



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

2010/11 中期報告  
INTERIM 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 Kunihiko Kashima

#### Non-executive director

Professor Poon Chung Kwong *GBS JP*  
Mr Yoshio Haga (*Vice Chairman*)

#### Independent non-executive director

Mr Wong Kai Tung Tony  
Mr Peter A Davies  
Mr Chau Shing Yim David

### Company Secretary

Mr Cheung Kwok Keung

### Registered Office

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

### Principal Office

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

### Principal Bankers

#### In Hong Kong and Macau:

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

#### In the PRC:

China Construction Bank  
Bank of China  
Agricultural Bank of China

### 董事會

#### 執行董事

李運強先生(主席)  
李文俊先生 *BBS太平紳士(首席執行官)*  
李文斌先生  
鹿島久仁彥先生

#### 非執行董事

潘宗光教授 *GBS太平紳士*  
芳賀義雄先生(副主席)

#### 獨立非執行董事

王啟東先生  
Peter A Davies先生  
周承炎先生

### 公司秘書

張國強先生

### 註冊辦事處

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

### 總辦事處

香港  
九龍  
觀塘  
敬業街61–63號  
利維大廈5樓

### 主要往來銀行

#### 香港及澳門：

恒生銀行  
渣打銀行  
花旗銀行  
滙豐銀行  
星展銀行

#### 中國：

中國建設銀行  
中國銀行  
中國農業銀行

## **Auditor**

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

## **Principal Share Registrar and Transfer Office**

Butterfield Fulcrum Group (Cayman) Limited  
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  
Wanchai  
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**

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
George Town  
Grand Cayman  
Cayman Islands

## **香港股份過戶登記分處**

卓佳證券登記有限公司  
香港  
灣仔  
皇后大道東28號  
金鐘匯中心26樓

## **網址**

<http://www.leemanpaper.com>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 簡明綜合全面收入表

For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

The board of directors of Lee & Man Paper Manufacturing Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2010 together with the comparative figures as follows:

理文造紙有限公司(「本公司」)董事會欣然公布，本公司及其附屬公司(「本集團」)截至二零一零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 Statement of Comprehensive Income

For the six months ended 30 September 2010

### 簡明綜合全面收入表

截至二零一零年九月三十日止六個月

		Notes 附註	2010 二零一零年 (unaudited) (未經審核) HK\$'000 千港元	2009 二零零九年 (unaudited) (未經審核) HK\$'000 千港元
Revenue	收入	2	<b>6,898,722</b>	5,059,742
Cost of sales	銷售成本		<b>(5,659,228)</b>	(3,812,769)
Gross profit	毛利		<b>1,239,494</b>	1,246,973
Other income	其他收入		<b>135,951</b>	92,625
Net gain (loss) from fair value changes of derivative financial instruments	因衍生財務工具公平值變動 產生的淨得益(虧損)		<b>4,162</b>	(24,664)
Distribution and selling expenses	分銷及銷售費用		<b>(108,558)</b>	(119,965)
Administrative expenses	行政費用		<b>(245,819)</b>	(204,760)
Finance costs	財務成本	3	<b>(95,013)</b>	(96,238)
Profit before tax	除稅前盈利		<b>930,217</b>	893,971
Income tax expense	利得稅支出	4	<b>(90,965)</b>	(77,309)
Profit for the period	期內盈利	5	<b>839,252</b>	816,662
Other comprehensive income (expense)	其他全面收益(開支)			
Exchange differences arising on translation of foreign operations	換算境外經營產生之匯兌 差額		<b>64,919</b>	(14,587)
Gain on hedging instruments in cash flow hedges	對沖工具中現金流量對沖 得益		<b>29,456</b>	44,373
Cumulative loss on hedging instruments reclassified to profit or loss upon early termination	因提早終止而重新分類至 損益之對沖工具累計 虧損		<b>-</b>	12,004
Other comprehensive income for the period	期內其他全面收益		<b>94,375</b>	41,790
Total comprehensive income for the period	期內總全面收益		<b>933,627</b>	858,452
Dividends:	股息:	6		
- Final dividend paid	- 已付末期股息		<b>364,115</b>	-
- Interim dividend declared	- 宣派中期股息		<b>273,377</b>	250,224
			<b>HK cents 港仙</b>	HK cents (restated) 港仙 (重新敘述)
Earnings per share	每股盈利	7		
- Basic	- 基本		<b>18.44</b>	17.95
- Diluted	- 攤薄		<b>17.89</b>	17.95

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 簡明綜合財務狀況表

At 30 September 2010 於二零一零年九月三十日

			30 September 2010 二零一零年 九月三十日 (unaudited) (未經審核) HK\$'000 千港元	31 March 2010 二零一零年 三月三十一日 (audited) (經審核) HK\$'000 千港元
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	8	<b>12,768,309</b>	12,401,446
Prepaid lease payments	預付租賃款項		<b>375,368</b>	373,826
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		<b>252,341</b>	245,869
Interest in an associate	聯營公司權益	9	–	–
Retirement benefit assets	退休福利資產		<b>858</b>	842
			<b>13,396,876</b>	13,021,983
<b>CURRENT ASSETS</b>	<b>流動資產</b>			
Inventories	存貨	10	<b>1,980,682</b>	2,203,858
Prepaid lease payments	預付租賃款項		<b>7,722</b>	7,670
Trade and other receivables	應收貿易及其他賬款	11	<b>3,895,175</b>	3,317,779
Amounts due from an associate	應收聯營公司款項		<b>438,646</b>	437,753
Amounts due from related companies	應收有關連公司款項		<b>33,395</b>	58,683
Derivative financial instruments	衍生財務工具		<b>1,829</b>	434
Tax recoverable	可退回稅項		<b>42,429</b>	35,160
Restricted bank deposits	有限制銀行存款		<b>1,908</b>	1,908
Bank balances and cash	銀行結餘及現金		<b>714,604</b>	625,244
			<b>7,116,390</b>	6,688,489
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>			
Derivative financial instruments	衍生財務工具		<b>77,918</b>	120,836
Trade and other payables	應付貿易及其他賬款	12	<b>1,987,138</b>	1,954,831
Tax payable	應付稅項		<b>56,053</b>	69,811
Bank and other borrowings	銀行及其他借貸		<b>3,816,862</b>	2,473,383
			<b>5,937,971</b>	4,618,861
<b>NET CURRENT ASSETS</b>	<b>流動資產淨值</b>		<b>1,178,419</b>	2,069,628
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>資產總值減流動負債</b>		<b>14,575,295</b>	15,091,611

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 簡明綜合財務狀況表

At 30 September 2010 於二零一零年九月三十日

		Notes 附註	30 September 2010 二零一零年 九月三十日 (unaudited) (未經審核) HK\$'000 千港元	31 March 2010 二零一零年 三月三十一日 (audited) (經審核) HK\$'000 千港元
<b>NON-CURRENT LIABILITIES</b>				
	<b>非流動負債</b>			
Derivative financial instruments	衍生財務工具		<b>21,327</b>	21,910
Bank and other borrowings	銀行及其他借貸		<b>3,429,224</b>	4,599,316
Deferred tax liabilities	遞延稅項負債		<b>374,011</b>	319,539
			<b>3,824,562</b>	4,940,765
			<b>10,750,733</b>	10,150,846
<b>CAPITAL AND RESERVES</b>				
	<b>股本及儲備</b>			
Share capital	股本	13	<b>113,865</b>	113,770
Reserves	儲備		<b>10,636,868</b>	10,037,076
			<b>10,750,733</b>	10,150,846

