



理文造紙有限公司*

Lee & Man Paper Manufacturing Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

2005/06 中期報告
INTERIM REPORT



* 僅供識別

* For identification purposes only

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CORPORATE INFORMATION

公司資料

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BOARD OF DIRECTORS

Executive director

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

Non-executive director

Professor Poon Chung Kwong

Independent non-executive director

Mr Wong Kai Tung Tony
Mr Heng Kwoong 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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8th Floor, Liven House
61-63 King Yip Street
Kwun Tong
Kowloon
Hong Kong

董事會

執行董事

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

非執行董事

潘宗光教授

獨立非執行董事

王啟東先生
邢詒春先生
羅嘉穗小姐

公司秘書

張國強先生

註冊辦事處

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

香港總辦事處暨主要營業地點

香港
九龍觀塘
敬業街61-63號
利維大廈8樓

CORPORATE INFORMATION**公司資料****PRINCIPAL BANKERS***In Macau and Hong Kong:*

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

In the PRC:

China Construction Bank
 Bank of China
 Agricultural Bank of China

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
 Ground Floor, BEA Harbour View Centre
 56 Gloucester Road
 Wanchai
 Hong Kong

WEBSITE

<http://www.leemanpaper.com>

主要往來銀行

澳門及香港：

恒生銀行有限公司
 渣打銀行(香港)有限公司
 花旗銀行

中國：

中國建設銀行
 中國銀行
 中國農業銀行

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
 灣仔告士打道56號
 東亞銀行港灣中心地下

網址

<http://www.leemanpaper.com>

INTERIM RESULTS

中期業績

The board of directors of Lee & Man Paper Manufacturing Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2005 together with the comparative figures as follows:

理文造紙有限公司(「本公司」)董事會欣然公佈，本公司及其附屬公司(「本集團」)截至二零零五年九月三十日止六個月未經審核簡明綜合業績，連同比較數字如下：

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2005

簡明綜合損益表

截至二零零五年九月三十日止六個月

			2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (unaudited) (未經審核) HK\$'000 千港元
		Notes 附註		
Turnover	營業額	2	1,869,320	1,257,701
Cost of sales	銷售成本		(1,489,600)	(988,001)
Gross profit	毛利		379,720	269,700
Other operating income	其他經營收入		43,136	3,114
Distribution costs	分銷成本		(29,153)	(21,961)
Administrative expenses	行政費用		(60,877)	(49,699)
Profit from operations	經營盈利	3	332,826	201,154
Interest on bank borrowings wholly repayable within five years	須於五年內悉數償付的銀行借貸的利息		(19,321)	(4,036)
Profit before taxation	除稅前盈利		313,505	197,118
Taxation	稅項	4	(4,155)	(2,830)
Profit for the period	期內盈利		309,350	194,288
Interim Dividend	中期股息		—	—
Earnings per share	每股盈利	5		
— Basic	— 基本		32.11 cents 仙	20.31 cents 仙
— Diluted	— 攤薄		31.99 cents 仙	20.22 cents 仙

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CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2005

簡明綜合資產負債表

於二零零五年九月三十日

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		Notes	30 September 2005 二零零五年 九月三十日 (unaudited) (未經審核) HK\$'000 千港元	31 March 2005 二零零五年 三月三十一日 (audited) (經審核) HK\$'000 千港元
		附註		
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	6	2,754,596	2,497,776
Land use rights	土地使用權		87,196	86,517
Deposits paid on acquisition of property, plant and equipment	購置物業、廠房及 設備所付訂金		554,577	148,174
Deferred tax assets	遞延稅項資產		10,033	8,860
			3,406,402	2,741,327
CURRENT ASSETS	流動資產			
Inventories	存貨	7	512,378	548,364
Trade and bills receivable	應收賬款及票據	8	651,060	504,649
Notes receivable	應收票據		—	26,643
Deposits, prepayments and other receivables	按金、預付款項及 其他應收款項		174,138	207,731
Retirement benefit assets	退休福利資產		1,320	1,320
Amount due from a related company	應收有關連公司款項		6,516	612
Taxation recoverable	可收回稅項		—	92
Pledged bank deposits	銀行存款抵押		—	1,055
Bank balances and cash	銀行結餘及現金		80,591	81,600
			1,426,003	1,372,066
CURRENT LIABILITIES	流動負債			
Trade and bills payable	應付賬款及票據	9	112,361	97,762
Accruals and other payables	應計費用及其他應付款項		150,648	192,253
Taxation payable	應付稅項		12,753	12,730
Unsecured bank borrowings — due within one year	無抵押銀行借貸 — 一年內到期		1,239,693	618,474
			1,515,455	921,219
NET CURRENT (LIABILITIES) ASSETS	流動(負債)資產淨值		(89,452)	450,847
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		3,316,950	3,192,174

