



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 年報
ANNUAL REPORT



* 僅供識別

* For identification purposes only

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CORPORATE INFORMATION

公司資料

Board of Directors

Executive director

Mr Lee Wan Keung Patrick (*Chairman*)
Mr Lee Man Chun Raymond *BBS JP (Chief Executive Officer)*
Mr Lee Man Bun
Mr Li King Wai Ross
Mr Tan Siak Him Alexander

Non-executive director

Professor Poon Chung Kwong *GBS JP*

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

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Principal Office

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

Principal Bankers

In Hong Kong:

Hang Seng Bank
Standard Chartered Bank
Citibank, N.A.
HSBC

In the PRC:

China Construction Bank
Agricultural Bank of China
Bank of China

董事會

執行董事

李運強先生 (主席)
李文俊先生 *BBS 太平紳士 (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 *GBS 太平紳士*

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

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

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

香港:

恒生銀行
渣打銀行
花旗銀行
滙豐銀行

中國:

中國建設銀行
中國農業銀行
中國銀行

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.
Buterfield 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>

CHAIRMAN'S STATEMENT

主席報告

Business Review

For the fiscal year of 2006/2007, a growth in containerboard sales was observed with 1.67 million tons of containerboard and 102,000 tons of pulp sold (another 100,000 tons of pulp was self-used); and the total sales volume was 1.77 million tons. The Group achieved a turnover of HK\$5,161 million and has recorded a net profit of HK\$1,010 million. This represents an increase in turnover of 36.6% and an increase in net profit of 68.3% over last year. During the year, all of our paper production lines and our pulp mill ran at maximum capacity.

During the year, we saw strong demand for containerboards driven by higher export and domestic demands of manufactured goods. Further, our superior technology and our experienced management team allow us to produce excellent quality products at a lower cost. These two facts result in significantly higher turnover and higher margins.

Outlook

The Group is fully confident of the market. The Group will install seven world-class paper production lines and two bleached hardwood kraft pulp (BHKP) production lines. In fact, PM8 and PM9, with a total annual capacity of 860,000 tons have already started production in the first half of 2007. PM10, PM11, with a total annual capacity of 600,000 tons, will commence production before September 2007. The remaining three paper production lines and two pulp production lines are also scheduled to start production within 2008. With this expansion, the Group's annual pulp and paper capacity will reach 4,700,000 tons (500,000 tons of pulp and 4,200,000 tons of containerboard), making the Group one of the largest pulp and paper producers in the world. Just as important, we are extending our geographic coverage with two of our paper production lines (PM13 and PM15) and two pulp mills (BHKP1 and BHKP2) are scheduled to start at our new production sites in Chongqing and Vietnam in 2008 and will make contribution to the Group's profit.

Our challenges are beyond pure financial gains. With increasing social awareness in environmental protection, we are investing in the world's most advanced technology to reduce water and energy consumption and to reduce the quantity of effluents produced. With these investments, we hope to lead the industry to a greener and healthier future, while becoming one of the largest and most important pulp and paper producers in the world.

On behalf of the Board

Lee Wan Keung Patrick

Chairman

Hong Kong, 16 July 2007

業務回顧

於2006/2007財政年度，本集團原紙銷售量上升，售出167萬噸箱板原紙及10.2萬噸（另10萬噸自用）木漿，共銷售177.2萬噸，錄得營業額51.61億港元及純利10.10億港元，營業額及純利較去年增長36.6%及68.3%。年內，集團所有的造紙及紙漿生產線皆以全速運行。

年內，由於製成品出口及內銷的增加帶動箱板原紙的需求強勁，而且，集團先進的生產技術及富經驗的管理層令集團可以以更低的成本生產優質的產品，為集團之營業額及邊際利潤的增長加分不少。

集團展望

集團對於未來發展充滿信心。集團將新增七條世界級造紙生產線及兩條漂白牛皮漿生產線。其中，八號、九號紙機年產86萬噸已於二零零七上半年投產。年產60萬噸的第十號、第十一號紙機將於今年九月投產，另外三條造紙生產線及兩條漿生產線也會於二零零八年內陸續投產。產能擴充後，集團的漿紙總年產能將達至470萬噸（漿50萬噸及箱板原紙420萬噸），令集團成為世界最大漿紙生產商之一。重要的是集團生產廠房版圖伸展，第十三號、第十五號造紙機及兩條漂白牛皮漿生產線（BHKP1及BHKP2）將於二零零八年在重慶及越南之兩個新廠房投產，將為集團來年的利潤作貢獻。

集團的挑戰並不僅限於業務上的增長得益。隨著社會對環境保護的深入關注，集團亦投資世界級的先進技術以減少能源消耗，並致力降低污染物的產生。集團希望在繼續保持行業領導地位的同時，可以帶動業界步入更綠色、更健康的未來。

承董事命

李運強

主席

香港，二零零七年七月十六日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Results of Operation

Turnover and net profit attributable to equity holder of the parent for the year ended 31 March 2007 was HK\$5,161 million and HK\$1,010 million, representing an increase of 36.6% and 68.3%, as compared to HK\$3,778 million and HK\$600 million, respectively, for last year. The basic earnings per share for the year was HK100.71 cents when compared with HK62.24 cents for last year.

The increase in turnover and net profit were mainly attributable to the significant increase in the Group's sales of containerboard mainly due to the result of the commercial operation of the paper machine VII and VIII during the year.

Selling and Distribution Costs and Administrative Expenses

The Group's selling and distribution costs and administrative expenses increased by approximately 24.1% and 55.7% from HK\$119 million and HK\$150 million for the year ended 31 March 2006 to HK\$147 million and HK\$234 million for the year ended 31 March 2007 respectively as a result of the expansion in the operation of the Group and the increase in the Group's turnover during the year.

Finance Costs

The Group's finance costs was HK\$82.5 million for the year ended 31 March 2007 as compared to HK\$72.9 million for the year ended 31 March 2006. The increase was mainly due to the increase in average amount of outstanding bank loans during the year.

Inventories, Debtors' and Creditors' turnover

The inventory turnover of the Group's raw materials and finished products were 120 days and 13 days, respectively, for the year ended 31 March 2007 as compared to 100 days and 11 days, respectively, for the year ended 31 March 2006. This exhibits continued strong demand from our customers.

The Group's debtors' turnover days were 58 days for the year ended 31 March 2007 as compared to 65 days for the year ended 31 March 2006. This is in line with the credit terms of around 45 days to 60 days granted by the Group to its customers.

The Group's creditors' turnover days were 49 days for the year ended 31 March 2007 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

截至二零零七年三月三十一日止年度的營業額及股東應佔純利分別為51.61億港元及10.10億港元，較去年的37.78億港元及6.00億港元，分別增加36.6%及68.3%。本年度的每股盈利為100.71港仙，去年則為62.24港仙。

營業額及純利同告上升，主要歸因於本集團的第七號及第八號造紙機於本年度投產，帶動本集團箱板原紙銷量激增所致。

銷售及分銷成本及行政費用

本集團的銷售及分銷成本及行政費用分別由截至二零零六年三月三十一日止年度的1.19億港元及1.50億港元，上升至截至二零零七年三月三十一日止年度的1.47億港元及2.34億港元，增加約24.1%及55.7%。銷售及分銷成本及行政費用有所增加，原因是本集團於年內擴充業務，以及本集團的營業額增加所致。

財務成本

截至二零零七年三月三十一日止年度，本集團的財務成本為82.5百萬港元，而於截至二零零六年三月三十一日止年度則為72.9百萬港元。財務成本上升主要由於年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

本集團於截至二零零七年三月三十一日止年度的原料及製成品存貨周轉期分別為120日及13日，而於截至二零零六年三月三十一日止年度則分別為100日及11日。由此可見，本集團客戶需求的增長勢頭依然強勁。

本集團於截至二零零七年三月三十一日止年度的應收賬款周轉期為58日，而於截至二零零六年三月三十一日止年度則為65日。上述應收賬款周轉期與本集團給予客戶介乎45日至60日的信貸期相符。

本集團於截至二零零七年三月三十一日止年度的應付賬款周轉期為49日，而於截至二零零六年三月三十一日止年度則為26日。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 31 March 2007 was HK\$6,571 million (31 March 2006: HK\$3,577 million). As at 31 March 2007, the Group had current assets of HK\$3,040 million (31 March 2006: HK\$1,846 million) and current liabilities of HK\$1,748 million (31 March 2006: HK\$1,148 million). The current ratio was 1.74 as at 31 March 2007 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 31 March 2007, the Group had outstanding bank borrowings of HK\$2,080 million (31 March 2006: HK\$883 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) decreased from 0.47 as at 31 March 2006 to 0.32 as at 31 March 2007 where HK\$741 million of the convertible bonds due in 2011 were converted into shares and thus, total long term borrowing decreased accordingly.

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 year ended 31 March 2007. During the year ended 31 March 2007, the Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure. In this regards, the Group considers its currency risk is significantly reduced.

Use of Proceeds from the Issue of the New Shares

The net proceeds from the issue of the new shares which completed in January 2007, of approximately HK\$1,460 million, will be used to finance the Group's acquisition of paper machine VII to XII and related production equipments and services which are expected to be incurred over the next year. The proceeds from the issue of the new shares not immediately applied towards the purchase of paper machines have been employed as general working capital.

流動資金、財務資源及資本結構

於二零零七年三月三十一日，本集團的股東資金總額為65.71億港元（二零零六年三月三十一日：35.77億港元）。於二零零七年三月三十一日，本集團的流動資產達30.40億港元（二零零六年三月三十一日：18.46億港元），而流動負債則為17.48億港元（二零零六年三月三十一日：11.48億港元）。二零零七年三月三十一日的流動比率為1.74，二零零六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。於二零零七年三月三十一日，本集團的未償還銀行貸款為20.80億港元（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。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減少至二零零七年三月三十一日的0.32，其中741百萬港元於二零一一年到期之可換股債券已被兌換成股份，所以總長期借貸因此減少。

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。截至二零零七年三月三十一日止年度，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。截至二零零七年三月三十一日止年度，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。

發行新股所得款項用途

於二零零七年一月完成發行新股所得款項淨額約為14.60億港元，用作購買本集團第七號至第十二號造紙機及有關生產設備。這些開支預計將於未來一年產生。未用於購買此等造紙機的發行新股所得款項淨額，則已撥作一般營運資金。



Employees

As at 31 March 2007, the Group had a workforce of more than 5,900 people. Salaries of employees are maintained at 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.

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

僱員

於二零零七年三月三十一日，本集團擁有逾5,900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，並按員工表現及本集團盈利發放花紅。

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。

CORPORATE GOVERNANCE REPORT

企業管治報告

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The board of directors (the “Board”) of the Company believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders’ interests. During the year under review, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited.

The objectives of the management structures within the Group, headed by the Board and led by the Chairman, are to deliver sustainable value to Shareholders.

The Chairman provides leadership to and oversees the effective functioning of the Board. With support of the Chief Executive Officer and the Company Secretary, the Chairman approves Board meeting agenda, and ensures Directors have proper briefing, and timely receive adequate and reliable information, on all Board matters.

The role of the Chairman is separate from that of the Chief Executive Officer, and different persons hold the separate offices. Chief Executive Officer heads the management and focuses on the day-to-day operations of the Group.

Directors’ 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 in 2004. 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 year ended 31 March 2007. The Model Code also applies to other specified senior management of the Group.

企業管治常規

本公司致力保持高水準之企業管治。本公司董事會（「董事會」）相信，對本集團成長及對保障及提高股東權益，完善及合理的企業管治常規實在不可或缺。本公司於回顧年內一直遵守香港聯合交易所有限公司證券上市規則「（上市規則）」附錄14所載之企業管治常規守則（「守則」）。

本集團管理架構以主席領導的董事會為首，其目標是持續不斷為股東創造價值。

主席負責領導董事會並監督董事會，使其得以有效發揮功能。在行政總裁及公司秘書的支持下，主席批准董事會議程，並確保妥善向董事作出簡報，且及時就一切有關董事會的事宜向董事發放充足可靠的資料。

主席與行政總裁的職務明確劃分，職務由不同人士分別擔任。行政總裁負責領導管理層，專門負責本集團的日常營運。

董事之證券交易

本公司已於二零零四年採納上市規則附錄10所載之上市發行人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守則。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二零零七年三月三十一日止年度均遵守標準守則所載之規定標準。標準守則亦適用於本集團之特定高級管理層。

Board of Directors

Composition and Role

The Board comprises:

Executive Directors:

Mr Lee Wan Keung Patrick (*Chairman*)

Mr Lee Man Chun Raymond *BBS JP*

Mr Lee Man Bun

Mr Li King Wai Ross

Mr Tan Siak Him Alexander

Non-executive Director:

Professor Poon Chung Kwong *GBS JP*

Independent Non-executive Director:

Mr Heng Kwoong Seng

Mr Wong Kai Tung Tony

Ms Law Kar Shui Elizabeth

The Board comprises of five executive directors (one of whom is the Chairman), one non-executive director and three independent non-executive directors. The three independent non-executive directors represent one-third of the Board. In addition, three of the independent non-executive directors possess appropriate legal, professional accounting qualifications and financial management expertise.

The principal focus of the Board is on the overall strategic development of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations.

The independent non-executive directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive director an annual confirmation or confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive directors are explicitly identified in all of the Company's corporate communications.

董事會

架構及角色

董事會包括:

執行董事:

李運強先生 (主席)

李文俊先生 *BBS 太平紳士*

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 *GBS 太平紳士*

獨立非執行董事:

邢詒春先生

王啟東先生

羅嘉穗小姐

董事會包括5位執行董事(其中1位為主席)、1位非執行董事及3位獨立非執行董事。3位獨立非執行董事佔董事會成員三分之一。此外,3位獨立非執行董事分別具適當之法律、專業會計師資格及財務管理經驗。

董事會主要著眼於本集團之整體策略及發展。董事會亦監察本集團經營業務之財務表現及內部監控。

獨立非執行董事亦在確保及監察有效企業管治之架構中擔當非常重要的角色。董事會相信每一位獨立非執行董事均有其獨立性及判斷力,彼等均合乎上市規則規定之特定獨立準則。本公司已接獲各獨立非執行董事根據上市規則第3.13條規定所作出之年度獨立性確認函。而獨立非執行董事均可在本公司所有企業通訊內明確識別。

CORPORATE GOVERNANCE REPORT

企業管治報告

Board of Directors (Continued)

Composition and Role (Continued)

The Chairman is primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all directors. Notice of at least 14 days have been given to all directors for all regular board meetings and the directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all directors within reasonable time before the meeting. Draft minutes of all board meetings are circulated to directors for comment within a reasonable time prior to confirmation.

Minutes of board meetings and meetings of board committees are kept by duly appointed secretaries of the respective meetings and all directors have access to board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

During the year, full board meetings were held and the individual attendance of each director is set out below:

董事會 (續)

架構及角色 (續)

主席經徵詢全體董事，首要負責草擬及審批每次董事會會議之議程。開會通知最少於常務會議14天前發送予各董事，如需要，董事可要求在議程內加插討論事項。召開常務會議時，一套完整議程連同開會文件會在開會前之合理時間內發送予各董事。草擬的會議紀錄亦會於合理時間內送交各董事省閱，方予確認。

董事會及董事委員會之會議紀錄由相關會議所委任之秘書保存，所有董事均有權查閱董事會文件及相關資料及適時地獲提供足夠資料，使董事會可於決策事項前作出有根據的判斷。

年內，已召開全體董事會，各董事出席情況詳列如下：

Name of director	董事姓名	Number of board meetings attended 出席董事會會議次數
Mr Lee Wan Keung Patrick	李運強先生	4/7
Mr Lee Man Chun Raymond <i>BBS JP</i>	李文俊先生 <i>BBS 太平紳士</i>	6/7
Mr Lee Man Bun	李文斌先生	5/7
Mr Li King Wai Ross	李經緯先生	4/7
Mr Tan Siak Him Alexander	陳錫鑫先生	2/7
Prof Poon Chung Kwong <i>GBS JP</i>	潘宗光教授 <i>GBS 太平紳士</i>	3/7
Mr Heng Kwo Seng	邢詒春先生	4/7
Mr Wong Kai Tung Tony	王啟東先生	4/7
Ms Law Kar Shui Elizabeth	羅嘉穗小姐	2/7

Audit Committee

The Audit Committee was established in 2003 and its current members include:

Mr Heng Kwoo Seng (*Chairman*)
Mr Wong Kai Tung Tony
Ms Law Kar Shui Elizabeth

The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in legal, business and accounting on the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference which describe the authority and duties of the Audit Committee were adopted in 2003 to conform to the provisions of the Code, a copy of which is posted on the Company's website.

The Audit Committee meets regularly to review the Group's financial reporting and other information to shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the accounts for the year ended 31 March 2007.

During the year, three Audit Committee meetings were held and the individual attendance of each member is set out below:

Name of member	成員姓名	Number of attendance 出席次數
Mr Heng Kwoo Seng	邢詒春先生	3/3
Mr Wong Kai Tung Tony	王啟東先生	3/3
Ms Law Kar Shui Elizabeth	羅嘉穗小姐	2/3

審核委員會

審核委員會於二零零三年成立，其現時成員包括：

邢詒春先生（主席）
王啟東先生
羅嘉穗小姐

董事會認為各審核委員會成員均具備廣泛營商經驗，審核委員會當中兼備合適之法律、商業及會計專業。審核委員會之架構及成員符合上市規則第3.21條之規定。為符合守則條文，描述審核委員會權限及職責之職權範圍已於二零零三年被採納，職權範圍全文已刊載於本公司網頁內。

審核委員會定期開會以檢討本集團之財務匯報及給予股東之其他資料、內部監控系統、風險管理及審核過程之有效性及效能。審核委員會並為董事會及公司核數師之間之重要橋樑，在其職權範圍內持續檢討核數師之獨立性及效能。

審核委員會已與管理層檢討本集團所採納之會計原則及慣例，並已就內部監控及財務匯報等事項進行討論，其中包括審閱截止二零零七年三月三十一日止年度的會計賬目。

年內，共召開3次審核委員會會議，個別成員的出席情況詳列如下：

Remuneration Committee

The Remuneration Committee was established in 2005 and the current members include:

Mr Heng Kwo Seng (*Chairman*)

Mr Wong Kai Tung Tony

Ms Law Kar Shui Elizabeth

All members of the Remuneration Committee are independent non-executive directors. The Remuneration Committee advises the Board on the Group's overall policy and structure for the remuneration of directors and senior management. The Remuneration Committee ensures that no director or any of his associate is involved in deciding his own remuneration. The terms of reference of the Remuneration Committee were adopted in 2005 to conform to the provisions of the Code, a copy of which is posted on the Company's website.

In determining the emolument payable to directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and the desirability of performance-based remuneration.

The Remuneration Committee meets regularly to determine the policy for the remuneration of directors and assess performance of executive directors and certain senior management. One Remuneration Committee meeting was held during the year and all members have attended in the meeting.

Auditors' remuneration

For the year ended 31 March 2007, the auditors of the Company only provided audit services to the Company.

Internal Controls

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to executive management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

薪酬委員會

薪酬委員會於二零零五年成立，現時成員包括：

邢詒春先生（主席）

王啟東先生

羅嘉穗小姐

所有薪酬委員會成員均為獨立非執行董事。薪酬委員會為本集團董事及高級管理層之薪酬之整體政策及架構向董事會作出建議。薪酬委員會確保概無董事或其任何聯繫人參與釐定其本身之薪酬。為符合守則條文，薪酬委員會的職權範圍已於二零零五年被採納，並已刊載於本公司網頁內。

在釐定應付予董事之酬金時，薪酬委員會乃考慮各項因素，包括同業薪金水平，董事所奉獻之時間及其職責，集團內部的僱傭情況及與表現掛鉤之酬金。

薪酬委員會定期開會以釐定董事之酬金政策及評估執行董事及若干高級管理層之表現。年內召開會議一次，所有成員均有出席會議。

核數師薪酬

截止二零零七年三月三十一日止年度，本公司的核數師只向本公司提供核數服務。

內部監控

董事會全面負責本集團之內部監控系統及檢討其是否有效。董事會致力實行有效及完善之內部監控系統以保障股東利益及本集團資產。董事會已指派執行管理層在設定之範疇內實行內部監控系統及檢討所有相關財政、營運、遵守法則監控及風險管理功能。

Directors' responsibility Statement

The directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 March 2007, the directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

Investor Relations and Communication

The Board is committed to providing clear and full information about the Group's performance to shareholders through the publication of interim results and annual results in a timely manner. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the website of the Company.

The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 days' notice. The Chairman and Directors and external auditors are available to answer questions on the Company's businesses at the meeting.

Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, procedures for demanding a poll are included in the circular to shareholders dispatched together with the annual report.