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

## 簡明綜合現金流量表

For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

		2010 二零一零年 (unaudited) (未經審核) HK\$'000 千港元	2009 二零零九年 (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	<b>818,185</b>	1,068,115
Net cash used in investing activities	投資活動所用現金淨額		
Acquisition of and deposits paid on property, plant and equipment	購置物業、廠房及設備所付訂金	<b>(613,216)</b>	(235,195)
Prepaid lease payments	預付租賃款項	<b>(6,059)</b>	–
Advance to an associate	向聯營公司墊款	<b>(893)</b>	(126,196)
Interest received	已收利息	<b>7,696</b>	10,385
Other investing activities	其他投資活動	<b>60,000</b>	(19,621)
		<b>(552,472)</b>	(370,627)
Net cash used in financing activities	融資活動所用現金淨額		
Net bank and other borrowings raised (repaid)	籌集(償還)銀行及其他貸款淨額	<b>173,387</b>	(1,849,081)
Net proceeds from issue of shares through exercise of share options	透過行使購股權而發行股份所得款項淨額	<b>14,375</b>	–
Dividends paid	已付股息	<b>(364,115)</b>	–
		<b>(176,353)</b>	(1,849,081)
Net increase (decrease) in cash and cash equivalents	現金及現金等價物增加(減少)淨額	<b>89,360</b>	(1,151,593)
Cash and cash equivalents brought forward	現金及現金等價物承前結餘	<b>625,244</b>	1,659,444
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	<b>714,604</b>	507,851



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 簡明綜合權益變動表

For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

		Share capital	Share premium	Share options reserve	Translation reserve	Hedging reserve	Capital contribution	Legal reserve	Special reserve	Other reserve	Retained profits	Total equity
		股本 HK\$'000 千港元	股份溢價 HK\$'000 千港元	購股權儲備 HK\$'000 千港元	匯兌儲備 HK\$'000 千港元	對沖儲備 HK\$'000 千港元	資金貢獻 HK\$'000 千港元	公積金 HK\$'000 千港元	特別儲備 HK\$'000 千港元	其他儲備 HK\$'000 千港元	留存盈利 HK\$'000 千港元	總權益 HK\$'000 千港元
At 1 April 2010	二零一零年四月一日	113,770	4,357,745	62,581	846,196	(113,972)	12,552	97	(2,999)	(12,060)	4,886,936	10,150,846
Exchange differences arising on translation of foreign operations	海外業務轉移時所產生之滙兌差額	-	-	-	64,919	-	-	-	-	-	-	64,919
Gain on hedging instruments in cash flow hedges	對沖工具中現金流量對沖得益	-	-	-	-	29,456	-	-	-	-	-	29,456
Other comprehensive income for the period	期內其他全面收入	-	-	-	64,919	29,456	-	-	-	-	-	94,375
Profit for the period	期內盈利	-	-	-	-	-	-	-	-	-	839,252	839,252
Total comprehensive income and expenses for the period	期內總全面收益及開支	-	-	-	64,919	29,456	-	-	-	-	839,252	933,627
Exercise of share options	行使購股權	95	14,280	(4,218)	-	-	-	-	-	-	4,218	14,375
Recognition of equity-settled share based payments	股結算股權支付款項確認	-	-	16,000	-	-	-	-	-	-	-	16,000
Dividends paid	派息	-	-	-	-	-	-	-	-	-	(364,115)	(364,115)
At 30 September 2010	二零一零年九月三十日	113,865	4,372,025	74,363	911,115	(84,516)	12,552	97	(2,999)	(12,060)	5,366,291	10,750,733
At 1 April 2009	二零零九年四月一日	113,738	4,352,945	8,107	881,218	(187,861)	12,552	49	(2,999)	(12,060)	3,301,156	8,466,845
Exchange differences arising on translation of foreign operations	海外業務轉移時所產生之滙兌差額	-	-	-	(14,587)	-	-	-	-	-	-	(14,587)
Gain on hedging instruments in cash flow hedges	對沖工具中現金流量對沖得益	-	-	-	-	44,373	-	-	-	-	-	44,373
Cumulative loss on hedging instruments reclassified to profit or loss upon early termination	因提早終止而重新分類至損益內之對沖工具累計虧損	-	-	-	-	12,004	-	-	-	-	-	12,004
Other comprehensive income for the period	期內其他全面收入	-	-	-	(14,587)	56,377	-	-	-	-	-	41,790
Profit for the period	期內盈利	-	-	-	-	-	-	-	-	-	816,662	816,662
Total comprehensive income and expenses for the period	期內總全面收益及開支	-	-	-	(14,587)	56,377	-	-	-	-	816,662	858,452
At 30 September 2009	二零零九年九月三十日	113,738	4,352,945	8,107	866,631	(131,484)	12,552	49	(2,999)	(12,060)	4,117,818	9,325,297

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 簡明綜合財務報表附註

For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

### 1. Basis of Preparation and Principal Accounting Policies

The unaudited condensed consolidated 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 (HKICPA).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

### 1. 編製基準及主要會計政策

此未經審核簡明綜合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(「香港會計師公會」)頒布之香港會計準則(「香港會計準則」)第34號「中期財務報告」而編製。

本簡明綜合財務報表按歷史成本法編製，惟若干財務工具乃按適用之重估值或公平值計量除外。

編製本簡明綜合中期財務報表所採用的會計政策，與本集團截至二零一零年三月三十一日止全年財務報表所採用者一致。

於期內，本集團已首次採納由香港會計師公會頒布的下列新訂及經修訂準則、修訂及詮釋(「新訂及經修訂香港財務報告準則」)。

香港財務報告準則 (修訂本)	對香港財務報告準則第5號的修訂作為二零零八年香港財務報告準則改進的一部份
香港財務報告準則 (修訂本)	對二零零九年香港財務報告準則的改進
香港會計準則第27號(經修訂)	綜合及獨立財務報表
香港會計準則第32號(修訂本)	供股的分類
香港會計準則第39號(修訂本)	合資格對沖項目
香港財務報告準則第1號(修訂本)	首次採納者的額外豁免
香港財務報告準則第2號(修訂本)	集團以現金結算的以股份為基礎交付的交易
香港財務報告準則第3號(經修訂)	業務合併
香港(國際財務報告詮釋委員會)－詮釋第17號	向擁有人分派非現金資產

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 簡明綜合財務報表附註

For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

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

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

### 1. 編製基準及主要會計政策(續)

本集團根據未來適用法將香港財務報告準則第3號(經修訂)「業務合併」應用於收購日期為二零一零年四月一日或之後的業務合併。本集團亦根據未來適用法對在二零一零年四月一日或以後日期開始的期間採用香港會計準則第27號(經修訂)「綜合及獨立財務報表」內有關取得控制權後附屬公司擁有人權益的變動以及失去對附屬公司的控制權的會計處理的要求。

由於在本中期期間內並無香港財務報告準則第3號(經修訂)及香港會計準則第27號(經修訂)適用的交易，因此，應用香港財務報告準則第3號(經修訂)及香港會計準則第27號(經修訂)以及因此而對其他香港財務報告準則所作出的修訂對本集團於本期及過往會計期間的簡明綜合財務報表並無影響。

香港財務報告準則第3號(經修訂)及香港會計準則第27號(經修訂)以及因此而對其他香港財務報告準則所作出的修訂適用的未來交易可能影響到本集團於未來期間的業績。

應用其他新的及已修訂的香港財務報告準則對本集團本期及過往會計期間之簡明綜合財務報表並無影響。

本集團並無提早應用已頒布但尚未生效的新訂或經修訂準則、修訂及詮釋。本集團董事預期應用其他新訂及經修訂準則、修訂及詮釋對本集團之業績及財務狀況並無重大影響。

## 2. Segment Information

### Segment revenue and results

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

Six months ended 30 September 2010

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收入			
External sales	對外銷售	6,648,088	250,634	6,898,722
SEGMENT RESULTS	分類業績	993,692	22,630	1,016,322
Net gain from fair value changes of derivative financial instruments	因衍生財務工具公平值變動產生的淨得益			4,162
Unallocated corporate income	未分類之公司收入			7,696
Unallocated corporate expenses	未分類之公司支出			(2,950)
Finance costs	財務成本			(95,013)
Profit before tax	除稅前盈利			930,217