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			30 September 2005 二零零五年 九月三十日 (unaudited) (未經審核) HK\$'000 千港元	31 March 2005 二零零五年 三月三十一日 (audited) (經審核) HK\$'000 千港元
		Notes 附註		
NON-CURRENT LIABILITY	非流動負債			
Unsecured bank borrowings — due after one year	無抵押銀行借貸 — 一年後到期		117,812	150,713
			3,199,138	3,041,461
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	10	96,338	96,338
Reserves	儲備		3,102,800	2,945,123
			3,199,138	3,041,461

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2005

簡明綜合現金流量表

截至二零零五年九月三十日止六個月

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		2005 二零零五年 (unaudited) (未經審核) HK\$'000 千港元	2004 二零零四年 (unaudited) (未經審核) HK\$'000 千港元
Net cash generated from operating activities	經營業務所得現金淨額	220,047	70,040
Net cash used in investing activities	投資活動所用現金淨額	(635,965)	(464,683)
Net cash generated from financing activities	融資活動所得現金淨額	414,909	104,518
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(1,009)	(290,125)
Cash and cash equivalents brought forward	現金及現金等價物承前	81,600	351,718
Cash and cash equivalents carried forward represented by bank balances and cash	現金及現金等價物結轉等於銀行結餘及現金	80,591	61,593

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 September 2005

截至二零零五年九月三十日止六個月

		Share Capital 股本 (unaudited) (未經審核) HK\$'000 千港元	Share premium 股份溢價 (unaudited) (未經審核) HK\$'000 千港元	Translation reserve 滙兌儲備 (unaudited) (未經審核) HK\$'000 千港元	Special reserve 特別儲備 (unaudited) (未經審核) HK\$'000 千港元	Accumulated profit 累計盈利 (unaudited) (未經審核) HK\$'000 千港元	Total 總結 (unaudited) (未經審核) HK\$'000 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
Exchange difference arising from translation of financial statements of overseas operations	換算海外業務財務報表所產生的滙兌差額	—	—	21,736	—	—	21,736
Profit for the period	期內盈利	—	—	—	—	309,350	309,350
Dividend paid	支付股息	—	—	—	—	(173,409)	(173,409)
At 30 September 2005	二零零五年九月三十日	96,338	1,846,628	41,199	(2,999)	1,217,972	3,199,138
At 1 April 2004	二零零四年四月一日	84,053	1,042,438	19,463	(2,999)	760,443	1,903,398
Issue of shares	發行股份	12,102	801,923	—	—	—	814,025
Exchange difference arising from translation of financial statements of overseas operations	換算海外業務財務報表所產生的滙兌差額	—	—	747	—	—	747
Profit for the period	期內盈利	—	—	—	—	194,288	194,288
Dividend paid	支付股息	—	—	—	—	(96,155)	(96,155)
At 30 September 2004	二零零四年九月三十日	96,155	1,844,361	20,210	(2,999)	858,576	2,816,303

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2005

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2005 except that the Group has changed certain of its accounting policies following its adoption of the new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods commencing on or after 1 January 2005.

In 2005, the Group adopted the new/revised HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS1	Presentation of Financial Statements
HKAS2	Inventories
HKAS7	Cash Flow Statements
HKAS8	Accounting Policies, changes in Accounting Estimates and Errors
HKAS16	Property, Plant and Equipment
HKAS17	Leases
HKAS21	The effects of Changes in Foreign Exchange Rates
HKAS24	Related Party Disclosures
HKAS33	Earnings per share
HKAS36	Impairment of Assets
HKFRS2	Share-based Payment

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

簡明財務報表附註

截至二零零五年九月三十日止六個月

1. 編製基準及主要會計政策

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

除本集團因採納新增及經修訂之香港財務報告準則及香港會計準則(「新香港財務報告準則」)後更改其若干會計政策外，編製簡明綜合中期財務報表所採用的會計政策，與截至二零零五年三月三十一日止年度全年財務報表所採用者一致。該等新香港財務報告準則於二零零五年一月一日或以後開始之會計期間生效。

於二零零五年，本集團已採納以下與其業務有關之新／經修訂香港財務報告準則。二零零四年之比較數字已根據有關規定在有需要時予以修訂。

香港會計準則第1號	財務報表之呈列
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計之變動及差額
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第21號	匯率變動之影響
香港會計準則第24號	關連人士之披露
香港會計準則第33號	每股溢利
香港會計準則第36號	資產減值
香港財務報告準則第2號	以股份為基礎之付款

