the Group would be subject to withholding tax at the rate of 5% if profits generated by Shangdong 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 Shangdong QX and the Company's directors have confirmed that it is unlikely that Shangdong QX will pay dividends in the foreseeable future.

8. 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 2009 of HK3.277 cents (equivalent to approximately RMB2.889 cents) per ordinary share

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2010.

7. 所得稅開支(續)

(c) (續)

此外，倘山東群星從截至二零零七年十二月三十一日止年度起將其賺取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。

8. 股息

(a) 應付本公司權益持有人中期應佔股息

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

2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2009 二零零九年 RMB'000 人民幣千元 (Unaudited) (未經審核)
—	29,842

董事會不建議派發截至二零一零年六月三十日止六個月的中期股息。

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簡明綜合中期財務報表附註

For the six months ended 30 June 2010
截至二零一零年六月三十日止六個月

8. Dividends (continued)

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

Final dividend in respect of the year ended 31 December 2009, approved and paid during the interim period, of HK7.403 cents (equivalent to approximately RMB6.525 cents) per ordinary share (year ended 31 December 2008: HK8.45 cents, equivalent to approximately RMB7.45 cents, per ordinary share)

已於期內批准及派付截至二零零九年十二月三十一日止年度末期股息每股普通股7.403港仙(約相當於人民幣6.525分)(截至二零零八年十二月三十一日止年度：每股普通股8.45港仙，約相當於人民幣7.45分)

8. 股息(續)

- (b) 應付本公司權益持有人上一財政年度應佔股息，已於中期內批准及派付

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

2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2009 二零零九年 RMB'000 人民幣千元 (Unaudited) (未經審核)
67,385	76,990

9. Earnings per share

- (a) The calculation of basic earnings per share for the six months ended 30 June 2010 is based on the unaudited profit attributable to equity shareholders of the Company of RMB172,508,000 (2009:RMB149,208,000) and the weighted average number of 1,035,951,000 (2009:1,032,800,000) ordinary shares in issue during the period.
- (b) There were no dilutive potential ordinary shares during the periods presented and, therefore, diluted earnings per share is not presented.

9. 每股盈利

- (a) 截至二零一零年六月三十日止六個月的每股基本盈利乃根據本公司權益持有人應佔未經審核溢利人民幣172,508,000元(二零零九：人民幣149,208,000元)以及於本期間已發行普通股的加權平均股數1,035,951,000(二零零九：1,032,800,000)計算。
- (b) 於呈報期間內本公司並無潛在具有攤薄影響的普通股，故並無呈列每股攤薄盈利。

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簡明綜合中期財務報表附註

For the six months ended 30 June 2010
截至二零一零年六月三十日止六個月

10. Capital expenditure

Capital expenditure comprises additions to property, plant and equipment and construction in progress and prepayments for the acquisition of plant and equipment. During the six months ended 30 June 2010, the Group has aggregate capital expenditure of RMB258,510,000 (six months ended 30 June 2009: RMB202,604,000).

10. 資本開支

資本開支包括物業、廠房及設備添置和在建工程增加及購買廠房及設備的預付款項。截至二零一零年六月三十日止六個月，本集團之總資本開支為人民幣258,510,000元（截至二零零九年六月三十日止六個月：人民幣202,604,000元）。

11. Inventories

11. 存貨

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

As at 30 June 2010 於二零一零年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2009 於二零零九年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
37,503	23,336
17,645	13,998
55,148	37,334

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簡明綜合中期財務報表附註

For the six months ended 30 June 2010
截至二零一零年六月三十日止六個月

12. 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
Other tax recoverable	其他可收回稅款
Less: allowance for doubtful debts	減：呆壞賬撥備

12. 應收貿易賬款及其他應收款項

As at 30 June 2010	As at 31 December 2009
於二零一零年 六月三十日	於二零零九年 十二月三十一日
RMB'000	RMB'000
人民幣千元	人民幣千元
(Unaudited)	(Audited)
(未經審核)	(經審核)
139,720	29,520
122	2,737
—	40,150
—	—
139,842	72,407

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。

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

包括在應收貿易賬款及其他應收款項的應收貿易款項於報告期末的賬齡分析如下：

Current	即期
Less than one month past due	逾期少於一個月

As at 30 June 2010	As at 31 December 2009
於二零一零年 六月三十日	於二零零九年 十二月三十一日
RMB'000	RMB'000
人民幣千元	人民幣千元
(Unaudited)	(Audited)
(未經審核)	(經審核)
139,720	27,630
—	1,890
139,720	29,520

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For the six months ended 30 June 2010
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13. Trade and other payables

13. 應付貿易賬款及其他應付款項

		As at 30 June 2010	As at 31 December 2009
		於二零一零年 六月三十日	於二零零九年 十二月三十一日
		RMB'000	RMB'000
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Trade payables	應付貿易賬款	139,592	45,529
Other payables and accruals	其他應付款項及預提費用	16,323	12,471
		155,915	58,000

