

玖龍

玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 2689



2005/06 INTERIM REPORT
中期業績報告

*For identification purposes only
* 僅供識別

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BOARD OF DIRECTORS

Executive Directors

Ms. Cheung Yan (*Chairman*)
Mr. Liu Ming Chung (*Deputy Chairman and Chief Executive Officer*)
Mr. Zhang Cheng Fei (*Deputy Chief Executive Officer*)
Mr. Wang Hai Ying

Non-Executive Director

Mr. Lau Chun Shun

Independent Non-Executive Directors

Ms. Tam Wai Chu, Maria *GBS, JP*
Mr. Chung Shui Ming, Timpson *GBS, JP*
Dr. Cheng Chi Pang
Mr. Wang Hong Bo

EXECUTIVE COMMITTEE

Ms. Cheung Yan (*Chairman*)
Mr. Liu Ming Chung
Mr. Zhang Cheng Fei

AUDIT COMMITTEE

Dr. Cheng Chi Pang (*Chairman*)
Ms. Tam Wai Chu, Maria *GBS, JP*
Mr. Chung Shui Ming, Timpson *GBS, JP*
Mr. Wang Hong Bo

REMUNERATION COMMITTEE

Ms. Tam Wai Chu, Maria *GBS, JP* (*Chairman*)
Mr. Chung Shui Ming, Timpson *GBS, JP*
Dr. Cheng Chi Pang
Mr. Liu Ming Chung
Mr. Zhang Cheng Fei

AUTHORISED REPRESENTATIVES

Mr. Zhang Cheng Fei
Ms. Cheng Wai Chu, Judy

QUALIFIED ACCOUNTANT

Mr. Law Wang Chak, WALTERY *FCPA, FCCA*

COMPANY SECRETARY

Ms. Cheng Wai Chu, Judy *ACS, ACIS*

AUDITORS

PricewaterhouseCoopers

董事會

執行董事

張茵女士 (*主席*)
劉名中先生 (*副主席兼行政總裁*)
張成飛先生 (*副行政總裁*)
王海英先生

非執行董事

劉晉嵩先生

獨立非執行董事

譚惠珠女士 金紫荊星章·太平紳士
鍾瑞明先生 金紫荊星章·太平紳士
鄭志鵬博士
王宏渤先生

執行委員會

張茵女士 (*主席*)
劉名中先生
張成飛先生

審核委員會

鄭志鵬博士 (*主席*)
譚惠珠女士 金紫荊星章·太平紳士
鍾瑞明先生 金紫荊星章·太平紳士
王宏渤先生

薪酬委員會

譚惠珠女士 金紫荊星章·太平紳士 (*主席*)
鍾瑞明先生 金紫荊星章·太平紳士
鄭志鵬博士
劉名中先生
張成飛先生

授權代表

張成飛先生
鄭慧珠女士

合資格會計師

羅宏澤先生 *FCPA, FCCA*

公司秘書

鄭慧珠女士 *ACS, ACIS*

核數師

羅兵咸永道會計師事務所

LEGAL ADVISORS

Conyers Dill & Pearman (*Bermuda*)
 Sidley Austin (*Hong Kong*)
 Jingtian & Gongcheng (*PRC*)

PRINCIPAL BANKERS

Bank of China Limited
 Bank of China (Hong Kong) Limited
 Bank of Communications
 China Merchants Bank

COMPLIANCE ADVISOR

Merrill Lynch Far East Limited

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STOCK CODE

The Hong Kong Stock Exchange: 2689

法律顧問

Conyers Dill & Pearman (百慕達)
 Sidley Austin (香港)
 競天公誠(中國)

主要往來銀行

中國銀行有限公司
 中國銀行(香港)有限公司
 交通銀行
 招商銀行

合規顧問

美林遠東有限公司

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香港聯交所: 2689

I am pleased to present my report to the shareholders.

本人謹向各位股東報告。

Business Review

For the first six months of FY2006, the Group achieved outstanding operating results as the benefits of economies of scale, capital investment, product optimisation and cost management continue to be realised. For such period, the Group recorded turnover and gross profit of approximately RMB3,774.3 million and RMB828.6 million respectively, representing an increase of 2.1 times and 2.8 times from the same period last year. Profit attributable to equity holders for the period was RMB560.0 million, representing a phenomenal growth of 4.2 times compared with the same period last year.

Besides achieving outstanding operating results, there was another good news for the Group in early 2006. Nine Dragons Paper (Holdings) Limited (the "Company" or "ND Paper") was successfully listed on the Main Board of The Hong Kong Stock Exchange Limited on 3 March 2006 with overwhelming market response. This marked a milestone in the business development of the Group.

With an annual production capacity of 3.3 million tonnes, ND Paper is the largest producer in China and one of the largest producers in the world of containerboard products. To date, the Group has invested in and operated 10 paper machines ("PM") with the capability of producing five types of products, namely kraftlinerboard, white top linerboard, testlinerboard, high performance corrugating medium and coated duplex board with grey back. The Group also produces unbleached kraft pulp. The Group's diversified product mix enable it to serve as a one-stop shop for a broad range of high quality packaging paperboard products. The complementary nature of its products and operations strengthened the value and competitiveness of the Group.

業務回顧

二零零六財政年度上半年，由於規模經濟效應、資本投資、產品優化和成本管理的效果進一步顯現，我們取得了非常理想的經營業績。二零零六財政年度的首6個月中，集團的營業額和毛利分別為人民幣37.7億元和人民幣8.3億元，較去年同期增長2.1倍及2.8倍。權益持有人應佔利潤為人民幣5.6億元，較去年同期大幅增長4.2倍。

除業績理想外，本集團在二零零六年亦帶來另一喜訊。玖龍紙業（控股）有限公司（「本公司」或「玖龍紙業」）於二零零六年三月三日成功在香港聯合交易所有限公司主板掛牌上市，招股反應非常熱烈，標誌著本集團業務發展一個新的里程碑。

玖龍紙業是中國最大的箱板原紙產品生產商，及全球最大的箱板原紙產品生產商之一，年產能達330萬公噸。到目前為止，我們已經成功地投資和運營了10台紙機，可生產牛皮卡紙、白面牛卡紙、環保牛卡紙、高強瓦楞芯紙，和塗布灰底白板紙五大類產品，同時亦生產本色木漿。多元化的產品組合可為客戶提供一站式綜合包裝紙板產品的優質服務，各產品及業務優勢互補，進一步加強本集團的整體競爭實力和企業價值。

Due to the dedication of the staff, PM9 and PM10, which commenced operation in December 2005, set the industry benchmark by achieving optimised operating efficiency within two months. This reflected the "Nine Dragons Spirit", the wealth of experience of the management and advanced technologies of the Group. As a result, resources needed by the Group for the optimisation of its PMHC was significantly reduced. Since its listing in March 2006, the Group has actively implemented its capital expenditure plan. Upon commencement of operation of PM11 to PM13, the Group's annual production capacity of packaging paperboard will reach 4.6 million tonnes, which further secure its leading position in the global and PRC packaging paperboard market and enhanced its pricing competitiveness.

Outlook

The rate of the sustained growth in the demand for containerboard products has exceeded management's expectation. Given such promising prospect, the management is fully confident in the Group's future development. The Group's track record is the best proof of the wise decisions of the management in the business development and capital expenditure of the Group.

The Group aims to become one of the world's leading manufacturers of packaging paperboard products. In order to seize every business opportunity, our management has closely monitored market developments and prudently analysed the demand for our products. Capitalising on its substantial pre-operating investment, expertise of our management and rich experiences in operating our ten paper machines, the Group will refine its existing product mix and seek new investment projects with low costs and high production capacity, so as to create a better value for our shareholders.

Appreciation

The outstanding results of the Group was attributable to the concerted efforts of the management and staff. I would like to express my sincere gratitude to all the Directors and staff of the Group for their dedication, loyalty and contribution during the review period and to our shareholders, business associates and friends from the business and financial sectors for their invaluable support.

Cheung Yan

Chairman

Hong Kong, 27 March 2006

本集團的九號及十號造紙機在二零零五年十二月投產，在員工不斷努力下，其運營效率在投資後二個月內已達到優化，成為業內典範，充份發揮了「玖龍精神」，體現管理團隊之經驗及卓越之技術，並大大減少集團在優化造紙機過程中所需投入的資源。在二零零六年三月集團上市後，本集團已積極開展資本項目擴充計劃。在11至13號造紙機投產後，本集團的包裝紙板年產能將達至460萬公噸，更進一步穩固本集團在全球及在中國包裝紙板市場上的領導地位，令本集團的定價能力能不斷提升。

展望

中國的箱板原紙市場需求之增長有持續上升之趨勢，前景非常優越，令管理層對集團未來發展充滿信心，亦證明到管理層以往在業務發展方向及資本投資上之決策是明智的。

本集團矢志成為全球最頂尖的包裝紙板產品製造商之一，管理層將積極地留意市場變化，並慎重分析市場產品需求，冀能抓住機遇，充份利用集團已進行之大量前期投資，加上管理團隊之專業技術及成功運營10台紙機之寶貴經驗，適當地對現有產品組品作出調整及設計新投資項目，以低投資成本、高產能之原則，為股東創造更可觀回報。

致意

集團獲得理想成績，是管理層及全體員工共同創造的成果。謹藉此機會，對董事會同仁及本集團各部門員工期內之勤奮工作、忠心服務及貢獻，深表謝意，並感謝各位股東、業務夥伴及商界與金融界朋友之寶貴支持。

主席

張茵

香港，二零零六年三月二十七日

OPERATING RESULTS REVIEW

With the full contribution by PM4 and PM5 acquired in January 2005 and commencement of PM6, PM7 and PM8, the Group's total sales and net profit attributable to equity holders of the Company for the half-year ended 31 December 2005 were RMB3,774.3 million and RMB560.2 million representing an increase of 112% and 341% as compared to RMB1,780.2 million and RMB126.6 million, for the corresponding period last year, respectively. Basic earnings per share for the period were RMB0.19, compared to RMB0.04 in the last period.

The total sales and net profit attributable to equity holders of the Company increased primarily due to the increase of the Group's total sales volume of packaging paperboard products to 1,286,329 tonnes in the half-year ended 31 December 2005 from 585,429 tonnes in the same period of last year, representing an increase of 119.7%. The significant increase in the total sales volume reflected the Group's commencement of production of PM8, PM9 and PM10 as well as contribution from PM4 and PM5 acquired as part of the acquisition of Nine Dragons Paper Industries Co., Ltd, Millennium Scope Limited, Emperor Dragon Paper Industries Co., Ltd, River Dragon Paper Industries Co Ltd and their subsidiaries (the "Acquired Subsidiaries") on 1 January 2005. During the six months ended 31 December 2005, the Acquired Subsidiaries contributed sales of RMB1,642.7 million, representing 43.5% of the Group total sales for the half-year ended 31 December 2005.

GROSS PROFIT

Gross profit as a percentage of sales increased from 16.7% to 22.0% due primarily to a change in product mix of major products to include complementary products, further optimization of the Group's paper machines, economies of scale from production capacity expansion, realization of synergies from the Acquired Subsidiaries and cost savings by management.

OTHER GAINS – NET

Other gains, net, of the Group increased significantly to RMB104.0 million in the half-year ended 31 December 2005 from RMB5.8 million in the same period of last year. The increase was due primarily to significantly increased sales of excess electricity to RMB81.9 million in the half-year ended 31 December 2005 from RMB0.8 million in the same period of last year. This was mainly attributable to the commencement of operations of generating Unit 6 of the Group's coal-fired cogeneration power plant in Dongguan in May 2005.