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

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2. SEGMENTS INFORMATION

2. 分部資料

Business segments

業務分部

		Turnover 營業額		Contribution to profit from operations 經營盈利貢獻	
		Six months ended 30 September 截至九月三十日止六個月		Six months ended 30 September 截至九月三十日止六個月	
		2005 二零零五年 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	2004 二零零四年 HK\$'000 千港元
Manufacture and sales of paper	生產及銷售紙張	1,651,333	1,257,701	315,397	200,968
Manufacture and sales of pulp	生產及銷售紙漿	217,987	—	17,018	—
		1,869,320	1,257,701	332,415	200,968
Interest Income	利息收入			411	186
Interest on bank borrowings wholly repayable within five years	須於五年內悉數 償還銀行借貸 的利息			(19,321)	(4,036)
Profit before taxation	除稅前盈利			313,505	197,118
Taxation	稅項			(4,155)	(2,830)
Profit attributable to shareholder	股東應佔盈利			309,350	194,288

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2. SEGMENTS INFORMATION (Continued)

2. 分部資料(續)

Geographical segments

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

地域分部

下表是按地區市場劃分本集團銷售的分析，當中並無理會貨品來源地：

		Sales revenue by geographical market 按地區市場劃分的銷售收入 Six months ended 30 September 截至九月三十日止六個月		Contribution to profit from operations 經營盈利貢獻 Six months ended 30 September 截至九月三十日止六個月	
		2005 二零零五年 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	2004 二零零四年 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」）	978,676	586,163	186,923	93,663
Export sales delivered in the PRC (Note)	中國國內付運的出口銷售（附註）	672,657	613,040	128,474	97,958
Others	其他	217,987	58,498	17,018	9,347
		1,869,320	1,257,701	332,415	200,968
Interest Income	利息收入			411	186
Interest on bank borrowings wholly repayable within five years	須於五年內悉數償還銀行借貸的利息			(19,321)	(4,036)
Profit before taxation	除稅前盈利			313,505	197,118
Taxation	稅項			(4,155)	(2,830)
Profit attributable to shareholder	股東應佔盈利			309,350	194,288

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。

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3. PROFIT FROM OPERATIONS

3. 經營盈利

		Six months ended 30 September 截至九月三十日止六個月	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Profit from operations has been arrived at after charging:	經營盈利經扣除下列各項：		
Directors' emoluments	董事酬金	1,914	1,140
Other staff costs	其他員工成本	96,806	26,490
Retirement benefits scheme contributions	退休福利計劃供款	1,174	518
Total staff costs	員工成本總額	99,894	28,148
Depreciation and amortization	折舊及攤銷	47,908	35,634
Exchange gain	外匯利益	33,092	1,832
Loss on write-off of property, plant and equipment	物業、廠房及設備撇賬所產生的虧損	—	7,312
Operating lease rentals in respect of land and buildings	土地及樓宇的經營租賃租金	6,345	522

4. TAXATION

4. 稅項

		Six months ended 30 September 截至九月三十日止六個月	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
The charge comprises:	稅項支出包括：		
PRC Foreign Enterprise Income Tax	中國外商企業所得稅	5,328	2,830
Deferred taxation	遞延稅項	(1,173)	—
		4,155	2,830

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4. TAXATION (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 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. The taxation charge represents the PRC Foreign Enterprise Income Tax after taking into account the relevant tax incentives.

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

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

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

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

4. 稅項 (續)

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。中國外商企業所得稅支出，已在計及有關稅項優惠。

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

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

董事認為，本集團在本身經營所在地的任何其他司法權區毋須繳交稅項。

遞延稅項指由於美國的附屬公司於期內確認的稅項虧損所產生之遞延稅項資產。

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5. EARNINGS PER SHARE

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

5. 每股盈利

每股基本及攤薄盈利乃以下列數據為基準計算：

		Six months ended 30 September 截至九月三十日止六個月	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Earnings for the purposes of basic and diluted earnings per share	用以計算每股基本及攤薄盈利的盈利	309,350	194,288
		Number of shares 股份數目	Number of shares 股份數目
Weighted average number of share for the purpose of basic earnings per share	用以計算每股基本盈利的加權平均股數	963,384,000	956,612,765
Potential dilutive effect arising from share options	購股權所產生的潛在攤薄影響	3,668,607	4,374,933
Weighted average number of share for the purpose of diluted earnings per share	用以計算每股攤薄盈利的加權平均股數	967,052,607	960,987,698

6. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$275 million (six months ended 30 September 2004: HK\$578 million) on property, plant and equipment to expand its operations.

