



理文造紙有限公司*

Lee & Man Paper Manufacturing Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 2314

(於開曼群島註冊成立之有限公司) 股份代號: 2314

2006/07 中期報告
INTERIM REPORT



* 僅供識別

* For identification purposes only

CONTENTS 目錄

2	Corporate Information 公司資料
4	Condensed Consolidated Income Statement 簡明綜合損益表
5	Condensed Consolidated Balance Sheet 簡明綜合資產負債表
7	Condensed Consolidated Cash Flow Statement 簡明綜合現金流量表
8	Condensed Consolidated Statement of Changes in Equity 簡明綜合權益變動表
9	Notes to the Condensed Financial Statements 簡明財務報表附註
22	Business Review and Outlook 業務回顧及展望
23	Management Discussion and Analysis 管理層討論及分析
26	Other information 其他資料

CORPORATE INFORMATION

公司資料

Board of Directors

Executive director

Mr Lee Wan Keung Patrick (*Chairman*)
Mr Lee Man Chun Raymond (*Chief executive officer*)
Mr Lee Man Bun
Mr Li King Wai Ross
Mr Tan Siak Him Alexander

Non-executive director

Professor Poon Chung Kwong

Independent non-executive director

Mr Wong Kai Tung Tony
Mr Heng Kwoo Seng
Ms Law Kar Shui Elizabeth

Company Secretary

Mr Cheung Kwok Keung

Registered Office

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

Principal Office

5th Floor, Liven House
61-63 King Yip Street
Kwun Tong
Kowloon
Hong Kong

Principal Bankers

In Macau and Hong Kong:

Hang Seng Bank Limited
Standard Chartered Bank (HK) Ltd
Citibank, N.A.

In the PRC:

China Construction Bank
Bank of China
Agricultural Bank of China

董事會

執行董事

李運強先生 (主席)
李文俊先生 (行政總裁)
李文斌先生
李經緯先生
陳錫鑫先生

非執行董事

潘宗光教授

獨立非執行董事

王啟東先生
邢詒春先生
羅嘉穗小姐

公司秘書

張國強先生

註冊辦事處

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

總辦事處

香港
九龍觀塘
敬業街61-63號
利維大廈5樓

主要往來銀行

澳門及香港:

恒生銀行有限公司
渣打銀行(香港)有限公司
花旗銀行

中國:

中國建設銀行
中國銀行
中國農業銀行

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Principal Share Registrar and Transfer Office

Bank of Butterfield International (Cayman) Ltd.
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

Website

<http://www.leemanpaper.com>

核數師

德勤•關黃陳方會計師行
執業會計師

主要股份過戶登記處

Bank of Butterfield International (Cayman) Ltd.
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東28號
金鐘匯中心26樓

網址

<http://www.leemanpaper.com>

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合損益表

For the six months ended 30 September 2006 截至二零零六年九月三十日止六個月

The board of directors of Lee & Man Paper Manufacturing Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2006 together with the comparative figures as follows:

理文造紙有限公司(「本公司」)董事會欣然公佈·本公司及其附屬公司(「本集團」)截至二零零六年九月三十日止六個月未經審核簡明綜合業績·連同比較數字如下:

Condensed Consolidated Income Statement

For the six months ended 30 September 2006

簡明綜合損益表

截至二零零六年九月三十日止六個月

		Notes 附註	2006 二零零六年 (unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元
Turnover	營業額	2	2,422,625	1,869,320
Cost of sales	銷售成本		(1,819,260)	(1,489,600)
Gross profit	毛利		603,365	379,720
Other income	其他收入		36,293	43,136
Distribution costs	分銷成本		(75,674)	(29,153)
Administrative expenses	行政費用		(85,831)	(60,877)
Finance costs	財務成本	3	(55,029)	(19,321)
Profit before taxation	稅前盈利		423,124	313,505
Taxation	稅項	4	(12,201)	(4,155)
Profit for the period	期內盈利	5	410,923	309,350
Attributable to:	應佔:			
Equity holders of the Company	本公司權益持有人		410,700	309,350
Minority interests	少數股東權益		223	-
Profit for the period	期內盈利		410,923	309,350
Dividends:	股息:	6		
- Final dividend paid	- 已付末期股息		233,238	173,409
- Interim dividend proposed	- 建議中期股息		155,700	-
Earnings per share	每股盈利	7		
- Basic	- 基本		42.27 cents仙	32.11 cents仙
- Diluted	- 攤薄		41.84 cents仙	31.99 cents仙

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

At 30 September 2006 於二零零六年九月三十日

			30 September 2006 二零零六年 九月三十日 (unaudited) (未經審核) HK\$'000 千港元	31 March 2006 二零零六年 三月三十一日 (audited) (經審核) HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	8	4,113,573	3,575,000
Prepaid lease payments – non-current portion	預付租賃款項 – 非流動部份		212,175	176,441
Deposits paid for acquisition of property, plant and equipment and land use right	購置物業、廠房及設備及土地使用權所付訂金		333,537	155,649
Deferred tax assets	遞延稅項資產		26,297	19,956
Retirement benefit assets	退休福利資產		607	607
			4,686,189	3,927,653
CURRENT ASSETS	流動資產			
Inventories	存貨	9	821,860	774,259
Prepaid lease payments – current portion	預付租賃款項 – 流動部份		4,548	3,850
Trade receivable	應收賬款	10	695,503	676,364
Bills receivable	應收票款	10	219,543	130,753
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項		271,696	125,597
Amount due from a related company	應收有關連公司款項		–	22,938
Derivative financial instruments	衍生財務工具		11,862	1,131
Restricted bank deposits	有限制銀行存款		–	1,154
Bank balances and cash	銀行結餘及現金		198,148	110,317
			2,223,160	1,846,363
CURRENT LIABILITIES	流動負債			
Trade and bills payable	應付賬款及票款	11	265,556	169,689
Accruals and other payable	應計費用及其他應付款項		306,945	181,575
Amount due to a related company	應付有關連公司款項		3,805	–
Taxation payable	應付稅項		9,576	12,358
Derivative financial instruments	衍生財務工具		2,194	2,028
Bank overdraft	銀行透支		847	504
Bank borrowings – due within one year	銀行借貸 – 一年內到期		416,178	782,107
			1,005,101	1,148,261
NET CURRENT ASSETS	流動資產淨值		1,218,059	698,102
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		5,904,248	4,625,755