董事的職責

董事須負責編製各財政期間能真實與公正地反映本集團之財政狀況及該期間之業績及現金流量之賬目。在編製截止二零零七年三月三十一日止年度之賬目時，董事已貫徹採用合適之會計政策，採納合適的香港財務報告準則及香港會計準則，作出審慎及合理的調整及評估，及在持續進行有關業務之基準而編製。董事並須負責保存適當之會計紀錄，以能合理準確地披露本集團任何時候之財務狀況。

與投資者交流及溝通

董事會致力透過刊發中期業績及年度業績，適時地將本集團之表現清晰及全面地提供予股東。除發送通函、通告及財務報告予股東，股東亦可透過本公司網頁獲取額外資訊。

股東週年大會提供一個良好的平台讓股東向董事會發表及交流意見。本公司發出不少於21天之通告以鼓勵股東出席股東週年大會。主席、董事及外聘核數師均會列席會議以便回答本公司業務上之提問。

各重大獨立事項（包括個別董事之選任）均會於股東週年大會上單獨提呈決議案。此外，載有投票表決程序之通函與年報會一併寄發予股東。

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層簡介

Executive Director

Mr Lee Wan Keung Patrick, aged 64, Chairman of the Company and founder of the Group, is in charge of senior staff management and recruitment, corporate strategy, building construction and public relations for the Group in the PRC. He has over 44 years of experience in manufacturing and international trade. Mr Lee is the standing member of the Political Consultative Committee of Guangdong Province and an honorary principal of the Qionghai Jiaji Secondary School and Hainan Guoxing Secondary School. He has also been awarded honorary citizenship of Dongguan.

Mr Lee Man Chun Raymond, *BBS JP*, aged 36, Chief Executive Officer as well as founder of the Company, is primarily in charge of corporate planning, investment projects and acquisition of heavy production machines. Mr Lee has over ten years of operational experience in paper manufacturing and is experienced in professional formula of paper making and product development. He holds a bachelor's degree in applied science from the University of British Columbia in Canada. Mr Lee is also involved in a number of public engagements including being a standing member of the Political Consultative Committee of Hainan, the Vice-chairman of Rehabilitation Advisory Committee, the member of Yan Chai Hospital Advisory Board, the Honorary President of the Kowloon region of the Scout Association of Hong Kong and the President of the Hong Kong Road Safety Association. Mr Lee has also been awarded honorary citizenship of Dongguan and reputational citizenship of Changshu. In November 2002, Mr Lee was awarded the "Young Industrialist Award of HongKong 2002" by the Federation of the Hong Kong Industries. In addition, in November 2003, Mr Lee was also awarded the "2003 Hong Kong Ten Outstanding Young Persons Selection Awardee" by Hong Kong Junior Chamber. In 2005, Mr Lee received the "Bronze Bauhinia Star" (BBS) from the Government of the Hong Kong Special Administrative Region and in 2007, he was appointed non-official Justice of Peace (JP). Mr Lee is the eldest son of Mr Lee Wan Keung Patrick.

Mr Lee Man Bun, aged 27, Executive Director and Assistant General Manager of the Company, is responsible for production management, research & development, repair and maintenance of production machines and factory staff management. Mr Lee holds a bachelor's degree of Applied Science in Chemical Engineering from the University of British Columbia in Canada. He is also the director of Yan Chai Hospital Board of Directors. He joined the Group in July 2003. Mr Lee is the youngest son of Mr Lee Wan Keung Patrick.

執行董事

李運強先生，64歲，本公司主席及本集團創辦人，負責高級職員管理及任聘、參與制定本集團之策略及基建工程，維繫與中國有關政府機構關係。李先生擁有逾四十四年製造業及國際貿易經驗。彼為廣東省政協之常務委員及海南省嘉積中學榮譽校長、海南省國興中學名譽校長，並獲頒授東莞市榮譽市民。

李文俊先生 *BBS 太平紳士*，36歲，本集團行政總裁，亦為本公司創辦人，負責本集團整體策劃、投資項目及重型機器購置。李先生在造紙業擁有逾十年營運經驗，對造紙業的專業程式及產品開發擁有豐富經驗。李先生持有加拿大英屬哥倫比亞大學應用科學學士學位。彼亦擔任海南省政協之常務委員、康復諮詢委員會副主席、仁濟醫院顧問局委員、香港童軍九龍地域名譽會長、香港交通安全委員會會長等公職，並獲頒授東莞市及常熟市榮譽市民。彼於二零零二年十一月獲香港工業總會頒發「二零零二香港青年工業家獎」，並於二零零三年度十一月獲香港青年商會頒發「二零零三年香港十大傑出青年」獎。於二零零五年李先生獲香港特別行政區政府頒發銅紫荊星章及於二零零七年獲委任為非官守太平紳士(JP)。李文俊先生為本集團主席李運強先生之長子。

李文斌先生，27歲，本集團董事副總經理，負責生產管理、品質研究、機械維修和工廠員工管理，彼持有加拿大英屬哥倫比亞大學應用科學化學工程學士學位。李先生亦擔任仁濟醫院董事局總理。彼於二零零三年七月加入本集團。李文斌先生為本集團主席李運強先生之幼子。

Executive Director (Continued)

Mr Li King Wai Ross, aged 32, Executive Director and Assistant General Manager of the Company, is responsible for the daily factory management of Hongmei factory, purchasing of recovered paper as well as maintaining relationship of various government departments in Dongguan. Mr Li holds a Masters Degree in Science (Electrical Engineering) from Stanford University in U.S.A. and a bachelor's degree of Applied Science (Computer Engineering) from University of British Columbia in Canada. Mr Li has over 7 years of experience in production management and in technological research & development. Prior to joining the group, Mr Li was involved in the management of computer graphics design at Sun Microsystems, Silicon Valley, U.S.A. He joined the Group in December 2002.

Non-Executive Directors

Professor Poon Chung Kwong, GBS JP, aged 67, the non-executive director of the Group, is currently the President of the Hong Kong Polytechnic University and has over 35 years working experience in educational sector. He was honoured as one of the "Ten Outstanding Young Persons in Hong Kong" in 1979; was appointed Non-official Justice of the Peace (JP) in 1989; received the OBE in 1991 and the Gold Bauhinia Star (GBS) in 2002.

Independent Non-Executive Directors

Mr Wong Kai Tung Tony, aged 64, an independent non-executive Director of the Group, has been a practicing lawyer in Hong Kong since 1968 and has also been admitted as a solicitor in England and Wales. He is currently a consultant at Messrs. Hastings & Co., Solicitors and Notaries.

Mr Heng Kwoo Seng, aged 59, an independent non-executive Director of the Group, is the Managing Partner of Morison Heng, Chartered Accountants and Certified Public Accountants in Hong Kong. He is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He has worked with a number of companies listed on the Stock Exchange either in the capacity of company secretary or as an independent non-executive director.

執行董事 (續)

李經緯先生·32歲·本集團董事副總經理·負責洪梅廠房日常廠務管理·廢紙採購及維繫與東莞市各政府部門的關係。彼持有美國史丹福大學科學(電子工程)碩士學位及加拿大英屬哥倫比亞大學應用科學(電腦工程)學士學位·擁有逾七年生產管理及技術研究開發經驗。加入本集團前·彼曾於美國矽谷 Sun Microsystems 公司參與電腦圖像設計管理工作。彼於二零零二年十二月加入本集團。

非執行董事

潘宗光教授 GBS 太平紳士·67歲·本集團非執行董事·現任香港理工大學校長·於教育界具有逾三十五年工作經驗。潘教授於一九七九年獲得「香港十大傑出青年獎」·一九八九年獲委任為非官守太平紳士(JP)·一九九一年獲頒英國官佐勳章(OBE)勳銜及於二零零二年獲香港特別行政區政府頒授金紫荊星章(GBS)。

獨立非執行董事

王啟東先生·64歲·本集團獨立非執行董事。王先生自一九六八年以來為香港之執業律師·亦為英格蘭及威爾斯執業事務律師。彼現任希士廷律師行之顧問。

邢詒春先生·59歲·本集團獨立非執行董事。邢先生為華利信會計師事務所之執行合夥人·亦為英格蘭及威爾斯特許會計師公會資深會員·香港會計師公會會員。彼曾替若干聯交所上市公司工作·出任公司秘書或獨立非執行董事。

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層簡介

Independent Non-Executive Directors (Continued)

Ms Law Kar Shui Elizabeth, aged 58, an independent non-executive Director of the Group, is the director of Park Hotel International Limited, and previously the director of Laws International Group Limited. She has over 32 years' experience in textile and garment industries and was responsible for the management of the sweater and knitwear business. She has also over 12 years' experience in property investment and development. She is the General Manager of Park Hotel and the Director of a number of business enterprises, responsible for the overall management and strategic planning of the businesses.

Senior Management

Mr Hui Yick Kwan Tony, aged 49, the Finance Director of the Company, is in charge of corporate financial matters, investors and bankers relations of the Group. Mr Hui holds a bachelor's degree in Commerce and a master's degree in business administration. Mr Hui is an associate member of the Hong Kong Institute of Certified Public Accountants, the CPA Australia and a fellow member of the Association of Chartered Certified Accountants. He is a Certified Public Accountant Practicing in Hong Kong and has more than 21 years of experience in auditing, business advisory and financial management. He joined the Group in November 2005.

Mr Chan Kong Sang, aged 47, is the project manager of the Group responsible for all the mechanical and electrical engineering projects. Mr Chan holds a bachelor's degree of science in engineering from the University of Hong Kong. Mr Chan has over 24 years of operational experience in managing production and engineering aspects of manufacturing businesses and joined the Group in January 2001.

Mr Cheung Kwok Keung, aged 40, is the Chief Financial Officer of the Group responsible for the internal supervision and management of the Group's financial matters and company secretary of the Company. Mr Cheung is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants and has over 18 years of experience in the field of auditing, accounting and financial management. Mr Cheung holds a professional diploma in accountancy from the Hong Kong Polytechnic University. He joined the Group in August 2002.

獨立非執行董事 (續)

羅嘉穗女士，58歲，本集團獨立非執行董事，百樂酒店國際有限公司董事，前為羅氏國際集團有限公司董事，於紡織及成衣業具有逾三十二年經驗，主要負責管理毛衣及針織品業務，且具有逾十二年之物業投資及發展經驗。彼現為百樂酒店之總經理及多間企業之董事，肩負整體管理及策略規劃工作。

高級管理層

許奕群先生，49歲，本公司財務部董事，負責本集團之公司財務事項、投資者及銀行關係。許先生持有商業學士學位及工商管理碩士學位。彼為香港會計師公會會員、澳洲會計師公會會員及英國公認會計師公會資深會員，並為香港執業會計師，擁有逾二十一年核數、商業顧問及財務管理經驗。彼於二零零五年十一月加入本集團。

陳江生先生，47歲，本集團項目經理，負責各項機電工程。陳先生持有香港大學工程理學士學位，擁有逾二十四年管理製造業業務的生產和工程營運經驗。彼於二零零一年一月加入本集團。

張國強先生，40歲，本集團財務總監兼本公司之公司秘書，負責本集團之內部財政監督及管理。張先生為英國公認會計師公會資深會員及香港會計師公會會員，擁有逾十八年核數、會計及財務管理經驗。彼持有香港理工大學之會計專業文憑。彼於二零零二年八月加入本集團。

Senior Management (Continued)

Mr Tse Pak Kong, aged 44, is the senior manager of the Company, responsible for the global procurement of recovered paper businesses. Mr Tse holds a bachelor's degree of science in electrical engineering from the University of Hong Kong. He has over 20 years of experience in the management of both multinational and local companies in China. Mr Tse joined the Group in December 2005.

Mr Wu Pak Ping, aged 40, is the general manager of Chongqing Lee & Man responsible for the construction of Chongqing industrial park. Mr Wu holds a bachelor's degree in civil engineering from the University of Hunan and has over 21 years of experience in planning and managing infrastructure. He joined the Group in April 1997.

Mr Lau Kwok Keung, aged 50, is the executive manager of Jiangsu Lee & Man responsible for the daily operation and management of Jiangsu Lee & Man. Mr Lau holds a bachelor's degree of science (engineering) from Imperial College of Science and Technology, University of London. He has over 19 years of factory operation and management experience. He joined the Group in July 2003.

Mr Tang Pok Man, aged 34, is the executive manager of Vietnam Lee & Man responsible for the construction and management of Vietnam industrial park. Mr Tang holds a bachelor's degree in Commerce from the Concordia University of Canada. He has 10 years of experience in production management. He joined the Group in September 2005.

Mr Chan Chi Ho, aged 38, is a production manager of the Jiangsu plant, responsible for paper production management and engineering matters. Mr Chan has over 18 years of experience in overseeing production matters in the paper manufacturing business. Mr Chan joined the Group in April 1999.

Ms Lam Sau Ping, aged 38, is the sales manager of the Group responsible for sales and marketing. Ms. Lam holds a higher certificate in marketing and sales management from the Hong Kong Polytechnic University. Ms. Lam has over 17 years of work experience in sales and marketing. She joined the Group in March 1996.

Mr Lu Man Sheng, aged 60, is a production manager of Dongguan Lee & Man responsible for the management of paper manufacturing. Mr Lu holds a professional engineer certificate for paper manufacturing stock preparation from the Guangxi School of Light Industry. Mr Lu has over 37 years of experience in paper manufacturing and production management. He joined the Group in May 1994.

高級管理層 (續)

謝柏剛先生，44歲，本集團高級經理，負責本集團的全球廢紙採購業務。謝先生持有香港大學電機工程理學士學位，擁有逾二十年管理跨國和中國本地公司經驗。謝先生於二零零五年十二月加入本集團。

吳柏平先生，40歲，本集團重慶工廠總經理，負責建立重慶工業園。吳先生執有中國湖南大學土木工程「工業與民用建築」學士學位，擁有逾二十一年基建籌建、規劃及管理經驗。彼於一九九七年四月加入本集團。

婁國強先生，50歲，本集團江蘇工廠行政經理，負責江蘇工廠日常廠務營運及管理。彼持有英國倫敦大學帝國學院冶金科學及工程學士學位，擁有逾十九年的工廠營運及管理經驗。彼於二零零三年七月加入本集團。

鄧博文先生，34歲，本集團越南工廠行政經理，負責建立及管理越南工業園。鄧先生持有加拿大Concordia University商業學士學位，擁有十年生產管理經驗。彼於二零零五年九月加入本集團。

陳智豪先生，38歲，本集團江蘇工廠生產經理，負責造紙生產管理及工程事宜。陳先生擁有逾十八年造紙生產及機械工程經驗。彼於一九九九年四月加入本集團。

藍秀萍女士，38歲，本集團銷售經理，負責本集團原紙銷售業務及市場推廣事宜。彼持有香港理工大學銷售及市場管理高級證書，並擁有逾十七年銷售及市場推廣經驗。彼於一九九六年三月加入本集團。

呂滿生先生，60歲，本集團東莞工廠生產經理，負責造紙生產及管理事宜。彼持有廣西輕工學校造紙製漿專業工程師證書，並擁有逾三十七年專業造紙及生產管理經驗。彼於一九九四年五月加入本集團。

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層簡介

Senior Management (Continued)

Mr Sinn Wai Kin Derek, aged 47, is the Deputy Financial Controller of the Group responsible for the accounting and financial matters of those oversea companies of the Group. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and have been more than 20 year in audit, accounting and financial management. He joined the Group in August 2006.

Mr Wu Xiao Shi, aged 40, is the power plant manager of the Group responsible for management of power production. Mr Wu holds a bachelor's degree in engineering from Dongnan University. Mr Wu has over 18 years of experience in power production management. Mr Wu joined the Group in December 1999.

高級管理層 (續)

冼偉健先生，47歲，本集團副財務總監，負責本集團海外公司之會計及財務事宜。冼先生為香港會計師公會會員，擁有逾二十年核數、會計及財務管理經驗。彼於二零零六年八月加入本集團。

吳曉師先生，40歲，本集團熱電站站長，負責電力生產及管理事宜。吳先生持有中國東南大學電廠熱能動力工程學士學位，擁有逾十八年電力生產及管理經驗。彼於一九九九年十二月加入本集團。

The directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2007.

Principal Activities

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 March 2007 are set out in the consolidated income statement on page 31.

The directors of the Company recommended the payment of a final dividend of HK\$0.2 per share for the year ended 31 March 2007 to the shareholders whose name appear on the register of members on 3 September 2007, amounting to approximately HK\$224 million, subject to the approval of the shareholders at the forthcoming annual general meeting.

Share Capital

Details of movements in the share capital of the Company are set out in note 27 to the consolidated financial statements.

Property, Plant and Equipment

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$1,962 million for the purpose of expanding its business. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

董事謹此提呈本集團於截至二零零七年三月三十一日止年度之年報及經審核財務報表。

主要業務

本公司是一間投資控股公司，各主要附屬公司的主要業務載於綜合財務報表附註34。

業績及分配

本集團截至二零零七年三月三十一日止年度的業績載於第31頁的綜合收益表。

本公司董事建議就截至二零零七年三月三十一日止年度支付末期股息每股0.2港元予二零零七年九月三日名列股東名冊的股東，總額約為224百萬港元，惟須待股東在應屆股東週年大會上作出批准後方可作實。

股本

本公司股本的變動詳情載於綜合財務報表附註27。

物業、廠房及設備

年內，本集團以約1,962百萬港元的成本收購物業、廠房及設備，以作拓展業務之用。上述及物業、廠房及設備於年內的其他變動詳情載於綜合財務報表附註14。

DIRECTORS' REPORT

董事會報告

Directors and Directors' Service Contracts

The directors of the Company during the year and up to the date of this report were:

Executive directors

Lee Wan Keung Patrick (*Chairman*)
Lee Man Chun Raymond, *BBS JP (Chief Executive Officer)*
Lee Man Bun
Li King Wai Ross
Tan Siak Him Alexander

Non-executive director

Professor Poon Chung Kwong, *GBS JP*

Independent non-executive directors

Wong Kai Tung Tony
Heng Kwo Seng
Law Kar Shui Elizabeth

In accordance with Articles 86(3) and 87(1) of the Company's Articles of Association, Mr Lee Wan Keung Patrick, Mr Wong Kai Tung Tony and Mr Heng Kwo Seng retire and, being eligible, offer themselves for re-election.

Mr Lee Wan Keung Patrick, Mr Lee Man Chun Raymond and Mr Tan Siak Him Alexander, have entered into service agreements with the Company for an initial period of four years commencing 1 September 2003, which will continue thereafter unless and until terminated by either party by three months' prior written notice.

Mr Lee Man Bun has entered into a service agreement with the Company for an initial period of three years commencing 16 August 2004, which will continue thereafter unless and until terminated by either party by three months' prior written notice.

Mr Li King Wai Ross has entered into a service agreement with the Company for an initial period of three years commencing 12 August 2005, which will continue thereafter unless and until terminated by either party by three months' prior written notice.

The term of office of each of the independent non-executive directors is the period up to his/her retirement as required by the Company's Articles of Association.

董事及董事的服務合約

年內及截至本報告刊發日期，本公司的董事如下：

執行董事

李運強 (主席)
李文俊 *BBS 太平紳士 (行政總裁)*
李文斌
李經緯
陳錫鑫

非執行董事

潘宗光教授 *GBS 太平紳士*

獨立非執行董事

王啟東
邢詒春
羅嘉穗

根據本公司的公司細則第86(3)及87(1)條的規定，李運強先生、王啟東先生及邢詒春先生將退任，惟彼等符合資格並將膺選連任。

李運強先生、李文俊先生及陳錫鑫先生已與本公司訂立服務合約，年期由二零零三年九月一日起計，初步為期四年，此後一直存續，直至任何一方向另一方發出三個月事前書面通知予以終止為止。

李文斌已與本公司訂立服務合約，年期由二零零四年八月十六日起計，初步為期三年，此後一直存續，直至任何一方向另一方發出三個月事前書面通知予以終止為止。

李經緯已與本公司訂立服務合約，年期由二零零五年八月十二日起計，初步為期三年，此後一直存續，直至任何一方向另一方發出三個月事前書面通知予以終止為止。

各獨立非執行董事的任期直至其須根據本公司的公司細則的規定退任為止。

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

As at 31 March 2007, 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 have taken or deemed to have taken 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

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 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)	720,000,000	-	64.32%
Lee Man Chun Raymond 李文俊	Held by controlled corporation (Note) 由受控制法團持有(附註)	720,000,000	492,000	64.32%
Lee Man Bun 李文斌	Held by controlled corporation (Note) 由受控制法團持有(附註)	720,000,000	300,000	64.32%
Tan Siak Him Alexander 陳錫鑫	Beneficial owner 實益擁有人	350,000	600,000	0.03%
Li King Wai Ross 李經緯	Beneficial owner 實益擁有人	-	600,000	-
Poon Chung Kwong 潘宗光	Beneficial owner 實益擁有人	50,000	480,000	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	942,000	-	0.08%

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 beneficiaries 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.