經營業績回顧

由於在二零零五年一月收購的4號及5號造紙機全面投產·而6號·7號及8號造紙機亦已投產·本集團截至二零零五年十二月三十一日止半年度的總銷售額及本公司權益持有人應佔淨利潤分別為人民幣3,774,300,000元及人民幣560,200,000元·分別較去年同期的人民幣1,780,200,000元及人民幣126,600,000元上升112%及341%。期內的每股基本盈利為人民幣0.19元·而去年同期則為人民幣0.04元。

本公司的總銷售額及權益持有人應佔淨利潤增加主要是由於本集團截至二零零五年十二月三十一日止半年度的包裝紙板產品總銷量由去年同期的585,429噸增加119.7%至1,286,329噸所致。總銷量大幅增加是由於本集團的8號·9號及10號造紙機投產·以及二零零五年一月一日收購附屬公司Nine Dragons Paper Industries Co., Ltd·Millennium Scope Limited·Emperor Dragon Paper Industries Co., Ltd·River Dragon Paper Industries Co Ltd與該等公司的附屬公司(「所收購附屬公司」)而購入4號及5號造紙機所致。截至二零零五年十二月三十一日止六個月·所收購附屬公司的銷售額為人民幣1,642,700,000元·佔本集團截至二零零五年十二月三十一日止半年度的總銷售額43.5%。

毛利

毛利佔銷售額的百分比由16.7%增至22.0%·主要是由於本集團更改主要產品比重·加入配套產品·進一步優化造紙機·提升產能而享有規模經濟效益·所收購附屬公司產生的協同效益及管理層致力節省成本所致。

其他收益淨額

截至二零零五年十二月三十一日止半年度·本集團的其他收益淨額由去年同期的人民幣5,800,000元大幅增至人民幣104,000,000元·主要是由於二零零五年五月本集團的東莞熱電聯產電廠第6號發電機組投產後·截至二零零五年十二月三十一日止半年度剩餘電力銷售額由去年同期的人民幣800,000元大幅增至人民幣81,900,000元所致。

SELLING AND MARKETING COSTS

The Group's selling and marketing costs increased 109.9% to RMB69.9 million in the half-year ended 31 December 2005 from RMB33.3 million in the same period of last year. The increase in selling and marketing costs was due mainly to an increase in sales volumes, the number of sales and marketing staff, vehicle operation and maintenance expenses and transportation expenses as a result of the acquisition of the Acquired Subsidiaries as well as the commencement of production of the new paper machines.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by 48.7% to RMB82.7 million in the half-year ended 31 December 2005 from RMB55.6 million in the same period of last year. The increase was mainly as a result of the acquisition of the Acquired Subsidiaries, which included the Taicang base. In addition, the Group also hired management and administrative staff in connection with commencement of new paper machines and the new addition power plant generating units in Dongguan and Taicang. However, the Group's administrative expenses as a percentage of sales decreased from 3.1% in the half-year ended 31 December 2004 to 2.2% in the half-year ended 31 December 2005, mainly due to the synergies and increased efficiencies the Group was able to achieve from the acquisition of the Acquired Subsidiaries and increased economies of scale.

FINANCE COSTS

The Group's finance costs increased 149.0% to RMB156.4 million in the half-year ended 31 December 2005 from RMB62.8 million in the same period of last year, as a result of an increase in the Group's borrowings.

NET CURRENT LIABILITIES

The Group had net current liabilities of RMB1,894.9 million as of 31 December 2005 (30 June 2005: RMB1,984.4 million). The Group expects the net current liabilities will be improved further in the second half of the fiscal year of 2006, as the Group enhance its capital structure and generate stronger operating cash flow.

銷售及市場推廣成本

截至二零零五年十二月三十一日止半年度，本集團的銷售及市場推廣成本由去年同期的人民幣33,300,000元增加109.9%至人民幣69,900,000元，主要是由於收購所收購附屬公司及新造紙機投產後，銷量、銷售與市場推廣人員數目、汽車使用與維修費開支以及運輸開支上升所致。

行政開支

截至二零零五年十二月三十一日止半年度，本集團的行政開支由去年同期的人民幣55,600,000元增加48.7%至人民幣82,700,000元，主要是由於收購所收購附屬公司（尤其是太倉生產基地）所致。此外，本集團亦為新造紙機投產及新收購的東莞與太倉發電機組而增聘管理及行人員。然而，本集團行政開支佔銷售額的百分比由截至二零零四年十二月三十一日止半年度的3.1%下降至截至二零零五年十二月三十一日止半年度的2.2%，主要是由於本集團收購所收購附屬公司後發揮協同效益與效率提高，加上規模經濟效益增加所致。

融資成本

由於本集團借貸增加，故此本集團截至二零零五年十二月三十一日止半年度的融資成本由去年同期的人民幣62,800,000元增加149.0%至人民幣156,400,000元。

流動負債淨額

本集團於二零零五年十二月三十一日的流動負債淨額為人民幣1,894,900,000元（二零零五年六月三十日：人民幣1,984,400,000元）。隨著本集團的資本架構及經營現金流量增強，本集團預期二零零六財政年度下半年的流動負債淨額將進一步減少。

FINANCIAL REVIEW

Liquidity and Financing

The Group's liquidity position remains strong with available undrawn bank facilities together with bank deposits of RMB1,722.9 million and RMB333.4 million respectively as at 31 December 2005. The ample financial resources available to the Group together with the gross proceeds of approximately HK\$3,910 million from listing of the Company's shares on The Stock Exchange of Hong Kong Limited will provide adequate funding for the Group's operational requirements and also put the Group in a favourable position for further expansion.

As at 31 December 2005, the Group's total borrowings were RMB6,322.9 million, an increase of RMB74.1 million from last year end date, and the maturity profile spread over a period of 6 years with RMB2,493.3 million repayable within one year, RMB1,462.0 million within one to two years, RMB2,177.6 million within two to five years and RMB190.0 million beyond five years.

The gearing ratio of the Group as at 31 December 2005 was 52.1%, calculated on the basis of the Group's total borrowings RMB6,322.9 million over total assets.

The Group services its debts primarily through strong recurrent cash flow generated from stable base of operation. Adjusting for our gross proceeds from listing of the Company's shares on The Stock Exchange of Hong Kong Limited in March 2006, the gearing ratio is decreased to approximately 40.0%. The Board is confident that the Group has adequate financial resources to sustain its working capital requirement, future expansion and meet its foreseeable debt repayment requirements.

Treasury Policies

At 31 December 2005, approximately 82.3% of the Group's borrowings was denominated in RMB and the remaining 17.7% was denominated in US\$. While the Group derives approximately half of its revenue in RMB and the other half in HK\$, the Group will refinance its borrowings to ensure that its exposure to fluctuations in foreign currency exchange rates is minimised. The Group's borrowings are principally on a fixed rate basis.

The objective of the Group's overall treasury and funding policy is to manage exposures to fluctuation in foreign currency exchange rates and interest rates on specific transactions and will use appropriate financial instruments to hedge any material exposure.

財務回顧

流動資金及融資

本集團的流動資金狀況仍然保持穩健，於二零零五年十二月三十一日的可動用銀行信貸及銀行存款分別為人民幣1,722,900,000元及人民幣333,400,000元。充裕的財務資源，加上本公司股份在香港聯合交易所有限公司上市所得款項總額約3,910,000,000港元，本集團將具備足夠的資金，應付營運及日後擴展業務所需。

於二零零五年十二月三十一日，本集團的總借貸為人民幣6,322,900,000元，較上個年結日增加人民幣74,100,000元。該等借貸於六年內分期攤還，其中人民幣2,493,300,000元須於一年內償還，人民幣1,462,000,000元須於一至兩年內償還，人民幣2,117,600,000元則須於二至五年內償還，而人民幣190,000,000元須於五年後償還。

本集團於二零零五年十二月三十一日的資本負債比率為52.1%，乃根據本集團的總借貸人民幣6,322,900,000元除以總資產計算。

本集團主要透過業務所產生的穩健經常現金流償還債項。經調整二零零六年三月本公司股份在香港聯合交易所有限公司上市所得款項總額後，資本負債比率減至約40.0%。董事會有信心，本集團具備足夠財務資源應付營運資金及日後發展所需，以及用作償還可見將來的債項。

庫務政策

於二零零五年十二月三十一日，本集團約82.3%的借貸以人民幣結算，其餘17.7%則以美元結算。本集團的收入約一半以人民幣結算，另一半以港元結算，本集團將借貸再融資，以盡量減低外匯波動風險。本集團的借貸主要為定息借貸。

本集團的整體庫務及資金政策旨在控制個別交易的外匯波動風險及利率波動風險，並以適當財務工具對沖任何重大風險。

FINANCIAL REVIEW (Cont'd)**Charge on Assets**

As at 31 December 2005, the Group pledged assets with aggregate carrying value of RMB2,850.5 million (30 June 2005 – RMB2,963.7 million) to secure bank loans facilities of the Group.

Contingent Liabilities

At 31 December 2005, the Group has issued corporate guarantee for bank borrowings and credit facilities granted to related parties amounted to RMB30.0 million which was released upon the Company's shares listed on The Stock Exchange of Hong Kong Limited on 3 March 2006.

Employees

At 31 December 2005, the Group employed approximately 5,800 full time management, administration and production staff in Hong Kong and the PRC. The related employee's costs for the period (excluding directors' emoluments) amounted to approximately RMB146.9 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's remuneration system. The Group adopted a share option scheme for employees.

財務回顧 (續)**資產變動**

於二零零五年十二月三十一日，本集團已抵押賬面總值人民幣2,850,500,000元（二零零五年六月三十日：人民幣2,963,700,000元）的資產，作為本集團所獲銀行信貸的擔保。

或然負債

於二零零五年十二月三十一日，本集團就有關連人士銀行借貸及信貸人民幣30,000,000元提供的公司擔保，於本公司股份在香港聯合交易所有限公司上市後解除。

僱員

於二零零五年十二月三十一日，本集團在香港及中國約有5,800名全職僱員，負責管理、行政及生產工作。期內，有關僱員成本（不包括董事酬金）約為人民幣146,900,000元。本集團確保僱員的薪酬待遇具吸引力，並根據本集團薪酬政策的一般準則按僱員的表現發放花紅。本集團亦已採納僱員購股權計劃。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2005, the Company had not received any notice of interests to be recorded under section 352 of the Securities and Futures Ordinance (“SFO”) as the Company had not been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

As at 27 March 2006, the directors and their associates had the following interests in the shares and underlying shares of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), or were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO:

(i) The Company

Name of directors 董事姓名	Capacity 身份	No. of issued ordinary shares 已發行 普通股數目	Number of underlying shares (in respect of share options) 相關股份 (有關購股權) 數目 (Note 2) (附註2)	Approximate percentage of total number of shareholding 佔全部股權的 概約百分比
Ms. Cheung Yan ("Ms. Cheung") 張茵女士(「張茵女士」)	Interest in controlled corporation (Note 1) 於受控制法團之權益(附註1)	2,986,800,000	–	71.97%
	Beneficial owner (Note 3) 實益擁有人(附註3)	–	16,923,315	0.40%
	Family interest (Note 3) 家族權益(附註3)	–	16,914,184	0.40%

董事於股份、相關股份及債券的權益及淡倉

於二零零五年十二月三十一日，由於本公司尚未於香港聯合交易所有限公司（「聯交所」）上市，因此本公司並無收到根據證券及期貨條例（「證券及期貨條例」）第352條所述的任何權益通知。

於二零零六年三月二十七日，董事及其聯繫人於本公司及其相聯法團（定義見證券及期貨條例第XV部分）的股份及相關股份須根據證券及期貨條例第XV部分第7及8條（包括根據證券及期貨條例第XV部分的該等條例當作或視為權益及淡倉）或根據上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所；或須根據證券及期貨條例352條寄存於本公司股東名冊的權益：

(i) 本公司

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)**董事於股份、相關股份及債券的權益及淡倉** (續)(i) **The Company** (Cont'd)(i) **本公司** (續)

Name of directors 董事姓名	Capacity 身份	No. of issued ordinary shares 已發行 普通股數目	Number of underlying shares (in respect of share options) 相關股份 (有關購股權) 數目	Approximate percentage of total number of shareholding 佔全部股權的 概約百分比
			(Note 2) (附註2)	
Mr. Liu Ming Chung ("Mr. Liu") 劉名中先生(「劉先生」)	Interest in controlled corporation (Note 1) 於受控制法團之權益(附註1)	2,986,800,000	–	71.97%
	Beneficial owner (Note 3) 實益擁有人(附註3)	–	16,914,184	0.40%
	Family interest (Note 3) 家族權益(附註3)	–	16,923,315	0.40%
Mr. Zhang Cheng Fei ("Mr. Zhang") 張成飛先生(「張先生」)	Beneficial owner 實益擁有人	–	11,814,821	0.28%
Ms. Tam Wai Chu, Maria 譚惠珠女士	Beneficial owner 實益擁有人	–	1,166,670	0.03%
Mr. Chung Shui Ming, Timpson 鍾瑞明先生	Beneficial owner 實益擁有人	–	1,166,670	0.03%
Dr. Cheng Chi Pang 鄭志鵬博士	Beneficial owner 實益擁有人	–	1,166,670	0.03%

Notes:

附註:

- Best Result Holdings Limited ("Best Result") directly held 2,986,800,000 shares in the Company. The issued share capital of Best Result is held as to approximately 37.1% by Ms. Cheung as the trustee and HSBC Bank USA, National Association as the administrative trustee of YC 2006 QuickGRAT, and as to approximately 37.1% by Ms. Cheung and her spouse Mr. Liu as the trustees and the special trustees and Bank of The West as the trustee of MCL Living Trust. Each of Ms. Cheung and Mr. Liu is therefore deemed to be interested in the shares held by Best Result by virtue of her or his interests in Best Result pursuant to Part XV of the SFO.