6. 添置物業、廠房及設備

期內，本集團在添置物業、廠房及設備上耗資275百萬港元（截至二零零四年九月三十日止六個月：578百萬港元），以拓展業務。

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7. INVENTORIES

7. 存貨

		30 September 2005 二零零五年 九月三十日 HK\$'000 千港元	31 March 2005 二零零五年 三月三十一日 HK\$'000 千港元
At Cost:	成本：		
Raw materials	原料	465,955	458,376
Finished goods	製成品	46,423	89,988
		512,378	548,364

8. TRADE AND BILLS RECEIVABLE

8. 應收賬款及票據

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

本集團給予客戶的信貸期一般由45日至60日不等。

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

應收賬款及票據的賬齡分析如下：

		30 September 2005 二零零五年 九月三十日 HK\$'000 千港元	31 March 2005 二零零五年 三月三十一日 HK\$'000 千港元
Aged:	賬齡：		
Less than 30 days	少於30日	539,813	371,272
31 — 60 days	31日 — 60日	71,122	97,406
61 — 90 days	61日 — 90日	32,044	25,796
Over 90 days	90日以上	8,081	10,175
		651,060	504,649

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9. TRADE AND BILLS PAYABLE

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

9. 應付賬款及票據

應付賬款及票據的賬齡分析如下：

		30 September 2005 二零零五年 九月三十日 HK\$'000 千港元	31 March 2005 二零零五年 三月三十一日 HK\$'000 千港元
Aged:	賬齡：		
Less than 30 days	少於30日	80,298	83,800
31 – 60 days	31日 – 60日	11,032	5,423
61 – 90 days	61日 – 90日	10,647	3,982
Over 90 days	90日以上	10,384	4,557
		112,361	97,762

10. SHARE CAPITAL

10. 股本

		Number of ordinary shares 普通股數目	Amount 金額 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.10 each	每股面值0.10港元的普通股		
On date of incorporation	註冊成立日期	3,800,000	380
Increase in authorised share capital	法定股本增加	1,996,200,000	199,620
At 31 March 2005 and 30 September 2005	二零零五年三月三十一日 及二零零五年九月三十日	2,000,000,000	200,000

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10. SHARE CAPITAL (Continued)

10. 股本(續)

		Number of ordinary shares 普通股數目	Amount 金額 HK\$'000 千港元
Issued and fully paid:	已發行及繳足：		
At 1 April 2004	二零零四年四月一日	840,530,000	84,053
Issue of new shares	發行新股	120,000,000	12,000
Exercise of share options	行使配股權	2,854,000	285
At 31 March 2005 and 30 September 2005	二零零五年三月三十一日 及二零零五年九月三十日	963,384,000	96,338

11. COMMITMENTS

11. 承擔

		30 September 2005 二零零五年 九月三十日 HK\$'000 千港元	31 March 2005 二零零五年 三月三十一日 HK\$'000 千港元
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	收購物業、廠房及設備的 已訂約但未於財務報表 撥備的資本開支	514,304	655,919

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12. OPERATING LEASE COMMITMENTS

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

		30 September 2005 二零零五年 九月三十日 HK\$'000 千港元	31 March 2005 二零零五年 三月三十一日 HK\$'000 千港元
Within one year	一年內	2,280	5,889
In the second to fifth year inclusive	第二年至第五年內 (包括首尾兩年)	2,621	33
		4,901	5,922

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for an average term of one year with fixed rentals.

經營租金指本集團就若干辦公室應付的租金，租期平均一年，期內租金不變。

13. PLEDGE OF ASSETS

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

13. 資產抵押

於結算日，本集團獲若干銀行授出的銀行備用額乃由本集團的下列資產作抵押：

		30 September 2005 二零零五年 九月三十日 HK\$'000 千港元	31 March 2005 二零零五年 三月三十一日 HK\$'000 千港元
Bank deposits	銀行存款	—	1,055

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14. CONTINGENT LIABILITIES

14. 或然負債

		30 September 2005 二零零五年 九月三十日 HK\$'000 千港元	31 March 2005 二零零五年 三月三十一日 HK\$'000 千港元
Bills discounted with recourse	具追溯權的貼現票據	12,872	240,050

15. RELATED PARTY TRANSACTIONS

15. 有關連人士交易

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

期內，本集團與有關連人士進行下列的重大交易：

			Six months ended 30 September 2005 截至九月三十日止六個月 2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
		Notes 附註		
Finished goods sold	已售製成品	(a)	51,591	43,583
Waste paper purchased	已購廢紙	(b)	4,137	3,778
Steam sold	已售蒸汽	(c)	780	780
Licence fee paid	已付許可權費	(d)	434	431
Management fee paid	已付管理費	(e)	28	366

Notes:

附註：

- (a) The prices were based on the monthly quote given by the Group provided that the quote was not higher than the prevailing market price at the time of such quotation.
- (b) The prices were based on the monthly quote given by Lee & Man Industrial Manufacturing Limited provided that the quote was not higher than the prevailing market price at the time of such quotation.
- (c) Lee & Man Industrial Manufacturing Limited paid to the Group a monthly fee of HK\$130,000 (which is approximately the cost of coal incurred to produce steam in the past) for the supply of steam by the Group.