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

於二零零七年三月三十一日，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合交易所有限公司(「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

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。

DIRECTORS' REPORT

董事會報告

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

Long positions (Continued)

(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)

(b) 本公司相聯法團的普通股

Name of director 董事姓名	Capacity 身份	Name 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 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 31 March 2007.

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，於二零零七年三月三十一日，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。

Share Options

Particulars of the Company's share option schemes, namely Share Option Scheme and Pre-IPO Share Option Scheme, are set out in note 28 to the financial statements.

(a) The following table discloses movements in the Company's Pre-IPO Share Option Scheme during the year.

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）的詳情載於財務報表附註28。

(a) 下表披露本公司的首次公開售股前購股權計劃於年內的變動情況。

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 year 年內行使	Outstanding at 31.3.2007 二零零七年三月三十一日尚未行使	
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 Kwo Seng	邢詒春	11.9.2003	4.17	26.3.2004 to 25.9.2006	800,000	(800,000)	-
Total Directors	董事總數				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)	-

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

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	12.00
1,066,000	12.92

DIRECTORS' REPORT

董事會報告

Share Options (Continued)

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

購股權 (續)

(b) 下列表格披露本公司於年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 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	Granted during the year 年內授出	Exercised during the year 年內行使	Outstanding at 31.3.2007 二零零七年三月三十一日尚未行使	
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	-	-	600,000
Lee Man Chun Raymond	李文俊	3.10.2006	15.10	1.1.2008 to 31.12.2010	-	492,000	-	492,000
Lee Man Bun	李文斌	3.10.2006	15.10	1.1.2008 to 31.12.2010	-	300,000	-	300,000
Tan Siak Him Alexander	陳錫鑫	3.10.2006	15.10	1.1.2008 to 31.12.2010	-	600,000	-	600,000
Poon Chung Kwong	潘宗光	3.10.2006	15.10	1.1.2008 to 31.12.2010	-	480,000	-	480,000
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	-	(300,000)	900,000
Employees	僱員	3.10.2006	15.10	1.1.2008 to 31.12.2010	-	3,156,000	-	3,156,000
Employees	僱員	3.10.2006	15.10	1.1.2009 to 31.12.2010	-	300,000	-	300,000
Total	總數				1,800,000	5,328,000	(300,000)	6,828,000

The closing prices of the Company's shares on the date of grant were HK\$8.50 and HK\$15.10.

於授出日期當日本公司股票之收市價為8.50港元及15.10港元。

Directors' rights to Acquire Shares or Debentures

Save as disclosed under the heading "Share Options" above, at no time during the year was the Company, its holding company or any of its fellow subsidiaries and subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

Substantial Shareholders

As at 31 March 2007, 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

Name of shareholder 股東姓名	Capacity 身份	Number of issued ordinary shares held 持有已發行 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	720,000,000	64.32%
Trustcorp	Held by controlled corporation 由受控制法團持有	720,000,000	64.32%
Lee Wong Wai Kuen 李黃惠娟	Held by spouse (Note) 由配偶持有(附註)	720,000,000	64.32%

Note: Under the SFO, Lee Wong Wai Kuen is deemed to be interested in these 720,000,000 ordinary shares as she is the spouse of Lee Wan Keung Patrick, a director of the Company.

Save as disclosed above, as at 31 March 2007, 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.

董事購買股份或債券的權力

除上文「購股權」一節所披露者外，本公司、其控股公司、其任何同系附屬公司及附屬公司於期內任何時間概無訂立任何安排，致使本公司董事可透過收購本公司或任何其他法人團體的股份或債務證券（包括債權證）而獲取利益，而各董事或彼等的配偶或18歲以下的子女亦無可認購本公司證券的任何權利，亦無行使任何該等權利。

主要股東

於二零零七年三月三十一日，下列人（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

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 720,000,000 股普通股的權益。

除上文所披露者外，於二零零七年三月三十一日，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。

Appointment of Independent Non-Executive Directors

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.

Connected Transactions

Details of the discloseable connected transactions for the year are set out in note 32 to the consolidated financial statements. In the opinion of the independent non-executive directors, these transactions entered into by the Group were:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either (a) on normal commercial terms; or (b) where there is no available comparison, on terms that were fair and reasonable so far as the shareholders of the Company are concerned;
- (iii) either (a) in accordance with the terms of the agreements; or (b) where there are no such agreements, on terms no less favourable than those available to or from independent third parties; and
- (iv) within the relevant cap amounts as agreed by the Stock Exchange.

Save as disclosed above, there were no other transactions which are required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

Directors' interest in Contracts

Save as disclosed under the heading "Connected Transactions", there were no contracts of significance to which the Company, its holding company or any of its fellow subsidiaries and subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

獨立非執行董事

根據香港聯合交易所有限公司上市規則第3.13條，本公司收到每位獨立非執行董事向本公司確認其年度之獨立性，本公司認為所有獨立非執行董事確屬獨立人士。

關連交易

本年度的須予披露關連交易詳情載於綜合財務報表附註32。獨立非執行董事認為，由本集團訂立的上述交易：

- (i) 乃於本集團的日常及一般業務過程中訂立；
- (ii) 乃(a)按一般商業條款進行；或(b)倘並無任何可供比較者，則按對本公司股東而言屬公平合理的條款訂立；
- (iii) 乃(a)按協議條款訂立；或(b)倘無該等協議，則按不遜於給予獨立第三者或獨立第三者提供的條款訂立；及
- (iv) 所涉及金額並無超出與聯交所議定的有關上限金額。

除上文所披露者外，並無任何其他交易須按照上市規則的規定作為關連交易披露詳情。

董事的合約權益

除「關連交易」一節所披露者外，本公司、其控股公司、其任何同系附屬公司及附屬公司概無訂立於年結日或年內任何時間仍然生效，且本公司董事直接或間接在其中擁有重大利益的重大合約。



Major Customers and Suppliers

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 62% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 26% of the Group's total purchases.

The aggregate sales during the year attributable to the Group's five largest customers were less than 10% of the Group's total sales.

None of the directors, their associates or any shareholder which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest suppliers of the Group.

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

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

Sufficiency Of Public Float

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 March 2007.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's by-laws, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Emolument Policy

The Group remunerates its employees based on their performance, experience and prevailing market rate. Other employee benefits including insurance and medical cover and share options are also provided.

The determination of emoluments of the directors of the Company has taken into consideration their expertise and job specifications.

Donations

During the year, the Group made charitable and other donations amounting to HK\$300,000.

主要客戶及供應商

年內，本集團五大供應商佔本集團總採購額約62%，而本集團最大供應商則佔本集團總採購額約26%。

年內，本集團五大客戶的總銷售額佔本集團總銷售額少於10%。

概無任何董事、彼等的聯繫人士或任何股東（就董事所知擁有本公司已發行股本5%以上）於上述本集團五大供應商的股本中擁有任何權益。

買賣或贖回本公司上市證券

年內，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。

足夠之公眾持股量

按本公司可以得悉之公開資料所示及就董事所知悉，本公司截至二零零七年三月三十一日之年度內已維持足夠公眾持股量。

優先購買權

本公司的公司細則或開曼群島法例均無有關優先購買權之條文，規定本公司須按持股比例向現有股東發售新股份。

薪酬政策

本集團根據員工表現、經驗及市場價格釐定其薪酬。其他員工福利包括保險、醫療保障及購股權。

本公司董事之薪酬釐定已考慮其專業及工作範圍。

捐款

年內，本公司作出的慈善及其他捐款合共300,000港元。

DIRECTORS' REPORT

董事會報告

Post Balance Sheet Events

Details of the significant post balance sheet events are set out in note 35 to the consolidated financial statements.

Auditors

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Lee Wan Keung Patrick

Director

Hong Kong, 16 July 2007

結算日後事項

結算日後發生之重大事項詳情載於綜合財務報表附註35。

核數師

本公司將於股東週年大會上提呈決議案，續聘德勤•關黃陳方會計師行為核數師。

承董事會命

李運強

董事

香港，二零零七年七月十六日

Deloitte.

德勤

TO THE MEMBERS OF LEE & MAN PAPER MANUFACTURING LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Lee & Man Paper Manufacturing Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 95, which comprise the consolidated balance sheet as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

致理文造紙有限公司股東

(於開曼群島註冊成立的有限公司)

本核數師行已審核列載於第31至第95頁內之理文造紙有限公司(「貴公司」)及其附屬公司(以下合稱為「貴集團」)之綜合財務報表。此等財務報表包括於二零零七年三月三十一日之綜合資產負債表、與截至該日止年度之綜合收益表、綜合權益變動表及綜合現金流量表,以及主要會計政策概要及其他附註解釋。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及《香港公司條例》的披露規定編製及真實而公平地列報該等綜合財務報表。該等責任包括設計、實施及維護與編製及真實而公平地列報綜合財務報表相關之內部監控,以使綜合財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述;選擇及應用適當之會計政策;及按情況下作出合理的會計估計。

核數師的責任

本行之責任是根據本行的審核對該等綜合財務報表作出意見,並向整體股東作出報告,而非作其他用途。本行不會就本報告之內容向任何其他人士承擔任何責任及債務。本行已根據香港會計師公會頒佈的香港審計準則進行審核工作。此等準則要求本行遵守道德規範,並規劃及執行審核,藉以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告

Auditor's responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 16 July 2007

核數師的責任 (續)

審核涉及執行情序以獲取有關綜合財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該實體編製及真實而公平地列報綜合財務報表相關之內部監控，以設計適當之審核程序，但並非為對實體之內部監控效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價綜合財務報表的整體列報方式。

本行相信，我們所獲得之審核憑證乃充足及適當地為本行之審核意見提供基礎。

意見

本行認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴集團於二零零七年三月三十一日的財政狀況及貴集團截至該日止年度的盈利及現金流量，並已按照《香港公司條例》的披露規定妥善編製。

德勤•關黃陳方會計師行
執業會計師

香港，二零零七年七月十六日

CONSOLIDATED INCOME STATEMENT

綜合收益表

For the year ended 31 March 2007 截至二零零七年三月三十一日止年度

		Notes	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		附註		
Revenue	收入	6	5,160,552	3,778,054
Cost of sales	銷售成本		(3,799,101)	(2,903,880)
Gross profit	毛利		1,361,451	874,174
Other income	其他收入		143,175	93,215
Selling and distribution costs	銷售及分銷成本		(147,029)	(118,517)
Administrative expenses	行政費用		(234,127)	(150,349)
Finance costs	財務成本	7	(82,465)	(72,937)
Profit before taxation	除稅前盈利		1,041,005	625,586
Income tax expense	利得稅支出	8	(30,894)	(25,558)
Profit for the year	年度盈利	9	1,010,111	600,028
Attributable to:	應佔:			
Equity holder of the Company	公司股益持有人		1,010,204	600,028
Minority interests	少數股益		(93)	–
			1,010,111	600,028
Dividend	股息	12	395,541	173,409
Earnings per share	每股盈利	13		
– Basic	– 基本		HK100.71 cents 港仙	HK62.24 cents 港仙
– Diluted	– 攤薄		HK98.55 cents 港仙	HK62.13 cents 港仙

CONSOLIDATED BALANCE SHEET

綜合資產負債表

At 31 March 2007 二零零七年三月三十一日

		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	14	5,524,620	3,575,000
Prepaid lease payments – non-current portion	預付租賃款項 – 非流動部份	15	316,831	176,441
Deposits paid for acquisition of property, plant and equipment and land use rights	購置物業、廠房及設備及土地使用權所付訂金	16	931,536	155,649
Deferred tax assets	遞延稅項資產	24	31,707	19,956
Retirement benefit assets	退休福利資產	26	682	607
			6,805,376	3,927,653
CURRENT ASSETS	流動資產			
Inventories	存貨	17	1,379,159	774,259
Prepaid lease payments – current portion	預付租賃款項 – 流動部份	15	14,982	3,850
Trade receivables	應收貿易賬款	18	819,383	676,364
Bills receivable	應收票款	18	261,239	130,753
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項		293,070	125,597
Amount due from a related company	應收有關連公司款項	19	12,743	22,938
Derivative financial instruments	衍生財務工具	20	42,310	1,131
Restricted bank deposits	有限制銀行存款	21	1,953	1,154
Bank balances and cash	銀行結餘及現金	21	214,985	110,317
			3,039,824	1,846,363
CURRENT LIABILITIES	流動負債			
Trade and bills payable	應付賬款及票款	22	510,454	169,689
Accruals and other payables	應計費用及其他應付款項		380,029	181,575
Taxation payable	應付稅項		20,718	12,358
Bank borrowings – due within one year	銀行借貸 – 一年內到期	23	824,762	782,611
Derivative financial instruments	衍生財務工具	20	12,104	2,028
			1,748,067	1,148,261
NET CURRENT ASSETS	流動資產淨值		1,291,757	698,102
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		8,097,133	4,625,755

		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 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	23	1,255,600	100,000
Deferred tax liabilities	遞延稅項負債	24	46,932	30,266
Convertible bonds	可換股債券	25	205,364	901,006
Retirement benefit liabilities	退休福利負債	26	18,536	17,439
			1,526,432	1,048,711
			6,570,701	3,577,044
CAPITAL AND RESERVES				
	股本及儲備			
Share capital	股本	27	111,948	96,761
Reserves	儲備		6,458,846	3,480,283
Equity attributable to equity holders of the Company	權益歸屬於公司權益持有人		6,570,794	3,577,044
Minority interests	少數股益		(93)	–
Total equity	總權益		6,570,701	3,577,044

The consolidated financial statements on pages 31 to 95 were approved and authorised for issue by the Board of Directors on 16 July 2007 and are signed on its behalf by:

第31至第95頁所載的綜合財務報表已於二零零七年七月十六日經董事會批准及授權刊發，並由下列董事代表簽署：

Lee Wan Keung Patrick 李運強
Chairman 主席

Lee Man Chun Raymond 李文俊
Director 董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 March 2007 截止二零零七年三月三十一日止年度

		Attributable to equity holders of the Company 本公司權益持有人應佔									
		Share capital	Share premium	Share options reserve	Translation reserve	Special reserve	Convertible bonds equity reserve	Retained profits	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	留存盈利	總結	少數股益	
		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	
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 differences arising on translation of foreign operations recognised directly in equity	已直接於權益確認之海外業務轉移時所產生之匯兌差額	-	-	-	29,521	-	-	-	29,521	-	29,521
Profit for the year	年度盈利	-	-	-	-	-	-	600,028	600,028	-	600,028
Total recognised income and expenses for the year	年度已確認之收入及開支總結	-	-	-	29,521	-	-	600,028	629,549	-	629,549
Issue of convertible bonds	發行可換股債券	-	-	-	-	-	62,000	-	62,000	-	62,000
Transaction costs attributable to issue of convertible bonds	因發行可換股債券而產生之交易成本	-	-	-	-	-	(1,744)	-	(1,744)	-	(1,744)
Issue of shares on exercise of share options	因購股權獲行使而發行股份	423	17,191	-	-	-	-	-	17,614	-	17,614
Share-based payment	股權支付款項	-	-	1,573	-	-	-	-	1,573	-	1,573
Dividend paid (note 12)	派息(附註12)	-	-	-	-	-	-	(173,409)	(173,409)	-	(173,409)
At 31 March 2006	二零零六年三月三十一日	96,761	1,863,819	1,573	48,984	(2,999)	60,256	1,508,650	3,577,044	-	3,577,044
Exchange differences arising on translation of foreign operations recognised directly in equity	已直接於權益確認之海外業務轉移時所產生之匯兌差額	-	-	-	144,887	-	-	-	144,887	-	144,887
Profit for the year	年度盈利	-	-	-	-	-	-	1,010,204	1,010,204	(93)	1,010,111
Total recognised income and expenses for the year	年度已確認之收入及開支總結	-	-	-	144,887	-	-	1,010,204	1,155,091	(93)	1,154,998
Issue of shares on exercise of share options	因購股權獲行使而發行股份	582	25,531	(561)	-	-	-	-	25,552	-	25,552
Issue of shares on conversion of convertible bonds	因可換股債券兌換而發行股份	6,605	782,729	-	-	-	(47,921)	-	741,413	-	741,413
Issue of shares on placement of shares	因配股而發行股份	8,000	1,451,823	-	-	-	-	-	1,459,823	-	1,459,823
Share-based payment	股權支付款項	-	-	7,412	-	-	-	-	7,412	-	7,412
Dividend paid (note 12)	派息(附註12)	-	-	-	-	-	-	(395,541)	(395,541)	-	(395,541)
At 31 March 2007	二零零七年三月三十一日	111,948	4,123,902	8,424	193,871	(2,999)	12,335	2,123,313	6,570,794	(93)	6,570,701

The special reserve of the Group represents the difference between the nominal value of the aggregate share capital of the subsidiaries acquired by the Group pursuant to the corporate reorganisation in September 2003, and the nominal value of the Company's shares issued for the acquisition.

本集團的特別儲備指根據本集團於二零零三年九月為重組收購所得的附屬公司的股本面值總額與本公司就收購事項而發行的股份面值的差額。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 March 2007 截至二零零七年三月三十一日止年度

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
OPERATING ACTIVITIES	經營業務		
Profit before taxation	稅前盈利	1,041,005	625,586
Adjustments for:	為以下各項調整:		
Amortization of prepaid lease payments	預付租賃款項攤銷	3,099	3,844
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	151,767	97,989
Loss on disposal of property, plant and equipment	出售物業、廠房及設備產生之虧損	234	365
Interest income	利息收入	(4,136)	(1,871)
Net gain arising from change in fair value of derivative financial instrument	因衍生財務工具公平值變動產生的淨得益	(31,103)	(23,103)
Retirement benefit expense	退休福利開支	1,022	17,349
Share-based payment expense	股權支付款項開支	7,412	1,573
Finance costs	財務成本	82,465	72,937
Operating cash flows before movements in working capital	營運資金變動前的經營現金流量	1,251,765	794,669
Increase in inventories	存貨增加	(583,904)	(236,441)
Increase in trade receivables	應收貿易賬款增加	(170,074)	(184,819)
Increase in bills receivable	應收票款增加	(135,716)	(58,676)
(Increase) decrease in deposits, prepayments and other receivables	按金、預付款項及其他應收款項(增加)減少	(172,497)	11,164
Decrease (increase) in amount due from a related company	應收有關連公司款項減少(增加)	9,277	(22,338)
Increase in trade and bills payable	應付賬款及票款增加	347,553	73,807
Increase (decrease) in accruals and other payables	應計費用及其他應付款項增加(減少)	205,718	(6,980)
Cash generated from operations	經營業務產生的現金	752,122	370,386
Hong Kong Profits Tax refunded	香港利得稅退款	-	92
PRC Foreign Enterprise Income Tax paid	已付中國外商企業所得稅	(16,059)	(7,116)
Interest paid	已付利息	(36,694)	(56,496)
NET CASH FROM OPERATING ACTIVITIES	經營業務產生的現金淨額	699,369	306,866

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 March 2007 截至二零零七年三月三十一日止年度

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
INVESTING ACTIVITIES	投資活動		
Purchase of property, plant and equipment	購置物業、廠房及設備	(1,799,914)	(1,028,669)
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	(931,537)	(155,649)
Prepaid lease payments	預付租賃款項	(145,452)	(23,199)
Increase in restricted bank deposit	有限制銀行存款增加	(845)	(119)
Interest received	已收利息	4,136	1,871
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	59	6,086
Release of retirement benefit scheme	退休福利計劃撇銷	-	803
NET CASH USED IN INVESTING ACTIVITIES	投資活動動用的現金淨額	(2,873,553)	(1,198,876)
FINANCING ACTIVITIES	融資活動		
New bank loans raised	新籌集銀行貸款	4,587,477	1,368,540
Net proceeds from issue of shares	發行股份所得款項淨額	1,485,375	17,614
Net proceeds on issue of convertible bonds	發行可換股債券所得款項淨額	-	971,875
Repayment of bank loans	償還銀行貸款	(3,406,640)	(1,262,424)
Dividend paid	已付股息	(395,541)	(173,409)
Increase in bank overdraft	銀行透支增加	11,541	504
NET CASH FROM FINANCING ACTIVITIES	融資活動所得現金淨額	2,282,212	922,700
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額	108,028	30,690
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	現金及現金等價物承前結餘	110,317	81,600
EFFECT OF EXCHANGE RATE CHANGES	匯率變動之影響	(3,360)	(1,973)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	現金及現金等價物結轉		
represented by bank balances and cash	銀行結餘及現金	214,985	110,317

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 March 2007 截至二零零七年三月三十一日止年度

1. General

The Company is a public limited company incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2001 Second Revision) of the Cayman Islands on 21 May 2003 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The parent and ultimate holding company of the Company is Gold Best Holdings Ltd. ("Gold Best"), a private company incorporated in the British Virgin Islands. The address of the registered office and the principal place of business of the Company is disclosed in the Corporate Information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 34.