- Best Result Holdings Limited (「Best Result」) 直接持有2,986,800,000股本公司股份。Best Result 已發行股本由張茵女士以YC 2006 QuickGRAT的信託人身份及由HSBC Bank USA, National Association以行政信託人身份持有約37.1%，由張茵女士及其配偶劉先生以MCL Living Trust信託人及特別信託人身份擁有。因此，根據證券及期貨條例第XV部，張茵女士及劉先生視為擁有Best Result所擁有股份的權益。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)**(i) The Company** (Cont'd)

Notes: (Cont'd)

- The share options were granted, under the pre-IPO share option scheme of the Company, with effect from 1 January 2006.
- Ms. Cheung and Mr. Liu were granted options under the pre-IPO share option scheme to subscribe for 16,923,315 shares and 16,914,184 shares respectively. Mr. Liu is the spouse of Ms. Cheung. Therefore, pursuant to Part XV of the SFO, Ms. Cheung is deemed to be interested in the shares subject to the share options granted to Mr. Liu and Mr. Liu is deemed to be interested in the shares subject to the share options granted to Ms. Cheung.

(ii) Associated Corporation – Best Result

Name of directors	Capacity
董事姓名	身份

Ms. Cheung 張茵女士	Beneficiary of a trust 信託受益人
Mr. Liu 劉先生	Beneficiary of a trust 信託受益人
Mr. Zhang 張先生	Beneficiary of a trust 信託受益人

All the interests disclosed in sections (i) and (ii) above represent long positions in the shares of the Company or the associated corporation. Save as disclosed above, none of the directors of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation as at 27 March 2006.

董事於股份、相關股份及債券的權益及淡倉 (續)**(i) 本公司** (續)

附註: (續)

- 購股權乃根據本公司於二零零六年一月一日生效的首次公開招股前購股權計劃授出。
- 張茵女士及劉先生根據首次公開招股前購股權計劃獲授予購股權以分別認購16,923,315股股份及16,914,184股股份。劉先生為張茵女士的配偶。因此，根據證券及期貨條例第XV部，張茵女士被視為擁有劉先生所獲授的購股權涉及的股份的權益，而劉先生被視為擁有張茵女士所獲授的購股權涉及的股份的權益。

(ii) 相聯法團 – Best Result

No. of ordinary shares held in Best Result	Approximate percentage of total number shareholding
持有 Best Result 普通股數目	佔全部股權的概約百分比

(Note)
(附註)

37,073	37.073%
37,053	37.053%
25,874	25.874%

上文第(i)及(ii)節所披露的全部權益均為本公司或其相聯法團股份中的好倉。除上文所披露者外，於二零零六年三月二十七日，本公司董事或彼等的聯繫人概無在本公司或其相聯法團的股份、相關股份或債券中擁有權益或淡倉。

SHARE OPTION SCHEMES

The Company was adopted a pre-IPO scheme and a share option scheme. Upon the listing of the Company on 3 March 2006, the pre-IPO share option scheme was terminated but the options granted but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the terms of pre-IPO share option scheme. The share option scheme was approved by resolution in writing of all the shareholders passed on 12 February 2006.

As at 27 March 2006, details of the share options granted under the Pre-IPO share option scheme are as follows:-

購股權計劃

本公司已採納首次公開招股前購股權計劃及購股權計劃。本公司於二零零六年三月三日上市後，首次公開招股前購股權計劃已終止，惟於終止時已授出但尚未行使的購股權將繼續生效，並可根據首次公開招股前購股權計劃條款行使。購股權計劃已於二零零六年二月十二日獲得全體股東以書面決議案批准。

於二零零六年三月二十七日，根據首次公開招股前購股權計劃所授出的購股權詳情如下：

Grantees 承授人	Date of Grant (dd/mm/yyyy) 授出日期	Exercise price per share 每股行使價 (HK\$) (港元)	Exercisable period (dd/mm/yyyy) 行使期(日/月/年) (Note 1) (附註1)	Number of underlying shares 相關股份數目	Approximate percentage of shareholding 概約持股 百分比
(i) Director (i) 董事					
Ms. Cheung (Note 2) 張茵女士(附註2)	01/01/2006 二零零六年一月一日	3.06	01/01/2007 – 31/12/2011 二零零七年一月一日至 二零一一年十二月三十一日	16,923,315	0.40%
Mr. Liu (Note 2) 劉先生(附註2)	01/01/2006 二零零六年一月一日	3.06	01/01/2007 – 31/12/2011 二零零七年一月一日至 二零一一年十二月三十一日	16,914,184	0.40%
Mr. Zhang 張先生	01/01/2006 二零零六年一月一日	3.06	01/01/2007 – 31/12/2011 二零零七年一月一日至 二零一一年十二月三十一日	11,814,821	0.28%
Ms. Tam Wai Chu, Maria 譚惠珠女士	01/01/2006 二零零六年一月一日	3.06	01/01/2007 – 31/12/2011 二零零七年一月一日至 二零一一年十二月三十一日	1,166,670	0.03%
Mr. Chung Shui Ming, Timpson 鍾瑞明先生	01/01/2006 二零零六年一月一日	3.06	01/01/2007 – 31/12/2011 二零零七年一月一日至 二零一一年十二月三十一日	1,166,670	0.03%
Dr. Cheng Chi Pang 鄭志鵬博士	01/01/2006 二零零六年一月一日	3.06	01/01/2007 – 31/12/2011 二零零七年一月一日至 二零一一年十二月三十一日	1,166,670	0.03%
				49,152,330	1.17%
(ii) Employees and others (ii) 僱員及其他	01/01/2006 二零零六年一月一日	3.06	01/01/2007 – 31/12/2011 二零零七年一月一日至 二零一一年十二月三十一日	50,847,670	1.23%
Total 合計				100,000,000	2.40%

SHARE OPTION SCHEMES (Cont'd)

Notes:

- (1) Each of the grantees to whom options have been conditionally granted under the pre-IPO share option scheme will be entitled to exercise
- (i) up to 20% of the shares that are subject to the option so granted to him/her (rounded down to the nearest whole number) at any time during the period commencing on the 1st anniversary of the date on which the relevant option was so granted to him/her at 1 January 2006 ("Grant Date") and ending on the 2nd anniversary of the Grant Date;
- (ii) up to 40% of the shares that are subject to the option so granted to him/her less the number of shares in respect of which the option has been exercised (rounded down to the nearest whole number) at any time during the period commencing on the expiry of the 2nd anniversary of the Grant Date and ending on the 3rd anniversary of the Grant Date;
- (iii) up to 60% of the shares that are subject to the option so granted to him/her less the number of shares in respect of which the option has been exercised (rounded down to the nearest whole number) at any time during the period commencing on the expiry of the 3rd anniversary of the Grant Date and ending on the 54th month from the Grant Date; and
- (iv) such number of shares subject to the option so granted to him/her less the number of shares in respect of which the option has been exercised (rounded down to the nearest whole number) at any time commencing from the expiry of the 54th month from the Grant Date and ending on the expiration of 60 months from the date upon which such option is deemed to be granted and accepted in accordance with the rules of the Pre-IPO Share Option Scheme.
- (2) Mr. Liu is the spouse of Ms. Cheung. Therefore, Ms. Cheung is deemed to be interested in the shares subject to the share options granted to Mr. Liu and Mr. Liu is deemed to be interested in the shares subject to the share options granted to Ms. Cheung. Such interest has been disclosed in the paragraph "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".

Save as disclosed as above, no options were granted, cancelled or lapsed as at 27 March 2006.

The consideration paid by each grantee for each grant of options is HK\$1.00.

購股權計劃(續)

附註:

- (1) 根據首次公開招股前購股權計劃獲得有條件授予購股權的各承授人，可以
- (i) 自二零零六年一月一日(「授出日期」)獲授有關購股權後一週年之日起至第二週年當日止，隨時行使所獲購股權認購相關股份不超過20% (約減至最接近的整數)；
- (ii) 自授出日期後第二週年之日起至第三週年當日止，隨時行使所獲購股權認購相關股份不超過40%減去已行使購股權已發行的股份(約減至最接近的整數)；
- (iii) 自授出日期後第三週年之日起至第54個月當日止，隨時行使所獲購股權認購相關股份不超過60%減去已行使購股權已發行的股份(約減至最接近的整數)；
- (iv) 自授出日期後第54個月結束後，直至根據首次公開招股前購股權計劃規則視為授出及接納購股權日期後第60個月期間，隨時行使所獲購股權認購相關股份減去已行使購股權已發行的股份(約減至最接近的整數)。
- (2) 劉先生為張茵女士的配偶。因此，張茵女士視為擁有劉先生所獲授購股權有關股份的權益，而劉先生視為擁有張茵女士所獲授購股權有關股份的權益。有關的權益已於「董事於股份、相關股份及債券的權益及淡倉」一節中披露。

除上文所披露者外，於二零零六年三月二十七日並無購股權授出、註銷或失效。

各承授人每次接納購股權時所付代價為1.00港元。

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2005, the Company had not received any notice of interests to be recorded under section 336 of the SFO as the Company had not been listed on the Stock Exchange as at that date.

As at 27 March 2006, so far as is known to the directors and chief executives of the Company, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name 名稱	Capacity 身份	No. of ordinary shares of the Company held 所持本公司普通股數目 (Note 1) (附註1)	Approximate percentage of shareholding 概約持股百分比
Best Result (Note 2) (附註2)	Beneficiary owner 實益擁有人	2,986,800,000	71.97%
HSBC Bank USA, National Association (Note 2) (附註2)	Trustee of YC 2006 QuickGRAT YC 2006 QuickGRAT的信託人	2,986,800,000	71.97%
Bank of The West (Note 2) (附註2)	Trustee of MCL Living Trust MCL Living Trust的信託人	2,986,800,000	71.97%

Notes: (1) All the interests stated above represent long positions.

(2) Best Result directly held 2,986,800,000 shares in the Company. The issued share capital of Best Result is held as to approximately 37.1% by Ms. Cheung as the trustee and HSBC Bank USA, National Association as the administrative trustee of YC 2006 QuickGRAT, and as to approximately 37.1% by Ms. Cheung and her spouse Mr. Liu as the trustees and the special trustees and Bank of The West as the trustee of MCL Living Trust.

Save as disclosed above, no other parties 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 or underlying shares of the Company as at 27 March 2006.