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

At 30 September 2006 於二零零六年九月三十日

		Notes 附註	30 September 2006 二零零六年 九月三十日 (unaudited) (未經審核) HK\$'000 千港元	31 March 2006 二零零六年 三月三十一日 (audited) (經審核) HK\$'000 千港元
NON-CURRENT LIABILITIES				
	非流動負債			
Bank borrowings – due after one year	銀行借貸 – 一年後到期		1,114,000	100,000
Deferred tax liabilities	遞延稅項負債		35,333	30,266
Convertible bonds	可換股債券		935,069	901,006
Retirement benefit liabilities	退休福利負債		17,439	17,439
			2,101,841	1,048,711
			3,802,407	3,577,044
CAPITAL AND RESERVES				
	股本及儲備			
Share capital	股本	12	97,312	96,761
Reserves	儲備		3,681,098	3,480,283
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益		3,778,410	3,577,044
Minority Interests	少數股東權益		23,997	–
			3,802,407	3,577,044

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

簡明綜合現金流量表

For the six months ended 30 September 2006 截至二零零六年九月三十日止六個月

		2006 二零零六年 (unaudited) (未經審核) HK\$'000 千港元	2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元
Net cash generated from (used in) operating activities	經營業務所得(所用)現金淨額	435,446	(121,961)
Net cash used in investing activities	投資活動所用現金淨額	(809,789)	(635,965)
Net cash generated from financing activities	融資活動所得現金淨額	461,831	756,917
Net increase (decrease) in cash and cash equivalents	現金及現金等價物增加(減少)淨額	87,488	(1,009)
Cash and cash equivalents brought forward	現金及現金等價物承前	109,813	81,600
Cash and cash equivalents carried forward represented by bank balances and cash	現金及現金等價物結轉等於銀行結餘及現金	197,301	80,591

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 September 2006 截至二零零六年九月三十日止六個月

Attributable to equity holders of the Company

本公司權益持有人應佔權益

		Share capital		Share options	Translation reserve	Special reserve	Convertible bonds equity reserve	Accumulated profits	Total	Minority Interests	Total equity
		股本	股份溢價	購股權儲備	匯兌儲備	特別儲備	可換股債券權益儲備	累計盈利	合計	少數股東權益	權益總結
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 April 2006	二零零六年四月一日	96,761	1,863,819	1,573	48,984	(2,999)	60,256	1,508,650	3,577,044	-	3,577,044
Exercise of share options	行使購股權	551	22,450	-	-	-	-	-	23,001	-	23,001
Recognition of equity-settled share based payment expenses	股結算股權支付款項開支確認	-	-	903	-	-	-	-	903	-	903
Capital contributions from minority interests	少數股東出資款項	-	-	-	-	-	-	-	-	23,774	23,774
Profit for the period	期內盈利	-	-	-	-	-	-	410,700	410,700	223	410,923
Final dividend paid	派發末期股息	-	-	-	-	-	-	(233,238)	(233,238)	-	(233,238)
At 30 September 2006	二零零六年九月三十日	97,312	1,886,269	2,476	48,984	(2,999)	60,256	1,686,112	3,778,410	23,997	3,802,407

Attributable to equity holders of the Company

本公司權益持有人應佔權益

		Share capital		Share options	Translation reserve	Special reserve	Convertible bonds equity reserve	Accumulated profits	Total	Minority Interests	Total equity
		股本	股份溢價	購股權儲備	匯兌儲備	特別儲備	可換股債券權益儲備	累計盈利	合計	少數股東權益	權益總結
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 April 2005	二零零五年四月一日	96,338	1,846,628	-	19,463	(2,999)	-	1,082,031	3,041,461	-	3,041,461
Exchange difference arising from translation of financial statements of overseas operations	換算海外業務財務報表所產生的匯兌差額	-	-	-	21,736	-	-	-	21,736	-	21,736
Profit for the period	期內盈利	-	-	-	-	-	-	309,350	309,350	-	309,350
Final dividend paid	派發末期股息	-	-	-	-	-	-	(173,409)	(173,409)	-	(173,409)
At 30 September 2005	二零零五年九月三十日	96,338	1,846,628	-	41,199	(2,999)	-	1,217,972	3,199,138	-	3,199,138

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

簡明財務報表附註

For the six months ended 30 September 2006 截至二零零六年九月三十日止六個月

1. Basis of Preparation and Principal Accounting Policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2006 except that the Group has changed certain of its accounting policies following its adoption of the new/revised Hong Kong Financial Reporting Standards ("HKFRS") and HKAS (collectively referred to as "New HKFRSs") which have become effective for accounting periods commencing on or after 1 January 2006. The applicable New HKFRSs adopted in this interim financial statements are set out below:

HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures
HKAS 21 (Amendment)	Net investment in a foreign operation
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions
HKAS 39 (Amendment)	The fair value option
HK(IFRIC) – Int 4	Determining whether an arrangement contains a lease

The adoption of the above new HKFRSs did not have a material effect on how the results of operations and financial position of the Group are prepared and presented.

No early adoption of the following New HKFRSs that have been issued but are not yet effective. The adoption of such New HKFRSs will have no material impact on the accounts of the Group and will not result in substantial changes to the Group's accounting policies.

1. 編製基準及主要會計政策

此未審核簡明綜合中期財務報表乃按照香港聯合交易所有限公司證券上市規則(「上市規則」)附錄16所載之適用披露規定及香港會計師公會頒佈之香港會計準則(「香港會計準則」)第34號「中期財務報告」而編製。

除本集團因採納新增及經修訂之香港財務報告準則(「香港財務報告準則」)及香港會計準則(統稱「新香港財務報告準則」)後更改其若干會計政策外,編製本簡明綜合中期財務報表所採用的會計政策,與截至二零零六年三月三十一日止年度全年財務報表所採用者一致。該等新香港財務報告準則於二零零六年一月一日或以後開始之會計期間生效。本中期財務報表所採納之適用新財務報告準則載列如下:

香港會計準則第19號(經修訂)	精算損益、集團計劃及披露
香港會計準則第21號(經修訂)	於外國經營之淨投資
香港會計準則第39號(經修訂)	預測集團內公司間交易之現金流量對沖會計處理法
香港會計準則第39號(經修訂)	公平值期權
香港(國際財務報告詮釋委員會)詮釋第4號	釐定安排是否包含租賃

採納上述新香港財務報告準則之實施對編製及呈列集團之經營業績及財務狀況之方式並沒有重大影響。

下列已發出但仍未生效之新香港財務報告準則並無提早採納。採納此等新香港財務報告準則對本集團之賬目不會有重大影響,亦不會令本集團之會計政策出現重大變動。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

簡明財務報表附註

For the six months ended 30 September 2006 截至二零零六年九月三十日止六個月

1. Basis of Preparation and Principal Accounting Policies (Continued)

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – Int 7	Applying the restatement approach under HKAS29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of embedded derivatives