2. Application of Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Group anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

1. 一般資料

本公司是上市有限公司，於二零零三年五月二十一日根據開曼群島公司法（二零零一年第二版）於開曼群島成立及登記為獲豁免有限公司，股份並於香港聯合交易所有限公司（「聯交所」）上市。本公司的母公司及最終控股公司是 Gold Best Holdings Ltd.（「Gold Best」），為一間於英屬處女群島註冊成立的私人公司。本公司註冊辦事處及總辦事處之地址於本年報公司資料內披露。

本綜合財務報表以港元列示，港元亦為本公司之功能貨幣。

本公司是一間投資控股公司，各主要附屬公司的主要業務載於財務報表附註34。

2. 香港財務報告準則應用／會計政策變動

於本會計年度，本集團首次應用多項由香港會計師公會新頒佈之新香港財務報告準則，該等準則於2005年12月1日、2006年1月1日或2006年3月1日起或以後開始之會計期間生效。應用新香港財務報告準則對本期或過往期間業績之編製及呈列並無重大影響。所以，並無需要對過往期間作出修正。

本集團並無提早採用下列已頒佈但未生效之新準則、修訂及詮釋。本公司董事預期應用此等準則、修訂及詮釋將不會對本集團業績及財務狀況造成重大影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 March 2007 截至二零零七年三月三十一日止年度

2. Application of Hong Kong Financial Reporting Standards (Continued)

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-INT 8	Scope of HKFRS 2 ³
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions ⁶
HK(IFRIC)-INT 12	Service Concession Arrangements ⁷

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 May 2006

⁴ Effective for annual periods beginning on or after 1 June 2006

⁵ Effective for annual periods beginning on or after 1 November 2006

⁶ Effective for annual periods beginning on or after 1 March 2007

⁷ Effective for annual periods beginning on or after 1 January 2008

2. 香港財務報告準則應用／會計政策變動 (續)

香港會計準則第1號(經修訂)	資本披露 ¹
香港會計準則第23號(經修訂)	借貸成本 ²
香港財務報告準則第7號	財務工具:披露 ¹
香港財務報告準則第8號	營運部份 ²
香港(國際財務報告詮釋委員會)詮釋第8號	香港財務報告準則第2號大綱 ³
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 ⁴
香港(國際財務報告詮釋委員會)詮釋第10號	中期財務報告及減值 ⁵
香港(國際財務報告詮釋委員會)詮釋第11號	香港財務報告準則第2號: 集團及庫存股份交易 ⁶
香港(國際財務報告詮釋委員會)詮釋第12號	服務經營權安排 ⁷

¹ 由2007年1月1日起或以後年度期間生效

² 由2009年1月1日起或以後年度期間生效

³ 由2006年5月1日起或以後年度期間生效

⁴ 由2006年6月1日起或以後年度期間生效

⁵ 由2006年11月1日起或以後年度期間生效

⁶ 由2007年3月1日起或以後年度期間生效

⁷ 由2008年1月1日起或以後年度期間生效

3. Significant Accounting Policies

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions and balances are eliminated on consolidation.

Property, plant and equipment

Property, plant and equipment, other than freehold land and construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress and freehold land over their estimated useful lives, and after taking into account their estimated residual value, using the straight line method.

Freehold land is stated at cost less accumulated impairment losses and is not depreciated.

3. 主要會計政策

綜合財務報表按歷史成本法編製，惟按公平值計量之若干財務工具除外，詳見下文之會計政策。

綜合財務報表乃根據香港會計師公會發出之香港財務準則編製。另外，綜合財務報表已包括聯交所上市規則「上市規則」及香港公司條例所監管下須予披露資料。

綜合基準

綜合財務報表載列本公司及其附屬公司的財務報表。控制是本公司有權管轄一家企業的財務及經營政策以從其經營活動中獲得收益。

年內收購或出售的附屬公司的業績由收購生效日起，計入綜合收益表內或計至出售生效日期止，視何者適用。

倘需要，本集團會對附屬公司之財務報表作出調整，使其會計政策與本集團其他成員公司所採用者保持一致。

所有集團內交易及結餘已於綜合賬目時對銷。

物業、廠房及設備

除在建工程及永久業權之土地外，物業、廠房及設備按成本減累計折舊及累計減值虧損入賬。

除在建工程及永久業權之土地外，物業、廠房及設備在其估計可使用年期內及其估計餘額後，按直線法計算折舊撥備，以撇銷成本。

永久業權之土地按成本減累計減值虧損入賬，並無折舊。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 March 2007 截至二零零七年三月三十一日止年度

3. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Prepaid lease payments

Prepaid lease payments, which represent up-front payments to acquire leasehold land interest, are stated at cost and amortised over the period of the lease on a straight-line basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 主要會計政策 (續)

物業、廠房及設備 (續)

在建工程為用作生產或供其自有用途之在建中物業、廠房及設備。在建工程按成本減任何已確認之減值虧損列賬。當在建工程完工及可供其擬定用途，則歸入適當之物業、廠房及設備類別。該等資產於資產可供其擬定用途時開始折舊，折舊基準與其他物業資產相同。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟效益時取消確認。資產取消確認產生之任何收益或虧損（按該項目之出售所得款項淨額與賬面值間之差額計算）於該項目取消確認之年度計入綜合收益表。

預付租賃款項

預付租賃款項指購置租賃土地成本之預付款項，乃按相關租賃年期以直線攤銷為基礎撇銷。

存貨

存貨乃按成本或可變現淨值兩者之較低者入賬。成本以加權平均法計算。

財務工具

財務資產及財務負債乃當某集團實體為工具合同條文之訂約方時在資產負債表上確認。財務資產及財務負債按公平值初步計量。收購或發行財務資產及財務負債直接應佔之交易成本（於損益表按公平值計算之財務資產及財務負債除外）乃於初步確認時加入財務資產或財務負債之公平值或自財務資產或財務負債之公平值內扣除（如合適）。收購透過損益以公平值列賬之財務資產或財務負債直接應佔之交易成本即時於損益賬內確認。

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, bills receivable, other receivables, amount due from a related company, restricted bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities (including trade and bills payable, other payables and bank borrowings) are subsequently measured at amortised cost, using the effective interest rate method.

3. 主要會計政策 (續)

財務工具 (續)

財務資產

本集團之財務資產分類為貸款及應收款項。貸款及應收款項於活躍市場無報價而附帶固定或可釐定付款之非衍生性質財務資產，於首次確認後每一個結算日，貸款及應收款項（包括應收貿易賬款、應收票款、其他應收賬款、應收有關公司款項、有限制銀行存款及銀行結餘）採用實際利率法攤銷成本，減去任何已識別減值虧損列賬。倘客觀證明資產出現減值，則減值虧損會於損益表確認，並按資產賬面值與按原實際利率折讓之估計未來現金流量之現值的差額計算。倘資產可收回金額之增幅能客觀地指出涉及確認減值後所發生之事件，則減值虧損會於以後期間撥回，惟減值撥回當日之資產賬面值不得超過如無確認減值時之原來應攤銷成本。

財務負債及股本權益

由本公司實體發行之財務負債及股本權益工具按所訂立之合約安排性質，以及財務負債及股本權益工具之定義而分類。

股本權益工具為帶有集團資產剩餘權益（經扣除其所有負債）之任何合約。財務負債及股本權益工具採納之會計政策如下：

財務負債

財務負債（包括貿易及應付票款、其他應付賬項及銀行借貸）其後採用實際利率法按攤銷成本計算。

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible bonds

Convertible bonds issued by the Company that contain both a financial liability and conversion option are classified separately on initial recognition. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the bonds into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised in which case the balance stated in convertible bonds equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be transferred to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. 重大會計政策 (續)

財務工具 (續)

財務負債及股本權益 (續)

可換股債券

本公司發行已包含財務負債及換股期權之可換股債券在最初確認時已將分類。倘以定額現金或另一項財務資產換取本公司固定數目之自有股本權益工具而清償換股期權，該換股期權則分類為股本權益工具。

在最初確認時，負債部份公平值是根據類似的不可換股債券在普遍市場上之利率釐定。發行可換股債券所得的款項與負債成份公平值的差額，代表持有人可運用認購期權將債券轉換為股本亦已包括在股本內（可換股債券股本儲備）。

在隨後的期間，可換股債券負債成份以實際利率法按攤銷成本持有。股本權益成份，即可將負債成份轉換為本公司之普通股之期權，會依然在可換股債券股本儲備記賬直至該期權已行使（則在該情況下，可換股債券股本儲備結餘將轉移到股本溢價內）。如期權於到期日尚未行使，可換股債券股本儲備結餘將放轉移到累積盈利上。當期權轉換或過期時，將並無得益或損失於損益表內確認。

發行可換股債券的交易成本將按所得款項分配比例分配於負債及股本成份中。有關股本成份的交易成本會直接於股本記賬。有關負債成份的交易成本已包括在負債部份賬面值及於可換股債券行使期間以實際利率法攤銷。

股本權益工具

本公司所發行之股本權益工具乃按已收取之所得款項減直接發行成本記賬。

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives that do not qualify for hedge accounting

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. 重大會計政策 (續)

財務工具 (續)

衍生財務工具

不符合對沖會計法之衍生工具

衍生工具於衍生合約訂立日期初步按公平值確認，其後於各結算日重新計量至其公平值。所產生之收益或虧損即時於損益中確認。

內含衍生工具

倘其他財務工具或其他主合約之內含衍生工具之風險及特色與主合約並非密切聯繫，及主合約並無按公平值計量（公平值變動於損益中確認），內含衍生工具則被視為獨立衍生工具。

取消確認

若從資產收取現金流之權利已到期，或財務資產已轉讓及本集團已將其於財務資產擁有權之絕大部份風險及回報轉移，則財務資產將取消確認。於取消確認財務資產時，資產賬面值與已收及應收代價及已直接於股本權益確認之累計損益之總差額，將於損益中確認。

倘於有關合約之特定責任獲解除、取消或到期，則取消確認財務負債。取消確認之財務負債賬面值與已付及應付代價之差額將於損益中確認。

減值

本集團會於各結算日檢討資產的賬面值，確定是否出現任何減值虧損跡象。倘若估計資產的可收回額低於賬面值，則該資產的賬面值將調減至可收回額，並即時將減值虧損確認為開支。

倘若有關的減值虧損其後撥回，有關資產的賬面值將調升至估計可收回額，然而調升後的賬面值不得超逾過往年度並無確認減值虧損時的賬面值。撥回的減值虧損即時確認為收入。

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3. Significant Accounting Policies (Continued)

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed and are measured at the fair value of the consideration received or receivable.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Steam income is recognised upon the provision of the steam.

Rental income from properties under operating leases, is recognised on a straight-line basis over the term of the relevant lease.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. 重大會計政策 (續)

收入確認

銷售貨物於貨物付運及所有權轉讓時確認並用已收或應收利益之公平值計量。

財務資產之利息收入乃以時間為基準按未償還本金及適用實際利率累計，而實際利率為透過財務資產之預期可用年期將估計日後現金收據折讓至該資產之賬面淨值之比率。

蒸汽收入於提供蒸汽時確認。

根據經營租賃之物業租金收入乃按相關租賃年期以直線法確認。

租賃

凡租賃之條款規定擁有權所附帶之一切風險及回報實質上轉移至承租人者，該租賃即歸類為融資租賃。其他租賃全部列作經營租賃。

集團作為出租人

經營租賃之租金收入乃按相關租賃年期以直線法於綜合收益表確認。在磋商及安排經營租賃時招致之初步直接成本與出租資產之賬面值相加，並於相關租賃年期以直線法確認為開支。

集團作為承租人

根據經營租賃之應付租金乃按相關租賃年期以直線法於損益表扣除。因訂立一項經營租賃作為獎勵之已收及應收福利乃以直線法按租賃年期確認作租金支出減少。

3. Significant Accounting Policies (Continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense when the employees have rendered the services entitling them to the contributions.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out annually. All actuarial gains and losses of defined benefit plans are recognised immediately in retained profits in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the fair value of the plan assets as adjusted for unrecognised actuarial gains and losses, and as reduced by the present value of the defined benefit obligation. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Equity-settled share-based payment transactions

The Group has applied HKFRS 2 to share options granted on or after 1 January 2005. In relation to share options granted before 1 January 2005, the Group chose not to apply HKFRS 2 with respect to share options granted and vested prior to 1 January 2005.

Share options granted and vested prior to 1 January 2005

The Group does not recognise the financial effect of these share options until they are exercised.

Upon the exercise of the share options, the resulting shares issued will be recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares will be recorded by the Company in the share premium account. Options which lapsed or are cancelled prior to their exercise date are deleted from the register of outstanding options.

3. 重大會計政策 (續)

退休福利成本

界定供款退休福利計劃、國家管理的退休福利計劃及強制性公積金計劃(「強積金計劃」)的供款於僱員提供可使其享有供款之服務時支銷。

對界定退休福利計劃而言，提供福利的成本會使用預估單位利益法計算，並於每年進行精算估值。界定退休福利計劃的全部精算盈虧於產生時直接在保留盈利中確認。若退休福利已成為僱員的既得利益，過往服務年期的成本將即時予以確認，否則將會採用直線法按平均年期攤銷，直至經修訂的退休福利成為僱員的既得利益為止。

在資產負債表確認的數額指福利債務的現值，並就未確認精算盈虧及未確認過往服務成本作出調整及減去計劃資產的公平值。據此計算之任何資產乃受限於未確認精算虧損及過往服務成本，加上計劃之可退回現金值及未來供款之削減。

以權益結算股權支付之交易

本集團已對二零零五年一月一日或之後授出之購股權應用香港財務報告準則第2號。就二零零五年一月一日前授出之購股權而言，本集團選擇不對二零零五年一月一日前授出及歸屬之購股權應用香港財務報告準則第2號。

二零零五年一月一日前授出及歸屬之購股權

本集團只會於該等購股權獲行使後，方會確認其財務影響。

購股權獲行使後，因而發行之股份將由本公司按股份面值記賬作為額外股本，每股行使價超逾股份面值之金額將由本公司記入股份溢價賬。於行使日期前失效或註銷之購股權從已發行購股權記錄冊中刪除。

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3. Significant Accounting Policies (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted and vested on or after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. 重大會計政策 (續)

以股結算股權支付之交易 (續)

二零零五年一月一日或之後授出及歸屬之購股權

所獲服務之公平值乃參考購股權於授出當日之公平值釐定，於歸屬期間以直線法支銷，並於股本權益中作相應增加（購股權儲備）。

於各結算日，本集團修訂預期最終歸屬之購股權數目估計。該等估計修訂之影響（如有）於損益確認，並對購股權儲備作出相應調整。

購股權獲行使時，過往於購股權儲備中確認之數額將轉移至股本溢價賬。當購股權於有效期間後被註銷或於屆滿日仍未獲行使，過往於購股權儲備中確認之數額將轉移至保留溢利內。

借貸成本

收購、建設或生產合資格資產之直接應佔借貸成本乃資本化作為該等資產成本之一部分。倘有關資產大致可供其擬定用途或銷售，該等借貸成本則不再撥充資本。暫時投資特定借貸以待應用於合資格資產所得之投資收入，從合資格資本化之借貸成本中扣除。

所有其他借貸成本於產生期間在損益中確認。

3. Significant Accounting Policies (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. 重大會計政策 (續)

稅項

所得稅支出指現時應付稅項及遞延稅項的總和。

現時應付稅項乃按本年度應課稅盈利計算。應課稅盈利與綜合收益表中所報溢利不同，因為應課稅盈利不包括在其他年度應課稅或可扣稅的收入或開支項目，並且不包括從未課稅及扣稅的項目。本集團之即期稅項負債乃按結算日已實行或大致上已實行之稅率計算。

遞延稅項乃根據綜合財務報表內資產及負債賬面值與計算應課稅盈利所採用相應稅基的差額而確認，並採用資產負債表負債法入賬。遞延稅項負債一般就所有應課稅暫時差額予以確認，而遞延稅項資產則於可能會出現可用以抵銷可扣稅暫時差額的應課稅盈利時予以確認。倘若暫時差額乃由初次確認一項不影響應課稅盈利或會計盈利的交易的其他資產及負債所引起，則有關資產及負債不予確認。

遞延稅項資產賬面值於各個結算日審核，並予以相應扣減，直至並無足夠應課稅盈利可供所有或部分遞延稅項資產應用為止。

遞延稅項按預計按償還負債或變現資產的期間內適用的稅率計算。遞延稅項自損益表中扣除或計入其中，惟與直接扣自或計入股本的項目有關者除外，在此情況下，遞延稅項在股本權益中處理。

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3. Significant Accounting Policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. 重大會計政策 (續)

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣（「外幣」）進行之交易均按交易日期之適用匯率換算為功能貨幣（即該實體經營所在主要經濟活動之貨幣）記賬。於各結算日，以外幣定值之貨幣項目均按結算日之適用匯率重新換算。按公平值以外幣定值之非貨幣項目乃按於公平值釐定當日之適用匯率重新換算。按外幣過往成本計量非貨幣項目無須重新換算。

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益表中確認。

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於結算日之適用匯率換算為本集團之列賬貨幣（即港元），而其他收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出現大幅波動則作別論，於此情況下，則採用於交易當日之適用匯率。所產生之匯兌差額（如有）乃確認作權益獨立部份（匯兌儲備）。該等匯兌差額乃於海外業務被出售之期間內於損益表內確認。

4. 關鍵會計判斷及估計不確定性之主要來源

概無估計及假設將引致下一財政年度內資產及負債賬面值出現重大調整之重大風險。

5. Financial Instruments

(a) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, bills receivable, other receivables, amount due from a related company, derivative financial instruments, restricted bank deposits, bank balances, trade and bills payable, other payables, bank overdrafts, bank borrowings and convertible bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The sales transactions of the Group are denominated in HKD, Renminbi ("RMB") and United States Dollar ("USD"), and there are purchases of inventories, expenses and acquisition cost of plant and machinery that required to be settled in HKD, USD, Japanese Yen ("JPY") and Euro ("EUR"). The Group currently does not have a foreign currency hedging policy as the directors consider that the risk is minimal to the Group. However, management of the Group will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises. The Group has also acquired various currency structured instruments for speculative purposes as disclosed in note 20.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management of the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group has no significant concentration of credit risk on its trade and bills receivable, with exposure spread over a number of counterparties and customers.

The credit risk on bank deposits is limited because the counterparties are banks with good reputation.

5. 財務工具

(a) 財務風險管理目標及政策

本集團之主要財務工具包括應收貿易款項、應收票款、其他應收款項、應收關連公司款項、衍生財務工具、有限制銀行存款、銀行結餘、貿易及應付票款、其他應付款項、銀行透支、銀行借貸及可換股債券。該等財務工具詳情於相關附註披露。下文載列與該等財務工具有關之風險及如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時有效地採取適當之措施。

貨幣風險

本集團之銷貨交易以港元、人民幣及美元訂值，另有採購存貨、費用支出及購置廠房及機器成本需要以港元、美元、日元及歐元支付。本集團現時並無外匯對沖政策，然而，本集團管理層將密切監控本集團之外匯風險並會考慮於必要時運用對沖工具。如附註20所披露，本集團亦收購了不同貨幣結構性工具，作投機用途。

信貸風險

倘對手方於二零零七年三月三十一日未能履行彼等之承擔，則本集團就每類已確認財務資產須承受之最大信貸風險為已於綜合資產負債表列賬之該等資產之賬面值。為把信貸風險降至最低，本集團管理層已委派一組人員負責制訂信貸限額、信貸審批及其他監控措施，以確保爭取跟進措施收回逾期未付之債項。此外，本集團管理層於各個結算日檢討各項個別貿易應收款項之可收回金額，以確保就不可收回金額作出足夠減值虧損。就此而言，本公司之董事認為本集團之信貸風險已大幅降低。本集團並無集中應收貿易及應收票款之信貸風險，有關風險乃分散至多個其他地方及客戶。

本集團之銀行存款之信貸風險有限，由於對手方均為良好信譽之銀行。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 March 2007 截至二零零七年三月三十一日止年度

5. FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management objectives and policies (Continued)

Interest rate risk

The Group's fair value and cash flow interest rate risks mainly related to fixed and variable rates borrowings. The Group's bank balances have exposure to cash flow interest rate due to the fluctuation of the prevailing market interest rate on bank balances. The directors of the Company consider that the Group's exposure of the short term bank deposits and short-term borrowings to interest rate risk is not significant as interest bearing bank balances and short-term borrowings are within short maturity periods. For long-term borrowings, the directors monitor the Group's exposure on ongoing basis and consider obtaining fixed rate borrowings or interest rate swaps to minimise the cash flow interest rate risk.

