理 文 造 紙 有 限 公 司*

Lee & Man Paper Manufacturing Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2314)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

– Revenue for the six months period of HK$8,102 million (six months ended 30 September 2012 of HK$7,224 million).

– Net profit for the six months period of HK$971million (six months ended 30 September 2012 of HK$674 million).

– Earnings per share for the six months period of HK20.67 cents (six months ended 30 September 2012 of HK14.38 cents).

– Declared interim dividend of HK7.3 cents per share.

* *For identification purposes only*

INTERIM RESULTS

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 June 2013 together with the comparative figures for the six months ended 30 September 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	**Six months ended 30 June 2013 (unaudited)** ***HK$'000***	Six months ended 30 September 2012 (unaudited) *HK$'000*
Revenue	*3*	**8,102,470**	7,223,721
Cost of sales		**(6,670,596)**	(6,114,904)
Gross profit		**1,431,874**	1,108,817
Other income		**192,150**	148,559
Net loss from fair value changes of derivative financial instruments		**(7,552)**	(894)
Distribution and selling expenses		**(150,203)**	(124,389)
General and administrative expenses		**(280,451)**	(305,048)
Finance costs	*4*	**(66,422)**	(50,252)
Profit before tax		**1,119,396**	776,793
Income tax expense	*5*	**(148,264)**	(102,541)
Profit for the period	*6*	**971,132**	674,252
Other comprehensive income (expense) that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**417,733**	(114,896)
Total comprehensive income for the period		**1,388,865**	559,356
Dividends:	*7*		
– Dividends paid		**469,863**	243,860
– Interim dividend declared		**342,814**	234,481
		HK cents	*HK cents*
Earnings per share	*8*		
– Basic		**20.67**	14.38
– Diluted		**20.67**	14.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2013

	Notes	**30 June 2013 (unaudited) *HK$'000***	31 December 2012 (audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**19,879,644**	18,790,213
Prepaid lease payments		**564,227**	547,912
Deposits paid for acquisition of property, plant and equipment and land use rights		**16,877**	44,761
Interest in a joint venture		**264**	264
Loan to a joint venture		**80,380**	64,390
Tax recoverable		**59,300**	52,670
Retirement benefit assets		**1,066**	1,066
		20,601,758	19,501,276
CURRENT ASSETS			
Inventories	*10*	**3,191,569**	2,879,733
Prepaid lease payments		**10,908**	12,376
Trade and other receivables	*11*	**5,093,463**	4,534,700
Amounts due from related companies		**19,293**	18,501
Derivative financial instruments		**2,425**	5,084
Bank balances and cash		**735,642**	657,106
		9,053,300	8,107,500
CURRENT LIABILITIES			
Derivative financial instruments		**5,454**	561
Trade and other payables	*12*	**2,850,658**	3,309,327
Amount due to related companies		**–**	143
Amount due to a substantial shareholder		**4,422**	6,378
Tax payable		**62,065**	79,987
Bank borrowings		**4,514,433**	3,864,506
		7,437,032	7,260,902
NET CURRENT ASSETS		**1,616,268**	846,598
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,218,026**	20,347,874

	Notes	30 June 2013 (unaudited) HK$'000	31 December 2012 (audited) HK$'000
NON-CURRENT LIABILITIES			
Bank borrowings		**6,062,304**	5,209,001
Deferred tax liabilities		**587,353**	540,683
		6,649,657	5,749,684
		15,568,369	14,598,190
CAPITAL AND RESERVES			
Share capital		**117,402**	117,241
Reserves		**15,450,967**	14,480,949
		15,568,369	14,598,190

Notes:

1. BASIS OF PREPARATION

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

During the last financial period, the financial year end date of the Company and the Group was changed from 31 March to 31 December to align with the financial year end dates of the Company's subsidiaries that were established in the People's Republic of China (the "PRC") which are required under the relevant PRC laws to close their accounts annually on 31 December. Accordingly, the condensed consolidated financial statements for the current period covers the six-month period from 1 January 2013 to 30 June 2013 (the "Current Period"). The corresponding comparative amounts shown for the condensed consolidated statement of profit or loss and other comprehensive income and related notes cover a six-month period from 1 April 2012 to 30 September 2012 and therefore may not be comparable with the amounts shown for the Current Period.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments that are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's financial statements for the nine months ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investment in Southern Hill Company Limited, which was classified as a jointly controlled entity under HKAS 31 and was accounted for using the equity method, should be classified as a joint venture under HKFRS 11 and no effect on the amounts reported in the condensed consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

Six months ended 30 June 2013

	Packaging Paper *HK$'000*	**Pulp** *HK$'000*	**Segment total** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
REVENUE					
External sales	**7,808,774**	**293,696**	**8,102,470**	**–**	**8,102,470**
Inter-segment sales	**–**	**37,662**	**37,662**	**(37,662)**	**–**
	7,808,774	**331,358**	**8,140,132**	**(37,662)**	**8,102,470**
SEGMENT PROFIT	**1,119,047**	**9,806**	**1,128,853**	**–**	**1,128,853**
Net loss from fair value changes of derivative financial instruments					**(7,552)**
Unallocated income					**71,957**
Unallocated expenses					**(7,440)**
Finance costs					**(66,422)**
Profit before tax					**1,119,396**

Six months ended 30 September 2012

	Packaging Paper *HK$'000*	Pulp *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	7,027,237	196,484	7,223,721	–	7,223,721
Inter-segment sales	–	39,852	39,852	(39,852)	–
	7,027,237	236,336	7,263,573	(39,852)	7,223,721
SEGMENT PROFIT	821,780	5,855	827,635	–	827,635
Net loss from fair value changes of derivative financial instruments					(894)
Unallocated income					10,065
Unallocated expenses					(9,761)
Finance costs					(50,252)
Profit before tax					776,793

4. FINANCE COSTS

	Six months ended 30 June 2013 *HK$'000*	Six months ended 30 September 2012 *HK$'000*
Interest and loan arrangement fee on bank borrowings wholly repayable within five years	**138,123**	120,076
Less: amounts capitalised to property, plant and equipment	**(71,701)**	(69,824)
	66,422	50,252

5. INCOME TAX EXPENSE

	Six months ended 30 June 2013 *HK$'000*	Six months ended 30 September 2012 *HK$'000*
Income tax recognised in profit or loss:		
Current tax		
– PRC Enterprise Income Tax	**101,594**	55,613
Deferred tax		
– Charge to profit or loss	**46,670**	46,928
	148,264	102,541

The Group's profit is subject to taxation from the place of its operations where its profit is generated and is calculated at the rate prevailing in the relevant jurisdictions.

PRC

Certain subsidiaries in the PRC are entitled to exemption from PRC Enterprise Income Tax ("EIT") for two years since their respective first profit-making year, followed by a 50% reduction in the applicable EIT rate for the three years thereafter ("Tax Holidays").

Under the EIT Law of the PRC and its Implementation Regulations, the statutory tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Those subsidiaries, however, are entitled to a reduced EIT rate due to entitlement of Tax Holiday and/or other preferential EIT treatment for the calendar years of 2012 and 2013.

Hong Kong

During the year ended 31 March 2010, the Hong Kong Inland Revenue Department ("IRD") commenced a field audit on the Hong Kong tax affairs of certain subsidiaries of the Company. Since then the IRD has issued protective profits tax assessments against these subsidiaries in the aggregate amount of HK$283,325,000 for the years of assessment 2003/2004, 2004/2005, 2005/2006 and 2006/2007 (i.e. the four financial years ended 31 March 2007).

The subsidiaries lodged objections with the IRD and the IRD agreed to holdover the tax claimed on the basis that the tax reserve certificates at certain amounts were purchased by the subsidiaries. As at 30 June 2013, the tax reserve certificates of HK$59,300,000 (31 December 2012: HK$52,670,000) have been purchased by these subsidiaries.