2. Segments Information

Business segments

For management purposes, the Group is currently organised into two operating businesses – manufacture and sales of paper, and manufacture and sales of pulp. These businesses are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

2006

Consolidated income statement

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Eliminations 刪除 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover – External sales	營業額 – 對外銷售	2,194,988	227,637	–	2,422,625
Inter-segment sales	業務之間銷售	–	150,021	(150,021)	–
		2,194,988	377,658	(150,021)	2,422,625
SEGMENT RESULTS	分類業績	446,896	29,780	–	476,676
Interest income	利息收入				1,477
Finance costs	財務成本				(55,029)
Profit before taxation	稅前盈利				423,124
Taxation	稅項				(12,201)
Profit for the period	期內盈利				410,923

1. 編製基準及主要會計政策 (續)

香港會計準則 第1號(經修訂)	資本披露
香港財務報告 準則第7號	財務工具: 披露
香港(國際財務 報告詮釋委員會) 詮釋第7號	根據香港會計準則第29 號惡性通貨膨脹經濟 下之財務報告採用重 列法
香港(國際財務 報告詮釋委員會) 詮釋第8號	香港財務準則第2號大 綱
香港(國際財務 報告詮釋委員會) 詮釋第9號	重估內含衍生工具

2. 分部資料

業務分部

就管理而言，本集團現經營兩個業務：生產及銷售紙張、生產及銷售木漿。該等業務為本集團申報其主要分類資料之基準。

該等商業分類資料呈報如下：

二零零六年

綜合損益表

2. Segments Information (Continued)

Business segments (Continued)

2005

Consolidated income statement

2. 分部資料 (續)

業務分部 (續)

二零零五年

綜合損益表

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Eliminations 刪除 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover – External sales	營業額 – 對外銷售	1,651,333	217,987	–	1,869,320
Inter-segment sales	業務之間銷售	–	124,432	(124,432)	–
		1,651,333	342,419	(124,432)	1,869,320
SEGMENT RESULTS	分類業績	315,397	17,018	–	332,415
Interest income	利息收入				411
Finance costs	財務成本				(19,321)
Profit before taxation	稅前盈利				313,505
Taxation	稅項				(4,155)
Profit for the period	期內盈利				309,350

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

簡明財務報表附註

For the six months ended 30 September 2006 截至二零零六年九月三十日止六個月

2. Segments Information (Continued)

Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

2. 分部資料 (續)

地域分部

下表是按地區市場劃分本集團銷售的分析，當中並無理會貨品來源地：

		Six months ended 30 September 截至九月三十日止六個月			
		Sales revenue by geographical market 按地區市場 劃分的銷售收入		Contribution to profit before taxation 稅前 盈利貢獻	
		2006 二零零六 HK\$'000 千港元	2005 二零零五 HK\$'000 千港元	2006 二零零六 HK\$'000 千港元	2005 二零零五 HK\$'000 千港元
People's Republic of China other than Hong Kong (the "PRC")	中華人民共和國·香港除外(「中國」)	1,304,543	1,083,009	259,474	195,068
Export sales delivered in the PRC (Note)	中國國內付運的出口銷售(附註)	795,364	672,657	161,595	128,474
Other Asian countries	其他亞洲國家	154,489	113,654	21,733	8,873
America	美洲	73,294	–	14,887	–
Others	其他	94,935	–	18,987	–
		2,422,625	1,869,320	476,676	332,415
Interest income	利息收入			1,477	411
Finance costs	財務成本			(55,029)	(19,321)
Profit before taxation	稅前盈利			423,124	313,505
Taxation	稅項			(12,201)	(4,155)
Profit for the period	期內盈利			410,923	309,350

Note: These are sales to PRC customers who ultimately export the goods outside the PRC.

附註：此等貨品銷往最終將貨品出口國外的中國客戶。

3. Finance Costs

3. 財務成本

		Six months ended 30 September 截至九月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest on bank borrowings wholly repayable within five years	於五年內悉數償還之 銀行貸款利息	33,267	19,321
Interest on convertible bonds	可換股債券利息	31,249	-
		64,516	19,321
Less:	減去:		
Portion capitalized	資本化部份	(9,487)	-
		55,029	19,321

4. Taxation

4. 稅項

		Six months ended 30 September 截至九月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
The charge comprises:	稅項支出包括:		
PRC Foreign Enterprise Income Tax	中國外商企業所得稅	13,475	5,328
Deferred taxation in respect of:	就以下事項所產生的遞延稅項:		
- recognition of income	- 已確認之收入	5,067	-
- tax losses	- 稅項虧損	(6,341)	(1,173)
		12,201	4,155

The Group's profit is subject to taxation from the place of its operations where its profit is generated. Taxation is calculated at the rates prevailing in the relevant jurisdictions as set out below.

集團之利潤乃根據其利潤產生的營運地方繳納稅項。稅項按個別管轄地區之課稅率計算如下。

The subsidiaries in the PRC are entitled to exemption from PRC Foreign Enterprise Income Tax for the two years starting from their first profit-making year, followed by a 50% relief for the three years thereafter.

位於中國的附屬公司於首個獲利年度起，免繳中國外商企業所得稅兩年，其後三年半免。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

簡明財務報表附註

For the six months ended 30 September 2006 截至二零零六年九月三十日止六個月

4. Taxation (Continued)

The subsidiary in Malaysia carries on offshore trading activities in Labuan, Malaysia, in a currency other than the Malaysian currency with other group companies which are non-residents of Malaysia. The tax rate for offshore trading companies in Labuan is charged at a fixed annual rate of Malaysian RM20,000.

Under Decree-Law No. 58/99/M, a Macau company incorporated under that Law (called "58/99/M Company") is exempted from Macau complementary tax (Macau income tax) as long as the 58/99/M Company does not sell its products to a Macau resident company.

In the opinion of the directors, the Group is not subject to taxation in any other jurisdictions in which the Group operates.

The deferred taxation credit represents deferred tax asset resulted from tax losses of a subsidiary in the United States of America recognized during the period.

