



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



2008/09

Interim Report

中期業績報告

主要產品 MAIN PRODUCTS



牛卡紙是一種以本色木漿及廢紙製造的本色卡紙。本集團分別以「玖龍牌」營銷高強牛卡紙，及以「海龍牌」及「地龍牌」營銷標準牛卡紙。

Kraftlinerboard is unbleached linerboard manufactured from unbleached kraft pulp and recovered paper. The Group markets its high performance kraftlinerboard under its "Nine Dragons" brand and its standard kraftlinerboard under its "Sea Dragon" and "Land Dragon" brands.

牛卡紙
Kraftlinerboard



環保牛卡紙乃由100%廢紙製造，切合若干客戶低成本或更符合環保的要求。本集團以「玖龍牌」及「海龍牌」營銷此產品。

Testlinerboard is made 100% from recovered paper, and meets certain customers' requirements for lower cost linerboard or for more environmentally-friendly content. The Group markets this product under the "Nine Dragons" and "Sea Dragon" brands.

環保牛卡紙
Testlinerboard



白面牛卡紙是三層的紙張，其中一層已漂白，以迎合需要白色表面作為外觀或超強印刷適性的客戶。本集團以「玖龍牌」及「海龍牌」營銷此產品。

White top linerboard is a three-ply sheet of which one layer is bleached, and caters to customers that require a white surface for appearance or superior printability. The Group markets this product under the "Nine Dragons" and "Sea Dragon" brands.

白面牛卡紙
White Top
Linerboard



與標準瓦楞芯紙比較，相同基重及已作表面施膠的高強瓦楞芯紙能達至超強的強度及物理特性，能減輕包裝重量、減小體積及所用材料，節省客戶的運送成本。本集團以「玖龍牌」營銷此產品。

Compared to standard corrugating medium, high performance corrugating medium, which undergoes surface sizing, achieves superior strength and physical properties for the same basis weight, which reduces packaging weight, bulk and the amount of material used, allowing customers to save on shipping costs. The Group markets this product under the "Nine Dragons" brand.

高強瓦楞芯紙
High Performance
Corrugating Medium



塗布灰底白板紙為一種紙板，紙板的一面有光滑的塗布面層，以致具備優越的印刷適性。塗布灰底白板紙一般用作需要高質印刷適性的小型紙盒包裝物料，例如電子消費品、化妝品或其他消費商品的包裝，亦可連同高強瓦楞芯紙及卡紙用作瓦楞紙板的外層。本集團以「玖龍牌」及「海龍牌」營銷此產品。

Coated duplex board is a type of boxboard with a glossy coated surface on one side for superior printability. This product is typically used as packaging material for small boxes that require high quality printability, such as consumer electronic products, cosmetics and other consumer merchandise. It can also be used in combination with high performance corrugating medium and linerboard for the outer layer of corrugated board. The Group markets this under the "Nine Dragons" and "Sea Dragon" brands.

塗布灰底白板紙
Coated
Duplex Board

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公司資料 Corporate Information

董事會

執行董事

張茵女士(董事長)
劉名中先生(副董事長兼行政總裁)
張成飛先生(副行政總裁)
張元福先生(財務總監)
高靜女士

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 ACS, ACIS

公司秘書

鄭慧珠女士 ACS, ACIS

BOARD OF DIRECTORS

Executive Directors

Ms. Cheung Yan (Chairlady)
Mr. Liu Ming Chung (Deputy Chairman and Chief Executive Officer)
Mr. Zhang Cheng Fei (Deputy Chief Executive Officer)
Mr. Zhang Yuanfu (Chief Financial Officer)
Ms. Gao Jing

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 (Chairlady)
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 (Chairlady)
Mr. Chung Shui Ming, Timpson GBS, JP
Mr. Cheng Chi Pang
Mr. Liu Ming Chung
Mr. Zhang Cheng Fei

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Ms. Cheng Wai Chu, Judy ACS, ACIS

公司資料 Corporate Information

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Hamilton HM 11, Bermuda

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羅兵咸永道會計師事務所

法律顧問

Conyers Dill & Pearman (百慕達)
君合律師事務所(中國)
盛德律師事務所(香港)

主要往來銀行

中國農業銀行
中國銀行(香港)有限公司
中國銀行有限公司
交通銀行
招商銀行

股份過戶登記總處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, HM 08 Bermuda

香港股份過戶登記分處

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AUDITOR

PricewaterhouseCoopers

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Conyers Dill & Pearman (Bermuda)
Jun He Law Offices (PRC)
Sidley Austin (Hong Kong)

PRINCIPAL BANKERS

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

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董事長報告 Chairlady's Statement

致各位股東：

本人謹代表玖龍紙業(控股)有限公司(「本公司」)及其附屬公司(統稱「本集團」)提呈截至二零零八年十二月三十一日止六個月(「本期間」)之中期業績，並代表董事會向各位股東以及關心本集團發展的社會各界朋友表示衷心的感謝！

於二零零八年下半年，百年難遇的金融海嘯波及全球，在世界經濟一體化進程中舉足輕重的中國也被寒流所侵襲。與其他各國經濟受創的起點為金融業不同，中國經濟中首當其衝受到嚴重打壓卻是製造業。環球經濟下滑與出口需求放緩使中國造紙業發展的步伐顯著放緩，而大起大落的原材料價格及行業的整合使得本集團面臨了十分嚴峻的考驗。在此艱難情況下，本集團仍能提高生產能力以支援未來業務發展，意味著作為亞洲第一箱板原紙生產商的玖龍紙業以堅實的基礎作後盾，於不明朗的經濟環境中保持龍頭地位，以雄厚的實力以及清晰的戰略為未來經濟復蘇作好準備。

儘管面對惡劣的經營環境，於二零零八年內本集團包裝紙板的總設計年產能仍按預期實現了47%的增長，並且成功保持了產銷平衡，位於東莞、太倉和重慶的六台新造紙機於二零零八年年中相繼投產，同時維持原有造紙機一貫的高度使用率。這與玖龍紙業積極有效的應對措施密不可分。於本期間，本集團實施一系列的方案，加強營運及財務的能力，以保持集團業務得以暢順發展，其中策略性措施包括陸續地將高價原材料轉嫁、優化產品結構及調整經營策略、加強成本控制、把大部份原定於二零零九年投產的項目延遲至二零一一年、改善財務結構、保持良好現金流、持續貫徹對環保的高度重視、及進一步

Dear Shareholders,

On behalf of Nine Dragons Paper (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group"), I present the interim results for the six months ended 31 December 2008 (the "Period"). On behalf of the Board, I would also like to express my heartfelt gratitude to all shareholders and friends from various circles for their care extended to the Group.

In the second half of 2008, the world was stricken by a financial turmoil rare even in a century. Given its important role in economic globalization, China could not keep itself at bay. While it was the financial sector which first fell victim to the crisis in many other economies worldwide, the first and the worst hit economic sector in China turned out to be the export-oriented manufacturing industry. Owing to the global economic downturn and faltering export demand, China's paper industry has slowed its development pace significantly. Furthermore, the large fluctuations in raw material prices and industry consolidation have resulted in challenges and difficulties to the Group. Notwithstanding such tough conditions, the Group successfully expanded its production capacity to facilitate its future development. This demonstrated the Group's concrete foundation in maintaining its leadership position as the largest containerboard manufacturer in Asia even in a difficult economic environment, and its solid strength and well-defined strategy in preparing for future recovery.

In spite of the gloomy business environment, the Group successfully increased its packaging paperboard annual design production capacity by 47% in 2008 as planned, whilst striking a good balance between production and sales. Six new paper machines located in Dongguan, Taicang and Chongqing commenced production in succession since the middle of 2008. In the meantime, the existing paper machines have maintained their normal high utilization rates. The achievement would be impossible without our effective countermeasures. During the Period, the Group implemented a series of solutions for improving operations and financial capabilities to ensure smooth business development. Such strategic measures include progressively passing on high prices of raw materials, optimizing product portfolio, adjusting operating strategy, tightening cost control, postponing the production commencement of a substantial number of projects from 2009 to 2011, improving financial structure, maintaining adequate cash

董事長報告 Chairlady's Statement

以國際化的管理制度規範企業等。這些具有前瞻性的措施，既貫徹集團的一向方針亦同時有效地增強了本集團抵禦寒冬的能力。在全體員工的努力下，本集團於本期間銷售額為約人民幣63億元，同比減少5.3%；毛利潤約為人民幣7.95億元，同比減少49.6%；毛利潤率約12.6%；本集團股東應佔純利約為人民幣3.23億元，每股盈利約為人民幣0.07元。

董事會不建議就本期間派發中期股息。

高效的成本控制策略

在目前經濟形勢下，產品銷售價格受到重大打擊，成本控制對於製造企業尤其重要。本集團在控制生產成本方面，靈活拓寬採購管道，嚴格管理各類庫存，不斷優化生產成本，將主要原材料的庫存都控制在30天以內；目前本集團高價原材料已經消耗完畢，期望在二零零九年邁入一個原料和成品價格都相對穩定和平衡的狀態。本集團亦通過技術升級，不斷提高設備的機械化水準，加強員工培訓，提升整體勞動生產率。

flow, consistently adhering to environmental protection and further standardizing enterprise operations using international management disciplines. These forward-looking initiatives consolidated our ongoing policies and provided new protection against the bleak winter. Thanks to the concerted efforts of our staff, the Group's sales amounted to approximately RMB6.3 billion for the Period, representing a year-on-year decrease of approximately 5.3%. Gross profit amounted to approximately RMB795 million, representing a year-on-year decrease of 49.6%, while gross profit margin was approximately 12.6%. Net profit attributable to shareholders of the Group was approximately RMB323 million, and earnings per share were approximately RMB0.07.

The Board does not recommend the payment of an interim dividend for the Period.

MAINTAINED EFFECTIVE COST CONTROL STRATEGY

The current economic environment has resulted in significant impact on product selling prices, making cost control even more important for manufacturers. In controlling its production costs, the Group has expanded its sourcing networks with flexibility and maintained rigorous management of all inventory categories, aiming at streamlining its production costs continuously. Inventory turnover of major raw materials are kept within 30 days. As high-priced raw materials have now been consumed completely, we hope to see a relatively stable price equilibrium between raw materials and finished goods in 2009. Furthermore, through technological upgrades, the Group continued to enhance mechanization of its equipment and foster staff training in order to improve the overall productivity.

董事長報告 Chairlady's Statement

優化產品結構及調整經營策略

本期間，玖龍紙業克服了在行業整合過程中必經的重重困難，基本達到產銷平衡。本集團擁有國際最先進的技術和設備，以高品質在行業中穩固立足，並以多樣化（低、中、高檔）的產品牢牢佔據著不同需求的市場。同時，本集團在開拓新產品市場方面卓有成效，自行研發適合國內外市場的高質產品，在市場上認受度高，更加穩固了玖龍紙業的龍頭地位，拓寬了銷售空間。

在受到外部環境影響之前，玖龍紙業已經密切關注市場的變化以及行業政策的方向，在相對較強的國內需求形勢及政府的相關政策支持下，本集團已把銷售重點轉到國內需求方面，原有銷售結構中約55%的有關內需的產品銷售比例，於本期間調整到約80%。同時靈活配合市場情況放慢集團擴張計劃，力求把資源率先用以鞏固目前的核心業務。在製造業受到出口緊縮的打壓下，本集團憑著靈活的銷售策略及多元化產品，相信仍能保持良好的銷售勢頭。

穩健的財務狀況

在資金管理方面，面對因環球經濟發展放緩而增加的潛在信貸風險，本集團不斷改善營運資金的運用，嚴格控制應收賬款的回籠，持續完善財務結構，保證了良好的現金流。基於健康的財政狀況，本集團作出有效的財務安排，在二零零八年十二月自願提前償還了兩項合共約15億港元的銀團貸款，另回購並註銷部分在二零零八年年初發行的美元票據，面額1,625萬美元。此安排已包括將本集團在二零零九年底前所有應償還的銀團貸款提前償還完畢，令集團在二零零九年將能更靈活地運用財務資源。

OPTIMIZED PRODUCT PORTFOLIO AND REVAMPED BUSINESS STRATEGIES

Having overcome inevitable difficulties in the course of industry consolidation, the Group achieved a basic balance between production and sales during the Period. Boasting the most advanced technology and equipment in the world, the Group has sustained its market presence by means of quality excellence. Its diversified products (low, medium and high end) dominate each market with different needs. In addition, the Group excelled in new product marketing. Its self-developed high quality products for domestic and overseas markets have gained high market recognition, which in turn strengthened ND Paper's industry-leading position and made room for more sales opportunities.

Before being beset by changing external factors, ND Paper had been keeping a close eye on market dynamics and industry policies. On the back of relatively stronger domestic demand and the relevant government policy incentives, the Group has shifted its sales focus to the domestic sector, increasing the proportion of its sales related to domestic consumption from approximately 55% originally to approximately 80% in the Period. Meanwhile, the Group has deferred its expansion plans in line with prevailing market conditions, and put priority on resources allocation for strengthening its existing core businesses. Although the manufacturing sector is hit by subdued exports, the Group's sales momentum is expected to be sustained by virtue of its flexible sales strategies and diversified products.

ATTAINED SOLID FINANCIAL POSITION

On capital management, to withstand increasing credit risks inherent in the global economic downturn, the Group has ensured healthy cash flows by improving the applications of its working capital, tightening receivables collection and improving financial structure. Based on its sound financial position, the Group has made effective financial arrangements including the voluntary prepayment of two syndicated loans of approximately HK\$1.5 billion in aggregate in December 2008. Also, the Group repurchased and cancelled part of the notes denominated in US dollars issued earlier in 2008 in the principal amount of US\$16.25 million. The arrangement included the prepayment of all syndicated loan payments due by the end of 2009, thus allowing more flexible utilization of the Group's financial resources in 2009.

董事長報告 Chairlady's Statement

持續貫徹對環保的高度重視

當前國際形勢對環保和節能減排的需求越來越大，政府對該層面表示了高度重視並不斷加強監管力度，相關措施的嚴厲執行自二零零八年起已經影響到一些企業的持續營運和業績，令環保水準成為企業優勝劣汰的重要指標。作為一個有高度社會責任感的企業，玖龍紙業一向秉承「沒有環保就沒有造紙」的理念，得到了政府以及社會各界的認可和讚譽。本集團順利地通過廣東省經貿委的節能考核，成功完成節能目標。太倉基地也順利通過國家環保部的年終核查，更取得江蘇省政府環保專項基金獎項的獎勵。本集團的生產基地更分別榮獲廣東省環境保護總局及太倉市環境保護局評為環保誠信企業，並持續取得ISO14001認證。本集團相信，只有堅持可持續發展，回饋社會，才是企業生存與發展的根本所在。因此，排放控制和企業社會責任活動一向是本集團的重中之重。

進一步以國際化的管理制度規範企業

重視人才管理，「以人為本，公平公正」是玖龍紙業一直堅持的理念。本集團一方面秉承拼搏、勤奮、務實的優良傳統，另一方面亦採取積極開明的態度，鼓勵員工接受新事物，拓寬新視野。於二零零九年一月，本集團的附屬公司—東莞玖龍紙業有限公司及東莞海龍紙業有限公司獲通知已入選國家高新技術企業公示名單，為本集團所有員工帶來很大的鼓舞。同時，本集團積極吸納來自不同行業擁有國際化視野的管理人員，進一步以國際化的管理制度規範企業，唯有理論與實際相結合，才能完善企業管理，達到規範化和流程化的目標。

CONTINUED EMPHASIS ON ENVIRONMENTAL PROTECTION

The international communities call for more demands in environmental protection, energy saving and discharge reduction, and the government has expressed great concern over these issues and exerted more and more rigid regulatory enforcements. Since early 2008, the stricter enforcement of such regulatory measures has affected the continuity of operations and business performance of certain enterprises, turning environmental management standards into benchmarks for corporate survival. Being highly aware of its own social responsibilities, ND Paper has always adhered to its philosophy of "No environment, no paper", and has won the recognition and endorsement from various governments and community groups. The Group has successfully passed the energy saving assessment by the Economic and Trade Commission of Guangdong Province and attained a series of energy saving targets. The Taicang base has also passed the annual inspection by the State Ministry of Environmental Protection and has been granted an award under the environmental project fund of the Jiangsu provincial government. Furthermore, the Group's production bases have been granted the honors of Green/Environmental Creditable Enterprise by the Guangdong Environmental Protection Bureau and Taicang Environmental Protection Bureau respectively, and continued to obtain ISO14001 certification. It is the belief of the Group that an enterprise can only survive and evolve by persisting in sustainable developments and reciprocating to society. Therefore, discharge control and activities of social responsibilities have always been top priorities of the Group.

ENHANCED CORPORATE DISCIPLINES ADOPTING INTERNATIONAL MANAGEMENT SYSTEMS

ND Paper emphasizes human resources management and always carries on its "People-Oriented, Fair and Just" philosophy. On the one hand, the Group follows its heritage of persistence, diligence and pragmatism. On the other hand, it keeps an open mind and encourages the staff to embrace novel ideas and expand their visions. In January 2009, the subsidiaries of the Group – Dongguan Nine Dragons Paper Industries Co., Ltd. and Dongguan Sea Dragon Paper Industries Co., Ltd. were listed on the pre-approval list of High-Tech Enterprises by the state government, bringing tremendous encouragement to every staff of the Group. Meanwhile, the Group sought to retain managerial talents with international visions from diversified fields, so as to enhance its corporate disciplines under international management systems. It is only when theory and practice are amalgamated that we can perfect enterprise management and achieve the goals of standardization and streamlining.

董事長報告 Chairlady's Statement

在行業整合的趨勢下鞏固龍頭地位

在二零零八年，中小型同類企業面對了三方面的巨大壓力，分別來自於市場形勢本身、政府加大監管力度以及國內廢紙採購競爭加劇，這些因素直接導致了該類企業經營困難，據估計在二零零八年有逾550家小型造紙廠關閉。相信二零零九年行業整合的趨勢將會持續，在此進程中，本集團將不能避免地受到銷售價格的壓力，但處於行業前沿的玖龍紙業擁有最先進的生產設備，將以雄厚的實力以及靈活的發展策略作為基礎，在整合進程中不斷鞏固集團的龍頭地位，為未來發展作好最充足準備，在行業整合完成後脫穎而出。

展望

展望未來，二零零九年特別是上半年，世界經濟形勢仍然非常嚴峻，宏觀的不利因素可能接踵而來，令企業持續艱苦經營的局面。中國製造業將仍受全球經濟前景不明朗陰霾的影響，經營環境依然充滿困難與挑戰。但玖龍紙業擁有最先進的生產設備、多元化的產品結構、卓越的人才隊伍以及高效的成本控制策略，基本面穩固而強大，發展方向正確。因此必能在經過世界經濟放緩的歷練後，安然度過難關。同時，在國家政策的調整和扶掖下，預計內需增長將逐步提升，本集團會繼續做好準備，絕不鬆懈，以把握市場機遇。為此，本集團已制定以下策略：

SECURED LEADERSHIP POSITION WITHIN THE TREND OF INDUSTRY CONSOLIDATION

In 2008, small and medium-sized enterprises faced tremendous pressure from three perspectives: the market environment, stricter regulatory endorsement by the government and increasing competition in domestic purchase of recovered paper, all of which have directly crippled their business. It is estimated that more than 550 small paper mills closed down in 2008. The trend of industry consolidation is believed to continue in 2009. In such a consolidation process, the Group is bound to face pressure in the aspect of selling prices. However, as an industry pioneer with the most advanced production equipment, ND Paper will capitalise on its solid strength and flexible development strategy to reinforce its leadership position in the industry consolidation process, gearing itself up for future development to excel across the industry when consolidation is completed.

OUTLOOK

Looking into the future, in particular the first half of 2009, the world economy is to stay grim. Adverse macro-economic events may occur one after another, causing continuous difficulties to enterprise operations. Shadowed by the uncertain global economic outlook, China's manufacturing sector will be facing a difficult and challenging environment. Nevertheless, ND Paper still boasts solid and strong fundamentals comprising its most advanced production equipment, diversified product mix, an exemplary team of talents and effective cost controls. All these, together with its appropriate direction of development, will bode well for ND Paper to go through the current economic trough and emerge safe and sound from the difficult environment as a more refined enterprise. Meanwhile, in view of the national policy measures targeted at raising domestic demand progressively, the Group will continue to position itself with unremitting efforts to seize market opportunities. In this regard, the Group has formulated the following strategies:

董事長報告 Chairlady's Statement

追求完善管理，繼續嚴格控制成本， 提升企業競爭力

在預計短期內仍屬於艱苦經營的情況下，本集團將繼續追求完善管理，查找不足，以「高效、嚴謹、實事求是」為原則，進一步提高國際化管理質素。加強策略性環保營運方案，提高生產運作時的暢順。另一方面，本集團將繼續嚴格控制各項成本，在競爭激烈的市場上，保持成本優於同行的優勢，以期在行業整合完成後進一步提升利潤空間。

在堅實的基礎上發掘利潤增長點

玖龍紙業擁有國際先進的生產設備，靈活調整的產品組合，研發新產品的技能，在滿足市場不同的需求及增加新的利潤增長點的同時，亦能建立更大的銷售網絡，尤以內需市場為重。結合「沒有環保就沒有造紙」的經營理念，除豎立良好企業社會形象外，也向客戶提出「支持環保，支持玖龍」的理念，為本集團拓展新的銷售賣點。

具前瞻性的策略發展

在禦寒措施和提升管理的同時，本集團位於天津的新生產基地預期將於二零零九年第三季投產，以滿足華北和東北地區產品供應不足的市場空間。屆時，集團的總設計產能將達到882萬噸；而在東莞和太倉基地的新造紙機，將延後至二零一一年投產，以及時把握市場週期回復上升的機會。擴產計劃的修訂已得到了主要供應商的諒解與支援。

Seeking management perfection and strict cost controls to sharpen competitive edges

Amid a business environment that is expected to be still difficult in the short term, the Group will continue to check for short boards and pursue management perfection by adhering to the principle of "efficient, rigorous, practical", in order to further improve its management to international quality standards. While strengthening its strategic environmental-oriented business programs and streamlining its production operations, the Group will continue to tighten control across all cost elements, in order to maintain its cost-competitive edges against peers with a view to further enhance profitability upon completion of industry consolidation.

Exploring profit drivers arising from solid foundation

Leveraging on its advanced international standard production equipment, flexible product range as well as research and development capabilities for new offerings, ND Paper is able to meet a large diversity of market demand and add new profit drivers while expanding distribution networks especially for the domestic market. In addition to building a positive corporate social image, the Group's philosophy of "No environment, no paper" can also facilitate its efforts in soliciting customers' endorsement on the concept of "Support ND Paper to support the environment", thus creating a new selling point for the Group's business.

