

LEE & MAN CHEMICAL COMPANY LIMITED

理文化工有限公司

Stock Code 股份代號 : 746



Together We Grow



Content 目錄

CORPORATE INFORMATION	公司資料	2
CHAIRMAN'S STATEMENT	主席報告	4
MANAGEMENT DISCUSSION AND ANALYSIS	管理層討論及分析	6
CORPORATE GOVERNANCE REPORT	企業管治報告	9
PROFILE OF DIRECTORS AND SENIOR MANAGEMENT	董事及高級管理層簡介	14
DIRECTORS' REPORT	董事會報告	16
INDEPENDENT AUDITOR'S REPORT	獨立核數師報告	24
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	綜合全面收益表	26
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	綜合財務狀況表	27
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	綜合權益變動表	29
CONSOLIDATED STATEMENT OF CASH FLOWS	綜合現金流量表	31
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	綜合財務報表附註	33
FINANCIAL SUMMARY	財務概要	106
STATEMENT OF FINANCIAL POSITION OF THE COMPANY	本公司財務狀況表	107

Corporate Information

公司資料

BOARD OF DIRECTORS

Executive director

Ms. Wai Siu Kee (*Chairman*)
Mr. Lee Man Yan
Mr. Yang Zuo Ning (*appointed on 27 June 2011*)
Ms. Wong Yuet Ming (*appointed on 27 June 2011*)
Mr. Kung Phong (*resigned on 27 June 2011*)
Ms. Poon Lai Ming (*resigned on 27 June 2011*)

Independent non-executive director

Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron BBS JP
Mr. Heng Victor Ja Wai

COMPANY SECRETARY

Ms. Wong Yuet Ming

REGISTERED OFFICE

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

HONG KONG OFFICE

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

PRINCIPAL BANKERS

In Hong Kong:

The Hongkong and Shanghai Banking Corporation
Hang Seng Bank Limited
Chiyu Bank Corporation Ltd.
Mizuho Bank Corporate Bank, Ltd.

In the PRC:

Bank of China Limited

董事會

執行董事

衛少琦女士(*主席*)
李文恩先生
楊作寧先生(*委任於2011年6月27日*)
王月明女士(*委任於2011年6月27日*)
龔鈞先生(*辭任於2011年6月27日*)
潘麗明女士(*辭任於2011年6月27日*)

獨立非執行董事

王啟東先生
尹志強先生BBS太平紳士
邢家維先生

公司秘書

王月明女士

註冊辦事處

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

香港辦事處

香港九龍觀塘
敬業街61-63號
利維大廈8樓

主要往來銀行

香港：

香港上海滙豐銀行有限公司
恒生銀行有限公司
集友銀行有限公司
瑞穗實業銀行有限公司

中國：

中國銀行有限公司

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Secretaries Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

<http://www.leeman.com.hk>

核數師

德勤 • 關黃陳方會計師行
執業會計師

主要股份過戶登記處

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman
Cayman Islands

香港股份過戶登記分處

卓佳秘書商務有限公司
香港
皇后大道東28號
金鐘匯中心26樓

網址

<http://www.leeman.com.hk>

Chairman's Statement

主席報告

BUSINESS REVIEW

On 27 June 2011, the Group successfully spun off its handbag business and has this business listed on the Main Board of the Stock Exchange of Hong Kong Limited by way of introduction. The spin-off not only enabled the management team of the Group to focus on the development of chemical business, but also provided investors with a clearer and an independent view on the operating and financial position of the chemical business.

For the year ended 31 December 2011, the Group recorded revenue of HK\$2,156 million, increased by 0.8% over the last year; and a net profit for the year of HK\$676 million, representing a substantial increase of approximately 45.2% over the same period last year. The chemical business recorded revenue of HK\$1,808 million, increased by approximately 40.7% over the same period last year; and a net profit of HK\$637 million, representing a substantial increase of approximately 77.9% over the same period last year. The handbag business recorded revenue of HK\$347 million and a net profit of HK\$39 million upon the completion of the spin-off.

The production capacity of the chemical business has further increased since the fourth production line commenced full operation during the first half of 2011. As for the product selling prices, there were significant fluctuations in main product prices during the year; high prices dropped sharply in the second half of the year whereas the by-product prices rose substantially. Overall annual gross profit margin has increased from 44.7% of last year by 2 percentage points to 46.7%; the net profit margin also increased from 27.9% of last year by 7.3 percentage points to 35.2%. Such excellent performance not only generated considerable profit contribution to the Group, but also laid a solid foundation for the future business expansion.

PROSPECTS

Upon the full operation of the fourth chloromethane production line during the first half of 2011, the aggregate designed annual production capacity of Jiangsu Chemical Plant has reached 160,000 tons of chloromethane, 220,000 dry tons of caustic soda and 120,000 tons of hydrogen peroxide. In the coming year, the key business focus of our chemical segment will be on the construction of a new plant in Ruichang City, Jiangxi Province. The Group intends to spend about RMB1.9 billion for development of the fluorochemical downstream products in two phases and the first production line is expected to commence operation in the first half of 2013. The project will be financed by internal funds and bank borrowings while the relevant bank financing lines have been granted and made available for drawdown at any time according to the progress requirement of the project.

業務回顧

本集團於2011年6月27日成功將手袋業務在香港聯合交易所主板以介紹形式分拆上市。是次分拆上市令本集團之管理團隊能集中發展化工業務，並使投資者更清晰獨立了解化工業務之營運及財政狀況。

截至2011年12月31日止年度，本集團錄得總營業額 21.56億港元，較去年同期上升約 0.8%，而年內溢利為 6.76億港元，較去年同期大幅上升約 45.2%。其中，化工營業額為 18.08億港元，較去年同期上升約 40.7%，而化工溢利為 6.37億港元，較去年同期顯著上升約 77.9%。另手袋業務在完成分拆時，手袋營業額及溢利分別為 3.47億港元及 0.39億港元。

化工業務隨著第四條生產線於2011年上半年全面投產，產能進一步增大；產品價格方面，主產品價格於年內顯著波動，價格於下半年由高位顯著回落，而副產品價格則大幅上升，綜觀全年化工業務之毛利率由去年的 44.7% 增加 2 個百分點至 46.7%；其淨利潤率亦由去年 27.9% 增加 7.3 個百分點至 35.2%。化工業務的卓越表現，不但為集團帶來可觀的利潤貢獻，亦為未來化工業務擴展上，奠下良好的基礎。

展望

隨著第四條甲烷氯化物生產線於2011年上半年全面投產，江蘇化工廠的總設計產能每年已達到 16 萬噸甲烷氯化物、22 萬噸乾燒鹼及 12 萬噸過氧化氫。來年化工業務重點是在江西省瑞昌市籌建新廠房，集團擬斥資約 19 億人民幣，分兩期發展氟化工下游產品，預期第一期生產線將於 2013 年上半年投產。該項目資金將由內部資金及銀行借款組成，相關銀行融資額度亦已批妥，可按工程進度需要隨時取用。



As always, our management team will leverage on our internal technical innovation and scientific research and development in a pragmatic and aggressive approach and continue its persistent efforts to make great strides in the business development of the Group and deliver fruitful rewards to the shareholders.

