



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)

2004/05 年報
ANNUAL REPORT



* 僅供識別

* For identification purposes only

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive director

Mr Lee Wan Keung, Patrick (Chairman)
Mr Lee Man Chun, Raymond (Chief Executive Officer)
Mr Lee Man Bun
Mr Tan Siak Him, Alexander

Non-executive director

Professor Poon Chung Kwong

Independent non-executive director

Mr Wong Kai Tung, Tony
Mr Heng Kwoo Seng
Ms Law Kar Shui, Elizabeth

COMPANY SECRETARY

Mr Cheung Kwok Keung

REGISTERED OFFICE

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

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

李連強先生(主席)
李文俊先生(行政總裁)
李文斌先生
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

PRINCIPAL BANKERS

In Hong Kong:

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

In the PRC:

China Construction Bank
Agricultural Bank of China
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

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
中國農業銀行
中國銀行

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>

CHAIRMAN'S STATEMENT

主席報告

BUSINESS REVIEW & OUTLOOK

For the financial year of 2004/2005, the group achieved a turnover of HK\$2,771 million and has recorded a net profit of HK\$418 million. This represents an increase in turnover of 63% and an increase in net profit of 47% over the same period last year. The major reason for the increases is capacity growth. PM5, our fifth production line with an annual capacity of 250,000MT, started operation early 2004. It is now running at full capacity and making contributions to the Group. PM6, our sixth production line with an annual capacity of 300,000MT, and just began operation in September 2004. Although PM6 is not running at the expected efficiencies, after further tuning for a period of time, it is expected to make further contributions to the Group in years to come.

During the year, the management was able to take a significant step to implement the Group's business strategy by vertically integrating its operation. In February 2005, the Group acquired a pulp mill with an annual capacity of 200,000MT which is located at Samoa, California, United States. Only half of its production volume is adequate to fulfill our existing demand of pulp while the remaining will be placed on the market for sale and in return bring us profit. Strategically, the management believes the acquisition in North America is a very important step in the Group's business development. It would reduce our dependence on the outside pulp suppliers and at the same time generating extra income, profit and lowering our existing paper production costs.

Looking ahead, the Group has begun construction of its third paper production industrial park located at Dongguan Hongmei, which will allow it to capture the continuously growing demand for quality containerboard in the Pearl River Delta region. PM7, our seventh production machine and our first production line at

業務回顧及展望

二零零四／零五財政年度，隨著集團生產能力增加，本集團共錄得營業額27.7億港元及純利4.18億港元，較去年同期增長63%及47%。年產25萬噸的第五號機（PM5）已於二零零四年初投產，並正以全速運行生產，對集團利潤作出貢獻。年產30萬噸的第六號機（PM6）瓦楞芯紙機亦相繼於二零零四年九月投產，雖然該機尚未達到預期之效益，但經過一段時間調試後，相信它將會為集團來年帶來應有的利潤貢獻。

年內，集團成功達到漿紙一體化的一條龍生產目標。集團於二零零五年二月收購了一間位於美國加州薩摩亞年產20萬噸的木漿製造廠，憑藉該廠一半的產量已可滿足集團造紙廠對木漿的需求，餘數將在市場出售，為集團帶來盈利。就策略而言，在北美洲收購木漿廠是集團發展重要的一環，既可以令集團無須倚賴其他木漿供應商，亦為集團帶來額外收入及利潤，和更有效控制造紙廠的生產成本。

展望未來，集團現正積極興建其位於東莞洪梅的第三間造紙工業園，以配合珠江三角洲對優質箱板原紙持續增長的需求。洪梅造紙廠的第一條生產線，年產40萬噸的第七號機（PM7）預計於二零零六年一月開始投產後，

Dongguan Hongmei, is expected to begin operation in January 2006. It will have an annual production capacity of 400,000MT of linerboard. Upon completion, the Group's total containerboard and pulp production capacity will reach 1.6 million metric tons and 0.2 million metric tons respectively. The Group anticipates a further improvement in its performance.

集團工業用包裝紙及木漿的總年產量將達至約160萬噸及20萬噸，為集團帶來更大貢獻。

On behalf of the Board

承董事會命

Lee Wan Keung, Patrick
Chairman

李運強
主席

Hong Kong, 28 June 2005

香港，二零零五年六月二十八日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

RESULTS OF OPERATION

Turnover and net profit attributable to shareholders for the year ended 31 March 2005 was HK\$2,771 million and HK\$418 million, representing an increase of 63% and 47%, as compared to HK\$1,701 million and HK\$285 million, respectively, for last year. The earnings per share for the year was HK43.54 cents when compared with HK40.71 cents for last year.

The increase in turnover and net profit were mainly attributable to the significant increase in the Group's sales of containerboard mainly due to the result of the full year commercial operation of the paper machine V which started in January 2004 and the commenced 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 130% and 72% from HK\$23.7 million and HK\$64.7 million for the year ended 31 March 2004 to HK\$54.5 million and HK\$111.2 million for the year ended 31 March 2005 respectively as a result of the expansion in the operation of the Group and the increase in the Group's turnover during the year.

INTEREST EXPENSES

The Group's interest expenses was HK\$11.4 million for the year ended 31 March 2005 as compared to HK\$15.0 million for the year ended 31 March 2004. The decrease was mainly due to the decrease in average amount of outstanding bank loans during the year.

INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER

The inventory turnover of the Group's raw materials and finished products were 113 days and 7 days, respectively, for the year ended 31 March 2004 as compared to 85 days and 12 days, respectively, for the year ended 31 March 2005. This exhibits continued strong demand from our customers.

經營業績

截至二零零五年三月三十一日止年度的營業額及股東應佔純利分別為27.7億港元及4.18億港元，較去年的17.0億港元及2.85億港元，分別增加63%及47%。本年度的每股盈利為43.54港仙，去年則為40.71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一月開始投產的第五號造紙機於本年度全年投產，加上第六號造紙機亦自二零零四年九月開始投產，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三月三十一日止年度的23.7百萬港元及64.7百萬港元，上升至截至二零零五年三月三十一日止年度的54.5百萬港元及1.11億港元，增加約130%及72%。分銷成本及行政費用有所增加，原因是本集團於年內擴充業務，以及本集團的營業額增加所致。

利息開支

截至二零零五年三月三十一日止年度，本集團的利息開支為11.4百萬港元，而於截至二零零四年三月三十一日止年度則為15.0百萬港元。利息開支下跌主要由於年內未償還平均銀行貸款減少所致。

存貨、應收賬款及應付賬款周轉期

本集團於截至二零零四年三月三十一日止年度的原料及製成品存貨周轉期分別為113日及7日，而於截至二零零五年三月三十一日止年度則分別為85日及12日。由此可見，本集團客戶需求的增長勢頭依然強勁。

The Group's debtors' turnover days were 66 days for the year ended 31 March 2005 as compared to 62 days for the year ended 31 March 2004. This is in line with the credit terms of around 45 days to 60 days granted by the Group to its customers.

The Group's creditors' turnover days were 34 days for the year ended 31 March 2004 as compared to 16 days for the year ended 31 March 2005 as the Group settle much of its creditor balances with surplus cash.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' fund of the Group as at 31 March 2005 was HK\$3,041 million (31 March 2004: HK\$1,903 million). As at 31 March 2005, the Group had current assets of HK\$1,372 million (31 March 2004: HK\$1,270 million) and current liabilities of HK\$921 million (31 March 2004: HK\$838 million). The current ratio was 1.49 as at 31 March 2005 as compared to 1.51 at 31 March 2004.

The Group generally finances its operations with internally generated cashflow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 March 2005, the Group had outstanding bank borrowings of HK\$769 million (31 March 2004: HK\$888 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) decreased from 0.47 as at 31 March 2004 to 0.23 as at 31 March 2005 as enhanced after the completion of the Placement and Subscription in April 2004.

本集團於截至二零零五年三月三十一日止年度的應收賬款周轉期為66日，而於截至二零零四年三月三十一日止年度則為62日。上述應收賬款周轉期與本集團給予客戶介乎45日至60日的信貸期相符。

本集團於截至二零零四年三月三十一日止年度的應付賬款周轉期為34日，而於截至二零零五年三月三十一日止年度則為16日。本集團以盈餘的現金支付大部分的應付賬款。

流動資金、財務資源及資本結構

於二零零五年三月三十一日，本集團的股東資金總額為30.41億港元（二零零四年三月三十一日：19.03億港元）。於二零零五年三月三十一日，本集團的流動資產達13.72億港元（二零零四年三月三十一日：12.70億港元），而流動負債則為9.21億港元（二零零四年三月三十一日：8.38億港元）。二零零五年三月三十一日的流動比率為1.49，二零零四年三月三十一日則為1.51。

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。於二零零五年三月三十一日，本集團的未償還銀行貸款為7.69億港元（二零零四年三月三十一日：8.88億港元）。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。配售及認購於二零零四年四月完成後，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）由二零零四年三月三十一日的0.47下降至二零零五年三月三十一日的0.23，財務狀況進一步加強。

Management Discussion and Analysis

管理層討論及分析

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

The Group's transactions and the monetary assets are principally denominated in Renminbi, Hong Kong dollars or United States dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year ended 31 March 2005. During the year ended 31 March 2005, the Group did not employ any financial instrument for hedging purposes.

USE OF PROCEEDS FROM THE PLACEMENT AND SUBSCRIPTION

The net proceeds from the Placement and Subscription which was completed in April 2004, of approximately HK\$804 million, was earmarked as to approximately HK\$500 million for the acquisition cost of the main unit paper machine VII and costs of ancillary and support equipment such as preparation unit, pumps and cranes which are expected to be incurred over the next one year. The proceeds from the Subscription not immediately applied towards the purchase of paper machine VII have been employed as general working capital.

EMPLOYEES

As at 31 March 2005, the Group had a workforce of more than 2,400 people. Salaries of employees are maintained at competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the 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.

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。截至二零零五年三月三十一日止年度，本集團的營運或流動資金未曾因滙率波動而面臨任何重大困難或影響。截至二零零五年三月三十一日止年度，本集團概無採用任何金融工具以作對沖用途。

配售及認購所得款項用途

於二零零四年四月完成配售及認購所得款項淨額約為8.04億港元，其中約5億港元已指定用作購買第七號造紙機主機及配套設備（如製漿系統、泵和吊機）的成本。這些成本預計將於未來一年產生。未用於購買第七號造紙機的認購所得款項淨額，則已撥作一般營運資金。

僱員

於二零零五年三月三十一日，本集團擁有逾2,400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。

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層簡介

EXECUTIVE DIRECTOR

Mr Lee Wan Keung, Patrick, aged 62, Chairman of the Company and founder of the Group, is in charge of senior staff management, corporate strategy and planning, building construction and public relations for the Group in the PRC. He has over 42 years of experience in manufacturing and international trade. Mr Lee is the Chairman of the Hong Kong Hainan Commercial Association, a standing member of the Political Consultative Committee of Guangdong Province and an honorary principal of the Qionghai Jiaji Secondary School and Hainan Guoxing Secondary School. He has also been awarded honorary citizenship of Dongguan.

Mr Lee Man Chun, Raymond, aged 34, Chief Executive Officer as well as founder of the Company, is primarily in charge of day to day corporate strategy, corporate planning and overall management of the Group. Mr Lee has over ten years of operational experience in paper manufacturing and related business and has been overseeing the development of the paper business. He is experienced in product development, purchasing of raw materials and selling of paper. He holds a bachelor's degree in applied science from the University of British Columbia. Mr Lee is also involved in a number of public engagements including being a standing member of the Political Consultative Committee of Hainan, the Vice-chairman of Yan Chai Hospital Advisory Board, the Honorary President of the Kowloon region of the Scout Association of Hong Kong and the President of the Hong Kong Road Safety Association. Mr Lee has also been awarded honorary citizenship of Dongguan and reputational citizenship of Changshu. In November 2002, Mr Lee was awarded the "Young Industrialist Award of HongKong 2002" by the Federation of the Hong Kong Industries. In addition, in November 2003, Mr Lee was also awarded the "2003 Hong Kong Ten Outstanding Young Persons Selection Awardee" by Hong Kong Junior Chamber. Mr Lee is the eldest son of Mr Lee Wan Keung, Patrick.

執行董事

李運強先生，62歲，本公司主席及本集團創辦人，負責高級職員管理工作、參與制定本集團之策略、策劃及建造工程，維繫與中國有關政府機構關係。李先生擁有逾四十二年製造業及國際貿易經驗。彼為香港海南商會之會長，亦為廣東省政協之常務委員及海南省嘉積中學榮譽校長、海南省國興中學名譽校長，並獲頒授東莞市榮譽市民。

李文俊先生，34歲，本集團行政總裁，亦為本公司創辦人，負責本集團日常決策、企業整體策劃及管理。李先生在造紙業和相關業務擁有逾十年營運經驗，並一直負責本公司的整體業務發展，於產品開發、原料採購及銷售紙品方面擁有豐富經驗。李先生持有加拿大英屬哥倫比亞大學應用科學學士學位。彼亦擔任海南省政協之常務委員及仁濟醫院顧問局副主席、香港童軍九龍地域名譽會長、香港交通安全委員會會長等公職，並獲頒授東莞市及常熟市榮譽市民。彼於二零零二年十一月獲香港工業總會頒發「二零零二香港青年工業家獎」，並於二零零三年度十一月獲香港青年商會頒發「二零零三年香港十大傑出青年」獎。李文俊先生為本集團主席李運強先生之長子。

Profile of Directors and Senior Management

董事及高級管理層簡介

EXECUTIVE DIRECTOR (Continued)

Mr Lee Man Bun, aged 25, Managing Director of the Company, is responsible for construction of Hongmei Industrial Park, repair and maintenance of production machines and factory staff management. Mr Lee holds a bachelor's degree of Applied Science in Chemical Engineering from the University of British Columbia in Canada. He is also the director of Yan Chai Hospital Board of Directors. He joined the Group in July 2003. Mr Lee is the youngest son of Mr Lee Wan Keung, Patrick.

Mr Tan Siak Him, Alexander, aged 47, is responsible for procurement of OCC and import businesses. He also assists in liaising and maintaining relationships with various governmental authorities in the PRC. Mr Tan joined the Group in October 2000. He has over 27 years of experience in the management of both multinational and local manufacturing companies in China.

NON-EXECUTIVE DIRECTORS

Professor Poon Chung Kwong, GBS JP, aged 65, the non-executive director of the Group, is currently the President of the Hong Kong Polytechnic University and has over 30 years working experience in educational sector. He was honoured as one of the "Ten Outstanding Young Persons in Hong Kong" in 1979; was appointed Non-official Justice of the Peace (JP) in 1989; received the OBE in 1991 and the Gold Bauhinia Star (GBS) in 2002.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Wong Kai Tung, Tony, aged 62, an independent non-executive Director of the Group, has been a practicing lawyer in Hong Kong since 1968 and has also been admitted as a solicitor in England and Wales. He is currently a consultant at Messrs. Hastings & Co., Solicitors and Notaries.

執行董事 (續)

李文斌先生，25歲，本集團董事經理，負責洪梅工業園建造工程、生產機械維修和工廠員工管理，彼持有加拿大英屬哥倫比亞大學應用科學化學工程學士學位。李先生亦擔任仁濟醫院董事局總理。彼於二零零三年七月加入本集團。李文斌先生為本集團主席李運強先生之幼子。

陳錫鑫先生，47歲，負責本集團的廢紙採購和進口業務，並協助維繫本集團與中國有關地方政府機構之關係。陳先生於二零零零年十月加入本集團，擁有逾二十七年管理跨國和中國本地製造業公司經驗。

非執行董事

潘宗光教授 GBS太平紳士 潘教授，65歲，本集團非執行董事，現任香港理工大學校長，於教育界具有逾三十年工作經驗。潘教授於一九七九年獲得「香港十大傑出青年獎」、一九八九年獲委任為非官守太平紳士 (JP)、一九九一年獲頒英國官佐勳章 (OBE) 勳銜及於二零零二年獲香港特別行政區政府頒授金紫荊星章 (GBS)。

獨立非執行董事

王啟東先生，62歲，本集團獨立非執行董事。王先生自一九六八年以來為香港之執業律師，亦為英格蘭及威爾斯執業事務律師。彼現任希仁廷律師行之顧問。

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Mr Heng Kwo Seng, aged 57, an independent non-executive Director of the Group, is the Managing Partner of Morison Heng, Chartered Accountants and Certified Public Accountants in Hong Kong. He is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Society of Accountants. He has worked with a number of companies listed on the Stock Exchange either in the capacity of company secretary or as an independent non-executive director.

Ms Law Kar Shui, Elizabeth, aged 56, an independent non-executive Director of the Group, is the director of Park Hotel International Limited, and previously the director of Laws International Group Limited. She has over 30 years' experience in textile and garment industries and was responsible for the management of the sweater and knitwear business. She has also over 10 years' experience in property investment and development. She is the General Manager of Park Hotel and the Director of a number of business enterprises, responsible for the overall management and strategic planning of the businesses.

SENIOR MANAGEMENT

Mr Cheung Kwok Keung, aged 38, is the Chief Financial Officer of the Group responsible for the supervision and management of the Group's financial matters and company secretary of the Company. Mr Cheung is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants and has over 16 years of experience in the field of auditing and accounting. Mr Cheung holds a professional diploma in accountancy from the Hong Kong Polytechnic University. He joined the Group in August 2002.

獨立非執行董事 (續)

邢詒春先生，57歲，本集團獨立非執行董事。邢先生為華利信會計師事務所之執行合夥人，亦為英格蘭及威爾斯特許會計師公會資深會員、香港會計師公會會員。他曾替若干聯交所上市公司工作，出任公司秘書或獨立非執行董事。

羅嘉穗女士，56歲，本集團獨立非執行董事，百樂酒店國際有限公司董事，前為羅氏國際集團有限公司董事，於紡織及成衣業具有逾三十年經驗，主要負責管理毛衣及針織品業務，且具有逾十多年之物業投資及發展經驗。彼現為百樂酒店之總經理及多間企業之董事，肩負整體管理及策略規劃工作。

高級管理層

張國強先生，38歲，本集團財務總監兼本公司之公司秘書，負責本集團之財政監督及管理。張先生為英國公認會計師公會資深會員及香港會計師公會會員，擁有逾十六年核數及會計經驗。彼持有香港理工大學之會計專業文憑。彼於二零零二年八月加入本集團。

Profile of Directors and Senior Management

董事及高級管理層簡介

SENIOR MANAGEMENT (Continued)

Mr Li King Wai, Ross, aged 30, is the executive manager of Huangyong factory responsible for the daily production operation and factory management of Huangyong Lee & Man as well as maintaining relationship of various government departments in Dongguan. Mr Li holds a Masters Degree in Science (Electrical Engineering) from Stanford University in U.S.A. and a bachelor's degree of Applied Science (Computer Engineering) from University of British Columbia in Canada. Mr Li has over 7 years of experience in production management and in technological research & development. Prior to joining the group, Mr Li was involved in the management of computer graphics design at Sun Microsystems, Silicon Valley, U.S.A. He joined the Group in December 2002.

Mr Lau Kwok Keung, aged 48, is the executive manager of Jiangsu Lee & Man responsible for the daily operation and management of Dongguan Lee & Man. Mr Lau holds a bachelor's degree of science (engineering) from Imperial College of Science and Technology, University of London. He has over 17 years of factory operation and management experience. He joined the Group in July 2003.

Mr Chan Kong Sang, aged 45, is the project manager of the Group responsible for expansion and development projects. Mr Chan holds a bachelor's degree of science in engineering from the University of Hong Kong. Mr Chan has over 22 years of operational experience in managing production and engineering aspects of manufacturing businesses and joined the Group in January 2001.

Ms Lam Sau Ping, aged 36, is the sales manager of the Group responsible for sales and marketing. Ms Lam holds a higher certificate in marketing and sales management from the Hong Kong Polytechnic University. Ms Lam has over 15 years of work experience in sales and marketing. She joined the Group in March 1996.

高級管理層 (續)

李經緯先生，30歲，潢涌工廠之行政經理，負責潢涌理文日常生產和廠務管理，及維繫與東莞市各政府部門的關係。彼持有美國史丹福大學科學(電子工程)碩士學位及加拿大英屬哥倫比亞大學應用科學(電腦工程)學士學位，擁有逾七年生產管理及技術研究開發經驗。加入本集團前，彼曾於美國矽谷 Sun Microsystems 公司參與電腦圖像設計管理工作。彼於二零零二年十二月加入本集團。

婁國強先生，48歲，本集團江蘇工廠行政經理，負責江蘇工廠日常廠務營運及管理。彼持有英國倫敦大學帝國學院冶金科學及工程學士學位，擁有逾十七年的工廠營運及管理經驗。彼於二零零三年七月加入本集團。

陳江生先生，45歲，本集團項目經理，負責擴展和發展項目。陳先生持有香港大學工程學士學位，擁有逾二十二年管理製造業業務的生產和工程營運經驗。彼於二零零一年一月加入本集團。

藍秀萍女士，36歲，本集團銷售經理，負責本集團原紙銷售業務及市場推廣事宜。彼持有香港理工大學銷售及市場管理高級證書，並擁有逾十五年銷售及市場推廣經驗。彼於一九九六年三月加入本集團。

SENIOR MANAGEMENT (Continued)

Mr Lu Man Sheng, aged 58, is a production manager of Dongguan Lee & Man responsible for the management of paper manufacturing. Mr Lu holds a professional engineer certificate for paper manufacturing stock preparation from the Guangxi School of Light Industry. Mr Lu has over 35 years of experience in paper manufacturing and production management. He joined the Group in May 1994.

Mr Chan Chi Ho, aged 36, is a production manager of the Group's production plants responsible for paper production management and engineering matters. Mr Chan has over 17 years of experience in overseeing production matters in the paper manufacturing business. Mr Chan joined the Group in April 1999.

Mr Wu Xiao Shi, aged 38, is the power plant manager of the Group responsible for management of power production. Mr Wu holds a bachelor's degree in engineering from Dongnan University. Mr Wu has over 16 years of experience in power production management. Mr Wu joined the Group in December 1999.

Mr Wu Pak Ping, aged 38, is the infrastructure manager responsible for the planning and development of the infrastructure of the Group's production facilities. Mr Wu holds a bachelor's degree in civil engineering from the University of Hunan and has over 19 years of experience in planning and managing infrastructure. He joined the Group in April 1997.

高級管理層 (續)

呂滿生先生，58歲，本集團東莞工廠生產經理，負責造紙生產及管理事宜。彼持有廣西輕工學校造紙製漿專業工程師證書，並擁有逾三十五年專業造紙及生產管理經驗。彼於一九九四年五月加入本集團。

陳智豪先生，36歲，本集團工廠生產經理，負責造紙生產管理及工程建造事宜。陳先生擁有逾十七年造紙生產及機械工程經驗。彼於一九九九年四月加入本集團。

吳曉師先生，38歲，本集團熱電站站長，負責電力生產及管理事宜。吳先生持有中國東南大學電廠熱能動力工程學士學位，擁有逾十六年電力生產及管理經驗。彼於一九九九年十二月加入本集團。

吳柏平先生，38歲，本集團工廠基建經理，負責工廠基建的籌建及規劃。吳先生執有中國湖南大學土木工程「工業與民用建築」學士學位，擁有逾十九年基建籌建、規劃及管理經驗。彼於一九九七年四月加入本集團。

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 32 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2005 are set out in the consolidated income statement on page 27.

The directors of the Company recommended the payment of a final dividend of HK\$0.18 per share for the year ended 31 March 2005 to the shareholders on the register of members on 12 August 2005, amounting to approximately HK\$173,409,000, subject to the approval of the shareholders at the forthcoming annual general meeting.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 21 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$649 million for the purpose of expanding its business. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 10 to the financial statements.

董事會報告

董事謹此提呈本集團於截至二零零五年三月三十一日止年度之年報及經審核財務報表。

主要業務

本公司是一間投資控股公司，各主要附屬公司的主要業務載於財務報表附註32。

業績及分配

本集團截至二零零五年三月三十一日止年度的業績載於第27頁的綜合損益表。

本公司董事建議就截至二零零五年三月三十一日止年度支付末期股息每股0.18港元予二零零五年八月十二日名列股東名冊的股東，總額約為1.73億港元，惟須待股東在應屆股東週年大會上作出批准後方可作實。

股本

本公司股本的變動詳情載於財務報表附註21。

物業、廠房及設備

年內，本集團以約649百萬港元的成本收購物業、廠房及設備，以作拓展業務之用。上述及物業、廠房及設備於年內的其他變動詳情載於財務報表附註10。

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors

Lee Wan Keung, Patrick (Chairman)
Lee Man Chun, Raymond (Chief Executive Officer)
Tan Siak Him, Alexander
Lee Man Bun
(appointed on 16 August 2004)

Non-executive director

Professor Poon Chung Kwong, GBS, JP
(appointed on 1 February 2005)

Independent non-executive directors

Wong Kai Tung, Tony
Heng Kwoo Seng
Law Kar Shui, Elizabeth
(appointed on 1 January 2005)

In accordance with Articles 86(3) and 87(1) of the Company's Articles of Association, Mr Lee Man Bun, Professor Poon Chung Kwong and Ms Law Kar Shui, Elizabeth retire and, being eligible, offer themselves for re-election.

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

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

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

董事及董事的服務合約

年內及截至本報告刊發日期，本公司的董事如下：

執行董事

李運強 (主席)
李文俊 (行政總裁)
陳錫鑫
李文斌
(於二零零四年八月十六日獲委任)

非執行董事

潘宗光教授 GBS 太平紳士
(於二零零五年二月一日獲委任)

獨立非執行董事

王啟東
邢詒春
羅嘉穗
(於二零零五年一月一日獲委任)

根據本公司的公司細則第86(3)及87(1)條的規定，李文斌先生、潘宗光教授及羅嘉穗小姐將退任，惟彼等符合資格並將膺選連任。

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

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

各獨立非執行董事的任期直至其須根據本公司的公司細則的規定退任為止。

Directors' Report

董事會報告

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

As at 31 March 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)	716,228,000	—	74.35%
Lee Man Chun, Raymond 李文俊	Held by controlled corporation (Note) 由受控制法團持有(附註)	716,228,000	—	74.35%

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

於二零零五年三月三十一日，本公司各董事或主要行政人員在本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第十五部)的股份、相關股份及債券中，擁有並須根據證券及期貨條例第十五部第7及第8分部規定知會本公司及香港聯合交易所有限公司(「聯交所」)的有關權益或淡倉(包括其根據證券及期貨條例的有關條文被視作或當作擁有的權益或淡倉)或根據證券及期貨條例第352條須記錄於該條所指的登記冊內的權益或淡倉或根據聯交所證券上市規則(「上市規則」)有關董事進行證券交易的有關條文須知會本公司及聯交所的權益或淡倉如下：

好倉

(a) 本公司每股面值0.10港元的普通股

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)	716,228,000	—	74.35%
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 Kwoo 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。

Directors' Report

董事會報告

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。

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 31 March 2005.

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，於二零零五年三月三十一日，各董事、主要行政人員及彼等的聯繫人士概無在本公司或其任何相聯法團的股份、相關股份或債券中，擁有任何權益或淡倉。

SHARE OPTIONS

Particulars of the Company's share option schemes, namely Share Option Scheme and Pre-IPO Share Option Scheme, are set out in note 23 to the financial statements.

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

購股權

本公司購股權計劃(即購股權計劃及首次公開售股前購股權計劃)的詳情載於財務報表附註23。

下表披露本公司的首次公開售股前購股權計劃於期內的變動情況。

Name 名稱	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Exercisable period 行使期	Number of shares of the Company to be issued upon exercise of the share options 於購股權獲行使時將予 發行的本公司股份數目		
				Outstanding at 1.4.2004 二零零四年 四月一日 尚未行使	Exercised during the year 期內行使	Outstanding at 31.3.2005 二零零五年 三月三十一日 尚未行使
Category 1: Directors 第一類：董事						
Tan Siak Him, Alexander 陳錫鑫	11.9.2003	4.17	26.3.2004 to 25.9.2006	3,000,000	(1,014,000)	1,986,000
Wong Kai Tung, Tony 王啟東	11.9.2003	4.17	26.3.2004 to 25.9.2006	1,000,000	—	1,000,000
Heng Kwoo Seng 邢詒春	11.9.2003	4.17	26.3.2004 to 25.9.2006	1,800,000	—	1,800,000
Total Directors 董事總數				5,800,000	(1,014,000)	4,786,000
Category II: Other employees 第二類：僱員						
Employees 僱員	11.9.2003	4.17	26.3.2004 to 25.9.2006	4,894,000	(840,000)	4,054,000
Category III: Others 第三類：顧問						
Consultants 顧問	11.9.2003	4.17	26.3.2004 to 25.9.2006	1,900,000	(1,000,000)	900,000
Total 總數				12,594,000	(2,854,000)	9,740,000

Directors' Report

董事會報告

SHARE OPTIONS (Continued)

No options have been granted under the Share Option Scheme since its adoption.

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

Number of share options exercised 於購股權獲行使時股份數目

254,000
764,000
806,000
1,030,000

購股權 (續)

自購股權計劃獲採納以來，本公司並無根據購股權計劃授出任何購股權。

本公司股份於購股權行使日的前一天之收市價如下：

Closing price before the date of exercise 行使日期前收市價

HK\$
港元

7.45
6.95
5.90
5.80

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

董事購買股份或債券的權力

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

SUBSTANTIAL SHAREHOLDERS

As at 31 March 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	716,228,000	74.35%
Trustcorp	Held by controlled corporation 由受控制法團持有	716,228,000	74.35%
Lee Wong Wai Kuen 李黃惠娟	Held by spouse (Note) 由配偶持有(附註)	716,228,000	74.35%

Note: Under the SFO, Lee Wong Wai Kuen is deemed to be interested in these 716,228,000 ordinary shares as she is the spouse of Lee Wan Keung, Patrick, a director of the Company.

Save as disclosed above, as at 31 March 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.

主要股東

於二零零五年三月三十一日，下列人(本公司董事或主要行政人員除外)在本公司的普通股中擁有根據證券及期貨條例第十五部第2及第3分部的規定須向本公司披露的權益或淡倉，或根據證券及期貨條例第336條的規定已記錄於本公司按該條存置的登記冊內的權益或淡倉：

好倉

本公司每股面值0.10 港元的普通股

附註：根據證券及期貨條例，由於李黃惠娟是李運強(本公司董事)的配偶，故被視為擁有該716,228,000股普通股的權益。

除上文所披露者外，於二零零五年三月三十一日，概無任何人士(本公司董事或主要行政人員除外)知會本公司，彼等在本公司的股份或相關股份中擁有根據證券及期貨條例第十五部第2及第3分部的規定須向本公司披露的權益或淡倉，或根據證券及期貨條例第336條的規定已記錄於本公司按該條存置的登記冊內的權益或淡倉。

Directors' Report

董事會報告

CONNECTED TRANSACTIONS

Details of the discloseable connected transactions for the year are set out in note 31 to the financial statements. In the opinion of the independent non-executive directors, these transactions entered into by the Group were:

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

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

DIRECTORS' INTEREST IN CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 44% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 22% of the Group's total purchases.

關連交易

本年度的須予披露關連交易詳情載於財務報表附註31。獨立非執行董事認為，由本集團訂立的上述交易：

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

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

董事的合約權益

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

主要客戶及供應商

年內，本集團五大供應商佔本集團總採購額約44%，而本集團最大供應商則佔本集團總採購額約22%。

MAJOR CUSTOMERS AND SUPPLIERS (Continued)

The aggregate sales during the year attributable to the Group's five largest customers were less than 30% of the Group's total sales.

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 March 2005.

PRE-EMPTIVE RIGHTS

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors of listed companies on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), and have made enquiries with the directors that they have complied with the Model Code.

主要客戶及供應商 (續)

年內，本集團五大客戶的總銷售額佔本集團總銷售額少於30%。

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

買賣或贖回本公司上市證券

年內，本公司或其任何附屬公司概無買賣或贖回本公司任何上市證券。

足夠之公眾持股量

按本公司可以得悉之公開資料所示及就董事所知悉，本公司截至二零零五年三月三十一日之年度內已維持足夠公眾持股量。

優先購買權

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

證券交易之標準守則

本公司已採納上市公司董事進行證券交易之標準守則（「標準守則」），作為其董事進行證券交易之行為守則。經本公司查詢後，所有董事確認彼等已遵守標準守則。

Directors' Report

董事會報告

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March 2005 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his /her independence pursuant to Rules 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$50,000.

AUDITORS

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

On behalf of the Board

Lee Wan Keung, Patrick
Director

Hong Kong, 28 June 2005

企業管治

於截至二零零五年三月三十一日止期間，本公司一直遵守上市規則附錄14所載的最佳應用守則。

本公司已接獲各獨立非執行董事之年度確認書，確認彼等符合上市規則第3.13條所載有關其獨立性之規定。本公司認為所有獨立非執行董事均屬獨立人士。

捐款

年內，本公司作出的慈善及其他捐款合共50,000港元。

核數師

期內，德勤•關黃陳方會計師行獲委聘為本公司核數師。本公司將於股東週年大會上提呈決議案，續聘其為核數師。

承董事會命

李運強
董事

香港，二零零五年六月二十八日

AUDITORS' REPORT

核數師報告

Deloitte. 德勤

TO THE SHAREHOLDERS OF LEE & MAN PAPER
MANUFACTURING LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 27 to 75 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

致 LEE & MAN PAPER MANUFACTURING
LIMITED 全體股東
(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「本行」)已審核刊於第27至第75頁按照香港普遍採納會計原則編製的財務報表。

董事及核數師各自的責任

本公司董事須編製真實與公平的財務報表。在編製真實與公平的財務報表時，董事必須貫徹採用合適的會計政策。

本行的責任是根據本行的審核工作結果，對該等財務報表提出獨立意見，並僅向全體股東報告。除此以外，本報告不可用作其他用途。本行不會就本報告的內容向任何其他人士負上或承擔任何責任。

意見的基礎

本行乃按照香港會計師公會頒佈的《核數準則》進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製財務報表時所作出的重大估計及判斷、所釐定的會計政策是否適合 貴公司及 貴集團的具體情況，以及有否貫徹運用並充份披露有關會計政策。

Auditors' Report

核數師報告

BASIS OF OPINION *(Continued)*

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

DELOITTE TOUCHE TOHMATSU
Certified Public Accountants

Hong Kong, 28 June 2005

意見的基礎 *(續)*

本行在策劃及進行審核工作時，均以取得一切本行認為必須的資料及解釋為目標，使本行能獲得充份的憑證，就財務報表是否存在重大錯誤陳述，作出合理的確定。在提出意見時，本行亦已衡量財務報表所載資料在整體上是否足夠。本行相信，本行的審核工作已為下列意見建立合理的基礎。

意見

本行認為，上述財務報表能真實與公平地反映 貴公司及 貴集團於二零零五年三月三十一日的財政狀況及 貴集團於截至該日止年度的盈利及現金流量，並已按照香港《公司條例》的披露規定妥善編製。

德勤•關黃陳方會計師行
執業會計師

香港，二零零五年六月二十八日

CONSOLIDATED INCOME STATEMENT

綜合損益表

For the year ended 31 March 2005

截至二零零五年三月三十一日止年度

			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		
Turnover	營業額		2,771,423	1,701,055
Cost of sales	銷售成本		(2,197,992)	(1,322,703)
Gross profit	毛利		573,431	378,352
Other operating income	其他經營收入		27,199	15,220
Distribution costs	分銷成本		(54,547)	(23,728)
Administrative expenses	行政費用		(111,235)	(64,708)
Profit from operations	經營盈利	5	434,848	305,136
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		(11,412)	(15,008)
Profit before taxation	除稅前盈利		423,436	290,128
Taxation	稅項	7	(5,693)	(5,250)
Profit for the year	年度盈利		417,743	284,878
Dividend	股息	8	96,155	—
Earnings per share	每股盈利	9		
— Basic	— 基本		43.54 cents 仙	40.71 cents 仙
— Diluted	— 攤薄		43.36 cents 仙	40.50 cents 仙

CONSOLIDATED BALANCE SHEET

綜合資產負債表

At 31 March 2005

二零零五年三月三十一日

			2005 二零零五年	2004 二零零四年
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	2,584,293	2,025,562
Deposits paid on acquisition of property, plant and equipment	購置物業、廠房及設備所付訂金	11	148,174	113,359
Deferred tax assets	遞延稅項資產	24	8,860	—
			2,741,327	2,138,921
CURRENT ASSETS	流動資產			
Inventories	存貨	13	548,364	469,070
Trade and bills receivable	應收賬款及票據	14	504,649	287,718
Notes receivable	應收票據	15	26,643	—
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項		207,731	158,998
Retirement benefit assets	退休福利資產	30	1,320	1,254
Amount due from a related company	應收有關連公司款項	16	612	1,444
Taxation recoverable	可收回稅項		92	—
Pledged bank deposits	銀行存款抵押	27	1,055	—
Bank balances and cash	銀行結餘及現金		81,600	351,718
			1,372,066	1,270,202
CURRENT LIABILITIES	流動負債			
Trade and bills payable	應付賬款及票據	17	97,762	120,574
Accruals and other payables	應計費用及其他應付款項		192,253	122,915
Taxation payable	應付稅項		12,730	7,250
Land costs payable	應付土地成本	18	—	9,553
Unsecured bank borrowings — due within one year	無抵押銀行借貸 — 一年內到期	19	618,474	578,196
			921,219	838,488
NET CURRENT ASSETS	流動資產淨值		450,847	431,714
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		3,192,174	2,570,635

			2005 二零零五年	2004 二零零四年
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
NON-CURRENT LIABILITIES	非流動負債			
Amount due to ultimate holding company	應付最終控股公司款項	20	—	357,485
Unsecured bank borrowings — due after one year	無抵押銀行借貸 — 一年後到期	19	150,713	309,752
			150,713	667,237
			3,041,461	1,903,398
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	21	96,338	84,053
Reserves	儲備		2,945,123	1,819,345
			3,041,461	1,903,398

The financial statements on pages 27 to 75 were approved and authorised for issue by the Board of Directors on 28 June 2005 and are signed on its behalf by:

第27至第75頁所載的財務報表已於二零零五年六月二十八日經董事會批准及授權刊發，並由下列董事代表簽署：

Lee Wan Keung, Patrick 李運強
Chairman 主席

Lee Man Chun, Raymond 李文俊
Director 董事

BALANCE SHEET

資產負債表

At 31 March 2005

二零零五年三月三十一日

		Notes 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Interests in subsidiaries	於附屬公司的權益	12	2,703,305	2,168,742
CURRENT ASSETS	流動資產			
Other receivables	其他應收款項		165	5,206
Amounts due from subsidiaries	應收附屬公司款項	12	189,871	—
Bank balances	銀行結餘		325	335,642
			190,361	340,848
CURRENT LIABILITIES	流動負債			
Other payables	其他應付款項		602	415
Unsecured bank borrowings — due within one year	無抵押銀行借貸 — 一年內到期	19	159,133	85,526
			159,735	85,941
NET CURRENT ASSETS	流動資產淨值		30,626	254,907
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		2,733,931	2,423,649
NON-CURRENT LIABILITIES	非流動負債			
Amount due to ultimate holding company	應付最終控股公司款項	20	—	357,485
Unsecured bank borrowings — due after one year	無抵押銀行借貸 — 一年後到期	19	150,713	309,752
			150,713	667,237
			2,583,218	1,756,412
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	21	96,338	84,053
Reserves	儲備	22	2,486,880	1,672,359
			2,583,218	1,756,412

Lee Wan Keung, Patrick 李運強
Chairman 主席

Lee Man Chun, Raymond 李文俊
Director 董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 March 2005

截至二零零五年三月三十一日止年度

		Share capital	Share premium	Translation reserve	Special reserve	Accumulated profit	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
At 1 April 2003	二零零三年四月一日	—	—	18,950	1	475,565	494,516
Issue of shares on acquisition of subsidiaries	收購附屬公司發行股份	3,000	—	—	—	—	3,000
Issue of shares under global offering	根據全球發售發行股份	18,750	763,125	—	—	—	781,875
Issue of shares by capitalisation of share premium	透過把股份溢價撥充資本 發行股份	53,250	(53,250)	—	—	—	—
Issue of shares on exercise of over-allotment option and share options	因超額配股權及購股權 獲行使而發行股份	9,053	368,457	—	—	—	377,510
Expenses incurred in connection with the issue of shares	發行股份所產生的開支	—	(35,894)	—	—	—	(35,894)
Exchange differences arising from translation of financial statements of operations outside Hong Kong not recognised in the consolidated income statement	換算未於綜合損益表確認 的香港以外地區業務財務 報表所產生的滙兌差額	—	—	513	—	—	513
Reserve arising on group reorganisation	集團重組所產生的儲備	—	—	—	(3,000)	—	(3,000)
Profit for the year	年度盈利	—	—	—	—	284,878	284,878
At 31 March 2004	二零零四年三月三十一日	84,053	1,042,438	19,463	(2,999)	760,443	1,903,398
Issue of new shares	發行新股	12,000	797,400	—	—	—	809,400
Issue of shares on exercise of share options	因購股權獲行使而發行股份	285	11,616	—	—	—	11,901
Expenses incurred in connection with the issue of shares	發行股份所產生的開支	—	(4,826)	—	—	—	(4,826)
Profit for the year	年度盈利	—	—	—	—	417,743	417,743
Dividend paid (note 8)	派息	—	—	—	—	(96,155)	(96,155)
At 31 March 2005	二零零五年三月三十一日	96,338	1,846,628	19,463	(2,999)	1,082,031	3,041,461

The special reserve of the Group represents the difference between the nominal value of the aggregate share capital of the subsidiaries acquired by the Group pursuant to the corporate reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, over the nominal value of the Company's shares issued for the acquisition.

本集團的特別儲備指根據本集團為籌備本公司股份在聯交所上市而重整本集團架構所進行的集團重組收購所得的附屬公司的股本面值總額與本公司就收購事項而發行的股份面值的差額。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 March 2005

截至二零零五年三月三十一日止年度

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
OPERATING ACTIVITIES	經營業務		
Profit from operations	經營盈利	434,848	305,136
Adjustments for:	為以下各項調整：		
Amortisation of loan arrangement fees	攤銷借貸手續費	1,668	278
Interest income	利息收入	(668)	(412)
Depreciation and amortisation	折舊及攤銷	83,641	54,972
Loss on disposal of property, plant and equipment	出售物業、廠房及設備產生的虧損	6,816	37
Operating cash flows before movements in working capital	營運資金變動前的經營現金流量	526,305	360,011
Increase in inventories	存貨增加	(79,294)	(211,223)
Increase in trade and bills receivable	應收賬款及票據增加	(216,151)	(131,131)
Increase in deposits, prepayments and other receivables	按金、預付款項及其他應收款項增加	(48,733)	(140,224)
Increase in retirement benefit assets	退休福利資產增加	(66)	(59)
Decrease (increase) in amount due from a related company	應收有關連公司款項減少(增加)	832	(760)
(Decrease) increase in trade and bills payable	應付賬款及票據(減少)增加	(22,812)	57,741
Increase in accruals and other payables	應計費用及其他應付款項增加	69,338	7,519
Cash generated from (used in) operations	經營業務產生(動用)的現金	229,419	(58,126)
Hong Kong Profits Tax paid	已付香港利得稅	(92)	—
PRC Foreign Enterprise Income Tax paid	已付中國外商企業所得稅	(9,073)	—
Interest paid	已付利息	(11,412)	(15,008)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	經營業務產生(動用)的現金	208,842	(73,134)
INVESTING ACTIVITIES	投資活動		
Purchase of property, plant and equipment	購置物業、廠房及設備	(545,397)	(619,159)
Deposits paid on acquisition of property, plant and equipment	購置物業、廠房及設備所付訂金	(148,174)	(113,359)
Purchase of notes	收購票據	(27,423)	—
Increase in pledged bank deposits	銀行存款增加	(1,055)	—
Interest received	已收利息	668	412
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	15	982
NET CASH USED IN INVESTING ACTIVITIES	投資活動動用的現金淨額	(721,366)	(731,124)

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
FINANCING ACTIVITIES	融資活動		
New bank loans raised	新籌集銀行貸款	1,407,068	2,304,453
Net proceeds from issue of shares	發行股份所得款項淨額	458,990	1,123,491
Repayment of bank loans	償還銀行貸款	(1,525,161)	(1,855,050)
Dividend paid	已付股息	(96,155)	—
Advance from ultimate holding company	最終控股公司墊款	—	357,485
Repayment to former ultimate holding company	還款予前最終控股公司	—	(795,000)
Loan arrangement fee paid	已付借貸手續費	—	(5,000)
NET CASH FROM FINANCING ACTIVITIES	融資活動所得現金淨額	244,742	1,130,379
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)增加淨額	(267,782)	326,121
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	現金及現金等價物承前結餘	349,382	23,261
CASH AND CASH EQUIVALENTS CARRIED FORWARD	現金及現金等價物結轉	81,600	349,382
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘分析		
Bank balances and cash	銀行結餘及現金	81,600	351,718
Bank overdraft	銀行透支	—	(2,336)
		81,600	349,382

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

1. GENERAL

The Company is a public limited company incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2001 Second Revision) of the Cayman Islands on 21 May 2003 and its shares are listed on the Stock Exchange. Its ultimate holding company is Gold Best Holdings Ltd. ("Gold Best"), a company incorporated in the British Virgin Islands.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 32.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005, except for HKFRS3 "Business Combinations". The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005.

HKFRS3 is applicable to business combinations for which the agreement date is on or after 1 January 2005. The Group has not entered into any business combination for which the agreement date is on or after 1 January 2005. Therefore, HKFRS3 did not have any impact on the Group for the year ended 31 March 2005.

The Group has considered the other new HKFRSs but does not expect that the issuance of these HKFRSs will have a material effect on how the results of operations and financial position of the Group are prepared and presented.

財務報表附註

截至二零零五年三月三十一日止年度

1. 一般資料

本公司是上市有限公司，於二零零三年五月二十一日根據開曼群島公司法(二零零一年第二次修訂版)於開曼群島註冊成立及登記為獲豁免有限公司，股份並於聯交所上市。本公司的最終控股公司是 Gold Best Holdings Ltd. (「Gold Best」)，為一間於英屬處女群島註冊成立的公司。

本公司是一間投資控股公司，各主要附屬公司的主要業務載於財務報表附註 32。

2. 最近頒佈的會計準則之潛在影響

二零零四年，香港會計師公會頒布多項新訂或經修訂之香港會計準則及香港財務報告準則(統稱為「新香港財務報告準則」)，除新香港財務報告準則第3條「業務合併」外，該等準則於二零零五年一月一日或之後開始之會計期間生效。本集團並無提早於截至二零零五年三月三十一日止年度之財務報表中採納此等新香港財務報告準則。

新香港財務報告準則第3條適用於協議日期為二零零五年一月一日或之後之業務合併。本集團並無簽訂任何日期為二零零五年一月一日或之後之業務合併協議，因此，新香港財務報告準則第3條對本集團於截至二零零五年三月三十一日止年度並無構成影響。

本集團已評估其他新香港財務報告準則，並預期該等新香港財務報告準則之實施對編製及呈列經營業績及財務狀況之方式不會有重大影響。

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

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

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Steam income is recognised in accordance with the agreement.

3. 重大會計政策

財務報表乃按歷史成本法，根據香港普遍採納的會計原則編製。所採用的主要會計政策如下：

綜合基準

綜合財務報表載列本公司及其附屬公司截至每年三月三十一日止的財務報表。

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

所有集團內公司間的重大交易及結餘已於綜合賬目時對銷。

於附屬公司的投資

於附屬公司的投資在本公司的資產負債表內，按成本減任何已辨別減值虧損入賬。

收入確認

銷售貨物於貨物付運及所有權轉讓時確認。

利息收入按未償還本金額及適用利率按時間基準累計。

蒸汽收入根據協議確認。

Notes to the Financial Statements

For the year ended 31 March 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

Construction in progress is stated at cost which includes all construction costs and other direct costs attributable to the construction. It is not depreciated or amortised until completion of construction. The cost of completed construction works is transferred to the appropriate categories of property, plant and equipment.

Leasehold land and land use rights are amortised over the period of the lease or rights respectively using the straight line method.

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

Buildings	5%
Furniture, fixtures and equipment	20%
Leasehold improvements	5%
Motor vehicles	20%
Plant and machinery	3 $\frac{1}{3}$ %–20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

財務報表附註

截至二零零五年三月三十一日止年度

3. 重大會計政策 (續)

物業、廠房及設備

除在建工程外，物業、廠房及設備按成本減折舊、攤銷以及累計減值虧損入賬。

在建工程按成本列賬，其中包括工程的所有建築成本以及其他直接成本。上述各項在工程完成前不會計提折舊或攤銷。落成工程成本則轉撥至物業、廠房及設備的適用類別。

租賃土地及土地使用權在各自的租賃期或土地使用權期間按直線法攤銷。

其他物業、廠房及設備在其估計可使用年期內及其估計餘額後，按直線法計算折舊及攤銷撥備，以撇銷成本，而所用的年率如下：

樓宇	5%
傢俬、固定裝置及設備	20%
租賃物業裝修	5%
汽車	20%
廠房及機器	3 $\frac{1}{3}$ %–20%

因出售或廢棄資產而產生的盈虧，即資產的銷售所得款項與賬面值之間的差額，於損益表中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

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

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

Loan arrangement fees

Loan arrangement fees are amortised to the income statement over the term of the loan on a straight line basis to provide a constant periodic rate of charge.

Inventories

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

3. 重大會計政策 (續)

減值

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

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

借貸手續費

借貸手續費乃按借款之年期以直線法於收益表中攤銷，以提供一個固定之開支比率。

存貨

存貨按成本或可變現淨值(以較低者為準)入賬。成本以加權平均法計算。

稅項

稅項指現時應付稅項及遞延稅項的總和。

現時應付稅項乃按本年度應課稅盈利計算。應課稅盈利與損益表中所報純利不同，因為應課稅盈利不包括在其他年度應課稅或可扣稅的收入及開支項目，並且不包括損益表內從未課稅及扣稅的項目。

Notes to the Financial Statements

For the year ended 31 March 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

財務報表附註

截至二零零五年三月三十一日止年度

3. 重大會計政策 (續)

稅項 (續)

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

遞延稅項負債就於附屬公司的投資所產生的應課稅暫時差額予以確認，除非本集團可控制暫時差額的撥回及於可見將來不大可能撥回暫時差額。

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated at the rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Operating leases

Rentals payable under operating leases are charged to the income statements on a straight line basis over the period of the respective leases.

Retirement benefit costs

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense as they fall due.

3. 重大會計政策 (續)

外幣

外幣交易最初以交易日的匯率入賬。以該等外幣計算的貨幣資產及負債其後再按結算日的匯率重新換算。滙兌盈虧計入損益表內。

在綜合賬目時，本集團香港以外業務的資產及負債按結算日的匯率換算。收支項目按期內的平均匯率換算。所產生的滙兌差額(如有)入賬列為股本，並轉撥至本集團的滙兌儲備。上述滙兌差額於出售有關業務的期間確認為收入或開支。

經營租約

根據經營租約應付的租金在有關租約期內按直線法自損益表中扣除。

退休福利成本

界定供款退休福利計劃／國家管理的退休福利計劃／強制性公積金計劃(「強積金計劃」)的供款於到期時支銷。

Notes to the Financial Statements

For the year ended 31 March 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs (Continued)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out annually. Actuarial gains and losses which exceed 10% of the greater of the present value of the defined benefit obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the amended benefits become vested.

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

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Turnover

Turnover represents the net amounts received and receivable for goods sold by the Group net of value added tax during the year.

Business segments

No business segment analysis is presented as all of the Group's turnover and contribution to results were derived from the manufacture and sales of paper for both years.

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3. 重大會計政策 (續)

退休福利成本 (續)

對界定退休福利計劃而言，提供福利的成本會使用預估單位利益法計算，並每年進行精算估值。超過本集團界定利益承擔現值或有關計劃資產公平價值（以較高者為準）10%的精算盈虧乃按參與有關計劃的僱員的預計平均剩餘工作年資攤銷。若退休福利已成為僱員的既得利益，過往服務年期的成本將即時予以確認，否則將會採用直線法按平均年期攤銷，直至經修訂的退休福利成為僱員的既得利益為止。

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

4. 業務及地域分部

營業額

營業額指年內本集團銷售貨品所收及應收的款項淨額（減去增值稅）。

業務分部

由於本集團於兩個年度的所有營業額及業績貢獻均來自製造及銷售紙品，因此不提供業務分部分析。

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

4. 業務及地域分部 (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		Contribution to profit from operations 經營盈利貢獻	
		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」）	1,351,053	712,776	223,159	127,685
Export sales delivered in the PRC (Note)	中國國內付運的出口銷售（附註）	1,364,422	988,279	225,366	177,039
Others	其他	55,948	—	(14,345)	—
		2,771,423	1,701,055	434,180	304,724
Interest Income	利息收入			668	412
Profit from operations	經營盈利			434,848	305,136
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			(11,412)	(15,008)
Profit before taxation	除稅前盈利			423,436	290,128
Taxation	稅項			(5,693)	(5,250)
Profit for the year	年度盈利			417,743	284,878

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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4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Geographical segments (Continued)

Since the goods sold to various geographical markets were produced from the same production facilities, an analysis of the carrying amount of segment assets, additions to property, plant and equipment and depreciation and amortisation, analysed by the geographical area in which the assets are located are set out below:

	Carrying amount of segment assets		Additions to property, plant and equipment		Depreciation and amortisation		
	2005	2004	2005	2004	2005	2004	
	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	千港元	千港元	
PRC other than Hong Kong	中國 (不包括香港)	4,020,751	3,060,458	648,548	645,524	83,579	54,748
Hong Kong	香港	2,811	348,665	306	—	52	224
United States of America	美國	80,971	—	349	—	10	—
		4,104,533	3,409,123	649,203	645,524	83,641	54,972

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4. 業務及地域分部 (續)

地域分部 (續)

由於向多個地區市場銷售的貨品均產自同一生產設施，按資產所在地區分析的分類資產賬面值，物業、廠房及設備的添置，以及折舊及攤銷如下：

5. PROFIT FROM OPERATIONS

5. 經營盈利

		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 (note 6)	董事酬金(附註6)	3,540	2,899
Other staff costs	其他員工成本	100,677	44,005
Retirement benefits scheme contributions	退休福利計劃供款	2,585	1,100
Total staff costs	員工成本總額	106,802	48,004
Amortisation of loan arrangement fees (included in administrative expenses)	借貸手續費攤銷(已計入行政開支)	1,668	278
Auditors' remuneration	核數師酬金	1,061	665
Depreciation and amortisation	折舊及攤銷	83,641	54,972
Loss on disposal of property, plant and equipment	出售物業、廠房及設備產生的虧損	6,816	37
Operating lease rentals in respect of land and buildings	土地及樓宇的經營租賃租金	4,141	974
and after crediting:	並經計入下列項目：		
Interest income	利息收入	668	412

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For the year ended 31 March 2005

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6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

6. 董事及僱員酬金

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Directors' fees:	董事酬金：		
Executive	執行董事	—	—
Non-executive	非執行董事	—	—
Independent non-executive	獨立非執行董事	244	187
Other emoluments of executive directors:	執行董事的其他薪酬：		
— salaries and other benefits	— 薪金及其他福利	3,276	2,690
— retirement benefits scheme contributions	— 退休福利計劃供款	20	22
Total directors' emoluments	董事酬金總額	3,540	2,899

The directors' emoluments were within the following bands:

董事的酬金介乎下列組別：

		Number of directors 董事人數	
		2005 二零零五年	2004 二零零四年
Nil to HK\$1,000,000	零 – 1,000,000港元	6	3
HK\$1,000,001 to HK\$1,500,000	1,000,001港元 – 1,500,000港元	1	2
HK\$1,500,001 to HK\$2,000,000	1,500,001港元 – 2,000,000港元	1	—

During the year, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

年內，本集團並無向五名最高薪人士（包括董事及僱員）支付酬金，作為鼓勵彼等加入本集團，或作為加入本集團時的獎勵或離職補償。年內，並無任何董事放棄任何酬金。

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(Continued)

Of the five individuals with the highest emoluments in the Group, two (2004: two) were directors of the Company whose emoluments are included in the disclosure set out above. The emoluments of the remaining three (2004: three) individuals were as follows:

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Employees	僱員		
— salaries and other benefits	— 薪金及其他福利	2,136	2,049
— bonus	— 花紅	38	—
— retirement benefits scheme contributions	— 退休福利計劃供款	36	36
		2,210	2,085

The aggregate emoluments of each of the above three (2004: three) employees were under HK\$1,000,000 for both years.

6. 董事及僱員酬金 (續)

在本集團五名最高薪人士中，其中兩名(二零零四年：兩名)是本公司董事，其酬金詳情已於上文披露。餘下三名(二零零四年：三名)最高薪人士的酬金詳情如下：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Employees	僱員		
— salaries and other benefits	— 薪金及其他福利	2,136	2,049
— bonus	— 花紅	38	—
— retirement benefits scheme contributions	— 退休福利計劃供款	36	36
		2,210	2,085

上述三名(二零零四年：三名)僱員於兩個年度的個人酬金總額均少於1,000,000港元。

7. TAXATION

The charge comprises:

PRC Foreign Enterprise Income Tax
Deferred taxation

7. 稅項

稅項支出包括：

中國外商企業所得稅
遞延稅項

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
		14,553	5,250
		(8,860)	—
		5,693	5,250

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7. 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. During the year, the PRC Foreign Enterprise Income Tax rate for a subsidiary situated in Dongguan, the PRC was agreed by the PRC tax authority to reduce from 24% to 15%.

The subsidiary in Malaysia carries on offshore trading activities in Labaun, 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 Labaun is charged at a fixed annual rate of Malaysian RM20,000.

Under Decree-Law no. 58/99/M, a Macau company incorporated under that 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.

Details of deferred taxation are set out in note 24.

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7. 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。年內，中國稅務局同意將本公司一間位於東莞之附屬公司的中國外商企業所得稅稅率由百分之二十四寬減至百分之十五。

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每年繳納20,000馬幣的定額稅。

根據第58/99/M號法令，凡根據該法令註冊成立的澳門公司(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亦毋須繳交稅項。

詳細遞延稅項資料載於附錄24。

7. TAXATION (Continued)

The tax charge for the year can be reconciled to the profit before taxation per the income statement as follows:

7. 稅項 (續)

本年度的稅項支出與根據損益表的盈利對賬如下：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Profit before taxation	除稅前盈利	423,436	290,128
Tax at the applicable tax rate of 15% (2004:24%)	按適用稅率15%(二零零四年：24%)計算的稅項	63,515	69,631
Tax effect of expenses not deductible for tax purpose	不可扣稅的支出稅務影響	1,656	16,787
Tax effect of income not taxable for tax purpose	無須課稅的收入的稅務影響	(3,571)	(33,369)
Tax effect of tax losses not recognised	未確認稅務虧損的稅務影響	1,316	—
Utilisation of tax losses previously not recognised	動用先前未確認的稅務虧損	—	(101)
Effect of tax exemption for PRC subsidiaries	中國附屬公司豁免繳稅的影響	(29,124)	(9,647)
Effect of tax exemption granted to Macau and Malaysia subsidiaries	澳門及馬來西亞附屬公司獲豁免繳稅的影響	(28,741)	(38,015)
Effect of different tax rates of subsidiaries operating in other jurisdictions	在不同司法權區營運的附屬公司使用不同稅率的影響	672	(36)
Others	其他	(30)	—
Tax charge for the year	年內稅支出及有效稅率	5,693	5,250

8. DIVIDEND

8. 股息

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
2004 Final dividend paid of HK\$0.10 per share (2003: Nil)	二零零四年派發末期股息每股0.10港元(二零零三年：無)	96,155	—

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8. DIVIDEND (Continued)

A final dividend of HK\$0.18 (2004: HK\$0.10) per share has been proposed by the board of directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

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

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8. 股息 (續)

董事會建議派付末期股息每股0.18港元(二零零四年：0.10港元)，惟須待股東在應屆股東週年大會上作出批准後方可作實。

9. 每股盈利

年內的每股基本及攤薄盈利乃以下列數據為基準計算：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Earnings:	盈利：		
Net profit for the year and 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年度純利及盈利	417,743	284,878
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	959,554,581	699,728,535
Effect of dilutive potential ordinary shares in respect of over-allotment option and share options	超額配股權及購股權所產生的普通股潛在攤薄影響	3,831,667	3,616,014
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	963,386,248	703,344,549

10. PROPERTY, PLANT AND EQUIPMENT

10. 物業、廠房及設備

		Land use rights 土地使用權	Buildings 樓宇	Construction in progress 在建工程	Furniture fixtures & equipment 傢俬、 固定裝置 及設備	Leasehold improve- ments 租賃物業 裝修	Motor vehicles 汽車	Plant & machinery 廠房及機器	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
THE GROUP	本集團								
COST	成本								
At 1 April 2004	二零零四年四月一日	83,004	377,378	96,442	9,933	42,086	9,436	1,562,131	2,180,410
Additions	添置	9,163	66,375	59,922	9,198	42,164	3,907	458,474	649,203
Transfers	轉讓	—	36,532	(75,314)	432	2,590	—	35,760	—
Disposals	出售	—	(6,061)	—	(17)	—	—	(3,141)	(9,219)
At 31 March 2005	二零零五年三月三十一日	92,167	474,224	81,050	19,546	86,840	13,343	2,053,224	2,820,394
DEPRECIATION AND AMORTISATION	折舊及攤銷								
At 1 April 2004	二零零四年四月一日	3,795	38,585	—	3,131	633	4,079	104,625	154,848
Provided for the year	年內撥備	1,855	18,811	—	2,239	3,180	1,868	55,688	83,641
Eliminated on disposals	出售時對銷	—	(1,307)	—	(2)	—	—	(1,079)	(2,388)
At 31 March 2005	二零零五年三月三十一日	5,650	56,089	—	5,368	3,813	5,947	159,234	236,101
NET BOOK VALUES	賬面淨值								
At 31 March 2005	二零零五年三月三十一日	86,517	418,135	81,050	14,178	83,027	7,396	1,893,990	2,584,293
At 31 March 2004	二零零四年三月三十一日	79,209	338,793	96,442	6,802	41,453	5,357	1,457,506	2,025,562

All the Group's buildings, including construction in progress, are situated on land in the PRC which are held by the Group under medium term land use right.

本集團的所有樓宇(包括在建工程)均位於中國土地,並由本集團根據中期土地使用權持有。

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10. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group has acquired land use right in the PRC and has erected buildings thereon. While the Group has paid substantially the full consideration of the purchase consideration, the relevant government authorities have not granted formal title to certain of these land use rights to the Group. As at 31 March 2005, the net book value of the land use rights for which the Group had not been granted formal title amounted to approximately HK\$16.5 million (2004: HK\$7.3 million). In the opinion of the directors, the absence of formal title to these land use rights does not impair the value of the relevant properties to the Group. The directors also believe that formal title to these land use rights will be granted to the Group in due course.

11. DEPOSITS PAID ON ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits were paid by the Group in connection with the acquisition of property, plant and equipment for new production facilities. The related capital commitments are included in note 26.

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10. 物業、廠房及設備 (續)

集團持有中國土地使用權並已建設樓宇，雖然集團已全數支付購地之代價，但相關政府機構仍未授予集團某些土地使用權正式擁有權。於二零零五年三月三十一日，集團並未授予正式擁有權之土地使用權之賬面淨值約為16.5百萬港元（二零零四年：7.3百萬港元）。董事認為缺乏某些土地使用權正式擁有權並不會損害集團相應物業價值。董事亦相信在不久將來集團會授予該等土地使用權正式擁有權。

11. 購置物業、廠房及設備所付訂金

所付訂金是本集團為了新生產設施而購置的物業、廠房及設備的訂金。有關的資承擔載於附註26。

12. INTERESTS IN SUBSIDIARIES

12. 於附屬公司的權益

		THE COMPANY	
		本公司	
		2005	2004
		二零零五年	二零零四年
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted shares, at cost (Note)	非上市股份，成本(附註)	637,977	637,977
Amounts due from subsidiaries	應收附屬公司款項	2,255,199	1,530,765
		2,893,176	2,168,742
Less: Amounts due from subsidiaries — due within one year	減：應收附屬公司款項 — 一年內到期	(189,871)	—
		2,703,305	2,168,742

Note: The cost of the unlisted shares is based on the book value of the underlying net assets of the subsidiaries attributable to the Group on the date of corporate reorganisation in September 2003.

In the opinion of the directors, the amounts due from subsidiaries are unsecured and non-interest bearing. Except for an amount of HK\$189,871,000 (2004: nil), the amounts due from subsidiaries are unlikely to be repaid within one year from the balance sheet date and are therefore shown in the balance sheet as non-current.

Details of the Company's principal subsidiaries at 31 March 2005 are set out in note 32.

附註：非上市股份的成本乃按集團重組日期本集團應佔附屬公司的相關資產賬面淨值計算。

董事認為，應收附屬公司款項為無抵押、免息。除了189,871,000港元外(二零零四年：無)，應收附屬公司款項不可能於結算日起計一年內償還，故已於資產負債表列作非流動項目。

於二零零五年三月三十一日，本集團的主要附屬公司詳情載於附註32。

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13. INVENTORIES

At cost:	成本：
Raw materials	原料
Finished goods	製成品

THE GROUP	
本集團	
2005	2004
二零零五年	二零零四年
HK\$'000	HK\$'000
千港元	千港元

548,364	469,070
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14. TRADE AND BILLS RECEIVABLE

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

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

Aged:	賬齡：
Less than 30 days	少於30日
31 — 60 days	31日 — 60日
61 — 90 days	61日 — 90日
Over 90 days	90日以上

THE GROUP	
本集團	
2005	2004
二零零五年	二零零四年
HK\$'000	HK\$'000
千港元	千港元

371,272	218,565
97,406	61,070
25,796	4,194
10,175	3,889
504,649	287,718

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13. 存貨

14. 應收賬款及票據

本集團給予客戶的信貸期一般由45日至60日不等。

應收賬款及票據的賬齡分析如下：

15. NOTES RECEIVABLE

In January 2005, the Group purchased from a group of investors term loans with face value of US\$33,118,778 due by Stockton Pacific Enterprises, Inc ("Stockton") at a consideration of US\$3,515,742, equivalent to approximately HK\$27,423,000. Stockton operated a totally chlorine free kraft pulp mill in Samoa, California, U.S.A. The collateral securing these term loans is Stockton's real estate, buildings, personal property and most of its other assets.

Shortly before the Group's purchase of the loans, Stockton had shut down the mill and laid off virtually all of its employees. Within days of the Group's purchase of the loans, all of the officers and directors of Stockton resigned. On 21 January 2005, the Group took possession of the mill in order to protect the collateral for the loans.

The Group's intent has been, and still is, to foreclose on the loans and offer the collateral for sale at public auctions. It is also the Group's intent to bid in the carrying value of the loan notes as necessary to purchase most of the assets offered for sale at the auctions. The first auction for Stockton's personal property occurred in March 2005 and the Group bid in a portion of the loan notes to purchase certain account receivables of US\$100,000, equivalent to approximately HK\$780,000. The auction for the real estate, buildings, machinery and fixtures will occur in July 2005. The Group will again bid in the loan notes to purchase the balance of Stockton's assets. It is unlikely that there will be any bids in excess of the remaining carrying value of the loans, and the Group expects to be the purchaser of the mill at that auction.

In essence, the Group is acquiring the Stockton mill through an asset purchase and will acquire no obligation to pay any of Stockton's liabilities.

In the opinion of the directors, the assets purchased and to be purchased in the auctions worth at least the carrying amount of the notes receivable.

15. 應收票據

於二零零五年一月，集團以3.5百萬美元（相等於27.42百萬港元）從一群投資者中購入 Stockton Pacific Enterprises, Inc（「Stockton」）面值33.1百萬美元之有期借貸。Stockton 於美國加州薩摩亞經營一間生產全無氯氣成份之牛皮木漿廠。有期借貸乃以 Stockton 之房地產、私有財產及其他資產作抵押品。

於集團購入借貸之不久前，Stockton 已將工廠關閉並遣散所有僱員。Stockton 之所有董事及職員亦於集團購入借貸後數日內辭職。於二零零五年一月二十一日，集團接管工廠以保障借貸下之抵押品。

集團的意願曾經是，現在亦然，取消借貸的贖取權而將抵押品公開拍賣。集團亦打算在拍賣中以借貸票據帳面值競投以購入大部份資產。第一輪 Stockton 之私有財產拍賣會已於二零零五年三月舉行，集團以部份借貸票據投得值100,000美元（約780,000港元）之若干應收款項。房地產、樓宇及機器設備之拍賣會將於二零零五年七月舉行，集團將再以借貸票據競投以購入 Stockton 餘下的資產。由於預期將不會有對其他競投會高於借貸票據餘下帳面值，集團將成為拍賣會中該工廠之買家。

最重要的是，集團乃透過購入資產而擁有 Stockton 的工廠，因此並無責任承擔償還任何 Stockton 之債務。

董事認為，於拍賣會購入之資產及將會購入之資產其價值不會低於應收票據之帳面值。

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16. AMOUNT DUE FROM A RELATED COMPANY

The amount represents trading balance due from Lee & Man Industrial Manufacturing Limited (“Lee & Man Industrial Manufacturing”) which is an associate (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)) of Fortune Star Tradings Ltd. (“Fortune Star”). Fortune Star and the Company are under the control of the same discretionary trust, the discretionary beneficiaries of which include Mr Lee Wan Keung, Patrick, Mr Lee Man Chun, Raymond and Mr Lee Man Bun, all of them are directors of the Company. The amount for both years is aged less than 30 days.

17. TRADE AND BILLS PAYABLE

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

		THE GROUP 本集團	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
Aged:	賬齡：		
Less than 30 days	少於30日	83,800	106,774
31 — 60 days	31日 — 60日	5,423	6,098
61 — 90 days	61日 — 90日	3,982	461
Over 90 days	90日以上	4,557	7,241
		97,762	120,574

18. LAND COSTS PAYABLE

The balance represented the amount payable for the acquisition of land which was fully repaid during the year.

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16. 應收有關連公司款項

有關款項是 Lee & Man Industrial Manufacturing Limited (「理文實業」) 的貿易結餘。理文實業是 Fortune Star Tradings Ltd. (「Fortune Star」) 的聯繫人士 (定義見聯交所證券上市規則 (「上市規則」))。Fortune Star 及本公司均受同一全權信託控制，該全權信託的全權受益人包括李運強先生，李文俊先生及李文斌先生 (均為本公司董事)。有關款項於兩個年度的賬齡均少於30日。

17. 應付賬款及票據

應付賬款及票據的賬齡分析如下：

18. 應付土地成本

此結餘指收購土地的應付款項，該款項已於本年度全數付清。

19. UNSECURED BANK BORROWINGS

19. 無抵押銀行借貸

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Bank loans	銀行貸款	599,685	721,210	312,900	400,000
Bank import loans	銀行進口貸款	172,556	169,124	—	—
Bank overdraft	銀行透支	—	2,336	—	—
		772,241	892,670	312,900	400,000
Loan arrangement fees:	借貸手續費：				
At 1 April	四月一日	4,722	—	4,722	—
Incurred during the year	年內產生	—	5,000	—	5,000
Amortised during the year	年內攤銷	(1,668)	(278)	(1,668)	(278)
At 31 March	三月三十一日	3,054	4,722	3,054	4,722
Carrying value at 31 March	三月三十一日的 賬面值	769,187	887,948	309,846	395,278
The bank borrowings are repayable as follows:	銀行借貸的還款期 如下：				
Within one year or on demand	一年內或應 要求償還	618,474	578,196	159,133	85,526
More than one year, but not exceeding two years	一年後但兩年內	150,713	159,226	150,713	159,226
More than two years, but not exceeding five years	兩年後但五年內	—	150,526	—	150,526
		769,187	887,948	309,846	395,278
Less: Amount due within one year shown under current liabilities	減：入賬列為流動 負債的一年內 到期款項	(618,474)	(578,196)	(159,133)	(85,526)
Amount due after one year	一年後到期款項	150,713	309,752	150,713	309,752

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20. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount was unsecured, non-interest bearing and was used to settle part of the subscription amount as mentioned in note 21(a).

20. 應付最終控股公司款項

有關款項為無抵押及免息，而且已用於支付部份認購款項（詳見附註21(a)）。

21. SHARE CAPITAL

21. 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 2004 and 31 March 2005	二零零四年三月三十一日及 二零零五年三月三十一日	2,000,000,000	200,000
		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：		
Ordinary shares of HK\$0.10 each	每股面值0.10港元的普通股		
Issue of share to subscriber	發行股份予認購者	1	—
Issue of shares on acquisition of subsidiaries	因收購附屬公司發行股份	29,999,999	3,000
Issue of shares by capitalisation of share premium	透過把股份溢價撥充 資本發行股份	532,500,000	53,250
Issue of share under global offering	根據全球發售發行股份	187,500,000	18,750
Exercise of over-allotment option	行使超額配股權	28,124,000	2,812
Exercise of share options	行使購股權	62,406,000	6,241
At 31 March 2004	二零零四年三月三十一日	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	二零零五年三月三十一日	963,384,000	96,338

21. SHARE CAPITAL (Continued)

Details of the changes in the Company's share capital for the year ended 31 March 2005 are as follows:

- (a) On 26 March 2004, arrangements were made for a private placement to independent private investors of 53,000,000 shares of HK\$0.10 each in the Company held by Gold Best at a price of HK\$6.745 per share representing a discount of approximately 5% to the closing market price of the Company's shares on 25 March 2004.

Pursuant to a subscription agreement of the same date, Gold Best subscribed for 120,000,000 new shares of HK\$0.10 each in the Company at a price of HK\$6.745 per share. The proceeds were used to provide additional working capital for the Group. These new shares rank pari passu with the then existing ordinary shares in all respects.

The placing and subscription was completed in April 2004.

- (b) During the year, 2,854,000 share options under the Pre-IPO Share Option Scheme were exercised at a subscription price of HK\$4.17 per share, resulting in the issue of 2,854,000 ordinary shares of HK\$0.10 each in the Company.

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

21. 股本 (續)

本公司股本於截至二零零五年三月三十一日止期間的變動詳情如下：

- (a) 於二零零四年三月二十六日，在私人配售安排下，Gold Best 按每股6.745港元向獨立投資者配售本公司53,000,000股每股面值0.10港元的股份，股份較在二零零四年三月二十五日本公司股份收市價折讓5%。

根據認購新股份合同，Gold Best 將按每股6.745港元認購本公司120,000,000股每股面值0.10港元的新股份。所得款項將為集團提供額外營運資金。新股份在所有方面與當時的現有股份享有同等權益。

配售及認購於二零零四年四月完成。

- (b) 年內，共有2,854,000股根據首次公開售股前購股權計劃授出的購股權獲行使，認購價為每股4.17港元，導致發行2,854,000股本公司每股面值0.10港元的普通股。

年內發行的所有股份在所有方面與當時的現有股份享有同等權益。

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22. RESERVES

22. 儲備

		Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 繳入盈餘 HK\$'000 千港元	Accumulated profit (loss) 累計盈利 (虧損) HK\$'000 千港元	Total 總計 HK\$'000 千港元
THE COMPANY	本公司				
Premium arising on issue of shares	發行股份產生的溢價	1,131,582	—	—	1,131,582
Capitalisation of share premium	把股份溢價撥充資本	(53,250)	—	—	(53,250)
Expenses incurred in connection with the issue of shares	發行股份產生的費用	(35,894)	—	—	(35,894)
Reserve arising on acquisition of subsidiaries	收購附屬公司產生的儲備	—	634,977	—	634,977
Loss for the period	期內虧損	—	—	(5,056)	(5,056)
At 31 March 2004	二零零四年三月三十一日	1,042,438	634,977	(5,056)	1,672,359
Premium arising on issue of shares	發行股份產生的溢價	809,016	—	—	809,016
Expenses incurred in connection with the issue of shares	發行股份產生的費用	(4,826)	—	—	(4,826)
Profit for the year	年內盈利	—	—	106,486	106,486
Dividend paid	派息	—	—	(96,155)	(96,155)
At 31 March 2005	二零零五年三月三十一日	1,846,628	634,977	5,275	2,486,880

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

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

22. RESERVES (Continued)

At 31 March 2005, the Company's reserves available for distribution to its shareholders comprise share premium, contributed surplus and accumulated profit (loss) which in aggregate amounted to approximately HK\$2,487 million (2004: HK\$1,672 million). Under the Companies Law (2001 Second Revision) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company.

23. SHARE OPTION SCHEMES

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

The Scheme and the Pre-IPO Scheme were established for the purpose of providing incentives to directors and eligible persons. The Scheme and Pre-IPO Scheme will remain in force for a period of ten years and three years, respectively from adoption of the schemes and will expire on 10 September 2012 and 10 September 2006, respectively.

22. 儲備 (續)

本公司可供分派予股東的儲備包括股份溢價、繳入盈餘及累計虧損，於二零零五年三月三十一日的總額約為24.87億港元(二零零四年：16.72億港元)。根據開曼群島公司法(二零零一年第二次修訂版)，在符合公司組織章程大綱及細則的規定下，本公司的股份溢價可用作向股東分派或支付股東股息，惟在緊隨支付分派或股息以後，本公司仍有能力在日常業務過程中支付到期的負債。根據本公司的公司細則，股息須以本公司的盈利或其他儲備撥付，包括股份溢價賬。

23. 購股權計劃

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

設立該計劃及首次公開售股前計劃，旨在提供獎勵予董事及合資格人士。該計劃及首次公開售股前計劃的有效期自採納日期起計，分別為十年及三年，並將分別於二零一二年九月十日及二零零六年九月十日屆滿。

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23. SHARE OPTION SCHEMES (Continued)

(i) Share Option Scheme

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

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

Options may be exercised during such period (including the minimum period, if any, for which an option must be held before it can be exercised) as may be determined by the Directors (which shall be less than ten years from the date of issue of the relevant option).

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23. 購股權計劃 (續)

(i) 購股權計劃

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

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

承授人可於董事會決定的期間（包括購股權行使前必須持有的最短期限（如有））行使購股權（該期間由有關購股權發行日期起計不得超逾十年）。

23. SHARE OPTION SCHEMES (Continued)

(i) Share Option Scheme (Continued)

Options may be granted without initial payment except the payment of HK\$1 as consideration for grant of option each time. The exercise price is equal to the highest of (i) nominal value of the Shares; (ii) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of the grant; and (iii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of the grant.

No option was granted by the Company under the Scheme since its adoption.

(ii) Pre-IPO Scheme

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

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

23. 購股權計劃 (續)

(i) 購股權計劃 (續)

除了須支付1港元作為每次獲授購股權的代價外，購股權可在毋須作出初期付款的情況下授出。行使價相等於下列較高者：(i)股份面值；(ii)股份於授出日期在聯交所每日報價表所示的收市價；及(iii)股份在緊接授出日期前五個營業日在聯交所每日報價表所示的平均收市價。

自購股權計劃獲採納以來，本公司並無根據購股權計劃授出任何購股權。

(ii) 首次公開售股前計劃

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

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

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For the year ended 31 March 2005

23. SHARE OPTION SCHEMES (Continued)

(ii) Pre-IPO Scheme (Continued)

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

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

財務報表附註

截至二零零五年三月三十一日止年度

23. 購股權計劃 (續)

(ii) 首次公開售股前計劃 (續)

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

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

23. SHARE OPTION SCHEMES (Continued)

(ii) Pre-IPO Scheme (Continued)

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

Category 類別	Date of grant 授出日期	Exercise price 行使價 HK\$ 港元	Granted at	Exercised during the period 期內行使	Outstanding at	Exercised during the year 期內行使	Outstanding
			11.9.2003 二零零三年 九月十一日 授出		31.3.2004 and 1.4.2004 二零零四年 三月三十一日及 二零零四年 四月一日 尚未行使		at 31.3.2005 二零零五年 三月三十一日 尚未行使
Shareholders 股東	11 September 2003 二零零三年九月十一日 (note i)(附註i)	4.17	61,000,000	(61,000,000)	—	—	—
Directors 董事	11 September 2003 二零零三年九月十一日 (note ii)(附註ii)	4.17	5,800,000	—	5,800,000	(1,014,000)	4,786,000
Senior management 高級管理人員	11 September 2003 二零零三年九月十一日 (note ii)(附註ii)	4.17	2,500,000	(400,000)	2,100,000	(754,000)	1,346,000
Employees 僱員	11 September 2003 二零零三年九月十一日 (note ii)(附註ii)	4.17	3,400,000	(606,000)	2,794,000	(86,000)	2,708,000
Others 其他	11 September 2003 二零零三年九月十一日 (note ii)(附註ii)	4.17	2,300,000	(400,000)	1,900,000	(1,000,000)	900,000
			75,000,000	(62,406,000)	12,594,000	(2,854,000)	9,740,000

Notes:

- (i) The vesting period is from 26 September 2003 to 25 September 2006.
- (ii) The vesting period is from 26 March 2004 to 25 September 2006.

附註：

- (i) 獲准行使期由二零零三年九月二十六日至二零零六年九月二十五日。
- (ii) 獲准行使期由二零零四年三月二十六日至二零零六年九月二十五日。

Notes to the Financial Statements

For the year ended 31 March 2005

23. SHARE OPTION SCHEMES (Continued)

(ii) Pre-IPO Scheme (Continued)

The fair value of the Company's share at the date of issue for the exercise of share option during the year ranging from HK\$6.32 to HK\$7.44.

Total consideration received during the year from shareholders, directors and employees for exercise of the options granted under the Pre-IPO Scheme in 2003 is HK\$11,901,000.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting share issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

24. DEFERRED TAX ASSETS

The balance represents deferred tax asset resulted from tax losses of a subsidiary in the United States of America recognised during the year. The tax losses may be carried forward for five years and will expire in 2010.

No provision for deferred taxation for other subsidiaries has been recognised in the financial statements as the amount involved is insignificant.

財務報表附註

截至二零零五年三月三十一日止年度

23. 購股權計劃 (續)

(ii) 首次公開售股前計劃 (續)

年內，購股權行使期頒佈日之本公司股份公平價值為每股6.32港元至7.44港元。

根據二零零三年首次公開售股前計劃下行使授予股東、董事及員工之購股權總利益收入為11,901,000港元。

在購股權獲行使前，其財務影響不會在本公司或本集團的資產負債表中記錄。而本公司亦無就年內授出的購股權的價值在損益表中確認支銷。在購股權獲行使時，本公司會把因而發行的股份按股份面值入賬為額外股本，而本公司會把每股行使價超出股份面值之數入賬股份溢價賬。在獲行使前已失效或被註銷的購股權會從尚未行使購股權登記冊中剔除。

24. 遞延稅項資產

此結餘指由於因美國的附屬公司於年內確認的稅項虧損所產生之遞延稅項資產。該稅項虧損可以結轉五個年度並於二零一零年期滿。

因所涉之金額尚少，所以其他附屬公司之遞延稅項未在財務報表中作出反映。

25. OPERATING LEASE COMMITMENTS

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

Within one year	一年內
In the second to fifth year inclusive	第二年至第五年內 (包括首尾兩年)

25. 經營租約承擔

於結算日，本集團根據不可撤銷的土地及樓宇經營租約於日後應付的最低租金如下：

THE GROUP		2005	2004
本集團		二零零五年	二零零四年
		HK\$'000	HK\$'000
		千港元	千港元
		5,889	425
		33	203
		5,922	628

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。

26. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment

26. 資本承擔

就購置物業、廠房及設備已訂約但未於財務報表中撥備的資本開支

THE GROUP		2005	2004
本集團		二零零五年	二零零四年
		HK\$'000	HK\$'000
		千港元	千港元
		655,919	537,419

655,919 537,419

Notes to the Financial Statements

For the year ended 31 March 2005

27. 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:

Bank deposits	銀行存款
Property, plant and equipment	物業、廠房及設備

THE GROUP

本集團

2005	2004
二零零五年	二零零四年
HK\$'000	HK\$'000
千港元	千港元

1,055	—
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—	28,511
---	--------

1,055	28,511
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28. NON-CASH TRANSACTIONS

During the year, part of the subscription amount payable by the ultimate holding company has been settled by the amount due to ultimate holding company. Further details are set out in notes 20 and 21(a).

In addition, part of the notes receivable was utilised to acquire account receivables amounted to US\$100,000 as mentioned in note 15.

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27. 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：

28. 非現金交易

年內，最終控股公司支付的部份配售股份金額已用作抵銷應付最終控股公司款項，詳情載於附註20及21(a)。

另外，部份應收票據已用於附註15所載之應收款項收購。

29. CONTINGENT LIABILITIES

29. 或然負債

		THE GROUP 本集團		THE COMPANY 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Bills discounted with recourse	具追溯權的貼現票據	240,050	158	—	—
Guarantees given to banks in respect of banking facilities extended to subsidiaries	就附屬公司獲授的銀行備用額而向銀行提供的擔保	—	—	2,409,056	1,387,359

30. RETIREMENT BENEFITS PLANS

30. 退休福利計劃

(i) Plans for Hong Kong employees

(i) 為香港僱員而設的計劃

Defined benefit plan

The Group is a member of a defined benefit plan which was open to qualified employees of companies under the control of Fortune Star. In December 2000, all the then existing members of the defined benefit plan were enrolled into a MPF Scheme and their accrued benefits for the past services under the defined benefit plan were frozen as at 30 November 2000. The defined benefit plan was closed to new employees from December 2000 onwards.

界定利益計劃

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

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For the year ended 31 March 2005

30. RETIREMENT BENEFITS PLANS (Continued)

(i) Plans for Hong Kong employees (Continued)

Defined benefit plan (Continued)

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 March 2005 by HSBC Life (International) Limited. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The main actuarial assumptions used were as follows:

		2005 per annum 二零零五年 每年	2004 per annum 二零零四年 每年
Discount rate	貼現率	5%	5%
Expected return on plan assets	計劃資產預期回報	5%	5%
Expected rate of salary increases	預期薪金增長率	0%	0%

The actuarial valuation showed that the market value of plan assets at 31 March 2005 was HK\$1,546,000 (2004: HK\$1,331,000).

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截至二零零五年三月三十一日止年度

30. 退休福利計劃 (續)

(i) 為香港僱員而設的計劃 (續)

界定利益計劃 (續)

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

計劃資產及界定利益承擔現值之最近期精算估值，乃由滙豐人壽保險(國際)有限公司於二零零五年三月三十一日作出評估。界定利益承擔現值、相關之現時服務成本及過去的服務成本乃採用預估單位利益法計算。

所用的主要精算假設如下：

	2005 per annum 二零零五年 每年	2004 per annum 二零零四年 每年
--	----------------------------------	----------------------------------

根據精算估值顯示，於二零零五年三月三十一日，計劃資產的市場價值為1,546,000港元(二零零四年：1,331,000港元)。

30. RETIREMENT BENEFITS PLANS (Continued)

(i) Plans for Hong Kong employees (Continued)

Defined benefit plan (Continued)

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

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Interest cost	利息成本	4	8
Expected return on plan assets	計劃資產預期回報	(70)	(67)
Total, included in other operating income	總計(已計入其他經營收入)	(66)	(59)

The actual return on plan assets for the year was HK\$69,000 (2004: HK\$71,000).

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

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Fair value of plan assets	計劃資產公平價值	1,546	1,331
Unrecognised actuarial gains	未確認精算收益	(80)	(77)
Present value of funded obligations	供款現值	(146)	—
		1,320	1,254

30. 退休福利計劃 (續)

(i) 為香港僱員而設的計劃 (續)

界定利益計劃 (續)

於綜合損益表就界定利益計劃確認的支出如下：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Interest cost	利息成本	4	8
Expected return on plan assets	計劃資產預期回報	(70)	(67)
Total, included in other operating income	總計(已計入其他經營收入)	(66)	(59)

計劃資產於本年度的實際回報為69,000港元(二零零四年：71,000港元)。

本集團的界定利益資產已列入資產負債表的數額如下：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Fair value of plan assets	計劃資產公平價值	1,546	1,331
Unrecognised actuarial gains	未確認精算收益	(80)	(77)
Present value of funded obligations	供款現值	(146)	—
		1,320	1,254

Notes to the Financial Statements

For the year ended 31 March 2005

30. RETIREMENT BENEFITS PLANS (Continued)

(i) Plans for Hong Kong employees (Continued)

Defined benefit plan (Continued)

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

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
At beginning of the year	年初	1,254	1,195
Amounts credited to income statement	計入收入的數額	66	59
At end of the year	年終	1,320	1,254

Defined contribution plan

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

(ii) Plans for PRC employees

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

財務報表附註

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30. 退休福利計劃 (續)

(i) 為香港僱員而設的計劃 (續)

界定利益計劃 (續)

資產淨值於年內的變動如下：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
At beginning of the year	年初	1,254	1,195
Amounts credited to income statement	計入收入的數額	66	59
At end of the year	年終	1,320	1,254

界定供款計劃

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

(ii) 為中國僱員而設的計劃

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

31. CONNECTED TRANSACTIONS AND BALANCES

During the year, the Group had significant transactions and balances with connected persons at the balance sheet date as follows:

31. 關連交易及結餘

年內，本集團與關連人士進行的重大交易及於結算日的結餘如下：

Name of party 關連人士名稱	Nature of Transactions/ balance	交易／結餘性質	Notes 附註	THE GROUP 本集團	
				2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Lee & Man Industrial Manufacturing	Finished goods sold	已售製成品	(a)	84,229	79,767
理文實業	Waste paper purchased	已購廢紙	(b)	6,986	6,275
	Steam sold	已售蒸氣	(c)	1,560	1,560
	Balance due from Lee & Man Industrial Manufacturing	應收理文實業結餘		612	1,444
Lee & Man Paper Products Limited	Licence fee paid	已付許可權費	(d)	861	783
理文紙品有限公司					
Lee & Man Management Company Limited ("Lee & Man Management") 理文管理有限公司 (「理文管理」)	Management fee paid	已付管理費	(e)	399	505

Notes:

- (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 provided that the quote was not higher than the prevailing market price at the time of such quotation.
- (c) Lee & Man Industrial Manufacturing 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.

附註：

- (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) 理文實業就本集團供應蒸氣而向本集團支付月費130,000港元(約相等於以往生產蒸氣時的燃煤成本)。

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31. CONNECTED TRANSACTIONS AND BALANCES

(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.

In addition, the Company had issued shares to shareholders of the Company pursuant to a subscription agreement, details of which are set out in note 21.

Details of the balance with ultimate holding company are set out in note 20.

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31. 關連交易及結餘 (續)

附註：(續)

- (d) 理文紙品有限公司是 Fortune Star 的聯繫人士(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。

此外，本公司亦根據集團重組發行股份予本公司股東，有關詳情載於附註 21。

最終控股公司的結餘詳情載於附註 20。

32. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries, all of which were wholly-owned by the Company at 31 March 2005, are as follows:

32. 主要附屬公司

本公司主要附屬公司(於二零零五年三月三十一日均由本公司全資擁有)的詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation or establishment/ operations 註冊成立或成立/ 營運地點	Nominal value of issued and fully paid share capital/registered capital 已發行及繳足股本/ 註冊股本面值	Principal activities 主要業務
Able Advance International Limited	British Virgin Islands 英屬處女群島	Ordinary shares — US\$4 普通股 — 4美元	Investment holding 投資控股
Lee & Man Industries Company Limited	British Virgin Islands 英屬處女群島	Ordinary share — US\$1 普通股 — 1美元	Investment holding 投資控股
Lee & Man Paper International Limited	British Virgin Islands 英屬處女群島	Ordinary shares — US\$100 普通股 — 100美元	Investment holding 投資控股
Evergreen Trading Company Limited	Malaysia 馬來西亞	Ordinary shares — US\$2 普通股 — 2美元	Procurement of raw materials 採購原料
Lee Kwok (Macao Commercial Offshore) Trading Limited 利國(澳門離岸商業服務)貿易有限公司	Macau 澳門	MOP100,000 澳門幣100,000元	Procurement of raw materials 採購原料
Dongguan Lee & Man Paper Factory Co., Ltd. 東莞理文造紙廠有限公司	PRC (note) 中國(附註)	Registered capital — US\$118,480,000 註冊資本 — 118,480,000美元	Manufacturing of paper 造紙

Notes to the Financial Statements

財務報表附註

For the year ended 31 March 2005

截至二零零五年三月三十一日止年度

32. PRINCIPAL SUBSIDIARIES (Continued)

32. 主要附屬公司 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or establishment/ operations 註冊成立或成立/ 營運地點	Nominal value of issued and fully paid share capital/registered capital 已發行及繳足股本/ 註冊股本面值	Principal activities 主要業務
Guangdong Lee & Man Paper Manufacturing Limited (formerly known as Dongguan Gaobo Lee & Man Paper Manufacturing Limited) 廣東理文造紙有限公司 (前稱東莞高埗 理文造紙有限公司)	PRC (note) 中國 (附註)	Registered capital — US\$6,514,000 註冊資本 — 6,514,000美元	Manufacturing of paper 造紙
Jiangsu Lee & Man Paper Manufacturing Company Limited 江蘇理文造紙有限公司	PRC (note) 中國 (附註)	Registered capital — US\$90,000,000 註冊資本 — 90,000,000美元	Manufacturing of paper 造紙
Evergreen Pulp Inc.	United States of America 美國	Ordinary shares — US\$1,000 普通股 — 1,000美元	Manufacturing of pulp 造漿

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

附註：該等公司是於中國成立的全外商投資企業。

With the exception of Able Advance International Limited, all the subsidiaries are indirectly held.

除了 Able Advance International Limited 外，所有附屬公司均為間接持有的附屬公司。

32. PRINCIPAL SUBSIDIARIES (Continued)

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

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

32. 主要附屬公司 (續)

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

於年結日或年內任何時間，各附屬公司概無任何未償還的債務證券。

FINANCIAL SUMMARY

財務摘要

		Year ended 31 March 截至三月三十一日止年度				
		2001 二零零一年	2002 二零零二年	2003 二零零三年	2004 二零零四年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
RESULTS	業績					
Turnover	營業額	512,853	738,885	1,028,406	1,701,055	2,771,423
Profit before taxation	除稅前盈利	78,846	175,520	215,076	290,128	423,436
Taxation	稅項	(4)	—	(2,000)	(5,250)	(5,693)
Profit for the year	年度盈利	78,842	175,520	213,076	284,878	417,743

		At 31 March 三月三十一日				
		2001 二零零一年	2002 二零零二年	2003 二零零三年	2004 二零零四年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
ASSETS AND LIABILITIES	資產與負債					
Total assets	資產總值	934,258	1,102,480	1,929,783	3,409,123	4,113,393
Total liabilities	負債總額	(814,080)	(807,822)	(1,435,267)	(1,505,725)	(1,071,932)
Shareholders' funds	股東資金	120,178	294,658	494,516	1,903,398	3,041,461

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

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

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