Forward-looking strategic development

Along with defence measures against the economic crisis and management enhancements, the Group's new base in Tianjin is expected to commence operation in the third quarter of 2009 to fill the market space in northern and north-eastern China which is experiencing supply shortage. By then, the Group's total design production capacity will reach 8.82 million tpa. The production commencement of new paper machines in Dongguan and Taicang bases will be withheld until 2011. Such timing is expected to allow the Group to timely seize opportunities emerging in the market recovery cycle. The adjustments to the expansion plans have met the understanding and support from the major suppliers.

董事長報告 Chairlady's Statement

致謝

玖龍紙業發展至今已十多年歷史，面對百年難遇的經濟困境，信心最為寶貴。除了堅實的基礎和正確的發展方向外，玖龍紙業上下一致的堅定信心，就是我們的成功秘訣，為本集團的持續穩定發展起到決定性的作用。作為亞洲第一的箱板原紙龍頭企業，多年來本集團一直保持著產品多元化，體現規模效益，保持高品質和不斷提高客戶服務水準的業務發展策略，以及注重環保和靈活善用各種資源的經營理念。有賴於這樣的信念，玖龍紙業才能在困境中做出各種適當的決策，保持健康的經營和有序的發展。藉此機會，本人謹代表董事會全體同仁向管理層和全體員工，各級政府、工會、投資者、銀行以及一直支持本集團的業務夥伴，致以衷心的感謝！未來的發展或許仍然荊棘滿途，但憑著上下齊心擁有跨越寒冬的信心和勇氣，我們將以股東利益最大化為前提，承擔社會責任為己念，繼續努力奮鬥，為未來全球的經濟復蘇作出準備。

董事長
張茵

香港，二零零九年二月十八日

ACKNOWLEDGEMENT

With a development history of over a decade, ND Paper considers confidence the most important virtue when facing economic plights rare even in a century. Apart from a solid foundation and the appropriate direction of development, the persistent confidence of all staff and management of ND Paper is an integral part of our success formula. It plays a decisive role in the consistent and steady development of the Group. As the No.1 containerboard manufacturer in Asia, the Group has over the years maintained a business strategy comprising product diversification, economies of scale, high quality and ever-improving customer service standards, as well as a management philosophy emphasizing environmental protection and flexibility in the optimal deployment of various resources. Under such beliefs, ND Paper has made the proper decisions in the plight, and maintained healthy operations and orderly development. On behalf of the Board, I would like to take this opportunity to extend my heartfelt thanks to the management, all our staff, governments at all levels, labour unions, investors, banks and our business partners who have been supporting us all the time! Our future path of development may remain thorny ahead, but armed with the shared confidence and courage throughout the Group to overcome and conquer, we are poised to act even more diligently and powerfully to prepare for the next global economic recovery, aiming at maximizing our shareholder value and furthering our commitment on social responsibilities.

Cheung Yan
Chairlady

Hong Kong, 18 February 2009

行政總裁營運回顧與展望 Chief Executive Officer's Operation Review and Outlook

致各位股東：

本人在此匯報玖龍紙業於本期間之中期業績。

二零零八年為玖龍紙業艱難的一年，受全球金融風暴影響，世界經濟疲弱，原材料價格大幅波動，促使造紙行業業績持續低迷，本集團亦面臨前所未有的嚴峻考驗。惟本集團於期內一直採用審慎務實的營運策略，平穩地克服重重困難，並透過靈活的應對措施面向市場的急劇變化，快速地回應及調整市場策略，鞏固核心業務發展，積極地於波動的市場中保持本集團的優勢。

營運回顧

由於各原材料及能源價格於二零零八年第二及第三季度內大幅上升並持續高企，加上世界經濟放緩日趨明顯，客戶未能接受集團調整產品銷售價格，令大部分的成本升幅無法轉嫁。從十月起各原材料及能源價格大幅下滑，但高成本庫存沒法於短期內完全被消化，從而導致本集團利潤下跌。於本期間，本集團錄得銷售額約人民幣63億元，同比減少5.3%。毛利潤約人民幣7.95億元，毛利潤率下降至12.6%，股東應佔純利約為人民幣3.23億元，每股基本盈利則約為人民幣0.07元。

本集團於二零零八年十二月三十一日的包裝紙板總設計年產能為785萬噸，同比增加了47%，當中包括425萬噸卡紙、265萬噸高強瓦楞芯紙和95萬噸塗布灰底白板紙，以產能計是亞洲最大的箱板原紙生產商。於本期間，包裝原紙產品銷量較去年同期上升6.4%至約2.2百萬噸，為集團帶來約人民幣62.2億元的收入貢獻。

Dear Shareholders,

I am delighted to share with you the interim results of ND Paper for the Period.

Year 2008 was by no means plain sailing for ND Paper. Owing to a weakened world economy caused by the global financial turmoil, and large fluctuations in raw material prices, the paper manufacturing industry was continuously suppressed. These have resulted in unprecedented challenges and difficulties to the Group. However, during this period, owing to its prudent and pragmatic business strategies, the Group was able to sail through the plights safely. By adopting flexible countermeasures in response to quick and drastic market changes, the Group was able to respond and adjust its marketing strategies promptly and consolidate its core business development, thus proactively maintaining its advantages in the volatile market.

REVIEW OF OPERATIONS

As raw material and energy prices escalated sharply in the second and third quarters of 2008 and lingered high, coupled with the increasingly apparent global economic slowdown, customers have shown strong inertia in accepting the Group's product selling price adjustments. Hence a substantial portion of cost increments could not be transferred to customers. From October onwards, raw material and energy prices started to drop significantly, but inventories acquired at high cost levels could not be completely consumed within a short period of time. These resulted in a decrease in the Group's profit. During the Period, the Group saw its sales decreased by 5.3% year-on-year to approximately RMB6.3 billion, while gross profit was approximately RMB795 million. Gross profit margin dropped to 12.6%. Net profit attributable to shareholders was approximately RMB323 million, translating into basic earnings per share of approximately RMB0.07.

As at 31 December 2008, the Group's total design production capacity of packaging paperboard reached 7.85 million tpa, a year-on-year increase of 47%, of which 4.25 million tpa was for linerboard, 2.65 million tpa was for high performance corrugating medium and 0.95 million tpa was for coated duplex board. This operating scale has made the Group Asia's largest containerboard manufacturer by production capacity. During the Period, sales volume of packaging paperboard products rose 6.4% year-on-year to about 2.2 million tonnes, bringing in revenue aggregating approximately RMB6.22 billion to the Group.

行政總裁營運回顧與展望

Chief Executive Officer's Operation Review and Outlook

嚴格控制成本開支，擴大原材料來源地

原材料價格和能源價格於二零零八年波動甚大，本集團之各類產品的銷售價無法於短時間順利轉嫁，令本期間的毛利潤率受壓。面對不穩定的成本價格，於本期間，本集團不但竭力實施成本控制措施，透過提供穩定原材料及廢紙來源的供應商，以具競爭力的價格進行大量採購，儘量把成本開支減至最少，還逐漸擴大採購優質廢紙的市場範圍，開拓更多國內優質廢紙來源，目標是增加從國內採購優質廢紙的比例，並以統一採購模式進行廢紙採購，充份利用成本每一使用單位，力求把生產成本控制至最低。

審慎拓展擴產計劃，靈活應對市場變化

於本期間，玖龍紙業位於重慶基地首期工程的二十二號及二十三號造紙機，已於二零零八年八月投產，而位於東莞基地的十八號及十九號造紙機，以及位於太倉的二十號及二十一號造紙機，亦已於二零零八年六月相繼建成及投產。該六台造紙機共為集團新增每年240萬噸產能。

重慶基地的建造及完成投產進行順利，兩台新造紙機於本期間經過優化過程，現已正常運作。東莞及太倉基地的十八號及二十一號造紙機專為生產低克重高強瓦楞芯紙產品而設計，乃世界頂尖先進的高速造紙設備，目前全球只有西班牙、德國及本集團擁有，是首次引進中國，與運用獨特的改良生產過程以生產卡紙的十九號及二十號造紙機，均已於二零零八年六月投產。由於其獨特性及創新性，因此優化過程較其他傳統型造紙機的一般優化期(三至四個月)長一至兩個月時間。目前，該等造紙機均正常運作。

RIGOROUSLY CONTROL COSTS AND EXPENSES WHILST EXPANDING SOURCES OF RAW MATERIALS

The highly volatile raw material and energy prices in 2008 were not able to be passed on smoothly to customers via the Group's product selling prices within a short period of time, which posed pressure on the Group's gross profit margin in the Period. In face of such cost volatility, during the Period the Group endeavoured to reduce its costs and expenses to the necessary minimum by implementing cost control measures such as bulk purchases made at competitive prices from suppliers offering stable supply of raw materials and recovered paper. Furthermore, the Group progressively expanded the market space for the procurement of good quality recovered paper and established more domestic channels for good quality recovered paper, aiming at increasing the proportion of good quality recovered paper procured domestically. The Group also adopts a centralized procurement system in recovered paper purchasing, in order that the best value is brought by each and every cost unit and the highest possible cost efficiency can be attained.

VIGILANTLY EXPAND CAPACITY AND ADDRESS MARKET CHANGES WITH FLEXIBILITY

During the Period, PM22 and PM23 of the phase 1 construction in Chongqing base commenced production in August 2008, whereas PM18 and PM19 located in the Dongguan base as well as PM20 and PM21 located in the Taicang base successively completed construction and commenced production in June 2008. These six paper machines have brought to the Group an additional production capacity of 2.40 million tpa.

The construction of Chongqing base was completed and its production commencement took place smoothly. Its two new paper machines went through their optimization in the Period and are now in normal operation. In the Dongguan and Taicang bases, PM18 and PM21, which were specially designed for the production of light weight high performance corrugating medium, are high speed paper machines that are only found in Spain, Germany and the Group at present. They represent the debut of one of the world's most advanced paper making equipments in China. Together with PM19 and PM20, which produce linerboard using a unique enhanced production process, these new paper machines commenced production in June 2008. Owing to their unique and novelty nature, their optimization had taken 1-2 months longer than the normal optimization period of 3-4 months for other regular types of paper machines. Currently, these paper machines are all in normal operation.

行政總裁營運回顧與展望

Chief Executive Officer's Operation Review and Outlook

已投產的重慶基地和本集團即將建成的第四個生產基地—天津基地，主要是為了滿足需求持續較強的國內市場而建設。天津基地預期將於二零零九年第三季投產，第一期計劃兩台新造紙機二十五號及二十六號的設計年產能將為80萬噸，分別為45萬噸卡紙及35萬噸高強瓦楞芯紙。現時天津製造業發展迅速，對包裝紙板需求殷切，惟當地目前包裝紙板以小型生產為主，供應有限，主要倚賴外省紙品供應，故本集團新基地將可切合當地需求，有利天津基地的業務發展。

除了天津基地外，基於環球經濟持續低迷，本集團把資源優先用以鞏固目前已投產造紙機的營運，把二十七號至三十號四台造紙機的投產時間，由二零零九年延遲至二零一一年，亦已取消位於越南三十一號造紙機的計劃。本集團會密切留意經濟環境變化，作好未來項目發展步伐，把握市場上每個機遇，靈活地作出營運政策調整。與此同時，本集團收購的四川樂山5萬噸竹木漿／特種紙龍頭項目、越南10萬噸包裝紙板項目，以及內蒙12萬噸本色木漿項目均營運理想。

本集團相信，配合項目的前期研究、反覆審批及調控，並從不同地方吸納優秀人才，培養專業的生產技術團隊，現有業務得以穩定健康發展，為迎接未來經濟復蘇所帶來的機遇作好準備。

Chongqing base, which has already commenced production, and the Group's 4th production base, Tianjin base, which will be completed in the near future, mainly target at satisfying the continuously stronger demand in the domestic market. Tianjin base is expected to commence production in the third quarter of 2009, with two new paper machines under its phase I plan offering a total design capacity of 0.80 million tpa, comprising 0.45 million tpa for linerboard and 0.35 million tpa for high performance corrugating medium. Rapid development is now found in the manufacturing industry in Tianjin, resulting in pressing demand for packaging paperboard products. However, local production of these products is mainly in small scales at present, and such scarcity results in customers' heavy reliance on supplies from other provinces. Thus the Group's new base will meet the local demand and favorable business development is foreseen.

Apart from the Tianjin base, as the current global economic downturn may still last for some time, the Group has prioritized its resources for strengthening the operations of existing paper machines. The commencement of operation of the four paper machines PM27-30 has been postponed from 2009 to 2011, while the plan for PM31 in Vietnam has been cancelled. The Group will be closely monitoring changes in the economic environment, pacing the development of its future projects and adjusting its operating policies flexibly in order to capture every opportunity in the market. Meanwhile, the 50,000 tpa wood and bamboo pulp/specialty paper project in Leshan, Sichuan, a market leader in specialty paper acquired by the Group, the 0.1 million tpa packaging paperboard project in Vietnam and the 0.12 million tpa unbleached kraft pulp project in Inner Mongolia were all operating satisfactorily.

The Group believes that steady and healthy development can be achieved in the current operations by combining preliminary research, constant review and adjustment on its projects, recruitment of quality talents from various fronts and cultivation of a team of production technology professionals, so as to capture the opportunities brought by the economic revival in future.

行政總裁營運回顧與展望 Chief Executive Officer's Operation Review and Outlook

優化產品結構，強化庫存控制

於本期間，本集團基本達到產銷平衡。本集團積極重點強化新產品項目，加強對市場需求的敏感度及對產品設計的創意，配合市場需要。此外，本集團透過針對性地靈活調控產品價格，加強競爭力較強的產品，例如紗管原紙、高克重牛卡紙、低克重瓦楞紙及白面牛卡紙等產品的銷售，持續嚴控庫存量處於低水平，以提升企業的盈利水平，保持健康的財務狀況。

在出口放緩但內需增長相對較強的趨勢下，本集團進一步增加內需的銷售份額，保持了良好的銷售勢頭。由於內需持續增加，本集團與內需有關的產品銷售比例由過去約55%增加到約80%。

持續奉行「沒有環保，就沒有造紙」之企業理念

目前中國政府積極推行環保政策，對節能減排的要求愈來愈嚴格。玖龍紙業作為推動環保的造紙業先鋒，不但沒有因為市場環境改變而放棄環保，而繼續堅守「沒有環保就沒有造紙」的企業理念，履行社會責任；還充份體現規範環保對業務直接帶來的優勢，避免環保不合規而需要停產或受罰，並可帶動客戶認識使用環保企業產品之好處，從而遠遠拋離競爭對手。

OPTIMIZE PRODUCT MIX AND STRENGTHEN INVENTORY CONTROL

The Group has achieved a general balance between production and sales during the Period. With a focus actively put on boosting selected new product projects, the Group caters for market needs by strengthening its sensitivity towards changing market demands and creativity in product design. In addition, the Group adopts a targeted approach in its pricing strategy by putting more emphasis on the marketing of those more competitive products such as cone paper, heavy weight kraftlinerboard, light weight corrugating medium and white top linerboard. The Group will continue to keep its inventory at low levels in order to enhance profitability and maintain sound financial status.

In line with relatively stronger domestic demand, the Group further expanded its sales mix in favour of domestic consumption, thus maintaining sound momentum in sales despite the slowdown in exports. As domestic demand continues to grow, the proportion of the Group's product sales related to domestic demand has increased to approximately 80% from approximately 55% in the past.

ADHERE TO THE CORPORATE PHILOSOPHY OF "NO ENVIRONMENT, NO PAPER"

Currently, the PRC government is actively enforcing its environmental policy by placing increasingly stringent requirements on energy saving and discharge reduction. As a vanguard in promoting environmental protection in the paper industry, ND Paper has not abandoned its environmental commitment as a result of adverse changes in the market environment. Instead, it stays loyal to the performance of its social responsibilities by adhering to its philosophy of "No environment, no paper". Such dedication to environmental management has brought fruitful advantages to the Group, as it will not need to face the penalties and production suspension due to non-compliance. Moreover, it can make customers realize the benefits of doing business with an environmentally compliant enterprise, thus positioning ND Paper further ahead of its competitors.

行政總裁營運回顧與展望 Chief Executive Officer's Operation Review and Outlook

通過種種環保設備及措施，本集團順利地通過廣東省經貿委的節能考核，成功完成節能目標。太倉基地也順利通過國家環保部的年終核查，並獲得江蘇省政府環保專項基金的獎勵。本集團的生產基地更分別榮獲廣東省環境保護總局及太倉市環境保護局評為環保誠信企業，並持續取得 ISO14001 認證。

Adopting various environmental protection facilities and measures, the Group has passed the energy saving assessment by the Economic and Trade Commission of Guangdong Province and attained its energy saving targets successfully, while the Taicang base has passed the annual inspection by the State Ministry of Environmental Protection and has been granted an award under the environmental project fund of the Jiangsu provincial government. The Group's production bases have also been granted the honors of Green/Environmental Creditable Enterprise by the Guangdong Environmental Protection Bureau and Taicang Environmental Protection Bureau respectively, and continued to obtain ISO14001 certification.

嚴格控制資本開支，維持財務狀況穩健

面對目前金融市場動盪不穩的局勢，本集團於本期間內已暫停增加貸款總額，提早償還部分未到期的貸款，並因應市場情況而嚴格控制未來的開支，加強資本開支的內部審批程序，保障本集團擁有充足之現金流。本集團於二零零八年十二月自願提前償還了兩項合共約15億港元的銀團貸款；本集團亦回購並註銷部分於二零零八年年初發行面額1,625萬美元的票據。此安排已包括清償二零零九年所有應償還的銀團貸款，有利集團未來的資金運用。本集團於本期間亦無錄得任何壞賬，財務狀況更趨向健康穩定。

RIGOROUS CONTROL OVER CAPITAL EXPENDITURE TO MAINTAIN A STABLE FINANCIAL POSITION

In face of the currently volatile and unstable financial market, the Group has tentatively stopped increasing its total debts in the Period, and prepaid certain debts prior to their due dates. Future expenditure was under strict control with reference to market conditions, with internal assessment for capital spending also strengthened, in order to ensure a sufficient cash flow for the Group. In December 2008, the Group voluntarily prepaid two syndicated loans which aggregated approximately HK\$1.5 billion. Besides, the Group repurchased and cancelled part of the notes issued earlier in 2008 in the principal amount of US\$16.25 million. The arrangement included the prepayment of all syndicated loan payments due by the end of 2009, which can enhance the Group's future management of funds. During the Period, the Group has not recorded any bad debt and maintained a stable financial position.

行政總裁營運回顧與展望 Chief Executive Officer's Operation Review and Outlook

展望

金融海嘯餘波未了，全球經濟情況將持續低迷一段時間，企業經營環境困難重重。面對如此逆境，玖龍紙業未敢怠慢，會繼續加強經營成本控制、嚴格控制及節約開支、做好銷售風險管理和堅持環保經營理念，養精蓄銳，以優先享有經濟復蘇帶來的市場機遇。

玖龍紙業擁有國際先進的設備和技術，我們將在此堅實基礎上不斷追求完善的管理，發揮產品靈活多元化的優勢，重點抓好盈利及成本的控制，以保持在艱苦經營中健康有序的發展。我們已經播下種子，以信心和勇氣準備迎接下一個春天的來臨，為股東爭取最佳的回報。

副董事長兼行政總裁
劉名中

香港，二零零九年二月十八日

OUTLOOK

As aftershocks of the financial turmoil are expected to remain, the global economy will stay dim for a period of time, resulting in an extremely difficult business environment for enterprises. To overcome the adversities, ND Paper will continue to tighten its operating cost control, stringently manage and economize on expenses, improve sales risk management and uphold its principle of green operations. By such moves, the Company will be at its prime to harvest the early fruit when the economy revives.

ND Paper's equipments and technologies are aligned with advanced international standards. On the back of such sound foundation, we will step up management improvement, capitalize on our edges in a flexible and diversified product offer and drive our earnings and cost controls with a focused approach, thus sustaining a healthy and orderly development despite the unfavorable operating situation. We have paved our way in a confident and courageous manner for the forthcoming economic spring season, seeking the best returns for our shareholders.

Liu Ming Chung
Deputy Chairman and Chief Executive Officer

Hong Kong, 18 February 2009

管理層討論與分析 Management Discussion and Analysis

業務回顧

玖龍紙業作為亞洲最大的箱板原紙生產商，以及全球領先的箱板原紙生產商之一，本集團主要生產高價值及多樣化包裝紙板產品，包括卡紙(牛卡紙、環保牛卡紙及白面牛卡紙)、高強瓦楞芯紙及塗布灰底白板紙。本集團設有多條生產線，操作上可靈活配置，能有效率地向客戶提供不同種類、大小、等級、耐破指數、環壓強度、基重、印刷適性及品牌的多元化產品系列。目前，本集團主要的五大包裝紙板產品可分為超過60種不同基重，有超過1,000種不同大小及種類規格。

於二零零八年十二月三十一日，本集團共有二十一台包裝紙板造紙機於中國營運，總設計年產能為775萬噸，當中包括415萬噸卡紙、265萬噸高強瓦楞芯紙和95萬噸塗布灰底白板紙。該二十一台造紙機分別設置於東莞、太倉及重慶基地，該三個基地的年產能分別為445萬噸、250萬噸及80萬噸。

本集團第三個生產基地—重慶基地，已於二零零八年八月順利投產，設計年產能為45萬噸卡紙及35萬噸高強瓦楞芯紙。第四個生產基地—天津基地的工程進展順利，第一期計劃的兩台新造紙機預期將於二零零九年第三季投產，年產能為80萬噸。該兩個基地覆蓋中國中部及西南部、華北及東北地區，以內需市場作為主要對象。當天津基地投產後將可令本集團更全面覆蓋中國的主要製造業中心，進一步擴大市場滲透率及客戶基礎。

本集團擁有先進的基礎建設及設施，提供水電、蒸汽熱力、碼頭及物流支援，從而達到更佳的成本控制及更具靈活性的營運。該等條件讓本集團在各主要營運方面均可自給自足，及確保於造紙過程中採用最高的環保標準。

BUSINESS REVIEW

Being the largest containerboard producer in Asia and one of the leading players in the world, ND Paper primarily produces a broad variety of high value packaging paperboard products, including linerboard (kraftlinerboard, testlinerboard and white top linerboard), high performance corrugating medium and coated duplex board. Equipped with multiple production lines with flexible configuration, the Group offers its customers a diversified product portfolio with various types, sizes, grades, burst indices, stacking strengths, basis weights, printability and brands in an efficient manner. Currently, five principal packaging paperboard products are available in over 60 different basis weights with over 1,000 different sizes and type specifications.

As at 31 December 2008, the Group had a total of 21 packaging paperboard paper machines in operation in China, with a total design capacity of 7.75 million tpa, of which 4.15 million tpa are for linerboard, 2.65 million tpa are for high performance corrugating medium and 0.95 million tpa are for coated duplex board. The 21 paper machines are located in Dongguan base (4.45 million tpa), Taicang base (2.50 million tpa) and Chongqing base (0.80 million tpa) respectively.