APPRECIATION

On behalf of the Board, I would like to extend our sincere gratitude to our shareholders, customers and business partners for their unwavering support throughout the year. In addition, I would also like to take this opportunity to thank all colleagues and staff for their persistent contribution to the Group.

On behalf of the Board

Wai Siu Kee

Chairman

Hong Kong, 27 February 2012

一如既往，管理層努力不懈，以務實進取的方向，並結合內部技術創新及科研開發，加速本集團實現跨越式發展，為股東帶來可觀的回報。

鳴謝

本人謹代表董事會，向本集團股東、客戶及業務夥伴於本年度給予鼎力支持衷心致意。此外，本人亦藉此機會感謝各位員工努力不懈為本集團作出貢獻。

代表董事會

主席

衛少琦

香港，2012年2月27日

Management Discussion and Analysis

管理層討論及分析

CONTINUING OPERATION – CHEMICAL BUSINESS

Results of operation

For the year ended 31 December 2011, the chemical business has recorded revenue of HK\$1,808 million and a net profit of HK\$637 million, representing a substantial increase of 40.7% and 77.9% respectively, as compared to HK\$1,285 million and HK\$358 million respectively of the last year. The increase in revenue was mainly due to the increased selling price of our main products methylene chloride and chloroform (“CMS”) during the first half of the year, as well as the increased production output of the 4th CMS production line which commenced operation during the year. For the year ended 31 December 2011, the total actual output of CMS was 177,500 tons (2010: approximately 148,000 tons).

As for the product selling prices, there were significant fluctuations in main products prices during the year, high prices dropped sharply in the second half of the year whereas the by-product prices rose substantially. The average selling price per ton, excluding tax, of our main chemical products, methylene chloride and chloroform, was approximately RMB4,700 (2010: RMB4,970) and RMB5,400 (2010: RMB4,920) respectively. The average selling price per ton of our by-product 32% caustic soda was RMB698 (2010: RMB474). Furthermore, raw materials purchase costs, mainly including industrial crude salt and methanol, increased by approximately 11.1%.

Selling and distribution expenses

With the increase in sales revenue and production capacity, its selling and distribution costs for the year ended 31 December 2011 was HK\$57million, representing an increase by HK\$10 million as compared to HK\$47million for the year ended 31 December 2010. The selling and distribution costs represented about 3.1% of the revenue for the year ended 31 December 2011. There was a decline as compared to 3.6% for the year ended 31 December 2010. As part of the logistics expenses were fixed costs in nature, when the delivery volume increased, average fixed costs would decrease accordingly.

Administrative expenses

For the year ended 31 December 2011, the administrative expenses incurred for the chemical business was HK\$143million, which increased by HK\$36 million as compared to HK\$107 million for the year ended 31 December 2010. The increase was mainly due to the substantial rise in PRC local taxes as well as the increase in the research and development expenditure and depreciation during the year.

持續經營業務－化工業務

經營業績

截至2011年12月31日止年度，化工業務錄得收入18.08億港元及純利6.37億港元，與去年同期12.85億港元及3.58億港元比較，分別大幅上升40.7%及77.9%。收入增加主要由於本集團主要產品二氯甲烷及三氯甲烷（「甲烷氯化物」）售價於上半年大幅上升，以及本集團第四條甲烷氯化物生產線已於本年內投產而增加產量。截至2011年12月31日止年度，甲烷氯化物實際總產量達約177,500噸（2010：約148,000噸）。

產品價格方面，主產品價格於年內顯著波動，價格於下半年由高位顯著回落，而副產品價格則大幅上升。本集團主要化工產品二氯甲烷及三氯甲烷全年每噸平均（不含稅）售價分別約人民幣4,700元（2010：人民幣4,970元）及人民幣5,400元（2010：人民幣4,920元）；而副產品32%燒碱全年每噸平均售價則顯著上升至人民幣698元（2010年：人民幣474元）。此外，原材料（主要包括工業原鹽及甲醇）採購價則比往年上升約11.1%。

銷售及分銷成本

隨著業務收入及產量增加，截至2011年12月31日止年度其銷售及分銷成本為5,700萬港元，較截至2010年12月31日止年度的4,700萬港元，增加1,000萬港元。銷售及分銷成本佔截至2011年12月31日止年度收入約3.1%，與去年3.6%比較有所下降，主要由於部分物流費用為固定支出性質，當出貨量增大時，平均固定費用相應下降。

行政費用

截至2011年12月31日止，化工業務產生的行政費用為1.43億港元，與去年同期1.07億港元比較，增加3,600萬港元。主要由於國內地方稅費、研發經費及折舊費用的增加。

Finance costs

The finance costs incurred for the chemical business was HK\$11 million for the year ended 31 December 2011 as compared to HK\$9 million for the year ended 31 December 2010. Higher finance costs for the year was mainly due to higher level of outstanding bank borrowings. As at 31 December 2011, the Group maintained the total bank borrowings of HK\$967 million (31.12.2010: HK\$521 million).

INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER

The inventory turnover of the Group maintained at a stable level of 34 days for the year ended 31 December 2011 as compared to 32 days for the year ended 31 December 2010.

Due to the stringent credit control, the average collection period was controlled within a favourable level of 34 days for the year ended 31 December 2011 as compared to 19 days for the year ended 31 December 2010 which is in line with the normal credit terms of 7 days to 60 days granted by the Group to its customers.

The Group's creditors' turnover days were 23 days for the year ended 31 December 2011 as compared to 27 days for the year ended 31 December 2010 which is in line with the normal credit terms of 7 days to 45 days granted by the suppliers to the group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' equity of the Group as at 31 December 2011 was HK\$1,659 million (31.12.2010: HK\$1,299 million). As at 31 December 2011, the Group had current assets of HK\$1,623 million (31.12.2010: HK\$870 million) and current liabilities of HK\$425 million (31.12.2010: HK\$828 million). The current ratio was 3.8 as at 31 December 2011 as compared to 1.0 at 31 December 2010.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 December 2011, the Group had outstanding bank borrowings of HK\$967 million (31.12.2010: HK\$521 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. As at 31 December 2011, the Group maintained bank balances and cash of HK\$1,233 million (31.12.2010: HK\$393 million). The Group's net cash-to-equity ratio (cash and cash equivalents net of total borrowings over shareholders' equity) as at 31 December 2011 was 0.16.

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.