- (a) 價格按本集團每月報價計算，惟報價不得高於報價當時的市價。
- (b) 價格按理文實業有限公司每月報價計算，惟報價不得高於報價當時的市價。
- (c) 理文實業有限公司就本集團供應蒸汽而向本集團支付月費130,000港元(約相等於以往生產蒸汽時的燃煤成本)。

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15. RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

- (d) Lee & Man Paper Products Limited is an associate (as defined in the Listing Rules) of Fortune Star. The licence fees were charged in accordance with the relevant licence agreements.
- (e) Lee & Man Management is a subsidiary of Lee and Man Holding Limited ("Lee & Man Holding"). Lee & Man Holding is beneficially owned by Fortune Star which is an associate (as defined in the Listing Rules) of Trustcorp, a substantial shareholder of the Company. The management fee was charged at a fixed pre-agreed rate per month for the use of the administrative and secretarial services provided by Lee & Man Management and the right to use its premises as registered office.

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

16. REVIEW OF INTERIM ACCOUNTS

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

15. 有關連人士交易 (續)

附註：(續)

- (d) 理文紙品有限公司是 Fortune Star 的聯系人士(定義見上市規則)。許可權費按有關許可權協議計算收取。
- (e) 理文管理是 Lee and Man Holding Limited (「理文集團」)的附屬公司。理文集團由 Fortune Star 實益擁有，而 Fortune Star 是本公司的主要股東 Trustcorp 的聯繫人士(定義見上市規則)。管理月費按事先協定的價格收取，作為使用理文管理所提供的行政及秘書服務，以及有權使用其物業單位作為註冊辦事處的費用。

董事已確認上述交易是本集團的正常業務。

16. 審閱中期賬目

簡明中期財務報表均未經審核，惟經審核委員會審閱。

BUSINESS REVIEW AND OUTLOOK

業務回顧及展望

For the first six months of 2005/2006, the group achieved a turnover of HK\$1,869 million and has recorded a net profit of HK\$309 million. This represents an increase in turnover of 49% and an increase in net profit of 59% over the same period last year. The Group achieves this growth through hard work from all our employees. In addition, our pulp mill is now running at full capacity, succeeding in both lowering our existing paper production costs and generating extra income on external sales. Now, all six of our paper production lines (PM1 to PM6) and our pulp mill, with an annual paper capacity of 1,200,000MT and an annual pulp capacity of 200,000MT, are running at full capacity.

Later this year, we will be starting our seventh production line (PM7) at Dongguan Hongmei. This production line has an annual capacity of 400,000MT and is expected to make profitable contributions for the years to come.

China is clearly becoming the most important manufacturing base of the world. In particular, we feel optimistic about the growth of the manufacturing activities in the Yangtze River Delta. To serve this market, we will be starting our eighth production line (PM8) at Changshu, with an annual capacity of 450,000 MT, before the end of 2006. With this expansion, the Group's annual paper capacity will reach 2,000,000MT, and the Group will further solidify its leadership position in the containerboard market.

二零零五／零六年度首六個月，集團共錄得營業額18.69億港元及純利3.09億港元，較去年同期增長49%及59%，產量及盈利都符合預期。集團獲得理想成績，有賴於管理層及全體員工的努力，和美國漿廠發揮到漿紙一體化企業優勢，令集團無需向外購買木漿，餘下的木漿對外銷售亦帶出利潤。目前，集團現有的六條造紙生產線及木漿生產線皆已全速運行，年產量可達120萬噸工業用包裝紙及20萬噸木漿。

本年底，位於東莞的洪梅理文工業園第一期年產量40萬噸的第七號機（PM7）將會投產，亦會為集團在來年作出盈利貢獻。

由於中國是當今世界輕工業產品生產的重要基地，尤其是長江三角洲發展理想，極需大量的工業用包裝紙。為配合市場需求，集團決定在江蘇常熟工業園擴建第三期產量45萬噸的第八號機（PM8），預計於2006年底投產。屆時集團箱板原紙年產量將達至200萬噸，將進一步穩固集團在世界箱板原紙市場上的領導地位。

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RESULTS OF OPERATION

Turnover and net profit attributable to shareholders for the six months ended 30 September 2005 was HK\$1,869 million and HK\$309 million respectively, representing an increase of 49% and 59%, as compared to HK\$1,258 million and HK\$194 million, for the corresponding period last year. The earnings per share for the period was HK32.11 cents as compared to HK20.31 cents for the corresponding period last year.