4. 稅項 (續)

馬來西亞的附屬公司於馬來西亞拉布安，以馬來西亞幣以外的貨幣，與集團內其他非馬來西亞公司進行離岸貿易業務。拉布安的離岸貿易公司須每年繳納20,000馬幣的定額稅。

根據第58/99/M號法令，凡根據該法令註冊成立的澳門司（稱為「58/99/M公司」）均可免繳澳門補充稅（澳門所得稅），前提是58/99/M公司不得向澳門本土公司銷售產品。

董事認為，本集團在本身經營所在地的任何其他司法權區毋須繳交稅項。

遞延稅項指由於美國的附屬公司於期內確認的稅項虧損所產生之遞延稅項資產。

5. Profit for the Period

5. 期內盈利

		Six months ended 30 September 截至九月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit for the period has been arrived at after charging:	期內盈利經扣除下列各項：		
Directors' emoluments	董事酬金	2,785	1,914
Other staff costs	其他員工成本	118,687	96,806
Retirement benefits scheme contributions	退休福利計劃供款	1,913	1,174
Total staff costs	員工成本總額	123,385	99,894
Amortisation of prepaid lease payments	預付租賃款項攤銷	1,027	978
Depreciation of property, plant and equipment	物業、廠房及設備折舊	58,275	46,930
Loss arising from change in fair value of derivative financial instrument	因衍生財務工具公平值變動所產生的虧損	1,363	-
Loss on disposal of property, plant and equipment	出售物業、廠房及設備所產生的虧損	224	-
Operating lease rentals in respect of land and buildings	土地及樓宇的經營租賃租金	2,897	6,345
and after crediting:	並已計入：		
Gain arising from change in fair value of derivative financial instrument	因衍生財務工具公平值變動所產生的得益	11,928	-
Interest income	利息收入	1,477	411
Net foreign exchange gain	淨匯兌得益	15,275	33,092

6. Dividends

A final dividend for the year ended 31 March 2006 of HK24 cents (for the year ended 31 March 2005: HK18 cents) per share was paid to shareholders during the current period, and was reflected in the condensed consolidated statement of changes in equity.

The Directors have determined that an interim dividend of HK16 cents per share (2005: nil) should be paid to the shareholders of the Company whose names appear in the Register of Members on 11 December 2006.

6. 股息

年內，二零零六年三月三十一日止年度之每股24港仙（二零零五年三月三十一日止年度：18港仙）的末期股息已支付給股東，並於簡明綜合權益變動表內反映。

董事決定派發每股16港仙之中期股息給予在二零零六年十二月十一日名列於股東名冊內之本公司股東。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

簡明財務報表附註

For the six months ended 30 September 2006 截至二零零六年九月三十日止六個月

7. Earnings Per Share

The calculation of basic and diluted earnings per share is based on the following data:

7. 每股盈利

每股基本及攤薄盈利乃以下列數據為基準計算：

		Six months ended 30 September 截至九月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Earnings for the purpose of basic earnings per share	用以計算每股基本盈利的盈利	410,700	309,350
Interest on Convertible Bonds	可換股債券利息	31,249	–
Earnings for the purpose of diluted earnings per share	用以計算每股攤薄盈利的盈利	441,949	309,350
		Number of shares 股份數目	Number of shares 股份數目
Weighted average number of share for the purpose of basic earnings per share	用以計算每股基本盈利的加權平均股數	971,502,230	963,384,000
Potential dilutive effect arising from – share options – convertible bonds	所產生的潛在攤薄影響 – 購股權 – 可換股債券	1,623,236 83,056,478	3,668,607 –
Weighted average number of share for the purpose of diluted earnings per share	用以計算每股攤薄盈利的加權平均股數	1,056,181,944	967,052,607

8. Additions to Property, Plant and Equipment

During the period, the Group spent HK\$635 million (six months ended 30 September 2005: HK\$275 million) on property, plant and equipment to expand its operations.

8. 添置物業、廠房及設備

期內，本集團在添置物業、廠房及設備上耗資635百萬港元（截至二零零五年九月三十日止六個月：275百萬港元），以拓展業務。

9. Inventories

		30 September 2006 二零零六年 九月三十日 HK\$'000 千港元	31 March 2006 二零零六年 三月三十一日 HK\$'000 千港元
At cost:	成本:		
Raw materials	原料	738,948	663,605
Finished goods	製成品	82,912	110,654
		821,860	774,259

9. 存貨

10. Trade and Bills Receivable

The credit terms granted by the Group to its customers normally range from 45 to 60 days.

An aging analysis of the trade and bills receivable is as follows:

10. 應收賬款及票款

本集團給予客戶的信貸期一般由45日至60日不等。

應收賬款及票款的賬齡分析如下：

		30 September 2006 二零零六年 九月三十日 HK\$'000 千港元	31 March 2006 二零零六年 三月三十一日 HK\$'000 千港元
Aged:	賬齡:		
Less than 30 days	少於30日	411,136	467,520
31 – 60 days	31日 – 60日	299,320	187,184
61 – 90 days	61日 – 90日	98,820	104,210
Over 90 days	90日以上	105,770	48,203
		915,046	807,117

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

簡明財務報表附註

For the six months ended 30 September 2006 截至二零零六年九月三十日止六個月

11. Trade and Bills Payable

An aging analysis of the trade and bills payable is as follows:

		30 September 2006 二零零六年 九月三十日 HK\$'000 千港元	31 March 2006 二零零六年 三月三十一日 HK\$'000 千港元
Aged:	賬齡:		
Less than 30 days	少於30日	202,178	155,877
31 – 60 days	31日–60日	39,495	7,991
61 – 90 days	61日–90日	7,433	5,074
Over 90 days	90日以上	16,450	747
		265,556	169,689

11. 應付賬款及票款

應付賬款及票款的賬齡分析如下:

12. Share Capital

12. 股本

		Number of ordinary shares 普通股數目	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元的普通股		
Authorised:	法定:		
At 31 March 2006 and 30 September 2006	二零零六年三月三十一日及 二零零六年九月三十日	2,000,000,000	200,000

		Number of ordinary shares 普通股數目	Amount 金額 HK\$'000 千港元
Issued and fully paid:	已發行及繳足:		
At 1 April 2005	二零零五年四月一日	963,384,000	96,338
Exercise of share options	行使配股權	4,224,000	423
At 31 March 2006	二零零六年三月三十一日	967,608,000	96,761
Exercise of share options	行使配股權	5,516,000	551
At 30 September 2006	二零零六年九月三十日	973,124,000	97,312

13. Capital Commitments

		30 September 2006 二零零六年 九月三十日 HK\$'000 千港元	31 March 2006 二零零六年 三月三十一日 HK\$'000 千港元
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment and land use right	就收購物業、廠房及設備及土地使用權已訂約但未於財務報表撥備的資本開支	2,085,592	1,512,699

13. 資本承擔

14. Operating Lease Commitments

The Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings, which fall due as follows:

		30 September 2006 二零零六年 九月三十日 HK\$'000 千港元	31 March 2006 二零零六年 三月三十一日 HK\$'000 千港元
Within one year	一年內	2,723	310
In the second to fifth year inclusive	第二年至第五年內(包括首尾兩年)	2,458	-
		5,181	310

14. 經營租約承擔

本集團根據不可撤銷的土地及樓宇經營租約於日後應付的最低租金如下:

15. Pledge of Assets

At the balance sheet date, banking facilities granted by certain banks to the Group were secured by the assets of the Group as follows:

		30 September 2006 二零零六年 九月三十日 HK\$'000 千港元	31 March 2006 二零零六年 三月三十一日 HK\$'000 千港元
Bills receivable	應收票款	13,687	49,313

15. 資產抵押

於結算日，本集團獲若干銀行授出的銀行備用額乃由本集團的下列資產作抵押:

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

簡明財務報表附註

For the six months ended 30 September 2006 截至二零零六年九月三十日止六個月

16. Related Party Transactions

The Group had the following significant transactions with the related parties during the period as follows:

		Six months ended 30 September 截至九月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Lee & Man Industrial Manufacturing Limited (note (i)) 理文實業有限公司(註i)	Finished goods sold 已售製成品	42,276	51,591
	Waste paper purchased 已購廢紙	1,962	4,137
	Steam sold 已售蒸汽	780	780
Lee & Man Paper Products Limited (note (i)) 理文紙品有限公司(註i)	Licence fee paid 已付許可權費	450	434
Lee & Man Management Company Limited (note (ii)) 理文管理有限公司(註ii)	Management fee paid 已付管理費	-	28

Notes:

- (i) Lee & Man Industrial Manufacturing Limited and Lee & Man Paper Products Limited are beneficially owned by Mr Lee Wan Keung Patrick, a director of the Company.
- (ii) Lee & Man Management Company Limited is a subsidiary of Lee and Man Holding Limited ("Lee & Man Holding"). Lee & Man Holding is beneficially owned by Fortune Star Tradings Ltd which is an associate (as defined in the Listing Rules) of Trustcorp Limited, a substantial shareholder of the Company.

The directors have confirmed that the above transactions were conducted in the normal course of the Group's business.

17. Review of Interim Accounts

The condensed interim financial statements are unaudited, but have been reviewed by the Audit Committee.

16. 有關連人士交易

期內，本集團與有關連人士進行下列的重大交易：

		Six months ended 30 September 截至九月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Lee & Man Industrial Manufacturing Limited (note (i)) 理文實業有限公司(註i)	Finished goods sold 已售製成品	42,276	51,591
	Waste paper purchased 已購廢紙	1,962	4,137
	Steam sold 已售蒸汽	780	780
Lee & Man Paper Products Limited (note (i)) 理文紙品有限公司(註i)	Licence fee paid 已付許可權費	450	434
Lee & Man Management Company Limited (note (ii)) 理文管理有限公司(註ii)	Management fee paid 已付管理費	-	28

附註：

- (i) 理文實業有限公司及理文紙品有限公司之實益擁有人為由本公司董事李運強先生。
- (ii) 理文管理有限公司是理文集團有限公司(「理文集團」)的附屬公司。理文集團由Fortune Star Tradings Ltd 實益擁有，而Fortune Star Tradings Ltd是本公司的主要股東Trustcorp Limited 的聯繫人士(定義見上市規則)。

董事已確認上述交易是本集團的正常業務。

17. 審閱中期賬目

簡明中期財務報表均未經審核，惟經審核委員會審閱。

Interim Dividend

The Board has resolved to declare an interim dividend of HK16 cents (2005: nil) per share for the six months ended 30 September 2006 to shareholders whose names appear on the Register of Members on 11 December 2006. It is expected that the interim dividend will be paid around 20 December 2006.

Closure of Register of Members

The Register of Members will be closed from 7 December 2006 to 11 December 2006, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers accomplished by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Investor Services Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4.00 pm on 6 December 2006.

中期股息

董事會議決宣派截至二零零六年九月三十日止六個月之中期股息每股16港仙(二零零五年:無)予二零零六年十二月十一日名列於股東名冊內之股東。預期中期股息將於二零零六年十二月二十日派付予股東。

暫停辦理股份過戶登記

本公司將於二零零六年十二月七日至二零零六年十二月十一日(首尾兩天包括在內)暫停辦理股份過戶登記手續。為符合獲派中期股息之資格,所有過戶文件連同有關股票最遲須於二零零六年十二月六日下午四時前送達本公司之股份過戶登記處卓佳證券登記有限公司,地址為香港皇后大道東28號金鐘匯中心26樓,以辦理登記手續。

BUSINESS REVIEW AND OUTLOOK

業務回顧及展望

For the first half of fiscal year of 2006/2007, the Group achieved a turnover of HK\$2,423 million and has recorded a net profit of HK\$411 million. This represents an increase in turnover of 30% and an increase in net profit of 33% over same period last year. All of our pulp and paper production lines are now currently running at maximum capacity.

During the period, we saw a strong demand for containerboards worldwide. Our superior technological know-how and our experienced management team allow us to produce excellent quality products at low cost. Thus, we believe we can be extremely competitive in both the domestic market and export market.

For the second half, we will be starting our eighth production line (PM8) at our Changshu plant. Within the next ten months, we will be starting our ninth, tenth and eleventh production lines (PM9, PM10, and PM11). With this expansion, the Group's annual paper capacity will exceed 3,100,000MT, making the Group one of the largest containerboard producers in the world.

Going forward, we will continue to expand our containerboard capacities. We will also invest into pulp making to further integrate our business and to strengthen our position as a leading player in our industry.

2006/2007財政年度上半年，本集團共錄得營業額24.23億港元及純利4.11億港元，較去年同期增長30%及33%。集團現有的紙漿及造紙生產線皆以全速運行生產。

期內，箱板原紙需求強烈。本集團憑著優良的技術及富有經驗的管理團隊，以低成本生產出優質的產品，無論在本地市場及出口市場都非常具備競爭力。

下半年，集團設於常熟廠房的第八號造紙生產線（PM8）將會投產。於未來十個月內，集團的第九號、第十號及第十一號生產線（PM9、PM10及PM11）亦會相繼投產。產能擴大後，集團的造紙年產量將超過310萬噸，令集團繼續成為世界最大箱板原紙生產商之一。

展望將來，集團除繼續增加箱板原紙產能外，並將會繼續在製造紙漿方面投資，進一步結合集團的業務及鞏固集團在業界內的領導地位。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Results of Operation

Turnover and net profit attributable to shareholders for the six months ended 30 September 2006 was HK\$2,423 million and HK\$411 million respectively, representing an increase of 30% and 33%, as compared to HK\$1,869 million and HK\$309 million, for the corresponding period last year. The earnings per share for the period was HK42.27 cents as compared to HK32.11 cents for the corresponding period last year.

The increase in turnover and net profit were mainly attributable to the significant increase in the Group's sales of containerboard due to the full period commercial operation of the paper machine VII in 2006.