融資成本

截至2011年12月31日止，化工業務產生的利息支出為1,100萬港元，截至2010年12月31日止則為900萬港元。年內利息支出較多，主要由於集團銀行借款總額比去年高，於2011年12月31日，本集團銀行借款總額為9.67億港元(31.12.2010：5.21億港元)。

存貨、應收賬款及應付賬款周轉期

截至2011年12月31日止年度，本集團存貨周轉期天數維持於34天的穩定水平，截至2010年12月31日止年度則為32天。

由於採取嚴格信貸控制，截至2011年12月31日止年度平均收賬期控制於頗理想的34天，截至2010年12月31日止年度則為19天，與本集團給予客戶的正常賒賬期7天至60天一致。

截至2011年12月31日止年度，本集團應付賬款周轉天數為23天，截至2010年12月31日止年度則為27天，與供應商給予本集團的正常賒賬期7天至45天一致。

流動資金、財務資源及資本結構

於2011年12月31日，本集團的股東權益總額為16.59億港元(31.12.2010：12.99億港元)。於2011年12月31日，本集團的流動資產達16.23億港元(31.12.2010：8.7億港元)，而流動負債則為4.25億港元(31.12.2010：8.28億港元)。於2011年12月31日的流動比率為3.8，而於2010年12月31日則為1.0。

本集團一般以內部產生的現金流，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2011年12月31日，本集團的未償還銀行借貸為9.67億港元(31.12.2010：5.21億港元)。該等銀行貸款由本公司若干附屬公司提供的公司擔保作為抵押。於2011年12月31日本集團銀行結餘及現金12.33億港元(31.12.2010：3.93億港元)。本集團的淨現金對權益比率(現金及現金等價物減借貸總額除以股東權益)於2011年12月31日為0.16。

本集團保持著強勁的流動資金並具備充裕的現金及可供動用的銀行備用額，以應付集團的資本承擔，營運資金需要及未來的投資發展。

Management Discussion and Analysis

管理層討論及分析

HUMAN RESOURCES

At 31 December 2011, the Group had a workforce of more than 700 people. The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staffs are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

人力資源

於2011年12月31日，本集團員工別超過700名。本集團與員工關係一向良好，並為員工提供足夠培訓、優厚福利及獎勵計劃。員工酬金乃按彼等之工作表現、專業經驗及當時之市場狀況而釐定，除基本薪金外並按員工表現發放花紅。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The board of directors (the "Board") of the Company believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests. During the year under review, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited, except where stated and explained below.

The Group has an Executive Chairman. No individual has been appointed as a chief executive officer. The Executive Chairman with the assistance of the Group's senior management team oversees and manages the Group's business. Other functions normally undertaken by a chief executive officer of a company are delegated to members of the Group's senior management team. This structure deviates from the code provision of Code that requires the roles of the chairman and the chief executive officer to be separate and not performed by the same individual. The Board has considered this matter carefully and decided not to adopt the provision. The Board believes that the current management structure has been effective in facilitating the operation and development of the Group and its business for a considerable period of time and that the necessary checks and balances consistent with sound corporate governance practices are in place. Accordingly, the Board does not consider it necessary to change the current management structure. However, the Board will review the management structure from time to time to ensure it continues to meet these objectives.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions in 2004. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2011. The Model Code also applies to other specified senior management of the Group.

企業管治常規

本公司致力保持高水準之企業管治。本公司董事會(「董事會」)相信，對本集團成長及對保障及提高股東權益，完善及合理的企業管治常規實在不可或缺。除下文所述者外，本公司於回顧年度內一直遵守香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載之企業管治常規守則(「守則」)。

本集團設有一位執行主席。並無任何人士獲委任為行政總裁。執行主席在本集團高級管理層協助下監督管理本集團之業務。其他一般由行政總裁處理之職務則由本集團高級管理層負責。守則之條文規定主席及行政總裁之職務需要清楚劃分，且不可由同一人擔任，而本集團之管理架構與此有所偏離。董事會已仔細考慮有關事宜，並決定不採納有關條文。董事會相信現行管理架構在過往一直有效地推動本集團及其業務之營運及發展，並已建立符合完善企業管治常規所需之審查及制衡機制。因此，董事會並不認為本集團應改變現有管理架構。然而，董事會將不時檢討管理架構，以確保其持續達致有關目標。

董事之證券交易

本公司已於2004年採納上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)作為董事進行證券交易之行為守則。本公司經向所有董事作出具體查詢後，全體董事皆確認於截至2011年12月31日止年度內均遵守標準守則所載之規定標準。標準守則亦適用於本集團之特定高級管理層。

Corporate Governance Report

企業管治報告

BOARD OF DIRECTORS

Composition and role

The Board comprises:

Executive Directors:

Ms. Wai Siu Kee (*Chairman*)
Mr. Lee Man Yan
Mr. Yang Zuo Ning (*appointed on 27 June 2011*)
Ms. Wong Yuet Ming (*appointed on 27 June 2011*)
Mr. Kung Phong (*resigned on 27 June 2011*)
Ms. Poon Lai Ming (*resigned on 27 June 2011*)

Independent Non-executive Directors:

Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*
Mr. Heng Victor Ja Wei

The Board comprises of four executive directors (one of whom is the Chairman) and three independent non-executive directors. The three independent non-executive directors represent more than one-third of the Board. In addition, three of the independent non-executive directors possess appropriate legal, professional accounting qualifications and financial management expertise.

The principal focus of the Board is on the overall strategic development of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations.

The independent non-executive directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive director an annual confirmation or confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive directors are explicitly identified in all of the Company's corporate communications.

董事會

架構及角色

董事會包括：

執行董事：

衛少琦女士(*主席*)
李文恩先生
楊作寧先生(*委任於2011年6月27日*)
王月明女士(*委任於2011年6月27日*)
龔鈞先生(*辭任於2011年6月27日*)
潘麗明女士(*辭任於2011年6月27日*)

獨立非執行董事：

王啟東先生
尹志強先生*BBS太平紳士*
邢家維先生

董事會包括4位執行董事(其中1位為主席)及3位獨立非執行董事。3位獨立非執行董事佔董事會成員三分之一以上。此外，3位獨立非執行董事分別具適當之法律、專業會計師資格及財務管理經驗。

董事會主要著眼於本集團之整體策略及發展。董事會亦監察本集團之財務表現及經營業務之內部監控。

獨立非執行董事亦在確保及監察有效企業管治之架構中擔當非常重要的角色。董事會相信每一位獨立非執行董事均有其獨立性及判斷力，彼等均合乎上市規則規定之特定獨立準則。本公司已接獲各獨立非執行董事根據上市規則第3.13條規定所作出之年度獨立性確認函。而獨立非執行董事均可在本公司所有企業通訊內明確識別。

The Chairman is primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all directors. Notice of at least 14 days have been given to all directors for all regular board meetings and the directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all directors within reasonable time before the meeting. Draft minutes of all board meetings are circulated to directors for comment within a reasonable time prior to confirmation.

Minutes of board meetings and meetings of board committees are kept by duly appointed secretaries of the respective meetings and all directors have access to board papers and related materials, and are provided with adequate information in a timely manner, which enable the Board to make an informed decision on matters placed before it.