The increase in turnover and net profit were mainly attributable to the significant increase in the Group's sales of containerboard due to the full period commercial operation of the paper machine VI in September 2004.

DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

The Group's distribution costs and administrative expenses increased by approximately 33% and 22% from HK\$22.0 million and HK\$49.7 million for the six months ended 30 September 2004 to HK\$29.2 million and HK\$60.9 million for the six months ended 30 September 2005 respectively as a result of the expansion in the operation of the Group and the increase in the Group's turnover during this period.

INTEREST EXPENSES

The Group's interest expenses increased by approximately 379% from HK\$4.0 million for the six months ended 30 September 2004 to HK\$19.3 million for the six months ended 30 September 2005. The increase was mainly due to the increase in average amount of outstanding bank loans during the period.

INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER

The inventory turnover of the Group's raw materials and finished products decreased from 85 days and 12 days, respectively, for the year ended 31 March 2005 to 71 days and 5 days, respectively, for the six months ended 30 September 2005. This exhibits continued strong demand from our customers.

The Group's debtors' turnover days were 64 days for the six months ended 30 September 2005 as compared to 66 days for the year ended 31 March 2005. This is in line with the credit terms of 45 days to 60 days granted by the Group to its customers.

經營業績

截至二零零五年九月三十日止六個月的營業額及股東應佔純利分別為18.69億港元及3.09億港元，較去年的12.58億港元及1.94億港元，分別增加49%及59%。本年度的每股盈利為32.11港仙，去年則為20.31港仙。

營業額及純利同告上升，主要歸因於本集團自二零零四年九月開始投產的第六號造紙機，帶動本集團箱板原紙銷量激增所致。

分銷成本及行政費用

本集團的分銷成本及行政費用分別由截至二零零四年九月三十日止六個月的22.0百萬港元及49.7百萬港元上升至截至二零零五年九月三十日止六個月的29.2百萬港元及60.9百萬港元，升幅約33%及22%，乃由於本集團於此期間擴充業務以及本集團的營業額上升所致。

利息開支

本集團的利息開支由截至二零零四年九月三十日止六個月的4.0百萬港元增至截至二零零五年九月三十日止六個月的19.3百萬港元，增幅約為379%。利息開支上升主要由於期內未償還平均銀行貸款增加所致。

存貨、應收賬款及應付賬款周轉期

本集團的原料及製成品的存貨周轉期，自截至二零零五年三月三十一日止年度的85天及12天，分別下跌至截至二零零五年九月三十日止六個月的71天及5天。由此可見，本集團客戶需求的增長勢頭持續強勁。

本集團截至二零零五年九月三十日止六個月的應收賬款周轉期為64天，相比截至二零零五年三月三十一日止年度則為66天。上述應收賬款周轉期與本集團授予客戶介乎45天至60天不等的信貸期相符。

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The Group's creditors' turnover days were 17 days for the six months ended 30 September 2005 as compared to 16 days for the year ended 31 March 2005.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' fund of the Group as at 30 September 2005 was HK\$3,199 million (31 March 2005: HK\$3,041 million). As at 30 September 2005, the Group had current assets of HK\$1,426 million (31 March 2005: HK\$1,372 million) and current liabilities of HK\$1,515 million (31 March 2005: HK\$921 million). The current ratio was 0.94 as at 30 September 2005 as compared to 1.49 at 31 March 2005.

The Group generally finances its operations with internally generated cashflow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 30 September 2005, the Group had outstanding bank borrowings of HK\$1,358 million (31 March 2005: HK\$769 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) increased from 0.23 as at 31 March 2005 to 0.40 as at 30 September 2005.

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

The Group's transactions and the monetary assets are principally denominated in Renminbi, Hong Kong dollars or United States dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 September 2005.

本集團的應付賬款周轉期截至二零零五年九月三十日止六個月為17天，相比截至二零零五年三月三十一日止年度則為16天。

流動資金、財務資源及資本結構

於二零零五年九月三十日，本集團的股東資金總額為31.99億港元(二零零五年三月三十一日：30.41億港元)。於二零零五年九月三十日，本集團的流動資產達14.26億港元(二零零五年三月三十一日：13.72億港元)，而流動負債則為15.15億港元(二零零五年三月三十一日：9.21億港元)。二零零五年九月三十日的流動比率為0.94，二零零五年三月三十一日則為1.49。

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。於二零零五年九月三十日，本集團的未償還銀行貸款為13.58億港元(二零零五年三月三十一日：7.69億港元)。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)由二零零五年三月三十一日的0.23上升至二零零五年九月三十日的0.40。

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。截至二零零五年九月三十日止六個月，本集團的營運或流動資金未曾因匯率波動而面臨任何重大困難或影響。

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EMPLOYEES

As at 30 September 2005, the Group had a workforce of more than 2,900 employees. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Company.