The third production base of the Group in Chongqing successfully commenced production in August 2008 with a design capacity of 0.45 million tpa of linerboard and 0.35 million tpa of high performance corrugating medium. The construction of the fourth production base in Tianjin is in good progress. The two new paper machines under its phase I plan are expected to commence production in the third quarter of 2009 with a total design capacity of 0.80 million tpa. These two bases will cover the central and south-western parts of China, northern China and the northeastern region of China, mainly targeting at the domestic consumption market. After the commencement of Tianjin production base, the Group can further expand its market penetration and customer base, with a more comprehensive coverage of China's main manufacturing hubs.

With a range of advanced infrastructure and facilities that provide the Group with power, steam, water supplies, piers and logistics supports, the Group can achieve better cost control and higher flexibility in its operations. These features allow the Group to be self sufficient across all key operational aspects, and ensure the highest standards in its environmentally friendly paper manufacturing process.

管理層討論與分析 Management Discussion and Analysis

本集團位於四川樂山的5萬噸竹木漿／特種紙龍頭項目、越南10萬噸包裝紙板項目，以及內蒙古12萬噸本色木漿項目均營運理想。目前，集團的總設計年產能為802萬噸。

業務策略

二零零八年全球經濟下滑，令造紙行業發展放緩，加上原材料價格大幅波動，帶給本集團前所未有的挑戰和困難，惟本集團憑藉審慎及靈活的業務策略，令其包裝紙板設計年產能於本期間較去年同期錄得47%的增長，繼續保持本集團於市場內的領導地位和優勢。

在經濟不明朗的逆境中，預料企業經營環境仍然艱辛，本集團將積極運用資源鞏固目前業務，採用審慎的經營策略，務求達到產量、盈利、質量和管理的各項目標，於市場內穩定健康地持續發展，為未來作最佳的準備。

審慎擴產，鞏固營運

本期間，於重慶基地首期工程的二十二號及二十三號造紙機，已於二零零八年八月投產，而位於東莞基地的十八號及十九號造紙機，以及位於太倉的二十號及二十一號造紙機，亦已於二零零八年六月相繼建成及投產。該六台造紙機共為本集團新增240萬噸年產能。

The Group's 50,000 tpa wood and bamboo pulp/specialty paper project in Leshan, Sichuan, a market leader in specialty paper, the 0.10 million tpa packaging paperboard project in Vietnam and the 0.12 million tpa unbleached kraft pulp project in Inner Mongolia were all operating satisfactorily. Currently, the Group's total design production capacity amounts to 8.02 million tpa.

BUSINESS STRATEGY

In 2008, the global economic downturn has caused a slowdown in the growth of paper manufacturing industry. This, together with large fluctuations in raw material prices, has resulted in unprecedented challenges and difficulties to the Group. However, owing to its prudent and flexible business strategies, during the Period, ND Paper recorded a growth of 47% in its packaging paperboard annual design capacity from that in the same period last year, enabling the Group to maintain its leading position and advantages in the market.

At a time of economic uncertainties and adversities, the corporate operating environment is expected to remain tough. The Group will actively utilize its resources to strengthen current operations and adopt prudent business strategies in an effort to attain its targets in production volume, profitability, quality and management, driving sustainable growth in the market at a steady and healthy pace and be prepared for the future in an optimal manner.

PRUDENT CAPACITY EXPANSION TO STRENGTHEN OPERATIONS

During the Period, PM22 and PM23 of the phase I construction in Chongqing base commenced operations in August 2008, whereas PM18 and PM19 located in Dongguan base as well as PM20 and PM21 located in Taicang base completed construction and commenced operations in June 2008. These six paper machines have brought an additional production capacity of 2.40 million tpa to the Group.

管理層討論與分析 Management Discussion and Analysis

於二零零八年投產的造紙機

Paper machines commenced production in 2008

造紙機 Paper Machine	地點 Location	產品 Product	設計年產能(噸) Design Capacity (tpa)
十八號 PM18	東莞 Dongguan	低克重高強瓦楞芯紙 Light weight high performance corrugating medium	350,000
十九號 PM19	東莞 Dongguan	卡紙 Linerboard	450,000
二十號 PM20	太倉 Taicang	卡紙 Linerboard	450,000
二十一號 PM21	太倉 Taicang	低克重高強瓦楞芯紙 Light weight high performance corrugating medium	350,000
二十二號 PM22	重慶 Chongqing	卡紙 Linerboard	450,000
二十三號 PM23	重慶 Chongqing	高強瓦楞芯紙 High performance corrugating medium	350,000

由於經濟環境持續低迷，本集團將優先把資源鞏固目前造紙機的營運，並已修訂原有的擴產計劃，把二十七號、二十八號、二十九號及三十號造紙機的投產時間延遲至二零一一年，以配合未來經濟復蘇後預期的需求增長。同時，本集團亦已取消位於越南三十一號造紙機的計劃。但由於華北地區及東北省份對包裝原紙產品需求殷切，為迎合當地強勁的內需市場，位於天津的二十五號及二十六號造紙機預期將於二零零九年第三季投產。

Given the current economic downturn, the Group has prioritized its resources for strengthening the operations of existing paper machines, and revised the original capacity expansion plan. The commencement of operation of PM27, PM28, PM29 and PM30 will be postponed to 2011, in line with the expected demand growth arising from the future economic recovery. Meanwhile, the Group has cancelled the plan for PM31 in Vietnam. However, due to the significant demand for packaging paper products in northern China and the northeastern provinces, PM25 and PM26 located in Tianjin are expected to commence operations in the third quarter of 2009 in order to meet the strong domestic demand from the local market.

管理層討論與分析 Management Discussion and Analysis

興建中的造紙機情況

Paper machines under construction

造紙機 Paper Machine	地點 Location	產品 Product	設計年產能(噸) Design Capacity (tpa)	計劃投產日期 Planned date of commencement of production
二十五號 PM25	天津 Tianjin	卡紙 Linerboard	450,000	二零零九年第三季 3rd quarter of 2009
二十六號 PM26	天津 Tianjin	高強瓦楞芯紙 High performance corrugating medium	350,000	二零零九年第三季 3rd quarter of 2009
二十七號 PM27	東莞 Dongguan	卡紙 Linerboard	450,000	二零一一年 2011
二十八號 PM28	東莞 Dongguan	低克重高強瓦楞芯紙 Light weight high performance corrugating medium	350,000	二零一一年 2011
二十九號 PM29	太倉 Taicang	卡紙 Linerboard	450,000	二零一一年 2011
三十號 PM30	太倉 Taicang	低克重高強瓦楞芯紙 Light weight high performance corrugating medium	350,000	二零一一年 2011

本集團於中國之包裝紙板設計產能 Packaging paperboard design capacity in China

按產品分類

Breakdown by product category

(千噸/年) (‘000 tpa)		二零零七年 十二月 12/2007	二零零八年 十二月 12/2008	二零零九年 十二月 12/2009 (計劃) (planned)	二零一零年 十二月 12/2010 (計劃) (planned)
卡紙 Linerboard		2,800	4,150	4,600	4,600
瓦楞芯紙 Corrugating medium		1,600	2,650	3,000	3,000
塗布灰底白板紙 Coated duplex board		950	950	950	950
總計 Total		5,350	7,750	8,550	8,550

管理層討論與分析 Management Discussion and Analysis

按產品分佈

Distribution by product category

		二零零七年 十二月 12/2007	二零零八年 十二月 12/2008	二零零九年 十二月 12/2009 (計劃) (planned)	二零一零年 十二月 12/2010 (計劃) (planned)
卡紙	Linerboard	52.3%	53.5%	53.8%	53.8%
瓦楞芯紙	Corrugating medium	29.9%	34.2%	35.1%	35.1%
塗布灰底白板紙	Coated duplex board	17.8%	12.3%	11.1%	11.1%
總計	Total	100.0%	100.0%	100.0%	100.0%

按基地地點分佈

Distribution by location

		二零零七年 十二月 12/2007	二零零八年 十二月 12/2008	二零零九年 十二月 12/2009 (計劃) (planned)	二零一零年 十二月 12/2010 (計劃) (planned)
東莞	Dongguan	68.2%	57.4%	52.0%	52.0%
太倉	Taicang	31.8%	32.3%	29.2%	29.2%
重慶	Chongqing	-	10.3%	9.4%	9.4%
天津	Tianjin	-	-	9.4%	9.4%
總計	Total	100.0%	100.0%	100.0%	100.0%

中國各包裝紙板生產基地的造紙機數目 (按基地地點分佈)

No. of packaging paperboard machines in China (Geographical breakdown by location of production base)

(台)		二零零七年 十二月 12/2007	二零零八年 十二月 12/2008	二零零九年 十二月 12/2009 (計劃) (planned)	二零一零年 十二月 12/2010 (計劃) (planned)
東莞	Dongguan	11	13	13	13
太倉	Taicang	4	6	6	6
重慶	Chongqing	0	2	2	2
天津	Tianjin	0	0	2	2
總計	Total	15	21	23	23

管理層討論與分析 Management Discussion and Analysis

投資基礎設施以鞏固規模經濟效益

(1) 電力資源

本集團在日常營運中需要運用大量電力及蒸汽以支持大規模包裝紙板生產及其穩定性。因此，本集團在東莞、太倉以及重慶基地均設置自有的中央燃煤發電廠，總裝機容量為855兆瓦。建造中的天津基地亦會建構發電設施，總裝機容量達到158兆瓦。該等發電廠為所有造紙機供應穩定的電力，同時提供蒸汽用於生產過程中的烘乾流程，熱電聯產有助於節省能源成本及寶貴的土地資源。由於熱能效率高及耗煤量低，相比向第三方購買電力，採用本集團發電廠所生產的電力可有效節省成本。

本集團的煤炭採購策略是以最低價格向穩定可靠的供應商採購煤炭。為降低煤炭成本，本集團直接向煤炭分銷商採購所有所需煤炭，並自行安排運輸，在太倉及重慶均擁有自有碼頭及在東莞新沙港接收船運煤炭。本集團於東莞投資建設的全自動封閉式圓形煤倉，可以有效提升效率、減少浪費，同時大大改善本集團的環保標準。

本集團的全部發電廠均接駁地區電網，使本集團可出售過剩的電能，並為本集團提供後備電源。

(2) 土地資源

除投資於基礎設施外，本集團儲備足夠的土地，用以支持目前經營的業務以及未來的發展，在經濟復蘇與行業整合完成後可保持突出的優勢。截至二零零八年十二月三十一日，本集團共獲得8.51百萬平方米的土地使用權。

Invest in infrastructure facilities to achieve economies of scale

(1) Power resources

To support large-scale, stable packaging paperboard manufacturing, the Group requires a significant amount of electricity and steam for its daily operations. Accordingly, the Group has set up central coal-fired cogeneration power plants in Dongguan, Taicang and Chongqing with an aggregate installed capacity of 855 MW. The Group is also building power generating facilities in Tianjin base with an aggregate installed capacity of 158 MW. These power plants provide stable electric power for all of its paper machines. Simultaneously, they provide steam for use in the drying process in production. The cogeneration of steam and electricity helps to save on energy costs and valuable land resources. Because of their high thermal efficiency and low coal consumption, by using electric power from the Group's own cogeneration plants, it can effectively reduce costs as compared to purchasing power from third parties.

The Group's sourcing strategy for coal is to purchase from suppliers that provide a stable and reliable supply at the lowest cost. To lower its coal expenses, the Group purchases all of its coal required directly from coal distributors and arranges its own shipping. The Group receives the coal shipments at its self-owned piers in Taicang and Chongqing, and at Xinsha Port in Dongguan. The Group has also invested in a new fully automated and enclosed coal storage dome in Dongguan, which increases efficiency, reduces wastage as well as improves the environmental protection standards of the Group.

All of the Group's power plants are connected with the regional power grids, enabling the Group to sell excess power while providing the Group with a back-up power source.

(2) Land resources

Apart from investing in infrastructure facilities, the Group has sufficient land reserves for its existing operations and future development, a distinctive advantage when economic recovery and completion of industry consolidation takes place. As of 31 December 2008, the Group has secured land use rights for land plots aggregating 8.51 million sq.m.

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(3) 運輸基礎設施

為減低港口裝卸費用、避免交通瓶頸以及善用航運和內陸水道便捷的交通優勢，本集團已於太倉及重慶各興建一個自有船運碼頭。

現時，太倉船運碼頭可容納載重達5萬噸的遠洋貨輪。本集團已取得所有必須的許可證，可經營自用船運碼頭並可向第三方提供裝卸服務。本集團經營泊位，目前主要用於接收煤炭，年裝卸能力達270萬噸。由於本集團可接收直接從中國沿岸主要煤炭港口經水路運抵的煤炭，因此本集團免付卸煤炭的費用，大大節省成本。

本集團於重慶生產基地的自有碼頭已竣工，而生產基地亦連接一條鐵路支線。該等配套設施經已投入服務，提升本集團之營運效率及增加其運輸服務的靈活性。

關注市場需求優化資源配置

本集團於二零零八年投產之六台新造紙機，乃為配合國內市場不斷增長的產品需求而設計。重慶基地已於二零零八年八月順利投產，二十二號及二十三號兩台新造紙機於本期間經過優化過程，現已正常運作。東莞及太倉基地的十八號及二十一號造紙機生產低克重高強瓦楞芯紙產品，乃世界頂尖先進的高速造紙設備，是首次引進中國，與運用獨特的改良生產過程以生產卡紙的十九號及二十號造紙機，均已於二零零八年六月投產。由於其獨特性及創新性，因此優化過程較其他傳統型造紙機的一般優化期（三至四個月）長一至兩個月時間。目前，該等造紙機均正常運作。

(3) *Transportation infrastructure*

In order to reduce port loading and unloading charges, avoid transportation bottlenecks and take advantage of ocean and inland waterway transportation, the Group has constructed a self-owned pier at each of Taicang and Chongqing.

Currently the pier in Taicang is capable of accommodating oceangoing vessels of up to 50,000 tonnes. The Group has obtained all necessary permits to operate the shipping pier for its own use and to offer loading and unloading services to third parties. The operating berth, with an annual loading and unloading capacity of 2.7 million tonnes, is mainly used for receiving coal deliveries now. Given that the Group can take direct delivery by shipping from the major coal ports on China's coast, unloading charges can be eliminated thus reducing costs significantly.

The Group has finished the construction of the self-owned pier at Chongqing production base. There is also a railway spur connected to the production base. These ancillary facilities have been put into service to enhance the operating efficiency of the Group and increase its flexibility in transportation services.

Monitor market demand and prioritize resources allocation

The Group's six new paper machines which commenced production in 2008 were designed to meet the growing product demand from the domestic market. Chongqing base successfully commenced production in August 2008. Its two new paper machines, PM22 and PM23, went through their optimization in the Period and are now in normal operations. In the Dongguan and Taicang bases, PM18 and PM21, which produce light weight high performance corrugating medium, are high speed paper machines that represent the debut of one of the world's most advanced paper making equipments in China. Together with PM19 and PM20, which produce linerboard using a unique enhanced production process, these new paper machines commenced production in June 2008. Owing to their unique and novelty nature, their optimization had taken 1-2 months longer than the normal optimization period of 3-4 months for other regular types of paper machines. Currently, these paper machines are all in normal operation.

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本集團第四個生產基地—天津基地預期將於二零零九年第三季投產，為配合華北及東北地區日增的客戶需求。屆時，本集團的總設計產能將達到每年882萬噸。天津基地擁有優良的水質資源，有充足的水量供未來生產之用，加上基地鄰近天津港及將建有一條鐵路支線，交通方便，四通八達。兩台新造紙機二十五號及二十六號的總年產能為80萬噸，分別生產45萬噸卡紙及35萬噸高強瓦楞芯紙。

本集團把資源優先用以鞏固目前已投產造紙機的營運，二十七號至三十號四台造紙機的投產時間，已經由二零零九年延遲至二零一一年，並取消位於越南的三十一號造紙機計劃。

優化產品與銷售結構及強化成本控制

本集團重視品質管理，並以多樣化（低、中及高檔）的產品組合佔據不同需求的市場，並自主研發新產品項目，加強對市場需求變化的敏感度及產品設計的創意，以配合市場需要。此外，本集團採用針對性價格策略，加強競爭力較強的產品，例如紗管原紙、高克重牛卡紙、低克重瓦楞芯紙及白面牛卡紙等產品的市場推廣。本集團亦將持續控制庫存量於低水平，以提升企業盈利，保持健康的財務狀況。

本集團將主要原材料的庫存都控制在30天以內；目前本集團高價原材料已經消耗完畢，期望在二零零九年邁入一個原料和成品價格都相對穩定和平衡的狀態。本集團亦通過技術升級，提高設備的機械化水準，並加強員工培訓，以提升整體生產率。

配合出口放緩但內需增長較強的趨勢，本集團延續早期的策略調整，進一步增加與內需有關的銷售份額。由於內需持續增加，本集團有關內需的產品銷售比例由過去約55%增加到約80%。

Tianjin base, the fourth production base of the Group, is expected to commence production in the third quarter of 2009 to serve escalating customer needs in northern and northeastern China. By then, the total design production capacity of the Group will reach 8.82 million tpa. Tianjin base has favorable water resources which allow abundant water supply for its future production. In addition, the base is near the Tianjin Port and a railway spur will be built, offering convenient transportation and high accessibility. Total capacity of the two new paper machines will be 0.80 million tpa, with PM25 and PM26 producing 0.45 million tpa of linerboard and 0.35 million tpa of high performance corrugating medium respectively.

The Group has prioritized its resources for strengthening the operations of existing paper machines. The commencement of operation of the four paper machines PM27 to PM30 has been postponed from 2009 to 2011, while the plan for PM31 in Vietnam has already been cancelled.

Optimize product and sales mix and strengthen cost control

The Group emphasizes quality management and sets foot in markets of different demands with its diversified (low, medium and high end) product portfolio. It is also involved in the research and development of new product projects, strengthening its sensitivity towards changing market demands and creativity in product design, so as to cater for market needs. In addition, the Group adopts a targeted approach in its pricing strategy by putting more emphasis on the marketing of those more competitive products such as cone paper, heavy weight kraftlinerboard, light weight corrugating medium and white top linerboard. The Group will also continue to keep its inventory at low levels in order to enhance profitability and maintain sound financial status.

Inventory of the Group's principal raw materials is maintained at below 30 days' stock. At present, high-cost raw materials of the Group have already been fully consumed. The prices of raw materials and finished products in 2009 are expected to become relatively stabilized and balanced. The Group also enhances the mechanization of its equipment through technology upgrades and strengthens staff training in order to raise overall productivity.

In line with the trend of slowing exports and relatively stronger domestic demand, the Group continues its strategic adjustment, which started in previous years, of further expanding its sales mix in favour of domestic consumption. As domestic demand continues to grow, the proportion of the Group's product sales related to domestic demand has increased to approximately 80% from approximately 55% in the past.

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不斷提升效率及效用保持產品高品質

本集團擁有龐大的保養團隊，成員曾接受原設備供應商培訓，負責定期檢查及維修造紙機，確保造紙機操作順暢。本集團在注重維修及保養的同時，也不斷進行生產設備升級，以延長生產設備的使用期，提升生產效率及確保產品質量。於本期間，本集團造紙機的平均使用率約為91.8%，並持續取得ISO9001國際品質體系認證。

持續貫徹對環保的高度重視

當前國際形勢對環保和節能減排的需求日趨增長，環保水準成為企業持續經營的重要指標。本集團堅守維持高度社會責任感的原則，因此視環保為經營及發展的基本前提。本集團配備先進環境管理設施，並已通過廣東省經貿委的節能考核，達成一系列節能目標，其生產基地分別獲廣東省環境保護總局及太倉市環境保護局評為環保誠信企業，並持續取得ISO14001認證。太倉基地順利通過國家環保部的年終核查，更取得江蘇省政府環保專項基金獎項的獎勵。在未來，玖龍紙業將繼續貫徹對環保和社會責任的高度重視，並以高環保標準作為保持企業競爭力的重要因素。

Continue to enhance efficiency and effectiveness and maintain high product quality

The Group has a sizable maintenance team, members of which have undergone training provided by the original equipment vendors. The team is responsible for regular repairs and maintenance of the equipment to ensure that they are in proper working order. The Group upgrades its production equipment concurrently with its repair and maintenance from time to time so as to increase the life span of its production equipment, enhance productivity and ensure product quality. During the Period, the average utilization of the Group's paper machines was approximately 91.8%. Meanwhile, the Group continues to maintain its ISO9001 quality standard accreditation.

Continue to place high emphasis on environmental protection

Given the growing demand for environmental protection, energy saving and discharge reduction among the world's industrial players, the standard of environmental practices has become an important indicator of an enterprise's sustainability in operations. By adhering to the principle of maintaining a strong sense of social responsibility, environmental protection remains a fundamental pre-requisite for the Group's operations and development. The Group has equipped itself with advanced environmental management facilities. It has passed the energy saving assessment by the Economic and Trade Commission of Guangdong Province and attained a series of energy saving targets. Its production bases have also been granted the honors of Green/Environmental Creditable Enterprise by the Guangdong Environmental Protection Bureau and Taicang Environmental Protection Bureau respectively, and continued to obtain ISO14001 certification for its environmental management standards. The Taicang base has successfully passed the annual inspection by the State Ministry of Environmental Protection and has been granted an award under the environmental project fund of the Jiangsu provincial government. Looking ahead, ND Paper will continue to place high emphasis on environmental protection and social responsibility, and regard high standards of environmental practices as a crucial factor for maintaining the enterprise's competitiveness.

管理層討論與分析 Management Discussion and Analysis

保持原材料供應穩定，開拓多元化來源

本集團的主要產品製造原材料為廢紙及木漿，故維持原材料品質優良、價格具競爭力及供應來源穩定成為本集團業務營運極關鍵的一環。

(1) 廢紙供應

廢紙為本集團最主要的原材料。面對二零零八年廢紙價格大幅波動，本集團向貨源穩定的供應商進行採購。本集團的目標，是透過與供應商長期穩定的合作關係，大量地採購價格具競爭力，質量一致的優質廢紙。

本集團向美國中南及其他供應商採購所需廢紙。本集團已簽訂更新美國中南供應協議及進一步更新美國中南供應協議，內容有關美國中南於截至二零一一年六月三十日止三個年度內向本集團成員公司供應廢紙。在挑選其他供應商時，本集團採購部以主要供應商的廢紙質量及價格作比較準則，同時亦考慮各供應商滿足其數量及送貨要求的能力，一切均以符合成本效益及客戶要求為首。

同時，本集團現有一套政策，擴大廢紙來源地得以確保供應穩定，除了維持向美國中南採購來自各國的廢紙外，本集團亦向其他供應商採購不少於廢紙總採購價值20%的廢紙。此外，本集團已逐漸擴大其採購市場範圍，並開拓更多元化的廢紙來源，以保持本集團的廢紙供應優質穩定。本集團的策略，是維持於國內市場採購部份廢紙。

Maintain stable supply of raw materials and diversify their sources

Recovered paper and kraft pulp are the Group's principal raw materials during its product manufacturing process. Therefore, the ability to maintain a stable source of high quality raw materials at reasonable prices is crucial to the business operations of the Group.