Distribution Costs and Administrative Expenses

The Group's distribution costs and administrative expenses increased by approximately 160% and 41% from HK\$29.2 million and HK\$60.9 million for the six months ended 30 September 2005 to HK\$75.7 million and HK\$85.8 million for the six months ended 30 September 2006 respectively as a result of the expansion in the operation of the Group and the increase in the Group's turnover during this period. The distribution costs and administrative expenses represented about 3.1% and 3.5% of the turnover, respectively, for the six months ended 30 September 2006, and were comparable to the year ended 31 March 2006.

Interest Expenses

The Group's interest expenses increased by approximately 185% from HK\$19.3 million for the six months ended 30 September 2005 to HK\$55.0 million for the six months ended 30 September 2006. The increase was mainly due to the increase in average amount of outstanding bank loans during the period.

Inventories, Debtors' and Creditors' Turnover

The inventory turnover of the Group's raw materials and finished products decreased from 100 days and 11 days, respectively, for the year ended 31 March 2006 to 85 days and 6 days, respectively, for the six months ended 30 September 2006. This exhibits continued strong demand from our customers.

The Group's debtors' turnover days were 52 days for the six months ended 30 September 2006 as compared to 65 days for the year ended 31 March 2006. This is in line with the credit terms of 45 days to 60 days granted by the Group to its customers.

The Group's creditors' turnover days were 30 days for the six months ended 30 September 2006 as compared to 26 days for the year ended 31 March 2006 and is in line with the credit terms granted by the Group's suppliers to the Group.

經營業績

截至二零零六年九月三十日止六個月的營業額及股東應佔純利分別為24.23億港元及4.11億港元，較去年的18.69億港元及3.09億港元，分別增加30%及33%。本年度的每股盈利為42.27港仙，去年則為32.11港仙。

營業額及純利同告上升，主要歸因於本集團自二零零六年開始投產的第七號造紙機，帶動本集團箱板原紙銷量激增所致。

分銷成本及行政費用

本集團的分銷成本及行政費用分別由截至二零零五年九月三十日止六個月的29.2百萬港元及60.9百萬港元上升至截至二零零六年九月三十日止六個月的75.7百萬港元及85.8百萬港元，升幅約160%及41%，乃由於本集團於此期間擴充業務以及本集團的營業額上升所致。截至二零零六年九月三十日止六個月的分銷成本及行政費用分別佔營業額約3.1%及3.5%，與二零零六年三月三十一日止年度相約。

利息開支

本集團的利息開支由截至二零零五年九月三十日止六個月的19.3百萬港元增至截至二零零六年九月三十日止六個月的55.0百萬港元，增幅約為185%。利息開支上升主要由於期內未償還平均銀行貸款增加所致。

存貨、應收賬款及應付賬款周轉期

本集團的原料及製成品的存貨周轉期，截至二零零五年九月三十日止六個月的100天及11天，分別下跌至截至二零零六年九月三十日止六個月的85天及6天。由此可見，本集團客戶需求的增長勢頭持續強勁。

本集團截至二零零六年九月三十日止六個月的應收賬款周轉期為52天，相比截至二零零六年三月三十一日止年度則為65天。上述應收賬款周轉期與本集團授予客戶介乎45天至60天不等的信貸期相符。

本集團的應付賬款周轉期截至二零零六年九月三十日止六個月為30天，相比截至二零零六年三月三十一日止年度則為26天。上述應付賬款周轉期與供應商給予本集團的信貸期相符。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Liquidity, Financial Resources and Capital Structure

The total shareholders' fund of the Group as at 30 September 2006 was HK\$3,778 million (31 March 2006: HK\$3,577 million). As at 30 September 2006, the Group had current assets of HK\$2,223 million (31 March 2006: HK\$1,846 million) and current liabilities of HK\$1,005 million (31 March 2006: HK\$1,148 million). The current ratio was 2.21 as at 30 September 2006 as compared to 1.61 at 31 March 2006.

The Group generally finances its operations with internally generated cashflow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 30 September 2006, the Group had outstanding bank borrowings of HK\$1,530 million (31 March 2006: HK\$883 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. In addition, the Group issued HK\$1,000 million zero coupon convertible bonds due in 2011 in January 2006. The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) increased from 0.47 as at 31 March 2006 to 0.60 as at 30 September 2006 as a result of the capital expenditure spent on paper machine VIII, IX, X and XI during the period.

The Group's liquidity position remains strong and the Group possesses sufficient cash and available banking facilities to meet its commitments, working capital requirements and future investments for expansion.

The Group's transactions and the monetary assets are principally denominated in Renminbi, Hong Kong dollars or United States dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 September 2006.

During the six months ended 30 September 2006, the Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure. In this regards, the Group considered its currency risk is significantly reduced.

流動資金、財務資源及資本結構

於二零零六年九月三十日，本集團的股東資金總額為37.78億港元（二零零六年三月三十一日：35.77億港元）。於二零零六年九月三十日，本集團的流動資產達22.23億港元（二零零六年三月三十一日：18.46億港元），而流動負債則為10.05億港元（二零零六年三月三十一日：11.48億港元）。二零零六年九月三十日的流動比率為2.21，二零零六年三月三十一日則為1.61。

本集團一般以內部產生的現金流量，以及中港兩地主要往來銀行提供的信貸備用額作為業務的營運資金。於二零零六年九月三十日，本集團的未償還銀行貸款為15.30億港元（二零零六年三月三十一日：8.83億港元）。該筆銀行借貸由本公司若干附屬公司提供的公司擔保作為抵押。另外，本集團於二零零六年一月已發行於二零一一年到期之10億港元零息可換股債券。因八號、九號、十號及十一號造紙機令資本開支於期內增加，本集團的淨資本負債比率（借貸總額減現金及現金等價物除以股東權益）由二零零六年三月三十一日的0.47上升至二零零六年九月三十日的0.60。

本集團的流動資金狀況保持穩健，且具備充裕的現金及可供動用的銀行備用額以應付集團的承擔、營運資金需要，並作為日後投資以擴充業務所需。

本集團的交易及貨幣資產主要以人民幣、港元或美元計值。截至二零零六年九月三十日止六個月，本集團的營運或流動資金未曾因匯率波動而面臨任何重大困難或影響。

截至二零零六年九月三十日止六個月，本集團採用貨幣結構工具，外幣借貸或其他途徑作外幣對沖方法。就此而言，本集團認為貨幣風險已大幅降低。

Employees

As at 30 September 2006, the Group had a workforce of more than 3,900 employees. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Company.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

The Group has a Share Option Scheme whereby employees of the Group are granted options to acquire shares in the Company.