Six months ended 30 September 2009

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收入			
External sales	對外銷售	4,881,743	177,999	5,059,742
SEGMENT RESULTS	分類業績	1,052,895	(45,888)	1,007,007
Net loss from fair value changes of derivative financial instruments	因衍生財務工具公平值變動產生的淨虧損			(24,664)
Unallocated corporate income	未分類之公司收入			10,385
Unallocated corporate expenses	未分類之公司支出			(2,519)
Finance costs	財務成本			(96,238)
Profit before tax	除稅前盈利			893,971

## 2. 分部資料

### 分類收入及業績

以下為本集團可報告的分類收入及業績分析：

二零一零年九月三十日止六個月

二零零九年九月三十日止六個月

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 簡明綜合財務報表附註

For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

### 3. Finance Costs

### 3. 財務成本

		Six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 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	130,463	122,521
Interest on notes payable	應付票據之利息	–	12,042
Total borrowing costs	總借貸成本	130,463	134,563
Less: amounts capitalised in property, plant and equipment	減去：物業、廠房及設備之資本化金額	(35,450)	(38,325)
		95,013	96,238

### 4. Income Tax Expense

### 4. 利得稅支出

		Six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Income tax recognised in profit or loss:	於損益內確認之利得稅：		
Current tax	現有稅項		
– PRC Enterprise Income Tax	– 中國企業所得稅	36,492	3,906
Deferred tax in respect of:	就以下事項所產生的遞延稅項：		
– accelerated tax depreciation	– 遞增稅項折舊	54,473	40,652
– tax losses	– 稅項虧損	–	32,751
		90,965	77,309

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

集團之利潤乃根據其利潤產生的營運地方繳納稅項。其他管轄地區的稅項則按個別管轄地區之課稅率計算。

#### 4. Income Tax Expense (Continued)

##### PRC

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

All the Group's PRC subsidiaries were within the tax exemption period during the six months ended 30 September 2010 and were therefore not subject to EIT for the period except the following:

The tax exemption period of a subsidiary, Chongqing Lee & Man Paper Manufacturing Limited expired on 31 December 2009 and its applicable preferential tax rate is 12.5% for the period from 1 January 2010 to 31 December 2012.

The tax exemption period of a subsidiary, Guangdong Lee & Man Paper Manufacturing Limited ("Guangdong Lee & Man") expired on 31 December 2008 and its applicable preferential tax rate is 12.5% for the period from 1 January 2009 to 31 December 2011. Besides, pursuant to approvals from the PRC tax authority, Guangdong Lee & Man was exempted from EIT for income that resulted from the purchase of plant and equipment manufactured in the PRC by Guangdong Lee & Man for both periods ended 30 September 2010 and 30 September 2009. The tax exemption are calculated with reference to 40% of the cost of the qualifying plant and equipment approved by the relevant tax authority. Guangdong Lee & Man does not have any EIT tax payable in the current year as a result of such tax exemption.

The tax exemption period of a subsidiary, Jiangsu Lee & Man Paper Manufacturing Company Limited ("Jiangsu Lee & Man") expired on 31 December 2006 and it is subject to a reduced tax rate of 9%, 10% and 22% for the calendar years of 2008, 2009 and 2010, respectively.

#### 4. 利得稅支出(續)

##### 中國

位於中國的附屬公司於各自首個獲利年度起，免繳中國企業所得稅兩年，其後三年半免(「稅務優惠」)。

截至二零一零年九月三十日止六個月內，本集團的中國附屬公司均全部處於稅務豁免期，因此毋須繳納中國企業所得稅，除下列例外：

附屬公司重慶理文造紙有限公司之稅項豁免期已於二零零九年十二月三十一日屆滿，而其由二零一零年一月一日至二零一二年十二月三十一日期間之適用優惠稅率為12.5%。

附屬公司廣東理文造紙有限公司(「廣東理文」)之稅項豁免期已於二零零八年十二月三十一日屆滿，而其由二零零九年一月一日至二零一一年十二月三十一日期間之適用優惠稅率為12.5%。此外，根據中國稅務機關之批准，廣東理文因購買中國所製造機器及設備獲豁免截至二零一零年九月三十日及二零零九年九月三十日止兩個期內之企業利得稅。稅項豁免以認可廠房及設備成本40%參考計算，並獲有關稅務機關批准。因該等稅項豁免關係，廣東理文於本年度並無任何須繳納之企業利得稅。

附屬公司江蘇理文造紙有限公司(「江蘇理文」)之稅項豁免期已於二零零六年十二月三十一日屆滿，而其於二零零八年、二零零九及二零一零曆年須分別按已減免稅率9%、10%及22%繳稅。

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

#### 4. Income Tax Expense (Continued)

##### PRC (Continued)

The Tax Holiday of a subsidiary, Dongguan Lee & Man Paper Factory Co Ltd ("Dongguan Lee & Man") expired on 31 December 2005 and it was subject to a preferential tax rate of 18% and 20% for the calendar years of 2008 and 2009, respectively. Based on the Guofa [2007] No. 39 released by the State Council of the PRC on 26 December 2007, Dongguan Lee & Man was entitled to such preferential treatment as its investment exceeds US\$30,000,000 with a long pay-back period. On 14 December 2009, Dongguan Lee & Man was named as one of the 2009 Guangdong Province New and High Technical Enterprise (廣東省高新技術企業). According to the PRC Law on Enterprise Income Tax promulgated on 16 March 2007, Dongguan Lee & Man is entitled to a concessionary rate of income tax at 15% over 3 years, beginning on 1 January 2009.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. The EIT Law and Implementation Regulations increase the tax rate for the Group's PRC subsidiaries to 25% with effect from the expiry of the Tax Holiday and in the case of Jiangsu Lee & Man and Dongguan Lee & Man, they are on a progressive basis over a period of five years.

##### Malaysia

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

##### Macau

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

##### Vietnam

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

#### 4. 利得稅支出(續)

##### 中國(續)

附屬公司東莞理文造紙廠有限公司(「東莞理文」)稅務優惠期已於二零零五年十二月三十一日屆滿，故須就二零零八及二零零九曆年分別按優惠稅率18%及20%繳稅。根據二零零七年十二月二十六號中國國務院所批出國法[2007] 39號，由於東莞理文之投資超過三千萬美元及回報期長，故其有權享有該稅務優惠。於二零零九年十二月十四日，東莞理文獲得2009廣東省高新技術企業稱號。根據二零零七年三月十六日頒布中國法律內之企業利得稅法，東莞理文由二零零九年一月一日起可享有三年優惠利得稅率15%。

根據中華人民共和國法律下之企業利得稅(「企業利得稅」)及企業利得稅執行規例，由二零零八年一月一日起，中國附屬公司的稅率為25%。於稅務優惠期屆滿後開始，企業利得稅法及執行規例將統一本集團之中國附屬公司之稅率為25%，而江蘇理文及東莞理文之稅率將以五年逐漸遞增為基礎。

##### 馬來西亞

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。

##### 澳門

澳門附屬公司根據第58/99/M號法令註冊，均可免繳澳門補充稅(澳門所得稅)，前提是不得向澳門本土公司出售產品。

##### 越南

越南附屬公司須按不多於25%繳納越南企業所得稅。由於越南附屬公司於期內產生虧損，故並無計提越南企業所得稅撥備。

#### 4. Income Tax Expense (Continued)

##### Hong Kong

During the year ended 31 March 2010, the Hong Kong Inland Revenue Department ("IRD") commenced a field audit exercise on the Hong Kong tax affairs of certain subsidiaries of the Company. In March 2010, the IRD issued protective profits tax assessments of HK\$156,975,000 (including assessments issued on a duplicate basis of HK\$104,650,000) relating to the year of assessment 2003/2004, that is, for the financial year ended 31 March 2004, against certain subsidiaries of the Company. During the period, the IRD agreed to hold over the tax claimed completely while the Group purchased tax reserve certificates amounting to HK\$17,400,000.