(1) Recovered Paper Supply

Recovered paper is the largest raw material component. In order to address the highly volatile recovered paper prices in 2008, the Group sourced from vendors capable of offering stable supply. The Group's target is to source large volumes of high-quality recovered paper at competitive prices with consistency in both quantity and quality, through the long-term and stable cooperative relationship established with the vendors.

The Group sources its recovered paper from ACN and other suppliers. The Group has entered into the Renewed ACN Supply Agreement and Further Renewed ACN Supply agreement in relation to the supply of recovered paper from ACN to members of the Group for the 3 years ending 30 June 2011. In selecting other suppliers, the Group's procurement department compares the quality and prices of their recovered paper with those offered by the major suppliers, while also considering their ability to satisfy its volume and delivery requirements. The primary criteria are cost effectiveness and customer needs.

Meanwhile, the Group has a policy in place to diversify its recovered paper sources so as to ensure stability in supply. Apart from purchasing from ACN recovered paper sourced from various countries, the Group also sources recovered paper from suppliers other than ACN for no less than 20% of its aggregate purchase value in recovered paper. In addition, the Group is gradually expanding its procurement market coverage and diversifying its recovered paper sources in order to maintain a stable supply of quality recovered paper to the Group. The Group's strategy is to have a certain proportion of its recovered paper sourcing from the domestic market.

管理層討論與分析 Management Discussion and Analysis

(2) 木漿供應

木漿為本集團廢紙以外的主要原材料。在生產部分產品時，本集團會同時使用漂白木漿和本色木漿，使產品外觀及質量更加統一。本集團收購了四川樂山的5萬噸竹木漿／特種紙龍頭項目。連同內蒙古12萬噸本色木漿項目，兩個項目可為本集團各造紙基地供應木漿。除了該等項目外，本集團亦會發展更多元化的木漿來源供應，待日後經濟復蘇時能滿足其擴產計劃的需要。

重視人才，以人為本

本集團一直堅持「以人為本」的企業信念，並相信擁有優質的人力資源，才能提高本集團整體的競爭力及凝聚力。本集團的職業健康及安全管理系統已於二零零五年三月取得OHSAS18001認證。於本期間，本集團不但致力推行多個持續性員工發展計劃，如定期進行培訓以及提供晉升機會等，積極聯繫員工與企業發展的彼此關係，同時亦拓展多元化的員工溝通渠道，提升員工對企業的滿意度及歸屬感。

於二零零八年十二月三十一日，本集團在中國僱用約11,000名全職僱員。於本期間，有關僱員成本(包括董事酬金)約為人民幣184.3百萬元。本集團確保僱員的薪酬待遇具競爭力，並根據本集團薪酬制度的整體框架按僱員的表現作出獎勵。此外，本集團已採納僱員購股權計劃及通過完善獎勵花紅計劃，吸引並挽留有能之士。

(2) Kraft Pulp Supply

Kraft pulp is another principal raw material of the Group other than recovered paper. The Group uses both bleached and unbleached kraft pulp in the production of some of its products to increase the consistency of product appearance and strength. The Group has acquired a 50,000 tpa wood and bamboo pulp/specialty paper project in Leshan, Sichuan, a market leader in specialty paper. Together with the 0.12 million tpa unbleached kraft pulp project in Inner Mongolia, the two projects can supply kraft pulp to the Group's various paper manufacturing bases. Apart from these projects, the Group will also diversify the sources of kraft pulp supply to meet its needs arising from capacity expansion upon economic recovery in the future.

Emphasize on a people-oriented strategy

The Group adheres to the corporate principle of a "people-oriented" strategy, with the belief that only human resources of excellence can enhance the overall competitiveness and cohesive spirit of the Group. The Group has obtained OHSAS18001 certification for its occupational health and safety management system in March 2005. During the Period, the Group endeavored to implement various continuous staff development programs, such as regular training and promotional opportunities. In addition, the Group actively drove the association between staff and enterprise development, and diversified employee communication channels, in order to increase the staff's satisfaction and sense of belonging towards the enterprise.

As at 31 December 2008, the Group had approximately 11,000 full time staff in China. Expenses related to employees (including directors' emoluments) for the Period amounted to approximately RMB184.3 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. Moreover, the Group has adopted a share option scheme for employees and refined its incentive bonus program to attract and retain capable talents.

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財務回顧

本集團於本期間的收入與純利較去年同期有所減少。

收入

於本期間，本集團收入較上一年同期下降5.3%至約人民幣6,333.3百萬元。本集團之主要銷售收入來源仍為紙張業務，佔集團總收入約98.2%，其餘銷售收入部分則來自紙漿業務所得銷售收入。

由於本集團之包裝原紙產品平均售價大幅下降但同時銷量稍微增加，於本期間本集團紙張銷售收入較上一年同期減少約5.3%。於本期間，本集團卡紙、高強瓦楞芯紙及塗布灰底白板紙的收入分別佔銷售總收入約49.3%、26.4%及22.5%，去年同期則分別為44.7%、28.5%及24.7%。

本集團於二零零八年十二月三十一日的包裝原紙設計年產能為7.85百萬噸，其中卡紙、高強瓦楞芯紙及塗布灰底白板紙分別為每年4.25百萬噸、2.65百萬噸及0.95百萬噸。本集團包裝原紙產品銷量自上一年同期約2.1百萬噸上升6.4%至本期間的2.2百萬噸。

儘管六台新造紙機於二零零八年投產，其銷售量並無在本集團於本期間的財務報表中相應上升以反映新增年產能240萬噸，此乃由於本期間內，以上六條新生產線大致上仍在優化中。在這些造紙機中，十八號及二十一號造紙機為高速造紙機，專生產低克重高強瓦楞芯紙，並為中國首台採用全球最先進造紙設備之一的造紙機。十九號及二十號造紙機採用獨特的改良過程以生產卡紙。基於其獨特及新穎性質，於二零零八年六月投產後，需要額外一至兩個月優化，而其他普通類型的造紙機一般則需要三至四個月進行優化。目前，這些造紙機連同位於重慶於二零零八年八月展開優化的二十二號及二十三號造紙機全部均正常運作。

FINANCIAL REVIEW

The Group recorded a reduction in turnover and net profit for the Period as compared with those in the corresponding period of last year.

Revenue

The Group's revenue for the Period decreased by 5.3% over the corresponding period of the last year to approximately RMB6,333.3 million. The major contributor of the Group's revenue was still from its paper business which accounted for approximately 98.2% of the total group revenue, with the remaining revenue generated from its pulp business.

The Group's revenue for the Period decreased by approximately 5.3% over the corresponding period of last year, as a result of substantial drop on average selling price of its packaging paperboard products while the Group's sales volume maintained slightly increase. Revenue of linerboard, high performance corrugated medium and coated duplex board for the Period accounted for approximately 49.3%, 26.4% and 22.5% respectively of the total revenue, compared to 44.7%, 28.5% and 24.7% respectively in the corresponding period of last year.

The Group's annual design production capacity in packaging paperboard as at 31 December 2008 was 7.85 million tpa, comprising 4.25 million tpa of linerboard, 2.65 million tpa of high performance corrugating medium and 0.95 million tpa of coated duplex board. The Group's sales volume of packaging paperboard products increased by 6.4% to approximately 2.2 million tonnes in the Period from 2.1 million tonnes in the same period of the last year.

Although 6 new paper machines commenced production during 2008, sales volume in the Group's financial statements for the Period did not increase correspondingly reflecting the additional production capacity of 2.4 million tpa, as these 6 new production lines were substantially in the optimization period during the Period. Among these paper machines, PM18 and PM21 are high-speed machines specialized for the production of light weight high performance corrugating medium and represent the debut of one of the world's most advanced paper making equipments in China. PM19 and PM20 use a unique enhanced process to produce linerboard. Owing to their unique and novelty nature, after they commenced production in June 2008, their optimization had taken 1-2 months longer than the normal optimization period of 3-4 months for other regular types of paper machines. Currently, these paper machines, together with PM22 and PM23 in Chongqing which started their optimization period in August 2008, are all in normal operations.

管理層討論與分析 Management Discussion and Analysis

由於產品結構有變，故卡紙、高強瓦楞芯紙及塗布灰底白板紙銷量於本期間分別較去年同期增約20.6%、減少約0.7%及減少10.6%。

本集團若干產品售價下降使銷售額減少。卡紙、高強瓦楞芯紙及塗布灰底白板紙於本期間的平均售價分別下降約14.1%、10.6%及3.3%。本集團的銷售繼續主要來自國內市場(尤其是瓦楞芯紙及塗布白板紙行業)銷售。截至二零零八年及二零零七年十二月三十一日止兩個半年期間，國內消費相關銷售分別佔本集團總銷售額約77.9%及57.7%，而餘下收入主要為售予外資加工企業的銷售額，均以外幣結算。

於本期間，本集團五大客戶的銷售額合共佔銷售總額約4.8%(二零零七年：8.6%)，其中最大單一客戶的銷售額佔約1.4%(二零零七年：2.7%)。

毛利潤

於本期間的毛利潤為人民幣795.0百萬元，較上一年同期的人民幣1,576.2百萬元減少約人民幣781.2百萬元，減幅為49.6%。由於本期間售價大幅下降，但主要原材料廢紙及煤炭成本仍維持相當高的水平，故本期間整體毛利潤率自23.6%降至約12.6%。

本集團造紙機的平均使用率自上一年同期94.0%降至本期間約91.8%。使用率下降主要是由於本集團為適應市場需求變化而調整產品結構以增加高強瓦楞芯紙及較輕包裝原紙產品的生產，從而使轉換產品及基準時所需的停機時間增加所致。

The sales volume of linerboard, high performance corrugated medium and coated duplex board for the Period increased by approximately 20.6%, and decreased by approximately 0.7% and 10.6% respectively which is in line with the change in production mix as compared with the corresponding period of last year.

The decrease of selling price in certain of the Group's products led to the decrease in sales. The average selling prices of linerboard, high performance corrugated medium and coated duplex board for the Period decreased by approximately 14.1%, 10.6% and 3.3% respectively. The majority of the Group's sales continued to be realized from the domestic market, in particular from the corrugating medium and coated duplex board sectors. For the two six-month period ended 31 December 2008 and 2007, sales related to domestic consumption represented approximately 77.9% and 57.7% of the Group's total sales respectively, while the remaining revenue are sales denominated in foreign currencies which primarily represented sales made to foreign invested processing enterprises.

For the Period, sales to the Group's top five customers in aggregate accounted for approximately 4.8% (2007: 8.6%) of the total revenue, with that to the single largest customer accounted for approximately 1.4% (2007: 2.7%).

Gross Profit

The gross profit for the Period was RMB795.0 million, representing a decrease of approximately RMB781.2 million or 49.6% as compared with the RMB1,576.2 million in the same period of the last year. Overall gross profit margin for the Period decreased from 23.6% to approximately 12.6% due to the substantial decrease in selling price while the raw materials (mainly cost of recovered paper and coal cost) maintained at a very high level during the Period.

The average utilization rate of the Group's paper machines for the Period decreased from 94.0% in the corresponding period of the last year to approximately 91.8% in the Period. The decrease in utilization rate was mainly due to increase in shutdown period required for product and basis weight changes as the Group has changed its product mix to increase the production of high performance corrugating medium and more packaging paperboard products with lighter weight to cope with the changes in the market demand.

管理層討論與分析 Management Discussion and Analysis

其他收益淨額

本集團其他收益淨額由上一年同期人民幣125.1百萬元增加10.2%至本期間約人民幣137.9百萬元。增加主要是由於購回優先票據的收益淨額及廢料銷售額的淨增加所致。

經營利潤

本期間的經營利潤約為人民幣621.7百萬元，較上一年同期人民幣1,269.7百萬元減少約人民幣648.0百萬元，減幅為51.0%。

銷售及市場推廣費用自上一年同期的人民幣144.4百萬元增至本期間約人民幣164.3百萬元，增幅約為13.7%。銷售及市場推廣費用增加是由於銷量及地域覆蓋範圍增大所致。銷售及市場推廣費用總額佔本集團收入的百分比由上一年同期約2.1%增至本期間約2.6%。

行政開支由上一年同期的人民幣287.2百萬元減至本期間約人民幣147.0百萬元。行政開支佔本集團收入的百分比由上一年同期的4.3%降至本期間約2.3%。本期間的減少主要是由於購股權開支撥回人民幣94.1百萬元及於新造紙機及新生產基地投產後維持適度行政管理涉及的開支所致。扣除購股權開支總額撥回後，本集團的行政開支約為人民幣241.1百萬元，佔本集團收入3.8%。

純利及股息

於本期間，本公司權益持有人應佔純利為人民幣323.4百萬元，較上一年同期減少約69.4%。

Other Gains (net)

Other gains (net) of the Group increased by 10.2% to approximately RMB137.9 million in the Period from RMB125.1 million in the same period of the last year. The increase was mainly the net gain on repurchase of the senior notes and the net increase in the sale of scrap materials.

Operating Profit

The operating profit for the Period was approximately RMB621.7 million, representing a decrease of approximately RMB648.0 million or 51.0% over the RMB1,269.7 million of the same period of the last year.

Selling and marketing costs increased by approximately 13.7% from RMB144.4 million in the same period of the last year to approximately RMB164.3 million in the Period. The increase in the selling and marketing costs was due to larger sales volume and more geographical coverage. When counted as a percentage of the Group's revenue, the total amount of selling and marketing costs increased from 2.1% in the same period of last year to approximately 2.6% in the Period.

Administrative expenses decreased from RMB287.2 million in the period of the last year to approximately RMB147.0 million in the Period. The amount of administrative expenses as a percentage of group revenue decreased from 4.3% in the same period of last year to approximately 2.3% in the Period. The decrease during the Period was mainly a result of write-back the share options expenses of approximately RMB94.1 million and optimal level of management and administrative costs incurred after the launch of new paper machines and new production bases. The Group's administrative expenses amounted to approximately RMB241.1 million after deducting the share option expenses written back, representing 3.8% of the Group's revenue.

Net Profit and Dividend

The net profit attributable to the equity holders for the Period was approximately RMB323.4 million, representing a decrease of approximately 69.4% over the same period of the last year.

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流動資金及財務資源

本集團於本期間營運資金及長期投資資金主要來自本集團的營運現金流及借貸。

本集團於本期間的經營活動所得現金流入淨額自上一年同期人民幣475.9百萬元增至約人民幣1,955.1百萬元，主要是由於營運資金變動所致，主要為於本期間有效控制貿易應收賬款與存貨引致期內貿易應收賬款與存貨減少。有關本集團於二零零八年十二月三十一日的可動用財務資源，本集團有銀行及現金結餘約人民幣914.5百萬元(不包括受限制現金約人民幣108.9百萬元)及未動用銀行貸款與透支貸款合共約人民幣5,340.8百萬元。

二零零八年十二月三十一日，股東資金約為人民幣13,400.6百萬元，自二零零八年六月三十日的款額增長人民幣129.1百萬元。

本集團於二零零八年十二月三十一日的未償還銀行貸款及借貸約為人民幣14,961.9百萬元。短期及長期借貸分別約為人民幣1,203.1百萬元及人民幣13,758.8百萬元，分別佔總借貸約8.0%及92.0%。於本期間結束時，本集團約98.8%以上的債務並無抵押。

本集團於二零零八年十二月三十一日的淨借貸對權益比率(即借貸淨額人民幣13,938.5百萬元與股東權益人民幣13,568.7百萬元之比率)自二零零八年六月三十日95.9%增至約102.7%。

庫務政策

本集團制定庫務政策以更有效控制庫務運作及降低資金成本。因此，本集團為所有業務及外匯風險提供的資金均經由本集團統籌檢討及監控。為控制個別交易及外幣借貸的外幣匯率及利率波動風險，本集團以外匯借貸、外匯結構工具及其他相關的財務工具對沖重大風險。本集團的政策為不利用任何衍生合約為進行投機活動。

Liquidity and Financial Resources

The working capital and long-term investment funding requirements of the Group during the Period was primarily satisfied by the Group's operating cash flows and borrowings.

The Group's net cash inflow from operating activities for the Period increased from RMB475.9 million in the same period of the last year to approximately RMB1,955.1 million in the Period. The increase was attributable primarily to the changes in working capital, mainly from the decrease in period end trade receivables and inventories due to effective control on trade receivables and inventories. In terms of the Group's available financial resources as at 31 December 2008, the Group had bank and cash balances of approximately RMB914.5 million (excluding restricted cash of approximately RMB108.9 million) and total undrawn bank loans and overdraft facilities of approximately RMB5,340.8 million.

As at 31 December 2008, the shareholders' funds were approximately RMB13,400.6 million, an increase of RMB129.1 million from that as at 30 June 2008.

The Group had outstanding bank loans and borrowings as at 31 December 2008 of approximately RMB14,961.9 million. The short-term and long-term borrowings amounted to approximately RMB1,203.1 million and RMB13,758.8 million respectively, accounting for approximately 8.0% and 92.0% of the total borrowings respectively. As at the end of the Period, more than approximately 98.8% of the Group's debts were on unsecured basis.

The net borrowings to equity ratio for the Group as at 31 December 2008, expressed as a percentage of net borrowings of RMB13,938.5 million and shareholder's equity of RMB13,568.7 million, was increased to approximately 102.7% from 95.9% as at 30 June 2008.

Treasury Policies

The Group has established treasury policies with the objectives of achieving effective control of treasury operations and of lowering cost of funds. Therefore, funding for all its operations and foreign exchange exposure have been centrally reviewed and monitored at the Group level. To manage the Group's exposure to fluctuations in exchange rates and interest rates on specific transactions and foreign currency borrowings, currency structured instruments and other appropriate financial instruments were used to hedge material exposure. It is the policy of the Group not to enter into any derivative contracts purely for speculative activities.

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以上庫務政策符合本集團以下目標：

(a) 減低利率風險

以貸款再融資及洽商貸款安排達成。董事會將繼續密切監察本集團貸款組合，比較其現有貸款協議的貸款利率與當時不同貨幣借貸利率及銀行新貸款的利率。

(b) 減低貨幣風險

鑑於目前貨幣市場波動，董事會將密切留意本集團的外幣貸款。截至二零零八年十二月三十一日，外幣借貸總額相等於人民幣5,569.7百萬元，而人民幣貸款為人民幣9,392.2百萬元，分別佔本集團借貸約37.2%及62.8%。

資本開支

本集團於本期間投資約人民幣2,946.8百萬元興建廠房、購買廠房、機械及設備，而上一年同期則為人民幣3,740.2百萬元。

資金承擔及或然負債

二零零八年十二月三十一日，本集團的資金開支承擔主要為已訂約但未在財務報表撥備的約人民幣2,480.6百萬元及已授權但未訂約的約人民幣1,492.9百萬元。以上資本承擔主要用於擴充本集團產能，而部分承擔可能會因本集團可動用的內部財務資源及未來數年的市況而相應延遲。

於二零零八年十二月三十一日，本集團並無重大或然負債。

The treasury policies followed by the Group aim to:

(a) *Minimise interest risk*

This is accomplished by loan re-financing and negotiation. The Board will continue to closely monitor the Group's loan portfolio and compares the loan margin spread under its existing agreements against the current borrowing interest rates under different currencies and new offers from banks.

(b) *Minimise currency risk*

In view of the current volatile currency market, the Board closely monitors the Group's foreign currency borrowings. As at 31 December 2008, total foreign currency borrowings amounted to the equivalent of RMB5,569.7 million and loans denominated in RMB amounted to RMB9,392.2 million, representing approximately 37.2% and 62.8% of the Group's borrowings respectively.

Capital Expenditures

The Group invested approximately RMB2,946.8 million for the construction of factory buildings, purchase of plant and machinery and equipment during the Period, as compared to RMB3,740.2 million in the same period of the last year.

Capital Commitments and Contingencies

The Group made capital expenditure commitments mainly for machinery of approximately RMB2,480.6 million, which were contracted but not provided for and approximately RMB1,492.9 million, which were authorized but not contracted for in the financial statements as at 31 December 2008. These commitments were mainly related to the expansion of the Group's production capacity, and part of these commitments may be postponed accordingly based on the availability of Group's internal financial resources and market conditions in the forthcoming years.

As of 31 December 2008, the Group had no material contingent liabilities.

企業管治及其他資料 Corporate Governance and Other Information

企業管治常規

玖龍紙業致力確保高水準企業管治以符合股東利益，並竭力識別及制定最佳管治常規。於本期間內，本公司一直奉行聯交所上市規則附錄十四所載《企業管治常規守則》的原則，並遵守守則內適用的條文。

標準守則

本公司已採納上市規則附錄十所載標準守則作為其守則。經向全體董事作出具體查詢後，各董事確認於本期間內一直遵守標準守則所訂的標準。高級管理層因任職於本公司可能擁有未公佈的價格敏感資料，已被要求遵守標準守則的條文。

執行委員會

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在本公司正常業務過程中應由董事會控制和監督的任何事務。

執行委員會由執行董事組成，惟執行委員會成員中的執行董事人數於任何時間一律不得超過四名。除經所有董事書面批准外，執行委員會的組成不可改變。董事會主席將擔任執行委員會主席一職。

目前，執行委員會成員包括張女士（主席）、劉先生及張先生。

薪酬委員會

薪酬委員會工作包括就薪酬政策及常規向董事會提供建議及建立便於聘請人才的相關制度，此可確保本公司能夠招攬、挽留及激勵優秀員工為本公司作出貢獻及為股東增值。

CORPORATE GOVERNANCE PRACTICES

ND Paper is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalizing best practices. Throughout the Period, the Company followed the principles and complied with applicable provisions under the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules of the Stock Exchange.

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code. Specific enquiries have been made with all directors, who have confirmed that, during the Period, they have complied with provisions of the Model Code. Senior management who, because of their office in the Company, are likely to be in possession of unpublished price sensitive information, have been requested to comply with the provisions of the Model Code.

EXECUTIVE COMMITTEE

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.

The members of the Executive Committee shall be executive directors, but the Executive Committee shall not at any time consists of more than four members. No change shall be made to the composition of the Executive Committee except with the approval of all the directors in writing. The Chairlady of the Board shall be the Chairlady of the Executive Committee.

Currently, the members of the Executive Committee includes Ms. Cheung (Chairlady), Mr. Liu and Mr. Zhang.

REMUNERATION COMMITTEE

The functions of the Remuneration Committee include making recommendations to the Board on the remuneration policy and practices and establishing recruitment policies that enable the Company to recruit, retain and motivate high-calibre staff to reinforce the success of the Company and create value for our shareholders.