僱員

於二零零六年九月三十日，本集團擁有逾3,900名員工。僱員薪酬維持於具競爭力水平，並會每年審閱，且密切留意有關勞工市場及經濟市況趨勢。本集團亦為僱員提供內部培訓，並按員工表現及本公司盈利發放花紅。

本集團並無出現任何重大僱員問題，亦未曾因勞資糾紛令營運中斷，在招聘及挽留經驗豐富的員工時亦不曾出現困難。本集團與僱員的關係良好。

本集團設有購股權計劃，本集團僱員可據此授購股權，以認購本公司股份。

OTHER INFORMATION 其他資料

Share Options

Particulars of the Company's share option schemes, namely Share Option Scheme and Pre-IPO Share Option Scheme, are set out below:

- (a) The following table discloses movements in the Company's Pre-IPO Share Option Scheme during the six months ended 30 September 2006.

購股權

本公司購股權計劃(即購股權計劃及首次公開售股前購股權計劃)的詳情載如下:

- (a) 下表披露本公司的首次公開售股前購股權計劃於截至二零零六年九月三十日止六個月的變動情況。

Name 名稱	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Exercisable period 行使期	Number of shares of the Company to be issued upon exercise of the share options 於購股權獲行使時將予 發行的本公司股份數目			
				Outstanding at 1.4.2006 二零零六年 四月一日 尚未行使	Exercised during the period 期內行使	Outstanding at 30.9.2006 二零零六年 九月三十日 尚未行使	
Category I: Directors 第一類: 董事							
Tan Siak Him Alexander	陳錫鑫	11.9.2003	4.17	26.3.2004 to 25.9.2006	1,566,000	(1,566,000)	-
Wong Kai Tung Tony	王啟東	11.9.2003	4.17	26.3.2004 to 25.9.2006	500,000	(500,000)	-
Heng Kwoo Seng	邢詒春	11.9.2003	4.17	26.3.2004 to 25.9.2006	800,000	(800,000)	-
Total	總數				2,866,000	(2,866,000)	-
Category II: Other employees 第二類: 僱員							
Employees	僱員	11.9.2003	4.17	26.3.2004 to 25.9.2006	2,650,000	(2,650,000)	-
Total	總數				5,516,000	(5,516,000)	-

Share Options (Continued)

The closing prices of the Company's shares immediately before the date which the options were exercised were as follows:

購股權 (續)

本公司股份於購股權行使日的前一天之收市價如下:

Number of share options exercised 於購股權獲行使時股份數目	Closing price before the date of exercise 行使日期前收市價
	HK\$ 港元
4,450,000	11.90
1,066,000	12.92

(b) The following table discloses movements in the Company's Share Option Scheme during the period:

(b) 下列表格披露本公司於期內購股權計劃下之變動:

Name 名稱	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Exercisable period 行使期	Number of shares of the Company to be issued upon exercise of the share options and outstanding at 1.4.2006 and 30.9.2006 於購股權獲行使時將予發行的本公司 股份數目及於二零零六年四月一日 及二零零六年九月三十日 尚未行使數目
Category I: Directors 第一類:董事				
Li King Wai Ross 李經緯	23.12.2005	8.50	23.12.2005 to 22.12.2008	600,000
Category II: Other employees 第二類:僱員				
Employees 僱員	23.12.2005	8.50	23.12.2005 to 22.12.2008	1,200,000
Total 總數				<u>1,800,000</u>

OTHER INFORMATION

其他資料

Directors' and Chief Executives' Interests and Short Positions in Equity or Debt Securities

As at 30 September 2006, the relevant interests or short positions of the directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the relevant provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") relating to securities transactions by directors to be notified to the Company and the Stock Exchange were as follows:

Long positions

(a) Ordinary shares of HK\$0.10 each of the Company

董事及主要行政人員於股本或債務證券中擁有的權益及淡倉

於二零零六年九月三十日，本公司各董事或主要行政人員在本公司或其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第十五部）的股份、相關股份及債券中，擁有並須根據證券及期貨條例第十五部第7及第8分部規定知會本公司及香港聯交所有限公司（「聯交所」）的有關權益或淡倉（包括其根據證券及期貨條例的有關條文被視作或當作擁有的權益或淡倉）或根據證券及期貨條例第352條須記錄於該條所指的登記冊內的權益或淡倉或根據聯交所證券上市規則（「上市規則」）有關董事進行證券交易的有關條文須知會本公司及聯交所的權益或淡倉如下：

好倉

(a) 本公司每股面值0.10港元的普通股

Name of director 董事姓名	Capacity 身份	Number of ordinary shares 普通股數目	Number of ordinary shares subject to options granted under the Share Option Scheme 購股權計劃授出的 購股權所涉及的 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Lee Wan Keung Patrick 李運強	Held by controlled corporation (Note) 由受控制法團持有（附註）	718,718,000	—	73.86%
Lee Man Chun Raymond 李文俊	Held by controlled corporation (Note) 由受控制法團持有（附註）	718,718,000	—	73.86%
Lee Man Bun 李文斌	Held by controlled corporation (Note) 由受控制法團持有（附註）	718,718,000	—	73.86%
Li King Wai Ross 李經緯	Beneficial owner 實益擁有人	—	600,000	0.06%
Tan Siak Him Alexander 陳錫鑫	Beneficial owner 實益擁有人	400,000	—	0.04%
Poon Chung Kwong 潘宗光	Beneficial owner 實益擁有人	50,000	—	0.01%
Wong Kai Tung Tony 王啟東	Beneficial owner 實益擁有人	400,000	—	0.04%
Heng Kwo Seng 邢詒春	Beneficial owner 實益擁有人	1,578,000	—	0.16%

Directors' and Chief Executives' Interests and Short Positions in Equity or Debt Securities (Continued)

Long positions (Continued)

(a) Ordinary shares of HK\$0.10 each of the Company (Continued)

Note: These shares were held by Gold Best Holdings Ltd. ("Gold Best"), whose entire issued share capital is held by Trustcorp Limited ("Trustcorp") as trustee for The Fortune Star 1992 Trust, a discretionary trust the discretionary objects of which include Mr Lee Wan Keung Patrick, Mr Lee Man Chun Raymond and Mr Lee Man Bun (all of them are directors of the Company), certain of their family members and other charitable objects.