During the year under review, board meetings were held and the individual attendance of each director is set out below:

主席經徵詢全體董事，首要負責草擬及審批每次董事會會議之議程。開會通知最少於常務會議14天前發送予各董事，如需要，董事可要求在議程內加插討論事項。召開常務會議時，一套完整議程連同開會文件會在開會前之合理時間內發送予各董事。草擬的會議紀錄亦會於合理時間內送交各董事省閱，方予確認。

董事會及董事委員會之會議紀錄由相關會議所委任之秘書保存，所有董事均有權查閱董事會文件及相關資料及適時地獲提供足夠資料，使董事會可於決策事項前作出有根據的判斷。

於回顧年度內，已召開董事會，各董事出席情況詳列如下：

Name of director	董事姓名	Number of board meetings attended/Total 出席會議／會議總次數
Ms. Wai Siu Kee	衛少琦女士	9/11
Mr. Lee Man Yan	李文恩先生	9/11
Mr. Wong Kai Tung, Tony	王啟東先生	7/11
Mr. Wan Chi Keung, Aaron BBS JP	尹志強先生BBS太平紳士	7/11
Mr. Heng Victor Ja Wei	邢家維先生	7/11
Mr. Yang Zuo Ning (appointed on 27 June 2011)	楊作寧先生(委任於2011年6月27日)	1/4
Ms. Wong Yuet Ming (appointed on 27 June 2011)	王月明女士(委任於2011年6月27日)	3/4
Ms. Poon Lai Ming (resigned on 27 June 2011)	潘麗明女士(辭任於2011年6月27日)	5/7
Mr. Kung Phong (resigned on 27 June 2011)	龔鈞先生(辭任於2011年6月27日)	6/7

AUDIT COMMITTEE

The Audit Committee was established in 2001 and its current members include:

Mr. Heng Victor Ja Wei (Chairman)
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron BBS JP

The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in legal, business and accounting on the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference which describe the authority and duties of the Audit Committee were adopted in 2001 to conform to the provisions of the Code, a copy of which is posted on the Company's website.

審核委員會

審核委員會於2001年成立，其現時成員包括：

邢家維先生(主席)
王啟東先生
尹志強先生BBS太平紳士

董事會認為各審核委員會成員均具備廣泛營商經驗，審核委員會當中兼備合適之法律、商業及會計專業。審核委員會之架構及成員符合上市規則第3.21條之規定。為符合守則條文，描述審核委員會權限及職責之職權範圍已於2001年被採納，職權範圍全文已刊載於本公司網頁內。

Corporate Governance Report

企業管治報告

The Audit Committee meets regularly to review the Group's financial reporting and other information to shareholders, the system of internal controls, risk management and the effectiveness and objectiveness of the audit process. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the accounts for the year ended 31 December 2011.

During the year, three Audit Committee meetings were held and the individual attendance of each member is set out below:

審核委員會定期開會以檢討本集團之財務匯報及給予股東之其他資料、內部監控系統、風險管理及審核過程之有效性及效能。審核委員會並為董事會及公司核數師之間之重要橋樑，在其職權範圍內持續檢討核數師之獨立性及效能。

審核委員會已與管理層檢討本集團所採納之會計原則及慣例，並已就內部監控及財務匯報等事項進行討論，其中包括審閱截止2011年12月31日止年度之會計賬目。

年內，共召開3次審核委員會會議，個別成員的出席情況詳列如下：

Name of member	成員姓名	Number of attendance
		出席次數
Mr. Heng Victor Ja Wei	邢家維先生	3
Mr. Wong Kai Tung, Tony	王啟東先生	3
Mr. Wan Chi Keung, Aaron <i>BBS JP</i>	尹志強先生 <i>BBS太平紳士</i>	3

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005 and the current members include:

Mr. Heng Victor Ja Wei (*Chairman*)
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

All members of the Remuneration Committee are independent non-executive directors. The Remuneration Committee advises the Board on the Group's overall policy and structure for the remuneration of directors and senior management. The Remuneration Committee ensures that no director or any of his associate is involved in deciding his own remuneration. The terms of reference of the Remuneration Committee were adopted in 2005 to conform to the provisions of the Code, a copy of which is posted on the Company's website.

In determining the emolument payable to directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and the desirability of performance-based remuneration.

The Remuneration Committee has met during the year to determine the policy for the remuneration of directors and assess performance of executive directors and certain senior management and all members have attended in the meeting.

薪酬委員會

薪酬委員會於2005年成立，現時成員包括：

邢家維先生(*主席*)
王啟東先生
尹志強先生*BBS太平紳士*

所有薪酬委員會成員均為獨立非執行董事。薪酬委員會為本集團董事及高級管理層之薪酬之整體政策及架構向董事會作出建議。薪酬委員會確保概無董事或其任何聯繫人參與釐定其本身之薪酬。為符合守則條文，薪酬委員會的職權範圍已於2005年被採納，並已刊載於本公司網頁內。

在釐定應付予董事之酬金時，薪酬委員會乃考慮各項因素，包括同業薪金水平，董事所奉獻之時間及其職責，集團內部的僱傭情況及與表現掛鉤之酬金。

薪酬委員會已於本年度開會以釐定董事之酬金政策及評估執行董事及若干高級管理層之表現，所有成員均有出席會議。

AUDITORS' REMUNERATION

For the year ended 31 December 2011, the auditors of the Company only provided audit services to the Company.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to executive management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2011, the directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

INVESTOR RELATIONS AND COMMUNICATION

The Board is committed to providing clear and full information about the Group's performance to shareholders through the publication of interim results and annual results in a timely manner. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the website of the Company.

The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 days' notice. The Chairman and Directors and external auditors are available to answer questions on the Company's businesses at the meeting.

Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, procedures for demanding a poll are included in the circular to shareholders dispatched together with the annual report.

核數師薪酬

於截止2011年12月31日止年度，本公司的核數師只向本公司提供核數服務。

內部監控

董事會全面負責本集團之內部監控系統及檢討其是否有效。董事會致力實行有效及完善之內部監控系統以保障股東利益及本集團資產。董事會已指派執行管理層在設定之範疇內實行內部監控系統及檢討所有相關財政、營運、遵守法則監控及風險管理功能。

董事的職責

董事須負責編制各財政期間能真實與公正地反映本集團之財政狀況及該期間之業績及現金流量之賬目。在編制截止2011年12月31日止年度之賬目時，董事已貫徹採用合適之會計政策，採納合適的香港財務報告準則及香港會計準則，作出審慎及合理的調整及評估，及在持續進行有關業務之基準而編制。董事並須負責保存適當之會計紀錄，以能合理準確地披露本集團任何時候之財務狀況。

與投資者交流及溝通

董事會致力透過刊發中期業績及年度業績，適時地將本集團之表現清晰及全面地提供予股東。除發送通函、通告及財務報告予股東，股東亦可透過本公司網頁獲取額外資訊。

股東週年大會提供一個良好的平台讓股東向董事會發表及交流意見。本公司發出不少於21天之通告以鼓勵股東出席股東週年大會。主席、董事及外聘核數師均會列席會議以便回答本公司業務上之提問。

各重大獨立事項(包括個別董事之選任)均會於股東週年大會上單獨提呈決議案。此外，載有投票表決程序之通函會與年報一併寄發予股東。

Profile of Directors and Senior Management

董事及高級管理層簡介

EXECUTIVE DIRECTOR

Ms. WAI Siu Kee, aged 67, Chairman of the Company who joined the Group since its establishment in 1976. She is also the founder, chairman and chief executive officer of Lee & Man Handbags Holding Limited (Stock Code: 1488). Ms. Wai has more than 46 years of experience in the manufacturing industry. She is responsible for the development of corporate strategies, corporate planning and overall management of the Group and in particular the marketing and development of the business of the Group. Ms. Wai is the honorary permanent president of the Hong Kong Baptist University Foundation.