根據證券及期貨條例須予披露的股東權益及淡倉

於二零零五年十二月三十一日，由於本公司並未在聯交所上市，因此並無接獲根據證券及期貨條例第336條發出的權益通知。

於二零零六年三月二十七日，就本公司董事及主要行政人員所知，以下人士擁有本公司股份或相關股份的權益或淡倉而根據證券及期貨條例第XV部2及3分部須予披露或根據證券及期貨條例336條須在本公司設計的登記冊記錄者：

No. of ordinary shares of the Company held 所持本公司普通股數目 (Note 1) (附註1)	Approximate percentage of shareholding 概約持股百分比
2,986,800,000	71.97%
2,986,800,000	71.97%
2,986,800,000	71.97%

附註：(1) 上述所有權益均為好倉。

(2) Best Result直接持有2,986,800,000股本公司股份。Best Result已發行股本由張茵女士以YC 2006 QuickGRAT的信託人身份及由HSBC Bank USA, National Association以行政信託人身份持有約37.1%，由張茵女士及其配偶劉先生以MCL Living Trust信託人及特別信託人身份擁有。

除上文所披露者外，於二零零六年三月二十七日，根據證券及期貨條例第336條本公司須保存之登記冊所記錄，概無其他人士擁有本公司之股份或相關股份之權益或淡倉。

The Company committed to the establishment and maintaining a high standard of corporate governance practices and procedures. The corporate governance principles of the Company emphasizes a quality board, sound internal control and transparency and accountability to all shareholders. The Board comprises nine persons, consisting of four executive directors, one non-executive director and four independent non-executive directors. The Board continues to review its practices on timely basis in order to improve the Group corporate governance practices to meet international recognised best practices.

DIRECTORS' COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code For Securities Transactions By Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Specific enquiries have been made to all directors, who have confirmed that they have complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Since the listing of its shares on The Stock Exchange, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

EXECUTIVE COMMITTEE

The members of the executive committee comprise Ms. Cheung Yan ("Ms. Cheung"), Mr. Liu Ming Chung ("Mr. Liu") and Mr. Zhang Cheng Fei ("Mr. Zhang"). The executive committee is responsible for the management and administration of the business of the Company and any matters which are within the ordinary course of the Company's business under the control and supervision of the board and in accordance with the provisions of the bye-laws of the Company.

AUDIT COMMITTEE

The members of the audit committee comprise Dr. Cheng Chi Pang, Mr. Chung Shui Ming, Timpson and Ms. Tam Wai Chu, Maria and Mr. Wang Hong Bo. The committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters with the external auditors including a review of the unaudited consolidated interim results for the six months ended 31 December 2005 prior to recommending them to the Board for approval.

REMUNERATION COMMITTEE

The remuneration committee of the Company has been set up in accordance with Appendix 14 to the Listing Rules. The committee comprises Ms. Tam Wai Chu, Maria, Mr. Chung Shui Ming, Timpson, Dr. Cheng Chi Pang, Mr. Liu and Mr. Zhang.

本公司一直致力建立及維持嚴謹的企業管治指引及程序。本公司的企業管治原則著重以董事會進行有效的內部監控，以及提高透明度及向全體股東的問責性。董事會有九名成員，包括四名執行董事、一名非執行董事及四名獨立非執行董事。董事會將繼續不時檢討其指引，使本集團的企業管治指引達致國際認可最佳指引的水平。

董事遵守標準守則

本公司已採納聯交所證券上市規則（「上市規則」）附錄10的上市發行人董事進行證券交易的標準守則（「標準守則」）。已向全體董事作出具體查詢，彼等已確認遵守標準守則的規定。

遵守企業管治常規守則

自股份在聯交所上市以來，本公司一直遵守上市規則附錄14的企業管治守則及常規。

執行委員會

執行委員會成員包括張茵女士（「張茵女士」）、劉名中先生（「劉先生」）及張成飛先生（「張先生」）。執行委員會負責本公司業務的管理和行政工作以及任何按照公司細則條文應由董事會控制和監督的本公司正常業務過程中的任何事務。

審核委員會

審核委員會成員包括鄭志鵬博士、鍾瑞明先生、譚惠珠女士與王宏渤先生。該委員會與管理層已審閱本集團所採納的會計政策及慣例，並且與外聘核數師討論有關審核、內部監控及財務申報事宜，包括在建議董事會作出批准前審閱截至二零零五年十二月三十一日止六個月的未經審核綜合中期業績。

薪酬委員會

本公司已根據上市規則附錄14規定成立薪酬委員會，成員包括譚惠珠女士、鍾瑞明先生、鄭志鵬博士、劉先生及張先生。

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2005. Accordingly, no closure of Register of Members of the Company is proposed.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company's shares were listed on the Stock Exchange on 3 March 2006 and therefore, during the six months ended 31 December 2005, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

中期股息

董事並不建議宣派截至二零零五年十二月三十一日止六個月中期股息。因此，本公司並無建議暫停辦理股東名冊登記。

購買、出售或贖回本公司上市證券

本公司股份於二零零六年三月三日在聯交所上市，因此截至二零零五年十二月三十一日止六個月，本公司及其附屬公司均無購買、出售或贖回本公司上市證券。

CONDENSED CONSOLIDATED INCOME STATEMENT 簡明綜合損益表

				Unaudited Six months ended 31 December 未經審核 截至十二月三十一日 止六個月		
		Note 附註	2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元		
Sales	銷售額	2	3,774,314	1,780,193		
Cost of goods sold	已售產品成本	13	(2,945,696)	(1,483,484)		
Gross profit	毛利		828,618	296,709		
Other gains – net	其他收益淨額	12	104,015	5,808		
Selling and marketing costs	銷售及市場推廣成本	13	(69,905)	(33,310)		
Administrative expenses	行政開支	13	(82,749)	(55,623)		
Operating profit	經營利潤		779,979	213,584		
Finance costs	融資成本	14	(156,424)	(62,756)		
Profit before income tax	除所得稅前利潤		623,555	150,828		
Income tax expense	所得稅開支	15	(47,064)	(17,292)		
Profit for the period	期間利潤		576,491	133,536		
Profit attributable to:	由下列各方分佔:					
Equity holders of the Company	本公司權益持有人		560,216	126,616		
Minority interests	少數股東權益		16,275	6,920		
			576,491	133,536		
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)	期內本公司權益持有人應佔溢利每股盈利 (以每股人民幣計算)					
– basic	– 基本	16	0.19	0.04		
– diluted	– 攤薄	16	N/A不適用	N/A不適用		

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

		Note 附註	As at 31 December 2005 二零零五年 十二月三十一日 (Unaudited) (未經審核) RMB'000 人民幣千元	As at 30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	3	8,133,991	7,639,960
Land use rights	土地使用權	3	650,444	607,562
Intangible asset	無形資產	4	146,694	146,694
			<u>8,931,129</u>	<u>8,394,216</u>
Current assets	流動資產			
Inventories	存貨	5	901,905	998,174
Trade and other receivables	應收貿易賬款及 其他應收款項	6	1,304,492	997,009
Restricted cash	受限制現金	7	659,764	659,379
Bank and cash balances	銀行及現金結餘		333,362	651,587
			<u>3,199,523</u>	<u>3,306,149</u>
Total assets	總資產		<u>12,130,652</u>	<u>11,700,365</u>
EQUITY	權益			
Capital and reserves attributable to the equity holders of the Company	本公司權益持有人 應佔資本及儲備			
Share capital	股本	8	312,000	312,000
Other reserves	其他儲備	9	858,680	828,330
Retained earnings	保留盈利		1,690,676	1,181,624
			<u>2,861,356</u>	<u>2,321,954</u>
Minority interests	少數股東權益		<u>101,897</u>	<u>85,622</u>
Total equity	總權益		<u>2,963,253</u>	<u>2,407,576</u>

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表(續)

(Cont'd)

		Note 附註	As at 31 December 2005 二零零五年 十二月三十一日 (Unaudited) (未經審核) RMB'000 人民幣千元	As at 30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Other payables	其他應付款項	10	49,168	15,248
Borrowings	借貸	11	3,829,627	3,817,280
Deferred income tax liabilities	遞延所得稅負債		194,175	169,747
			4,072,970	4,002,275
Current liabilities	流動負債			
Trade and other payables	應付貿易賬款及 其他應付款項	10	2,545,378	2,814,502
Current income tax payables	應付即期所得稅		55,747	44,441
Borrowings	借貸	11	2,493,304	2,431,571
			5,094,429	5,290,514
Total liabilities	總負債		9,167,399	9,292,789
Total equity and liabilities	總權益及負債		12,130,652	11,700,365
Net current liabilities	流動負債淨額		(1,894,906)	(1,984,365)
Total assets less current liabilities	總資產減流動負債		7,036,223	6,409,851

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 簡明綜合權益變動表

		Unaudited 未經審核				
		Attributable to equity holders of the Company 本公司權益持有人應佔				
		Share capital	Other reserves	Retained earnings	Minority interests	Total
		股本	其他儲備	保留盈利	權益	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 July 2004	二零零四年 七月一日結餘	312,000	(158,052)	895,138	80,250	1,129,336
Profit for the period	期間利潤	-	-	126,616	6,920	133,536
Dividend paid to a minority shareholder	已付少數股東股息	-	-	-	(9,000)	(9,000)
Transfer	轉撥	-	17,273	(17,273)	-	-
Currency translation differences	貨幣換算差額	-	(1,487)	-	-	(1,487)
Balance at 31 December 2004	二零零四年 十二月三十一日結餘	<u>312,000</u>	<u>(142,266)</u>	<u>1,004,481</u>	<u>78,170</u>	<u>1,252,385</u>
Balance at 1 July 2005	二零零五年七月一日 結餘	312,000	828,330	1,181,624	85,622	2,407,576
Profit for the period	期間利潤	-	-	560,216	16,275	576,491
Transfer	轉撥	-	51,164	(51,164)	-	-
Share issuance cost	股份發行成本	-	(19,394)	-	-	(19,394)
Currency translation differences	貨幣換算差額	-	(1,420)	-	-	(1,420)
Balance at 31 December 2005	二零零五年 十二月三十一日結餘	<u>312,000</u>	<u>858,680</u>	<u>1,690,676</u>	<u>101,897</u>	<u>2,963,253</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT **簡明綜合現金流量表**

		Unaudited Six months ended 31 December 未經審核 截至十二月三十一日 止六個月	
		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Net cash generated from operating activities	經營業務所得現金淨額	296,884	673,374
Net cash used in investing activities	投資活動所用現金淨額	(761,601)	(721,983)
Net cash generated from financing activities	融資活動所得現金淨額	147,912	16,133
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(316,805)	(32,476)
Cash and cash equivalents at 1 July	七月一日的現金及現金等價物	651,587	446,890
Exchange losses on cash and cash equivalents	現金及現金等價物匯兌虧損	(1,420)	(1,487)
Cash and cash equivalents at 31 December	十二月三十一日的現金及現金等價物	333,362	412,927

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**1. Group reorganisation, basis of preparation and accounting policies**

Nine Dragons Paper (Holdings) Limited (the “Company”) was incorporated in Bermuda on 17 August 2005 under the Companies Act 1981 as an exempt company with limited liability and became the holding company of the Group as result of the group reorganisation (the “Reorganisation”) that principally comprised the acquisition of Zhang’s Enterprises Company Limited (“Zhang’s”), which holds directly or indirectly, the entire share capital of Dongguan Nine Dragons Paper Industries Company Limited (“Dongguan Nine Dragons”), Nine Dragons Paper Industries (Taicang) Company Limited (“Taicang Nine Dragons”), Dongguan Sea Dragon Paper Industries Company Limited (“Dongguan Sea Dragon”) and Sea Dragon Paper Industries (Taicang) Company Limited (“Taicang Sea Dragon”). The Reorganisation became effective on 30 December 2005.