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

The Group's profit is subject to taxation in the place where its profit is generated. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

#### 4. 利得稅支出(續)

##### 香港

於截至二零一零年三月三十一日止年度，香港稅務局(「稅務局」)展開關於本公司若干附屬公司香港稅務事宜的實地審計行動。於二零一零年三月，稅務局就2003/2004課稅年度，即截至二零零四年三月三十一日止財政年度，向本公司若干附屬公司發出保障性利得稅評稅156,975,000港元(包括根據雙重基礎發出的評稅104,650,000港元)。期內，稅務局同意由本集團購買價值17,400,000港元儲稅券，讓本集團全數緩繳有關稅項。

董事相信，毋須就上述保障性評稅為香港利得稅作出撥備。另外，據董事現時所知，稅務局仍在實證搜集階段，因為稅務調查仍未完成，所以稅務局並未就潛在稅務負債(如有)發表任何正式意見。

集團之利潤乃根據其利潤產生的營運地方繳納稅項。其他管轄地區的稅項則按個別管轄地區之課稅率計算。



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

### 5. Profit for the Period

### 5. 期內盈利

		Six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Profit for the period has been arrived at after charging:	期內盈利經扣除：		
Directors' emoluments	董事酬金	19,072	3,926
Staff salaries and other benefits, excluding those of directors	員工薪金及其他福利， 不包括董事	197,110	160,902
Contributions to retirement benefit schemes, excluding those of directors	退休福利計劃供款， 不包括董事	14,222	12,798
<b>Total employee benefit expense</b>	<b>員工成本總額</b>	<b>230,404</b>	177,626
Amortisation of prepaid lease payments	預付租賃款項攤銷	3,436	2,998
Cost of inventories recognised as expense	存貨成本確認為支出	5,659,228	3,812,769
Depreciation of property, plant and equipment	物業、廠房及 設備折舊	262,393	234,983
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備產生的虧損	482	634
Operating lease rentals in respect of land and buildings	土地及樓宇的經 營租賃租金	2,306	1,768
and after crediting (in other income):	並已計入(其他收入)：		
Income from steam and electricity provided	提供蒸氣及電力收入	39,262	35,307
Income from wharf cargo handling	經營碼頭貨物收入	21,913	28,769
Interest income from banks	銀行利息收入	7,696	10,385
Net foreign exchange gains	淨滙兌得益	-	16,955
Value added tax refund	增值稅退款	37,415	-

### 6. Dividends

A final dividend of HK8.0 cents per share was paid in respect of the year ended 31 March 2010 (2009: no final dividend was paid for the year ended 31 March 2009) to shareholders during the current period.

The Directors determined that an interim dividend of HK6.0 cents per share (2009: HK5.5 cents per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on 26 November 2010.

### 6. 股息

期內，派發二零一零年三月三十一日止年度每股8.0港仙之末期股息(二零零九年：二零零九年三月三十一日止年度並無派發股息)給予股東。

董事決定派發每股6.0港仙之中期股息(二零零九年：5.5港仙)給予在二零一零年十一月二十六日名列於股東名冊內之本公司股東。

## 7. Earnings Per Share

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

## 7. 每股盈利

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：

		Six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Earnings for the purpose of basic and diluted earnings per share	用以計算每股基本及攤薄盈利的盈利	<b>839,252</b>	816,662
		2010 二零一零年 Number of shares 股份數目	2009 二零零九年 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	<b>4,551,564,927</b>	4,549,521,648
Effect of dilutive potential ordinary shares: Share options	普通股潛在攤薄影響：購股權	<b>140,150,950</b>	-
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	<b>4,691,715,877</b>	4,549,521,648

The weighted average number of ordinary shares of the six months ended 30 September 2009 for the purposes of basic and diluted earnings per share has been adjusted to reflect the effect of share subdivision.

The computation of diluted earnings per share for the six months ended 30 September 2009 does not assume the exercise of the Group's outstanding share options as the exercise prices of certain options are higher than the average market price and also the performance conditions for the exercise of certain options were not met.

計算截至二零零九年九月三十日止六個月每股基本及攤薄盈利之普通股加權平均數已獲調整，以反映股份分拆的影響。

截至二零零九年九月三十日止六個月之每股攤薄盈利的計算並無計入本集團尚未行使的購股權，因為若干購股權的行使價高於市場平均價格及行使若干購股權之條件尚未合符要求。

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For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

### 8. Additions to Property, Plant and Equipment

During the period, there were additions of HK\$607 million (six months ended 30 September 2009: HK\$215 million) to property, plant and equipment to expand its operations.

### 9. Interest in an Associate

### 8. 添置物業、廠房及設備

期內，添置物業、廠房及設備6.07億港元（截至二零零九年九月三十日止六個月：2.15億港元），以拓展業務。

### 9. 聯營公司權益

		30 September 2010 二零一零年 九月三十日 HK\$'000 千港元	31 March 2010 二零一零年 三月三十一日 HK\$'000 千港元
Cost of unlisted investment	非上市投資成本	1	1
Share of post-acquisition results and other comprehensive income	應佔收購後業績及其他全面收益	(1)	(1)
		-	-

Details of the Group's associate at 30 September 2010 and 31 March 2010 are as follows:

於二零一零年九月三十日及二零一零年三月三十一日本集團聯營公司詳情如下：

Name of associate 聯營公司名稱	Form of business structure 業務架構形式	Place of incorporation and operations 成立及營運地點	Issued and fully paid share capital 已發行及繳足股本	Effective interest in the issued share capital held indirectly 間接持有已發行股本實際權益	Principal Activity 主要活動
Fortune Sight Group Limited ("FSGL")	Incorporated 成立	British Virgin Islands 英屬維爾京群島	Ordinary shares – US\$1,000 普通股 – 1,000美元	19%	Investment holding in a PRC subsidiary engaging in the business of forestry resources 中國附屬公司的投資控股公司，主要從事林木資源業務

On 7 June 2010, the Group entered into agreements with Resource Management Service, LLC ("RMS"), an independent private timberland investor, to dispose of the Group's entire investment in FSGL, an associate of the Group, and transfer the amounts due from FSGL to RMS, at a consideration of approximately HK\$410,700,000. The transaction has been completed on 29 October 2010.