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期於一年內償付。

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

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

		As at 30 June 2010	As at 31 December 2009
		於二零一零年 六月三十日	於二零零九年 十二月三十一日
		RMB'000	RMB'000
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Due within 30 days	30日內到期	139,592	45,529

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14. Share capital

14. 股本

		2010 二零一零年		2009 二零零九年	
		Number of shares 股份數目		Number of shares 股份數目	
		('000)	RMB'000	('000)	RMB'000
		(千股)	人民幣千元	(千股)	人民幣千元
		(Unaudited)		(Unaudited)	
		(未經審核)		(未經審核)	
At 1 January	於一月一日	1,032,800	100,258	1,032,800	100,258
Shares issued in lieu of dividends	發行以股代息股份	24,794	2,169	—	—
At 30 June	於六月三十日	1,057,594	102,427	1,032,800	100,258

15. Commitments and contingent liabilities

15. 承擔及或然負債

(a) Operating leases

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

(a) 經營租賃

於二零一零年六月三十日，根據不可撤銷的經營租賃在日後應付的最低租賃費用總額如下：

		As at 30 June 2010 於二零一零年 六月三十日	As at 31 December 2009 於二零零九年 十二月三十一日
		RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Audited) (經審核)
Within one year	一年內	4,682	4,484
After one year but within five years	一年後 但在五年內	10,527	11,701
After five years	五年後	85,336	86,350
		100,545	102,535

15. Commitments and contingent liabilities (continued)

(a) Operating leases (continued)

The Group is the lessee in respect of leasehold land and properties held under operating leases. The leases run for an initial period of two to fifty years, with an option to renew the leases upon expiry when all terms are renegotiated. Lease payments for a leasehold land situated in the PRC are renegotiated every five years to reflect market rentals. None of the leases includes contingent rentals.

(b) Capital commitments

Capital commitments outstanding at 30 June 2010 not provided for in the 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)

(a) 經營租賃 (續)

本集團是為以經營租賃形式租賃土地及物業的承租人。該等租賃一般初步為期二至五十年，並可於租賃期滿時選擇續租並重新磋商所有條款。租賃位於中國的一塊土地款項每五年重新磋商，以反映市場租金。所有租賃不包括或然租金。

(b) 資本承擔

於二零一零年六月三十日尚未償付且未在財務報表作出撥備的資本承擔如下：

As at 30 June 2010 於二零一零年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2009 於二零零九年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
39,320	150,220
40,000	40,000
79,320	190,220

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)新確認需要實施環保修復的地點。由於可能發生污染的程度和所需採取的補救措施的確切時間和程度等因素尚未確定，因此無法確定未來可能發生此類費用的金額，故無法在目前合理預測建議中的或將來的環境保護法律規定可能導致在環保方面的負債，而有關負債可能十分重大。

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 2010
截至二零一零年六月三十日止六個月

16. Material related party transactions

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

Name of related party
關連方名稱

Relationship
關係

Shandong Changxing Group Limited
("SD Changxing")*
山東長星集團有限公司
(「山東長星」)

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

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

* 公司名稱的英文翻譯僅供參考。此公司的正式名稱為中文名稱。

(a) Recurring transactions

16. 重大關連方交易

截至二零一零年六月三十日止六個月，與下列各方的交易被視為關連方交易：

(a) 經常性交易

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

Lease of leasehold land and properties from — SD Changxing	向以下一方租用租賃土地及物業 — 山東長星
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2010	2009
二零一零年	二零零九年
RMB'000	RMB'000
人民幣千元	人民幣千元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
1,135	200

The Directors 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。

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 2010
截至二零一零年六月三十日止六個月

16. Material related party transactions

(continued)

(b) Key management personnel remuneration

16. 重大關連方交易(續)

(b) 主要管理人員酬金

		For the six months ended 30 June 截至六月三十日止六個月	
		2010 二零一零年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2009 二零零九年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Short-term employee benefits	短期僱員福利	1,802	1,768
Contribution to defined contribution retirement plans	定額供款退休計劃供款	22	15
		1,824	1,783

DISCLOSURE OF INTERESTS

權益披露

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

As at 30 June 2010, 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/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 Yu Guo 朱玉國博士	Interest of controlled corporation 受控制公司權益	716,804,812 (Note) (附註)	67.78%
Ms. SUN Rui Fang 孫瑞芳女士	Interest of spouse 配偶權益	716,804,812 (Note) (附註)	67.78%

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

於二零一零年六月三十日，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

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

附註：

該等股份全部由 Boom Instant Limited 實益擁有，Addinsight Limited 擁有其 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/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 Yu Guo 朱玉國博士	Boom Instant Limited	Interest of controlled corporation 受控制公司權益	80	80%
	Addinsight Limited	Beneficial owner/ Interest of spouse 實益擁有人／配偶權益	87.5/12.5	87.5%/12.5%
Ms. SUN Rui Fang 孫瑞芳女士	Boom Instant Limited	Interest of spouse 配偶權益	80	80%
	Addinsight Limited	Beneficial owner/ Interest of spouse 實益擁有人／配偶權益	12.5/87.5	12.5%/87.5%
Mr. ZHU Mo Qun 朱墨群先生	Boom Instant Limited	Interest of controlled corporation 受控制公司權益	20 (Note) (附註)	20%
	Be Broad Limited	Beneficial owner 實益擁有人	100	100%

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

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 2010, none of the Directors has interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding 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%直接權益，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，於二零一零年六月三十日，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 2010, 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

於二零一零年六月三十日，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	716,804,812 (Note 1) (附註 1)	67.78%
Addinsight Limited	716,804,812 (Note 1) (附註 1)	67.78%
The Overlook Partners' Fund L.P.	65,996,219	6.24%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES OF THE COMPANY (Continued)

Note:

1. 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.

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

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

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

Save as disclosed above, as at 30 June 2010, no other persons (other than the Directors) were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

主要股東於本公司股份之權益(續)

附註：

1. 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。

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

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

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

除上文所披露者外，於二零一零年六月三十日，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。

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 2010 were consistent with those disclosed in the 2009 Annual Report.

COMPLIANCE WITH CG CODE

As at 30 June 2010, the Company has complied with the applicable Code Provisions under the CG Code except the following deviation:

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

董事會及管理層致力提升本集團之企業管治水平，尤其著重獨立性、有效之內部監控、透明度及對股東之問責性。董事會相信該理念乃本集團持續發展及為股東帶來增益之關鍵。

本公司在截至二零一零年六月三十日止六個月內所採納之企業管治常規與二零零九年年報所披露者貫徹一致。

遵守企業管治守則

於二零一零年六月三十日，本公司已遵守企業管治守則之適用守則條文，惟下述偏離者除外：

根據守則條文第A.2.1條，主席及行政總裁（「行政總裁」）之職務須分開，不應由同一人擔任。目前，本公司並無任何人士擔任行政總裁一職。朱玉國博士除身為執行董事兼董事會主席外，亦擔任與行政總裁相若之職務。朱博士亦負責監察及策劃本集團之業務策略，並率領及管理董事會。惟本公司主席與總經理之職責分開。本公司之執行董事、總經理兼董事會副主席朱墨群先生，負責本集團業務營運之整體管理，以及執行董事會所制訂之業務策略。董事會認為此管理架構令本集團之領導具一致性，並讓本集團能迅速及有效地作出及執行董事會之決定。董事會將定期檢討此架構之成效，以確保該架構切合本集團當時之情況。

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the QX Securities Dealing Code regarding the Directors' and employees' securities transactions on terms no less exacting than the required standard set out in the Mode Code. The QX Securities Dealing Code also applies to the relevant employees who may be in possession of unpublished price sensitive information. Having made specific enquiry of all the Directors, the Directors confirmed that they have complied with the required standard as set out in both the QX Securities Dealing Code and the Model Code throughout the six months ended 30 June 2010.

董事進行證券交易之標準守則

本公司已採納一套有關董事及僱員進行證券交易之群星證券買賣守則，其條款不比標準守則寬鬆。群星證券買賣守則亦適用於可能擁有未公開股價敏感資料之有關僱員。經向所有董事作出特定查詢後，董事確認彼等於截至二零一零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。

OTHER INFORMATION

其他資料

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010. (1H 2009: HK\$3.277 cents)

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period.

CONVERTIBLE BONDS, WARRANTS OR OTHER SIMILAR RIGHTS

During the six months ended 30 June 2010, the Company has not issued any convertible bonds, warrants or similar rights.

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.

中期股息

董事會不建議派付截至二零一零年六月三十日止六個月的中期股息。(二零零九年上半年：3.277港仙)

購買、出售或贖回股份

於截至二零一零年六月三十日止六個月，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。

可換股債券、認股權證或其他類似權利

截至二零一零年六月三十日止六個月，本公司並無發行任何可換股債券、認股權證或類似權利。

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。

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.

(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.

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%。

(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。

SHARE OPTION SCHEME (Continued)

(e) Time of acceptance and exercise of option (Continued)

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

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

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

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

(g) Period of the Share Option Scheme

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

No options were granted, cancelled or lapsed under the Share Option Scheme as at 30 June 2010.

By Order of the Board
承董事會命



ZHU Yu Guo 朱玉國
Chairman 主席

Hong Kong, 25 August 2010
香港，二零一零年八月二十五日

購股權計劃(續)

(e) 接納及行使購股權之時間(續)

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

(f) 股份之認購價及購股權之代價

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

接納獲批授購股權建議時須繳付1港元之象徵式代價。

(g) 購股權計劃之期限

購股權計劃自其獲採納當日起計10年內均屬有效。

於二零一零年六月三十日，概無購股權根據購股權計劃授出、註銷或失效。



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



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