The Reorganisation involved companies under common control, and the Group resulting from the Reorganisation is regarded as a continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting, under which the condensed consolidated financial information have been prepared as if the Company had been the holding company of other companies comprising the Group throughout the period ended 31 December 2005, rather than from the date on which the Reorganisation was completed. The comparative figures as at 30 June 2005 and for the period ended 31 December 2004 have been presented on the same basis.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

簡明綜合財務報表附註 (續)**1. 集團重組、編製基準及會計政策**

玖龍紙業(控股)有限公司(「本公司」)於二零零五年八月十七日根據百慕達一九八一年公司法在百慕達註冊成立為獲豁免有限公司,並因集團重組(「重組」)(主要包括收購張氏企業有限公司)而成為本集團的控股公司。張氏企業有限公司(「張氏」)直接或間接持有東莞玖龍紙業有限公司(「東莞玖龍」)、玖龍紙業(太倉)有限公司(「太倉玖龍」)、東莞海龍紙業有限公司(「東莞海龍」)及海龍紙業(太倉)有限公司(「太倉海龍」)。重組於二零零五年十二月三十日生效。

重組涉及受共同控制的公司,重組後的本集團視為持續存在的集團。因此,重組已按會併會計法入賬,即此簡明綜合財務資料乃假設本公司於截至二零零五年十二月三十一日止整個期間(而非自重組完成日期起)一直為本集團其他成員公司的控股公司而編製。於二零零五年六月三十日及截至二零零四年十二月三十一日止期間的比較數字按相同基準呈列。

簡明綜合財務報表乃根據香港會計師公會頒佈的香港會計準則第34號「中期財務報告」編製。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

1. Group reorganisation, basis of preparation and accounting policies (Cont'd)

The accounting policies and methods of computation used in the preparation of these unaudited interim results are consistent with those used in the prospectus issued by the Company on 20 February 2006 (the "Prospectus"). Accordingly, this condensed financial information should be read in conjunction with the Prospectus.

At 31 December 2005, there was a net current liabilities of RMB1,894.9 million. Subsequent to the balance sheet date, the Company issued 1,150,000,000 shares of HK\$0.10 each at HK\$3.40 per share in connection with the listing of the Company's shares on The Stock Exchange of Hong Kong Limited on 3 March 2006, and raised gross proceeds of approximately HK\$3,910,000,000. The directors are satisfied based upon all of the information available to them that it is appropriate for the accounts to be prepared on a going concern basis.

2. Sales

The Group is principally engaged in the manufacture and sales of paper. As the products and services provided by the companies now comprising the Group are all related to the manufacture and sales of paper and subject to similar business risks, no segment information have been prepared by the Group.

Sales recognised during the six months ended 31 December 2005 are as follows:

Sales of paper	銷售紙張
Sales of unbleached kraft pulp	銷售本色木漿

簡明綜合財務報表附註 (續)

1. 集團重組、編製基準及會計政策 (續)

編製未經審核中期業績所用會計政策及方法與本公司於二零零六年二月二十日刊發的售股章程(「售股章程」)所用者一致。因此，謹請一併參閱本簡明財務資料及售股章程。

於二零零五年十二月三十一日，流動負債淨額為人民幣1,894,900,000元。於結算日後，本公司就二零零六年三月三日本公司股份在香港聯合交易所有限公司上市而按每股3.40港元發行1,150,000,000股每股面值0.10港元的股份，集資合共約3,910,000,000港元。董事根據所獲的資料認為賬目按持續經營基準編製乃屬恰當。

2. 銷售額

本集團主要從事紙張產銷。由於本集團現時旗下公司所提供之產品及服務全與產銷紙張有關，所承擔之業務風險相類，故此本集團並無編製有關期間分部資料。

截至二零零五年十二月三十一日止六個月確認之營業額如下：

**Six months ended
31 December
截至十二月三十一日
止六個月**

2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
3,652,542	1,694,976
121,772	85,217
3,774,314	1,780,193

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)
簡明綜合財務報表附註(續)
3. Capital expenditure**3. 資本開支**

		Land use rights	Property, plant and equipment
		土地使用權	物業、廠房及設備
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Opening net book amount as at 1 July 2005	二零零五年七月一日期 初賬面值	607,562	7,639,960
Additions	添置	49,459	658,734
Disposals	出售	-	(4,988)
Amortisation/depreciation charges	攤銷/折舊開支	(6,577)	(159,715)
		<u>650,444</u>	<u>8,133,991</u>
Closing net book amount as at 31 December 2005	二零零五年十二月 三十一日期終賬面值	<u>650,444</u>	<u>8,133,991</u>
Opening net book amount as at 1 July 2004	二零零四年七月一日期 初賬面值	159,005	2,864,932
Additions	添置	-	684,457
Disposals	出售	-	(1,443)
Amortisation/depreciation charges	攤銷/折舊開支	(911)	(60,084)
		<u>158,094</u>	<u>3,487,862</u>
Closing net book amount as at 31 December 2004	二零零四年十二月 三十一日期終賬面值	<u>158,094</u>	<u>3,487,862</u>
Additions	添置	55,582	1,326,118
Acquisition of subsidiaries	收購附屬公司	397,632	2,942,192
Disposals	出售	-	(5,914)
Amortisation/depreciation charges	攤銷/折舊開支	(3,746)	(110,298)
		<u>607,562</u>	<u>7,639,960</u>
Closing net book amount as at 30 June 2005	二零零五年六月三十日 期終賬面值	<u>607,562</u>	<u>7,639,960</u>

(a) Certain property, plant and equipment of the Group with carrying values of approximately RMB2,567,776,000 as at 31 December 2005 (30 June 2005: RMB2,568,993,000) had been pledged for bank borrowings of the Group (note 11).

(b) Bank borrowings are secured on land with the carrying amount of RMB227,146,000 as at 31 December 2005 (30 June 2005: RMB228,098,000) (note 11).

(a) 於二零零五年十二月三十一日，本集團將賬面值約人民幣2,567,776,000元（二零零五年六月三十日：人民幣2,568,993,000元）的若干物業、廠房及設備，用作抵押本集團所借入的銀行借貸（附註11）。

(b) 於二零零五年十二月三十一日，銀行借貸以賬面值人民幣227,146,000元（二零零五年六月三十日：人民幣228,098,000元）的土地作抵押（附註11）。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

4. Intangible asset

Intangible asset as at 31 December 2005 represents goodwill, being the excess of the fair value of the shares of Zhang's issued in consideration of acquisition over the fair value of the Group's share of the net identifiable assets of the Nine Dragons Paper Industries Co., Ltd, Millennium Scope Limited, Emperor Dragon Paper Industries Co., Ltd., River Dragon Paper Industries Co., Ltd. and their subsidiaries (the "Acquired Subsidiaries") on 1 January 2005.

The fair value of the shares of Zhang's and the fair value of the net identifiable assets of the Acquired Subsidiaries are based on the business valuation carried out by Vigers Appraisal & Consulting Limited, the independent valuers, on 1 January 2005. Accordingly, the goodwill is attributed to the expected high profitability of the acquired subsidiaries and significant synergies expected to arise after the acquisitions.

The directors do not consider that a provision for impairment in the carrying amount of the goodwill as at 31 December 2005 is necessary based on the business valuation carried out by Vigers Appraisal & Consulting Limited as at 30 November 2005.

5. Inventories

At cost:	按成本:
Raw materials	原料
Finished goods	成品

Certain inventories of the Group with carrying values of approximately RMB39,000,000 as at 31 December 2005 (30 June 2005: RMB150,000,000) had been pledged for bank borrowings of the Group (note 11).

簡明綜合財務報表附註(續)

4. 無形資產

於二零零五年十二月三十一日的無形資產為商譽，亦即張氏作為收購代價所發行股份的公平價值超出本集團於二零零五年一月一日分佔Nine Dragons Paper Industries Co., Ltd, Millennium Scope Limited, Emperor Dragon Paper Industries Co., Ltd., River Dragon Paper Industries Co., Ltd.及其附屬公司(「所收購附屬公司」)可識別淨資產公平價值的差額。

張氏的股份公平價值及本集團所收購附屬公司可識別淨資產公平價值，乃按照獨立估值師威格斯資產評估顧問有限公司於二零零五年一月一日所進行的業務評估釐定。因此，商譽乃因預期所收購附屬公司的盈利能力較高，以及進行收購事項後預期會有相當協同效益而支付的代價。

根據威格斯資產評估顧問有限公司於二零零五年十一月三十日的業務評估，董事認為毋須就於二零零五年十二月三十一日的商譽賬面值計提減值撥備。

5. 存貨

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
650,791	669,312
251,114	328,862
901,905	998,174

於二零零五年十二月三十一日，本集團將賬面值約人民幣39,000,000元(二零零五年六月三十日：人民幣150,000,000元)的若干存貨，用作抵押本集團所借入的銀行借貸(附註11)。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

簡明綜合財務報表附註(續)

6. Trade and other receivables

6. 應收貿易賬款及其他應收款項

		31 December	30 June
		2005	2005
		二零零五年	二零零五年
		十二月三十一日	六月三十日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables due from:	應收下列各方之貿易賬款:		
– third parties	– 第三方	756,039	564,079
– related parties (note 19(d))	– 有關連人士 (附註19(d))	16,967	19,381
		773,006	583,460
Bills receivable	應收票據	219,044	179,883
Prepayments	預付款項	179,423	144,265
Amounts due from a shareholder (note (a))	應收一名股東款項 (附註(a))	163	–
Amounts due from related parties (note (a) & note 19(d))	應收有關連人士款項 (附註(a)及附註19(d))	38,748	10,768
Other receivables	其他應收款項	94,108	78,633
		1,304,492	997,009

(a) The amounts due are unsecured, interest free and repayable on demand.

(a) 應收款項為無抵押、免息及須按要求償還。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

6. Trade and other receivables (Cont'd)

- (b) The Group's sales to corporate customers are entered into on credit terms around 30 to 60 days. As at 31 December 2005, the ageing analysis of trade receivables is as follows:

0-30 days	0至30日
31-60 days	31至60日
61-90 days	61至90日
Over 90 days	逾90日

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, which are widely dispersed within the PRC.

7. Restricted cash

Pledged as securities for bank borrowings (note (a) & note 11)	就銀行借貸質押的抵押品 (附註(a)及附註11)
Pledged as securities for banking facilities (note (b))	就銀行融通額質押的抵押品 (附註(b))

簡明綜合財務報表附註(續)

6. 應收貿易賬款及其他應收款項(續)

- (b) 本集團向企業客戶銷售給予約30至60日信貨期。截至二零零五年十二月三十一日，應收貿易賬款之賬齡分析如下：

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
573,975	372,896
159,692	137,342
27,139	39,460
12,200	33,762
773,006	583,460

鑒於本集團客戶眾多，遍佈全中國，因此應收貿易賬款之信貸風險並不集中。

7. 受限制現金

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
16,600	16,600
643,164	642,779
659,764	659,379

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

- 7. Restricted cash (Cont'd)**
- (a) Restricted cash earns interest at a fixed rate of 2.75% per annum.
- (b) Restricted cash earns interest at floating rates ranging from 0.72% to 2.07% per annum.