Mr. LEE Man Yan, aged 34, an Executive Director of the Group and General Manager of Jiangsu Lee & Man Chemical Limited and Jiangxi Lee & Man Chemical Limited. He is in charge of the corporate and strategic planning of the chemical business segment, and is responsible for the procurement, staff recruitment, public relations and management operations of the chemical business. He graduated from the University of British Columbia, Canada with a bachelor's degree in commerce. He joined the Group in 2000. Mr. Lee is a son of Ms. Wai Siu Kee, the Group's Chairman.

Mr. YANG Zuo Ning, aged 50, an Executive Director of the Group and Deputy General Manager of Jiangsu Lee & Man Chemical Ltd. He joined the Group in 2006. He is a national acclaimed senior engineer and has 29 years of production experience in chlor-alkali industries. He is responsible for the production supervision, corporate strategic planning and general management of Jiangsu Lee & Man Chemical Ltd.

Ms. WONG Yuet Ming, aged 47, an Executive Director, Financial Controller and Company Secretary of the Group. She is also the company secretary of Lee & Man Handbags Holding Limited (Stock Code: 1488). She joined the Group in 2004 and has over 22 years of experience in the field of auditing and accounting. She holds a master's degree in business administration from the University of Surrey, United Kingdom. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. She is responsible for the supervision and management of the Group's financial matters.

執行董事

衛少琦女士，67歲，本集團主席，於本集團在1976年成立時加入。彼同時是理文手袋有限公司(股份代號：1488)的創始人、主席兼行政總裁。衛女士於製造業積逾46年經驗。彼負責本集團的企業策略、企業策劃及集團整體管理的發展，尤其是本集團業務的市場推廣及發展。彼現擔任香港浸會大學基金永遠榮譽主席。

李文恩先生，34歲，本集團執行董事及江蘇理文化工有限公司及江西理文化工有限公司總經理。彼負責本集團化工業務之整體策略規劃，並負責化工機械物料採購，人事聘任，維繫與國內政府機構關係及日常營運管理工作。彼畢業於加拿大英屬哥倫比亞大學，持有商學士學位，於2000年加入本集團。李先生為本集團主席衛少琦女士之子。

楊作寧先生，50歲，本集團執行董事及江蘇理文化工有限公司副總經理。彼於2006年加入本集團。彼持有國家高級工程師職稱，擁有29年氯鹼化工生產技術之經驗。彼負責江蘇理文化工有限公司之生產監督、整體策略策劃及日常管理工作。

王月明女士，47歲，本集團執行董事、財務總監兼公司秘書。彼同時是理文手袋有限公司(股份代號：1488)的公司秘書。彼於2004年加入本集團，擁有逾22年核數及會計經驗，持有英國倫敦蘇里大學之工商管理碩士學位。彼為英國特許公認會計師公會之資深會員，亦為香港會計師公會會員。彼負責本集團之財務監督及管理。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Kai Tung, Tony, aged 69, an Independent Non-Executive Director of the Group. He 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.

Mr. WAN Chi Keung, Aaron BBS, JP, aged 62, an Independent Non-Executive Director of the Group. He holds a Master Degree in Business Administration of the Chinese University of Hong Kong and a Master Degree in Buddhist studies of the University of Hong Kong, also an associate of the Institution of Business Agents, a member of the Land Institute (London), an associate of the Chartered Institute of Arbitrators and a fellow of The Institute of Administrative Accounting. He is engaged in the business of property valuation and property auction and has over 30 years of related experience.

Mr. Heng Victor Ja Wei, aged 34, an Independent Non-Executive Director of the Group. He is a partner of Morison Heng, Certified Public Accountants. He holds a master of science degree of the Imperial College of Science, Technology and Medicine, the University of London. He is a member of The Association of Chartered Certified Accountants and member of The Hong Kong Institute of Certified Public Accountants. Mr. Heng serves as an independent non-executive director in China Fire Safety Enterprise Group Limited (Stock Code: 0445) and Lee & Man Handbags Holding Limited (Stock Code: 1488) whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

SENIOR MANAGEMENT

Mr. LAM Hiu Fung, aged 41, Deputy Financial Controller of the Group. He joined the Group in 2005 and has 18 years of experience in financial management. He holds a bachelor's degree in Accountancy from City University of Hong Kong and a master's degree in International Business from the Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He is responsible for the supervision on the financial matters, tax issues and general management of Jiangsu Lee & Man Chemical Limited.

Mr. HUI Jun, Dan, aged 57, Sales Director of the Group. He joined the Group in 2005 and has over 30 years experience in sales, marketing and business development in overseas and PRC enterprises. He is responsible for developing the Company's sales strategies, exploring potential markets and logistics management of Jiangsu Lee & Man Chemical Ltd.

Dr. TSE Man Kin, aged 40, Business Development Manager of the Group. He joined the Group in 2008 and has 17 years of experience in chemical research and research management. He holds a Ph.D in Chemistry from the Chinese University of Hong Kong and is a member of the American Chemical Society. He is responsible for the research and development of Jiangsu Lee & Man Chemical Ltd.

獨立非執行董事

王啟東先生，69歲，本集團獨立非執行董事。彼自1968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。彼現任希仕廷律師行之顧問。

尹志強先生BBS，太平紳士，62歲，本集團獨立非執行董事。彼持有香港中文大學工商管理碩士學位及香港大學佛學碩士學位，亦為英國商業經紀學會會員、英國倫敦土地學會會員、英國皇家仲裁學會會員及英國管理會計師學會之資深會員。彼從事物業估值及物業拍賣業務，並具有超過30年相關經驗。

邢家維先生，34歲，本集團獨立非執行董事。彼為華利信會計師事務所的合夥人。彼擁有英國倫敦大學帝國理工學院理學碩士學位。彼為英國特許公認會計師公會會員及香港會計師公會會員。彼於香港聯合交易所有限公司主板上市的中國消防企業集團有限公司(股份代號：0445)及理文手袋集團有限公司(股份代號：1488)出任獨立非執行董事。

高級管理層

林曉峰先生，41歲，本集團副財務總監。彼於2005年加入本集團，擁有18年財務管理經驗。彼持有香港城市理工大學會計學學士及香港中文大學國際商業碩士學位。彼為英國特許公認會計師公會之資深會員，亦為香港會計師公會會員。彼負責江蘇理文化工有限公司之財務監督，稅務及日常管理。

許俊先生，57歲，本集團銷售總監。彼於2005年加入本集團，曾任職於海外及國內多家企業，擁有逾30年之銷售，市場推廣及業務發展工作經驗。彼負責江蘇理文化工有限公司之銷售策略，業務拓展及物流管理工作。

謝文健博士，40歲，業務發展經理。彼於2008年加入本集團，擁有17年化學研究及研發管理經驗。彼持有香港中文大學化學博士學位及為美國化學學會成員。彼負責江蘇理文化工有限公司之研發工作。

Directors' Report

董事會報告

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

On 22 June 2011, as part of a reorganisation of the Group's businesses, the Company effected a spin-off of Lee & Man Development Company and its subsidiaries which are principally engaged in the manufacture and sale of handbags by way of a distribution in specie to the Company's shareholders on a pro rata basis (the "Spin-off").