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

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

僱員

於二零零五年九月三十日，本集團擁有逾2,900名員工。僱員薪酬維持於具競爭力水平，並會每年審閱，且密切留意有關勞工市場及經濟市況趨勢。本集團亦為僱員提供內部培訓，並按員工表現及本公司盈利發放花紅。

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

本集團設有首次公開售股前的購股權計劃，本集團僱員可據此授購股權，以認購本公司股份。

OTHER INFORMATION

其他資料

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PRE-IPO SHARE OPTION SCHEME

At 30 September 2005, the particulars of the options held by each of the directors of the Company, the other employees of the Company in aggregate and other participants and which were granted on 11 September 2003 under the Pre-IPO Share Option Scheme of the Company at the offer price of HK\$4.17 were as follows:

首次公開售股前購股權計劃

於二零零五年九月三十日，由本公司每名董事持有的購股權、本公司其他僱員合共持有的購股權及其他參與者持有的購股權詳情如下，該等購股權根據本公司首次公開售股前購股權計劃於二零零三年九月十一日按發售價4.17港元授出：

Grantee	承授人	Number of share options held/outstanding at 1/04/2005 and 30/09/2005 於二零零五年四月一日及二零零五年九月三十日持有／尚未行使的購股權數目
Tan Siak Him Alexander	陳錫鑫	1,986,000
Heng Kwoo Seng	邢詒春	1,800,000
Wong Kai Tung Tony	王啟東	1,000,000
Other employees	其他僱員	4,054,000
Others	其他	900,000
		9,740,000

All holders of options granted under the Pre-IPO Share Option Scheme may only exercise their options as follows:

所有根據首次公開售股前購股權計劃獲授購股權的其他持有人，僅可按下列方式行使彼等的購股權：

27/3/2004 – 25/9/2004	up to 50% of options granted	二零零四年三月二十七日 – 二零零四年九月二十五日	不超過獲授購股權的50%
Until 25/9/2005	up to 75% of options granted	直至二零零五年九月二十五日	不超過獲授購股權的75%
Until 25/9/2006	up to 100% of options granted	直至二零零六年九月二十五日	不超過獲授購股權的100%

No share options have been exercised during the period.

期內並沒有行使購股權。

The consideration paid by each grantee for options granted to them was HK\$1.00.

每名承授人須就彼等獲授的購股權支付1.00港元代價。

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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN EQUITY OR DEBT SECURITIES

As at 30 September 2005, the relevant interests or short positions of the directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the relevant provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") relating to securities transactions by directors to be notified to the Company and the Stock Exchange were as follows:

Long positions

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

Name of director 董事姓名	Capacity 身份	Number of ordinary shares 普通股數目	Number of ordinary shares subject to options granted under the Pre-IPO Share Option Scheme 首次公開 售股前購股權 計劃授出的 購股權所涉及 的普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Lee Wan Keung Patrick 李運強	Held by controlled corporation (Note) 由受控制法團持有(附註)	717,070,000	—	74.43%
Lee Man Chun Raymond 李文俊	Held by controlled corporation (Note) 由受控制法團持有(附註)	717,070,000	—	74.43%

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

於二零零五年九月三十日，本公司各董事或主要行政人員在本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第十五部)的股份、相關股份及債券中，擁有並須根據證券及期貨條例第十五部第7及第8分部規定知會本公司及香港聯交所有限公司(「聯交所」)的有關權益或淡倉(包括其根據證券及期貨條例的有關條文被視作或當作擁有的權益或淡倉)或根據證券及期貨條例第352條須記錄於該條所指的登記冊內的權益或淡倉或根據聯交所證券上市規則(「上市規則」)有關董事進行證券交易的有關條文須知會本公司及聯交所的權益或淡倉如下：

好倉

(a) 本公司每股面值0.10港元的普通股

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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN EQUITY OR DEBT SECURITIES (Continued)

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)

Long positions (Continued)

好倉 (續)

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

(a) 本公司每股面值0.10港元的普通股 (續)

Name of director 董事姓名	Capacity 身份	Number of ordinary shares 普通股數目	Number of ordinary shares subject to options granted under the Pre-IPO Share Option Scheme 首次公開 售股前購股權 計劃授出的 購股權所涉及 的普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Lee Man Bun 李文斌	Held by controlled corporation (Note) 由受控制法團持有 (附註)	717,070,000	—	74.43%
Tan Siak Him Alexander 陳錫鑫	Beneficial owner 實益擁有人	—	1,986,000	0.21%
Wong Kai Tung Tony 王啟東	Beneficial owner 實益擁有人	—	1,000,000	0.10%
Heng Kwo Seng 邢詒春	Beneficial owner 實益擁有人	—	1,800,000	0.19%