企業管治及其他資料 Corporate Governance and Other Information

此外，薪酬委員會對本公司的上市前購股權計劃及二零零六年購股權計劃進行有效的監察及執行。

目前，薪酬委員會成員包括：譚惠珠女士(主席)、鍾瑞明先生、鄭志鵬博士、劉先生及張先生。

審核委員會

審核委員會每年至少舉行四次會議，旨在監督本集團財務報表的完整性及考慮內部及外部審核的性質及範圍。審核委員會與本公司管理層以及外部核數師羅兵咸永道會計師事務所審閱本公司採納的會計原則與慣例，並討論及審核財務事宜，包括對所有重大財務、營運及合規監控情況，並作出檢討。

審核委員會全體成員均為獨立非執行董事，即鄭志鵬博士(主席)、譚惠珠女士、鍾瑞明先生及王宏渤先生。

風險管理委員會

風險管理委員會由本集團屬下之監督部及財務部組成。風險管理委員會的主要職責為強化監控環境；評估有關風險及執行所需的監控活動；確保信息交流暢通無阻；執行適當的監察，確保部門內部及各部門間的監控成效與效率；風險識別及分析影響達致企業目標的風險(包括與監管及營運環境不斷轉變有關的風險)；確定為了減低和消除風險採取的內部監控措施；對內部監控是否有效運行進行檢討，並向董事會匯報；以及與外聘核數師就維持本集團內部監控系統的素質保持聯繫。

In addition, the Remuneration Committee supervises and enforces the Pre-Listing Share Option Scheme and 2006 Share Option Scheme of the Company in an effective manner.

Currently, the Remuneration Committee consists of Ms. Tam Wai Chu, Maria (Chairlady), Mr. Chung Shui Ming, Timpson, Dr. Cheng Chi Pang, Mr. Liu and Mr. Zhang.

AUDIT COMMITTEE

The Audit Committee meets at least four times each year with the purpose of monitoring the integrity of the Group's financial statements and to consider the nature and scope of internal and external audit. The Audit Committee, together with the Company's management and its external auditor, PricewaterhouseCoopers, have reviewed the accounting principles and practices adopted by the Company and discussed over and reviewed the auditing and financial matters, including all significant aspects involving financial, operational and compliance controls.

All members of the Audit Committee are INEDs, namely, Dr. Cheng Chi Pang (Chairman), Ms. Tam Wai Chu, Maria, Mr. Chung Shui Ming, Timpson and Mr. Wang Hong Bo.

RISK CONTROL COMMITTEE

The Risk Control Committee is formed by the Supervision Department and Finance Department. The primary duties of the Risk Control Committee are strengthening the control environment; assessing relevant risks and carrying out necessary control activities; ensuring seamless information exchange; exercising appropriate supervision to ensure the effectiveness and efficiency of control over activities within and between different departments; identifying risks and analysing such risks which may impede the achievement of corporate objectives (including such risks associated with constant changes in the regulatory and operating environments); establishing internal control measures for minimising and eliminating risks; reviewing and reporting to the Board in respect of the effectiveness of internal control; and maintaining contact with external auditors for maintaining the quality of the Group's internal control system.

企業管治及其他資料 Corporate Governance and Other Information

審閱中期業績

本未經審核簡明綜合中期財務報告已經本公司之審核委員會審閱，並經本公司之核數師羅兵咸永道會計師事務所按照香港會計師公會頒佈之香港審閱準則第2410號《由實體的獨立核數師執行中期財務資料審閱》所審閱。

中期股息

董事會並不建議就本期間派發中期股息(截至二零零七年十二月三十一日止六個月：每股人民幣1.68分)。

權益披露

董事及主要行政人員於本公司及其相聯法團的股份、相關股份及債券的權益及淡倉

於二零零八年十二月三十一日，本公司董事及主要行政人員及彼等的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)的股份、相關股份及債券，或根據證券及期貨條例第352條須予存置的登記冊所記錄，或根據上市規則標準守則知會本公司及聯交所的權益及淡倉如下：

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial report has been reviewed by the Company's Audit Committee and the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (Six months ended 31 December 2007: RMB1.68 cents per share).

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporation

As at 31 December 2008, the Directors and chief executive of the Company and their associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation (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:

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(A) 所擁有本公司的權益

(i) 本公司之股份

下表顯示本公司董事及主要行政人員於二零零八年十二月三十一日所持有本公司股份及相關股份之好倉總額。

(A) Interests in the Company

(i) the Shares of the Company

The table below sets out the aggregate long positions in the Shares and underlying shares of the Directors and the chief executive of the Company as at 31 December 2008.

董事姓名 Name of Directors	好倉/淡倉 Long Position/ Short Position	股份數目 Number of Shares			相關股份數目 (就購股權而言) Number of underlying shares (in respect of share options)			概約持股 百分比 Approximate percentage of shareholdings
		個人權益 Personal Interests	家族權益 Family Interests	公司權益 Corporate Interests (附註1) (Note 1)	個人權益 Personal Interests	家族權益 Family Interests	總額 Total	
張女士 Ms. Cheung	好倉 Long Position	30,552,106	13,562,836	2,992,120,000	46,738,652	46,731,348	3,129,704,942	72.25%
劉先生 Mr. Liu	好倉 Long Position	13,562,836	30,552,106	2,992,120,000	46,731,348	46,738,652	3,129,704,942	72.25%
張先生 Mr. Zhang	好倉 Long Position	13,025,928	—	—	40,288,893	—	53,314,821	1.23%
張元福先生 Mr. Zhang Yuanfu	好倉 Long Position	—	—	—	4,000,000	—	4,000,000	0.09%
高靜女士 Ms. Gao Jing	好倉 Long Position	200,000	467,000	—	300,000	1,200,000	2,167,000	0.05%
譚惠珠女士 Ms. Tam Wai Chu, Maria	好倉 Long Position	516,668	—	—	700,002	—	1,216,670	0.03%
鍾瑞明先生 Mr. Chung Shui Ming, Timpson	好倉 Long Position	709,494	—	—	700,002	—	1,409,496	0.03%
鄭志鵬博士 Dr. Cheng Chi Pang	好倉 Long Position	—	—	—	700,002	—	700,002	0.02%

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附註：

(1) Best Result 直接持有 2,992,120,000 股本公司股份。Best Result 已發行股本由 HSBC Bank USA, National Association 以 YC 2006 Family Irrevocable Trust 信託人身份及 Zhang Xiujie 為特別信託人身份，持有約 29.706%，並由張女士持有約 7.367%，以及由張女士及其配偶劉先生以 MCL Living Trust 的信託人及特別信託人身份及 Bank of The West 以 MCL Living Trust 信託人身份持有約 37.053%。因此，根據證券及期貨條例第 XV 部，張女士及劉先生各自視為擁有 Best Result 所持有股份的權益。

(2) 根據上市前購股權計劃及二零零六年購股權計劃授出的購股權詳情載於以下(ii)部。

(ii) 本公司之相關股份

(1) 上市前購股權計劃

於本期間內，根據上市前購股權計劃尚未行使之購股權詳情如下：

Notes:

(1) Best Result directly held 2,992,120,000 shares in the Company. The issued share capital of Best Result is held as to approximately 29.706% by HSBC Bank USA, National Association, as Trustee, and Zhang Xiujie, as Special Trustee, of YC 2006 Family Irrevocable Trust, as to approximately 7.367% by Ms. Cheung and as to approximately 37.053% by Ms. Cheung and her spouse, Mr. Liu, as the trustees and the special trustees and Bank of The West as a 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.

(2) Details of the share options granted under the Pre-listing Share Option Scheme and 2006 Share Option Scheme are set out in Part (ii) below.

(ii) the underlying shares of the Company

(1) THE PRE-LISTING SHARE OPTION SCHEME

Details of the options outstanding under the Pre-listing Share Option Scheme during the Period are as follows:

承授人 Grantees	購股權數目 Number of share options					概約持股 百分比 Approximate percentage of shareholding	
	於二零零八年 七月一日 的結餘 Balance as at 1 July 2008	於本期間行使 Exercised during the Period	於本期間註銷 Cancelled during the Period	於本期間失效 Lapsed during the Period	於二零零八年 十二月三十一日 的結餘 Balance as at 31 December 2008		
i) 董事	i) Directors						
張女士 (附註3)	Ms. Cheung (Note 3)	13,538,652	—	—	—	13,538,652	0.313%
劉先生 (附註3)	Mr. Liu (Note 3)	13,531,348	—	—	—	13,531,348	0.312%
張先生	Mr. Zhang	7,088,893	—	—	—	7,088,893	0.164%
高靜女士	Ms. Gao Jing	300,000	—	—	—	300,000	0.007%
譚惠珠女士	Ms. Tam Wai Chu, Maria	700,002	—	—	—	700,002	0.016%
鍾瑞明先生	Mr. Chung Shui Ming, Timpson	700,002	—	—	—	700,002	0.016%
鄭志鵬博士	Dr. Cheng Chi Pang	700,002	—	—	—	700,002	0.016%
小計	Sub-total:	36,558,899	—	—	—	36,558,899	0.844%
ii) 僱員及其他	ii) Employees and others	28,517,402	—	—	—	28,517,402	0.658%
合計：	Total:	65,076,301	—	—	—	65,076,301	1.502%

* 於二零零八年十二月三十一日本公司已發行股本為 4,331,892,099 股股份。

* The issued share capital of the Company was 4,331,892,099 as at 31 December 2008

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附註：

- (1) 上市前購股權計劃的全部購股權於二零零六年一月一日授出，行使價為每股3.06港元。
- (2) 根據上市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」)獲授有關購股權後滿一週年當日起至滿第二週年當日止期間，隨時行使所獲授可認購不超過相關股份20%(約減至最接近的整數)的購股權；
- (ii) 自授出日期後滿第二週年當日起至滿第三週年當日止期間，隨時行使所獲授可認購不超過相關股份40%減按已行使購股權而發行的股份數目(約減至最接近的整數)的購股權；
- (iii) 自授出日期後滿第三週年當日起至授出日期後滿54個月當日止期間，隨時行使所獲授可認購不超過相關股份60%減按已行使購股權而發行的股份數目(約減至最接近的整數)的購股權；及
- (iv) 自授出日期後第54個月結束後，直至根據上市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，隨時行使所獲授可認購全部相關股份減按已行使購股權而發行的股份數目的購股權。
- (3) 劉先生為張女士的配偶。因此，張女士視為擁有劉先生所獲授購股權的相關股份權益，而劉先生亦視為擁有張女士所獲授購股權的相關股份權益。

除上文所披露者外，於本期間內並無購股權根據上市前購股權計劃獲授出、遭註銷或失效。

Notes:

- (1) All options under the Pre-Listing Share Option Scheme were granted on 1 January 2006 at an exercise price of HK\$3.06 per Share.
- (2) Each of the grantees to whom options have been conditionally granted under the Pre-Listing 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 first anniversary of the date on which the relevant option was so granted to him/her on 1 January 2006 ("Grant Date") and ending on the second 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 second anniversary of the Grant Date and ending on the third 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 third 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 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-Listing Share Option Scheme.
- (3) 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.

Save as disclosed above, no option was granted, cancelled or lapsed under the Pre-Listing Share Option Scheme during the Period.

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(2) 二零零六年購股權計劃

於本期間內，根據二零零六年購股權計劃授出及尚未行使之購股權的詳情如下：

(2) 2006 SHARE OPTION SCHEME

Details of options granted and outstanding under the 2006 Share Option Scheme during the Period:

承授人 Grantees	購股權數目 Number of share options						於二零零八年 十二月三十日 的結餘 Balance as at 31 December 2008	概約持股 百分比 Approximate percentage of shareholding
	於二零零八年 七月一日 的結餘 Balance as at 1 July 2008	於本期間 授出 Granted during the Period	於本期間 行使 Exercised during the Period	於本期間 註銷 Cancelled during the Period	於本期間 失效 Lapsed during the Period	於本期間 失效 Lapsed during the Period		
i) 董事	i) Directors							
張女士 (附註1及2)	Ms. Cheung (Notes 1 & 2)	33,200,000	—	—	—	—	33,200,000	0.766%
劉先生 (附註1及2)	Mr. Liu (Notes 1 & 2)	33,200,000	—	—	—	—	33,200,000	0.766%
張先生 (附註1及2)	Mr. Zhang (Notes 1 & 2)	33,200,000	—	—	—	—	33,200,000	0.766%
張元福先生 (附註3)	Mr. Zhang Yuanfu (Note 3)	—	4,000,000	—	—	—	4,000,000	0.092%
小計：	Sub-total:	99,600,000	4,000,000	—	—	—	103,600,000	2.392%
ii) 僱員及其他 (附註4)	ii) Employees and others (Note 4)							
		—	20,752,286	(1,030,000)	(3,961,143)	(700,000)	15,061,143	0.348%
合計：	Total:	99,600,000	24,752,286	(1,030,000)	(3,961,143)	(700,000)	118,661,143	2.739%

* 於二零零八年十二月三十一日本公司已發行股本為4,331,892,099股股份。

1. 根據二零零六年購股權計劃，張女士、劉先生及張先生分別被授予41,500,000股購股權。行使價為每股9.8365港元，較二零零六年十月二十六日（董事會於當日舉行會議以考慮及建議授出購股權）之股份收市價及截至二零零六年十月二十六日止五個交易日之股份收市價平均價（以較高者為準）高出約3%。行使期由二零零八年一月一日至二零一一年十二月三十一日。

* The issued share capital of the Company was 4,331,892,099 as at 31 December 2008.

1. Ms. Cheung, Mr. Liu and Mr. Zhang each was granted 41,500,000 share options under the 2006 Share Option Scheme. The exercise price is HK\$9.8365 per Share, being about 3% premium to the higher of the closing price of the Shares on 26 October 2006, the date of the meeting of the Board to consider and propose the grant of the share options, and the average closing price of the Shares for the five trading days immediately preceding 26 October 2006. The exercise period is from 1 January 2008 to 31 December 2011.

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2. 購股權須待達到利潤表現目標後方可行使。自二零零七年七月一日至二零一一年六月三十日期間之五個財政年度(「指定期間」)各年設有不同的利潤表現目標。利潤表現目標按本集團截至二零零六年財政年度之純利(惟不計及本公司自二零零六年三月之上市前首次公開發售股份超額認購所得的利息收入)(「二零零六財政年度純利」)計算。利潤表現目標根據二零零六財政年度純利每年增長35%計算。於指定期間達到利潤表現目標後,方可行使指定期間之相關購股權。

2. The exercisable of the share options is subject to the achievement of the performance targets of profit. The each of the five financial years during from 1 July 2007 to 30 June 2011 (the "Particular Period") has different performance targets of profit. The performance target of profit is calculated based on the net profit of the Group for FY2006 which excludes the interest income of the Company derived from the over-subscription of the shares during the Pre-Listing Initial Public Offering in March 2006 ("Net Profit FY2006"). The performance targets of profit is calculated based on the 35% growth of the Net Profit FY2006 on the annual basis. If the performance target of profit is met in the Particular Period, the share options associated with the Particular Period will be exercised.

表現目標如下:

The performance targets are as follows:

二零零七年財政年度
FY2007

二零零八年財政年度
FY2008

二零零九年財政年度
FY2009

二零一零年財政年度
FY2010

二零一一年財政年度
FY2011

薪酬委員會負責監察本集團之利潤表現目標及本集團能否於各個相關年度達標。

利潤表現目標

Performance target of profit

不少於二零零六財政年度純利之135%
Not less than 135% of the Net Profit FY2006

不少於二零零六財政年度純利之170%
Not less than 170% of the Net Profit FY2006

不少於二零零六財政年度純利之205%
Not less than 205% of the Net Profit FY2006

不少於二零零六財政年度純利之240%
Not less than 240% of the Net Profit FY2006

不少於二零零六財政年度純利之275%
Not less than 275% of the Net Profit FY2006

The Remuneration Committee will be responsible for monitoring the performance targets of the profit of the Group and whether or not that the Group has met the targets for each of the relevant years.

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3. 已授予張元福先生的購股權資料如下：-

3. Details of the options granted to Mr. Zhang Yuanfu are as follows:-

授出日期 (「授出日期」) Date of grant ("Grant Date")	行使價 Exercise price 港幣 HK\$	行使期 Exercise period	購股權數目 Number of share options					於二零零八年 十二月三十一日 的結餘 Balance as at 31 December 2008	於授出 日期前 之收市價 Closing price immediately before Grant Date 港幣 HK\$
			於二零零八年 七月一日 的結餘 Balance as at 1 July 2008	於本期間 授出 Granted during the Period	於本期間 行使 Exercised during the Period 附註 [Note]	於本期間 註銷 Cancelled during the Period	於本期間 失效 Lapsed during the Period		
二零零八年 八月二十五日 25 August 2008	4.310	二零零九年八月二十五日至 二零一三年八月二十四日 25 August 2009 to 24 August 2013	-	1,000,000	-	-	-	1,000,000	4.20
二零零八年 十月二十八日 28 October 2008	0.894	二零零九年十月二十八日至 二零一三年十月二十七日 28 October 2009 to 27 October 2013	-	2,000,000	-	-	-	2,000,000	0.72
二零零八年 十一月十日 10 November 2008	1.590	二零零九年十一月十一日至 二零一三年十一月十日 11 November 2009 to 10 November 2013	-	1,000,000	-	-	-	1,000,000	1.44
合計： Total:				4,000,000	-	-	-	4,000,000	

根據二零零六年購股權計劃張元福先生獲得有條件授予購股權可以：

- (i) 授出日期獲授有關購股權後滿一週年當日起至滿第二週年當日止期間，隨時行使所獲授可認購不超過相關股份20% (約減至最接近的整數)的購股權；
- (ii) 自授出日期後滿第二週年當日起至滿第三週年當日止期間，隨時行使所獲授可認購不超過相關股份40%減按已行使購股權而發行的股份數目(約減至最接近的整數)的購股權；
- (iii) 自授出日期後滿第三週年當日起至授出日期後滿54個月當日止期間，隨時行使所獲授可認購不超過相關股份60%減按已行使購股權而發行的股份數目(約減至最接近的整數)的購股權；及
- (iv) 自授出日期後第54個月結束後，直至根據二零零六年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，隨時行使所獲授可認購全部相關股份減按已行使購股權而發行的股份數目的購股權。

Mr. Zhang Yuanfu has been conditionally granted under the 2006 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 (rounded down to the nearest whole number) at any time during the period commencing on the first anniversary of the date on which the relevant option was so granted to him on Grant Date and ending on the second anniversary of the Grant Date;
- (ii) up to 40% of the Shares that are subject to the option so granted to him 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 second anniversary of the Grant Date and ending on the third anniversary of the Grant Date;
- (iii) up to 60% of the Shares that are subject to the option so granted to him 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 third 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 less the number of Shares in respect of which the option has been exercised 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 2006 Share Option Scheme.

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4. 已授予僱員及其他人士的購股權資料如下：—

4. Details of the options granted to Employees and others are as follows:—

授出日期 (「授出日期」) Date of grant ("Grant Date")	行使價 Exercise price 港幣 HK\$	行使期 Exercise period	購股權數目 Number of share options					於二零零八年 十二月三十一日 的結餘 Balance as at 31 December 2008	於授出 日期前 之收市價 Closing price immediately before Grant Date 港幣 HK\$
			於二零零八年 七月一日 的結餘 Balance as at 1 July 2008	於本期間 授出 Granted during the Period	於本期間 行使 Exercised during the Period (附註6) (Note 6)	於本期間 註銷 Cancelled during the Period	於本期間 失效 Lapsed during the Period		
二零零八年 七月二十一日(附註5) 21 July 2008 (Note 5)	6.094	二零零九年七月二十一日至 二零一三年七月二十日 21 July 2009 to 20 July 2013	- 1,640,958	-	(1,640,958)	-	-	5.60	
二零零八年 八月二十五日(附註5) 25 August 2008 (Note 5)	4.310	二零零九年八月二十五日至 二零一三年八月二十四日 25 August 2009 to 24 August 2013	- 3,020,185	-	(2,320,185)	(700,000)	-	4.20	
二零零八年 十月二十八日(附註5) 28 October 2008 (Note 5)	0.894	二零零九年十月二十九日至 二零一三年十月二十八日 29 October 2009 to 28 October 2013	- 5,561,143	-	-	-	5,561,143	0.72	
二零零八年 十月二十八日 28 October 2008	0.894	二零零八年十月二十九日至 二零一三年十月二十八日 29 October 2008 to 28 October 2013	- 10,530,000	(1,030,000)	-	-	9,500,000	0.72	
合計： Total:			20,752,286	(1,030,000)	(3,961,143)	(700,000)	15,061,143		

5. 根據二零零六年購股權計劃獲得有條件授予購股權的各承授人，可以：

5. Each of the grantees has been conditionally granted under the 2006 Share Option Scheme will be entitled to exercise:

- (i) 授出日期獲授有關購股權後滿一週年當日起至滿第二週年當日止期間，隨時行使所獲授可認購不超過相關股份20% (約減至最接近的整數)的購股權；
- (ii) 自授出日期後滿第二週年當日起至滿第三週年當日止期間，隨時行使所獲授可認購不超過相關股份40%減按已行使購股權而發行的股份數目(約減至最接近的整數)的購股權；
- (iii) 自授出日期後滿第三週年當日起至授出日期後滿54個月當日止期間，隨時行使所獲授可認購不超過相關股份60%減按已行使購股權而發行的股份數目(約減至最接近的整數)的購股權；及

- (i) up to 20% of the Shares that are subject to the option so granted to him (rounded down to the nearest whole number) at any time during the period commencing on the first anniversary of the date on which the relevant option was so granted to him on Grant Date and ending on the second anniversary of the Grant Date;
- (ii) up to 40% of the Shares that are subject to the option so granted to him 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 second anniversary of the Grant Date and ending on the third anniversary of the Grant Date;
- (iii) up to 60% of the Shares that are subject to the option so granted to him 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 third anniversary of the Grant Date and ending on the 54th month from the Grant Date; and

企業管治及其他資料 Corporate Governance and Other Information

- (iv) 自授出日期後第54個月結束後，直至根據二零零六年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，隨時行使所獲授可認購全部相關股份減按已行使購股權而發行的股份數目的購股權。
- (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 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 2006 Share Option Scheme.
6. 於購股權數個行使日前，本公司股份平均收市價為港幣1.17。
6. The weighted average closing price of the Shares of the Company immediately before the dates on which the options were exercised was HK\$1.17.

除上文所披露者外，於本期間內並無購股權根據二零零六年購股權計劃獲授出、遭註銷或失效。

Save as disclosed above, no any other options were granted, cancelled or lapsed under the 2006 Share Option Scheme during the Period.