Following the Spin-off, the Group is principally engaged in the manufacture and sale of chemical products.

The activities of its principal subsidiaries are set out in note 38 to the consolidated financial statements.

CHANGE OF COMPANY NAME

Pursuant to the special resolution approved by the shareholders of the Company held on 11 October 2011, the name of the Company was changed from Lee & Man Holding Limited to Lee & Man Chemical Company Limited 理文化工有限公司, which became effective on 18 October 2011.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 26.

An interim dividend of HK17 cents per share amounting to HK\$140,250,000 in aggregate was paid to the shareholders during the year.

The directors now recommend the payment of a final dividend of HK12 cents per share to the shareholders on the register of members on 9 May 2012, amounting to HK\$99,000,000 in total, and the retention of the remaining profit for the year of HK\$437,130,000.

董事會謹此提呈截至2011年12月31日止年度之董事會報告及經審核綜合財務報表。

主要業務

本公司為一間投資控股公司。

於2011年6月22日，作為本集團業務重組的一環，本公司透過按比例向本公司之股東作出實物分派，將理文發展有限公司及其附屬公司分拆（「分拆」），手袋集團主要從事製造和銷售手袋的業務。

緊接分拆後，集團主要從事生產及銷售化工产品（「化學業務」）。

其主要附屬公司之業務概況載於財務報表附註38。

變更公司名稱

根據2011年10月11日舉行公司股東大會上批准的特別決議案，本公司之名稱由「LEE & MAN HOLDING LIMITED」變更為「LEE & MAN CHEMICAL COMPANY LIMITED 理文化工有限公司」，已於2011年10月18日起正式生效。

業績及分派

本集團截至2011年12月31日止年度之業績載於第26頁之綜合全面收益表。

年內已向股東派發中期股息每股17港仙總額140,250,000港元。

董事建議派發末期股息每股12港仙予於2012年5月9日名列股東名冊之股東，總額為99,000,000港元，年內保留溢利之保留額為437,130,000港元。

CLOSURE OF REGISTER OF MEMBERS

In relation to the AGM

The annual general meeting (the "AGM") of the Company is scheduled to be held on Monday, 30 April 2012. For ascertaining shareholders' right to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 26 April 2012 to Monday, 30 April 2012, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 25 April 2012.

In relation to the proposed final dividend

The board of directors of the Company has resolved to recommend the payment of a final dividend of HK12 cents per share in cash for the year ended 31 December 2011 to shareholders whose names appear on the register of members of the Company on Wednesday, 9 May 2012 subject to the approval of the shareholders of the Company at the AGM. For ascertaining shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 7 May 2012 to Wednesday, 9 May 2012, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Friday, 4 May 2012.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 30 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$65,524,000 for the purpose of expanding its business. Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

暫停辦理股東登記手續

就股東週年大會而言

本公司謹訂於2012年4月30日(星期一)舉行股東週年大會(「股東週年大會」)。為確定股東有權出席股東週年大會並於會上投票之資格,本公司將於2012年4月26日(星期四)至2012年4月30日(星期一)(包括首尾兩天)暫停辦理股東登記,期間將不會辦理股份過戶手續。為確保符合出席股東週年大會並於會上投票之資格,所有填妥之過戶表格連同有關股票,必須於2012年4月25日(星期三)下午4時正前交回本公司之股份過戶登記分處卓佳秘書商務有限公司,地址為香港灣仔皇后大道東28號金鐘匯中心26樓,辦理登記手續。

就擬派末期股息而言

本公司董事會議決建議待本公司股東於股東週年大會上批准後,向於2012年5月9日(星期三)名列本公司股東名冊之股東,以現金派發截至2011年12月31日止年度之末期股息每股12港仙。為確定股東享有領取擬派末期股息之資格,本公司將於2012年5月7日(星期一)至2012年5月9日(星期三)(包括首尾兩天)暫停辦理股東登記,期間將不會辦理股份過戶手續。為確保符合領取擬派末期股息之資格,所有填妥之過戶表格連同有關股票,必須於2012年5月4日(星期五)下午4時正前交回本公司之股份過戶登記分處卓佳秘書商務有限公司,地址為香港灣仔皇后大道東28號金鐘匯中心26樓,辦理登記手續。

股本

本公司股本之詳情載於綜合財務報表附註30。

物業、廠房及設備

年內本集團添置約65,524,000港元之物業、廠房及設備主要為擴充本集團之業務。上述及本集團物業、廠房及設備於年內變動之詳情載於綜合財務報表附註16。

Directors' Report

董事會報告

DIRECTORS

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

Executive directors

Ms. Wai Siu Kee (*Chairman*)
Mr. Lee Man Yan
Mr. Yang Zuo Ning (*appointed on 27 June 2011*)
Ms. Wong Yuet Ming (*appointed on 27 June 2011*)
Mr. Kung Phong (*resigned on 27 June 2011*)
Ms. Poon Lai Ming (*resigned on 27 June 2011*)

Independent non-executive directors

Mr. Wan Chi Keung, Aaron *BBS JP*
Mr. Wong Kai Tung, Tony
Mr. Heng Victor Ja Wei

In accordance with the provisions of the Company's Articles of Association, Mr. Lee Man Yan, Mr. Yang Zuo Ning and Ms. Wong Yuet Ming will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

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

DIRECTORS' SERVICE CONTRACTS

Ms. Wai Siu Kee has entered into a service agreement with the Company on 1 September 2011 for a period of 3 years, which will continue thereafter unless and until terminated by either party by three months' prior written notice.

Mr. Lee Man Yan has entered into a service agreement with the Company for an initial period of three years commencing 16 August 2010, which will continue thereafter unless and until terminated by either party by three months' prior written notice.

Mr. Yang Zuo Ning and Ms. Wong Yuet Ming have each entered into a service agreement with the Company for a fixed term of one year commencing 27 June 2011, which will be terminated by either party by three months' prior written notice.

董事

於本年度及截至本報告日止，本公司之董事為：

執行董事

衛少琦女士(*主席*)
李文恩先生
楊作寧先生(*於2011年6月27日委任*)
王月明女士(*於2011年6月27日委任*)
龔鈞先生(*於2011年6月27日辭任*)
潘麗明女士(*於2011年6月27日辭任*)

獨立非執行董事

尹志強先生*BBS太平紳士*
王啟東先生
邢家維先生

根據本公司組織章程細則，李文恩先生、楊作寧先生及王月明女士須於應屆之股東週年大會告退，惟彼等均有資格並願意膺選連任。

獨立非執行董事之任期，直至其須根據本公司組織章程細則之規定退任為止。

董事之服務合約

衛少琦女士於2011年9月1日與本公司訂立服務協議，為期3年，此後一直存續，除非及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。

李文恩先生已與本公司訂立服務協議，年期由2010年8月16日起計為期3年，此後一直存續，除非及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。

楊作寧先生及王月明女士各自於2011年6月27日與本公司訂立服務協議，為期1年，而任何一方向另一方發出三個月事前書面通知可予以終止。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN EQUITY**董事於股本中擁有的權益及淡倉**

As at 31 December 2011, the relevant interests or short positions of the directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO) or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the relevant provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") relating to securities transactions by directors to be notified to the Company and the Stock Exchange were as follows:

於2011年12月31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：

(a) Long positions in shares of the Company**(a) 於本公司股份之好倉**

Ordinary shares of HK\$0.10 each of the Company

本公司每股0.1港元之普通股

Name of director 董事姓名	Capacity 身份	Number of issued ordinary shares held 普通股數目	Percentage of the issued share capital of the Company 佔已發行股本百分比
Lee Man Yan	Held by controlled corporation	618,750,000	75%
李文恩	由受控法團持有	(note) (附註)	

note: These shares are held by Fortune Star Tradings Ltd. ("Fortune Star").