於二零一零年六月七日，本集團與私人木材投資公司Resource Management Service, LLC（「RMS」）簽訂協議，以410,700,000港元為代價出售本公司於聯營公司FSGL之所有投資及轉讓應收FSGL款項予RMS。於二零一零年十月二十九日已完成交易。

## 10. Inventories

## 10. 存貨

		30 September 2010 二零一零年 九月三十日 HK\$'000 千港元	31 March 2010 二零一零年 三月三十一日 HK\$'000 千港元
Raw materials	原料	1,588,592	1,752,994
Finished goods	製成品	392,090	450,864
		<b>1,980,682</b>	2,203,858

## 11. Trade and Other Receivables

## 11. 應收貿易及其他賬款

		30 September 2010 二零一零年 九月三十日 HK\$'000 千港元	31 March 2010 二零一零年 三月三十一日 HK\$'000 千港元
Trade receivables	應收貿易賬款	2,045,907	1,812,394
Bills receivables	應收票款	962,248	511,465
		<b>3,008,155</b>	2,323,859
Prepayments for purchase of raw materials	購買原料預付款項	280,887	335,517
Other deposits and prepayments	其他訂金及預付款項	265,137	251,288
Expenses paid on behalf of suppliers	代供應商預支的開支	135,700	166,563
VAT receivables	應收增值稅款項	46,049	66,208
Deferred consideration receivables for disposal of subsidiaries	應收出售附屬公司遞延代價	-	58,139
Other receivables	其他應收款項	159,247	116,205
		<b>3,895,175</b>	3,317,779

The Group generally allows its customers an average credit period of 60 to 90 days. The following is an aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period.

本集團一般給予客戶的平均信貸期為60日至90日。下表為根據報告期末發票日期之應收貿易賬款及票款的賬齡分析。

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 簡明綜合財務報表附註

For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

### 11. Trade and Other Receivables (Continued)

### 11. 應收貿易及其他賬款(續)

		30 September 2010 二零一零年 九月三十日 HK\$'000 千港元	31 March 2010 二零一零年 三月三十一日 HK\$'000 千港元
Aged:	賬齡：		
Less than 30 days	少於30日	2,202,492	1,661,081
31 – 60 days	31日 – 60日	658,541	379,278
61 – 90 days	61日 – 90日	110,619	261,922
91 – 120 days	91日 – 120日	11,624	11,192
Over 120 days	120日以上	24,879	10,386
		<b>3,008,155</b>	2,323,859

### 12. Trade and Other Payables

### 12. 應付貿易及其他賬款

		30 September 2010 二零一零年 九月三十日 HK\$'000 千港元	31 March 2010 二零一零年 三月三十一日 HK\$'000 千港元
<b>Current</b>	<b>流動</b>		
Trade and bills payables	應付貿易賬款及票款	1,443,655	1,094,287
Accruals	應計費用	119,309	224,408
Other payables	其他應付款項	424,174	636,136
		<b>1,987,138</b>	1,954,831

The average credit period taken for trade purchases ranges from 30 to 60 days. The following is an aged analysis of the trade and bills payables presented based on the invoice date at the end of the reporting period.

貿易購貨之平均賒賬期由30至60日不等。下表為於報告期末發票日期之應付賬款及票款之賬齡分析。

## 12. Trade and Other Payables (Continued)

## 12. 應付貿易及其他賬款(續)

		30 September 2010 二零一零年 九月三十日 HK\$'000 千港元	31 March 2010 二零一零年 三月三十一日 HK\$'000 千港元
Aged:	賬齡：		
Less than 30 days	少於30日	<b>776,003</b>	639,232
31 – 60 days	31日 – 60日	<b>390,769</b>	220,105
61 – 90 days	61日 – 90日	<b>226,963</b>	158,494
Over 90 days	90日以上	<b>49,920</b>	76,456
		<b>1,443,655</b>	1,094,287

## 13. Share Capital

## 13. 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\$0.025 each at 31 March 2010 and 30 September 2010	於二零一零年三月三十一日及 二零一零年九月三十日 每股面值0.025港元的普通股	8,000,000,000	200,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.025 each at 31 March 2010	於二零一零年三月三十一日 每股面值0.025港元的普通股	4,550,801,648	113,770
Exercise of share options	行使購股權	3,808,000	95
Ordinary shares of HK\$0.025 each at 30 September 2010	於二零一零年九月三十日 每股面值0.025港元的普通股	4,554,609,648	113,865

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 簡明綜合財務報表附註

For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

### 14. Operating Leases

#### The Group as lessee

At the end of the reporting period, 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 2010 二零一零年 九月三十日 HK\$'000 千港元	31 March 2010 二零一零年 三月三十一日 HK\$'000 千港元
Within one year	一年內	6,099	7,664
In the second to fifth year inclusive	第二年至第五年內 (包括首尾兩年)	20,122	26,827
After five years	第五年後	239,022	245,245
		<b>265,243</b>	279,736

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

### 14. 經營租約

#### 集團作為承租人

於報告期末，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土地及其若干辦公室物業應付的租金。土地的租期平均二十年，租金則每年商討。辦公室物業的租期平均一年，期內租金不變。

### 15. Capital Commitments

### 15. 資本承擔

		30 September 2009 二零零九年 九月三十日 HK\$'000 千港元	31 March 2009 二零零九年 三月三十一日 HK\$'000 千港元
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of acquisition of:	就已訂約但未於綜合財務報表中撥備有關收購的資本開支：		
– property, plant and equipment	– 購置物業、廠房及設備	1,409,304	1,016,229
– land use rights	– 土地使用權	6,354	19,347
		<b>1,415,658</b>	1,035,576

## 16. Connected and Related Party Transactions

The Group had the following significant transactions with connected and related parties during the period:

## 16. 關連及相關人士之交易

期內，集團與關連及相關人士進行下列的重大交易：

Name of party 關連人士名稱	Nature of transactions 交易性質	Six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Lee & Man Industrial Manufacturing Limited (Note i) 理文實業有限公司(附註i)	Finished goods sold by the Group 集團出售製成品	26,940	59,716
	Income from steam and electricity provided by the Group 集團提供蒸氣及電力之收入	1,517	1,822
	Raw material purchased by the Group 集團購買原材料	994	727
Lee & Man Paper Products Limited (Note i) 理文紙品有限公司(附註i)	Licence fee paid by the Group 集團已付許可權費	483	506
	Income from steam and electricity provided by the Group 集團提供蒸氣及電力之收入	27,980	34,847
Jiangsu Lee & Man Chemical Limited (Note ii) 江蘇理文化工有限公司(附註ii)	Raw materials purchased by the Group 集團購入之原材料	6,680	5,305
	Interest income accrued by the Group 集團應計利息收入	6,690	4,663

Notes:

- (i) The company is indirectly wholly owned by a daughter of Mr. Lee Wan Keung, Patrick, a director and the ultimate controlling party of the Company.
- (ii) The company is beneficially owned by Mr. Lee Wan Keung, Patrick, a director and the ultimate controlling party of the Company.

附註：

- (i) 該公司為本公司董事及最終控制方李運強先生之女兒間接全資擁有。
- (ii) 該公司為本公司董事及最終控制方李運強先生實益擁有。



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 簡明綜合財務報表附註

For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月

### 17. Review of Interim Accounts

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

### Interim Dividend

The Board has resolved to declare an interim dividend of HK6.0 cents (2009: HK5.5 cents, adjusted to reflect the effect of share subdivision) per share for the six months ended 30 September 2010 to shareholders whose names appear on the Register of Members on 26 November 2010. It is expected that the interim dividend will be paid around 8 December 2010.

### Closure of Register of Members

The Register of Members will be closed from 24 November 2010 to 26 November 2010, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers accomplished by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Investor Services Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on 23 November 2010.