8. Share capital
Movements were:

	法定	Note			
Authorised	註冊成立時每股	附註			
Ordinary shares of HK\$1.00 each upon incorporation	面值1.00港元的普通股	(a)	100,000	100	104
Sub-division of issued shares	分拆已發行股份	(b)	900,000	-	-
		(b)	1,000,000	100	104
Increase in authorised share capital of HK\$0.1 each	增加每股面值0.1港元的法定股本	(c)	7,999,000,000	799,900	831,896
Ordinary shares of HK\$0.10 each	每股面值0.10港元的普通股		8,000,000,000	800,000	832,000
Issued and fully paid	已發行及繳足				
Ordinary shares of HK\$1.00 each issued nil paid	每股面值1.00港元的未繳股本普通股	(a)	100,000	100	104
Sub-division of issued shares	分拆已發行股份	(b)	900,000	-	-
On acquisition of Nine Dragons Paper (BVI) Group Limited ("NDP (BVI)"): <ul style="list-style-type: none"> - shares issued to Best Result Holdings Limited ("Best Result"), credited as fully paid of HK\$0.10 each - shares issued to Max Dragon Profits Limited ("Max Dragon"), credited as fully paid of HK\$0.10 each - nil-paid shares transferred to Best Result, credited as fully paid of HK\$0.10 each 	收購Nine Dragons Paper (BVI) Group Limited ("NDP (BVI)")時: <ul style="list-style-type: none"> - 向Best Result Holdings Limited ("Best Result")發行的股份,每股面值為0.10港元,入賬為繳足 - 向Max Dragon Profits Limited ("Max Dragon")發行的股份,每股面值為0.10港元,入賬為繳足 - 轉讓予Best Result的未繳足股份,每股面值為0.10港元,入賬為繳足 	(d)	2,985,800,000	298,580	310,523
		(d)	13,200,000	1,320	1,373
		(d)	-	-	-
Ordinary shares of HK\$0.10 each	每股面值0.10港元的普通股		3,000,000,000	300,000	312,000

簡明綜合財務報表附註(續)

- 7. 受限制現金(續)**
- (a) 受限制現金按固定年利率2.75%獲取利息。
- (b) 受限制現金按浮動年利率0.72%至2.07%獲取利息。

8. 股本
變動如下:

Number of Ordinary shares 普通股數目	Nominal value of ordinary shares 普通股面值 HK\$'000 千港元	Equivalent nominal value of ordinary shares 普通股面值等值 RMB'000 人民幣千元
100,000	100	104
900,000	-	-
1,000,000	100	104
7,999,000,000	799,900	831,896
8,000,000,000	800,000	832,000
100,000	100	104
900,000	-	-
2,985,800,000	298,580	310,523
13,200,000	1,320	1,373
-	-	-
3,000,000,000	300,000	312,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**8. Share capital (Cont'd)**

- (a) At the date of incorporation, the Company's authorised share capital was HK\$100,000 divided into 100,000 shares of HK\$1.00 each. On 27 September 2005, 100,000 nil-paid shares of HK\$1.00 each were issued to Ms. Cheung.
- (b) On 30 December 2005, every share of HK\$1.00 Company was sub-divided into 10 shares of HK\$0.10 each.
- (c) On 30 December 2005, the authorised share capital of the Company was increased from HK\$100,000 to HK\$800,000,000 by the creation of additional 7,999,000,000 shares of HK\$0.10 each.
- (d) On 30 December 2005, the Company issued 2,985,800,000 shares to Best Result, credited as fully paid, and 13,200,000 shares to Max Dragon, credited as fully paid, and credited as fully paid the 1,000,000 nil-paid shares held by Best Result in consideration for the transfer of the entire issued share capital of NDP (BVI) from Ms. Cheung Yan ("Ms. Cheung"), Mr. Liu Ming Chung ("Mr. Liu"), Mr. Zhang Cheng Fei ("Mr. Zhang") and Ms. Chang Siu Hon ("Ms. Chang") to the Company.

簡明綜合財務報表附註(續)**8. 股本(續)**

- (a) 於本公司註冊成立日期，其法定股本為100,000港元，分為100,000股每股面值1.00港元的股份。於二零零五年九月二十七日，向張茵女士發行100,000股每股面值1.00港元的未繳股本股份。
- (b) 於二零零五年十二月三十日，本公司每股面值1.00港元的全部股份分拆為10股每股面值0.10港元的股份。
- (c) 於二零零五年十二月三十日，本公司的法定股本因增設7,999,000,000股每股面值0.10港元的股份，由100,000港元增至800,000,000港元。
- (d) 於二零零五年十二月三十日，本公司向Best Result發行2,985,800,000股入賬為繳足股本的股份，並向Max Dragon發行13,200,000股入賬為繳足股本的股份。而Best Result所持的1,000,000未繳股本股份則以張茵女士(「張茵女士」)、劉名中先生(「劉先生」)、張成飛先生(「張先生」)及張秀紅女士(「張女士」)向本公司轉讓NDP (BVI)全部已發行股本的代價入賬為繳足。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

簡明綜合財務報表附註(續)

9. Other reserves

9. 其他儲備

		Contributed surplus	Share issuance cost	Capital reserve	Statutory reserve and enterprise expansion fund	Translation	Total
		繳納盈餘	股份發行成本	資本儲備	法定儲備及企業發展基金	換算	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(note (a))			(note (b))		
		(附註(a))			(附註(b))		
As at 1 July 2004	二零零四年七月一日	(310,921)	-	98,980	50,115	3,774	(158,052)
Transfer from net profit	轉撥自淨利潤	-	-	-	17,273	-	17,273
Currency translation differences	貨幣換算差額	-	-	-	-	(1,487)	(1,487)
As at 31 December 2004	二零零四年 十二月三十一日	(310,921)	-	98,980	67,388	2,287	(142,266)
Capitalisation of advances from then shareholders	當時股東墊款撥作資本	253,797	-	-	-	-	253,797
Acquisition of subsidiaries	收購附屬公司	717,666	-	-	-	-	717,666
Currency translation differences	貨幣換算差額	-	-	-	-	(867)	(867)
As at 30 June 2005	二零零五年 六月三十日	660,542	-	98,980	67,388	1,420	828,330
Transfer from net profit	轉撥自淨利潤	-	-	-	51,164	-	51,164
Share issuance cost	股份發行成本	-	(19,394)	-	-	-	(19,394)
Currency translation differences	貨幣換算差額	-	-	-	-	(1,420)	(1,420)
As at 31 December 2005	二零零五年 十二月三十一日	660,542	(19,394)	98,980	118,552	-	858,680

(a) Contributed surplus of the Group represents the difference between the share capital of subsidiaries acquired pursuant to the Reorganisation (note 1) over the nominal value of the share capital of the Company issued in exchange therefore.

(a) 本集團繳納盈餘指根據重組(附註1)所收購附屬公司的股本與本公司作為交換所發行股本面值的差額。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**9. Other reserves** (Cont'd)*(b) Statutory reserve and enterprise expansion fund*

In accordance with relevant rules and regulation on foreign investment enterprise established in the PRC, except for Nine Dragons Xing An Paper Industries (Inner-Mongolia) Company Limited (“ND Xing An”), all the PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to shareholders in the form of bonus issue. In addition, Dongguan Nine Dragons Transportation Company Limited and Nine Dragons Transportation (Taicang) Company Limited are required to transfer between 5% and 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory public welfare fund. The statutory public welfare fund is employed for the staff collective welfare facilities.

In accordance with relevant rules and regulations in the PRC applied on ND Xing An, the appropriations to the statutory reserve fund and enterprise expansion fund are determined by the board of directors of ND Xing An.

簡明綜合財務報表附註 (續)**9. 其他儲備** (續)*(b) 法定儲備及企業發展基金*

根據在中國成立的外商投資企業的相關規則及法規，除玖龍興安漿紙(內蒙古)有限公司(「玖龍興安」)外，本集團現時旗下所有中國公司均須將按照中國會計規則及法規計算的10%除稅後利潤轉撥至法定盈餘公積金，直至該公積金累計總額達註冊資本50%為止。法定盈餘公積金可以發行紅股的方式分派予股東。此外，東莞市玖龍運輸有限公司及太倉玖龍運輸有限公司須將根據中國會計規則及法規計算的除稅後利潤5%至10%轉撥至法定公益金。法定公益金須作員工集體福利設施之用。

根據適用於玖龍興安之中國相關規則及法規，法定盈餘公積金及企業發展基金之分配額由玖龍興安董事會釐定。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

簡明綜合財務報表附註(續)

10. Trade and other payables

10. 應付貿易賬款及其他應付款項

		31 December	30 June
		2005	2005
		二零零五年	二零零五年
		十二月三十一日	六月三十日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade payables due to:	應付下列各方之貿易賬款:		
- third parties	- 第三方	390,009	596,960
- related parties (note 19 (d))	- 有關連人士 (附註19(d))	669,843	847,770
		1,059,852	1,444,730
Bills payable, secured	應付票據(有抵押)	736,000	723,066
Deposits from customers	向客戶收取的按金	55,072	41,082
Amount due to a director (note (a) & note 19 (d))	應付董事款項 (附註(a)及附註19(d))	45,537	-
Amount due to a related party (note (a) & note 19 (d))	應付有關連人士款項 (附註(a)及附註19(d))	9,235	1,063
Other payables	其他應付款項	652,169	565,158
Staff welfare benefit payable	應付員工福利	18,178	25,324
Accrued expenses	應計費用	18,503	29,327
		2,594,546	2,829,750
Less: Other payables included in non-current liabilities	減:計入非流動負債的 其他應付款項		
Leases payable for land use rights	土地使用權的應付租金	(14,709)	(15,248)
Deferred government grants (note (b))	遞延政府補助金 (附註(b))	(34,459)	-
		(49,168)	(15,248)
		2,545,378	2,814,502

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**10. Trade and other payables** (Cont'd)

- (a) The amounts due are unsecured, interest free and repayable upon demand.
- (b) The Group has received grants amounted to RMB49,459,000 from the government authority as assistance to the Group for purchases, construction or otherwise acquisitions of plant and buildings. As at 31 December 2005, the Group has utilised an amount of RMB15,000,000 to acquired certain buildings.

The ageing analysis of trade payables as at 31 December 2005 is as follows:

0 – 90 days	0至90日
91 – 180 days	91至180日
181 – 365 days	181至365日
Over 365 days	逾365日

簡明綜合財務報表附註 (續)**10. 應付貿易賬款及其他應付款項** (續)

- (a) 應付款項為無抵押、免息及須按要求償還。
- (b) 本集團已收取政府機關撥支作為資助本集團購置、興建或以其他方式收購廠房及樓宇的補助金，為數人民幣49,459,000元。於二零零五年十二月三十一日，本集團已動用人民幣15,000,000元收購若干樓宇。

於二零零五年十二月三十一日應付貿易賬款之賬齡分析如下：

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
986,214	1,304,087
35,425	44,683
20,302	92,310
17,911	3,650
1,059,852	1,444,730

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

簡明綜合財務報表附註 (續)

11. Borrowings

11. 借貸

		31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
Non-current	非流動	3,829,627	3,817,280
Current	流動		
– Short term bank borrowings	– 短期銀行借貸	470,040	1,767,563
– Current portion of long-term bank borrowings	– 長期銀行借貸即期部分	2,023,264	664,008
		2,493,304	2,431,571
Total borrowings	總借貸	6,322,931	6,248,851

As at 31 December 2005, borrowings of RMB3,746,762,000 (30 June 2005: RMB3,565,530,000) are secured by assets of the Group and guarantees given by related parties, which are detailed as follows:

於二零零五年十二月三十一日，以本集團的資產及有關連人士所發出擔保作抵押的借貸分別為人民幣3,746,762,000元（二零零五年六月三十日：人民幣3,565,530,000元），詳情如下：

		31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
Borrowings secured by assets of the Group only (note (a))	僅以本集團的資產作抵押的借貸 (附註(a))	1,149,798	1,400,966
Borrowings secured by guarantees given by related parties (note 19(e))	以有關連人士所發出擔保作 (附註19(e))	787,500	1,304,300
Borrowings secured by both assets of the Group and guarantees given by related parties (note (a) & note 19(e))	兼以本集團的資產及有關連人士所發出擔保作抵押的借貸 (附註(a)及19(e))	1,809,464	860,264
		3,746,762	3,565,530

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

11. Borrowings (Cont'd)

- (a) Details of the Group's assets pledged as securities for borrowings are disclosed in notes 3, 5 and 7.

The maturity of the borrowings is as follows:

Within 1 year	1年內
Between 1 and 2 years	1年至2年
Between 2 and 5 years	2年至5年
Wholly repayable within 5 years	須於5年內悉數償還
Over 5 years	逾5年

The effective interest rates as at 31 December 2005 are as follows:

Long-term bank borrowings	長期銀行借貸
Short-term bank borrowings	短期銀行借貸

The carrying amounts of short-term bank borrowings and long-term bank borrowings approximate their fair value.