The directors believe that no provision for Hong Kong Profits Tax in respect of the above mentioned protective assessments is necessary. In addition, as far as the directors are aware, the inquiries from the IRD are still at a fact-finding stage and the IRD has not yet expressed any formal opinion on the potential tax liability, if any, because the tax investigation has not completed.

Macau

The Macau subsidiaries incorporated under Decree-Law no.58/99/M are exempted from Macau complementary tax (Macau income tax) as long as they comply with the relevant regulations and do not sell their products to a Macau resident.

Vietnam

The Vietnam subsidiaries are subjected to Vietnam Corporate Income Tax at a maximum rate of 25%. No provision for Vietnam Corporate Income Tax has been made for both periods as the Vietnam subsidiaries incurred losses for both periods.

Other

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June 2013 *HK$'000*	Six months ended 30 September 2012 *HK$'000*
Profit for the period has been arrived at after charging:		
Directors' emoluments	**3,200**	3,060
Staff salaries and other benefits, excluding those of directors	**303,734**	285,354
Contributions to retirement benefit schemes, excluding those of directors	**25,964**	25,881
Total employee benefit expense	**332,898**	314,295
Cost of inventories recognised as expense	**6,670,596**	6,114,904
Amortisation of prepaid lease payments	**5,381**	5,230
Depreciation of property, plant and equipment	**312,689**	308,832
Total depreciation and amortisation	**318,070**	314,062
Loss on disposal of property, plant and equipment	**4,570**	2,161
Operating lease rentals in respect of land and buildings	**4,557**	3,690
Net foreign exchange loss	**–**	3,429
and after crediting (in other income):		
Income from supply of steam and electricity	**43,212**	40,548
Income from wharf cargo handling	**26,245**	22,292
Interest income from banks	**2,581**	10,065
Net foreign exchange gains	**69,376**	–
Value added tax and other tax refund	**21,708**	20,530

7. DIVIDENDS

An interim dividend of HK$0.050 per share and a final dividend of HK$0.050 per share were paid in respect of the nine months ended 31 December 2012 (six months ended 30 September 2012: final dividend of HK$0.052 per share was paid for the year ended 31 March 2012) to shareholders during the current period.

The directors determined that an interim dividend of HK$0.073 per share (six months ended 30 September 2012: HK$0.050 per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on 21 August 2013.

8. EARNINGS PER SHARE

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

	Six months ended 30 June 2013 ***HK$'000***	Six months ended 30 September 2012 *HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**971,132**	674,252

	Six months ended 30 June 2013 ***Number of shares***	Six months ended 30 September 2012 *Number of shares*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,697,266,325**	4,689,622,980
Effect of dilutive potential ordinary shares:		
Share options	**–**	28,993,698
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,697,266,325**	4,718,616,678

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, there were additions of HK$1,046 million (six months ended 30 September 2012: HK$1,197 million) to property, plant and equipment to expand its operations.

10. INVENTORIES

	30 June 2013 ***HK$'000***	31 December 2012 *HK$'000*
Raw materials	**2,363,445**	2,250,345
Finished goods	**828,124**	629,388
	3,191,569	2,879,733

11 TRADE AND OTHER RECEIVABLES

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
Trade receivables	**2,451,150**	2,119,318
Bills receivables	**1,475,085**	1,202,941
	3,926,235	3,322,259
Prepayments and deposits for purchase of raw materials	**397,919**	546,381
Other deposits and prepayments	**259,886**	95,321
VAT receivables	**246,057**	429,716
Other receivables	**263,366**	141,023
	5,093,463	4,534,700

The Group allows its customers an average credit period of 45 to 90 days. The following is an aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
Aged:		
Less than 30 days	**2,817,112**	2,454,134
31–60 days	**838,916**	671,911
61–90 days	**193,067**	120,081
91-120 days	**47,799**	29,277
Over 120 days	**29,341**	46,856
	3,926,235	3,322,259