### 17. 審閱中期賬目

簡明綜合中期財務報表均未經審核，惟經審核委員會審閱。

### 中期股息

董事會議決宣派截至二零一零年九月三十日止六個月之中期股息每股6.0港仙(二零零九年：5.5港仙，已調整以反映股份分拆之影響)予二零一零年十一月二十六日名列於股東名冊內之股東。預期中期股息將於二零一零年十二月八日派付予股東。

### 暫停辦理股份過戶登記

本公司將於二零一零年十一月二十四日至二零一零年十一月二十六日(首尾兩天包括在內)暫停辦理股份過戶登記手續。為符合獲派中期股息之資格，所有過戶文件連同有關股票最遲須於二零一零年十一月二十三日下午四時三十分前送達本公司之股份過戶登記分處卓佳證券登記有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓，以辦理登記手續。

# BUSINESS REVIEW AND OUTLOOK

## 業務回顧及展望

### Business Review

With the outbreak of the financial crisis in 2008, the Group endeavoured to reduce its debts and paid more attention to financial risk management. The Group's strategy has been adjusted accordingly to accelerate the current assets turnover and thus achieve a healthy development. These initiatives have begun to bear fruit as can be clearly seen in our results.

In the first half of fiscal year 2010/2011, our revenue has surged to a record level of HK\$6.9 billion, a year-on-year increase of 36.3%. Net profit attributable to equity holders has also climbed to a record of HK\$ 839 million. Although the substantial increase in the prices of waste paper, coal and other raw materials in the past year has boosted our operating costs, the joint efforts of the entire staff have enabled us to achieve an excellent performance in our procurement, production and marketing, thereby improving our profitability. We have continued as the leader in the containerboard industry in terms of net profit per tonne. In another noteworthy development, during the period, the Group has enlisted Nippon Paper as a strategic shareholder. We believe Nippon Paper will bring substantial benefit to the Group in the areas of product quality and new product development in the foreseeable future.

### Outlook

The Chinese domestic market has maintained its continuous growth while the export market has also begun to recover. To meet the rising market demand, we have planned to commence operation of three new production lines in Chongqing and Hongmei in Dongguan in 2011 with a total annual design production capacity of 1.5 million tonnes. Leveraging Nippon Paper's experience in producing coated duplex board, we will dedicate one of the new production lines to high-end coated duplex board, with an annual design capacity of 600,000 tonnes, marking a breakthrough in the Group's new product development. We will continue to adhere to a course of "high-end, high value and high profit" in our new future product development strategy.

### 業務回顧

2008年金融海嘯出現後，本集團致力減低負債水平，提升金融風險管理意識。在策略上也作出相應調整，加快流動資產周轉等，令集團能更健康地發展，現在已見成效。

2010/2011財政年度上半年，本集團營業額錄得新高，達到69億港元，較去年同期大幅增長36.3%，股東應佔純利也創新高，達到8.39億港元。由於廢紙價，煤價和輔料價格在過去一年大幅攀升，令到我們營運成本上升。但在全體員工的努力下，我們在採購，生產，市場銷售各方面下苦功，表現出色，為集團創造美好的利潤空間。從每噸紙盈利來說，我們繼續成為行業中的翹楚。期內，集團成功引入日本製紙成為策略性股東。在可見的未來，我們相信日本製紙在產品質量和新產品開發方面，會對集團帶來莫大的幫助。

### 展望

現時中國內需市場持續增長，市場亦已經復蘇。為了滿足市場需求，在2011年，在重慶及東莞洪梅將有三條新的生產線投產，年設計產能共150萬噸。亦利用日本製紙對塗布白板紙經驗，使其中一台紙機能年產60萬噸高檔塗布白板紙，新產品開發的一個突破。在往後新產品開發策略上，我們會繼續朝著高檔次、高增值、高利潤的方向發展。

## BUSINESS REVIEW AND OUTLOOK

### 業務回顧及展望

To optimise our business footprint in China, we have set up a new production base in Jiujiang in Jiangxi Province. With the operation of two new production lines commencing in mid-2012 with an annual design production capacity of 900,000 tonnes, the Group's total design production capacity will reach nearly 7 million tonnes, placing the Group among the top three containerboard manufacturers in the world. The compound annual growth rate of design production capacity from 2010 to 2012 will be 20%. Meanwhile, we are also seeking a suitable location in northern China for establishing the first production base of the Group in the northern region, which will help set a solid foundation for our sustainable development in China in the long term.

The containerboard market has encouraging prospects in the next few years. While pursuing sustainable development, we will also endeavour to manage risk and maintain a healthy and reasonable debt level. The Group has a strong operating cash flow, sufficient to meet substantially capital expenditure incurred in capacity expansion. We would like to express our gratitude to our partners from various business sectors for their strong support, and will continue our efforts in developing new markets, controlling costs and optimising the Group's capital structure to deliver better returns to our shareholders.

另外，為了優化在中國市場的佈局，我們已經在江西省九江市設立新的生產基地。在2012年中，有兩條生產線投產，年設計產能增加90萬噸，屆時，集團總設計產能將接近700萬噸，全球排名可進入三甲。2010-2012設計產能年複合增長率達到20%。同時，我們正在中國北部物色適合的地點，作為集團北方第一個生產基地，為集團在中國長遠持續發展奠定堅固基礎。

未來數年，箱板紙市場前景是令人鼓舞的。在持續發展的同時，我們也會做好風險管理，維持健康合理的負債水平。集團營運現金流穩固，足以應付大部份固定資產開支。我們也感謝各界對我們的鼎力支持。我們定會一如既往，繼續開拓市場，控制成本，優化集團資本結構，為股東帶來更高的回報。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Results of Operation

Revenue and net profit attributable to equity holder of the Company for the six months ended 30 September 2010 was HK\$6,899 million and HK\$839 million respectively, representing an increase of 36.3% and 2.8%, as compared to HK\$5,060 million and HK\$817 million, for the corresponding period last year. The earnings per share for the period was HK18.44 cents as compared to HK17.95 cents (adjusted to reflect the effect of share subdivision) for the corresponding period last year.

Both the Group's containerboard sales volume and net margin per tonne were comparable to the corresponding period last year. The increase in revenue was mainly attributable to the increase in the Group's average selling price of containerboard.

### Distribution and Selling Expenses and Administrative Expenses

The Group's distribution and selling expenses decreased by approximately 9.5% from HK\$120.0 million for the six months ended 30 September 2009 to HK\$108.6 million for the six months ended 30 September 2010.

The Group's administrative expenses increased by approximately 20.1% from HK\$204.8 million for the six months ended 30 September 2009 to HK\$245.8 million for the six months ended 30 September 2010 as a result of the expansion in the operation of the Group during this period. The distribution and selling expenses and administrative expenses represented about 1.6% and 3.6% of the revenue, respectively, for the six months ended 30 September 2010, and were both slightly decreased as compared to the year ended 31 March 2010.

### Finance Costs

The Group's total borrowing costs (including the amounts capitalized) decreased by approximately 3.0% from HK\$134.6 million for the six months ended 30 September 2009 to HK\$130.5 million for the six months ended 30 September 2010. The decrease was mainly due to the decrease in average amount of outstanding bank and other borrowings during the period.

### Inventories, Debtors' and Creditors' Turnover

The inventory turnover of the Group's raw materials and finished products were 60 days and 13 days, respectively, for the six months ended 30 September 2010 as compared to 82 days and 20 days, respectively, for the year ended 31 March 2010.