簡明綜合財務報表附註 (續)

11. 借貸 (續)

- (a) 有關本集團質押作為借貸抵押品之資產之詳情，分別於附註3、5及7披露。

借貸到期日如下：

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
2,493,304	2,431,571
1,461,995	1,195,835
2,177,632	2,256,445
6,132,931	5,883,851
190,000	365,000
6,322,931	6,248,851

於二零零五年十二月三十一日之實際利率如下：

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
5.567%	5,524%
5.447%	5,242%

短期銀行借貸及長期銀行借貸之賬面值與其公平價值相若。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

11. Borrowings (Cont'd)

The carrying amounts of all the Group's borrowings as at 31 December 2005 are denominated in the following currencies:

RMB	人民幣
US Dollars	美元

The Group has the following undrawn borrowing facilities:

Floating rate:	浮動利率:
- expiring within one year	- 1年內到期
- expiring beyond one year	- 1年後到期

簡明綜合財務報表附註(續)

11. 借貸(續)

於二零零五年十二月三十一日,本集團所有借貸之賬面值均以下列貨幣計值:

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
5,208,372	5,191,055
1,114,559	1,057,796
6,322,931	6,248,851

本集團尚未提取之借貸融通額如下:

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
1,280,613	301,979
442,329	629,005
1,722,942	930,984

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

簡明綜合財務報表附註(續)

12. Other gains – net

Transportation	運輸
Sales of scrap materials	銷售碎料
Sales of electricity	銷售電力
Interest income	利息收入

12. 其他收益淨額

Six months ended

31 December

截至十二月三十一日

止六個月

2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
(293)	672
14,221	950
81,902	789
8,185	3,397
104,015	5,808

13. Expenses by nature

Expenses included in cost of goods sold, selling and marketing costs and administrative expenses are analysed as follows:

Depreciation of fixed assets (note 3)	固定資產折舊(附註3)
Add: amount absorbed in opening inventories	加:已計入期初存貨的數額
Less: amount absorbed in closing inventories	減:已計入期終存貨的數額
Employee benefit expense	僱員福利開支
Changes in finished goods	成品變動
Raw materials and consumables used	已耗用原料及耐用品
Operating leases	經營租賃
– Land use rights (note 3)	– 土地使用權(附註3)
– Buildings	– 樓宇

13. 按性質劃分的開支

計入已售貨品成本、銷售及市場推廣成本和行政開支的開支分析如下:

2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
159,715	60,084
11,302	8,312
(12,974)	(2,240)
158,043	66,156
146,882	69,179
(77,748)	(172,952)
2,701,434	1,342,056
6,577	911
108	82

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

14. Finance costs

Interest on bank borrowings	銀行借貸利息
Less: interest capitalised	減:已資本化利息
Bills discount charge	票據貼現費用
Other incidental borrowing cost	其他附帶借貸成本
Exchange gains on borrowings	借貸的匯兌收益

The capitalisation rate applied to funds borrowed generally and used for the development of construction in progress is 5.642% for the six months ended 31 December 2005 (2004: 5.266%).

15. Income tax expense

Current tax	即期稅項
– Hong Kong profits tax	– 香港利得稅
– PRC enterprise income tax	– 中國企業所得稅
Deferred income tax	遞延所得稅

簡明綜合財務報表附註 (續)

14. 融資成本

**Six months ended
31 December
截至十二月三十一日
止六個月**

2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
169,101	76,446
(19,785)	(25,051)
149,316	51,395
16,219	9,661
2,246	1,702
(11,357)	(2)
156,424	62,756

截至二零零五年十二月三十一日止六個月，一般為用作發展在建工程而借入及運用之資金所適用之資本化比率為5.642% (二零零四年: 5.266%)。

15. 所得稅開支

**Six months ended
31 December
截至十二月三十一日
止六個月**

2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
–	–
22,636	3,797
22,636	3,797
24,428	13,495
47,064	17,292

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

15. Income tax expense (Cont'd)

Hong Kong profits tax has not been provided as the Group did not have any assessable profits during six months ended 31 December 2005. PRC enterprise income tax has been calculated on the estimated assessable profit for the period at the rates of taxation applicable to the respective subsidiaries.

16. Earnings per share

– *Basic*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Profit attributable to equity holders of the Company (RMB'000)	本公司權益持有人應佔溢利 (人民幣千元)
Number of ordinary shares in issue (shares in thousands)	已發行普通股數目(以千股計)
Basic earnings per share (RMB per share)	每股基本盈利(每股人民幣)

– *Diluted*

No diluted earnings per share is presented as there were no potential dilutive ordinary shares outstanding during the periods.

簡明綜合財務報表附註 (續)

15. 所得稅開支 (續)

由於本集團於截至二零零五年十二月三十一日止六個月並無任何應課稅利潤，故此並未為香港利得稅計提撥備。中國企業所得稅乃以期內估計應課稅溢利按適用於相關附屬公司的稅率計算。

16. 每股盈利

– *基本*

每股基本盈利乃以期內本公司權益持有人應佔溢利除以已發行普通股的加權平均數。

**Six months ended
31 December
截至十二月三十一日
止六個月**

2005 二零零五年	2004 二零零四年
560,216	126,616
3,000,000	3,000,000
0.19	0.04

– *攤薄*

由於期內並無有潛在攤薄影響的普通股，因此並無呈列每股攤薄盈利。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

簡明綜合財務報表附註 (續)

17. Contingencies

17. 或有事項

Corporate guarantees for bank borrowings and credit facilities granted to a related party (note 19(e)) 就有關連人士所獲授的銀行借貸及信貸融通額而發出的企業擔保 (附註19(e))

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
30,000	62,000

18. Commitments

18. 承擔

(a) *Capital commitments*
Capital expenditure as at 31 December 2005 but not yet incurred is as follows:

(a) 資本承擔
於二零零五年十二月三十一日尚未產生的資本開支如下:

Contracted but not provided for
- Property, plant and equipment 已訂約但未撥備
- 物業、廠房及設備

Authorised but not contracted for
- Property, plant and equipment 已授權但未訂約
- 物業、廠房及設備

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
7,672	595,586
-	490,558
7,672	1,086,144

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

18. Commitments (Cont'd)

(b) *Operating leases commitments – where the Group is the lessee*

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Property, plant and equipment:	物業、廠房及設備:
Not later than one year	不多於1年
Later than one year and not later than five years	多於1年但在5年內

簡明綜合財務報表附註 (續)

18. 承擔 (續)

(b) *經營租賃承擔 – 本集團為承租人*

根據不可撤銷經營租賃支付的未來最低總租金如下:

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
2,059	–
3,391	–
5,450	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

簡明綜合財務報表附註(續)

19. Related party transactions

(a) Name and relationship with related parties

Name
名稱America Chung Nam Inc. ("ACN")
美國中南有限公司(「美國中南」)Dongguan Sea Dragon*
東莞海龍*Taicang Nine Dragons*
太倉玖龍*Taicang Sea Dragon*
太倉海龍*Nine Dragons Packaging (Taicang)
Company Limited ("Taicang Packaging")
玖龍包裝(太倉)有限公司(「太倉包裝」)Dongguan Sky Dragon Paper Industries
Company Limited ("Dongguan Sky Dragon")
東莞天龍紙業有限公司(「東莞天龍」)Dongguan Tian Jin Trading Company Limited
("Dongguan Tian Jin")
東莞天金貿易有限公司(「東莞天金」)Nine Dragons Paper Industries Company Limited
("NDP Industries")*

Millennium Scope Limited ("MSL")*

* These related parties became wholly owned subsidiaries of Zhang's effective 1 January 2005.

19. 有關連人士交易

(a) 有關連人士之名稱及關係

Relationship
關係Company beneficially owned by Ms. Cheung and Mr. Liu
張茵女士及劉先生實益擁有的公司Company beneficially owned by Ms. Cheung, Mr. Liu and
Mr. Zhang before 1 January 2005
於二零零五年一月一日前張茵女士、劉先生及張先生實益擁有的公司Company beneficially owned by Mr. Zhang
before 1 January 2005
於二零零五年一月一日前張先生實益擁有的公司Company beneficially owned by Mr. Zhang
before 1 January 2005
於二零零五年一月一日張先生實益擁有的公司Company beneficially owned by Mr. Zhang
張先生實益擁有的公司Company beneficially owned by Mr. Zhang
張先生實益擁有的公司Company beneficially owned by Mr. Zhang
張先生實益擁有的公司Company beneficially owned by Mr. Zhang
before 1 January 2005 and acts as holding company of
Taicang Nine Dragons
於二零零五年一月一日前張先生實益擁有的公司及為太倉玖龍的控股公司Company beneficially owned by Mr. Zhang
before 1 January 2005 and acts as holding company of
Dongguan Sea Dragon
於二零零五年一月一日前張先生實益擁有的公司及為東莞海龍的控股公司

* 該等有關連人士自二零零五年一月一日起成為張氏的全資附屬公司。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

19. Related party transactions (Cont'd)

(b) *Transactions with related parties*

During the six months ended 31 December 2005, the Group had the following significant transactions with related parties. Sales and purchase transactions are negotiated with related parties in the normal course of business with a margin on the same basis with non-related parties:

簡明綜合財務報表附註 (續)

19. 有關連人士交易 (續)

(b) *與有關連人士進行之交易*

於截至二零零五年十二月三十一日止六個月，本集團曾與有關連人士進行以下重大交易。與有關連人士進行之買賣交易乃在正常業務過程中進行，利潤率的釐定基準與非關連人士者相同。

		Six months ended	
		31 December	
		截至十二月三十一日	
		止六個月	
		2005	2004
		二零零五年	二零零四年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sales of goods:	銷售產品:		
Taicang Nine Dragons	太倉玖龍	-	19,803
Taicang Packaging	太倉包裝	48,369	16,600
		48,369	36,403
Sales of raw materials:	銷售原料:		
Dongguan Sea Dragon	東莞海龍	-	554
Purchase of direct materials:	採購直接原料		
ACN	美國中南		
Recovered paper	廢紙	1,273,009	535,292
Kraft pulp	木漿	135,498	126,764
		1,408,507	662,056
Taicang Packaging	太倉包裝		
Recovered paper	廢紙	2,498	-
		1,411,005	662,056

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

19. Related party transactions (Cont'd)
(c) *Key management compensation*

Salaries	薪金
Post-employment benefits	終止僱用後福利

(d) *Balances with related parties*

Trade balances due from:	應收下列各方之貿易結餘:
Trade receivables	應收貿易賬款
– Taicang Packaging	– 太倉包裝
Non-trade balances due from:	應收下列各方之非貿易結餘:
<i>Related parties:</i>	<i>有關連人士:</i>
– Dongguan Tian Jin	– 東莞天金
– Taicang Packaging	– 太倉包裝
– Dongguan Sky Dragon	– 東莞天龍

簡明綜合財務報表附註 (續)

19. 有關連人士交易 (續)
(c) *主要管理層薪酬*

**Six months ended
31 December**
截至十二月三十一日
止六個月

2005	2004
二零零五年	二零零四年
RMB'000	RMB'000
人民幣千元	人民幣千元
6,614	849
27	–
6,641	849

(d) *有關連人士之結餘*

31 December	30 June
2005	2005
二零零五年	二零零五年
十二月三十一日	六月三十日
RMB'000	RMB'000
人民幣千元	人民幣千元
16,967	19,381
20,000	–
3,048	10,604
15,700	164
38,748	10,768

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

簡明綜合財務報表附註 (續)

19. Related party transactions (Cont'd)

(d) *Balances with related parties* (Cont'd)

19. 有關連人士交易 (續)

(d) *有關連人士之結餘* (續)

		31 December	30 June
		2005	2005
		二零零五年	二零零五年
		十二月三十一日	六月三十日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade balances due to:	應付下列各方之貿易結餘:		
Trade payables	應付貿易賬款		
– ACN	– 美國中南	668,276	847,240
– Taicang Packaging	– 太倉包裝	1,567	530
		669,843	847,770
Non-trade balances due to:	應付下列各方之非貿易結餘:		
<i>Related parties:</i>	<i>有關連人士:</i>		
– Taicang Packaging	– 太倉包裝	9,235	1,063
<i>Director:</i>	<i>董事:</i>		
– Mr. Zhang	– 張先生	45,537	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

簡明綜合財務報表附註(續)

19. Related party transactions (Cont'd)

(e) Guarantees

- (i) Guarantees given by related parties for bank borrowings and credit facilities granted to the Group as at 31 December 2005 are as follows:

ACN	美國中南
ACN together with Ms. Cheung	美國中南連同張茵女士
ACN together with Ms. Cheung, Mr. Liu and Ms. Chang	美國中南連同張茵女士、劉先生及張小姐
Dongguan Sea Dragon together with Dongguan Sky Dragon	東莞海龍連同東莞天龍
Dongguan Nine Dragons together with Ms. Cheung and Mr. Liu	東莞玖龍連同張茵女士及劉先生
Ms. Cheung	張茵女士
ACN together with Dongguan Sea Dragon	美國中南連同東莞海龍
Ms. Cheung together with Taicang Nine Dragons	張茵女士連同太倉玖龍
NDP industries, MSL, ACN, Zhang's together with Ms. Cheung and Mr. Liu	NDP Industries、MSL、美國中南、張氏連同張茵女士及劉先生
Total	合計

All the above guarantees have been released by relevant lending banks prior to the listing of the shares of the Company on the Main Board of The Hong Kong Stock Exchange.