(b) Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- i. the fair values of derivative instruments are calculated in accordance with generally accepted pricing models based on discounted cash flow analysis as determined by the financial institution.
- ii. the fair values of financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost, other than the convertible bonds, in the consolidated financial statements approximate their fair values. In the opinion of the directors, the fair value of the debt component of the convertible bonds was approximately HK\$228,500,000 as at the balance sheet date.

5. 財務工具 (續)

(a) 財務風險管理目標及政策 (續)

利率風險

本集團之公平值及現金流量利率風險主要涉及以固定及浮動利率計息之借款。由於市場銀行存款利率波動，本集團之銀行結餘承受現金流量利率風險。本公司董事認為鑒於計息銀行結餘及短期借款乃於短期內到期，故此本集團於短期銀行存款及銀行借款所承受之利率風險不大。就長期借款而言，董事將持續監控本集團之狀況，並考慮取得定息借款或利率掉期，以盡量減低現金流量利率風險。

(b) 公平值

財務資產及財務負債之公平值按以下方式釐定：

- i. 衍生工具之公平值根據公認定價模式以金融機構釐定之折現現金流量分析為基準計算。
- ii. 財務資產及財務負債（不包括衍生工具）之公平值根據公認定價模式以採用可觀察的現時市場交易得出之折現現金流量分析為基準計算。

董事認為，除可換股債券外，按攤銷成本於綜合財務報表記賬之財務資產及財務負債之賬面值與其公平值相若。董事認為，於結算日，可換股債券債務部份之公平值約為228,500,000港元。

6. Business and Geographical Segments

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:

2007

Consolidated income statement

6. 業務及地域分部

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：

二零零七年

綜合收益表

		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
Revenue – External sales	收入－對外銷售	4,730,597	429,955	–	5,160,552
Inter-segment sales	業務之間銷售	–	434,349	(434,349)	–
		4,730,597	864,304	(434,349)	5,160,552
SEGMENT RESULTS	分類業績	1,046,846	44,143	–	1,090,989
Interest income	利息收入				4,136
Net gain arising from change in fair value of derivative financial instruments	因衍生財務工具公平值 改變產生的淨收益				31,103
Unallocated corporate expenses	未分類之公司支出				(2,758)
Finance costs	財務成本				(82,465)
Profit before taxation	稅前溢利				1,041,005
Income tax expense	利得稅開支				(30,894)
Profit for the year	本年度溢利				1,010,111

Inter-segment sales are charged at market value or, where no market price was available, at terms determined and agreed by both parties.

業務之間銷售以市場價值收取。如沒有市場價格，將以雙方決定及同意之條款收取。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 March 2007 截至二零零七年三月三十一日止年度

6. Business and Geographical Segments (Continued) 6. 業務及地域分部 (續)

Business segments (Continued)

2007 (Continued)

Consolidated balance sheet

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
ASSETS	資產			
Segment assets	分類資產	9,343,225	210,338	9,553,563
Unallocated corporate assets	未分類之公司資產			291,637
Consolidated total assets	綜合總資產			9,845,200
LIABILITIES	負債			
Segment liabilities	分類負債	808,922	102,279	911,201
Unallocated corporate liabilities	未分類之公司負債			2,363,298
Consolidated total liabilities	綜合總負債			3,274,499

Other information

其他資料

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Capital expenditure	資本性支出	1,902,717	59,072	1,961,789
Depreciation of property, plant and equipment	物業、廠房 及設備折舊	147,063	4,704	151,767
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備產生的虧損	234	–	234

6. Business and Geographical Segments (Continued)

Business segments (Continued)

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
Revenue – External sales	收入—對外銷售	3,388,481	389,573	–	3,778,054
Inter-segment sales	業務之間銷售	–	424,519	(424,519)	–
		3,388,481	814,092	(424,519)	3,778,054
SEGMENT RESULTS	分類業績	622,639	53,007	–	675,646
Interest income	利息收入				1,871
Net gain arising from change in fair value of derivative financial instruments	因衍生財務工具公平值 改變產生的淨收益				23,103
Unallocated corporate expenses	未分類之公司支出				(2,097)
Finance costs	財務成本				(72,937)
Profit before taxation	稅前溢利				625,586
Income tax expense	利得稅開支				(25,558)
Profit for the year	本年度溢利				600,028

Inter-segment sales are charged at market value or, where no market price was available, at terms determined and agreed by both parties.

業務之間銷售以市場價值收取。如沒有市場價格，將以雙方決定及同意之條款收取。

6. 業務及地域分部 (續)

業務分部 (續)

二零零六年

綜合收益表

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 March 2007 截至二零零七年三月三十一日止年度

6. Business and Geographical Segments (Continued)

Business segments (Continued)

2006 (Continued)

Consolidated balance sheet

6. 業務及地域分部 (續)

業務分部 (續)

二零零六年 (續)

綜合資產負債表

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
ASSETS	資產			
Segment assets	分類資產	5,481,565	159,893	5,641,458
Unallocated corporate assets	未分類之公司資產			132,558
Consolidated total assets	綜合總資產			5,774,016
LIABILITIES	負債			
Segment liabilities	分類負債	243,576	125,127	368,703
Unallocated corporate liabilities	未分類之公司負債			1,828,269
Consolidated total liabilities	綜合總負債			2,196,972
<i>Other information</i>	<i>其他資料</i>			
		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Capital expenditure	資本性支出	1,081,513	52,060	1,133,573
Depreciation of property, plant and equipment	物業、廠房 及設備折舊	96,862	1,127	97,989
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備產生的虧損	365	–	365

6. Business and Geographical Segments (Continued)

Geographical segments

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

		Sales revenue by geographical market 按地區市場劃分的銷售收入	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 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」）	2,747,598	2,020,665
Export sales delivered in the PRC (Note)	中國國內付運的出口銷售 （附註）	1,575,332	1,338,904
Asia other than the PRC	亞洲，中國除外	589,567	418,485
United States of America	美國	65,514	—
Others	其他	182,541	—
		5,160,552	3,778,054

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。

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

按資產所在地區分析的分類資產賬面值，物業、廠房及設備的添置如下：

		Carrying amount of segment assets 分部資產賬面值		Additions to property, plant and equipment 物業、廠房及設備的添置	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
PRC	中國	9,330,786	5,497,107	1,902,495	1,072,715
Hong Kong	香港	12,439	11,987	222	8,856
United States of America	美國	210,338	132,364	59,072	52,002
		9,553,563	5,641,458	1,961,789	1,133,573

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財務報表附註

For the year ended 31 March 2007 截至二零零七年三月三十一日止年度

7. Finance Costs

7. 財務成本

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 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借貸利息	82,446	56,496
Interest on convertible bonds	可換股債券產生之利息	45,771	12,712
Other finance costs	其他財務成本	2,406	3,729
Total borrowing costs	總借貸成本	130,623	72,937
Less: amounts capitalised in construction in progress	減去: 在建工程資本化金額	(48,158)	-
		82,465	72,937

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 2.1% (2006: Nil) to expenditures on qualifying assets.

年內資本化之借貸成本乃於一般借貸中產生，並以合資格資產開支之資本化比率2.1%（二零零六年：零）計算。

8. Income Tax Expense

8. 利得稅開支

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
The charge comprises:	稅項開支包括:		
PRC Foreign Enterprise Income Tax	中國外商企業所得稅	24,912	15,715
Deferred taxation (note 24)	遞延稅項（附註24）	5,982	9,843
		30,894	25,558

8. Income Tax Expense (Continued)

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.

The subsidiaries in the PRC, other than Dongguan Lee & Man Paper Factory Co., Limited ("Dongguan Lee & Man") are entitled to exemption from PRC Foreign Enterprise Income Tax for the two years starting from its first profit-making year, followed by a 50% relief for the three years thereafter ("Tax Holiday").

During the year ended 31 March 2006, the Tax Holiday of Dongguan Lee & Man expired and Dongguan Lee & Man is subject to PRC Foreign Enterprise Income Tax starting from January 2006. However Dongguan Lee & Man is entitled to pay enterprise income tax at 18% because approval had been obtained from the PRC tax authority during the year ended 31 March 2005.

Pursuant to the PRC Enterprise Income Tax Law passed by the Tenth National People's Congress on 16 March 2007, the new PRC Enterprise Income Tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. Foreign enterprises which are entitled to special incentives will be given concessions throughout a 5-year transition period, if applicable. Management has assessed the impact of this change in tax law on the Group's results of operations and financial position.

The subsidiary in Malaysia carries on offshore trading activities in Labaun, with other group companies which are non-residents of Malaysia. As such, it is qualified as an offshore trading company in Labaun and is charged at a fixed annual rate of Malaysian RM20,000.

A Macau company incorporated under Decree-Law no. 58/99/M ("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.

8. 利得稅開支 (續)

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。

位於中國的附屬公司·東莞理文造紙廠有限公司(「東莞理文」)除外·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(「稅務優惠」)。

截至二零零六年三月三十一日止年度內·東莞理文的稅務優惠已到期·東莞理文由二零零六年一月一日起需繳納中國外商企業所得稅。但由於二零零五年三月三十一日止年度內東莞理文向中國稅務所取得批准·因此可以繳納18%的企業所得稅。

根據二零零七年三月十六日第十屆全國人民代表大會通過之中國企業所得稅法例·對於本土及外商企業·新中國企業所得稅率將統一為25%·於二零零八年一月一日生效。有特別優惠之外商企業可於五年過渡期內繼續享有特許權·如適用。管理層已對稅法改變帶來本集團的營運及財務成績影響作出評估。

馬來西亞的附屬公司與集團內其他非馬來西亞公司進行離岸貿易業務。所以·附屬公司為拉布安合資格的離岸貿易公司·需每年繳納20,000馬幣的定額稅。

一澳門公司根據第58/99/M號法令註冊(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。

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8. Income Tax Expense (Continued)

The income tax expense can be reconciled to the profit before taxation per the consolidated income statement as follows:

8. 利得稅開支 (續)

本年度的利得稅開支與根據綜合收益表的盈利對賬如下:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit before taxation	除稅前盈利	1,041,005	625,586
Tax at the applicable tax rate of 18% (2006: 15%)	按適用稅率18% (二零零六年: 15%) 計算的稅項	187,381	93,838
Tax effect of expenses not deductible for tax purpose	不可扣稅的支出稅務影響	19,731	8,760
Tax effect of income not taxable for tax purpose	無須課稅的收入的稅務影響	(11,119)	(10,590)
Tax effect of tax losses not recognised	未確認稅務虧損的稅務影響	2,141	1,653
Utilisation of tax losses previously not recognised	動用先前未確認的稅務虧損	-	(700)
Effect of tax exemption for PRC subsidiaries	中國附屬公司豁免繳稅的影響	(48,447)	(13,881)
Effect of tax exemption granted to Macau and Malaysia subsidiaries	澳門及馬來西亞附屬公司獲豁免繳稅的影響	(128,919)	(55,066)
Effect of different tax rates of subsidiaries operating in other jurisdictions	在不同司法權區營運的附屬公司使用不同稅率的影響	(3,015)	1,544
Increase in deferred tax liability resulting from change in tax rate enacted in March 2007 of certain subsidiaries	二零零七年三月設定之稅率變動導致若干附屬公司之遞延稅項負債增加	13,141	-
Income tax expense	利得稅開支	30,894	25,558

9. PROFIT FOR THE YEAR

9. 年度盈利

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit for the year has been arrived at after charging:	年度溢利經扣除:		
Directors' emoluments (note 10)	董事酬金 (附註10)	7,603	5,174
Other staff salaries and other benefits, excluding those of directors	其他員工成本	244,759	188,047
Share-based payment expense, excluding those of directors	以股權支付之開支	4,807	1,049
Contributions to retirement benefit schemes, excluding those of directors	退休福利計劃供款	11,476	22,530
Total employee benefits expense	員工成本總額	268,645	216,800
Amortisation of prepaid lease payments	預付租賃款項攤銷	3,099	3,844
Auditors' remuneration	核數師酬金	2,117	1,537
Cost of inventories recognised as expenses	存貨成本確認為支出	3,799,101	2,903,880
Depreciation of property, plant and equipment	物業、廠房及設備折舊	151,767	97,989
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備產生的虧損	234	365
Operating lease rentals in respect of land and buildings	土地及樓宇的經營租賃 租金	9,335	10,251
and after crediting:	並已計入:		
Interest income	利息收入	4,136	1,871
Net foreign exchange gain	淨匯兌得益	44,555	38,590
Net gain arising from change in fair value of derivative financial instruments	因衍生財務工具公平值變動 所產生之淨得益	31,103	23,103
Rental income	租金收入	390	390
Steam income	蒸氣收入	4,681	1,560

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10. Directors' Emoluments

The emoluments paid or payable to each of the nine (2006: nine) directors were as follows:

10. 董事酬金

需要支付或應付給9位董事(二零零六年:9)的酬金如下:

		Other emoluments 其他酬金					Total 合計
		Fees 袍金	Salaries and other benefits 薪金及其他福利	Contributions to retirement benefit schemes 退休福利計劃供款	Performance related incentive payments 有關表現之獎金付款	Share-based payment expense 股權付款開支	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Year ended 31 March 2007	二零零七年三月三十一日之年度						
<i>Executive directors</i>	<i>執行董事</i>						
Lee Wan Keung Patrick	李運強	-	-	-	-	-	
Lee Man Chun Raymond	李文俊	-	2,016	12	-	2,580	
Lee Man Bun	李文斌	-	1,002	12	-	1,351	
Tan Siak Him Alexander	陳錫鑫	-	1,066	-	-	1,740	
Li King Wai Ross	李經緯	-	678	12	-	1,193	
<i>Non-executive director</i>	<i>非執行董事</i>						
Poon Chung Kwong	潘宗光	-	-	-	-	539	
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>						
Wong Kai Tung Tony	王啟東	80	-	-	-	80	
Heng Kwoo Seng	邢詒春	120	-	-	-	120	
Law Kar Shui Elizabeth	羅嘉穗	-	-	-	-	-	
		200	4,762	36	-	2,605	
Year ended 31 March 2006	二零零六年三月三十一日之年度						
<i>Executive directors</i>	<i>執行董事</i>						
Lee Wan Keung Patrick	李運強	-	-	-	-	-	
Lee Man Chun Raymond	李文俊	-	1,976	12	-	1,988	
Lee Man Bun	李文斌	-	740	12	15	767	
Tan Siak Him Alexander	陳錫鑫	-	1,046	-	41	1,087	
Li King Wai Ross	李經緯	-	576	12	20	1,132	
<i>Non-executive director</i>	<i>非執行董事</i>						
Poon Chung Kwong	潘宗光	-	-	-	-	-	
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>						
Wong Kai Tung Tony	王啟東	80	-	-	-	80	
Heng Kwoo Seng	邢詒春	120	-	-	-	120	
Law Kar Shui Elizabeth	羅嘉穗	-	-	-	-	-	
		200	4,338	36	76	5,174	

10. Directors' Emoluments (Continued)

In the two years ended 31 March 2007, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office. None of the directors has waived any emoluments during the two years.

Performance related incentive payments were determined with reference to the Group's operating results, individual performances and comparable market statistics.

11. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, three (2006: three) were directors of the Company whose emoluments are disclosed in note 10 above. The emoluments of the remaining two (2006: two) individuals were as follows:

10. 董事酬金 (續)

截至二零零七年三月三十一日之兩年內，本集團並無支付任何酬金予董事引誘其加入的或加入集團後或作為失去其辦公室之補償。這兩年內無任何董事放棄酬金。

有關表現之花紅款項是根據本集團之營運業績、個人表現及相對市場統計資料而釐定。

11. 僱員酬金

本集團最高酬金之五位人士，其中三位（二零零六年：三）為本公司董事而其酬金已於上述第10點披露。其餘兩位人士（二零零六年：二）之酬金如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	3,459	1,993
Contributions to retirement benefits schemes	退休福利計劃供款	24	17
Performance related incentive payments	有關表現之獎金付款	-	38
Share-based payment expenses	股權付款開支	761	1,049
		4,244	3,097

The emoluments were within the following bands:

酬金介乎下列組別：

		Number 人數	
		2007 二零零七年	2006 二零零六年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元－1,500,000港元	1	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元－2,500,000港元	-	1
HK\$2,500,001 to HK\$3,000,000	2,500,001港元－3,000,000港元	1	-
		2	2

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12. Dividend

12. 股息

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Dividends recognised as distribution:	認可之股息分配如下:		
2006 final dividend of HK\$0.24 (2005 final: HK\$0.18)	二零零六年派發末期股息 每股0.24港元(二零零五年 末期:0.18港元)	233,294	173,409
2007 interim dividend of HK\$0.16 (2006 interim: Nil)	二零零七年派發中期股息 每股0.16港元 (二零零六年中期:無)	162,247	-
		395,541	173,409

A final dividend of HK\$0.20 (2006: HK\$0.24) per share has been proposed by the board of directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

董事會建議派付末期股息每股0.20港元(二零零六年:0.24港元),惟須待股東在應屆股東週年大會上作出批准後方可作實。

13. Earnings Per Share

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

13. 每股盈利

年內公司權益持有人的每股基本及攤薄盈利乃以下列數據為基準計算：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit for the year attributable to equity holders of the Company	公司權益持有人的年內利潤	1,010,204	600,028
Effect of dilutive potential ordinary shares:	普通股潛在攤薄影響:		
– Interest on convertible bonds	– 可換股債券利息	45,771	–
– Gain on change in fair value of derivatives embedded in the convertible bonds	– 可換股債券內含衍生工具 公平值變動產生的得益	(1,197)	–
		1,054,778	600,028
		2007 二零零七年 Number of Shares 股份數目	2006 二零零六年 Number of Shares 股份數目
Weighted average number of ordinary shares for the purpose of basic earnings per share	用以計算每股基本盈利的普通股加權平均數	1,003,067,042	963,981,063
Effect of dilutive potential ordinary shares:	普通股潛在攤薄影響:		
– Share options	– 購股權	1,497,334	1,730,267
– Convertible bonds	– 可換股債券	65,731,279	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	用以計算每股攤薄盈利的普通股加權平均數	1,070,295,655	965,711,330

The diluted earnings per share for the year ended 31 March 2006 did not take into account the effect of the convertible bonds because they were anti-dilutive for that year.

由於該年度可換股債券具有反攤薄作用，所以截至二零零六年三月三十一日之每股攤薄盈利並無考慮可換股債券的影響。

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14. Property, Plant and Equipment

14. 物業、廠房及設備

		Freehold Land 以永久業權 持有之土地 HK\$'000 千港元	Buildings 樓宇 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Computer System 電腦系統 HK\$'000 千港元	Furniture, fixtures & equipment 傢俬、 固定裝置 及設備 HK\$'000 千港元	Leasehold improve- ments 租賃物業 裝修 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Plant & machinery 廠房及 機器 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST	成本									
At 1 April 2005	二零零五年 四月一日	-	474,224	81,050	-	19,546	86,840	13,343	2,053,224	2,728,227
Currency realignment	貨幣重新組合	-	9,036	1,656	-	361	1,836	227	39,468	52,584
Additions	添置	10,309	70,340	975,578	338	6,945	7,208	9,303	53,552	1,133,573
Transfers	轉讓	-	288	(24,458)	13,944	76	-	88	10,062	-
Disposals	出售	-	-	-	-	-	-	(314)	(6,378)	(6,692)
At 31 March 2006	二零零六年 三月三十一日	10,309	553,888	1,033,826	14,282	26,928	95,884	22,647	2,149,928	3,907,692
Currency realignment	貨幣重新組合	-	21,267	40,564	571	913	3,623	605	85,513	153,056
Additions	添置	-	70,241	1,188,108	-	10,575	16,307	7,698	668,860	1,961,789
Transfers	轉讓	-	339,404	(1,531,784)	-	5,517	86,706	-	1,100,157	-
Disposals	出售	-	-	-	-	(59)	-	(195)	(317)	(571)
At 31 March 2007	二零零七年 三月三十一日	10,309	984,800	730,714	14,853	43,874	202,520	30,755	4,004,141	6,021,966
DEPRECIATION	折舊									
At 1 April 2005	二零零五年 四月一日	-	56,089	-	-	5,368	3,813	5,947	159,234	230,451
Currency realignment	貨幣重新組合	-	1,155	-	-	109	73	96	3,060	4,493
Provided for the year	年內撥備	-	22,235	-	119	3,760	4,903	2,721	64,251	97,989
Eliminated on disposals	出售時對銷	-	-	-	-	-	-	(144)	(97)	(241)
At 31 March 2006	二零零六年 三月三十一日	-	79,479	-	119	9,237	8,789	8,620	226,448	332,692
Currency realignment	貨幣重新組合	-	3,168	-	33	310	346	272	9,036	13,165
Provided for the year	年內撥備	-	34,213	-	1,457	5,549	8,583	4,138	97,827	151,767
Eliminated on disposals	出售時對銷	-	-	-	-	(19)	-	(194)	(65)	(278)
At 31 March 2007	二零零七年 三月三十一日	-	116,860	-	1,609	15,077	17,718	12,836	333,246	497,346
CARRYING VALUE	賬面值									
At 31 March 2007	二零零七年 三月三十一日	10,309	867,940	730,714	13,244	28,797	184,802	17,919	3,670,895	5,524,620
At 31 March 2006	二零零六年 三月三十一日	10,309	474,409	1,033,826	14,163	17,691	87,095	14,027	1,923,480	3,575,000

14. Property, Plant and Equipment (Continued)

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress and freehold land over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Buildings	5%
Computer System	20%
Furniture, fixtures and equipment	20%
Leasehold improvements	5% – 15%
Motor vehicles	20%
Plant and machinery	3 1/3% – 20%

Freehold land is not depreciated.