12. TRADE AND OTHER PAYABLES

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
Trade and bills payables	**2,032,505**	2,034,083
Construction fee payable	**397,371**	605,048
Dividend payable	**–**	234,481
Accruals	**193,336**	167,950
Receipt in advance	**101,318**	156,797
Other payables	**126,128**	110,968
	2,850,658	3,309,327

The average credit period taken for trade purchases ranges from 30 to 120 days. The following is an aged analysis of the trade and bills payables presented based on the invoice date at the end of the reporting period.

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
Aged:		
Less than 30 days	**852,660**	887,187
31–60 days	**591,734**	371,138
61–90 days	**328,256**	385,549
91–120 days	**231,362**	363,093
Over 120 days	**28,493**	27,116
	2,032,505	2,034,083

13. REVIEW OF INTERIM ACCOUNTS

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

BUSINESS REVIEW AND OUTLOOK

For the six months period ended 30 June 2013, the Group's total sales volume achieved 2.33 million tons, the total revenue was HK$8.1 billion, the half year profit was HK$971 million and the net profit per ton was HK$417, the Group maintained the overall profit growth.

The production line of PM18 paper machine at Jiangxi industrial park with annual capacity of 320,000 tons has begun operation in June 2013. The linerboard production lines of PM20 at Chongqing industrial park and PM19 at Vietnam are under construction. Due to capacity expansion, the Group's net gearing ratio increased from last year end's 58% to 63%, the Group's management will closely monitor the debt situation.

Given the fierce competition due to the overcapacity of the paper industry, the Group expects to face a greater pricing challenge in the second half of the year. On the other hand, in view of the huge China market and the closure of obsolete production capacity due to a failure in environmental protection issues, there exist optimistic business opportunities and prospects. With the united efforts of the management of the Group, reasonable investment costs per ton of paper and acceptable level of borrowings have been achieved, and the Group is competitive enough to face market challenges.

Therefore, with a reasonable debt level, the Group will also continue to expand and develop in suitable regions, in particular to invest paper mills overseas, so as to avoid excessive concentration in China. The directors would like to strive for greater profit for the Company and generate better return for all shareholders in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operation

Revenue and net profit attributable to owners of the Company for the six months ended 30 June 2013 was HK$8,102 million and HK$971 million respectively and that for the six months ended 30 September 2012 was HK$7,224 million and HK$674 million respectively. The earnings per share for the period was HK20.67 cents and that for the six months period ended 30 September last year was HK14.38 cents.

The increase in Group's containerboard sales volume was mainly due to full commercial operation of PM17 during the period.

Distribution and Selling Expenses

The Group's distribution and selling expenses was HK$150 million for the six months ended 30 June 2013 as compared to HK$124 million for the six months ended 30 September 2012. It represented about 1.9% of the revenue for the six months ended 30 June 2013, and was slightly increased as compared to that of 1.7% for the six months ended 30 September 2012.

General and Administrative Expenses

The Group's general and administrative expenses was HK$280 million for the six months ended 30 June 2013 as compared to HK$305 million for the six months ended 30 September 2012. It represented about 3.5% of the revenue for the six months ended 30 June 2013, and was decreased as compared to that of 4.2% for the six months ended 30 September 2012.

Finance Costs

The Group's total borrowing costs (including the amounts capitalized) increased by approximately 15.0% from HK$120 million for the six months ended 30 September 2012 to HK$138 million for the six months ended 30 June 2013. The increase was mainly due to the increase in average amount of outstanding bank borrowings and loan arrangement fee paid during the period.

Inventories, Debtors' and Creditors' Turnover

The inventory turnover of the Group's raw materials and finished products were 70 days and 16 days, respectively, for the six months ended 30 June 2013 as compared to 73 days and 18 days, respectively, for the nine months ended 31 December 2012.