19. 有關連人士交易(續)

(e) 擔保

- (i) 於二零零五年十二月三十一日，有關連人士就本集團所獲銀行借貸及信貸融通額而發出的擔保如下：

31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元	30 June 2005 二零零五年 六月三十日 RMB'000 人民幣千元
746,500	832,500
49,987	51,264
160,000	160,000
120,000	120,000
50,000	50,000
454,000	500,800
450,000	450,000
75,000	—
491,477	—
2,596,964	2,164,564

相關借款銀行已於本公司股份在香港聯交所主板上市前解除上述所有擔保。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

19. Related party transactions (Cont'd)

- (e) *Guarantees (Cont'd)*
- (ii) Guarantees for bank borrowings and credit facilities granted to a related party as at 31 December 2005 are as follows:

Taicang Packaging	太倉包裝
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20. Post balance sheet date event

On 3 March 2006, the Company issued 1,150,000,000 shares of HK\$0.1 each at HK\$3.40 per share in connection with the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, and on the same date, raised gross proceeds of approximately HK\$3,910.0 million.

簡明綜合財務報表附註 (續)

19. 有關連人士交易 (續)

- (e) *擔保* (續)
- (ii) 於二零零五年十二月三十一日，就有關連人士所獲銀行借貸及信貸而發出之擔保如下：

31 December	30 June
2005	2005
二零零五年	二零零五年
十二月三十一日	六月三十日
RMB'000	RMB'000
人民幣千元	人民幣千元
30,000	62,000

20. 結算日後事項

於二零零六年三月三日，本公司就本公司股份在香港聯合交易所有限公司主板上市而按每股3.40港元發行1,150,000,000股每股面值0.1港元的股份，該日集資合共約3,910,000,000港元。

FINANCIAL RATIOS

財務比率

The following table set forth certain financial ratios of the Group as of the dates or for the periods indicated.

下表載列本集團於所示日期或期間的若干財務比率。

		For the six months ended 31 December 截至十二月三十一日 止六個月		For the three months ended 30 September* 截至九月三十日 止三個月*
		2005 二零零五年	2004 二零零四年	2005 二零零五年
Profitability ratios		盈利能力比率		
Gross profit margin ⁽¹⁾ (%)	毛利率 ⁽¹⁾ (%)	22.0	16.7	20.5
Operating profit margin ⁽²⁾ (%)	經營利潤率 ⁽²⁾ (%)	20.7	12.0	19.0
Net profit margin ⁽³⁾ (%)	淨利潤率 ⁽³⁾ (%)	14.8	7.1	13.1
EBITDA ⁽⁴⁾ margin (%)	息稅折舊攤銷前 盈利 ⁽⁴⁾ 率 (%)	24.8	15.6	23.2
Return on equity ⁽⁵⁾ (%)	股權收益 ⁽⁵⁾ (%)	39.2	21.6	37.4
Return on capital employed ⁽⁶⁾ (%)	已動用資本收益 ⁽⁶⁾ (%)	15.5	8.9	14.4
		As at 31 December 2005 二零零五年 十二月三十一日		As at 30 June 2005 二零零五年 六月三十日
Liquidity ratios		流動資金比率		
Current ratio ⁽⁷⁾ (times)	流動比率 ⁽⁷⁾ (倍)	0.6		0.6
Quick ratio ⁽⁸⁾ (times)	速動比率 ⁽⁸⁾ (倍)	0.5		0.4
Inventory turnover ratio ⁽⁹⁾ (days)	存貨周轉率 ⁽⁹⁾ (日)	56		73
Debtors' turnover ratio ⁽¹⁰⁾ (days)	應收賬款周轉率 ⁽¹⁰⁾ (日)	48		48
Creditors' turnover ratio ⁽¹¹⁾ (days)	應付賬款周轉率 ⁽¹¹⁾ (日)	112		158
Capital adequacy ratios		資本充足比率		
Gearing ratio ⁽¹²⁾ (%)	資本負債比率 ⁽¹²⁾ (%)	52.1		53.4
Net borrowings to equity ratio ⁽¹³⁾ (%)	淨借貸對權益比率 ⁽¹³⁾ (%)	186.3		212.7
Interest coverage ratio ⁽¹⁴⁾ (times)	利息償付比率 ⁽¹⁴⁾ (倍)	6.6		3.5

* Profitability ratios for the three months ended 30 September 2005 are extracted from page 146 of the prospectus issued by the Company on 20 February 2006 and included for illustrative purpose only.

* 截至二零零五年九月三十日止三個月的盈利能力比率乃摘錄自本公司於二零零六年二月二十日刊發的售股章程第146頁，惟僅供參考。

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| (1) Gross profit margin is gross profit divided by sales and multiplied by 100%. | (1) 毛利率為毛利除以銷售額再乘以100%。 |
| (2) Operating profit margin is operating profit divided by sales and multiplied by 100%. | (2) 經營利潤率為經營利潤除以銷售額再乘以100%。 |
| (3) Net profit margin is profit attributable to equity holders divided by sales and multiplied by 100%. | (3) 淨利潤率為權益持有人應佔利潤除以銷售額再乘以100%。 |
| (4) The following tables sets forth a full quantitative reconciliation of EBITDA to its most direct comparable Hong Kong Financial Reporting Standards ("HKFRS") measure, profit for the fiscal year, and the calculation of EBITDA margin. EBITDA is not a calculation based on HKFRS. The amounts included in the EBITDA data, of which the data for the six months 31 December 2005 and 2004 were reviewed but unaudited. | (4) 下表載列息稅折舊攤銷前盈利與其最直接可比香港財務報告準則(「香港財務報告準則」)措施、財政年度溢利及計算息稅折舊攤銷前盈利率的量化對賬。息稅折舊攤銷前盈利並非按香港財務報告準則計算。息稅折舊攤銷前盈利所包括截至二零零五及二零零四年十二月三十一日止六個月的數額經已審閱但尚未審核。 |

For the six months ended
31 December
截至十二月三十一日
止六個月

		2005 二零零五年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元
Profit for the period	期內溢利	576,491	133,536
Interest income	利息收入	(8,185)	(3,397)
Finance costs	融資成本	156,424	62,756
Income tax expenses	所得稅開支	47,064	17,292
Depreciation	折舊	158,043	66,156
Amortisation	攤銷	6,577	911
EBITDA	息稅折舊攤銷前盈利	936,414	277,254
Sales	銷售額	3,774,314	1,780,193
EBITDA margin	息稅折舊攤銷前盈利率	24.8%	15.6%

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| (5) Return on equity is profit attributable to equity holders divided by capital and reserves attributable to equity holders and multiplied by 100%. For purposes of the calculation of return on equity for the six months ended 31 December 2005, profit attributable to equity holders for the six months ended 31 December 2005 of RMB560.2 million has been annualized to RMB1,120.4 million, and return of equity has been adjusted from 19.6% to 39.2%. | (5) 股權收益為權益持有人應佔利潤除以權益持有人應佔資本及儲備，再乘以100%。於計算截至二零零五年十二月三十一日止六個月的股權收益時，截至二零零五年十二月三十一日止六個月的權益持有人應佔利潤人民幣560,200,000元已按年計算為人民幣1,120,400,000元，而股權收益已由19.6%調整為39.2%。 |
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| <p>(6) Return on capital employed is operating profit for the period, after subtraction of operating profit for the period times effective tax rate, divided by the sum of short-term borrowings, long-term borrowings and total equity and multiplied by 100%. For purposes of the calculation of return on capital employed for the six months ended 31 December 2005, operating profit for the six months ended 31 December 2005 of RMB780.0 million has been annualized to RMB1,560.0 million, and return on capital employed has been adjusted from 7.8% to 15.5%.</p> | <p>(6) 已動用資本收益為期間經營利潤，減去期間經營利潤乘以實際稅率除以短期借貸、長期借貸與總權益的總和，再乘以100%。於計算截至二零零五年十二月三十一日止六個月的已動用資本收益時，截至二零零五年十二月三十一日止六個月的經營利潤人民幣780,000,000元已按年計算為人民幣1,560,000,000元，而已動用資本收益已由7.8%調整為15.5%。</p> |
| <p>(7) Current ratio is current assets divided by current liabilities.</p> | <p>(7) 流動比率為流動資產除以流動負債。</p> |
| <p>(8) Quick ratio is current assets after subtraction of inventories and divided by current liabilities.</p> | <p>(8) 速動比率為流動資產減去存貨，再除以流動負債。</p> |
| <p>(9) Inventory turnover ratio equals inventories divided by cost of goods sold over 365. For the calculation of inventory turnover for the six months ended 31 December 2005, the cost of goods sold for the six months ended 31 December 2005 of RMB2,945.7 million has been annualized to RMB5,891.4 million, and the inventory turnover ratio has been adjusted from 112 days to 56 days.</p> | <p>(9) 存貨周轉率等於存貨除以已售貨品成本再乘以365。為計算截至二零零五年十二月三十一日止六個月的存貨周轉期，截至二零零五年十二月三十一日止六個月的已售貨品成本人民幣2,945,700,000元已化作全年計算（即人民幣5,891,400,000元），而存貨周轉率則由112日調整至56日。</p> |
| <p>(10) Debtors' turnover ratio equals trade and bills receivable divided by sales over 365. For the calculation of debtors' turnover for the six months 31 December 2005, the sales for the six months ended 31 December 2005 of RMB3,774.3 million has been annualized to RMB 7,548.6 million, and the debtors' turnover ratio has been adjusted from 96 days to 48 days.</p> | <p>(10) 應收賬款周轉率等於應收交易賬款及應收票據總和除以銷售額再乘以365。為計算截至二零零五年十二月三十一日止六個月的應收賬款周轉期，截至二零零五年十二月三十一日止六個月的銷售額人民幣3,774,300,000元已化作全年計算（即人民幣7,548,600,000元），而應收賬款周轉率則由96日調整至48日。</p> |
| <p>(11) Creditors' turnover ratio equals trade and bills payable divided by cost of goods sold over 365. For the calculation of creditors' turnover for the six months ended 31 December 2005, the cost of goods sold for the six months ended 31 December 2005 of RMB2,945.7 million has been annualized to RMB5,891.4 million, and the creditors' turnover ratio has been adjusted from 223 days to 112 days.</p> | <p>(11) 應付賬款周轉率等於應付交易賬款及應付票據總和除以已售貨品成本再乘以365。為計算截至二零零五年十二月三十一日止六個月的應付賬款周轉期，截至二零零五年十二月三十一日止六個月的已售貨品成本人民幣2,945,700,000元已化作全年計算（即人民幣5,891,400,000元），而應付賬款周轉率則由223日調整至112日。</p> |
| <p>(12) Gearing ratio equals total borrowings divided by total assets and multiplied by 100%.</p> | <p>(12) 負債資本比率等於總借貸除以總資產再乘以100%。</p> |

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| (13) Net borrowings to equity ratio equals the sum of short-term borrowings, current portion of long-term borrowings and long-term borrowings after subtraction of bank and cash balances and restricted cash divided by capital and reserves attributable to equity holders and multiplied by 100%. | (13) 淨借貸對權益比率等於短期借貸、長期借貸即期部分與長期借貸總和減去銀行及現金結餘和受限制現金，除以權益持有人應佔股本及儲備，再乘以100%。 |
| (14) Interest coverage ratio equals EBITDA divided by interest on bank borrowings, net of interest income. This ratio is not applicable where EBITDA is negative. | (14) 利息償付比率等於息稅折舊攤銷前盈利除以扣除利息收入後的銀行借貸利息。如息稅折舊攤銷前盈利為負數，此比率並不適用。 |



玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED