理 文 造 紙 有 限 公 司*

Lee & Man Paper Manufacturing Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2314)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

FINANCIAL HIGHLIGHTS

– Revenue increased by 6.7% to HK$7,360 million as compared to the last corresponding period.

– Net profit decreased by 22.9% to HK$647 million as compared to the last corresponding period.

– Earnings per share decreased by 25.2% to HK13.79 cents as compared to the last corresponding period.

– Declared interim dividend of HK4.8 cents per share.

* *For identification purposes only*

INTERIM RESULTS

The board of directors of Lee & Man Paper Manufacturing Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2011 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	Notes	**2011 (unaudited) *HK$'000***	2010 (unaudited) *HK$'000*
Revenue	*3*	**7,360,334**	6,898,722
Cost of sales		**(6,351,623)**	(5,659,228)
Gross profit		**1,008,711**	1,239,494
Other income		**151,999**	135,951
Net (loss) gain from fair value changes of derivative financial instruments		**(4,055)**	4,162
Distribution and selling expenses		**(111,026)**	(108,558)
Administrative expenses		**(275,317)**	(245,819)
Finance costs	*4*	**(45,072)**	(95,013)
Profit before tax		**725,240**	930,217
Income tax expense	*5*	**(78,564)**	(90,965)
Profit for the period	*6*	**646,676**	839,252
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**290,617**	64,919
Gain on hedging instruments in cash flow hedges		**26,013**	29,456
Other comprehensive income for the period		**316,630**	94,375
Total comprehensive income for the period		**963,306**	933,627
Dividends:	*7*		
– Final dividend paid		**375,170**	364,115
– Interim dividend declared		**225,102**	273,377
		HK cents	*HK cents*
Earnings per share	*8*		
– Basic		**13.79**	18.44
– Diluted		**13.68**	17.89

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2011

	Notes	30 September 2011 (unaudited) HK$'000	31 March 2011 (audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**15,329,760**	13,953,105
Prepaid lease payments		**476,235**	471,121
Deposits paid for acquisition of property, plant and equipment and land use rights		**73,571**	225,237
Tax recoverable		**39,670**	39,670
Retirement benefit assets		**914**	914
		15,920,150	14,690,047
CURRENT ASSETS			
Inventories	*10*	**2,570,022**	2,966,738
Prepaid lease payments		**9,000**	9,873
Trade and other receivables	*11*	**4,858,523**	4,075,048
Amounts due from related companies		**–**	22,271
Derivative financial instruments		**99**	809
Tax recoverable		**–**	80,614
Restricted bank deposits		**2,025**	949
Bank balances and cash		**769,313**	1,228,116
		8,208,982	8,384,418
CURRENT LIABILITIES			
Derivative financial instruments		**33,318**	46,530
Trade and other payables	*12*	**1,880,225**	2,315,304
Tax payable		**55,685**	54,393
Bank borrowings		**5,336,300**	2,703,696
		7,305,528	5,119,923
NET CURRENT ASSETS		**903,454**	3,264,495
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,823,604**	17,954,542

	Notes	30 September 2011 (unaudited) HK$'000	31 March 2011 (audited) HK$'000
NON-CURRENT LIABILITIES			
Derivative financial instruments		**–**	9,456
Bank borrowings		**3,526,573**	5,284,910
Deferred tax liabilities		**406,026**	360,363
		3,932,599	5,654,729
		12,891,005	12,299,813
CAPITAL AND RESERVES			
Share capital		**117,241**	117,241
Reserves		**12,773,764**	12,182,572
		12,891,005	12,299,813

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

In the current interim period, the Group has applied, for the first time, a number of new or revised Standards, and Interpretations ("new and revised HKFRSs") issued by HKICPA.