### 經營業績

截至二零一零年九月三十日止六個月的收入及股東應佔純利分別為68.99億港元及8.39億港元，較去年同期的50.60億港元及8.17億港元，分別上升36.3%及2.8%。期內，每股盈利為18.44港仙，去年同期則為17.95港仙(已調整以反映股份分拆之影響)。

集團箱板原紙之銷售量及每噸利潤與去年同期相若。集團收入增加主要由於集團箱板原紙平均銷售價格上升。

### 分銷及銷售費用及行政費用

本集團的分銷及銷售費用減少約9.5%，由截至二零零九年九月三十日止六個月的120.0百萬港元下跌至截至二零一零年九月三十日止六個月的108.6百萬港元。

本集團的行政費用由截至二零零九年九月三十日止六個月的204.8百萬港元上升至截至二零一零年九月三十日止六個月的245.8百萬港元，升幅約20.1%，乃由於本集團於期內擴充業務所致。截至二零一零年九月三十日止六個月的分銷及銷售費用及行政費用分別佔收入約1.6%及3.6%，與二零一零年三月三十一日止年度比較有輕微下跌。

### 財務成本

本集團的總借貸成本(包括資本化金額)由截至二零零九年九月三十日止六個月的134.6百萬港元減少至截至二零一零年九月三十日止六個月的130.5百萬港元，減幅約為3.0%。成本下跌主要由於期內平均未償還銀行及其他貸款減少。

### 存貨、應收賬款及應付賬款周轉期

本集團截至二零一零年九月三十日止六個月的原料及製成品的存貨周轉期分別為60天及13天，相比截至二零一零年三月三十一日止年度則分別為82天及20天。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

The Group's debtors' turnover days were 54 days for the six months ended 30 September 2010 as compared to 60 days for the year ended 31 March 2010. This is in line with the credit terms of 45 days to 60 days granted by the Group to its customers.

The Group's creditors' turnover days were 55 days for the six months ended 30 September 2010 as compared to 51 days for the year ended 31 March 2010 and is in line with the credit terms granted by the Group's suppliers to the Group.

### Liquidity, Financial Resources and Capital Structure

The total shareholders' fund of the Group as at 30 September 2010 was HK\$10,751 million (31 March 2010: HK\$10,151 million). As at 30 September 2010, the Group had current assets of HK\$7,116 million (31 March 2010: HK\$6,688 million) and current liabilities of HK\$5,938 million (31 March 2010: HK\$4,619 million). The current ratio was 1.20 as at 30 September 2010 as compared to 1.45 at 31 March 2010.

The Group generally finances its operations with internally generated cashflow and credit facilities provided by its principal bankers in Macau, Hong Kong and the PRC. As at 30 September 2010, the Group had outstanding bank and other borrowings of HK\$7,246 million (31 March 2010: HK\$7,073 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 0.64 as at 31 March 2010 to 0.61 as at 30 September 2010.

The Group's liquidity position continuously improved and the Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

The Group's transactions and the monetary assets are principally denominated in Renminbi, Hong Kong dollars or United States dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 September 2010.

During the six months ended 30 September 2010, the Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure.

本集團截至二零一零年九月三十日止六個月的應收賬款周轉期為54天，相比截至二零一零年三月三十一日止年度則為60天。上述應收賬款周轉期與本集團授予客戶介乎45天至60天不等的信貸期相符。

本集團的應付賬款周轉期截至二零一零年九月三十日止六個月為55天，相比截至二零一零年三月三十一日止年度則為51天。上述應付賬款周轉期與供應商給予本集團的信貸期相符。

### 流動資金、財務資源及資本結構

於二零一零年九月三十日，本集團的股東資金總額為107.51億港元(二零一零年三月三十一日：101.51億港元)。於二零一零年九月三十日，本集團的流動資產達71.16億港元(二零一零年三月三十一日：66.88億港元)，而流動負債則為59.38億港元(二零一零年三月三十一日：46.19億港元)。二零一零年九月三十日的流動比率為1.20，二零一零年三月三十一日則為1.45。

本集團一般以內部產生的現金流量，以及中港澳主要往來銀行提供的信貸備用額作為業務的營運資金。於二零一零年九月三十日，本集團的未償還銀行及其他貸款為72.46億港元(二零一零年三月三十一日：70.73億港元)。該等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)由二零一零年三月三十一日0.64下降至二零一零年九月三十日的0.61。

本集團的流動資金狀況持續改善，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及營運資金需要。

本集團的交易及貨幣資產主要以人民幣、港元或美元計值。截至二零一零年九月三十日止六個月，本集團的營運或流動資金未曾因匯率波動而面臨任何重大困難或影響。

截至二零一零年九月三十日止六個月，本集團採用貨幣結構工具，外幣借貸或其他途徑作外幣對沖方法。

## Employees

As at 30 September 2010, the Group had a workforce of more than 7,200 employees. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Company.

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

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

## 僱員

於二零一零年九月三十日，本集團擁有逾7,200名員工。僱員薪酬維持於具競爭力水平，並會每年審閱，且密切留意有關勞工市場及經濟市況趨勢。本集團亦為僱員提供內部培訓，並按員工表現及本公司盈利發放花紅。

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

本集團設有購股權計劃，本集團僱員可據此授予購股權，以認購本公司股份。

## OTHER INFORMATION

### 其他資料

#### Share Options

Particulars of the Company's share option scheme (the "Scheme") are set out below:

##### (a) 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 period:

Category 類別	Date of grant 授出日期	Exercise price 行使價	Number of share options 購股權數目		
			Outstanding at 1 April 2010 於二零一零年 四月一日 尚未行使數目	Exercised during the period 期內行使 數目	Outstanding at 30 September 2010 於二零一零年 九月三十日 尚未行使數目
Directors 董事	3 October 2006 二零零六年十月三日	3.775	3,808,000	(3,808,000)	–
Other employees 其他僱員	3 October 2006 二零零六年十月三日	3.775	1,680,000	–	1,680,000
			5,488,000	(3,808,000)	1,680,000

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

- (i) up to 6,704,000 of the options exercisable 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\$1.0325;
- (ii) up to 14,008,000 of the options exercisable 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\$1.1175; and

#### 購股權

本公司購股權計劃(「計劃」)的詳情載如下：

##### (a) 於二零零六年十月三日授出的購股權

下表披露於二零零六年十月三日計劃項下授出之購股權，僱員(包括董事)持有購股權詳情及於期內之變動：

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：

- (i) 由二零零八年一月一日至二零一零年十二月三十一日可行使最多6,704,000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約為1.0325港元；
- (ii) 由二零零九年一月一日至二零一零年十二月三十一日可行使最多14,008,000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約為1.1175港元；及

(iii) up to 21,312,000 of the options exercisable 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\$1.1725.

(iii) 由二零一零年一月一日至二零一零年十二月三十一日可行使最多21,312,000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約為1.1725港元。

**(b) Share options granted on 5 September 2008**

The following table discloses details of the Company's options granted on 5 September 2008 under the Scheme held by directors and movement in such holdings during the period:

**(b) 於二零零八年九月五日授出的購股權**

下表披露於二零零八年九月五日計劃項下授出之購股權，董事持有購股權詳情及於期內之變動：

Category 類別	Date of grant 授出日期	Exercise price 行使價	Number of share options 購股權數目
			Outstanding at 1 April 2010 and 30 September 2010 於二零一零年四月一日 及二零一零年九月三十日 尚未行使數目
Directors 董事	5 September 2008 二零零八年九月五日	1.872	200,000,000

The options granted on 5 September 2008 may be exercised in accordance with the following terms of the Scheme as to:

於二零零八年九月五日授出之購股權可根據計劃下的條款行使：

(i) up to 66,666,668 of the options exercisable commencing 1 September 2009 to 31 August 2013, with vesting period from 5 September 2008 to 31 August 2009, the fair value of each option at the date of grant is approximately HK\$0.4075;

(i) 由二零零九年九月一日至二零一三年八月三十一日可行使最多66,666,668股的購股權及獲准行使期由二零零八年九月五日至二零零九年八月三十一日，購股權在授出日當日之公平值約為0.4075港元；

(ii) up to 133,333,332 of the options exercisable commencing 1 September 2010 to 31 August 2013, with vesting period from 5 September 2008 to 31 August 2010, the fair value of each option at the date of grant is approximately HK\$0.48; and

(ii) 由二零一零年九月一日至二零一三年八月三十一日可行使最多133,333,332股的購股權及獲准行使期由二零零八年九月五日至二零一零年八月三十一日，購股權在授出日當日之公平值約為0.48港元；及

(iii) up to 200,000,000 of the options exercisable commencing 1 September 2011 to 31 August 2013, with vesting period from 5 September 2008 to 31 August 2011, the fair value of each option at the date of grant is approximately HK\$0.5325.