(B) 所擁有相聯法團的權益 — Best Result

(B) Interests in the Associated Corporation — Best Result

董事姓名 Name of directors	好倉／淡倉 Long Position/ Short Position	身份 Capacity	已發行 普通股數目 No. of issued ordinary shares held in Best Result	概約持股 百分比 Approximate percentage of shareholding
張女士 Ms. Cheung	好倉 Long Position	實益擁有人 Beneficiary Owner	7,367	7.367%
劉先生 Mr. Liu	好倉 Long Position	信託受益人 Beneficiary of a trust	37,053	37.053%
張先生 Mr. Zhang	好倉 Long Position	信託受益人 Beneficiary of a trust	25,874	25.874%
劉晉嵩先生 Mr. Lau Chun Shun	好倉 Long Position	信託受益人 Beneficiary of a trust	14,853	14.853%

除上文所披露者外，於二零零八年十二月三十一日，本公司各董事、主要行政人員或彼等的聯繫人士(定義見證券及期貨條例第XV部)概無擁有本公司或其任何相聯法團的股份、相關股份及債券任何權益或淡倉而登記於根據證券及期貨條例第352條須予備存的登記冊內，或根據標準守則須知會本公司及聯交所。

Save as disclosed above, none of the Directors or chief executive of the Company or any of their associates (within the meaning of Part XV of SFO) had any interests or short positions in the shares, underlying Shares or debentures of the Company or any associated corporation as at 31 December 2008, as recorded in the register required to be kept under 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

企業管治及其他資料 Corporate Governance and Other Information

根據證券及期貨條例須予披露的主要股東權益及淡倉

就本公司各董事或最高行政人員所知，於二零零八年十二月三十一日，除上文披露之本公司董事或最高行政人員之權益及淡倉外，下列人士於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露，或須於本公司按證券及期貨條例第336條規定備存之登記冊中記錄，或已知會本公司及聯交所之權益或淡倉：

Interests and Short Positions of Substantial Shareholders Discloseable under the SFO

So far as is known to any Directors or chief executive of the Company, as at 31 December 2008, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, 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, or as otherwise notified to the Company and the Stock Exchange:

名稱 (附註) Name (Note)	好倉/淡倉 Long Position/ Short Position	身份 Capacity	持有已發行 股份數目 No. of issued ordinary shares	概約持股 百分比 Approximate percentage of shareholding
Best Result Best Result	好倉 Long Position	實益擁有人 Beneficial Owner	2,992,120,000	69.07%
HSBC Bank USA, National Association and Zhang Xiujie HSBC Bank USA, National Association and Zhang Xiujie	好倉 Long Position	YC 2006 Family Irrevocable Trust 信託人及特別信託人 Trustee and Special Trustee of YC 2006 Family Irrevocable Trust	2,992,120,000	69.07%
Bank of the West Bank of the West	好倉 Long Position	Trustee of MCL Living Trust 的信託人 Trustee of MCL Living Trust	2,992,120,000	69.07%

附註：Best Result直接持有2,992,120,000股本公司股份。Best Result已發行股本由HSBC Bank USA, National Association以YC2006 Family Irrevocable Trust信託人身份及Zhang Xiujie為特別信託人身份持有約29.706%，並由張女士持有約7.367%，以及由張女士及其配偶劉先生以MCL Living Trust的信託人及特別信託人身份及Bank of The West以MCL Living Trust信託人身份持有約37.053%。因此，根據證券及期貨條例第XV部，張女士及劉先生各自視為擁有Best Result所持有股份的權益。

Notes: Best Result directly held 2,992,120,000 shares in the Company. The issued share capital of Best Result is held as to approximately 29.706% by HSBC Bank USA, National Association, as Trustee, and Zhang Xiujie, as Special Trustee, of YC 2006 Family Irrevocable Trust, as to approximately 7.367% by Ms. Cheung and as to approximately 37.053% by Ms. Cheung and her spouse, Mr. Liu, as the trustees and the special trustees and Bank of The West as a 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.

除上文所披露者外，於二零零八年十二月三十一日，本公司並無獲悉有任何其他人士(本公司任何董事或主要行政人員除外)擁有本公司股份及相關股份的權益或淡倉而登記於根據證券及期貨條例第336條所需備存的登記冊內。

Save as disclosed above, as at 31 December 2008, as far as the Company is aware of, there was no other person (other than any Director or the chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

企業管治及其他資料 Corporate Governance and Other Information

購股權之價值

購股權公平價值按「二項式定價模式」及「柏力克－舒爾斯期權定價模式」(「該等模式」)釐定。該等模式的主要假設為：

VALUE OF SHARE OPTIONS

The fair value of options are determined used "Binomial Valuation model" and "Black-Scholes model" (the "Models"). Key assumptions of the Models are:

	上市前購股權計劃 Pre-Listing Share Option Scheme	二零零六年 購股權計劃 2006 Share Option Scheme	二零零六年 購股權計劃 2006 Share Option Scheme
授出日期： Date of Grant:	二零零六年一月一日 1 January 2006	二零零六年十一月十七日 17 November 2006	二零零八年七月二十一日 21 July 2008 二零零八年八月二十五日 25 August 2008 二零零八年十月二十八日 28 October 2008 二零零八年十一月十日 10 November 2008
模式： Model:	二項式 Binomial Valuation	柏力克－舒爾斯 Black-Scholes	二項式 Binomial Valuation
無風險利率： Risk-free rate:	五年期外匯基金票據收益率 Yield of 5-year Exchange Fund Notes	3.75%-3.81%	1.798%-3.354%
預期股息率： Expected dividend yield:	5%	每年 per annum 1.00%-4.50%	每年 per annum 1.013%-7.356%
預期本公司股份市價波幅： Expected volatility of the market price of the Company's Shares:	25%	28%	60%-62%
生效日期的公平價值(約)： Fair value as at effective date (approximately):	70,000,000港元 HK\$70,000,000	364,000,000港元 HK\$364,000,000	16,000,000港元 HK\$16,000,000

該等模式包含股價波幅等主觀假設成份。由於主觀假設的變更會嚴重影響公平價值的估計值，故此董事認為，現行模式毋須為提供購股權公平價值的唯一可靠計值。

The Models requires the input of subjective assumptions, including the volatility of Share price. As changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing models do not necessarily provide a reliable single measure of the fair value of shares options.

企業管治及其他資料 Corporate Governance and Other Information

根據上市規則第13.51(B)之 董事變更資料

以下是根據上市規則第13.51(B)而披露的董事變更資料。

鍾瑞明先生，金紫荊星章，太平紳士，自二零零六年二月六日起出任本公司之獨立非執行董事。彼現時為中國聯合網絡通信(香港)股份有限公司(「中國聯合」)及旭日企業有限公司之獨立非執行董事，亦為美麗華酒店企業有限公司之獨立非執行董事兼審核委員會主席。

鍾先生曾任泰盛國際(控股)有限公司及中國網通集團(香港)有限公司(「中國網通」)之獨立非執行董事兼審核委員會主席。彼於二零零八年二月辭任泰盛國際(控股)有限公司之獨立非執行董事及審核委員會主席職位。二零零八年十月十五日，中國聯合及中國網通合併，中國網通成為中國聯合的全資附屬公司。

購買、出售或贖回本公司上市證券

於本期間內，本公司或其任何附屬公司概無購買、出售或贖回本公司的上市證券。

CHANGES OF DIRECTORS INFORMATION UNDER LISTING RULE 13.51(B)

Below is the change of director information required to be disclosed pursuant to Listing Rules 13.51(B).

Mr. Chung Shui Ming, Timpson, *GBS, JP*, has been an INED of the Company since 6 February 2006. He is currently INED of China Unicom (Hong Kong) Limited ("China Unicom"), Glorious Sun Enterprises Limited, and also INED and chairman of the audit committee of Miramar Hotel and Investment Company, Ltd.

Mr. Chung was previously an INED and chairman of the audit committee of Tai Shing International (Holdings) Limited and China Netcom Group Corporation (Hong Kong) Limited ("China Netcom"). He resigned as an INED and chairman of the audit committee of Tai Shing International (Holdings) Limited in February 2008. On 15 October 2008, China Netcom became a wholly-owned subsidiary of China Unicom pursuant to the merger of China Unicom and China Netcom.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the Period.

簡明綜合中期資產負債表

Condensed Consolidated Interim Balance Sheet

			二零零八年 十二月三十一日 31 December 2008 未經審核 Unaudited 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 經審核 Audited 人民幣千元 RMB'000
		附註 Note		
資產	ASSETS			
非流動資產	Non-current assets			
物業、廠房及設備	Property, plant and equipment	4	26,170,576	23,536,557
土地使用權	Land use rights	4	1,171,214	1,185,424
無形資產	Intangible assets	5	238,001	238,284
衍生金融工具	Derivative financial instruments		–	25,923
非流動資產合計	Total non-current assets		27,579,791	24,986,188
流動資產	Current assets			
存貨	Inventories	6	1,334,591	2,818,476
應收貿易賬款 及其他應收款項	Trade and other receivables	7	2,355,812	2,852,233
衍生金融工具	Derivative financial instruments		15,206	–
受限制現金	Restricted cash	8	108,930	393,175
銀行及現金結餘	Bank and cash balances		914,504	1,562,873
流動資產合計	Total current assets		4,729,043	7,626,757
總資產	Total assets		32,308,834	32,612,945
權益	EQUITY			
本公司權益持有人應佔 股本及儲備	Capital and reserves attributable to equity holders of the Company			
股本	Share capital	9	6,527,934	6,526,986
其他儲備	Other reserves	10	1,189,440	1,233,201
保留盈利	Retained earnings			
擬派中期股息	Proposed dividend		–	151,580
未分配保留盈利	Unappropriated retained earnings		5,683,183	5,359,735
			13,400,557	13,271,502
少數股東權益	Minority interests		168,115	273,648
總權益	Total equity		13,568,672	13,545,150
負債	LIABILITIES			
非流動負債	Non-current liabilities			
遞延政府補助金	Deferred government grants	11	14,634	17,039
貸款	Borrowings	12	13,758,846	12,389,923
遞延所得稅負債	Deferred income tax liabilities		507,855	452,421
非流動負債合計	Total non-current liabilities		14,281,335	12,859,383

簡明綜合中期資產負債表 Condensed Consolidated Interim Balance Sheet

			二零零八年 十二月三十一日 31 December 2008 未經審核 Unaudited 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 經審核 Audited 人民幣千元 RMB'000
		附註 Note		
流動負債	Current liabilities			
衍生金融工具	Derivative financial instruments		19,394	1,730
應付貿易賬款及 其他應付款項	Trade and other payables	11	3,128,927	3,838,793
應付即期所得稅	Current income tax liabilities		107,455	72,374
貸款	Borrowings	12	1,203,051	2,295,515
流動負債合計	Total current liabilities		4,458,827	6,208,412
總負債	Total liabilities		18,740,162	19,067,795
總權益及負債	Total equity and liabilities		32,308,834	32,612,945
流動資產淨額	Net current assets		270,216	1,418,345
總資產減流動負債	Total assets less current liabilities		27,850,007	26,404,533

第54至78頁的附註為簡明綜合中期財務資料的整體部份。

The notes on pages 54 to 78 form an integral part of this condensed consolidated interim financial information.

簡明綜合中期損益表

Condensed Consolidated Interim Income Statement

			未經審核 Unaudited	
			截至十二月三十一日止六個月 Six months ended 31 December	
			二零零八年 2008	二零零七年 2007
			人民幣千元 RMB'000	人民幣千元 RMB'000
		附註 Note		
銷售額	Sales	13	6,333,264	6,690,409
銷售成本	Cost of goods sold	15	(5,538,235)	(5,114,195)
毛利潤	Gross profit		795,029	1,576,214
其他收益(淨額)	Other gains (net)	14	137,906	125,142
銷售及市場推廣費用	Selling and marketing costs	15	(164,260)	(144,419)
行政開支	Administrative expenses	15	(146,991)	(287,241)
經營盈利	Operating profit		621,684	1,269,696
財務費用	Finance costs	16	(230,504)	(64,562)
除所得稅前盈利	Profit before income tax		391,180	1,205,134
所得稅開支	Income tax expense	17	(70,333)	(126,452)
本期間盈利	Profit for the period		320,847	1,078,682
以下人士應佔：	Profit attributable to:			
本公司權益持有人	Equity holders of the Company		323,448	1,056,163
少數股東權益	Minority interests		(2,601)	22,519
			320,847	1,078,682
本公司權益持有人應佔盈利的每股盈利 (以每股人民幣計)	Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
— 基本	— basic	18	0.07	0.25
— 攤薄	— diluted	18	0.07	0.24
股息	Dividend	19	—	72,140

第54至78頁的附註為簡明綜合中期財務資料的整體部份。

The notes on pages 54 to 78 form an integral part of this condensed consolidated interim financial information.

簡明綜合中期權益變動表

Condensed Consolidated Interim Statement of Changes in Equity

		未經審核 Unaudited				
		本公司權益持有人應佔 Attributable to equity holders of the Company				
		股本 Share capital	其他儲備 Other reserves	保留盈利 Retained earnings	少數股東權益 Minority interests	合計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零零七年 七月一日的結餘	Balance at 1 July 2007	6,179,161	1,056,189	4,277,584	123,084	11,636,018
本期間盈利	Profit for the period	-	-	1,056,163	22,519	1,078,682
轉撥	Transfer	-	37,289	(37,289)	-	-
截至二零零七年 六月三十日止 年度的末期股息	Final dividend for the year ended 30 June 2007	-	-	(429,403)	-	(429,403)
向少數股東出售部份 附屬公司權益	Partial disposal of equity interests in certain subsidiaries to minority shareholders	-	-	-	1,879	1,879
授予董事及僱員的 購股權	Share options granted to directors and employees	-	103,531	-	-	103,531
行使購股權	Exercise of share options	12,606	(2,573)	-	-	10,033
貨幣換算差額	Currency translation differences	-	(4,325)	-	-	(4,325)
於二零零七年十二月 三十一日的結餘	Balance at 31 December 2007	6,191,767	1,190,111	4,867,055	147,482	12,396,415
於二零零八年 七月一日的結餘	Balance at 1 July 2008	6,526,986	1,233,201	5,511,315	273,648	13,545,150
本期間盈利	Profit for the period	-	-	323,448	(2,601)	320,847
來自附屬公司少數 股東的出資	Contribution from minority shareholders of a subsidiary	-	-	-	4,099	4,099
已付少數股東股息	Dividend paid to a minority shareholder	-	-	-	(34,920)	(34,920)
截至二零零八年六月 三十日止年度的 末期股息	Final dividend for the year ended 30 June 2008	-	-	(151,580)	-	(151,580)
少數股東出資退回	Repayment of capital to a minority shareholder	-	-	-	(70,021)	(70,021)
購股權開支撥回	Share option expense written back	-	(94,091)	-	-	(94,091)
授予董事及僱員的 購股權	Share options granted to directors and employees	-	9,019	-	-	9,019
行使購股權	Exercise of share options	948	(136)	-	-	812
貨幣換算差額	Currency translation differences	-	(2,569)	-	(2,090)	(4,659)
現金流對沖儲備	Cash flow hedge reserve	-	44,016	-	-	44,016
於二零零八年十二月 三十一日的結餘	Balance at 31 December 2008	6,527,934	1,189,440	5,683,183	168,115	13,568,672

第54至78頁的附註為簡明綜合中期財務資料的整體部份。

The notes on pages 54 to 78 form an integral part of this condensed consolidated interim financial information.

簡明綜合中期現金流量表

Condensed Consolidated Interim Cash Flow Statement

		未經審核 Unaudited	
		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000
	附註 Note		
來自經營活動的現金流量			
本期間盈利		320,847	1,078,682
就下列各項作出調整：	Adjustments for:		
所得稅開支	Income tax expense 17	70,333	126,452
折舊	Depreciation	305,000	214,682
攤銷	Amortisation	12,573	11,085
應收款項減值開支撥備	Reversal of impairment charged for receivables 15	(20,923)	-
存貨的減值開支	Impairment charged for inventory	13,813	-
已確認負商譽	Negative goodwill recognised 14	-	(56,840)
出售物業、廠房及設備虧損	Loss on disposal of property, plant and equipment	1,863	-
購股權開支撥回	Share option expense written back 10	(94,091)	-
授予董事及僱員的購股權	Share options granted to directors and employees 10	9,019	103,531
因衍生金融工具公平值 改變產生的淨損失	Net loss arising from change in fair value of derivative financial instruments 14	2,458	19,750
財務費用	Finance costs	230,504	64,562
向少數股東出售部份 附屬公司權益之損失	Loss on partial disposal of equity interests in certain subsidiaries to minority shareholders	-	1,879
利息收入	Interest income 14	(7,519)	(4,138)
購回優先票據產生的收益	Gain arising from repurchase of senior notes 14	(86,024)	-
銀行及現金結餘的匯兌損失	Exchange loss on bank and cash balance	7,721	32,865
營運資金變動前經營盈利	Operating profit before working capital changes	765,574	1,592,510
存貨	Inventories	1,455,184	(59,405)
應收貿易賬款及 其他應收款項	Trade and other receivables	800,451	(861,414)
應付貿易賬款及 其他應付款項	Trade and other payables	(520,299)	97,834
經營業務所得現金	Cash generated from operations	2,500,910	769,525
已付所得稅	Income tax paid	(35,637)	(42,490)
預付所得稅退款	Receipt of prepaid income tax	55,488	-
已付利息	Interest paid	(565,673)	(251,126)
經營活動所得現金淨額	Net cash generated from operating activities	1,955,088	475,909

簡明綜合中期現金流量表 Condensed Consolidated Interim Cash Flow Statement

		未經審核 Unaudited	
		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000
	附註 Note		
來自投資活動的現金流量	Cash flows from investing activities		
收購附屬公司 (扣除所得現金)	Acquisition of a subsidiary, net of cash acquired	-	2
購置物業、廠房及設備	Purchase of property, plant and equipment	(2,862,331)	(3,511,172)
支付土地使用權	Payment for acquisition of land use rights	-	(110,344)
出售物業、廠房及 設備所得款項	Proceeds from disposal of property, plant and equipment	1,786	3,337
向有關連人士墊付現金	Cash advances made to related parties	-	(12,294)
已收利息	Interest received	7,519	4,138
投資活動所得現金淨額	Net cash used in investing activities	(2,853,026)	(3,626,333)
來自融資活動的現金流量	Cash flows from financing activities		
應付新借貸款	Proceeds from borrowings	7,311,375	5,924,080
償還貸款	Repayments of borrowings	(6,954,837)	(3,425,848)
已收政府補助金	Government grants received	51,519	47,856
終止外幣互換掉期 合約所得現金	Cash received from termination of cross currency swap contracts	75,936	-
已付本公司權益持有人股息	Dividend paid to equity holders of the Company	(151,580)	(429,403)
已付少數股東股息	Dividend paid to a minority shareholder	(10,013)	-
少數股東出資退回	Repayment of capital to a minority shareholder	(70,021)	-
行使購股權	Exercise of share options	812	10,033
少數股東出資	Capital contribution by minority shareholders	4,099	-
融資活動所得現金淨額	Net cash generated from financing activities	257,290	2,126,718
銀行及現金結餘減少淨額	Net decrease in bank and cash balances	(640,648)	(1,023,706)
期初銀行及現金結餘	Bank and cash balances at beginning of the period	1,562,873	1,748,224
銀行及現金結餘的匯兌損失	Exchange loss on bank and cash balances	(7,721)	(32,865)
期終銀行及現金結餘	Bank and cash balances at end of the period	914,504	691,653

第54至78頁的附註為簡明綜合中期財務資料的整體部份。

The notes on pages 54 to 78 form an integral part of this condensed consolidated interim financial information.

簡明綜合中期財務資料附註**Notes to the Condensed Consolidated Interim Financial Information****1. 一般資料**

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。本公司及其附屬公司(「本集團」)主要從事紙張產銷。本公司的註冊辦事處位於Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

本公司以香港聯合交易所有限公司為第一上市地。

本簡明綜合中期財務資料已經在二零零九年二月十八日批准刊發。

2. 編製基準

本期間的簡明綜合中期財務資料已根據香港會計準則34「中期財務報告」編製。本簡明綜合中期財務資料應與根據香港財務報告準則(「香港財務報告準則」)編製截至二零零八年六月三十日止年度的年度財務報表一併閱讀。

3. 會計政策

除下文所述者外，所採用的會計政策與截至二零零八年六月三十日止年度的年度財務報表(按該等年度財務報表所述)所採用者相同。

(a) 以下新詮釋必須於二零零八年七月一日開始的財政年度首次採用，但目前與本集團無關。

- 香港(國際財務報告解釋委員會)－詮釋第12號－服務特許權安排
- 香港(國際財務報告解釋委員會)－詮釋第13號－客戶忠誠度計劃
- 香港(國際財務報告解釋委員會)－詮釋第14號－香港會計準則第19號－界定福利資產限額，最低資金要求及兩者相互關係

1. GENERAL INFORMATION

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. The Company and its subsidiaries (together the "Group") are principally engaged in the manufacture and sales of paper. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information was approved for issue on 18 February 2009.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 31 December 2008 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2008, as described in those annual financial statements.

(a) The following new interpretations and amendment are mandatory for the first time for the financial year beginning 1 July 2008 but are not currently relevant for the Group.

- HK(IFRIC) – Int 12 – Service Concession Arrangements
- HK(IFRIC) – Int 13 – Customer Loyalty Programmes
- HK(IFRIC) – Int 14 – HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

3. 會計政策 (續)

(a) 以下新詮釋及修訂首次必須於二零零八年七月一日開始的財政年度採用，但目前與本集團無關。(續)

- 香港會計準則第39號(修訂) – 金融工具：確認及計量 – 金融資產的重新分類。

(b) 以下新準則及對準則的修訂已獲頒佈但並未於二零零八年七月一日開始的財政年度生效，且並未獲提早採用。

- 香港會計準則第1號(經修訂) – 財務報表的呈報(自二零零九年一月一日或之後開始的年度期間生效)。本集團將由二零零九年七月一日起採用香港會計準則第1號(經修訂)。
- 香港會計準則第23號(經修訂) – 貸款成本(自二零零九年一月一日或之後開始的年度期間生效)。本集團將由二零零九年七月一日起採用香港會計準則第23號(經修訂)，惟預期不會對本集團的綜合財務報表造成任何重大影響。
- 香港會計準則第27號(經修訂) – 綜合及獨立財務報表(自二零零九年七月一日或之後開始的年度期間生效)。本集團將由二零零九年七月一日起採用香港會計準則第27號(經修訂)。

3. ACCOUNTING POLICIES (Continued)

(a) The following new interpretations and amendment are mandatory for the first time for the financial year beginning 1 July 2008 but are not currently relevant for the Group. (Continued)

- HKAS 39 (Amendment) – Financial Instruments: Recognition and Measurement – Reclassification of financial assets.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 July 2008 and have not been early adopted.