The carrying value of land and buildings of the Group comprises:

14. 物業、廠房及設備 (續)

除在建工程及永久業權土地外，物業、廠房及設備及預計剩餘價值後，於預計可用年期以直線法計提折舊以撇銷成本，年率如下：

樓宇	5%
電腦系統	20%
傢俬、固定裝置及設備	20%
租賃物業裝修	5% – 15%
汽車	20%
廠房及機器	3 1/3% – 20%

以永久業權持有之土地不作折舊。

本集團之土地及建築物賬面值包括：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Freehold land in the United States of America	於美國之永久業權持有土地	10,309	10,309
Building on freehold land in the United States of America	於美國以永久業權持有土地上之樓宇	17,135	17,593
Building on land under medium-term lease in the PRC	於中國以一項中期租賃租約土地上之樓宇	850,805	456,816
		878,249	484,718

Certain buildings of the Group are erected on land in the PRC with respect to which the Group had not been granted formal title of ownership. At 31 March 2007, the net book value of such buildings amounted to HK\$377,174,000 (2006: HK\$171,000). In the opinion of directors, the absence of formal title does not impair the value of the relevant buildings. The directors also believe that formal title of these building will be granted to the Group in due course.

集團有若干樓宇建於仍未授予集團土地使用權正式擁有權之中國土地上。於二零零七年三月三十一日，該等樓宇之賬面淨值為377.2百萬港元（二零零六年：171,000港元）。董事認為缺乏正式擁有權並不會損害集團相應樓宇價值。董事亦相信在不久將來集團會被授予該等樓宇之正式擁有權。

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15. Prepaid Lease Payments

The Group's prepaid lease payments comprise leasehold land held under medium-term leases in the PRC.

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Analysed for reporting purposes as:	因報告用途而作之分析:		
Non-current asset	非流動資產	316,831	176,441
Current asset	流動資產	14,982	3,850
		331,813	180,291

As at 31 March 2007, the carrying value of land use rights in respect of which the Group had not been granted formal title of ownership amounted to approximately HK\$222 million (2006: HK\$110 million). In the opinion of the directors, the absence of formal title to these land use rights does not impair the value of the relevant properties to the Group. The directors also believe that formal title to these land use rights will be granted to the Group in due course.

15. 預付租賃款項

本集團預付租賃款項包括在中國的中期租約下之土地租賃：

於二零零七年三月三十一日，集團並未授予正式擁有權之土地使用權之賬面值約為222百萬港元（二零零六年：110百萬港元）。董事認為缺乏某些土地使用權正式擁有權並不會損害集團相應物業價值。董事亦相信在不久將來集團會授予該等土地使用權正式擁有權。

16. Deposits Paid for Acquisition of Property, Plant and Equipment and Land Use Rights

The deposits were paid by the Group in connection with the acquisition of property, plant and equipment and land use rights for new production facilities. The related capital commitments are included in note 30.

16. 購置物業、廠房及設備及土地使用權所付訂金

所付訂金是本集團為了新生產設施而購置的物業、廠房及設備及土地使用權的訂金。有關的資本承擔載於附註30。

17. Inventories

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Raw materials	原料	1,247,715	663,605
Finished goods	製成品	131,444	110,654
		1,379,159	774,259

17. 存貨

18. Trade Receivables And Bills Receivable

The Group generally allows an average credit period range from 45 to 60 days.

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Trade receivables	應收貿易賬款	819,383	676,364
Bills receivable	應收票款	261,239	130,753
		1,080,622	807,117
Aged:	賬齡:		
Less than 30 days	少於30日	769,135	467,520
31 – 60 days	31日 – 60日	217,302	187,184
61 – 90 days	61日 – 90日	72,979	104,210
Over 90 days	90日以上	21,206	48,203
		1,080,622	807,117

As at 31 March 2007, bills receivable of HK\$55,751,000 (2006: HK\$49,313,000) were pledged to secure banking facilities granted to the Group.

19. Amount Due from a Related Company

The amount represents a trading balance due from Lee & Man Industrial Manufacturing Limited (“Lee & Man Industrial Manufacturing”) which is beneficially owned by Mr Lee Wan Keung Patrick, a director of the Company.

The amount is unsecured, interest-free and repayable within one year. The amount for both years is aged less than 30 days.

18. 應收貿易賬款及應收票款

本集團給予客戶的信貸期一般由45日至60日不等。

應收貿易賬款及應收票款的賬齡分析如下：

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Trade receivables	819,383	676,364
Bills receivable	261,239	130,753
	1,080,622	807,117
Aged:		
Less than 30 days	769,135	467,520
31 – 60 days	217,302	187,184
61 – 90 days	72,979	104,210
Over 90 days	21,206	48,203
	1,080,622	807,117

於二零零七年三月三十一日，55,751,000港元（二零零六年：49,313,000港元）之應收票款已抵押，以獲得銀行信貸設施。

19. 應收有關連公司款項

有關款項是Lee & Man Industrial Manufacturing Limited（「理文實業」）的貿易結餘。理文實業的實益持有人為本公司董事李運強先生。

款項為無抵押、無利息及於一年內償還。該款項在這兩年的賬齡少於30日。

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20. Derivative Financial Instruments

20. 衍生財務工具

	2007 二零零七年		2006 二零零六年	
	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
Currency structured instruments (note i) 貨幣組織工具(附註i)	42,310	(3,789)	1,131	(828)
Interest rate swap (note ii) 利率掉期(附註ii)	—	(8,312)	—	—
Derivatives embedded in the convertible bonds (note iii) 可換股債券內含衍生工具(附註iii)	—	(3)	—	(1,200)
	42,310	(12,104)	1,131	(2,028)

(i) Currency Structured Instruments

Major terms of the currency structured instruments are as follows:

National amount 概念金額

22 contracts to buy a total of USD44,000,000
22份合約共買4,400萬美元
7 contracts to buy a total of EUR7,100,000
7份合約共買710萬歐元
4 contracts to buy a total of GBP2,850,000
4份合約共買285萬英鎊
5 contracts to buy a total of JPY2,582,400,000
5份合約共買258,240萬日元

All the above contracts will mature within 1 to 15 months.

(i) 貨幣結構工具

貨幣結構工具主要條款如下:

Currency conversion 貨幣轉換

USD/HKD
美元/港元
EUR/USD
歐元/美元
GBP/USD
英鎊/美元
JPY/USD
日元/美元

以上所有合約將於一至十五個月內到期。

20. Derivative Financial Instruments (Continued)

(ii) Interest rate swap

Major terms of the interest rate swap are as follows:

National amount 概念金額	Maturity 到期日	Swap 掉期
HK\$500,000,000 500百萬港元	24 March 2011 二零一一年三月二十四日	HIBOR for 4.80% 港元利率4.80%

(iii) Derivatives embedded in the convertible bonds

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Fair value at the beginning of the year	年初之公平值	1,200	24,000
Changes in fair value	公平值變動	(1,197)	(22,800)
Fair value at the end of the year	年終之公平值	3	1,200

This derivative represents the early redemption right of the bond holders in respect of the Group's convertible bonds. The fair value was calculated using the Black-Scholes Model. The valuation of fair value was carried out by Sallmanns (Far East) Limited, an independent valuer not connected with the Group. The change in fair value of HK\$1,197,000 (2006: HK\$22,800,000) has been recognised in the consolidated income statement for the year.

此衍生代表集團的可換股債券之債券持有人可提早兌換的權利。公平值以柏力克-舒爾斯模式計算。公平值評估是由西門(遠東)有限公司完成，彼為一獨立評估員，與本集團並無關連。年內，1,197,000港元(二零零六年：22,800,000港元)之公平值變動已於綜合損益賬內確認。

20. 衍生財務工具 (續)

(ii) 利率掉期

利率掉期主要條款如下：

(iii) 可換股債券內含衍生工具

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21. Restricted Bank Deposits and Bank Balances and Cash

The restricted bank deposits represent amount placed in specific bank accounts to secure deferred payment of custom duties to the PRC government. Deposits amounting to HK\$1,953,000 (2006: HK\$1,154,000) are matured within one year from the balance sheet date and are therefore classified as current assets.

The restricted bank deposits carried fixed interest rate of 0.72% (2006: 3.0%) per annum. Bank balances carried fixed interest rates ranging from 3.57% to 4.25% (2006: 2.5% to 3.25%) per annum.

22. Trade and Bills Payable

Trade and bills payable principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases range from 30 to 60 days.

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Aged:	賬齡:		
Less than 30 days	少於30日	465,392	155,877
31 – 60 days	31日 – 60日	28,592	7,991
61 – 90 days	61日 – 90日	8,849	5,074
Over 90 days	90日以上	7,621	747
		510,454	169,689

21. 有限制銀行存款及銀行結餘及現金

有限制銀行存款指為保障遞延關稅支付予中國政府而存放在某指定銀行戶口的款項。在結算日於一年內到期之存款為1,953,000港元（二零零六年：1,154,000港元），並統計為流動資產。

有限制銀行存款帶有固定年息率0.72%（二零零六年：3.0%）。而銀行結餘帶有固定年息率由3.57%至4.25%（二零零六年：2.5%至3.25%）。

22. 應付賬款及票款

應付賬款及票款主要包括貿易購買及持續開支成本之未付金額。貿易購買之平均賒賬期由30至60日不等。

應付賬款及票款之賬齡分析如下：

23. Bank Borrowings

23. 銀行借貸

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Bank loans	銀行貸款	2,003,198	617,413
Bank import loans	銀行進口貸款	65,119	264,694
Bank overdraft	銀行透支	12,045	504
		2,080,362	882,611
Analysed as:	分析:		
Secured	有抵押	55,751	49,313
Unsecured	無抵押	2,024,611	833,298
		2,080,362	882,611
The bank borrowings are repayable as follows:	浮動銀行借貸的還款期如下:		
Within one year or on demand	一年內或應要求償還	824,762	782,611
More than one year, but not exceeding two years	超過一年但少於兩年	105,600	100,000
More than two years, but not more than five years	超過兩年但少於五年	1,150,000	-
		2,080,362	882,611
Less: Amount due within one year shown under current liabilities	減: 入賬列為流動負債的 一年內到期款項	(824,762)	(782,611)
Amount due after one year	一年後到期款項	1,255,600	100,000

The Group's bank borrowings include HK\$16,621,000 (2006: HK\$49,313,000) fixed-rate borrowings which carried interest at 3.24% per annum (2006: 2.0% to 3.2% per annum) and HK\$2,063,741,000 (2006: HK\$833,298,000) variable-rate borrowings which carry interest ranging from HIBOR plus 0.6% to HIBOR plus 0.75% (2006: ranging from HIBOR plus 0.7% to HIBOR plus 0.9%) per annum.

本集團銀行借貸包括16,621,000港元(二零零六年:49,313,000)年息率3.24%之定息借貸(二零零六年:年息率2.0%—3.2%不等)及2,063,741,000港元(二零零六年:833,298,000港元)之不定息借貸,年息率由港元利率加上0.6%至0.75%不等(二零零六年:由港元利率加上0.7%至0.9%不等)。

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23. Bank Borrowings (Continued)

The Group's borrowings denominated in the currencies other than the functional currency of the respective entity are set out below:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Hong Kong Dollars	港元	320,000	325,000

23. 銀行借貸 (續)

除有關本集團之功能貨幣外，本集團之借貸貨幣面值如下：

24. Deferred Tax

The following are the major deferred tax liabilities and assets recognised and movement thereon during the current and prior reporting periods.

24. 遞延稅項

下表為主要遞延稅項負債及資產確認及其在現在及過往報告期內之變動。

		Accelerated tax depreciation 遞增稅項折舊 HK\$'000 千港元	Tax losses 稅項虧損 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 April 2005	二零零五年四月一日	9,151	(8,860)	291
Exchange realignment	匯兌重新組合	176	-	176
Charge (credit) to consolidated income statement for the year	年內於綜合收益賬扣除 (計入)	20,939	(11,096)	9,843
At 31 March 2006	二零零六年三月三十一日	30,266	(19,956)	10,310
Exchange realignment	匯兌重新組合	(1,067)	-	(1,067)
Charge (credit) to consolidated income statement for the year	年內於綜合收益賬扣除 (計入)	17,733	(11,751)	5,982
At 31 March 2007	二零零七年三月三十一日	46,932	(31,707)	15,225

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

為用作資產負債表呈報目的，若干遞延稅項資產及負債已抵銷。下表為用作財務報告目的之遞延稅項結餘分析：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Deferred tax liabilities	遞延稅項負債	46,932	30,266
Deferred tax assets	遞延稅項資產	(31,707)	(19,956)
		15,225	10,310

24. Deferred Tax (Continued)

At 31 March 2007, the Group had unused tax losses of approximately HK\$129,270,000 (2006: HK\$77,865,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$105,690,000 (2006: HK\$66,520,000) of such losses. No deferred tax asset has been recognised for the remaining HK\$23,580,000 (2006: HK\$11,345,000) due to the unpredictability of future profit streams.

At 31 March 2007, of the above tax losses, an amount of HK\$105,690,000 (2006: HK\$66,520,000) can be carried forward for twenty years following the loss year. The other balances may be carried forward indefinitely.

24. 遞延稅項 (續)

於二零零七年三月三十一日，本集團尚未動用但可用作抵扣未來課稅盈利之稅項虧損約有129,270,000港元（二零零六年：77,865,000港元）。其中就該虧損確認了約105,690,000港元（二零零六年：66,520,000港元）之遞延稅項資產。由於未來盈利之流入不可預測，餘下23,580,000港元（二零零六年：11,345,000港元）之虧損並無確認為遞延稅項資產。

於二零零七年三月三十一日，上述之稅項虧損105,690,000港元（二零零六年：66,520,000港元）可以由虧損年開始結轉二十年。其他結餘可無限期結轉。

25. Convertible Bonds

25. 可換股債券

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Liability component:	負債部份:		
Carrying value at the beginning of the year	年初之賬面值	901,006	—
Issue of convertible bonds	發行可換股債券	—	914,000
Less:	減:		
Arrangement fees	手續費	—	(25,706)
Conversion	兌換	(741,413)	—
Add:	加:		
Imputed interest	利息	45,771	12,712
Carrying value at end of the year	年終之賬面值	205,364	901,006

On 13 January 2006, the Company issued HK\$1,000 million zero coupon convertible bonds due in 2011 (the "2011 Bonds"). They are convertible, at the option of their holders, into ordinary shares of HK\$0.10 each in the Company at a conversion price of HK\$12.04 per share at any time on or after 28 January 2006 up to and including 6 January 2011.

於二零零六年一月十三日，本公司發行10億港元之零息可換股債券二零一一年到期（「二零一一年債券」）。債券可根據持有人的選擇，以轉換價12.04港元於二零零六年一月二十八日或之後至二零一一年一月六日止任何時間轉換為公司每股0.10港元之普通股。

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25. Convertible Bonds (Continued)

The 2011 Bonds do not bear interest. Unless partially redeemed, converted or purchased and cancelled before maturity, the 2011 Bonds will be redeemed by the Company at 124.92% of their principal amount on 13 January 2011. The 2011 Bonds may be redeemed at the option of the relevant holder on 13 January 2008 at 109.31% of the principal amount. On or after 13 January 2008, the Company has the option to redeem all of the entire remaining amount of the 2011 Bonds, at any time prior to their maturity, at an amount stipulated in the terms of the 2011 Bonds, when any of the following conditions are satisfied (i) the closing market price of the Company's shares for any 30 consecutive trading days, prior to the date on which the notice of redemption is given was at least 130% of the redemption price of each share; or (ii) at least 90% of the principal amount of the 2011 Bonds has already been converted, redeemed or purchased and cancelled. The value of this derivative is considered immaterial.

As at 31 March 2007, the 2011 Bonds with a principal amount of HK\$795,289,000 (2006: Nil) had been converted into ordinary shares of the Company.

The valuation of the 2011 Bonds was carried out by Sallmanns (Far East) Limited. For accounting purpose the 2011 Bonds are split into three components; derivative financial instruments, liability and equity. The equity element is presented "convertible bonds equity reserve" under equity and the early redemption rights are presented as derivative financial instruments as detailed in note 20. The effective interest rate of the liability component is 6.84%.

25. 可換股債券 (續)

二零一一年可換股債券並無利息。除非在到期日前部份已贖回、轉換或購買及註銷，二零一一年可換股債券將於二零一一年一月十三日以本金之124.92%由本公司贖回。在相關持有人的選擇下，二零一一年可換股債券可能於二零零八年一月十三日以本金之109.31%贖回。在二零零八年一月十三日或之後，本公司可於到期前任何時間，有權按二零一一年可換股債券條款所指定之金額提早贖回所有餘款，惟須符合以下任何一個條件：(i) 本公司股份連續30個交易日的收市價，為發出贖回通知前最少為每股股份贖回價格之130%；或(ii) 二零一一年可換股債券本金之最少90%已轉換、贖回、購買或註銷。本公司認為此衍生工具之價值不高。

截至二零零七年三月三十一日止，有795,289,000港元本金金額之二零一一年可換股債券被轉為本公司普通股。

二零一一年可換股債券之評估由西門(遠東)有限公司完成。由於會計關係，二零一一年可換股債券分為三個部份：衍生財務工具、負債及權益。權益元素以「可換股債券權益儲備」於權益及早期認購權利下呈列在附註20衍生財務工具內。負債部份之實際利率為6.84%。

26. Retirement Benefits Plans

(i) Plans for Hong Kong employees

Defined benefit plan

The Group is a member of a defined benefit plan which was open to qualified employees of companies under the control of Fortune Star Trading Ltd. ("Fortune Star"). Fortune Star and the Company are under the control of the same discretionary trust, the discretionary beneficiaries of which include Mr Lee Wan Keung, Patrick, Mr Lee Man Chun, Raymond and Mr Lee Man Bun, all of whom are directors of the Company. In December 2000, all the then existing members of the defined benefit plan were enrolled into a MPF Scheme and their accrued benefits for the past services under the defined benefit plan were frozen as at 30 November 2000. The defined benefit plan was closed to new employees from December 2000 onwards.

Under the defined benefit plan, employees are entitled to retirement benefits varying between 0% and 100% of their final salary as at 30 November 2000 multiplied by the pensionable service up to 30 November 2000 on attainment of a retirement age of 55. No other post-retirement benefits are provided.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 December 2006 by HSBC Life (International) Limited. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The main actuarial assumptions used were as follows:

		31.12.2006 二零零六年 十二月三十一日	31.3.2005 二零零五年 三月三十一日
Discount rate	貼現率	3.75%	4.25%
Expected return on plan assets	計劃資產預期回報	5%	5%
Expected rate of salary increases	預期薪金增長率	0%	0%

26. 退休福利計劃

(i) 為香港僱員而設的計劃

界定福利計劃

本集團是一個界定福利計劃的成員，該計劃供Fortune Star Trading Ltd.「Fortune Star」控制的公司的合資格僱員參與。Fortune Star及本公司均受同一項全權信託所控制，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）。於二零零零年十二月，界定利益計劃當時所有成員轉為登記參與一項強積金計劃，而彼等在界定利益計劃內就過往服務所得的累計福利於二零零零年十一月三十日被凍結。自二零零零年十二月起，界定福利計劃不再供新僱員選擇。

根據界定福利計劃，僱員於年屆五十五歲退休之齡時可獲取的退休福利相等於其於二零零零年十一月三十日的最後薪金的零至100%不等，乘以截至二零零零年十一月三十日止的應計退休金的服務年資。本集團並無提供其他退休後福利。

計劃資產及界定福利承擔現值之最近期精算估值，乃由滙豐人壽保險（國際）有限公司，於二零零六年十二月三十一日作出評估。界定福利承擔現值、相關之現時服務成本及過去的服務成本乃採用預估單位利益法計算。

所用的主要精算假設如下：

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26. Retirement Benefits Plans (Continued)

(i) Plans for Hong Kong employees (Continued)

Defined benefit plan (Continued)

The actuarial valuation showed that the market value of plan assets at 31 December 2006 was HK\$893,000 (31.12.2005: HK\$795,000) and that the actuarial value of these assets represented 423% (31.12.2005: 545%) of the benefits that were accrued to members.

