



合豐集團控股有限公司

HOP FUNG GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 2320

HOP FUNG GROUP

Interim Report
中期報告

2006



CONTENTS

目錄

CONDENSED CONSOLIDATED INCOME STATEMENT 簡明綜合收益表	2
CONDENSED CONSOLIDATED BALANCE SHEET 簡明綜合資產負債表	3
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 簡明綜合權益變動表	5
CONDENSED CONSOLIDATED CASH FLOW STATEMENT 簡明綜合現金流量表	6
NOTES TO THE CONDENSED FINANCIAL STATEMENTS 簡明財務報表附註	7
MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析	18
DISCLOSURE OF INTERESTS 權益披露	23
OTHER INFORMATION 其他資料	35

The board of directors (the “Directors”) of Hop Fung Group Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30th June, 2006 together with comparative figures for the corresponding period in 2005 as follows:

合豐集團控股有限公司(「本公司」)董事會(「董事」)欣然宣佈本公司及其附屬公司(統稱「本集團」)截至二零零六年六月三十日止六個月之未經審核簡明綜合業績，連同二零零五年同期之比較數字如下：

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2006

簡明綜合收益表

截至二零零六年六月三十日止六個月

		Six months ended	
		截至六月三十日止六個月	
		30.6.2006	30.6.2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(unaudited and restated)
		(未經審核)	(未經審核及經重列)
Turnover	營業額	390,116	376,794
Cost of sales	銷售成本	(310,127)	(302,995)
Gross profit	毛利	79,989	73,799
Other operating income	其他經營收入	9,383	7,053
Distribution costs	分銷成本	(18,190)	(16,904)
Administrative expenses	行政開支	(19,439)	(18,972)
Other operating expenses	其他營運開支	(9,305)	(6,865)
Finance costs	財務成本	(4,732)	(2,791)
Profit before taxation	稅前利潤	37,706	35,320
Taxation	稅項	(602)	(436)
Profit for the period	期間利潤	37,104	34,884
Dividends	股息	6,060	5,592
Earnings per share	每股盈利		
– basic (HK cents)	– 基本(港仙)	10	9.5
– diluted (HK cents)	– 攤薄(港仙)	9.8	9.4

Notes
附註

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30TH JUNE, 2006

簡明綜合資產負債表

於二零零六年六月三十日

		Notes 附註	30.6.2006 於二零零六年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	31.12.2005 於二零零五年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	9	324,954	290,925
Prepaid lease payments on land use rights	土地使用權預付租賃款項		27,156	18,652
Prepayments under processing arrangement	根據加工安排之預付款項		2,179	2,179
Deposits paid for the acquisition of property, plant and equipment	購置物業、廠房及設備所付訂金		17,535	10,088
			371,824	321,844
Current assets	流動資產			
Inventories	存貨		82,756	74,737
Trade and other receivables	貿易及其他應收款項	10	108,298	102,986
Deposits and prepayments	按金及預付款		7,775	6,767
Prepaid lease payments on land use rights	土地使用權預付租賃款項		177	432
Prepayments under processing arrangement	根據加工安排之預付款項		31	61
Derivative financial instruments	衍生金融工具		1,263	862
Bank balances and cash	銀行結餘及現金		112,731	156,037
			313,031	341,882

			30.6.2006 於二零零六年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	31.12.2005 於二零零五年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
		Notes 附註		
Current liabilities	流動負債			
Trade and other payables	貿易及其他 應付款項	11	76,632	81,696
Taxation	稅項		21,370	20,767
Derivative financial instruments	衍生金融工具		141	388
Bank borrowings	銀行借貸	12	67,756	103,515
			165,899	206,366
Net current assets	流動資產淨值		147,132	135,516
			518,956	457,360
Capital and reserves	股本及儲備			
Share capital	股本	13	38,355	36,792
Share premium and reserves	股份溢價及儲備		340,395	301,533
			378,750	338,325
Non-current liabilities	非流動負債			
Bank borrowings	銀行借貸	12	139,540	118,369
Deferred taxation	遞延稅項		666	666
			140,206	119,035
			518,956	457,360

CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

簡明綜合權益變動表

FOR THE SIX MONTHS ENDED 30TH JUNE, 2006

截至二零零六年六月三十日止六個月

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Special reserve 特別儲備 HK\$'000 千港元	Translation reserve 滙兌儲備 HK\$'000 千港元	Share options reserve 購股權儲備 HK\$'000 千港元	Retained profits 保留利潤 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1st January, 2005 as restated	於二零零五年一月一日 (經重列)	36,783	171,346	(107,444)	-	221	185,116	286,022
Exchange differences arising on translation of foreign operations recognised directly in equity	於權益直接確認換算 海外業務之匯兌差額	-	-	-	381	-	-	381
Profit for the period	期間利潤	-	-	-	-	-	34,884	34,884
Exercise of share options	行使購股權	9	100	-	-	-	-	109
Recognition of equity-settled share based payments	確認股權結算之 股份支付的支出	-	-	-	-	917	-	917
Final dividends paid in respect of 2004 (Note 7)	已派二零零四年 末期股息(附註7)	-	-	-	-	-	(15,523)	(15,523)
At 30th June, 2005	於二零零五年六月三十日	36,792	171,446	(107,444)	381	1,138	204,477	306,790
At 1st January, 2006	於二零零六年一月一日	36,792	171,446	(107,444)	1,673	2,144	233,714	338,325
Exchange differences arising on translation of foreign operations recognised directly in equity	於權益直接確認換算 海外業務之匯兌差額	-	-	-	(142)	-	-	(142)
Profit for the period	期間利潤	-	-	-	-	-	37,104	37,104
Total recognised income for the period	期間確認收入總額	-	-	-	(142)	-	37,104	36,962
Recognition of equity-settled share based payments	確認股權結算之 股份支付的支出	-	-	-	-	1,000	-	1,000
Exercise of share options	行使購股權	1,563	16,757	-	-	-	-	18,320
Final dividends paid in respect of 2005 (Note 7)	已派二零零五年末期股息 (附註7)	-	-	-	-	-	(15,857)	(15,857)
At 30th June, 2006	於二零零六年六月三十日	38,355	188,203	(107,444)	1,531	3,144	254,961	378,750

Note: Special reserve represents the difference between the costs of investments in subsidiaries of the Company and the aggregate amount of the non-voting deferred share capital of Fung Kong Hop Fung Paper Ware Factory Limited and Gong Ming Hop Fung Paper Ware Factory Limited and the nominal value of the share capital of the subsidiaries acquired as a result of the group reorganisation in 2003.

附註：特別儲備指本公司於附屬公司之投資成本，與鳳崗合豐紙品廠有限公司及公明合豐紙品廠有限公司無投票權遞延股本總額及二零零三年因集團重組而收購之附屬公司之股本面值之差額。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30TH JUNE, 2006

截至二零零六年六月三十日止六個月

		Six months ended	
		截至六月三十日止六個月	截至六月三十日止六個月
		30.6.2006	30.6.2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(unaudited and restated)
		(未經審核)	(未經審核及經重列)
Net cash from operating activities	經營活動產生之現金淨額	35,888	11,773
Investing activities	投資活動		
Purchases of property, plant and equipment	購買物業、廠房及設備	(48,270)	(78,795)
Other investing cash flows	其他投資現金流量	(13,147)	(5,265)
Net cash used in investing activities	投資活動使用之現金淨額	(61,417)	(84,060)
Financing activities	融資活動		
New bank loans raised	新增銀行貸款	66,470	144,329
Repayment of bank loans	償還銀行貸款	(81,058)	(12,063)
Dividends paid	已派股息	(15,857)	(15,523)
Other financing cash flows	其他融資之現金流量	12,810	(2,504)
Net cash (used in) from financing activities	融資活動(使用)產生之現金淨額	(17,635)	114,239
Net (decrease) increase in cash and cash equivalents	現金及現金等值(減少)增加淨額	(43,164)	41,952
Cash and cash equivalents at beginning of the period	期初之現金及現金等值	156,037	133,118
Effect of foreign exchange rate changes	匯率變動影響	(142)	382
Cash and cash equivalents at end of the period	期末之現金及現金等值	112,731	175,452
Analysis of the balances of cash and cash equivalents	現金及現金等值之結餘分析		
Bank balances and cash	銀行結餘及現金	112,731	175,501
Bank overdraft	銀行透支	-	(49)
		112,731	175,452

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2006

1. GENERAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Hop Fung Industries (Holdings) Limited, a company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2005.

簡明財務報表附註

截至二零零六年六月三十日止六個月

1. 一般資料

本公司根據開曼群島法例第22章公司法(一九六一年第3條法例, 經綜合及修訂)於開曼群島註冊成立為獲豁免有限公司, 其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司之最終控股公司則為於英屬處女群島註冊成立之Hop Fung Industries (Holdings) Limited。

2. 編製基準

簡明綜合財務報表乃根據香港聯合交易所有限公司證券上市規則(「上市規則」)附錄16之適用披露規定及香港會計師公會發出之香港會計準則第34號「中期財務報告」而編製。

3. 主要會計政策

簡明綜合財務報表乃按歷史成本法編製, 惟若干金融工具按公平值列賬(倘適用)除外。

簡明綜合財務報表所用之會計政策, 與本集團在其截至二零零五年十二月三十一日止年度之全年財務報表內所用之編製基準相同。

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of these new HKFRSs did not have any material impact on how the financial statements of the Group are prepared and presented for the current or prior accounting periods.

Potential impact arising from the recently issued Accounting Standards

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) – INT 8	Scope of HKFRS ³
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives ⁴

在本期間，本集團首次採用多項由香港會計師公會發出之新準則、修訂及詮釋（文內統稱為「新香港財務報告準則」），此等準則由二零零五年十二月一日或二零零六年一月一日或之後開始之會計期間生效。採用此等新香港財務報告準則對本集團本期間或以往會計期間財務報表之編製及呈報方式概無重大影響。

近期頒佈之會計準則可能產生之影響

本集團並未提早採用以下已頒佈但尚未生效之新香港財務報告準則。本公司董事預計此等新香港財務報告準則之實施，並不會對本集團之財務報表造成重大影響。

香港會計準則 第1號(修訂本)	資本披露 ¹
香港財務報告 準則第7號	金融工具：披露事項 ¹
香港(國際財務 報告準則詮 釋委員會) — 詮釋第7號	根據香港會計準則 第29號於惡性通貨 膨脹經濟中之財務 報告重列方法 ²
香港(國際財務 報告準則詮 釋委員會) — 詮釋第8號	香港財務報告準則 第2號之範疇 ³
香港(國際財務 報告準則詮 釋委員會) — 詮釋第9號	附帶內在衍生工具之 重新評估 ⁴

- ¹ Effective for annual periods beginning on or after 1st January, 2007.
- ² Effective for annual periods beginning on or after 1st March, 2006.
- ³ Effective for annual periods beginning on or after 1st May, 2006.
- ⁴ Effective for annual periods beginning on or after 1st June, 2006.

- ¹ 於二零零七年一月一日或以後開始年度期間生效。
- ² 於二零零六年三月一日或以後開始年度期間生效。
- ³ 於二零零六年五月一日或以後開始年度期間生效。
- ⁴ 於二零零六年六月一日或以後開始年度期間生效。

4 TURNOVER AND SEGMENT INFORMATION

Turnover

Turnover represents the net amount received and receivable for goods sold during the period.

Segment information

All of the Group's turnover and contribution to operating profit are attributable to the manufacturing and sales of paper-ware products and over 90% of the Group's turnover and contribution to operating profit is attributable to customers who have their manufacturing base in the People's Republic of China ("PRC"). Accordingly, no segment analysis is presented.

As at 31st December, 2005 and 30th June, 2006, all the Group's assets and liabilities are located in the PRC, including Hong Kong and Macau.

4. 營業額及分部資料

營業額

營業額乃本期間銷售貨品之已收及應收款項淨額。

分部資料

本集團所有營業額及經營溢利貢獻均來自紙品生產與銷售，本集團超過90%之營業額及經營溢利貢獻來自在中華人民共和國（「中國」）設有生產基地之客戶。因此並無呈列分部分析。

於二零零五年十二月三十一日及於二零零六年六月三十日，本集團之資產及負債均位於中國，包括香港及澳門。

5. PROFIT BEFORE TAXATION

5. 稅前利潤

		Six months ended	
		截至六月三十日止六個月	
		30.6.2006	30.6.2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Profit before taxation has been arrived at after charging (crediting):	稅前利潤乃扣除(計入)下列各項：		
Amortisation on prepaid lease payments	預付租賃款項之攤銷	177	100
Depreciation of property, plant and equipment	物業、廠房及設備折舊	12,978	9,824
Interest income	利息收入	(1,166)	(486)

6. TAXATION

6. 稅項

		Six months ended	
		截至六月三十日止六個月	
		30.6.2006	30.6.2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
The charge comprises:	稅項包括：		
Current taxation	即期稅項		
Hong Kong Profits Tax	香港利得稅	602	8,927
Deferred taxation	遞延稅項	-	(8,491)
		602	436

Hong Kong Profits Tax is calculated at 17.5% (six months ended 30th June, 2005: 17.5%) on the estimated assessable profit for the period.

A portion of the Group's profits neither arises in, nor is derived from, Hong Kong. Accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax. Further, in the opinion of the Directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

Contingent liabilities relating to taxation of the Group are set out in note 16.

7. DIVIDENDS

On 16th June, 2005 and 17th June, 2005, a dividend of 4.22 HK cents per share, amounting to approximately HK\$15,523,000, was paid to the shareholders as final dividend for the year ended 31st December, 2004.

On 15th June, 2006 and 4th July, 2006, a dividend of 4.17 HK cents per share, amounting to approximately HK\$15,857,000, was paid to the shareholders as final dividend for the year ended 31st December, 2005.

An interim dividend for the six months ended 30th June, 2006 of 1.58 HK cents per share, amounting to approximately HK\$6,060,000, has been declared by the Directors (six months ended 30th June, 2005: 1.52 HK cents per share, amounting to approximately HK\$5,592,000).

香港利得稅按期間估計應課稅溢利及按17.5% (截至二零零五年六月三十日止六個月: 17.5%) 計算。

本集團部分利潤既非產生於亦非衍生自香港。有鑑於此，本集團該部分利潤毋須繳納香港利得稅。此外，董事認為，目前本集團該部分利潤亦毋須於本集團經營所在之任何其他司法權區內繳納稅項。

與本集團稅項相關之或然負債列示於附註16。

7. 股息

於二零零五年六月十六日及二零零五年六月十七日，本公司向股東派付截至二零零四年十二月三十一日止年度末期股息每股4.22港仙，派息總額約達15,523,000港元。

於二零零六年六月十五日及二零零六年七月四日，本公司向股東派付截至二零零五年十二月三十一日止年度末期股息每股4.17港仙，派息總額約達15,857,000港元。

董事已就截至二零零六年六月三十日止六個月宣派中期股息每股1.58港仙，派息總額約為6,060,000港元 (截至二零零五年六月三十日止六個月: 每股1.52港仙，總額約為5,592,000港元)。



8. EARNINGS PER SHARE

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

		Six months ended	
		截至六月三十日止六個月	
		30.6.2006	30.6.2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Earnings	盈利		
Profit for the period	期間利潤	37,104	34,884
Number of shares	股份數目		
Weighted average number of shares for the purpose of basic earnings per share	計算每股基本盈利之加權平均股數	372,799,238	367,846,939
Effect of dilutive potential shares in respect of share options	購股權有關之潛在攤薄股份之影響	6,360,501	4,904,372
Weighted average number of shares for the purpose of diluted earnings per share	計算每股攤薄盈利之加權平均股數	379,159,739	372,751,311

8. 每股盈利

每股基本及攤薄盈利是按以下數據為計算基準：

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$34 million and HK\$14 million (30th June, 2005: approximately HK\$29 million and HK\$50 million) on construction in progress and other property, plant and equipment respectively.

Borrowing costs amounting to approximately HK\$1 million (30th June, 2005,: Nil) was capitalised to property, plant and equipment.

9. 物業、廠房及設備

期間，本集團分別就在建工程以及其他物業、廠房及設備支付約34,000,000港元及14,000,000港元(二零零五年六月三十日：約29,000,000港元及50,000,000港元)。

金額約為1,000,000港元之借貸成本(二零零五年六月三十日：無)已資本化為物業、廠房及設備。

10. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing credit periods ranging from 10 – 150 days to its trade customers and may be extended to selected customers depending on their trade volume and settlement with the Group.

An aged analysis of trade receivables is as follows:

10. 貿易及其他應收款項

本集團訂有一項政策，給予其貿易客戶10至150日信貸期，且可以根據特定客戶與本集團之貿易量及付款情況延長該信貸期。

貿易應收款項之賬齡分析如下：

		30.6.2006	31.12.2005
		於二零零六年	於二零零五年
		六月三十日	十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Current	即期	90,690	93,252
Overdue 1 to 30 days	逾期1至30日	16,105	9,221
		106,795	102,473
Other receivables	其他應收款項	1,503	513
		108,298	102,986

11. TRADE AND OTHER PAYABLES

An aged analysis of trade payables is as follows:

		30.6.2006 於二零零六年 六月三十日 HK\$'000 千港元	31.12.2005 於二零零五年 十二月三十一日 HK\$'000 千港元
Current	即期	30,945	36,006
Overdue 1 to 30 days	逾期1至30日	3,384	4,270
Overdue 31 to 60 days	逾期31至60日	119	56
Overdue for more than 60 days	逾期60日以上	405	507
		34,853	40,839
Other payables and accrued charges	其他應付款項 及應計之支出	41,779	40,857
		76,632	81,696

11. 貿易及其他應付款項

貿易應付款項之賬齡分析如下：

12. BANK BORROWINGS

		30.6.2006 於二零零六年 六月三十日 HK\$'000 千港元	31.12.2005 於二零零五年 十二月三十一日 HK\$'000 千港元
Unsecured bank borrowings comprise:	無抵押銀行借貸 包括：		
Trust receipt loans	信託收據貸款	14,646	55,454
Bank loans	銀行貸款	192,650	166,430
		207,296	221,884

12. 銀行借貸

The bank loans obtained by the Group were used to finance the acquisition of property, plant and equipment.

本集團所獲銀行貸款乃用於融資以購置物業、廠房及設備。

13. SHARE CAPITAL

13. 股本

		Number of shares 股份數目	Nominal value 面值 HK\$'000 千港元
Shares of HK\$0.10 each	每股面值0.10港元之股份		
Authorised:	法定股本：		
At 1st January, 2006 and 30th June, 2006	於二零零六年一月一日及二零零六年六月三十日	1,000,000,000	100,000
Issued and fully paid:	已發行及繳足股本：		
At 1st January, 2006	於二零零六年一月一日	367,926,000	36,792
Exercise of share options	行使購股權	15,626,000	1,563
At 30th June, 2006	於二零零六年六月三十日	383,552,000	38,355

14. CAPITAL COMMITMENTS

14. 資本承擔

		30.6.2006 於二零零六年 六月三十日 HK\$'000 千港元	31.12.2005 於二零零五年 十二月三十一日 HK\$'000 千港元
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements	已訂約但未於財務報表提撥之物業、廠房及設備之收購資本開支	60,645	1,917

15. RELATED PARTY TRANSACTIONS

(a) The Group has engaged Hop Fung (Australia) Pty. Ltd., a company in which a director of the Company has beneficial interest, as the Group's purchase agent in Australia at an annual fee of HK\$1 for the agency services rendered to the Group.

(b) Key management compensation:

15. 關連人士交易

(a) 本集團聘用本公司一名董事於當中擁有實益權益之公司Hop Fung (Australia) Pty. Ltd. 為本集團於澳洲之採購代理人，並就其向本集團提供之代理服務支付年費1港元。

(b) 主要管理人員酬金：

		Six months ended	
		截至六月三十日止六個月	
		30.6.2006	30.6.2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Salaries and other short-term employee benefits	薪酬及其他短期僱員福利	5,764	5,053
Post employment benefits	終止聘用後之福利	53	53

16. CONTINGENT LIABILITIES

On 9th December, 2004, a tax audit has been commenced by the Hong Kong Inland Revenue Department (the "IRD") on certain subsidiaries of the Company, namely, Gong Ming Hop Fung Paper Ware Factory Limited, Fung Kong Hop Fung Paper Ware Factory Limited and Hop Fung (Overseas) Trading Limited (the "Subsidiaries"), in respect of the years of assessment 1998/1999 to 2003/2004. On 26th January, 2005, 5th January, 2006 and 2nd June, 2006, whilst these cases are still under investigation, the IRD issued protective assessments for the year of assessment 1998/1999 to 2004/2005 to the above-mentioned subsidiaries in order not to jeopardise the assessment powers of the IRD which will be time-barred after 6 years of assessment. Objections have been filed against all these assessments and, accordingly, no provision has been made in the financial statements in respect of any potential tax liabilities.

Subsequent to the lodgement of objections by the Subsidiaries, tax reserve certificates of HK\$1,880,000 and banker's undertakings of HK\$13,197,000 as security for payment of the taxes in dispute in respect of the assessments for Gong Ming Hop Fung Paper Ware Factory Limited and Fung Kong Hop Fung Paper Ware Factory Limited, pending the outcome of the tax audits and the objections, have been purchased and arranged by the Group.

In the opinion of the Company's Directors, the potential tax liabilities that may arise as a result of the tax audits, if any, would not have any significant effects on the financial statements of the Group.

16. 或然負債

於二零零四年十二月九日，香港稅務局（「稅務局」）就本公司若干附屬公司公明合豐紙品廠有限公司、鳳崗合豐紙品廠有限公司及Hop Fung (Overseas) Trading Limited（「附屬公司」）於一九九八／一九九九年至二零零三年／二零零四年評稅年度展開稅務審核。有關審核尚在進行期間，於二零零五年一月二十六日，二零零六年一月五日及二零零六年六月二日，稅務局就上述附屬公司之一九九八／一九九九年至二零零四／二零零五年評稅年度發出保障性評稅，以免影響稅務局須於有關評稅年度後六年內行使之評稅權力。本集團已就所有該等評稅提出反對，因此，並無就任何潛在稅務負債於財務報表撥備。

本集團就公明合豐紙品廠有限公司及鳳崗合豐紙品廠有限公司之評稅，已購買及安排（於附屬公司提出反對後）1,880,000港元儲稅券及13,197,000港元之銀行承擔，作為支付稅項糾紛之抵押，以待稅務審核及提出反對之結果。

本公司董事認為，有關稅務審核可能產生之潛在稅務負債，惟即使產生有關負債，亦不會對本集團財務報表構成任何重大影響。



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the corrugated paper-ware packaging industry maintained stable growth as a result of worldwide increasing demand for paper-ware packaging, in particular the PRC. However, the Group faced a challenging business environment with adverse factors including the appreciation of the Renminbi, higher interest rate as well as raw material prices. In view of this, the Group effectively improved its competitive edge and profitability through a vertically integrated operation with control on production costs and enhancement of product quality. For the period under review, the Group recorded turnover growth of approximately 3.5%. Gross profit and net profit grew 8.4% and 6.4%, respectively.

The Group put special effort in the development of upstream production in order to realize vertically integrated operation. The first phase development of the Green Forest (QingXin) Paper Industrial Limited (“Green Forest”) in Qingxin County, Qingyuan City, Guangdong Province for a corrugating medium production plant commenced operation in March 2006. Spanning gross floor area of 700,000 square meters, the facility mainly produces high performance corrugating medium. With an annual production capacity of 100,000 tonnes of corrugating medium, it is capable of satisfying about 30% to 40% of the Group’s demand for corrugating medium. As at the end of June 2006, corrugating medium production from Green Forest was able to meet nearly 30% of the Group’s need, thus reducing the Group’s reliance on imported raw materials and resulted in a slight increase in overall gross profit margin and in turn strengthening the Group’s competitiveness.

管理層討論及分析

業務回顧

於回顧期內，環球市場，尤其是中國市場對紙品包裝的需求持續上升，帶動包裝瓦楞紙行業維持穩定增長。惟集團面對人民幣升值、利率上升以及原材料價格高企等不利因素所影響，令經營環境充滿挑戰。然而，本集團透過縱向整合生產模式，致力控制生產成本及提升產品質素，有效地提升了集團之競爭優勢及盈利能力，令集團於回顧期內錄得約3.5%的營業額增長，而毛利及純利分別有8.4%及6.4%之增長。

本集團積極發展上游業務，以達致縱向整合的營運模式。於廣東省清遠市清新縣的森葉(清新)紙業有限公司(「森葉紙業」)，其第一期之發展計劃一製造瓦楞芯紙廠房已在二零零六年三月正式投產，佔地七十萬平方米，主要生產優質高強度瓦楞芯紙。該廠房年產能為十萬噸瓦楞芯紙，可滿足集團三至四成的原材料需求。於二零零六年六月底，森葉紙業之芯紙產量已滿足本集團約近三成之需要，除了可減低本集團對進口原材料的依賴外，更帶動了本集團之整體毛利率輕微上升，從而加強集團的競爭力。

Apart from developing upstream production of corrugating medium, the Group planned early this year the second phase development of Green Forest for a kraft linerboard production plant. The foundation was laid in March and main unit of the production line was purchased in late May. Production was expected to commence in early 2008 with estimated annual production capacity of 200,000 tonnes. Kraft linerboard is another kind of major raw material for carton boxes. Our own production can fully satisfy the Group's kraft linerboard demand, thereby reinforcing its vertically integrated business. The Group's overall gross profit margin will be significantly improved, laying a solid foundation for future business development.

Financial Review

Operating results

For the six months ended 30th June, 2006, turnover of the Group increased approximately 3.5% to HK\$390,116,000 (corresponding period in 2005: HK\$376,794,000). The increase was mainly attributable to the new corrugated paper-ware production line commencing operation in second half of 2005. Facing the appreciation of Renminbi and rise in crude oil and materials costs, the Group recorded a slight increase in cost of sales by 2.4%. Such increase was also due to increase in consumption of crude oil and electricity by the Group's corrugating medium plant, Green Forest which initialized its manufacturing process in March 2006. However, self supply of corrugating medium with cost saving improves gross profit margin increasing from 19.6% in the corresponding period last year to 20.5% instead.

除發展瓦楞芯紙之上游生產業務之外，本集團在今年年初計劃於森葉紙業發展第二期的牛皮箱板紙(牛咭)之生產線。奠基已在今年三月完成，於五月底正式購入該生產線之主要組件，預計於二零零八年初投產，預計年產能為二十萬噸。牛咭乃生產紙箱的另一主要原材料，自行生產可完全滿足集團對牛咭的需要，從而深化其縱向業務整合，有助大幅提升集團整體毛利，為未來業務發展奠下良好的基礎。

財務回顧

經營業績

截至二零零六年六月三十日止六個月，本集團之營業額增長約3.5%至390,116,000港元(二零零五年同期：376,794,000港元)。此增長主要歸功於新瓦楞紙品生產線於二零零五年下半年投產。由於面對人民幣升值以及原油和材料漲價，本集團錄得銷售成本微升2.4%。該升幅亦歸因於本集團之瓦楞芯紙廠房森葉紙業於二零零六年三月投入生產，增加原油及電力消耗量。但由於瓦楞芯紙由集團內部供應，成本得以減省並使毛利率由去年同期之19.6%升至20.5%。

Increase in turnover and oil price led to increase in transportation cost. Thus, distribution cost increased by 7.6% to HK\$18,190,000. Due to the Group's effective cost control, administrative expenses remained stable as compared to that of corresponding period last year. Other operating expenses recorded an increase of 35.5% to HK\$9,305,000. The increase was mainly due to an increase in depreciation charges for renovation of existing plant, warehouse and employees' dormitories. As the Group funded the construction of the new plant and acquisition of machinery of Green Forest by bank loans, finance costs increased by 69.5% to HK\$4,732,000.

Net profit increased by approximately 6.4% from HK\$34,884,000 in the corresponding period last year to HK\$37,104,000. Thus, basic earnings per share increased to 10 HK cents (corresponding period in 2005: 9.5 HK cents). The Directors had declared the payment of an interim dividend of 1.58 HK cents per share (corresponding period in 2005: 1.52 HK cents per share).

Liquidity, financial and capital resources

As at 30th June, 2006, bank balances and cash decreased by HK\$43.3 million to HK\$112.7 million (31st December, 2005: HK\$156 million). Net current assets and current ratio (current assets divided by current liabilities) was HK\$147.1 million (31st December, 2005: HK\$135.5 million) and 1.89 (31st December, 2005: 1.66) respectively.

營業額增加及油價上升導致運輸成本上升。故此，分銷成本增加7.6%至18,190,000港元。有鑑於本集團有效成本控制，行政開支與去年同期相比穩定。其他營運開支增加35.5%至9,305,000港元。開支增加之主因是裝修現有廠房、倉庫及員工宿舍之折舊費用增加。由於本集團用於興建新廠房及購入森葉紙業之機器資金來自銀行貸款，因此財務成本增加了69.5%至4,732,000港元。

純利由去年同期之34,884,000港元增加約6.4%至37,104,000港元。因此，每股基本盈利增加至10港仙（二零零五年同期：9.5港仙）。董事宣派中期股息每股1.58港仙（二零零五年同期：每股1.52港仙）。

流動資金、財務及資本資源

於二零零六年六月三十日，銀行結餘及現金減少43,300,000港元至112,700,000港元（二零零五年十二月三十一日：156,000,000港元）。流動資產淨值及流動比率（流動資產除以流動負債）分別為147,100,000港元（二零零五年十二月三十一日：135,500,000港元）及1.89（二零零五年十二月三十一日：1.66）。

During the first half of 2006, the Group spent HK\$6.1 million on dividend payment and further spent HK\$32 million on capital resources for new factory construction of Green Forest for upstream paper production. The construction costs were wholly financed by term loans further raised from banks during the period.

As at 30th June, 2006, the Group did not pledge any assets as security for borrowings. The Group's total borrowings decreased by HK\$14.6 million from HK\$221.9 million (as at 31st December, 2005) to HK\$207.3 million. The decrease was mainly due to repayment of short term borrowings of HK\$35.8 million. The ratio of long-term borrowings to short-term borrowings was 67:33 (31st December, 2005: 53:47). The net gearing ratio (measured by total bank borrowings net of cash to equity attributable to shareholders) was 25% (31st December, 2005: 19%).

The Group's financial position remains strong and healthy.

Contingent Liabilities

Tax audit has been conducted by the Inland Revenue Department in December 2004. The Inland Revenue Department issued protective assessments for the year of assessment 2000/2001 to 2004/2005 to certain subsidiaries of the Group during the period. As the tax audit is still in progress, in the opinion of the Directors, the outcome and impact of this matter cannot be determined with reasonable certainty at this stage.

於二零零六年上半年，本集團派付股息6,100,000港元，並就興建上游生產業務之森葉紙業新廠房之資本資源，支付32,000,000港元。於本期間興建成本全部由銀行籌集之有期貨款撥資。

於二零零六年六月三十日，本集團並無將任何資產抵押作借貸之抵押品。本集團之總借貸由221,900,000港元（於二零零五年十二月三十一日）減少14,600,000港元至207,300,000港元。此減少之主因是償還短期借貸35,800,000港元。長期借貸對短期借貸之比率為67:33（二零零五年十二月三十一日：53:47）。淨資本負債比率（按總銀行借貸減現金除以股東應佔權益計算）為25%（二零零五年十二月三十一日：19%）。

本集團之財務狀況保持穩健。

或然負債

稅務局於二零零四年十二月進行了稅務稽查。稅務局就截至二零零零年／二零零一年至二零零四年／二零零五年之課稅年度向本集團若干附屬公司發出保障性評稅。由於仍在進行稅務稽查程序，董事認為現階段未能合理確定此事宜之結果及影響。

Prospects

With increasing living standard and consumption power in the PRC coupled with sustained worldwide demand for paper-ware packaging, there has been intense demand for quality paper-ware products. "China Packaging Yearbook" estimates show a compound annual growth rate of approximately 8% for total paper-ware output in China. Total output is expected to reach 19,000,000 tonnes this year and 36,000,000 tonnes in the year 2015.

Most of the Group's current production is for export and domestic sales account for about 10% of sales volume. With surging demand in the domestic corrugated paper-ware market, the Group is going to grasp the opportunity of increasing the percentage of domestic sales and enlarging the market share of its products.

Production of the Group's corrugating medium has exceeded 90% of its capacity after six months' operation. This achievement boosted the management confidence in developing the kraft linerboard production. Backed by the experience of building the corrugating medium plant, the Group firmly believes that the kraft linerboard plant will be completed as scheduled. Commencement of its production will further lower production costs and result in a significant rise in profit margin as well as the Group's competitiveness.

With steady raw materials supply, the Group will continue to raise productivity and diversify its range of products by installing advanced production facilities, thus enhancing operation efficiency. Emphasizing on saving production resources, exercising effective cost management and improving workflow, the Group aims to bring higher returns for shareholders.

展望

內地生活水平近年不斷上升，消費力增強，加上環球市場對紙品需求持續，令優質包裝紙品的需求日趨殷切。據《中國包裝年鑒》預期，中國紙品包裝行業的總產量將以複合年均增長率約8%的速度上升，估計今年的總產量將達一千九百萬噸，而二零一五年的總產量預料高達三千六百萬噸。

本集團現時的產品銷售主要以出口為主，內銷市場只佔集團銷售比例約一成。隨著內地市場需求激增，本集團將把握此龐大的市場商機，增加內銷份額，擴大市場佔有率。

本集團芯紙廠之產量現時已超過九成，對於芯紙廠的營運能在短短的半年時間裏發揮效益，使管理層對製造牛咭更具信心。有了興建芯紙廠的經驗，本集團深信牛咭廠必定能在預期內落成。投產後可進一步降低生產成本，大幅提升邊際利潤及競爭力。

有了穩定的原材料供應，本集團將繼續透過增添先進的生產設備，務求提高產能及生產更多元化的瓦楞紙產品，提升營運效率，並以節省生產資源為方針，執行有效的成本管理並改善生產流程，致力為集團股東帶來更豐厚的盈利回報。

DISCLOSURE OF INTERESTS

Directors' interests in shares, underlying shares and debentures

As at 30th June, 2006, the interests and/or short positions of the Directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of the Securities and Futures Ordinance ("SFO") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(a) Shares

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯 法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行 股本概約百分比
Mr. Hui Sum Kwok 許森國先生	Company 本公司	Founder of a discretionary trust/ interest of controlled corporations 全權信託創立人／受控法團權益	252,000,000 shares Long position (Note 1) 252,000,000股股份 好倉(附註1)	65.70%
Mr. Hui Sum Kwok 許森國先生	Company 本公司	Beneficial owner 實益擁有人	3,886,000 shares Long position 3,886,000股股份 好倉	1.01%
Mr. Hui Sum Kwok 許森國先生	Company 本公司	Interest of spouse 配偶之權益	500,000 shares Long position 500,000股股份 好倉	0.13%

權益披露

董事於股份、相關股份或債券之權益

於二零零六年六月三十日，按照本公司根據證券及期貨條例（「證券及期貨條例」）第352條之規定置存之登記冊所記錄，或根據上市公司董事進行證券交易的標準守則已知會本公司及聯交所者，董事及彼等之聯繫人士於本公司及其相聯法團（定義見證券及期貨條例）之股份、相關股份及債券中擁有之權益及／或淡倉如下：

(a) 股份

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本概約百分比
Mr. Hui Sum Ping 許森平先生	Company 本公司	Founder of a discretionary trust/ interest of controlled corporations 全權信託創立人／受控法團權益	252,000,000 shares Long position (Note 1) 252,000,000股股份 好倉(附註1)	65.70%
Mr. Hui Sum Ping 許森平先生	Company 本公司	Beneficial owner 實益擁有人	3,236,000 shares Long position 3,236,000股股份 好倉	0.84%
Mr. Hui Sum Tai 許森泰先生	Company 本公司	Beneficial owner 實益擁有人	3,800,000 shares Long position 3,800,000股股份 好倉	0.99%
Mr. Wong Wing Por 王榮波先生	Company 本公司	Founder of a discretionary trust/ interest of controlled corporations 全權信託創立人／受控法團權益	Nil (Note 1) 無(附註1)	-
Mr. Wong Wing Por 王榮波先生	Company 本公司	Beneficial owner 實益擁有人	2,700,000 shares Long position 2,700,000股股份 好倉	0.70%
Ms. Hui Yuen Li 許婉莉女士	Company 本公司	Beneficial owner 實益擁有人	500,000 shares Long position 500,000股股份 好倉	0.13%
Mr. Liu Kwok Fai, Alvan 廖國輝先生	Company 本公司	Beneficial owner 實益擁有人	250,000 shares Long position 250,000股股份 好倉	0.07%
Mr. Hui Sum Kwok 許森國先生	Hop Fung Industries Limited ("Hop Fung Industries")	Founder of a discretionary trust/ interest of controlled corporations 全權信託創立人／受控法團權益	7,886 shares of US\$0.01 each Long position (Notes 1 and 2) 7,886股每股面值0.01美元之股份 好倉(附註1及2)	78.86%

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本概約百分比
Mr. Hui Sum Ping 許森平先生	Hop Fung Industries	Founder of a discretionary trust/ interest of controlled corporations 全權信託創立人／受控法團權益	7,886 shares of US\$0.01 each Long position (Notes 1 and 2) 7,886股每股面值0.01美元 之股份 好倉(附註1及2)	78.86%
Mr. Wong Wing Por 王榮波先生	Hop Fung Industries	Founder of a discretionary trust/ interest of a controlled corporation 全權信託創立人／受控法團權益	1,257 shares of US\$0.01 each Long position (Notes 1 and 2) 1,257股每股面值0.01美元 之股份 好倉(附註1及2)	12.57%
Mr. Hui Sum Kwok 許森國先生	Hop Fung Industries (Holdings) Limited ("Hop Fung Industries BVI")	Beneficial owner/founder of a discretionary trust/interest of a controlled corporation 實益擁有人／全權信託創立人／ 受控法團權益	5,000 shares of US\$0.01 each Long position (Notes 1 and 3) 5,000股每股面值0.01美元 之股份 好倉(附註1及3)	50%
Mr. Hui Sum Ping 許森平先生	Hop Fung Industries BVI	Beneficial owner/founder of a discretionary trust/interest of a controlled corporation 實益擁有人／全權信託創立人／ 受控法團權益	5,000 shares of US\$0.01 each Long position (Notes 1 and 3) 5,000股每股面值0.01美元 之股份 好倉(附註1及3)	50%
Mr. Hui Sum Kwok 許森國先生	Gong Ming Hop Fung Paper Ware Factory Limited ("Hop Fung GM") 公明合豐紙品廠 有限公司 (「合豐公明」)	Interest of controlled corporations/short position of controlled corporations 受控法團權益／受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1 and 4) 3,000,000股每股面值 1港元之無投票權遞延股 好倉及淡倉(附註1及4)	100%

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯 法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行 股本概約百分比
Mr. Hui Sum Ping 許森平先生	Hop Fung GM 合豐公明	Founder of a discretionary trust/ interest of controlled corporations/ short position of controlled corporations 全權信託創立人／受控法團權益／ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1 and 4) 3,000,000股每股面值 1港元之無投票權遞延股 好倉及淡倉(附註1及4)	100%
Mr. Wong Wing Por 王榮波先生	Hop Fung GM 合豐公明	Interest of controlled corporations/ short position of a controlled corporation 受控法團權益／受控法團淡倉	Nil (Notes 1 and 4) 無(附註1及4)	—
Mr. Hui Sum Kwok 許森國先生	Fung Kong Hop Fung Paper Ware Factory Limited ("Hop Fung FG") 鳳崗合豐紙品廠 有限公司 (「合豐鳳崗」)	Interest of controlled corporations/ short position of controlled corporations 受控法團權益／受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1, 4 and 5) 3,000,000股每股面值 1港元之無投票權遞延股 好倉及淡倉(附註1、4及5)	100%
Mr. Hui Sum Ping 許森平先生	Hop Fung FG 合豐鳳崗	Founder of a discretionary trust/ interest of controlled corporations/ short position of controlled corporations 全權信託創立人／受控法團權益／ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1, 4 and 5) 3,000,000股每股面值 1港元之無投票權遞延股 好倉及淡倉(附註1、4及5)	100%
Mr. Wong Wing Por 王榮波先生	Hop Fung FG 合豐鳳崗	Interest of a controlled corporation/ short position of a controlled corporation 受控法團權益／受控法團淡倉	Nil (Notes 1, 4 and 5) 無(附註1、4及5)	—

Name of director 董事姓名	Company/Name of associated corporation 本公司／相聯 法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行 股本概約百分比
Mr. Hui Sum Kwok 許森國先生	Applewood Forest Limited	Founder of a discretionary trust 全權信託創立人	1 share of US\$1 Long position (Notes 1 and 6) 1股面值1美元之股份 好倉(附註1及6)	100%
Mr. Hui Sum Kwok 許森國先生	Profit Luck Limited 利萊有限公司	Founder of a discretionary trust 全權信託創立人	100 shares of HK\$1 Long position (Notes 1, 6 and 7) 100股每股面值1港元之股份 好倉(附註1、6及7)	100%

Notes:

- The 252,000,000 shares are owned by Hop Fung Industries. The issued share capital of Hop Fung Industries is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Industries BVI, Delight Ocean Limited ("Delight") and Mr. Shum Lit Ki respectively.

The issued share capital of Hop Fung Industries BVI is owned as to 11.81%, 11.81%, 38.19% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood Holdings Limited ("Fullwood") and Goldspeed Holdings Limited ("Goldspeed") respectively. Fullwood is wholly owned by Pinecity Investments Limited ("Pinecity") and Pinecity is wholly owned by HSBC International Trustee Limited ("HSBC") in its capacity as the trustee of Hui & Wong 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Kwok and the discretionary objects of which include family members of Mr. Hui Sum Kwok. Goldspeed is wholly owned by Goldkeen Assets Management Limited ("Goldkeen") and Goldkeen is wholly owned by HSBC in its capacity as the trustee of HSP 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Ping and the discretionary objects of which include family members of Mr. Hui Sum Ping. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping will be deemed to be interested in the 252,000,000 shares under the SFO.

附註：

- 該252,000,000股股份由Hop Fung Industries擁有。Hop Fung Industries已發行股本分別由Hop Fung Industries BVI、Delight Ocean Limited (「Delight」)及沈烈基先生擁有78.86%、12.57%及8.57%。

Hop Fung Industries BVI之已發行股本分別由許森國先生、許森平先生、Fullwood Holdings Limited (「Fullwood」)及Goldspeed Holdings Limited (「Goldspeed」)擁有11.81%、11.81%、38.19%及38.19%。Fullwood由Pinecity Investments Limited (「Pinecity」)全資擁有，而Pinecity由HSBC International Trustee Limited (「HSBC」)以Hui & Wong 2004 Family Trust受託人之身分全資擁有。該信託為一項全權信託，其創立人為許森國先生，全權信託對象包括許森國先生之家族成員。Goldspeed由Goldkeen Assets Management Limited (「Goldkeen」)全資擁有，而Goldkeen由HSBC以HSP 2004 Family Trust受託人之身分全資擁有。該信託為一項全權信託，其創立人為許森平先生，全權信託對象包括許森平先生之家族成員。因此，根據證券及期貨條例，許森國先生及許森平先生各自被視為擁有該252,000,000股股份之權益。



Delight is wholly owned by Richfaith Assets Management Limited ("Richfaith") and Richfaith is wholly owned by HSBC in its capacity as the trustee of Wong's 2004 Family Trust, a discretionary trust the founder of which is Mr. Wong Wing Por and the discretionary objects of which include family members of Mr. Wong Wing Por.

Delight由Richfaith Assets Management Limited (「Richfaith」)全資擁有，而Richfaith由HSBC以Wong's 2004 Family Trust受託人之身分全資擁有。該信託為一項全權信託，其創立人為王榮波先生，全權信託對象包括王榮波先生之家族成員。

- Hop Fung Industries is a holding company of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung Industries is US\$100 divided into 10,000 shares of US\$0.01 each which is owned as to 7,886, 1,257 and 857 shares by Hop Fung Industries BVI, Delight and Mr. Shum Lit Ki respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 7,886 shares of US\$0.01 each and Mr. Wong Wing Por is deemed to be interested in the 1,257 shares of US\$0.01 each in Hop Fung Industries.
- Hop Fung Industries BVI is a holding company of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung Industries BVI is US\$100 divided into 10,000 shares of US\$0.01 each which is owned as to 1,181, 1,181, 3,819 and 3,819 shares by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood and Goldspeed respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is interested and/or deemed to be interested in an aggregate of 5,000 shares of US\$0.01 each in Hop Fung Industries BVI.
- Hop Fung GM is a subsidiary of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung GM is HK\$3,000,100 divided into 100 ordinary shares of HK\$1 each and 3,000,000 non-voting deferred shares of HK\$1 each. The 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM are beneficially owned by Hop Fung Group (HK) Limited ("Hop Fung Group HK") which is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Holdings Limited ("Hop Fung Holdings (BVI)"), Mr. Wong Wing Por and Mr. Shum Lit Ki respectively.
- Hop Fung Industries乃本公司之控股公司，因此根據證券及期貨條例，屬本公司之相聯法團。Hop Fung Industries之全部已發行股本為100美元，分為10,000股每股面值0.01美元之股份，分別由Hop Fung Industries BVI、Delight及沈烈基先生擁有7,886、1,257及857股。根據證券及期貨條例，許森國先生及許森平先生均被視為擁有Hop Fung Industries 7,886股每股面值0.01美元股份之權益，而王榮波先生則被視為擁有Hop Fung Industries 1,257股每股面值0.01美元股份之權益。
- Hop Fung Industries BVI乃本公司之控股公司，因此根據證券及期貨條例，屬本公司之相聯法團。Hop Fung Industries BVI之全部已發行股本為100美元，分為10,000股每股面值0.01美元之股份，分別由許森國先生、許森平先生、Fullwood及Goldspeed擁有1,181、1,181、3,819及3,819股。根據證券及期貨條例，許森國先生及許森平先生擁有及／或被視為擁有Hop Fung Industries BVI合共5,000股每股面值0.01美元股份之權益。
- 合豐公明乃本公司之附屬公司，因此根據證券及期貨條例，屬本公司之相聯法團。合豐公明之全部已發行股本為3,000,100港元，分為100股每股面值1港元之普通股及3,000,000股每股面值1港元之無投票權遞延股。該3,000,000股每股面值1港元之合豐公明無投票權遞延股由合豐集團(香港)有限公司(「合豐集團香港」)實益擁有，而合豐集團香港則分別由Hop Fung Holdings Limited (「Hop Fung Holdings (BVI)」)、王榮波先生及沈烈基先生擁有78.86%、12.57%及8.57%。

The issued share capital of Hop Fung Holdings (BVI) is owned as to 50%, 11.81% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping and Goldspeed respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM.

Pursuant to an option deed dated 19th August, 2003, Hop Fung Group HK and its nominee granted to Hop Fung Group Company Limited (“Hop Fung Group (BVI)”), a wholly owned subsidiary of the Company, an option to purchase from them such 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to have a short position in the underlying shares of the option granted under the option deed pursuant to the SFO.

5. Hop Fung FG is a subsidiary of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung FG is HK\$3,000,100 divided into 100 ordinary shares of HK\$1 each and 3,000,000 non-voting deferred shares of HK\$1 each. The 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG are beneficially owned by Hop Fung Group HK. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG.

Pursuant to an option deed dated 19th August, 2003, Hop Fung Group HK and its nominee granted to Hop Fung Group (BVI) an option to purchase from them such 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to have a short position in the underlying shares of the option granted under the option deed pursuant to the SFO.

Hop Fung Holdings (BVI)之已發行股本分別由許森國先生、許森平先生及Goldspeed擁有50%、11.81%及38.19%。根據證券及期貨條例，許森國先生及許森平先生被視為擁有合豐公明3,000,000股每股面值1港元無投票權遞延股之權益。

根據日期為二零零三年八月十九日之購股權契據，合豐集團香港及其代名人向本公司之全資附屬公司Hop Fung Group Company Limited (「Hop Fung Group (BVI)」) 授出購股權，以自彼等購買3,000,000股每股面值1港元之合豐公明無投票權遞延股。因此，根據證券及期貨條例，許森國先生及許森平先生均被視為擁有根據購股權契據所授出購股權涉及之相關股份之淡倉。

5. 合豐鳳崗乃本公司之附屬公司，因此根據證券及期貨條例，屬本公司之相聯法團。合豐鳳崗之全部已發行股本為3,000,100港元，分為100股每股面值1港元之普通股及3,000,000股每股面值1港元之無投票權遞延股。該3,000,000股每股面值1港元之合豐鳳崗無投票權遞延股由合豐集團香港實益擁有。根據證券及期貨條例，許森國先生及許森平先生均被視為擁有3,000,000股每股面值1港元之合豐鳳崗無投票權遞延股之權益。

根據日期為二零零三年八月十九日之購股權契據，合豐集團香港及其代名人向Hop Fung Group (BVI)授出購股權，以自彼等購買3,000,000股每股面值1港元之合豐鳳崗無投票權遞延股。因此，根據證券及期貨條例，許森國先生及許森平先生均被視為擁有根據購股權契據所授出購股權涉及之相關股份之淡倉。

6. Applewood Forest Limited (“Applewood”) is a company incorporated in the British Virgin Islands. The entire issued share capital of Applewood is US\$1 comprises 1 share of US\$1 which is owned by HSBC in its capacity as the trustee of Hui & Wong 2004 Family Trust. Applewood is an associated corporation of the Company under the SFO. Under the SFO, Mr. Hui Sum Kwok is deemed to be interested in the 1 share of US\$1 in Applewood owned by HSBC in its capacity as the trustee of Hui & Wong 2004 Family Trust.
7. Profit Luck Limited (“Profit”) is a company incorporated in Hong Kong. The entire issued share capital of Profit is HK\$100 comprises 100 shares of HK\$1 each which is indirectly owned by HSBC through its wholly owned subsidiary, Applewood. Details of Applewood are set out in note 6 above.
6. Applewood Forest Limited (「Applewood」) 乃於英屬處女群島註冊成立之公司。Applewood之全部已發行股本為1美元，包括1股面值1美元之股份。該股股份由HSBC以Hui & Wong 2004 Family Trust受託人之身分分擁有。根據證券及期貨條例，Applewood屬本公司之相聯法團。根據證券及期貨條例，許森國先生被視為擁有由HSBC以Hui & Wong 2004 Family Trust受託人身分擁有之Applewood 1股面值1美元股份之權益。
7. 利萊有限公司(「利萊」) 乃於香港註冊成立之公司。利萊之全部已發行股本為100港元，分為100股每股面值1港元之股份，由HSBC透過其全資附屬公司Applewood間接擁有。Applewood之詳情載於上文附註6。

(b) *Share options*

Details of the Directors' and their associates' interests in share options of the Company are set out in the section headed “Share Options” below.

Other than as disclosed above, none of the Directors nor 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 30th June, 2006.

(b) *購股權*

董事及其聯繫人士於本公司購股權中之權益詳情刊載於下文「購股權」一節。

除上述披露者外，截至二零零六年六月三十日，概無任何董事或其聯繫人士於本公司或其任何相聯法團任何股份、相關股份或債券中擁有之任何權益或淡倉。

Substantial Shareholders

As at 30th June, 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders have notified the Company of relevant interests and short positions in the issued share capital of the Company:

主要股東

於二零零六年六月三十日，本公司根據證券及期貨條例第336條所存置之主要股東登記冊顯示，下列股東已知會本公司其於本公司已經發行股份中之有關權益及淡倉：

Name of shareholder 股東名稱/姓名	Capacity 身分	Number of issued shares held 持有已發行股份數目	Note(s) 附註	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Hop Fung Industries	Beneficial owner 實益擁有人	252,000,000	1	65.70%
Hop Fung Industries BVI	Interest of a controlled corporation 受控法團權益	252,000,000	1, 2	65.70%
Fullwood	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 4	65.70%
Pinecity	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 4	65.70%
Goldspeed	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 5	65.70%
Goldkeen	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 5	65.70%
HSBC	Trustee of discretionary trust/interest of controlled corporations 全權信託受託人/受控法團權益	252,000,000	1, 2, 3, 4, 5	65.70%



Name of shareholder 股東名稱／姓名	Capacity 身分	Number of issued shares held 持有已發行股份數目	Note(s) 附註	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Hui Sum Kwok 許森國先生	Beneficial owner/founder of a discretionary trust/interest of controlled corporations/interest of spouse 實益擁有人／全權信託創立人／受控法團權益／配偶之權益	256,386,000	1, 2, 3, 4, 6	66.85%
Mr. Hui Sum Ping 許森平先生	Beneficial owner/founder of a discretionary trust/interest of controlled corporations 實益擁有人／全權信託創立人／受控法團權益	255,236,000	1, 2, 3, 5, 7	66.55%
PI Investment Management Limited	Investment manager 投資經理	26,928,000	-	7.02%
Value Partners Limited 惠理基金管理公司	Investment manager 投資經理	25,712,000	8	6.70%

Notes:

1. The 252,000,000 shares are owned by Hop Fung Industries.
2. The issued share capital of Hop Fung Industries is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Industries BVI, Delight and Mr. Shum Lit Ki respectively and Hop Fung Industries BVI is deemed to be interested in the 252,000,000 shares under the SFO.
3. The issued share capital of Hop Fung Industries BVI is owned as to 11.81%, 11.81%, 38.19% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood and Goldspeed respectively.

附註：

1. 該252,000,000股股份由Hop Fung Industries擁有。
2. Hop Fung Industries之已發行股本由Hop Fung Industries BVI、Delight及沈烈基先生分別擁有78.86%、12.57%及8.57%，而根據證券及期貨條例，Hop Fung Industries BVI被視為擁有該252,000,000股股份之權益。
3. Hop Fung Industries BVI之已發行股本分別由許森國先生、許森平先生、Fullwood及Goldspeed擁有11.81%、11.81%、38.19%及38.19%。

4. The entire issued share capital of Fullwood is indirectly held by HSBC through its 100% controlled corporation, Pinecity in its capacity as the trustee of Hui & Wong 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Kwok and the discretionary objects of which include family members of Mr. Hui Sum Kwok. Accordingly, each of Fullwood, Pinecity, HSBC and Mr. Hui Sum Kwok is deemed to be interested in the 252,000,000 shares under the SFO.
4. Fullwood之全部已發行股本由HSBC透過其100%受控法團Pinecity以Hui & Wong 2004 Family Trust受託人之身分間接持有。Hui & Wong 2004 Family Trust乃一項全權信託，其創立人為許森國先生；而全權信託對象包括許森國先生之家族成員。因此，根據證券及期貨條例，Fullwood、Pinecity、HSBC及許森國先生各自被視為擁有該252,000,000股股份之權益。
5. The entire issued share capital of Goldspeed is indirectly held by HSBC through its 100% controlled corporation, Goldkeen in its capacity as the trustee of HSP 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Ping and the discretionary objects of which include family members of Mr. Hui Sum Ping. Accordingly, each of Goldspeed, Goldkeen, HSBC and Mr. Hui Sum Ping is deemed to be interested in the 252,000,000 shares under the SFO.
5. Goldspeed之全部已發行股本由HSBC透過其100%受控法團Goldkeen以HSP 2004 Family Trust之受託人身分間接持有。HSP 2004 Family Trust乃一項全權信託，其創立人為許森平先生；而全權信託對象包括許森平先生之家族成員。因此，根據證券及期貨條例，Goldspeed、Goldkeen、HSBC及許森平先生各自被視為擁有該252,000,000股股份之權益。
6. Ms. Wong Mui is directly interested in 500,000 shares in the Company and is deemed to be interested in 255,886,000 shares under the SFO as she is the spouse of Mr. Hui Sum Kwok, a Director of the Company.
6. 黃梅女士直接持有本公司500,000股股份權益，以及由於彼為本公司董事許森國先生之配偶，根據證券及期貨條例，黃梅女士被視為擁有該255,886,000股股份之權益。
7. Ms. Jian Jian Yi is deemed to be interested in 255,236,000 shares under the SFO as she is the spouse of Mr. Hui Sum Ping, a Director of the Company.
7. 根據證券及期貨條例，由於簡健儀女士為本公司董事許森平先生之配偶，簡健儀女士被視為擁有該255,236,000股股份之權益。
8. Mr. Cheah Cheng Hye is deemed to be interested in 25,712,000 shares in the Company, as he beneficially owns 32.77% of Value Partners Limited.
8. 謝清海先生由於彼實益擁有惠理基金管理公司之32.77%權益被視為擁有本公司25,712,000股股份之權益。

Share options

The Company's share option scheme ("the Scheme") was adopted pursuant to a resolution passed on 4th September, 2003 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. The Scheme will expire on 3rd September, 2013.

購股權

根據於二零零三年九月四日通過之決議案，本公司已採納購股權計劃（「該計劃」），主要目的為向指定參與者授予購股權，以鼓勵或獎賞彼等對本集團作出之貢獻。該計劃將於二零一三年九月三日屆滿。



The following table discloses movements in the Company's share options during the period: 下表披露本公司購股權於期間之變動：

Category 類別	Option type 購股權類別 (Note 1) (附註1)	Date of grant 授出日期	Exercise price 行使價 HK\$ 港元	Outstanding at beginning of the period 於期初尚未行使	Granted during the period 於期間授出	Exercised during the period 於期間行使	Cancelled during the period 於期間註銷	Outstanding at end of the period 於期末尚未行使
<i>Directors</i> 董事								
Mr. Hui Sum Kwok 許森國先生 (Note 2) (附註2)	A	3.11.2003	1.13	1,614,000	-	(1,614,000)	-	-
	B	29.7.2004	1.33	450,000	-	-	-	450,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000
Mr. Hui Sum Ping 許森平先生	A	3.11.2003	1.13	2,726,000	-	(2,726,000)	-	-
	B	29.7.2004	1.33	950,000	-	-	-	950,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000
Mr. Hui Sum Tai 許森泰先生	A	3.11.2003	1.13	3,600,000	-	(3,600,000)	-	-
	B	29.7.2004	1.33	70,000	-	-	-	70,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000
Mr. Wong Wing Por 王榮波先生	A	3.11.2003	1.13	2,100,000	-	(2,100,000)	-	-
	B	29.7.2004	1.33	970,000	-	-	-	970,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000
Ms. Hui Yuen Li 許婉莉女士	A	3.11.2003	1.13	250,000	-	(250,000)	-	-
	B	29.7.2004	1.33	3,170,000	-	-	-	3,170,000
Mr. Liu Kwok Fai, Alvan 廖國輝先生	A	3.11.2003	1.13	250,000	-	(250,000)	-	-
Mr. Chee Man Sang, Eric 池民生先生	A	3.11.2003	1.13	250,000	-	-	-	250,000
				25,400,000	-	(10,540,000)	-	14,860,000
<i>Other employees</i> 其他僱員	A	3.11.2003	1.13	1,868,000	-	(1,772,000)	-	96,000
	B	29.7.2004	1.33	5,330,000	-	(3,314,000)	-	2,016,000
				7,198,000	-	(5,086,000)	-	2,112,000
Total all categories 所有類別總計				32,598,000	-	(15,626,000)	-	16,972,000

Notes:

1. The vesting period of the share options granted is determined by Directors at each time when the options are granted. Holders of share options granted under the Company's share option scheme may only exercise their options during the exercisable periods as follows:

Option type A A類購股權	Option type B B類購股權	Option type C C類購股權	Maximum % of share options exercisable 可行使購股權之最高百分比
3.5.2004 - 3.11.2004	1.1.2005 - 31.12.2005	1.3.2005 - 28.2.2006	up to 50% 最高可達50%
4.11.2004 - 3.11.2005	1.1.2006 - 31.12.2006	1.3.2006 - 28.2.2007	up to 75% (to the extent not already exercised) 最高可達75% (以尚未行使者為限)
4.11.2005 - 3.11.2006	1.1.2007 - 31.12.2007	1.3.2007 - 29.2.2008	up to 100% (to the extent not already exercised) 最高可達100% (以尚未行使者為限)

2. Out of the 1,614,000 share options exercised, Mr. Hui Sum Kwok was directly interested in 1,364,000 shares and was deemed to be interested in 250,000 shares owned by Ms. Wong Mui, who is the spouse of Mr. Hui Sum Kwok and a member of the senior management of the Group.