附註：上述股份乃由 Fortune Star Tradings Ltd. (「Fortune Star」)持有。

(b) Share options**(b) 購股權**

Name of director 董事姓名	Capacity 身份	Number of ordinary shares subject to options granted 已授出購股權之普通股數目	Percentage of the issued share capital of the Company 佔已發行股本百分比
Lee Man Yan	Beneficial Owner	82,500,000	10%
李文恩	實益擁有人		

Directors' Report

董事會報告

DIRECTORS' INTERESTS AND SHORT POSITIONS IN EQUITY (CONTINUED)

董事於股本中擁有的權益及淡倉(續)

(c) Long positions in shares of the associated corporations of the Company

(c) 於本公司相聯法團之股份好倉

Name of Director	Capacity	Name of associated company	Number of issued ordinary shares held	Percentage of the issued shares of the associated company
董事姓名	身份	相聯法團名稱	所持已發行普通股數目	佔相聯法團已發行股本百分比
Lee Man Yan 李文恩	Beneficial owner 實益擁有人	Fortune Star	45 (note) (附註)	45%

note: As Fortune Star owns more than 50% of the Company, Fortune Star is an associated corporation of the Company under the SFO. The entire issued share capital of Fortune Star is owned by Mr. Lee Man Yan, a Director, as to 45% and Mr. Lee Wan Keung as to the remaining 55%. Ms. Wai Siu Kee is a director of Fortune Star.

附註: 由於Fortune Star擁有本公司50%以上權益，根據證券及期貨條例，Fortune Star為本公司之相聯法團。Fortune Star之全部已發行股本由董事李文恩先生持有45%及李運強先生持有餘下之55%，衛少琦女士為Fortune Star之董事。

Other than disclosed above, none of the directors or the chief executive, or any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

除上文所披露，概無本公司董事或最高行政人員或彼等之聯繫人於本公司或其任何相聯法團之股份、相關股份或債權證中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及聯交所、或根據證券及期貨條例第352條須記錄於該條例所指之登記冊、或根據標準守則須知會本公司及聯交所之任何權益或淡倉。

SHARE OPTIONS

A share option scheme was adopted by the Company on 14 December 2001, under which the directors or the chief executive of the Company or their associates may be granted options to subscribe for shares in the Company.

Details of the share option scheme and movement of the share options during the year are set out in note 31 to the consolidated financial statements.

購股權

本公司於2001年12月14日採納一項購股權計劃，據此本公司之董事或最高行政人員或彼等之聯繫人可獲授予購股權以認購本公司股份。

於年內本公司購股權計劃及購股權變動之詳情載於綜合財務報表附註31。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries and fellow 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 debentures of, the Company or any other body corporate.

購買股份或債券之安排

除上文購股權權益所披露外，本公司、其控股公司、或其任何附屬公司或同系集團附屬公司於本期間任何時間內，概無參與任何安排，使本公司董事藉購入本公司或任何其他法人團體之股份或債券而獲得利益。

SUBSTANTIAL SHAREHOLDERS

At 31 December 2011, shareholders (other than directors and chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 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 were as follows:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of shareholders 股東姓名	Capacity 身份	Number of issued ordinary shares held 普通股數目	Percentage of the issued share capital of the Company 佔已發行股本百分比
Fortune Star	Beneficial owner 實益擁有人	618,750,000	75%

Other than disclosed above, as at 31 December 2011, the Company has not been notified by any persons (other than directors and 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 provision 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.

CONNECTED TRANSACTIONS

Details of the related party transactions for the year are set out in note 36 to the consolidated financial statements which are also the discloseable connected transaction pursuant to Listing Rules. 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 was no available comparison, on terms that were fair and reasonable so far as the shareholders of the Company were concerned;
- (iii) either (a) in accordance with the terms of the agreements; or (b) where there were 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 need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

主要股東

於2011年12月31日，股東(本公司董事或最高行政人員除外)於本公司之股份及相關股份中，擁有根據證券及期貨條例第XV部第2及3分部已向本公司披露、或已記錄於根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉如下：

好倉

本公司每股0.1港元之普通股

Name of shareholders 股東姓名	Capacity 身份	Number of issued ordinary shares held 普通股數目	Percentage of the issued share capital of the Company 佔已發行股本百分比
Fortune Star	Beneficial owner 實益擁有人	618,750,000	75%

除上文所披露，於2011年12月31日，概無任何其他人士(本公司董事或最高行政人員除外)通知本公司，指其在本公司之股份或相關股份中，擁有任何根據證券及期貨條例第XV部第2及3分部須向本公司披露、或已記錄於根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉。

關連交易

根據上市規則，有關本年度須予披露之關連交易之詳情載於綜合財務報表附註36。各獨立非執行董事認為，本集團進行該等交易乃：

- (i) 在本集團日常及一般業務中進行；
- (ii) 按(a)正常商業條款；或(b)當無可比較例子，其條款對本公司股東而言乃屬公平合理；
- (iii) 按(a)協議條款；或(b)當無此等協議時，不遜於給予或自獨立第三者所得之條款；及
- (iv) 所涉及金額不超過與聯交所議定之有關最高限額。

除上文所披露外，並無任何其它交易須按上市規則之要求須予披露為關連交易。

Directors' Report

董事會報告

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers were approximately 31% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 13% of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers were approximately 64% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 20% of the Group's total purchases.

None of the directors, their associates or any shareholders 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 customers 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.

PRE-EMPTIVE RIGHTS

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

董事於重大合約中之權益

除「關連交易」一段所披露外，本公司、其控股公司或其任何同系集團附屬公司於年終或年內任何時間概無參與訂立與本公司董事有直接或間接重大權益之重要合約。

主要客戶及供應商

年內本集團五大客戶之累計銷貨佔本集團之總營業額約31%，而本集團最大客戶之銷貨佔本集團總營業額約13%。

年內本集團之五大供應商之累計購貨約佔本集團總購貨額64%，而本集團最大供應商之購貨佔本集團總購貨約20%。

概無董事、彼等之聯繫人或董事所知擁有本公司已發行股本5%以上之任何股東，擁有本集團五大客戶任何股本權益。

購買、出售或贖回本公司之上市證券

本公司及其任何附屬公司於年內概無購買、出售或贖回本公司之上市證券。

優先購股權

本公司之組織章程細則或開曼群島法例均無有關優先購股權之條文，規定本公司須按持股比例向現有股東發售新股份。

委任獨立非執行董事

根據上市規則第3.13條之指引，每名獨立非執行董事已向本公司確認其年度之獨立性，本公司認為所有獨立非執行董事確屬獨立人士。

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees. Details of the scheme are set out in note 31 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2011.