The credit recognised in the consolidated income statement in respect of the defined benefit plan is as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Interest cost	利息成本	6	5
Expected return on plan assets	計劃資產預期回報	(39)	(95)
Actuarial gain recognised in the year	年內精算得益確認	(42)	-
Total, included in other income	總計(已計入其他經營收入)	(75)	(90)

The actual return on plan assets for the year was HK\$41,000 (2006: HK\$94,000).

The amount included in the consolidated balance sheet in respect of the Group's retirement benefit assets is as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Fair value of plan assets	計劃資產公平價值	893	795
Unrecognised actuarial gains	未確認精算收益	-	(42)
Present value of funded obligations	供款現值	(211)	(146)
		682	607

26. 退休福利計劃 (續)

(i) 為香港僱員而設的計劃 (續)

界定福利計劃 (續)

精算估值顯示計劃資產於二零零六年十二月三十一日之市價為893,000港元(二零零五年十二月三十一日:795,000港元)·而該等資產之精算價值乃相當於計劃成員應得利益之423%(二零零五年三月三十一日:545%)。

於綜合收益表就界定福利計劃確認的支出如下:

計劃資產於本年度的實際回報為41,000港元(二零零六年:94,000港元)。

本集團的退休福利資產已列入綜合資產負債表的數額如下:

26. Retirement Benefits Plans (Continued)

(i) Plans for Hong Kong employees (Continued)

Defined benefit plan (Continued)

Movements in the net assets in the year were as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
At beginning of the year	年初	607	1,320
Release of retirement benefit scheme	退休福利計劃撇銷	-	(803)
Amounts credited to consolidated income statement	計入綜合收益表的數額	75	90
At end of the year	年終	682	607

Defined contribution scheme

The Group operates a MPF Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK\$1,000 or 5% of the relevant monthly payroll costs to the MPF Scheme.

(ii) Plans for PRC employees

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

26. 退休福利計劃 (續)

(i) 為香港僱員而設的計劃 (續)

界定福利計劃 (續)

資產淨值於年內的變動如下:

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
At beginning of the year	607	1,320
Release of retirement benefit scheme	-	(803)
Amounts credited to consolidated income statement	75	90
At end of the year	682	607

界定供款計劃

本集團為所有合資格僱員設立一項強積金計劃。該計劃的資產與本集團的資產分開持有，以及撥入信託人管理的基金。本集團按1,000港元或有關月薪成本的5%，向強積金計劃供款。

(ii) 為中國僱員而設的計劃

中國附屬公司聘用的僱員均參與中國政府營辦的國家管理退休福利計劃。中國附屬公司須按僱員薪金的若干百分比，向退休福利計劃供款，作為福利之用。本集團對退休福利計劃的唯一責任就是根據計劃規定供款。

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26. Retirement Benefits Plans (Continued)

(iii) Plans for United States employees

Defined benefit plan

The Group operates a defined benefit pension plan for its hourly employees in its United States subsidiary. The adoption date was 30 June 2005. The pension plan is frozen and not accepting new participants. Pension plan benefits are based primarily on participants' compensation and years of credited service. Contributions to the pension plan are based on actuarial calculations of amounts to cover current service costs.

The main actuarial assumptions used were as follows:

		2007 二零零七年	2006 二零零六年
Discount rate	貼現率	5.95%	5.00%
Expected return on plan assets	計劃資產預期回報	7%	7%

The actuarial valuation showed that the market value of plan assets at 31 March 2007 was approximately HK\$107,906,000 (2006: HK\$107,801,000) and that the actuarial value of these assets represented 93% (2006: 93%) of the benefits that were accrued to members.

The charge recognised in the consolidated income statement in respect of the defined benefit pension plan is as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Current service cost	現有服務成本	1,703	1,475
Interest cost	利息成本	6,669	4,620
Expected return on plan assets	計劃資產預期回報	(7,275)	(5,561)
Past service cost	過去服務成本	-	16,905
Total, include in cost of sales	總計(已計入銷售成本)	1,097	17,439

26. 退休福利計劃 (續)

(iii) 為美國僱員而設的計劃

界定福利計劃

本集團的美國附屬公司採納界定福利計劃給予時薪僱員。採納日期為二零零五年六月三十日。該退休計劃已被凍結及不接納新參加者。退休計劃利益主要以參加者的報酬及計入的服務年期計算。退休計劃之供款是以足夠支付現有服務成本之精算金額為根據。

所用的主要精算假設如下：

		2007 二零零七年	2006 二零零六年
Discount rate	貼現率	5.95%	5.00%
Expected return on plan assets	計劃資產預期回報	7%	7%

精算估值顯示計劃資產於二零零七年三月三十一日之市價為107,906,000港元(二零零六年: 107,801,000港元)，而該等資產之精算價值乃相當於計劃成員應得利益之93% (二零零六年: 93%)。

於綜合收益表內就有關界定福利計劃確認的費用如下：

26. Retirement Benefits Plans (Continued)

(iii) Plans for the United States employees (Continued)

Defined benefit plan (Continued)

The amount included in retirement benefit liabilities in the year in respect of the retirement benefit pension plan is as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Fair value of plan assets	計劃資產公平值	107,906	107,801
Unrecognised actuarial gains	未確認之精算得益	(9,824)	(8,829)
Present value of funded obligations	供款現值	(116,618)	(116,411)
At end of the year	年終	(18,536)	(17,439)

Defined contribution plan

The Group also sponsors a 401(k) profit sharing plan for salaried employees of its subsidiary in the United States. All salaried employees of its subsidiary in the United States not covered by the collective bargaining agreement are eligible to participate. The maximum allowable contribution for each employee is 50% of gross wages subject to limitations set by the Internal Revenue Code. The Group will match 100% of the first 3% of employee contributions to the plan through salary deferral plus 25% of the next 2% that the employee defers.

26. 退休福利計劃 (續)

(iii) 為美國僱員而設的計劃 (續)

界定福利計劃 (續)

就有關福利退休計劃下包括退休福利負債款項如下:

界定供款計劃

本集團的美國附屬公司就受薪僱員贊助401(k)盈利分享計劃。所有非勞資談判合約下之美國附屬公司受薪僱員都有資格參加。每位僱員最高允許的供款額為毛收入50%但受內部收入準則管制。本集團將就計劃僱員供款首3%作出100%配對，至於僱員其餘供款之2%，本集團將按25%作出配對。

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27. Share Capital

27. 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 1 April 2005, 31 March 2006 and 31 March 2007	二零零五年四月一日、 二零零六年三月三十一日及 二零零七年三月三十一日	2,000,000,000	200,000
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	行使購股權	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	行使購股權	5,816,000	582
Conversion of convertible bonds	兌換可換股債券	66,053,932	6,605
Issue of new shares on placement of shares	因配股而發行的新股	80,000,000	8,000
At 31 March 2007	二零零七年三月三十一日	1,119,477,932	111,948

During the year, 5,516,000 and 300,000 share options under the Pre-IPO Scheme and the Share Option Scheme (both as defined in note 28) respectively were exercised at a subscription price of HK\$4.17 and HK\$8.50 per share respectively, resulting in the issue of 5,816,000 ordinary shares of HK\$0.10 each in the Company. In addition, convertible bonds with a principal amount of HK\$795,289,000 were converted into shares at an exercise price of HK\$12.04 resulting in the issue of 66,053,932 ordinary shares of HK\$0.10 each in the Company.

On 29 January 2007, arrangements were made for a private placement to independent private investors of 80,000,000 shares of HK\$0.10 each in the Company held by Gold Best at a price of HK\$18.50 per share representing a discount of approximately 5% to the closing market price of the Company's shares on 24 January 2007. Arrangement fees of HK\$20,177,000 was set-off against share premium.

All the shares issued during the year rank pari passu with the then existing shares in all respects.

年內，共有5,516,000股權根據首次公開售股前購投計劃及300,000股權根據購股權計劃授出的購股權獲行使，認購價為每股4.17港元及8.50港元，導致發行5,816,000股本公司每股面值0.10港元的普通股。另外，本金金額795,289,000港元之可換股債券被兌換，行使價為12.04港元，導致發行66,053,932股本公司每股面值0.10港元的普通股。

二零零七年一月二十九日，本公司作出安排以向獨立私人投資者私人配售Gold Best持有之本公司80,000,000股每股面值0.10港元之股份，每股作價18.50港元，較本公司股份於二零零七年一月二十四日之收市價折讓約5%。20,177,000港元之安排費用已與股份溢價對銷。

年內發行的所有股份在所有方面與當時的現有股份享有同等權益。

28. Share Option Schemes

Pursuant to the written resolution of the shareholders of the Company dated 11 September 2003, two share option schemes, namely Share Option Scheme (the "Scheme") and Pre-IPO Share Option Scheme (the "Pre-IPO Scheme"), were approved and adopted.

The Scheme and the Pre-IPO Scheme were established for the purpose of providing incentives to directors and eligible persons. The Scheme and Pre-IPO Scheme will remain in force for a period of ten years and three years, respectively from adoption of the schemes. The Scheme will expire on 10 September 2013 and the Pre-IPO Scheme expired on 10 September 2006.

(i) Share Option Scheme

Under the Scheme, the Board of Directors of the Company (the "Directors") may at their discretion grant options to (i) any director (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group in which the Group holds an equity interest or a subsidiary of such company ("Affiliate"); or (ii) any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, promoters, service providers of any member of the Group as may be determined by the Directors from time to time to subscribe for the shares of the Company (the "Shares").

Options granted must be taken up within 28 days of the date of grant. The maximum number of Shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company at any point in time. The maximum number of Shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the Shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules.

28. 購股權計劃

根據本公司股東於二零零三年九月十一日通過的書面決議案，兩個購股權計劃，（即購股權計劃（「該計劃」）及首次公開售股前購股權計劃（「首次公開售股前計劃」）均獲批准及採納。

設立該計劃及首次公開售股前計劃，旨在提供獎勵予董事及合資格人士。該計劃及首次公開售股前計劃的有效期自採納日期起計，分別為十年及三年，該計劃將於二零一三年九月十日屆滿及首次公開發售股前計劃已於二零零六年九月十日屆滿。

(i) 購股權計劃

根據該計劃，本公司董事會（「董事會」）可不時酌情決定授出購股權予(i)本集團的任何董事（包括執行董事、非執行董事及獨立非執行董事）及僱員、本集團持有股權的公司或該公司的附屬公司（「聯屬公司」）；或(ii)本集團任何成員公司的任何顧問、專家顧問、分銷商、承包商、供應商、代理人、客戶、業務夥伴、推廣人員及服務供應商，以認購本公司股份（「股份」）。

合資格人士必須於授出日期起計二十八日內接納購股權。根據購股權計劃授出的購股權所涉及的股份數目，在任何時候不得超過本公司已發行股本10%。除非根據上市規則的規定取得本公司股東的批准，否則任何人士在任何12個月期間內獲授的購股權所涉及的股份最高數目，不得超過於上述12個月期間最後一日本公司已發行股份的1%。

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28. Share Option Schemes (Continued)

(i) Share Option Scheme (Continued)

Options may be exercised during such period (including the minimum period, if any, for which an option must be held before it can be exercised) as may be determined by the Directors (which shall be less than ten years from the date of issue of the relevant option). Options may be granted without initial payment except the payment of HK\$1 as consideration for grant of option each time. The exercise price is equal to the highest of (i) nominal value of the Shares; (ii) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of the grant; and (iii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of the grant.

(a) Share options granted on 23 December 2005

The following table discloses details of the Company's options granted on 23 December 2005 under the Scheme held by employees (including a director) and movement in such holdings during the year:

Category 種類	Date of grant 授予期	Exercise price 行使價	Number of share options 購股權數目				
			Outstanding at 1.4.2005 於二零零五年 四月一日 尚未行使數目	Granted during the year 年內授予數目	Outstanding at 31.3.2006 於二零零六年 三月三十一日 尚未行使數目	Exercised during the year 年內行使數目	Outstanding at 31.3.2007 於二零零七年 三月三十一日 尚未行使數目
Director 董事	23 December 2005 二零零五年 十二月二十三日	8.50	-	600,000	600,000	-	600,000
Employees 僱員	23 December 2005 二零零五年 十二月二十三日	8.50	-	1,200,000	1,200,000	(300,000)	900,000
			-	1,800,000	1,800,000	(300,000)	1,500,000

28. 購股權計劃 (續)

(i) 購股權計劃 (續)

承授人可於董事會決定的期間(包括購股權行使前必須持有的最短期限(如有))行使購股權(該期間由有關購股權發行日期起計不得超逾十年)。除了須支付1港元作為每次獲授購股權的代價外,購股權可在毋須作出初期付款的情況下授出。行使價相等於下列較高者:(i)股份面值;(ii)股份於授出日期在聯交所每日報價表所示的收市價;及(iii)股份在緊接授出日期前五個營業日在聯交所每日報價表所示的平均收市價。

(a) 於二零零五年十二月二十三日授予的購股權

下表披露於二零零五年十二月二十三日授予的購股權計劃下之僱員(包括董事)持有公司購股權詳情及於年內之變動:

28. Share Option Schemes (Continued)

(i) Share Option Scheme (Continued)

(a) Share options granted on 23 December 2005 (Continued)

The options granted on 23 December 2005 may be exercised in accordance with the following terms of the Scheme as to:

- (a) one-third of the options commencing 23 December 2005 to 22 December 2008, the fair value of each option at the date of grant is HK\$1.87;
- (b) one-third of the options commencing 23 December 2006 to 22 December 2008 with vesting period from 23 December 2005 to 22 December 2006, the fair value of each option at the date of grant is HK\$1.97; and
- (c) one-third of the options commencing 23 December 2007 to 22 December 2008 with vesting period from 23 December 2005 to 22 December 2007, the fair value of each option at the date of grant is HK\$2.08.

28. 購股權計劃 (續)

(i) 購股權計劃 (續)

(a) 於二零零五年十二月二十三日授予的購股權 (續)

於二零零五年十二月二十三日授出之購股權可根據計劃下的條款行使:

- (a) 由二零零五年十二月二十三日至二零零八年十二月二十二日行使三分之一的購股權, 購股權在授出日當日之公平值估計為1.87港元;
- (b) 由二零零六年十二月二十三日至二零零八年十二月二十二日行使三分之一的購股權及獲准行使期由二零零五年十二月二十三日至二零零六年十二月二十二日, 購股權在授出日當日之公平值估計為1.97港元; 及
- (c) 由二零零七年十二月二十三日至二零零八年十二月二十二日行使三分之一的購股權及獲准行使期由二零零五年十二月二十三日至二零零七年十二月二十二日, 購股權在授出日當日之公平值估計為2.08港元。

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28. Share Option Schemes (Continued)

(i) Share Option Scheme (Continued)

(a) Share options granted on 23 December 2005 (Continued)

These fair values were calculated using the Binomial model. The valuation as at 23 December 2005 was carried out by Sallmanns (Far East) Limited. The inputs used in the model were as follows:

		2006 二零零六年
Closing share price at date of grant	授予日之股份收市價	HK\$ (港元) 8.50
Exercise price	行使價	HK\$ (港元) 8.50
Expected volatility (note a)	預期波幅 (附註a)	37.01%
Risk-free interest rate (note b)	無風險利息率 (附註b)	4.10%
Expected annual dividend yield	預期每年股息孳息率	2.63%
Total option life	總計可用年期	3 years (年)

Notes:

- (a) Expected volatility was determined by using the historical volatility of the price return of the ordinary shares of the Company over the past year from the valuation date.
- (b) The risk-free rate interest was based on the yield of Exchange Fund Note.

The estimated fair value with respect to share options granted to a director and employees on 23 December 2005 was HK\$3,552,000 of which HK\$1,510,000 (2006: HK\$1,573,000) was charged to the consolidated income statement for the year.

28. 購股權計劃 (續)

(i) 購股權計劃 (續)

(a) 於二零零五年十二月二十三日授予的購股權 (續)

該等公平值以二項式模式計算。截至二零零五年十二月二十三日之估值由西門(遠東)有限公司完成。用於計算模式之輸入如下:

附註:

- (a) 預期波幅是由估值日期開始以本公司普通股過往一年的歷史價格回報波幅而釐定。
- (b) 無風險利息率以外匯基金票據孳息率為基礎。

有關於二零零五年十二月二十三日授予一名董事及僱員之購股權之估計公平值為3,552,000港元，其中1,510,000港元(二零零六年:1,573,000港元)已在年內之綜合收益表內入賬。

28. Share Option Schemes (Continued)

(i) Share Option Scheme (Continued)

(b) Share options granted on 3 October 2006

The following table discloses details of the Company's options granted on 3 October 2006 under the Scheme held by employees (including directors) and movement in such holdings during the year:

Category 種類	Date of grant 授予期	Exercise price 行使價	Number of share options 購股權數目		
			Outstanding at 1.4.2006 於二零零六年 四月一日 尚未行使數目	Granted during the year 年內行使數目	Outstanding at 31.3.2007 年內授出及 於二零零七年 三月三十一日 尚未行使數目
Director 董事	3 October 2006 二零零六年十月三日	15.10	–	1,872,000	1,872,000
Employees 僱員	3 October 2006 二零零六年十月三日	15.10	–	3,456,000	3,456,000
			–	5,328,000	5,328,000

The options granted on 3 October 2006 may be exercised in accordance with the following terms of the Scheme as to:

- (a) 1,676,000 of the options commencing 1 January 2008 to 31 December 2010, with vesting period from 3 October 2006 to 31 December 2007, the fair value of each option at the date of grant is approximately HK\$4.13;

28. 購股權計劃 (續)

(i) 購股權計劃 (續)

(b) 於二零零六年十月三日授予的購股權

下表披露於二零零六年十月三日授出之購股權計劃下之僱員(包括董事)持有公司購股權詳情及於年內之變動:

Number of share options 購股權數目		
Outstanding at 1.4.2006 於二零零六年 四月一日 尚未行使數目	Granted during the year 年內行使數目	Outstanding at 31.3.2007 年內授出及 於二零零七年 三月三十一日 尚未行使數目
–	1,872,000	1,872,000
–	3,456,000	3,456,000
–	5,328,000	5,328,000

於二零零六年十月三日授出之購股權可根據計劃下的條款行使:

- (a) 由二零零八年一月一日至二零一零年十二月三十一日行使1,676,000股的購股權及獲准行使期由二零零六年十月三日至二零零七年十二月三十一日,購股權在授出日當日之公平值估計為4.13港元;

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28. Share Option Schemes (Continued)

(i) Share Option Scheme (Continued)

(b) Share options granted on 3 October 2006 (Continued)

- (b) 1,826,000 of the options commencing 1 January 2009 to 31 December 2010, with vesting period from 3 October 2006 to 31 December 2008, the fair value of each option at the date of grant is approximately HK\$4.47; and
- (c) 1,826,000 of the options commencing 1 January 2010 to 31 December 2010, with vesting period from 3 October 2006 to 31 December 2009, the fair value of each option at the date of grant is approximately HK\$4.69.

These fair values were calculated using the Binominal model. The valuation the as at 3 October 2006 was carried out by Sallmanns (Far East) Limited. The inputs used in the model were as follows:

		2006 二零零六年
Closing share price at date of grant	授予日之股份收市價	HK\$ (港元) 15.10
Exercise price	行使價	HK\$ (港元) 15.10
Expected volatility (note a)	預期波幅 (附註a)	38.00%
Risk-free interest rate (note b)	無風險利息率 (附註 b)	3.83%
Expected annual dividend yield	預期每年股息孳息率	1.59%
Total option life	總計可用年期	4.25 years (年)

Notes:

- (a) Expected volatility was determined by using the historical volatility of the price return of the ordinary shares of the Company over the past year from the valuation date.
- (b) The risk-free rate interest was based on the yield of Exchange Fund Note.

28. 購股權計劃 (續)

(i) 購股權計劃 (續)

(b) 於二零零六年十月三日授予的購股權 (續)

- (b) 由二零零九年一月一日至二零一零年十二月三十一日行使1,826,000股的購股權及獲准行使期由二零零六年十月三日至二零零八年十二月三十一日，購股權在授出日當日之公平值估計為4.47港元；及
- (c) 由二零一零年一月一日至二零一零年十二月三十一日行使1,826,000股的購股權及獲准行使期由二零零六年十月三日至二零零九年十二月三十一日，購股權在授出日當日之公平值估計為4.69港元。

該等公平值以二項式模式計算。截至二零零六年十月三日之估值由西門(遠東)有限公司完成。用於計算模式之輸入如下：

附註：

- (a) 預期波幅是由估值日期開始以本公司普通股過往一年的歷史價格回報波幅而釐定。
- (b) 無風險利息率以外匯基金票據孳息率為基礎。

28. Share Option Schemes (Continued)

(i) Share Option Scheme (Continued)

(b) Share options granted on 3 October 2006 (Continued)

The estimated fair value with respect to share options granted to directors and employees on 3 October 2006 was HK\$22,279,000 of which HK\$5,902,000 was charged to the consolidated income statement for the year.