The closing prices of the Company's shares on 25th April, 2006, 22nd May, 2006 and 13th June, 2006, the dates immediately before the dates on which the options were exercised were HK\$1.83, HK\$2.00 and HK\$2.00 per share respectively.

OTHER INFORMATION

Interim Dividend and Closure of Register of Members

The Directors had declared an interim dividend of 1.58 HK cents per share for the six months ended 30th June, 2006 (corresponding period in 2005: 1.52 HK cents per share) to be payable on or about 13th October, 2006 to those shareholders whose names appear on the register of members of the Company on 6th October, 2006.

附註：

1. 授出購股權之歸屬期由董事於每次授出購股權時釐定。本公司購股權計劃項下購股權持有人僅可於以下行使期行使彼等之購股權：

2. 於已行使之1,614,000份購股權中，許森國先生於1,364,000份購股權中持有直接權益，並被視為於黃梅女士（許森國先生之配偶及本集團高級管理層成員）擁有之250,000份購股權中持有權益。

於緊接行使購股權日期前之日，即二零零六年四月二十五日，二零零六年五月二十二日及二零零六年六月十三日，本公司股份之收市價分別為每股1.83港元、每股2.00港元及每股2.00港元。

其他資料

中期股息及暫停辦理股份過戶登記手續

董事已就截至二零零六年六月三十日止六個月宣派中期股息每股1.58港仙（二零零五年同期：每股1.52港仙），此等股息將於二零零六年十月十三日或前後派付予於二零零六年十月六日名列本公司股東名冊之股東。

The register of members of the Company will be closed from 4th October, 2006 to 6th October, 2006, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms together with relevant share certificates must be lodged with the Company's branch share registrar and transfer agent in Hong Kong, Abacus Share Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on 3rd October, 2006.

Human Resources

As at 30th June, 2006, the Group and the processing factories employed a total workforce of around 1,250 full time staff (31st December, 2005: 1,200). The increase was mainly attributable to our continuous business growth and upstream production. Competitive remuneration packages were offered to employees. The Group may also grant share options and discretionary bonuses to eligible employees based on the performance of the Group and individuals.

Purchase, Sale or Redemption of Shares

During the six months ended 30th June, 2006, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities on the Stock Exchange.

本公司將由二零零六年十月四日至二零零六年十月六日(包括首尾兩天)暫停辦理股份過戶登記手續,期間概不辦理任何股份過戶之手續。為符合收取中期股息之資格,所有填妥之過戶表格連同有關之股票,必須於二零零六年十月三日下午四時正前交回本公司之股份過戶登記處香港分處雅柏勤證券登記有限公司,地址為香港皇后大道東28號金鐘匯中心26樓。

人力資源

於二零零六年六月三十日,本集團及加工廠房僱用工人總數約為1,250名全職員工(二零零五年十二月三十一日:1,200名)。增加主因是本集團之業務持續增長及上游生產。本集團向僱員提供具競爭力之薪酬福利。本集團亦會授出購股權及酌情花紅予合資格之僱員,授出之基準按本集團之業績及個人之表現而釐定。

購買、出售或贖回股份

截至二零零六年六月三十日止六個月,本公司及其任何附屬公司並無於聯交所購買、贖回或出售任何本公司之上市證券。

Audit Committee

The Audit Committee comprises three independent non-executive Directors namely, Mr. Liu Kwok Fai, Alvan, Mr. Chee Man Sang, Eric and Mr. Wong Chu Leung. The Audit Committee has reviewed with the management the unaudited consolidated financial statements of the Group for the six months ended 30th June, 2006 and has discussed auditing, internal control, the accounting principles and practices adopted by the Group.

Corporate Governance

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules, during the six months ended 30th June, 2006, except with the following deviations:

Code Provision A.2.1

- Code provision A.2.1 stipulates that the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.
- There is no written terms on division of responsibilities between the chairman and the chief executive officer. The Board of Directors considers that the responsibilities of the chairman and chief executive officer respectively are clear and distinctive and hence written terms thereof are not necessary.

審核委員會

審核委員會包括三名獨立非執行董事，即廖國輝先生、池民生先生及黃珠亮先生。審核委員會已與管理層審閱截至二零零六年六月三十日止六個月之本集團未經審核綜合財務報表，並已討論本集團採用之審核程序、內部監控、會計原則及慣例。

企業管治

截至二零零六年六月三十日止六個月，本公司已遵守上市規則附錄十四企業管治常規守則（「企業管治守則」）所載之守則條文，惟以下之偏離除外：

守則條文A.2.1條

- 守則條文A.2.1條規定清楚地制定主席與行政總裁之職責範圍，並以書面列出。
- 本公司並無書面列出主席與行政總裁之職責範圍。董事會認為，主席與行政總裁各自之職責均有明確界定，故毋須編製彼等之書面職權範圍。



Code Provision A.4.2

- Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.
- In accordance with the relevant provision of the existing Company's Articles of Association, Directors appointed to fill a casual vacancy are subject to re-election at next annual general meeting.

Code Provision B.1.3 and C.3.3

- Code provisions B.1.3 and C.3.3 stipulate that the terms of reference of the Remuneration Committee and Audit Committee should include, as minimum, those specific duties as set out in the respective provisions.
- The terms of reference of the Remuneration Committee and the Audit Committee of the Company have been revised in May 2005 to comply with the above Code Provision with certain deviations. A major deviation from the Code Provision B.1.3 is that the Remuneration Committee of the Company should, pursuant to its revised terms of reference, review (as opposed to determine under the Code Provision) and make recommendations to the Board on the remuneration packages of the executive Directors only but not senior management.

守則條文A.4.2條

- 守則條文A.4.2條規定所有獲委任填補臨時空缺之董事須於委任後之首次股東大會上接受股東選舉。
- 根據現行本公司組織章程之有關規定，獲委任填補臨時空缺之董事須於下屆股東週年大會上重選。

守則條文B.1.3及C.3.3條

- 守則條文B.1.3及C.3.3條規定薪酬委員會及審核委員會之職權範圍最低限度須包括有關條文所載之特定職責。
- 本公司已於二零零五年五月修訂薪酬委員會及審核委員會之職權範圍以符合上述守則，惟有若干偏離。主要之偏離為守則條文B.1.3規定本公司薪酬委員會應根據經修訂之職權範圍，僅就執行董事（而非就高級管理層）之薪酬進行檢討（守則條文規定為釐定）及向董事會作出建議。

Model Code for Securities Transactions

The Company has adopted its own code of conduct for securities transactions by Directors (the "Own Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors of the Company, all Directors have confirmed that they had complied with the Own Code throughout the six months ended 30th June, 2006.

Appreciation

The Directors would like to take this opportunity to express our sincere thanks to our shareholders and all other associates for their supports and to our staff for their commitment and diligence during the period.

By Order of the Board
HUI Sum Kwok
Chairman

Hong Kong, 15th September, 2006

證券交易之標準守則

本公司已採納其條款嚴格程度不低於上市規則附錄十載列之上市發行人董事進行證券交易標準守則（「標準守則」）載列之所規定標準之本身董事證券交易守則（「本身守則」）。在向本公司全體董事作出具體查詢後，所有董事已確認彼等於截至二零零六年六月三十日止六個月已遵守本身守則。

致謝

董事謹此對本公司股東及所有其他業務夥伴於本期間對本公司之支持以及員工之努力不懈與盡忠職守致以衷心謝意。

承董事會命
主席
許森國

香港，二零零六年九月十五日

Board of Directors:

Executive

Mr. Hui Sum Kwok
Mr. Hui Sum Ping
Mr. Hui Sum Tai
Mr. Wong Wing Por
Ms. Hui Yuen Li

Independent Non-Executive

Mr. Liu Kwok Fai, Alvan
Mr. Chee Man Sang, Eric
Mr. Wong Chu Leung

董事會:

執行董事

許森國先生
許森平先生
許森泰先生
王榮波先生
許婉莉女士

獨立非執行董事

廖國輝先生
池民生先生
黃珠亮先生