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

The Group has not early applied new or revised standards and interpretations that have been issued but are not yet effective. The following new or revised standards and interpretations have been issued after the date the consolidated financial statements for the year ended 31 March 2011 were authorized for issuance and are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (as revised 2011)	Employee Benefits[2]
HKAS 27 (as revised 2011)	Separate Financial Statement[2]
HKAS 28 (as revised 2011)	Investments in Associated and Joint Ventures[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013

The directors of the Company (the "Directors") anticipate that the application of the above new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Segment revenues and results

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

Six months ended 30 September 2011

	Packaging Paper *HK$'000*	**Pulp** *HK$'000*	**Segment Total** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
REVENUE					
External sales	**7,085,648**	**274,686**	**7,360,334**	**–**	**7,360,334**
Inter-segment sales	**–**	**47,363**	**47,363**	**(47,363)**	**–**
	7,085,648	**322,049**	**7,407,697**	**(47,363)**	**7,360,334**
SEGMENT PROFIT	**724,059**	**25,972**	**750,031**	**–**	**750,031**
Net loss from fair value changes of derivative financial instruments					**(4,055)**
Unallocated corporate income					**28,288**
Unallocated corporate expenses					**(3,952)**
Finance costs					**(45,072)**
Profit before tax					**725,240**

Six months ended 30 September 2010

	Packaging Paper *HK$'000*	Pulp *HK$'000*	Segment Total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	6,648,088	250,634	6,898,722	–	6,898,722
Inter-segment sales	–	77,182	77,182	(77,182)	–
	6,648,088	327,816	6,975,904	(77,182)	6,898,722
SEGMENT PROFIT	993,692	22,630	1,016,322	–	1,016,322
Net gain from fair value changes of derivative financial instruments					4,162
Unallocated corporate income					7,696
Unallocated corporate expenses					(2,950)
Finance costs					(95,013)
Profit before tax					930,217

4. FINANCE COSTS

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**101,688**	130,463
Less: amounts capitalised in property, plant and equipment	**(56,616)**	(35,450)
	45,072	95,013

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Income tax recognised in profit or loss:		
Current tax		
– PRC Enterprise Income Tax	**32,902**	36,492
Deferred tax		
– Charge to profit or loss	**45,662**	54,473
	78,564	90,965

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.

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 2011 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 for both periods ended 30 September 2011 and 30 September 2010. The tax exemption is calculated with reference to 40% of the cost of the qualifying plant and equipment approved by the relevant tax authority.

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 10% 22%and 24% for the calendar years of 2009, 2010 and 2011, respectively.

On 14 December 2009, Dongguan Lee & Man Paper Factory Co Ltd ("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.

On 28 December 2010, Guangdong Lee & Man was named as one of the 2010 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, Guangdong Lee & Man is entitled to a concessionary rate of income tax at 15% over 3 years, beginning on 1 January 2010.

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 is 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 period as the Vietnam subsidiaries incurred losses for the period.

Hong Kong

During the year ended 31 March 2010, the Hong Kong Inland Revenue Department ("IRD") commenced a field audit on the Hong Kong tax affairs of certain subsidiaries of the Company. In March 2010, the IRD issued protective profits tax assessments of HK$52,325,000 relating to the year of assessment 2003/2004, that is, for the financial year ended 31 March 2004, against certain subsidiaries of the Company.

In March 2011, the IRD issued further protective profits tax assessments of HK$78,050,000 relating to the year of assessment 2004/2005, that is, for the financial year ended 31 March 2005, against certain subsidiaries of the Company.

Subsequently, the IRD agreed to hold over the tax claimed for the years of assessment 2003/2004 and 2004/2005 completely after the Group purchased tax reserve certificates of HK$39,670,000.

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.

Other

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.

6. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Directors' emoluments	**6,124**	19,072
Staff salaries and other benefits, excluding those of Directors	**231,767**	197,110
Contributions to retirement benefit schemes, excluding those of Directors	**19,011**	14,222
Total employee benefit expense	**256,902**	230,404
Amortisation of prepaid lease payments	**4,500**	3,436
Cost of inventories recognised as expense	**6,351,623**	5,659,228
Depreciation of property, plant and equipment	**270,625**	262,393
Loss on disposal of property, plant and equipment	**4,207**	482
Operating lease rentals in respect of land and buildings	**2,915**	2,306
and after crediting (in other income):		
Income from steam and electricity provided	**50,980**	39,262
Income from wharf cargo handling	**24,250**	21,913
Interest income from banks	**4,929**	7,696
Net foreign exchange gains	**23,358**	–
Value added tax refund	**31,326**	37,415

7. DIVIDENDS

A final dividend of HK8.0 cents per share was paid in respect of the year ended 31 March 2011 (2010: HK8.0 cents per share was paid for the year ended 31 March 2010) to shareholders during the current period.

The Directors determined that an interim dividend of HK4.8 cents per share (2010: HK6.0 cents per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on 9 December 2011.

8. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**646,676**	839,252

	2011 *Number of shares*	2010 *Number of shares*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,689,622,980**	4,551,564,927
Effect of dilutive potential ordinary shares:		
Share options	**37,651,509**	140,150,950
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,727,274,489**	4,691,715,877

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, there were additions of HK$1,258 million (six months ended 30 September 2010: HK$607 million) to property, plant and equipment to expand its operations.

10. INVENTORIES

	30 September 2011 ***HK$'000***	31 March 2011 *HK$'000*
Raw materials	**1,813,907**	2,459,146
Finished goods	**756,115**	507,592
	2,570,022	2,966,738

11. TRADE AND OTHER RECEIVABLES

	30 September 2011 ***HK$'000***	31 March 2011 *HK$'000*
Trade receivables	**1,917,838**	1,880,295
Bills receivables	**1,825,876**	1,146,969
	3,743,714	3,027,264
Prepayments and deposits for purchase of raw materials	**321,039**	534,908
Other deposits and prepayments	**135,198**	152,359
VAT receivables	**277,978**	247,816
Other receivables	**380,594**	112,701
	4,858,523	4,075,048

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

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Aged:		
Less than 30 days	**2,932,651**	2,458,746
31 – 60 days	**665,635**	422,295
61 – 90 days	**121,612**	128,562
91-120 days	**10,825**	13,473
Over 120 days	**12,991**	4,188
	3,743,714	3,027,264

12. TRADE AND OTHER PAYABLES

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Trade and bills payables	**1,371,473**	1,825,240
Accruals	**137,372**	224,408
Other payables	**371,380**	265,656
	1,880,225	2,315,304

The average credit period taken for trade purchases ranges from 30 to 90 days. The following is an aged analysis of the trade and bills payables presented based on the invoice date at the end of the reporting period.

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Aged:		
Less than 30 days	**564,490**	862,978
31 – 60 days	**447,494**	390,059
61 – 90 days	**328,821**	554,281
Over 90 days	**30,668**	17,922
	1,371,473	1,825,240

13. REVIEW OF INTERIM ACCOUNTS

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

BUSINESS REVIEW AND OUTLOOK

Business Review

The Group achieved revenue of HK$7,360 million for the six months ended 30 September 2011 (1HFY12) , a year-on-year increase of 7%. However, the Group was also faced with increasing operating costs in coal, payroll and new taxes. In the first half of fiscal year 2011/2012, the demand for containerboard in China was not as strong as expected, attributable to credit tightening measures implemented by the Central Government, softness in domestic consumption and faltering export . In the light of this and increased competition, the Group was not fully able to pass through the increase in operating costs to its customers and hence its profitability was somewhat affected. As a result, the Group's net profit for 1HFY12 was HK$647 million, a year-on-year decrease of 23%.

Paper machines PM15 and PM16 were commissioned in August 2011 and November 2011 respectively. We have resumed our investment and capacity expansion since the global financial crisis. New capacity will be rolled out as scheduled, enabling the Group to reach an annual design capacity of 5,500,000 tons.

The Group has budgeted capex of HK$2.4 billion and HK$1 billion in FY12 and FY13 respectively. In addition to utilizing its operating cash flows, bank borrowings were inevitably required to fund such capex and increased working capital requirements. As at 30 September 2011, net gearing ratio was 63%, which is considered to be a healthy and reasonable level.

As mentioned above, we are expanding our production capacity but we are growing in a comfortable and manageable manner. While managing debt at a reasonable level, we are expanding with special focus on what products to make and how to position them. Further, we are maximizing the synergy with Nippon Paper, our partner and second largest shareholder, as they provide technical know-how on the production of coated duplex board, which is a higher value added and higher margin product line. We believe that these additional capacities will contribute to our profits when they begin production.

Risk management is always one of our top priorities. While pursuing growth, we will continue to control our investment costs and to maintain a healthy and reasonable debt level. The Group has strong operating cash flows to meet substantially capex incurred in capacity expansion. Last but not least, we will continue our efforts in developing new markets, controlling costs and optimizing the Group's capital structure to deliver better returns to our shareholders.

The economic outlook in China is impacted by the faltering US economy and the sovereign debt crisis in Europe as well as high inflation and credit tightening measures domestically. Market demand is not expected to pick up strongly in the near term. On the other hand, imported OCC prices have fallen by over 20% since the end of September 2011. This is favourable to the Group's operations in the medium term. Not only has this reduced its working capital requirements, the Group can also be more flexible in its pricing strategies for its products. The board of directors is confident of the prospect of the Group with optimism.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operation

Revenue and net profit attributable to equity holder of the Company for the six months ended 30 September 2011 was HK$7,360 million and HK$647 million respectively, representing an increase of 6.7% and a decrease of 22.9%, as compared to HK$6,899 million and HK$839 million, respectively, for the corresponding period last year. The earnings per share for the period was HK13.79 cents as compared to HK18.44 cents for the corresponding period last year.

The Group's containerboard sales volume 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. The substantial increase in the prices of waste paper, coal and other raw materials during the period has boosted the operating costs and therefore lowered net margin per tonne.

Distribution and Selling Expenses and Administrative Expenses

The Group's distribution and selling expenses and administrative expenses increased by approximately 2.3% and 12%, respectively, from HK$108.6 million and HK$245.8 million for the six months ended 30 September 2010 to HK$111.0 million and HK$275.3 million for the six months ended 30 September 2011, respectively, mainly as a result of the increasing operating costs in payroll and new taxes during this period. The distribution and selling expenses and administrative expenses represented about 1.5% and 3.7% of the revenue, respectively, for the six months ended 30 September 2011, and were both comparable to the corresponding period last year.

Finance Costs

The Group's total borrowing costs (including the amounts capitalized) decreased by approximately 22% from HK$130.5 million for the six months ended 30 September 2010 to HK$101.7 million for the six months ended 30 September 2011. The decrease was mainly due to the decrease in average interest rate on the outstanding bank borrowings during the period.

Inventories, Debtors' and Creditors' Turnover

The inventory turnover of the Group's raw materials and finished products were 55 days and 22 days, respectively, for the six months ended 30 September 2011 as compared to 82 days and 16 days, respectively, for the year ended 31 March 2011.

The Group's debtors' turnover days were 48 days for the six months ended 30 September 2011 as compared to 49 days for the year ended 31 March 2011. This is in line with the credit terms of 45 days to 90 days granted by the Group to its customers.

The Group's creditors' turnover days were 48 days for the six months ended 30 September 2011 as compared to 61 days for the year ended 31 March 2011 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 2011 was HK$12,891 million (31 March 2011: HK$12,300 million). As at 30 September 2011, the Group had current assets of HK$8,209 million (31 March 2011: HK$8,384 million) and current liabilities of HK$7,306 million (31 March 2011: HK$5,120 million). The current ratio was 1.12 as at 30 September 2011 as compared to 1.64 at 31 March 2011.

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 2011, the Group had outstanding bank borrowings of HK$8,863,million (31 March 2011: HK$7,989 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. As at 30 September 2011, the Group maintained bank balances and cash of HK$769 million (31 March 2011: HK$1,228 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) increased from 0.55 as at 31 March 2011 to 0.63 as at 30 September 2011, which is considered to be a healthy and reasonable level. 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 2011.

During the six months ended 30 September 2011, the Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure.

EMPLOYEES

As at 30 September 2011, the Group had a workforce of more than 7,600 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.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK4.8 cents (2010: HK6.0 cents) per share for the six months ended 30 September 2011 to shareholders whose names appear on the Register of Members on 9 December 2011. It is expected that the interim dividend will be paid around 21 December 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 7 December 2011 to 9 December 2011, 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 6 December 2011.

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 2011. 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 2011.

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 2011.

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 Kunihiko Kashima (executive director).

On behalf of the Board
Lee Wan Keung Patrick
Chairman

Hong Kong, 24 November 2011

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