The Group's debtors' turnover days were 55 days for the six months ended 30 June 2013 as compared to 51 days for the nine months ended 31 December 2012. This is in line with the credit terms of 45 days to 90 days granted by the Group to its customers.

The Group's creditors' turnover days were 60 days for the six months ended 30 June 2013 as compared to 69 days for the nine months ended 31 December 2012 and is in line with the credit terms granted by the Group's suppliers.

Liquidity, Financial Resources and Capital Structure

The total shareholders' fund of the Group as at 30 June 2013 was HK$15,568 million (31 December 2012: HK$14,598 million). As at 30 June 2013, the Group had current assets of HK$9,053 million (31 December 2012: HK$8,108 million) and current liabilities of HK$7,437 million (31 December 2012: HK$7,261 million). The current ratio was 1.22 as at 30 June 2013 as compared to 1.12 at 31 December 2012.

The Group generally finances its operations with internally generated cashflow and credit facilities provided by its principal bankers in Hong Kong, Macau and the PRC. As at 30 June 2013, the Group had outstanding bank borrowings of HK$10,577 million (31 December 2012: HK$9,074 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. As at 30 June 2013, the Group maintained bank balances and cash of HK$736 million (31 December 2012: HK$657million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) increased from 0.58 as at 31 December 2012 to 0.63 as at 30 June 2013. The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

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 June 2013.

During the six months ended 30 June 2013, the Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure.

EMPLOYEES

As at 30 June 2013, the Group had a workforce of more than 8,100 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 Group.

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.

INTERIM DIVIDEND

The board has resolved to declare an interim dividend of HK$0.073 per share for the six months ended 30 June 2013 (six months ended 30 September 2012: HK$0.050 per share) to shareholders whose names appear on the Register of Members on 21 August 2013. It is expected that the interim dividend will be paid around 29 August 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 19 August 2013 to 21 August 2013, 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, Wanchai, Hong Kong for registration no later than 4:30 pm on 16 August 2013.

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

During the six months ended 30 June 2013, the Company repurchased a total of 60,206,648 shares of HK$0.025 per share through The Stock Exchange of Hong Kong Limited at an aggregate consideration of approximately HK$308,104,000 (excluding transaction costs). Out of 60,206,648 shares repurchased, 56,289,648 shares were cancelled during the period while the remaining 3,917,000 shares will be cancelled subsequently. Details of shares repurchased during the period are set out as follows:

Month/year	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration paid**
		HK$	*HK$*	*HK$'000*
January 2013	29,441,980	5.18	4.74	144,910
February 2013	1,861,000	5.39	5.18	9,912
March 2013	607,000	5.80	5.52	3,475
April 2013	13,256,668	5.99	5.59	77,362
May 2013	6,188,000	5.65	5.06	32,648
June 2013	8,852,000	4.89	3.93	39,797
Total	60,206,648			308,104

The directors believe that repurchases of shares are in the best interests of the Company and its shareholders and that such repurchases of shares would lead to an enhancement of the earnings per share of the Company.

Save as disclosed above, neither the company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of 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 standard as set out in the Model Code throughout the six months ended 30 June 2013. 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 on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013.

AUDIT COMMITTEE

The Audit Committee of the Company comprised of one non-executive director namely Mr Yoshio Haga and three independent non-executive directors namely, Mr Wong Kai Tung Tony, Mr Peter A Davies and Mr Chau Shing Yim David.

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 June 2013.

On behalf of the Board
Lee Man Chun Raymond
Chairman

Hong Kong, 5 August 2013

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely Mr Lee Man Chun Raymond, Mr Lee Man Bun, Mr Kunihiko Kashima and Mr Li King Wai Ross, two non-executive directors, namely Professor Poon Chung Kwong and Mr Yoshio Haga, and three independent non-executive directors, namely Mr Wong Kai Tung Tony, Mr Peter A Davies and Mr Chau Shing Yim David.