- HKAS 1 (Revised) – Presentation of Financial Statements (effective for annual period beginning on or after 1 January 2009). The Group will apply HKAS 1 (Revised) from 1 July 2009.
- HKAS 23 (Revised) – Borrowing Costs (effective for annual period beginning on or after 1 January 2009). The Group will apply HKAS 23 (Revised) from 1 July 2009, but it is not expected to have any material impact on the Group's consolidated financial statements.
- HKAS 27 (Revised) – Consolidated and Separate Financial Statements (effective for annual period beginning on or after 1 July 2009). The Group will apply HKAS 27 (Revised) from 1 July 2009.

簡明綜合中期財務資料附註**Notes to the Condensed Consolidated Interim Financial Information****3. 會計政策(續)**

(b) 以下新準則及對準則的修訂已獲頒佈但並未於二零零八年七月一日開始的財政年度生效，且並未獲提早採用。
(續)

- 香港會計準則第39號(修訂) – 金融工具：確認及計量 – 合資格對沖項目(自二零零九年七月一日或之後開始的年度期間生效)。本集團將由二零零九年七月一日起採用香港會計準則第39號(修訂)，惟預期不會對本集團的綜合財務報表造成任何重大影響。
- 香港財務報告準則第2號(修訂) – 股份形式付款歸屬條件及註銷(自二零零九年一月一日或之後開始的年度期間生效)。本集團將由二零零九年七月一日起採用香港財務報告準則第2號(修訂)，惟預期不會對本集團的綜合財務報表造成任何重大影響。
- 香港財務報告準則第3號(經修訂) – 業務合併(自二零零九年七月一日或之後開始的年度期間生效)。本集團預期將由二零零九年七月一日起採用香港財務報告準則第3號(經修訂)。
- 香港財務報告準則第8號 – 經營分部(自二零零九年一月一日或之後開始的年度期間生效)。本集團將由二零零九年七月一日起採用香港財務報告準則第8號，而管理層仍在詳細評估其影響中。

3. ACCOUNTING POLICIES (Continued)

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 July 2008 and have not been early adopted.
(Continued)

- HKAS 39 (Amendment) – Financial Instruments: Recognition and Measurement – Eligible hedged items (effective for annual period beginning on or after 1 July 2009). The Group will apply HKAS 39 (Amendment) from 1 July 2009, but it is not expected to have any material impact on the Group's consolidated financial statements.
- HKFRS 2 (Amendment) – Share-based Payment Vesting Conditions and Cancellations (effective for annual period beginning on or after 1 January 2009). The Group will apply HKFRS 2 (Amendment) from 1 July 2009, but it is not expected to have any material impact on the Group's consolidated financial statements.
- HKFRS 3 (Revised) – Business Combination (effective for annual period beginning on or after 1 July 2009). The Group will apply HKFRS 3 (Revised) from 1 July 2009 prospectively.
- HKFRS 8 – Operating Segments (effective for annual period beginning on or after 1 January 2009). The Group will apply HKFRS 8 from 1 July 2009. The impact is still being assessed in detail by management.

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

3. 會計政策 (續)

(c) 以下新詮釋及對準則的修訂已獲頒佈但並未於二零零八年七月一日開始的財政年度生效，但與本集團無關。

- 香港會計準則第32號(修訂)及香港會計準則第1號(修訂) – 可沽售金融工具及於清盤時產生的責任(自二零零九年一月一日或之後開始的年度期間生效)。
- 香港財務報告準則第1號(修訂) – 首次採納香港財務報告準則及香港會計準則第27號 – 綜合及獨立財務報表 – 投資於附屬公司、共同控制實體或聯營公司的成本(自二零零九年七月一日或之後開始的年度期間生效)。
- 香港(國際財務報告解釋委員會) – 詮釋第15號 – 建造房地產的協議(自二零零九年一月一日或之後開始的年度期間生效)。
- 香港(國際財務報告解釋委員會) – 詮釋第16號 – 對於外國業務的淨投資進行對沖(自二零零八年十月一日或之後開始的年度期間生效)。
- 香港(國際財務報告解釋委員會) – 詮釋第17號 – 向擁有人分派非現金資產(自二零零九年七月一日或之後開始的年度期間生效)。

3. ACCOUNTING POLICIES (Continued)

(c) The following new interpretations and amendments to standards have been issued but are not effective for the financial year beginning 1 July 2008 and not relevant for the Group.

- HKAS 32 (Amendment) and HKAS 1 (Amendment) – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual period beginning on or after 1 January 2009).
- HKFRS 1 (Amendment) – First-time adoption of HKFRS and HKAS 27 – Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for annual period beginning on or after 1 July 2009).
- HK(IFRIC) – Int 15 – Agreements for the Construction of Real Estate (effective for annual period beginning on or after 1 January 2009).
- HK(IFRIC) – Int 16 – Hedges of a Net Investment in a Foreign Operation (effective for annual period beginning on or after 1 October 2008).
- HK(IFRIC) – Int 17 – Distributions of non-cash assets to owners (effective for annual period beginning on or after 1 July 2009).

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

4. 資本開支

4. CAPITAL EXPENDITURE

		土地使用權 Land use rights 人民幣千元 RMB'000	物業、廠房 及設備 Property, plant and equipment 人民幣千元 RMB'000
截至二零零七年十二月三十一日止六個月	Six months ended 31 December 2007		
二零零七年七月一日期初賬面淨值	Opening net book amount as at 1 July 2007	949,259	13,802,727
在建工程的優化	Optimization on construction in progress	-	115,558
添置	Additions	93,454	3,624,624
收購附屬公司	Acquisition of a subsidiary	63,130	270
出售	Disposals	-	(3,337)
攤銷/折舊開支 (附註15)	Amortisation/depreciation charges (note 15)	(11,085)	(218,634)
二零零七年十二月三十一日期終賬面淨值	Closing net book amount as at 31 December 2007	1,094,758	17,321,208
截至二零零八年十二月三十一日止六個月	Six months ended 31 December 2008		
二零零八年七月一日期初賬面淨值	Opening net book amount as at 1 July 2008	1,185,424	23,536,557
在建工程的優化	Optimization on construction in progress	-	381,368
添置	Additions	-	2,565,474
出售	Disposals	-	(3,649)
滙兌差額	Exchange difference	(1,920)	(7,809)
攤銷/折舊開支 (附註15)	Amortisation/depreciation charges (note 15)	(12,290)	(301,365)
二零零八年十二月三十一日期終賬面淨值	Closing net book amount as at 31 December 2008	1,171,214	26,170,576

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

5. 無形資產

5. INTANGIBLE ASSETS

		人民幣千元 RMB'000
截至二零零七年 十二月三十一日止六個月	Six months ended 31 December 2007	
於二零零七年七月一日及 二零零七年十二月三十一日的期初 及期終賬面淨值	Opening and closing net book amount as at 1 July 2007 and 31 December 2007	146,694
截至二零零八年 十二月三十一日止六個月	Six months ended 31 December 2008	
於二零零八年七月一日的期初賬面淨值 攤銷	Opening net book amount as at 1 July 2008 Amortisation	238,284 (283)
於二零零八年十二月三十一日 的期終賬面淨值	Closing net book amount as at 31 December 2008	238,001

6. 存貨

6. INVENTORIES

		二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
原料	Raw materials	803,901	1,814,744
成品	Finished goods	530,690	1,003,732
		1,334,591	2,818,476

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

7. 應收貿易賬款及其他應收款項

7. TRADE AND OTHER RECEIVABLES

		二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
應收下列各方之貿易賬款：	Trade receivables due from:		
— 第三方	— third parties	1,245,119	1,550,758
— 有關連人士(附註(b) 以及附註21(d))	— related parties (notes (b) & 21(d))	54,957	120,581
		1,300,076	1,671,339
減：應收款項減值撥備	Less: provision for impairment of receivables	(30,024)	(50,947)
應收貿易賬款淨額	Trade receivables – net	1,270,052	1,620,392
應收票據	Bills receivable	415,620	320,463
預付款項	Prepayments	415,266	527,316
其他應收款項	Other receivables	254,874	384,062
		2,355,812	2,852,233

(a) 於二零零八年十二月三十一日，扣除減值撥備後，應收貿易賬款及其他應收款項的公平值與其賬面值相若。

(b) 該應收款項為無抵押、免息及須按要求償還。

(c) 本集團向主要客戶銷售所訂立的信貸期約為30至60日。

(d) 於二零零八年十二月三十一日，應收貿易賬款總額之賬齡分析如下：

(a) As at 31 December 2008, the fair value of trade and other receivables approximate their carrying amounts after provision for impairment.

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

(c) The Group's sales to corporate customers are entered into on credit terms around 30 to 60 days.

(d) As at 31 December 2008, the ageing analysis of total trade receivables is as follows:

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

7. 應收貿易賬款及其他應收款項(續) 7. TRADE AND OTHER RECEIVABLES (Continued)

		二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
0至30日	0-30 days	961,836	1,139,493
31至60日	31-60 days	210,477	394,480
61至90日	61-90 days	85,757	97,610
逾90日	Over 90 days	42,006	39,756
		1,300,076	1,671,339

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。

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.

8. 受限制現金

於二零零八年十二月三十一日，受限制現金用作抵押本集團所借入的銀行貸款及應付票據為人民幣108,930,000元(二零零八年六月三十日：人民幣393,175,000元)。

8. RESTRICTED CASH

As at 31 December 2008, the restricted cash of RMB108,930,000 (30 June 2008: RMB393,175,000) has been pledged as securities for bank borrowings and bills payable.

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

9. 股本

9. SHARE CAPITAL

		普通股 數目 Number of ordinary shares 千股 Shares in thousands	普通股 面值 Nominal value of ordinary shares 港元千元 HK\$'000	普通股 面值等值 Equivalent nominal value of ordinary shares 人民幣千元 RMB'000	股本溢價 Share premium 人民幣千元 RMB'000	合計 Total 人民幣千元 RMB'000
截至二零零七年 十二月三十一日止六個月	Six months ended 31 December 2007					
於二零零七年七月一日的結餘	Balances as at 1 July 2007	4,290,652	429,065	445,059	5,734,102	6,179,161
行使購股權	Exercise of share options	3,383	338	328	12,278	12,606
於二零零七年 十二月三十一日的結餘	Balances as at 31 December 2007	4,294,035	429,403	445,387	5,746,380	6,191,767
截至二零零八年 十二月三十一日止六個月	Six months ended 31 December 2008					
於二零零八年七月一日的結餘	Balances as at 1 July 2008	4,330,862	433,086	448,822	6,078,164	6,526,986
行使購股權	Exercise of share options	1,030	103	91	857	948
於二零零八年 十二月三十一日的結餘	Balances as at 31 December 2008	4,331,892	433,189	448,913	6,079,021	6,527,934

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

10. 其他儲備

10. OTHER RESERVES

		繳納盈餘 Contributed surplus 人民幣千元 RMB'000	資本儲備 Capital reserve 人民幣千元 RMB'000	購股權 計劃儲備 Share options reserve 人民幣千元 RMB'000 (附註(a)) (note (a))	法定 儲備及企業 發展基金 Statutory reserve and enterprise expansion fund 人民幣千元 RMB'000	換算 Translation 人民幣千元 RMB'000	現金流 對沖儲備 Cash flow hedge reserve 人民幣千元 RMB'000	合計 Total 人民幣千元 RMB'000
截至二零零七年十二月三十一日止六個月	Six months ended 31 December 2007							
於二零零七年七月一日的結餘	Balances as at 1 July 2007	660,542	98,980	107,554	188,583	530	-	1,056,189
轉撥自淨利潤	Transfer from net profit	-	-	-	37,289	-	-	37,289
授予董事及僱員的購股權	Share options granted to directors and employees	-	-	103,531	-	-	-	103,531
行使購股權	Exercise of share options	-	-	(2,573)	-	-	-	(2,573)
貨幣換算差額	Currency translation differences	-	-	-	-	(4,325)	-	(4,325)
於二零零七年十二月三十一日的結餘	Balances as at 31 December 2007	660,542	98,980	208,512	225,872	(3,795)	-	1,190,111
截至二零零八年十二月三十一日止六個月	Six months ended 31 December 2008							
於二零零八年七月一日的結餘	Balances as at 1 July 2008	660,542	98,980	127,945	330,159	(16,726)	32,301	1,233,201
購股權開支撥回(附註15(a))	Share option expense written back (note 15(a))	-	-	(94,091)	-	-	-	(94,091)
授予董事及僱員的購股權	Share options granted to directors and employees	-	-	9,019	-	-	-	9,019
行使購股權	Exercise of share options	-	-	(136)	-	-	-	(136)
貨幣換算差額	Currency translation differences	-	-	-	-	(2,569)	-	(2,569)
現金流對沖儲備(附註(b))	Cash flow hedge reserve (note (b))	-	-	-	-	-	-	-
- 公平值變動	- Fair value change	-	-	-	-	-	50,013	50,013
- 已解除金額以抵銷影響損益表的對沖項目的影響額	- Amount released to set off the impact of hedged items that affected income statement	-	-	-	-	-	(5,997)	(5,997)
於二零零八年十二月三十一日的結餘	Balances as at 31 December 2008	660,542	98,980	42,737	330,159	(19,295)	76,317	1,189,440

(a) 購股權計劃概要及本公司截至二零零八年十二月三十一日止六個月的購股權變動詳情載於第38至44頁。

(b) 截至二零零八年十二月三十一日止六個月，已跟交易對方終止未屆滿的外幣互換掉期合約。於截至二零零八年十二月三十一日止六個月，截至終止日期，掉期合約錄得公平值變動約人民幣50,013,000元，而來自掉期合約終止的收益淨額約為人民幣75,936,000元。現金流對沖會計處理已被終止，而於終止日期錄得的累計收益仍計入權益。該收益將於先前被指定的對沖項目影響損益表時確認。

(a) A summary of the share option schemes and details of the movement in share options of the Company during the six months ended 31 December 2008 are set out on pages 38 to 44.

(b) During the six months ended 31 December 2008, cross currency swap contracts were terminated before maturity with counterparties. Fair value change of approximately RMB50,013,000 was resulted during the six months ended 31 December 2008 up to the termination date and net gains of approximately RMB75,936,000 were received from the termination. The cash flow hedge accounting was discontinued and cumulative gains existing at the termination date remained in equity. The gains will be recognised when the hedged items that previously designated affected income statement.

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

11. 應付貿易賬款及其他應付款項

11. TRADE AND OTHER PAYABLES

	二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
應付下列各方之貿易賬款： - 第三方 - 有關連人士 (附註(a)及21(d))	Trade payables due to: - third parties - related parties (notes (a) & 21(d))	
	1,062,762	832,368
	391,236	1,284,309
	1,453,998	2,116,677
應付票據，有抵押	Bills payable, secured	150,000
向客戶收取的按金	Deposits from customers	302,593
其他應付款項	Other payables	1,071,479
應付員工福利	Staff welfare benefits payable	46,648
應計費用	Accrued expenses	118,843
	3,143,561	3,855,832
減：遞延政府補助金	Less: Deferred government grants	(14,634)
	3,128,927	3,838,793

(a) 該款項為無抵押、免息及須按
要求償還。

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

(b) 於二零零八年十二月三十一
日，應付貿易賬款之賬齡分析
如下：

(b) The ageing analysis of trade payables as at 31 December
2008 is as follows:

	二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
0至90日	0-90 days	1,379,187
91至180日	91-180 days	47,586
181至365日	181-365 days	18,838
逾365日	Over 365 days	8,387
	1,453,998	2,116,677

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

12. 貸款

12. BORROWINGS

		二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
非流動	Non-current		
— 長期銀行貸款	— Long-term bank borrowings	9,137,892	6,463,692
— 銀團有期貨款	— Syndicated term loans	2,705,075	3,903,005
— 優先票據 (附註(b))	— Senior notes (note (b))	1,915,879	2,023,226
		13,758,846	12,389,923
流動	Current		
— 短期銀行貸款	— Short-term bank borrowings	938,467	1,190,768
— 長期銀行貸款 即期部分	— Current portion of long-term bank borrowings	264,584	64,678
— 銀團有期貨款 即期部分	— Current portion of syndicated term loans	—	240,069
— 短期融資券	— Short-term financial bills	—	800,000
		1,203,051	2,295,515
總貸款	Total borrowings	14,961,897	14,685,438

(a) 總貸款的變動分析如下：

(a) Movements of total borrowings are as follows:

		人民幣千元 RMB'000
截至二零零七年十二月三十一日止六個月	Six months ended 31 December 2007	
於二零零七年七月一日的結餘	Balances as at 1 July 2007	6,632,009
新借貸款	New borrowings	5,924,080
償還貸款	Repayments of borrowings	(3,425,848)
匯兌差額	Exchange difference	(152,228)
於二零零七年十二月三十一日的結餘	Balances as at 31 December 2007	8,978,013
截至二零零八年十二月三十一日止六個月	Six months ended 31 December 2008	
於二零零八年七月一日的結餘	Balances as at 1 July 2008	14,685,438
新借貸款	New borrowings	7,311,375
償還貸款	Repayments of borrowings	(7,040,861)
攤銷發行成本	Amortisation of issue cost	13,904
匯兌差額	Exchange difference	(7,959)
於二零零八年十二月三十一日的結餘	Balances as at 31 December 2008	14,961,897

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

12. 貸款(續)

12. BORROWINGS (Continued)

(b) 優先票據的變動如下：

(b) Movements of senior notes are as follows:

		人民幣千元 RMB'000
截至二零零七年十二月三十一日止六個月	Six months ended 31 December 2007	
於二零零七年七月一日及 二零零七年十二月三十一日的賬面值	Carrying amount as at 1 July 2007 and 31 December 2007	-
截至二零零八年十二月三十一日止六個月	Six months ended 31 December 2008	
於二零零八年七月一日的賬面值	Carrying amount as at 1 July 2008	2,023,226
購回優先票據	Repurchase of senior notes	(111,321)
攤銷發行成本	Amortisation of issue cost	11,324
匯兌差額	Exchange difference	(7,350)
於二零零八年十二月三十一日的賬面值	Carrying amount as at 31 December 2008	1,915,879

本公司已按折讓價購回本金金額達16,250,000美元(相等於約人民幣111,321,000元)的優先票據，並確認收益淨額約人民幣86,024,000元。

Senior notes with principal amount of US\$16,250,000 (equivalent to approximately RMB111,321,000) were repurchased by the Company at discounted prices and net gains of approximately RMB86,024,000 were recognised.

(c) 於二零零八年十二月三十一日，以本集團的資產及本集團旗下附屬公司所發出擔保作抵押的貸款為人民幣13,505,647,000元(二零零八年六月三十日：人民幣11,630,072,000元)，詳情如下：

(c) As at 31 December 2008, borrowings of RMB13,505,647,000 (30 June 2008: RMB11,630,072,000) are secured by assets of the Group and guarantees given by subsidiaries within the Group which are detailed as follows:

		二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
以本集團的若干資產 作抵押的貸款*	Borrowings secured by certain assets of the Group*	177,612	485,172
由本集團旗下附屬公司 提供擔保的貸款	Borrowings guaranteed by subsidiaries within the Group	13,328,035	11,144,900
		13,505,647	11,630,072

* 以上貸款以本集團的若干物業、廠房及設備及受限制現金作出抵押。

* The above borrowings are secured by certain of the Group's property, plant and equipment and restricted cash.

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

12. 貸款 (續)

12. BORROWINGS (Continued)

(d) 貸款到期日如下：

(d) The maturity of the borrowings is as follows:

		二零零八年十二月三十一日 31 December 2008			
		銀行貸款 Bank borrowings 人民幣千元 RMB'000	銀團有期貨款 Syndicated term loans 人民幣千元 RMB'000	優先票據 Senior notes 人民幣千元 RMB'000	合計 Total 人民幣千元 RMB'000
一年內	Within 1 year	1,203,051	-	-	1,203,051
一年至兩年	Between 1 and 2 years	6,236,980	1,654,355	-	7,891,335
兩年至五年	Between 2 and 5 years	1,438,850	1,050,720	1,915,879	4,405,449
須於五年內悉數償還 逾五年	Wholly repayable within 5 years Over 5 years	8,878,881 1,462,062	2,705,075 -	1,915,879 -	13,499,835 1,462,062
		10,340,943	2,705,075	1,915,879	14,961,897

		於二零零八年六月三十日 30 June 2008				
		銀行貸款 Bank borrowings 人民幣千元 RMB'000	短期融資券 Short-term financing bills 人民幣千元 RMB'000	銀團有期貨款 Syndicated term loans 人民幣千元 RMB'000	優先票據 Senior notes 人民幣千元 RMB'000	合計 Total 人民幣千元 RMB'000
一年內	Within 1 year	1,255,446	800,000	240,069	-	2,295,515
一年至兩年	Between 1 and 2 years	4,304,747	-	547,940	-	4,852,687
兩年至五年	Between 2 and 5 years	1,208,740	-	3,355,065	2,023,226	6,587,031
須於五年內悉數償還 逾五年	Wholly repayable within 5 years Over 5 years	6,768,933 950,205	800,000 -	4,143,074 -	2,023,226 -	13,735,233 950,205
		7,719,138	800,000	4,143,074	2,023,226	14,685,438

(e) 於二零零八年十二月三十一日之實際利率如下：

(e) The effective interest rates as at 31 December 2008 are as follows:

		二零零八年十二月三十一日 31 December 2008			
		人民幣 RMB	港元 HK\$	美元 US\$	其他 Others
長期銀行貸款	Long-term bank borrowings	6.2084%	2.8090%	4.6377%	-
銀團有期貨款	Syndicated term loans	-	2.2119%	3.7100%	-
優先票據	Senior notes	-	-	9.8750%	-
短期銀行貸款	Short-term bank borrowings	6.5692%	-	4.5601%	9.2959%

		二零零八年六月三十日 30 June 2008			
		人民幣 RMB	港元 HK\$	美元 US\$	其他 Others
長期銀行貸款	Long-term bank borrowings	6.9560%	2.8090%	3.8444%	-
銀團有期貨款	Syndicated term loans	-	2.7781%	2.9140%	-
優先票據	Senior notes	-	-	7.8750%	-
短期銀行貸款	Short-term bank borrowings	6.6038%	5.0307%	5.1636%	4.1944%
短期融資券	Short-term financing bills	5.5750%	-	-	-

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

12. 貸款(續)

12. BORROWINGS (Continued)

(f) 截至二零零八年十二月三十一日，本集團所有貸款之賬面值以下列貨幣計值：

(f) The carrying amounts of all the Group's borrowings as at 31 December 2008 are denominated in the following currencies:

		二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
人民幣	RMB	9,392,178	7,287,615
美元	US Dollars	4,020,985	5,098,815
港元	HK Dollars	1,443,469	2,064,992
其他貨幣	Other currency	105,265	234,016
		14,961,897	14,685,438

(g) 本集團尚未提取之貸款融通額如下：

(g) The Group has the following undrawn borrowing facilities:

		二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
浮動利率：	Floating rate:		
一年內到期	- expiring within one year	4,547,933	3,518,883
一年後到期	- expiring beyond one year	792,848	2,347,229
		5,340,781	5,866,112

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

13. 銷售額

13. SALES

本期間確認之銷售額如下：

Sales recognised during the six months ended 31 December 2008 are as follows:

		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
銷售包裝紙	Sales of paper	6,217,976	6,546,213
銷售木漿	Sales of pulp	115,288	144,196
		6,333,264	6,690,409

14. 其他收益(淨額)

14. OTHER GAINS (NET)

		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
運輸收入	Transportation fee received	959	1,965
銷售廢料	Sales of scrap materials	64,619	51,328
銷售電力及煤炭	Sales of electricity and coals	8,450	11,734
利息收入	Interest income	7,519	4,138
經營活動產生的 淨匯兌(損失)/收益	Net foreign exchange (loss)/gain on operating activities	(16,472)	20,766
已確認負商譽	Negative goodwill recognised	-	56,840
因衍生金融工具公平值 改變產生的淨損失	Net loss arising from change in fair value of derivative financial instruments	(2,458)	(19,750)
終止掉期合約產生的損失	Loss arising from termination of swap contracts	(10,735)	-
購回優先票據產生的收益	Gain arising from repurchase of senior notes	86,024	-
向少數股東出售部份 附屬公司權益之損失	Loss on partial disposal of equity interests in certain subsidiaries to minority shareholders	-	(1,879)
		137,906	125,142

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

15. 按性質劃分的開支

15. EXPENSES BY NATURE

計入銷售成本、銷售及市場推廣費用和行政開支的支出分析如下：

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

		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
固定資產折舊(附註4)	Depreciation of fixed assets (note 4)	301,365	218,634
減：已於其他收益淨額中扣除的款項	Less: amount charged to other gains – net	(96)	(3,903)
已於在建工程中扣除的款項	amount charged to construction in progress	(10,114)	–
		291,155	214,731
僱員福利開支(附註(a))	Employee benefit expense (note (a))	184,333	419,075
成品變動	Changes in finished goods	465,660	(97,369)
已耗用原料及耗用品(已抵減索賠額)	Raw materials and consumables used (net of claims)	4,540,089	4,567,148
運輸	Transportation	69,004	61,934
經營租賃	Operating leases		
– 土地使用權(附註4)	– land use rights (note 4)	12,290	11,085
– 樓宇	– buildings	1,904	1,079
出口銷售對應之不可抵扣增值稅項成本	Non-deductible value added tax for export sales	84,512	178,588
應收款項減值開支撥回	Reversal of impairment charge for receivables	(20,923)	–
其他開支	Other expenses	221,462	189,584
		5,849,486	5,545,855

(a) 於二零零六年十一月十七日根據二零零六年購股權計劃授出的購股權附有履行條件。由於董事認為餘下三批購股權所附的履行條件將不會於未來期間達成，故於本期間撥回先前自損益表扣除的該等購股權相關的購股權開支約人民幣94,091,000元(截至二零零七年十二月三十一日止六個月：無)。

(a) Performance conditions are attached to share options granted on 17 November 2006 under the 2006 Share Options Scheme. As the directors consider that performance targets attached to the remaining three tranches of the share options would not be met in future periods, share option expense of approximately RMB94,091,000 related to these share options that previously charged to income statement was reversed during the six months ended 31 December 2008 (Six months ended 31 December 2007: Nil).