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

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。

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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN EQUITY OR DEBT SECURITIES (Continued)

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)

Long positions (Continued)

好倉(續)

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

(b) 本公司相聯法團的普通股

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

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

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

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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN EQUITY OR DEBT SECURITIES (Continued)

Save as disclosed above and other than certain nominee shares in subsidiaries held by certain directors in trust for the Company, none of the directors or the chief executives or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 September 2005.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2005, 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 ordinary shares 普通股數目	Percentage of the issued share capital of the Company 佔本公司 已發行股本 百分比
Gold Best	Beneficial owner 實益擁有人	717,070,000	74.43%
Trustcorp	Held by controlled corporation 由受控制法團持有	717,070,000	74.43%
Lee Wong Wai Kuen 李黃惠娟	Held by spouse (Note) 由配偶持有(附註)	717,070,000	74.43%

Note: Under the SFO, Lee Wong Wai Kuen is deemed to be interested in these 717,070,000 ordinary shares as she is the spouse of Lee Wan Keung Patrick, a director 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)

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，於二零零五年九月三十日，各董事、主要行政人員及彼等的聯繫人士概無在本公司或其任何相聯法團的股份、相關股份或債券中，擁有任何權益或淡倉。

主要股東

於二零零四年九月三十日，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717,070,000股普通股的權益。

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SUBSTANTIAL SHAREHOLDERS (Continued)

Save as disclosed above, as at 30 September 2005, 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.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry of the Directors, all Directors have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2005.

主要股東 (續)

除上文所披露者外，於二零零五年九月三十日，概無任何人士（本公司董事或主要行政人員除外）知會本公司，彼等在本公司的股份或相關股份中擁有根據證券及期貨條例第十五部第2及第3分部的規定須向本公司披露的權益或淡倉，或根據證券及期貨條例第336條的規定已記錄於本公司按該條存置的登記冊內的權益或淡倉。

買賣或贖回本公司上市證券

期內，本公司或其任何附屬公司概無買賣或贖回本公司任何上市證券。

證券交易之標準守則

本公司已採納上市規則附錄10所載之標準守則為其董事進行證券交易之操守準則。本公司已向董事作出個別查詢，全體董事於截至二零零五年九月三十日止之六個月內一直遵守標準守則所載之規定準則。

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CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2005, with the exception of the following deviations:

Under the code provision A.4.1, non-executive directors should be appointed for a specific term and under A.4.2, every director should be subject to retirement by rotation at least once every three years. Currently, non-executive Directors are not appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, they are subject to retirement by rotation at each annual general meeting under the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code. Furthermore, under the existing Articles of Association of the Company, the Chairman of the Board and the Managing Director of the Company are not subject to retirement by rotation. This constitutes a deviation from the code provision A.4.2. To comply with the code provision, relevant amendments to the existing Articles of Association of the Company will be proposed at the next annual general meeting.

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 September 2005.

企業管治常規守則

董事認為，本公司已於截至二零零五年九月三十日止六個月內一直遵守上市規則附錄14所載之企業管治常規守則（「守則」），惟以下偏離則除外：

根據守則條文A.4.1,非執行董事之委任須有指定任期,且根據A.4.2,每名董事須至少每三年輪值告退一次。現時,非執行董事之委任並無特定任期,此與構成對守則條文A.4.1之偏離。然而,根據本公司之章程細則,彼等須於各股東週年大會上輪值告退。因此,本公司認為,已採取足夠措施確保本公司之企業管治常規不會較守則寬鬆。此外,根據本公司之現行章程細則,本公司之董事會主席與董事總經理均毋須輪值告退,此舉構成對守則條文A.4.2之偏離。本公司將於下屆股東週年大會上提呈對本公司現行章程細則這修訂,以符合守則條文。

審核委員會

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

審核委員會已與管理層檢討本集團所採納的會計原則及慣例,並已討論內部監控程序及財務申報等事宜,其中包括審閱本集團截至二零零五年九月三十日止六個月的未經審核中期財務報表。

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REMUNERATION COMMITTEE

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

On behalf of the Board
Lee Wan Keung Patrick
Chairman

Hong Kong, 7 November 2005

薪酬委員會

為符合守則，本公司於2005年9月28日成立薪酬委員會，清楚說明委員會的權限及職責。薪酬委員會成員包括邢詒春先生、王啟東先生及羅嘉穗小姐。薪酬委員會之成員均為獨立非執行董事。

代表董事會
李運強
主席

香港，二零零五年十一月七日

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