(iii) 由二零一一年九月一日至二零一三年八月三十一日可行使最多200,000,000股的購股權及獲准行使期由二零零八年九月五日至二零一一年八月三十一日，購股權在授出日當日之公平值約為0.5325港元；



## OTHER INFORMATION

### 其他資料

The exercise of the options during the exercise periods described in (i), (ii) and (iii) above, commencing from 1 September 2009 to 31 August 2013, are subject to achievement of the pre-determined and specific profit targets for the Group for each of the years ending 31 March 2009, 2010 and 2011 respectively.

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

As at 30 September 2010, 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\$0.025 each of the Company

自二零零九年九月一日起至二零一三年八月三十一日止於上述行使期內行使上述(i), (ii) 及(iii) 購股權時，須達致本集團就分別截至二零零九年、二零一零年及二零一一年三月三十一日止年度各年之預定及特定溢利目標。

#### 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

於二零一零年九月三十日，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0.025港元的普通股

Name of director 董事姓名	Capacity 身份	Number of ordinary shares Number of ordinary shares	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)	2,333,145,241	–	51.23%
Lee Man Chun Raymond 李文俊	Beneficial owner 實益擁有人	1,968,000	120,000,000	2.68%
Lee Man Bun 李文斌	Beneficial owner 實益擁有人	1,200,000	80,000,000	1.78%
Poon Chung Kwong 潘宗光	Beneficial owner 實益擁有人	920,000	–	0.02%
Wong Kai Tung Tony 王啟東	Beneficial owner 實益擁有人	600,000	–	0.01%

Note: These shares were held by Gold Best Holdings Ltd. ("Gold Best"). Gold Best is a controlled corporation of Mr Lee Wan Keung Patrick under the SFO. The entire issued share capital of Gold Best is owned by Mr Lee Wan Keung Patrick. Mr Lee Wan Keung Patrick is a director of the Company and Gold Best.

附註：該等股份由 Gold Best Holdings Ltd. (「Gold Best」) 持有。根據證券及期貨條例，Gold Best 為李運強先生之受控制法團。Gold Best 的全部已發行股本由李運強先生持有。李運強先生為本公司及 Gold Best 之董事。

(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	Beneficial owner 實益擁有人	Gold Best (Note) (附註)	100	100%

Note: Gold Best is an associated corporation of Mr Lee Wan Keung Patrick under the SFO. The entire issued share capital of Gold Best is owned by Mr Lee Wan Keung Patrick. Mr Lee Wan Keung Patrick is a director of the Company and Gold Best.

附註：根據證券及期貨條例，Gold Best 為李運強先生的相聯法團。Gold Best 的全部已發行股本由李運強先生持有。李運強先生為本公司及 Gold Best 之董事。

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 2010.

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，於二零一零年九月三十日，各董事、主要行政人員及彼等的聯繫人士概無在本公司或其任何相聯法團的股份、相關股份或債券中，擁有任何權益或淡倉。

## OTHER INFORMATION

### 其他資料

#### Substantial Shareholders

As at 30 September 2010, 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\$0.025 each of the Company

#### 主要股東

於二零一零年九月三十日，下列人士(本公司董事或主要行政人員除外)在本公司的普通股中擁有根據證券及期貨條例第十五部第2及第3分部的規定須向本公司披露的權益或淡倉，或根據證券及期貨條例第336條的規定已記錄於本公司按該條存置的登記冊內的權益或淡倉：

#### 好倉

本公司每股面值0.025港元的普通股

Name of shareholder	Capacity	Number of ordinary shares	Percentage of the issued share capital of the Company 佔本公司已發行股本百分比
股東姓名	身份	普通股數目	股本百分比
Gold Best	Beneficial owner 實益擁有人	2,333,145,241	51.23%
Lee Wong Wai Kuen 李黃惠娟	Held by spouse (Note i) 由配偶持有(附註i)	2,333,145,241	51.23%
Nippon Paper Group Inc 日本製紙	Held by controlled corporation (Note ii) 由受控制法團持有(附註ii)	546,153,559	11.99%
Dyna Wave Holding Asia	Beneficial owner (Note ii) 實益擁有人(附註ii)	546,153,559	11.99%

#### Notes:

- (i) Under the SFO, Lee Wong Wai Kuen is deemed to be interested in these 2,333,145,241 ordinary shares as she is the spouse of Lee Wan Keung Patrick, a beneficial owner of the Company.
- (ii) Dyna Wave Holding Asia is wholly owned by Nippon Paper Group Inc.

#### 附註：

- (i) 根據證券及期貨條例，由於李黃惠娟是李運強(本公司實益擁有人)的配偶，故被視為擁有該2,333,145,241股普通股的權益。
- (ii) Dyna Wave Holdings Asia為日本製紙全資擁有。

Save as disclosed above, as at 30 September 2010, the Company had not been notified by any persons (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

除上文所披露者外，於二零一零年九月三十日，概無任何人士(本公司董事或主要行政人員除外)知會本公司，彼等在本公司的股份或相關股份中擁有根據證券及期貨條例第十五部第2及第3分部的規定須向本公司披露的權益或淡倉，或根據證券及期貨條例第336條的規定已記錄於本公司按該條存置的登記冊內的權益或淡倉。

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

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

## Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct regarding directors' securities transactions. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2010. The Model Code also applies to other specified senior management of the Group.

## Code on Corporate Governance Practices

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2010.

## Audit Committee

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

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 September 2010.

## 買賣或贖回本公司上市證券

期內，本公司或其任何附屬公司概無買賣或贖回本公司任何上市證券。

## 證券交易之標準守則

本公司已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則(「標準守則」)作為董事進行證券交易之行為準則。本公司經向所有董事作出具體查詢後，全體董事皆確認於截至二零一零年九月三十日止之六個月內均遵守標準守則所載之規定準則。標準守則亦適用於本集團之特定高級管理層。

## 企業管治常規守則

董事認為，本公司已於截至二零一零年九月三十日止六個月內一直遵守上市規則附錄14所載之企業管治常規守則(「守則」)。

## 審核委員會

本公司之審核委員會由一位非執行董事芳賀義雄先生及三位獨立非執行董事王啟東先生、Peter A Davies先生及周承炎先生組成。

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二零一零年九月三十日止六個月的未經審核中期財務報表。

## OTHER INFORMATION

### 其他資料

#### Remuneration Committee

To comply with the Code, a remuneration committee was established on 28 September 2005 with specific written terms of reference which deal clearly with its authority and duties. The current members of the remuneration committee comprises Mr Wong Kai Tung Tony, Mr Peter A Davies, Mr Chau Shing Yim David (all of whom are independent non-executive directors) and Mr Kunihiro Kashima (executive director).

On behalf of the Board

#### Lee Wan Keung Patrick

*Chairman*

Hong Kong, 8 November 2010

#### 薪酬委員會

為符合守則，本公司於二零零五年九月二十八日成立薪酬委員會，清楚說明委員會的權限及職責。現時薪酬委員會成員包括王啟東先生、Peter A Davies先生、周承炎先生(全部均為獨立非執行董事)及鹿島久仁彥先生(執行董事)。

代表董事會

#### 李運強

*主席*

香港，二零一零年十一月八日

## Lee & Man Paper Manufacturing Limited

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## 理文造紙有限公司

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