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

16. 財務費用

16. FINANCE COSTS

		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
銀行貸款利息	Interest on bank borrowings	504,103	187,818
減：已資本化利息	Less: interest capitalised	(331,541)	(17,398)
		172,562	170,420
票據貼現費用	Bills discount charge	41,108	42,896
其他附帶貸款成本	Other incidental borrowing cost	23,260	3,474
貸款的匯兌收益	Exchange gains on borrowings	(429)	(152,228)
現金流對沖的公平值 收益·轉撥自權益 (附註10)	Fair value gain on cash flow hedge transferred from equity (note 10)	(5,997)	-
		230,504	64,562

於本期間，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，約為6.562%（截至二零零七年十二月三十一日止六個月：5.660%）。

The capitalisation rate applied to funds borrowed generally and used for the development of construction in progress is approximately 6.562% for the six months ended 31 December 2008 (Six months ended 31 December 2007: 5.660%).

17. 所得稅開支

17. INCOME TAX EXPENSE

		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
即期稅項	Current tax		
— 香港利得稅	— Hong Kong profits tax	-	-
— 中國企業所得稅	— PRC enterprise income tax	14,512	68,111
		14,512	68,111
遞延所得稅	Deferred income tax	55,821	58,341
		70,333	126,452

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

17. 所得稅開支(續)

由於本集團於本期間並無任何香港利得稅應課稅利潤，故此並未為香港利得稅計提撥備。中國企業所得稅乃以本期間估計應課稅溢利按適用於相關附屬公司的稅率計算。

17. INCOME TAX EXPENSE (Continued)

Hong Kong profits tax has not been provided as the Group did not have any assessable profits during the six months ended 31 December 2008. 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.

18. 每股盈利

— 基本

每股基本盈利乃以本期間本公司權益持有人應佔盈利除以已發行普通股的加權平均數計算。

18. 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.

		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008	二零零七年 2007
本公司權益持有人應佔 盈利(人民幣千元)	Profit attributable to equity holders of the Company (RMB'000)	323,448	1,056,163
已發行普通股數目的加權 平均股數(千股計)	Weighted average number of ordinary shares in issue (shares in thousands)	4,330,970	4,291,792
每股基本盈利 (每股人民幣)	Basic earnings per share (RMB per share)	0.07	0.25

— 攤薄

每股攤薄盈利假設所有可攤薄的潛在普通股被兌換後，根據已發行普通股的加權平均股數計算。本公司有可攤薄的潛在普通股為購股權。購股權根據未行使購股權所附的認購權的貨幣價值，釐定按公平值(釐定為本公司股份於本期間的平均市價)可購入的股份數目，按以上方式計算的股份數目，與假設購股權行使而應已發行的股份數目作出比較。

— Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

18. 每股盈利 (續)

18. EARNINGS PER SHARE (Continued)

攤薄 (續)

Diluted (Continued)

		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008	二零零七年 2007
本公司權益持有人 應佔盈利 (人民幣千元)	Profit attributable to equity holders of the Company (RMB'000)	323,448	1,056,163
已發行普通股的加權 平均股數 (千股計)	Weighted average number of ordinary shares in issue (shares in thousands)	4,330,970	4,291,792
調整－購股權 (千股計)	Adjustments for share options (shares in thousands)	7,626	135,490
計算每股攤薄盈利的普通股 的加權平均股數 (千股計)	Weighted average number of ordinary shares for diluted earnings per share (shares in thousands)	4,338,596	4,427,282
每股攤薄盈利 (每股人民幣)	Diluted earnings per share (RMB per share)	0.07	0.24

19. 股息

19. DIVIDEND

		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008	二零零七年 2007
		人民幣千元 RMB'000	人民幣千元 RMB'000
中期股息 (附註(b))	Interim dividend (note (b))	—	72,140

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

19. 股息(續)

(a) 本公司於二零零八年十一月二十七日舉行的股東週年大會上批准宣派2008年末期股息每股人民幣3.50分(2007年度末期股息：人民幣10.00分)，合共約人民幣151,580,000元(2007年末期股息：人民幣429,065,000元)，該等股息已於截至二零零八年十二月三十一日止六個月內支付。

(b) 董事會並不建議就本期間派發中期股息。本公司已批准並派發截至二零零七年十二月三十一日止六個月之中期股息每股人民幣1.68分，合共人民幣約72,140,000元。

19. DIVIDEND (Continued)

(a) A 2008 final dividend of RMB3.50 cents (2007 final: RMB10.00 cents) per ordinary share, totaling approximately RMB151,580,000 (2007 final: RMB429,065,000) has been declared in the Company's Annual General Meeting on 27 November 2008 and paid in the six months ended 31 December 2008.

(b) The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2008. An interim dividend for the six months ended 31 December 2007 of RMB1.68 cents per ordinary share, totaling approximately RMB72,140,000 has been approved and paid.

20. 承擔

(a) 資本承擔

於二零零八年十二月三十一日已承擔但尚未產生的資本開支如下：

20. COMMITMENTS

(a) Capital commitments

Capital expenditure committed as at 31 December 2008 but not yet incurred is as follows:

	二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000	
已訂約但未撥備： －物業、廠房及設備	Contracted but not provided for: － Property, plant and equipment	2,480,645	4,514,218
已授權但未訂約： －物業、廠房及設備	Authorised but not contracted for: － Property, plant and equipment	1,492,819	835,494
		3,973,464	5,349,712

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

20. 承擔(續)

20. COMMITMENTS (Continued)

(b) 經營租賃承擔 – 本集團
為承租人

(b) Operating lease commitments – where the
Group is the lessee

根據不可撤銷經營租賃支付的
未來最低總租金如下：

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

		二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
土地及建築物：	Land and buildings		
– 不多於一年	– Not later than one year	529	986
– 多於一年但在 五年內	– Later than one year but not later than five years	2,117	2,125
– 五年後	– Later than five years	20,427	20,721
		23,073	23,832

21. 有關連人士交易

21. RELATED PARTY TRANSACTIONS

(a) 有關連人士名稱及關係

(a) Name and relationship with related parties

姓名
Name

關係
Relationship

美國中南有限公司(「美國中南」)
America Chung Nam Inc. (“ACN”)

本公司董事張茵女士實益擁有的公司
Company beneficially owned
by Ms. Cheung Yan, a director of the Company.

玖龍包裝(太倉)有限公司(「太倉包裝」)
Nine Dragons Packaging (Taicang)
Company Limited (“Taicang Packaging”)

本公司董事張成飛先生實益擁有的公司
Company beneficially owned by
Mr. Zhang Chengfei, a director of the Company.

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

21. 有關連人士交易(續)

21. RELATED PARTY TRANSACTIONS (Continued)

(b) 與有關連人士進行之交易

(b) Transactions with related parties

截至二零零八年十二月三十一日止六個月內，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有關連人士者相同：

During the six months ended 31 December 2008, 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 as with non-related parties:

		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
銷售產品： - 太倉包裝	Sales of goods: - Taicang Packaging	30,489	39,718
銷售能源： - 太倉包裝	Sales of utilities: - Taicang Packaging	4,587	2,751
採購廢紙(已抵減索賠額)： - 美國中南 - 太倉包裝	Purchase of recovered paper (net of claims): - ACN - Taicang Packaging	1,697,760 4,016	1,839,850 4,003
		1,701,776	1,843,853
直接出口之代理費 - 美國中南	Agent fee of direct export sales: - ACN	-	4,556

簡明綜合中期財務資料附註

Notes to the Condensed Consolidated Interim Financial Information

21. 有關連人士交易(續)

21. RELATED PARTY TRANSACTIONS (Continued)

(c) 主要管理層薪酬

(c) Key management compensation

		截至十二月三十一日止六個月 Six months ended 31 December	
		二零零八年 2008 人民幣千元 RMB'000	二零零七年 2007 人民幣千元 RMB'000
薪金	Salaries	19,943	16,813
終止服務福利	Termination benefits	-	3,625
購股權	Share options	7,700	102,426
購股權開支撥回	Share option expense written back	(94,091)	-
		(66,448)	122,864

(d) 有關連人士之結餘

(d) Balances with related parties

		二零零八年 十二月三十一日 31 December 2008 人民幣千元 RMB'000	二零零八年 六月三十日 30 June 2008 人民幣千元 RMB'000
應收下列各方之貿易結餘：	Trade balances due from:		
有關連人士	Related parties:		
– 太倉包裝	– Taicang Packaging	54,957	120,581
應付下列各方之貿易結餘：	Trade balances due to:		
有關連人士	Related parties:		
– 美國中南	– ACN	390,339	1,279,040
– 太倉包裝	– Taicang Packaging	897	5,269
		391,236	1,284,309

與有關連人士之結餘之條款，請參閱附註7(b)及11(a)。

For terms of balances with related parties, please refer to notes 7(b) & 11(a).

簡明綜合中期財務資料附註**Notes to the Condensed Consolidated Interim Financial Information****22. 結算日後事項**

於二零零九年二月九日，本公司展開收購要約，按現金折讓價購買於二零一三年四月二十九日到期的任何及全部優先票據。根據收購要約，其要約屆滿日及結算日分別為二零零九年三月九日及二零零九年三月十二日(紐約時間)。有關詳情，請參閱本公司於二零零九年二月九日的公佈。

22. SUBSEQUENT EVENT

On 9 February 2009, the Company commenced a tender offer to purchase for cash any and all of its outstanding senior notes due on 29 April 2013 at a discounted price. Based on the tender offer, its tender expiration and settlement dates are 9 March 2009 and 12 March 2009 (New York City time) respectively. For details, please refer to the Company's announcement dated 9 February 2009.

投資者關係及股東通訊

Investor Relations and Communications with Shareholders

多元化的溝通渠道

集團透過多種溝通渠道與投資者保持溝通，以加深投資者對公司的業務發展、經營策略、行業情況及前景等各方面的瞭解。

除了每年發佈年度報告及中期報告外，集團定期透過公司網站及媒體發佈新聞稿，以確保投資者可及時獲得公司最新資訊。此外，公司管理層積極參與由投資銀行及證券行舉辦的區內及全球投資者會議，向海外及本地投資者闡釋本公司的業務發展及財務情況。

集團經常與機構投資者及研究分析員透過電話會議或會面以維持緊密聯繫。另外，集團亦安排分析員和基金經理參觀造紙基地，以提高他們對本公司業務運作和生產程序的瞭解。

集團的投資者關係部致力收集投資者對公司的意見和建議，並詳細解答投資者對公司的查詢，藉此保持與投資者的互動溝通。目前，已有超過25家本地及國際研究機構編撰有關玖龍紙業的研究報告。

股東

於二零零八年十二月三十一日，本集團共有逾4,860名非機構股東。

財務日誌

二零零九財政年度
中期業績

於二零零九年二月十八日
刊登公佈

DIVERSIFIED COMMUNICATION CHANNELS

The Group communicates with investors through diversified communication channels to strengthen the understanding of investors on the Company's business development, operating strategies, as well as to provide them with industry updates and outlook.

Apart from the release of annual report and interim report each year, the Group regularly releases press releases through the company website and media to ensure investors can acquire timely corporate updates. In addition, the management of the Company participates actively in the regional and global investor conferences organized by investment banks and securities brokers to explain the business development and financials of the Company to overseas and domestic investors.

The Group frequently organizes conference calls or meetings with institutional investors and research analysts to maintain close contact. Besides, the Group also organizes plant tours for analysts and fund managers to enhance their understanding of the business operation and production procedures of the Company.

The Investor Relations Department of the Group adopts an interactive approach with investors by collecting their opinions and suggestions about the Company and giving detailed answers to enquiries. Currently, more than 25 local and international research institutions have published reports on ND Paper.

SHAREHOLDERS

As at 31 December 2008, the Group had over 4,860 non-institutional shareholders.

FINANCIAL CALENDAR

FY2009 interim results

Announcement published on
18 February 2009

投資者關係及股東通訊**Investor Relations and Communications with Shareholders****股份資料****SHARE INFORMATION****股份上市****Shares listing**

玖龍紙業的股份在聯交所主板上市(股份代號：2689.HK)。

The Shares of ND Paper are listed on the Main Board of the Stock Exchange (Stock Code: 2689.HK).

指數成份股**Index Constituent**

玖龍紙業為下列指數的成份股：
恆生綜合指數系列

ND Paper is a constituent of the following index:
Hang Seng Composite Index Series

普通股**Ordinary shares**

已發行股份(於二零零八年十二月三十一日)： 4,331,892,099股股份
面值： 每股0.1港元
每手買賣單位： 1,000股股份

Issued Shares as at 31 December 2008: 4,331,892,099 Shares
Nominal Value: HK\$0.1 per Share
Board Lot: 1,000 Shares

釋義 Definition

「二零零六年購股權計劃」	指	本公司於二零零六年二月十二日採納之購股權計劃	2006 Share Option Scheme	the share option scheme adopted by the Company on 12 February 2006
「美國中南」	指	美國中南有限公司，一家根據美國加利福尼亞州法律成立的有限公司，由張女士間接全資擁有	ACN	America Chung Nam, Inc., a corporation established with limited liability under the laws of the State of California in the United States, is indirectly wholly owned by Ms. Cheung
「Best Result」	指	Best Result Holdings Limited，根據處女群島法律註冊成立的公司，為本公司的主要股東	Best Result	Best Result Holdings Limited, a company incorporated under the laws of BVI, is a substantial shareholder of the Company
「董事會」	指	本公司董事會	Board	The board of directors of the Company
「處女群島」	指	英屬處女群島	BVI	the British Virgin Islands
「公司細則」	指	玖龍紙業的公司細則	Bye-laws	the bye-laws of ND Holdings
「本公司」或「玖龍控股」或「玖龍紙業」	指	玖龍紙業(控股)有限公司*，二零零五年八月十七日於百慕達根據一九八一年公司法註冊成立的獲豁免有限公司	Company or ND Holdings or ND Paper	Nine Dragons Paper (Holdings) Limited, a company which was incorporated in Bermuda on 17 August 2005 under the Companies Act 1981 as an exempt company with limited liability
「董事」	指	本公司董事或任何其中一名董事	Director(s)	the director(s) of the Company or any one of them
「財政年度」	指	截至六月三十日止財政年度	FY	Financial year ended/ending 30 June
「本集團」	指	本公司及其附屬公司	Group	The Company and its subsidiaries
「港元」	指	香港法定貨幣港元	HKD/HK\$	Hong Kong dollars
「聯交所」	指	香港聯合交易所有限公司	HKSE or Stock Exchange	The Stock Exchange of Hong Kong Limited
「香港」或「香港特別行政區」	指	中華人民共和國香港特別行政區	Hong Kong or Hong Kong SAR	The Hong Kong Special Administrative Region of the People's Republic of or HKSAR China

* 僅供識別

釋義 Definition

「獨立非執行董事」	指 獨立非執行董事	INED(s)	Independent Non-executive Director(s)
「上市規則」	指 聯交所證券上市規則	Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
「MCL Living Trust」	指 由劉先生以財產授予人身份、張女士及劉先生以信託人及特別信託人身份與 Bank of The West 以信託人身份成立的生前信託。信託對象為劉先生	MCL Living Trust	a living trust set up by Mr. Liu as the settlor and Ms. Cheung and Mr. Liu as the trustees and the special trustees and Bank of The West as the trustee. The object of the trust is Mr. Liu
「標準守則」	指 上市公司董事進行證券交易的標準守則	Model Code	Model Code for Securities Transactions by Directors of Listed Issuers
「劉先生」	指 劉名中先生，本公司執行董事、副主席兼行政總裁	Mr. Liu	Mr. Liu Ming Chung, an executive Director, the Deputy Chairman and the Chief Executive Officer of the Company
「張先生」	指 張成飛先生，本公司執行董事兼副行政總裁	Mr. Zhang	Mr. Zhang Cheng Fei, an executive Director and the Deputy Chief Executive Officer of the Company
「張女士」	指 張茵女士，本公司執行董事兼董事長	Ms. Cheung	Ms. Cheung Yan, an executive Director and the Chairlady of the Company
「本期間」	指 截至二零零八年十二月三十一日止之六個月	Period	for the six months ended 31 December 2008
「造紙機」	指 本集團造紙機的代號。例如，一號造紙機指本集團的第一台造紙機	PM	a prefix referring to the Group's paper machines. For example, PM1 refers to the Group's first paper machine
「上市前購股權計劃」	指 本公司由二零零六年一月一日起採納的上市前購股權計劃	Pre-Listing Share Option Scheme	the Pre-Listing Share Option Scheme adopted by the Company with effect from 1 January 2006
「人民幣」	指 中國法定貨幣人民幣	RMB	Renminbi, the lawful currency of the PRC
「美元」	指 美國法定貨幣美元	USD/US\$	US dollars

釋義 Definition

「證監會」	指 證券及期貨事務監察委員會	SFC	Securities and Futures Commission
「證券及期貨條例」	指 證券及期貨條例	SFO	Securities and Futures Ordinance
「股份」	指 本公司已發行股本中每股面值0.10港元的普通股	Share(s)	Ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
「股東」	指 本公司股份持有人	Shareholder(s)	holder(s) of Shares of the Company
「平方呎」	指 平方呎	sq.ft	square feet
「平方米」	指 平方米	sq.m	square metre
「年產能(噸)」	指 每年以噸計量的產能	tpa	tonnes per annum
「%」	指 百分比	%	per cent

詞彙 Glossary

「塗布白板紙」	指 一種白板紙，其中一面為光滑的塗布面，該面印刷適性極佳，包括塗布灰底白板紙	coated duplex board	a type of duplex board with a glossy coated surface on one side for superior printability, including coated duplex board with grey back
「箱板原紙」	指 用作製造瓦楞紙箱的紙板組件。箱板原紙主要包括卡紙及瓦楞芯紙，亦可包括塗布白板紙	containerboard	the paperboard components used to manufacture corrugated containers. Containerboard primarily includes linerboard and corrugating medium and can also include coated duplex board
「瓦楞芯紙」	指 用作製成卡紙夾層的波浪紋部分所用的紙板	corrugating medium	a paperboard used to form the corrugated or fluted component sandwiched between the linerboard
「木漿」	指 用硫酸鹽製漿法或硫酸鹽化學方法製成的木漿。硫酸鹽製漿法是全球通用的主要化學製漿法，涉及將木片浸在鹼性溶液中煮沸（浸溶）數個小時，此時化學品會溶解木塊中的木質素。其後已溶解的木質素會被抽走，剩下纖維素纖維（木漿的主要成分）	kraft pulp	pulp produced by the kraft or sulphate chemical process. The kraft process is the predominant chemical pulping process used globally, and involves cooking (digesting) wood chips in an alkaline solution for several hours during which time the chemicals attack the lignin in the wood. The dissolved lignin is later removed leaving behind the cellulose fibers (the primary constituent of pulp)
「牛卡紙」	指 純粹或部分由木漿製成的高級卡紙	kraftlinerboard	a high grade of linerboard manufactured wholly or partially from kraft pulp
「廢紙」	指 分開收集的舊紙張及舊紙板，可循環利用作製造箱板原紙的纖維原料	recovered paper	used paper and board separately collected for re-use as fiber raw material in containerboard manufacture
「環保牛卡紙」	指 純粹由廢紙製成的卡紙	testlinerboard	linerboard made entirely from recovered paper
「白面牛卡紙」	指 由一層已漂白及其餘各層未漂白紙張組成的多層紙板	white top linerboard	a type of linerboard comprising a multiple-ply sheet composed of one bleached layer with the remaining layer(s) unbleached



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NINE DRAGONS PAPER (HOLDINGS) LIMITED