(ii) Pre-IPO Scheme

The principal terms of the Pre-IPO Scheme, approved and amended by written resolutions of the shareholders of the Company dated 11 September 2003, are similar to the terms of the Scheme except for the followings:

- (a) The subscription price per share was the price per public offer share on the initial public offering in September 2003 ("Offer price"); and
- (b) Save for the options which was granted (with details set out below), no further options would be offered or granted, as the right to do so was ended upon the listing of the shares of the Company on the Stock Exchange.

On 11 September 2003, the Company granted share options under the Pre-IPO Scheme to the directors and certain employees of the Group, which entitled them to subscribe for a total of 75,000,000 shares at HK\$4.17 per share.

Save and except for Gold Best, all other holders to whom options were granted under the Pre-IPO Scheme are entitled to exercise (i) up to 50% of the options granted to him/her at any time after the expiry of 6 months till the first anniversary of the listing date, (ii) up to 75% of the options granted to him/her of any time until the second anniversary of the listing date, (iii) up to 100% of the options granted to him/her at any time until the third anniversary of the listing date.

28. 購股權計劃 (續)

(i) 購股權計劃 (續)

(b) 於二零零六年十月三日授予的購股權 (續)

有關於二零零六年十月三日授予一名董事及僱員之購股權之估計公平值為22,279,000港元，其中5,902,000港元已在年內之綜合收益表內入賬。

(ii) 首次公開售股前計劃

除下述者外，首次公開售股前計劃的條款（經本公司股東於二零零三年九月十一日通過的書面決議案批准及修訂）與該計劃的條款類似：

- (a) 每股認購價相等於二零零三年九月首次公開發售時每股公開發售股份的價格（「發售價」）；及
- (b) 除了已授出的購股權（詳見下文）外，本公司不會再行提呈或授出任何購股權，原因是作出此舉的權利已自本公司股份在聯交所上市之時起終止。

於二零零三年九月十一日，本公司根據首次公開售股前計劃授出購股權予本集團董事及若干僱員，使彼等可按每股4.17港元的價格，合共認購75,000,000股股份。

除了Gold Best外，根據首次公開售股前計劃獲授購股權的所有其他股東可(i)於上市日滿六個月起至上市日一周年前行使最多達獲授購股權的50%；(ii)於上市日兩周年之前行使最多達獲授購股權的75%；(iii)於上市日三周年之前行使最多達獲授購股權的100%。

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28. Share Option Schemes (Continued)

(ii) Pre-IPO Scheme (Continued)

The following table discloses details of the Company's options under the Pre-IPO Scheme held by employees (including directors) and movement in such holdings during the year:

Category 類別	Date of grant 授出日期	Exercise price 行使價 HK\$ 港元	Outstanding at 1.4.2005 二零零五年 四月一日 尚未行使	Exercised during the year 年內行使	Outstanding at 31.3.2006 二零零六年 三月三十一日 尚未行使	Exercised during the year 年內行使	Outstanding at 31.3.2007 二零零七年 三月三十一日 尚未行使
Directors 董事	11 September 2003 二零零三年九月十一日	4.17	4,786,000	(1,920,000)	2,866,000	(2,866,000)	-
Employees 僱員	11 September 2003 二零零三年九月十一日	4.17	4,054,000	(1,404,000)	2,650,000	(2,650,000)	-
Others 其他	11 September 2003 二零零三年九月十一日	4.17	900,000	(900,000)	-	-	-
			9,740,000	(4,224,000)	5,516,000	(5,516,000)	-

During the year, the fair value of the Company's share on the date the share options were exercised were in the range from HK\$11.80 to HK\$12.81.

Total consideration received during the year from directors and employees for exercise of the options granted under the Pre-IPO Scheme is HK\$23,002,000 (2006: HK\$17,614,000).

28. 購股權計劃 (續)

(ii) 首次公開售股前計劃 (續)

下表披露本公司於首次公開售股前計劃下之僱員(包括董事)持有公司購股權詳情及於年內之變動:

年內，購股權行使期當日本公司股份公平值由11.80港元至12.81港元不等。

根據首次公開售股前計劃下授予董事及員工之購股權行使總利益收入為23,002,000港元(二零零六年: 17,614,000港元)。

29. Operating Lease Arrangements

The Group as lessee

At the balance sheet date, 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:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	一年內	136,042	310
In the second to fifth year inclusive	第二年至第五年內(包括首尾兩年)	116,750	-
After five years	第五年後	658,048	-
		910,840	310

Operating lease payments represent rentals payable by the Group for forestry lands and certain of its office properties. For office properties, leases are negotiated for an average term of one year with fixed rentals. For forestry lands, leases are negotiated for an average term of thirty years and rentals are fixed for every five years.

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the use of the Group's pipelines with the following future minimum lease payments:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	一年內	390	390
In the second to fifth year inclusive	第二年至第五年內(包括首尾兩年)	1,560	1,560
After five years	第五年後	1,170	1,560
		3,120	3,510

Operating lease payments represent rental payable by tenants for the use of the Group's pipelines. Leases are negotiated for an average term of ten years with fixed rentals.

29. 經營租約安排

集團作為承租人

於結算日，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：

經營租金指本集團就林地及其若干辦公室物業應付的租金。辦公室物業的租期平均一年，期內租金不變。林地的租期平均三十年，租金於五年內不變。

集團作為出租人

於結算日，本集團與租戶為使用導管簽訂日後應付的最低租金如下：

經營租金指租戶為使用本集團的導管應付的租金，租期平均十年，期內租金不變。

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30. Capital Commitments

30. 資本承擔

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	就購置物業、廠房及設備已訂約但未於綜合財務報表中撥備的資本開支	2,109,652	1,512,699

31. Non-cash Transactions

During the year ended 31 March 2006, notes receivable of approximately HK\$26,643,000 were utilised to acquire property, plant and equipment of the same amount.

31. 非現金交易

年內，約26,643,000港元之應收票據用於物業、廠房及設備購置。

32. Connected And Related Party Transactions And Balances

(a) Significant transactions with connected and related parties during the year and balances with them at the balance sheet date are as follows:

32. 相關人士關連交易及結餘

(a) 年內，與關連人士進行的重大交易及於資產負債表結算日的結餘如下：

Name of party 關連人士名稱	Nature of transaction/balance 交易／結餘性質	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Lee & Man Industrial Manufacturing 理文實業	Finished goods sold 已售製成品	97,724	122,018
	Waste paper purchased 已購廢紙	-	7,764
	Steam sold 已售蒸氣	1,560	1,560
	Balance due from Lee & Man Industrial Manufacturing 應收理文實業結餘	12,743	22,938
Lee & Man Paper Products Limited (note i) 理文紙品有限公司 (附註i)	Licence fee paid 已付許可權費	878	869
Lee & Man Management Company Limited (note ii) 理文管理有限公司 (附註 ii)	Management fee paid 已付管理費	-	39

32. Connected And Related Party Transactions And Balances (Continued)

(a) (Continued)

Notes:

- (i) Lee & Man Paper Products Limited is under control of 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 which in turn is beneficially owned by Fortune Star.

- (b) The remuneration of the directors and other members of key management during the year was as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Short-term benefits	短期福利	8,421	6,645
Post-employment benefits	退休福利	60	53
Share-based payment expense	股權支付款項開支	3,366	1,573
		11,847	8,271

32. 相關人士關連交易及結餘 (續)

(a) (續)

附註:

- (i) 理文紙品有限公司為由本公司董事李運強先生持控。
- (ii) 理文管理有限公司為理文集團有限公司的附屬公司，並由Fortune Star實益擁有。

- (b) 董事及其他主要管理層成員於年內之酬金如下:

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33. Balance Sheet Of The Company

The summarised balance sheet of the Company as at 31 March 2007 is as follows:

33. 本公司資產負債表

截至二零零七年三月三十一日資產負債表總括如下:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Investments in subsidiaries	於附屬公司的投資	637,977	637,977
Amounts due from subsidiaries	應收附屬公司款項	5,456,477	2,925,569
Other receivables	其他應收款項	5,278	-
Bank balances	銀行結餘	2,431	155
Total assets	總資產	6,102,163	3,563,701
Convertible bonds	可換股債券	205,364	901,006
Unsecured bank borrowings	無抵押銀行借貸	1,000,000	-
Other payables	其他應付款項	3,100	400
Derivative financial instrument	衍生財務工具	3	1,200
Total liabilities	總負債	1,208,467	902,606
		4,893,696	2,661,095
Share capital	股本	111,948	96,761
Reserves (note)	儲備 (附註)	4,781,748	2,564,334
Total equity	總權益	4,893,696	2,661,095

33. Balance Sheet Of The Company (Continued)

Note:

Reserves

		Share premium	Share options reserve	Contributed surplus	Convertible bonds equity reserve	Retained profits	Total
		股份溢價	購股權儲備	繳入盈餘	可換股債券 權益儲備	留存 盈利	總計
		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
At 1 April 2005	二零零五年四月一日	1,846,628	-	634,977	-	5,275	2,486,880
Issue of convertible bonds	發行可換股債券	-	-	-	62,000	-	62,000
Transaction costs attributable to issue of convertible bonds	發行可換股債券涉及之交易成本	-	-	-	(1,744)	-	(1,744)
Issue of shares on exercise of share options	因行使購股權而發行股份	17,191	-	-	-	-	17,191
Share-based payment	股權支付款項	-	1,573	-	-	-	1,573
Profit for the year	年內盈利	-	-	-	-	171,843	171,843
Dividend paid	派息	-	-	-	-	(173,409)	(173,409)
At 31 March 2006	二零零六年三月三十一日	1,863,819	1,573	634,977	60,256	3,709	2,564,334
Issue of shares on exercise of share options	因行使購股權而發行股份	25,531	(561)	-	-	-	24,970
Issue of shares on placement of shares	因配股而發行股份	1,451,823	-	-	-	-	1,451,823
Issue of shares on conversion of convertible bonds	因可換股債券兌換而發行股份	782,729	-	-	(47,921)	-	734,808
Share-based payment	股權支付款項	-	7,412	-	-	-	7,412
Profit for the year	年內盈利	-	-	-	-	393,942	393,942
Dividend paid	派息	-	-	-	-	(395,541)	(395,541)
At 31 March 2007	二零零七年三月三十一日	4,123,902	8,424	634,977	12,335	2,110	4,781,748

The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company pursuant to the corporate reorganisation in September 2003 and the nominal value of the Company's shares issued for the acquisition.

At 31 March 2007, the Company's reserves available for distribution to its shareholders comprise share premium, contributed surplus and retained profits which in aggregate amounted to approximately HK\$4,761 million (2006: HK\$2,503 million). Under the Companies Law (2001 Second Revision) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company.

33. 本公司資產負債表 (續)

附註:

儲備

		Share premium	Share options reserve	Contributed surplus	Convertible bonds equity reserve	Retained profits	Total
		股份溢價	購股權儲備	繳入盈餘	可換股債券 權益儲備	留存 盈利	總計
		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
At 1 April 2005	二零零五年四月一日	1,846,628	-	634,977	-	5,275	2,486,880
Issue of convertible bonds	發行可換股債券	-	-	-	62,000	-	62,000
Transaction costs attributable to issue of convertible bonds	發行可換股債券涉及之交易成本	-	-	-	(1,744)	-	(1,744)
Issue of shares on exercise of share options	因行使購股權而發行股份	17,191	-	-	-	-	17,191
Share-based payment	股權支付款項	-	1,573	-	-	-	1,573
Profit for the year	年內盈利	-	-	-	-	171,843	171,843
Dividend paid	派息	-	-	-	-	(173,409)	(173,409)
At 31 March 2006	二零零六年三月三十一日	1,863,819	1,573	634,977	60,256	3,709	2,564,334
Issue of shares on exercise of share options	因行使購股權而發行股份	25,531	(561)	-	-	-	24,970
Issue of shares on placement of shares	因配股而發行股份	1,451,823	-	-	-	-	1,451,823
Issue of shares on conversion of convertible bonds	因可換股債券兌換而發行股份	782,729	-	-	(47,921)	-	734,808
Share-based payment	股權支付款項	-	7,412	-	-	-	7,412
Profit for the year	年內盈利	-	-	-	-	393,942	393,942
Dividend paid	派息	-	-	-	-	(395,541)	(395,541)
At 31 March 2007	二零零七年三月三十一日	4,123,902	8,424	634,977	12,335	2,110	4,781,748

本公司的繳入盈餘指本公司於二零零三年九月重組收購所得的附屬公司的資產淨值總額與本公司因收購事項而發行的本公司股份的面值的差額。

本公司可供分派予股東的儲備包括股份溢價、繳入盈餘及留存盈餘，於二零零七年三月三十一日的總額約為47.61億港元（二零零六年：25.03億港元）。根據開曼群島公司法（二零零一年第二次修訂版），在符合公司組織章程大綱及細則的規定下，本公司的股份溢價可用作向股東分派或支付股東股息，惟在緊隨支付分派或股息以後，本公司仍有能力在日常業務過程中支付到期的負債。根據本公司的公司細則，股息須以本公司的盈利或其他儲備撥付，包括股份溢價賬。

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34. Principal Subsidiaries

Details of the Company's principal subsidiaries, as at 31 March 2007, are as follows:

34. 主要附屬公司

本公司主要附屬公司(於二零零七年三月三十一日)的詳情如下:

Name of subsidiary 附屬公司名稱	Place of incorporation or establishment/operations 註冊成立或成立/ 營運地點	Nominal value of issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊股本面值	Proportion ownership interest hold by the Company 本公司持有權益 擁有權比例		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Able Advance International Limited	British Virgin Islands 英屬處女群島	Ordinary shares — US\$4 普通股 — 4美元	100	—	Investment holding 投資控股
Lee & Man Industries Company Limited	British Virgin Islands 英屬處女群島	Ordinary share — US\$1 普通股 — 1美元	—	100	Investment holding 投資控股
Evergreen Trading Company Limited	Malaysia 馬來西亞	Ordinary shares — US\$2 普通股 — 2美元	—	100	Procurement of raw materials 採購原料
Lee Kwok (Macao Commercial Offshore) Trading Limited 利國(澳門離岸商業服務)貿易有限公司	Macau 澳門	MOP100,000 澳門幣100,000元	—	100	Procurement of raw materials 採購原料
Wang Kei (Macao Commercial Offshore) Trading Limited 宏基(澳門離岸商業服務)貿易有限公司	Macau 澳門	MOP100,000 澳門幣100,000元	—	100	Export trading of paper 紙張出口貿易
東莞理文造紙廠有限公司 (Dongguan Lee & Man Paper Factory Co., Ltd.)	PRC (note) 中國(附註)	Registered capital — US\$118,480,000 註冊資本 — 118,480,000美元	—	100	Manufacturing and trading of paper 造紙生產及貿易
廣東理文造紙有限公司 (Guangdong Lee & Man Paper Manufacturing Limited)	PRC (note) 中國(附註)	Registered capital — US\$400,000,000 註冊資本 — 400,000,000 美元	—	100	Manufacturing and trading of paper 造紙生產及貿易
江蘇理文造紙有限公司 (Jiangsu Lee & Man Paper Manufacturing Company Limited)	PRC (note) 中國(附註)	Registered capital — US\$188,000,000 註冊資本 — 188,000,000 美元	—	100	Manufacturing and trading of paper 造紙生產及貿易
Evergreen Pulp Inc.	United States of America 美國	Ordinary shares — US\$1,000 普通股 — 1,000 美元	—	100	Manufacturing of pulp 造漿
Top Honour Industries Limited	British Virgin Islands 英屬處女群島	Ordinary shares — US\$100 普通股 — 100 美元	—	100	Investment holding 投資控股
重慶理文造紙有限公司 (Chongqing Lee & Man Paper Manufacturing Limited)	PRC (note) 中國(附註)	Registered capital — US\$29,800,000 註冊資本 — 29,800,000 美元	—	100	Manufacturing and trading of paper 造紙生產及貿易
廣西理文林業科技發展有限公司 (Guangxi Lee & Man Forestry Technology Limited)	PRC (note) 中國(附註)	Registered capital — HK\$168,000,000 註冊資本 — 168,000,000 港元	—	100	Producing raw materials for manufacturing paper 生產用以製造紙張的原材料

Note: The companies are wholly foreign owned investment enterprises established in the PRC.

附註: 該等公司是於中國成立的全外商擁有之投資企業。



34. Principal Subsidiaries (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

35. Post Balance Sheet Events

On 10 April 2007, Top Honour Industries Limited ("Top Honour"), a subsidiary of the Group, entered into an agreement with an independent third party, Wise Sense Investments Limited ("Wise Sense"), to set up a subsidiary, Joint Creation Limited ("Joint Creation"). 75% and 25% of the shares of Joint Creation were subscribed in cash and issued to Top Honour and Wise Sense, respectively. Top Honour will inject USD128 million (approximately HK\$995 million) by way of further subscription of shares or shareholder loan or a combination thereof. Joint Creation will be principally engaged in the production of linerboard and corrugating medium in Vietnam.

On 10 April 2007, Joint Creation has entered into an acquisition agreement with an outsider, Metso Paper Inc., for purchasing a main unit of a paper machine, Paper Machine XV, that is to be assembled in Vietnam. The total consideration was agreed to be EUR40 million (approximately HK\$418 million).

34. 主要附屬公司

上表列出據董事認為主要影響本集團業績或資產與負債的本公司附屬公司。董事認為，列出其他附屬公司的詳情會使本附註過於冗長，故未有列載該等資料。

於年結日或年內任何時間，各附屬公司概無任何未償還的債務證券。

35. 結算日後事項

二零零七年四月十日，本集團之附屬公司Top Honour Industries Limited (「Top Honour」) 與獨立第三方Wise Sense Investments Limited (「Wise Sense」) 訂立協議，藉以成立附屬公司Joint Creation Limited (「Joint Creation」)。Joint Creation之75%及25%股份乃以現金認購，並分別發行予Top Honour及Wise Sense。Top Honour將通過進一步認購股份或股東貸款或兩者兼用，注資128,000,000美元(約995,000,000港元)。Joint Creation將主要在越南從事牛皮箱板紙及瓦楞芯紙的生產。

二零零七年四月十日，Joint Creation對外與Metso Paper Inc.訂立收購協議，藉以購買即將於越南組裝之第十五號造紙機主機。總代價協定為40,000,000歐元(約418,000,000港元)。

FINANCIAL SUMMARY

財務摘要

		Year ended 31 March 截至三月三十一日止年度				
		2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
RESULTS	業績					
Turnover	營業額	1,028,406	1,701,055	2,771,423	3,778,054	5,160,552
Profit before taxation	除稅前盈利	215,076	290,128	423,436	625,586	1,041,005
Income tax expenses	利得稅開支	(2,000)	(5,250)	(5,693)	(25,558)	(30,894)
Profit for the year	年度盈利	213,076	284,878	417,743	600,028	1,010,111
Attributable to:	應佔:					
Equity holders of the Company	公司權益持有人	213,076	284,878	417,743	600,028	1,010,024
Minority interests	少數股益	–	–	–	–	(93)
		213,076	284,878	417,743	600,028	1,010,111

		At 31 March 三月三十一日				
		2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產與負債					
Total assets	資產總值	1,929,783	3,409,123	4,113,393	5,774,016	9,845,200
Total liabilities	負債總額	(1,435,267)	(1,505,725)	(1,071,932)	(2,196,972)	(3,274,499)
Shareholders' funds	股東資金	494,516	1,903,398	3,041,461	3,577,044	6,570,701
Equity attributable to equity holders of the Company	公司權益持有人應佔權益	494,516	1,903,398	3,041,461	3,577,044	6,570,794
Minority interests	少數股益	–	–	–	–	(93)
Total equity	總權益	494,516	1,903,398	3,041,461	3,577,044	6,570,701

Note: The Company was incorporated and registered as an exempted company in the Cayman Islands on 21 May 2003 and became the holding company of the Group as a result of a group reorganisation in September 2003. The financial summary has been presented on the basis that the Company had been the holding company of the Group from the beginning of the earliest period presented.

附註：本公司於二零零三年五月二十一日於開曼群島註冊成立及登記為獲豁免公司，並因為集團重組而於二零零三年九月成為本集團的控股公司。財務摘要乃按本公司自最早呈報期間開始一直是本集團控股公司的基準而呈報。

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