(b) Ordinary shares of the associated corporations of the Company

董事及主要行政人員於股本或債務證券中擁有的權益及淡倉 (續)

好倉 (續)

(a) 本公司每股面值0.10港元的普通股 (續)

附註: 該等股份由Gold Best Holdings Ltd. (「Gold Best」) 持有。Gold Best的全部已發行股本由Trustcorp Limited (「Trustcorp」) 以The Fortune Star 1992 Trust的信託人身份持有。The Fortune Star 1992 Trust是一項全權信託, 其全權受益人包括李運強先生、李文俊先生及李文斌先生 (全部均為本公司董事)、彼等的若干家族成員及其他慈善團體。

(b) 本公司相聯法團的普通股

Name of director 董事姓名	Capacity 身份	Number of associated corporation 相聯法團名稱	Number of ordinary shares 普通股數目	Percentage of the issued share capital of the associated corporation 佔相聯法團已發行股本百分比
Lee Wan Keung Patrick 李運強	Held by controlled corporation (Note) 由受控制法團持有 (附註)	Gold Best	5	100%
Lee Man Chun Raymond 李文俊	Held by controlled corporation (Note) 由受控制法團持有 (附註)	Gold Best	5	100%
Lee Man Bun 李文斌	Held by controlled corporation (Note) 由受控制法團持有 (附註)	Gold Best	5	100%

Note: As Gold Best owns more than 50% interest of the Company, Gold Best is an associated corporation of the Company under the SFO. The entire issued share capital of Gold Best is owned by Trustcorp as trustee for The Fortune Star 1992 Trust, a discretionary trust the discretionary objects of which include Mr Lee Wan Keung Patrick, Mr Lee Man Chun Raymond and Mr Lee Man Bun (all of them are directors of the Company), certain of their family members and other charitable objects.

附註: 由於Gold Best擁有本公司50%以上權益, 根據證券及期貨條例, Gold Best為本公司的相聯法團。Gold Best的全部已發行股本由Trustcorp以The Fortune Star 1992 Trust的信託人身份持有。The Fortune Star 1992 Trust是一項全權信託, 其全權受益人包括李運強先生、李文俊先生及李文斌先生 (全部均為本公司董事)、彼等的若干家族成員及其他慈善團體。

Save as disclosed above and other than certain nominee shares in subsidiaries held by certain directors in trust for the Company, none of the directors or the chief executives or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 September 2006.

除上文所披露者外及除了若干董事作為提名人以信託形式代本公司持有若干附屬公司的若干股份外, 於二零零六年九月三十日, 各董事、主要行政人員及彼等的聯繫人士概無在本公司或其任何相聯法團的股份、相關股份或債券中, 擁有任何權益或淡倉。

OTHER INFORMATION

其他資料

Substantial Shareholders

As at 30 September 2006, the following persons (other than directors or chief executives of the Company) had interests or short positions in the ordinary shares of the Company which 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:

Long positions

Ordinary shares of HK\$0.10 each of the Company

主要股東

於二零零六年九月三十日，下列人士（本公司董事或主要行政人員除外）在本公司的普通股中擁有根據證券及期貨條例第十五部第2及第3分部的規定須向本公司披露的權益或淡倉，或根據證券及期貨條例第336條的規定已記錄於本公司按該條存置的登記冊內的權益或淡倉：

好倉

本公司每股面值0.10港元的普通股

Name of shareholder 股東姓名	Capacity 身份	Number of ordinary shares 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Gold Best	Beneficial owner 實益擁有人	718,718,000	73.86%
Trustcorp	Held by controlled corporation 由受控制法團持有	718,718,000	73.86%
Lee Wong Wai Kuen 李黃惠娟	Held by spouse (Note) 由配偶持有（附註）	718,718,000	73.86%

Note: Under the SFO, Lee Wong Wai Kuen is deemed to be interested in these 718,718,000 ordinary shares as she is the spouse of Lee Wan Keung Patrick, a director of the Company.

附註：根據證券及期貨條例，由於李黃惠娟是李運強（本公司董事）的配偶，故被視為擁有該 718,718,000股普通股的權益。

Save as disclosed above, as at 30 September 2006, the Company had not been notified by any persons (other than directors or chief executives of the Company) who 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 the 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.

除上文所披露者外，於二零零六年九月三十日，概無任何人士（本公司董事或主要行政人員除外）知會本公司，彼等在本公司的股份或相關股份中擁有根據證券及期貨條例第十五部第2及第3分部的規定須向本公司披露的權益或淡倉，或根據證券及期貨條例第336條的規定已記錄於本公司按該條存置的登記冊內的權益或淡倉。

Purchase, Sale or Redemption of the Company's Listed Securities

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct regarding directors' securities transactions. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2006. The Model Code also applies to other specified senior management of the Group.

Code on Corporate Governance Practices

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2006.

Audit Committee

The Audit Committee of the Company comprised of three independent non-executive directors namely, Mr Heng Kwoo Seng, Mr Wong Kai Tung Tony and Ms Law Kar Shui Elizabeth.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 September 2006.

買賣或贖回本公司上市證券

期內，本公司或其任何附屬公司概無買賣或贖回本公司任何上市證券。

證券交易之標準守則

本公司已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則（「標準守則」）作為董事進行證券交易之行為準則。本公司經向所有董事作出具體查詢後，全體董事皆確認於截至二零零六年九月三十日止之六個月內均遵守標準守則所載之規定準則。標準守則亦適用於本集團之特定高級管理層。

企業管治常規守則

董事認為，本公司已於截至二零零六年九月三十日止六個月內一直遵守上市規則附錄14所載之企業管治常規守則（「守則」）。

審核委員會

本公司之審核委員會由三位獨立非執行董事邢詒春先生、王啟東先生及羅嘉穗女士組成。

審核委員會已與管理層檢討本集團所採納的會計原則及慣例，並已討論內部監控程序及財務申報等事宜，其中包括審閱本集團截至二零零六年九月三十日止六個月的未經審核中期財務報表。

OTHER INFORMATION

其他資料

Remuneration Committee

To comply with the Code, a remuneration committee was established on 28 September 2005 with specific written terms of reference which deal clearly with its authority and duties. The members of the remuneration committee comprises Mr Heng Kwo Seng, Mr Wong Kai Tung Tony and Ms Law Kar Shui Elizabeth. All members of the remuneration committee are independent non-executive directors.

On behalf of the Board

Lee Wan Keung Patrick

Chairman

Hong Kong, 21 November 2006

薪酬委員會

為符合守則，本公司於二零零五年九月二十八日成立薪酬委員會，清楚說明委員會的權限及職責。薪酬委員會成員包括邢詒春先生、王啟東先生及羅嘉穗小姐。薪酬委員會之成員均為獨立非執行董事。

代表董事會

李運強

主席

香港，二零零六年十一月二十一日

Lee & Man Paper Manufacturing Limited

5th Floor, Liven House, 61-63 King Yip Street
Kwun Tong, Kowloon, Hong Kong
Tel: 2319 9889 Fax: 2319 9393

理文造紙有限公司

香港九龍觀塘敬業街61-63號利維大廈5字樓
電話: 2319 9889 傳真: 2319 9393