AUDITOR

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

On behalf of the Board

Wai Siu Kee

CHAIRMAN

Hong Kong, 27 February 2012

酬金政策

本集團僱員之酬金政策由薪酬委員會設立，乃按僱員之功績、專業資格及才能而釐定。

本公司董事之酬金由薪酬委員會按本公司之經營業績、其個人之工作表現及相對之市場狀況而釐定。

本公司已採納一項購股權計劃，作為對董事及合資格僱員之獎勵，計劃詳情載於綜合財報表附註31。

足夠公眾持股量

本公司於截至2011年12月31日止整個年度內皆保持足夠公眾持股量。

核數師

有關續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於股東週年大會上提呈。

代表董事會

主席

衛少琦

香港，2012年2月27日

Independent Auditor's Report

獨立核數師報告

Deloitte.

德勤

TO THE MEMBERS OF LEE & MAN CHEMICAL COMPANY LIMITED (FORMERLY KNOWN AS LEE & MAN HOLDING LIMITED)

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Lee & Man Chemical Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 105, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

致理文化工有限公司股東

(前稱理文集團有限公司)

(於開群島註冊成立之有限公司)

本核數師行已審核載於第26頁至第105頁理文化工有限公司(「貴公司」)及其附屬公司(「統稱為 貴集團」)之綜合財務報表，此等財務報表包括於2011年12月31日之綜合財務狀況表，與截至該日止年度之綜合全面收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

董事就綜合財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例之披露規定編制真實及公平之綜合財務報表，及落實其認為編制綜合財務報表所必要之有關內部監控，以使綜合財務報表並無因欺詐或錯誤而導致之重大錯誤陳述。

核數師之責任

本核數師行之責任是根據本行之審核結果，對該等綜合財務報表作出意見，並根據雙方協議條款，僅向整體股東報告，而不作其他用途。本核數師行概不就本報告之內容向任何其他人士負責或承擔任何責任。本核數師行已根據香港會計師公會頒佈的香港審計準則進行審核工作。該等準則要求我們遵守道德規範並規劃及執行審核，以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

AUDITOR'S RESPONSIBILITY (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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, 27 February 2012

核數師之責任(續)

審核涉及執程序以獲取有關綜合財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編制真實及公平之綜合財務報表相關的內部監控，以因應不同情況設計適當之審核程序，但並非為對公司之內部監控是否有效而作出意見。審核工作亦包括評價董事所採用之會計政策之合適性及所作出之會計評估之合理性，以及評價綜合財務報表之整體呈報方式。

本核數師行相信，本行所獲得之審核憑證是充足和適當地為本行之審核意見提供基礎。

意見

本核數師行認為，本綜合財務報表足以真實並公平地反映 貴集團於2011年12月31日之財務狀況及 貴集團截至該日止年度之溢利及現金流量，並已根據香港財務報告準則及香港公司條例之披露規定而妥善編制。

德勤 • 關黃陳方會計師行
執業會計師

香港，2012年2月27日

Consolidated Statement of Comprehensive Income

綜合全面收益表

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

		Notes 附註	2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
Continuing operation	持續經營業務			
Revenue	收入	6	1,808,348	1,285,269
Cost of sales	銷售成本		(963,084)	(710,528)
Gross profit	毛利		845,264	574,741
Other income	其他收入	8	55,298	8,295
Net loss on derivative financial instruments	衍生金融工具淨虧損		(1,685)	–
Selling and distribution costs	銷售及分銷成本		(56,897)	(46,595)
General and administrative expenses	行政費用		(143,095)	(106,827)
Interest on bank borrowings wholly repayable within five years	利息支出—須於五年內全部償還之銀行借款		(11,345)	(8,773)
Share of profit of jointly controlled entities	應佔共同控制實體利潤		7	–
Profit before taxation	除稅前溢利		687,547	420,841
Income tax expense	所得稅支出	9	(50,584)	(62,700)
Profit for the year from continuing operation	持續經營業務之年內溢利		636,963	358,141
Discontinued operation	已終止經營業務			
Profit for the year from discontinued operation	已終止經營業務之期內溢利	10	33,327	107,676
Gain arising from reclassification of translation reserve upon distribution in specie	實物分派時重列匯兌儲備所產生之收益		6,090	–
			39,417	107,676
Profit for the year	年內溢利	11	676,380	465,817
Other comprehensive income	其他全面收益			
Exchange differences arising from translation	因換算而產生的匯兌差額		71,957	40,667
Reclassification of translation reserve upon distribution in specie	實物分派時重列匯兌儲備		(6,090)	–
Share of reserve of jointly controlled entities	應佔共同控制實體儲備		221	161
Fair value loss on hedging instruments in cash flow hedges	現金流對沖工具之公平值虧損		(2,963)	–
Other comprehensive income for the year	年內其他全面收益		63,125	40,828
Total comprehensive income for the year	年內全面收益總額		739,505	506,645
Earnings per share from continuing and discontinued operations:	持續經營及已終止經營業務之每股盈利：			
– Basic (HK cents)	– 基本(港仙)	12	82.0	56.5
– Diluted (HK cents)	– 攤薄(港仙)		81.4	56.5
Earnings per share from continuing operation:	持續經營業務每股盈利：			
– Basic (HK cents)	– 基本(港仙)		77.2	43.4
– Diluted (HK cents)	– 攤薄(港仙)		76.7	43.4

Consolidated Statement of Financial Position

綜合財務狀況表

(At 31 December 2011) (於2011年12月31日)

	Notes 附註	31.12.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元 (restated) (經重列)	1.1.2010 HK\$'000 千港元 (restated) (經重列)
NON-CURRENT ASSETS				
非流動資產				
Property, plant and equipment	物業、廠房及設備	16	1,124,535	1,170,338
Prepaid lease payments	預付租賃款項	17	45,454	55,855
Investment properties	投資物業	18	–	26,341
Intangible assets	無形資產	19	8,443	8,323
Deposits paid for the acquisition of property, plant and equipment	購置物業、廠房及設備之已付訂金		14,613	29,598
Deposit paid for land use right	土地使用權之已付訂金		3,045	–
Interests in jointly controlled entities	共同控制實體之權益	20	4,934	4,706
Loan to a jointly controlled entity	共同控制實體之貸款	23	9,400	–
Defined benefit assets	界定利益資產	35	–	4,538
Deferred tax asset	遞延稅項資產	29	–	626
			1,210,424	1,300,325
CURRENT ASSETS				
流動資產				
Inventories	存貨	21	95,620	168,072
Prepaid lease payments	預付租賃款項	17	929	1,235
Trade and other receivables	應收貿易及其他款項	22	293,601	304,323
Derivative financial instruments	衍生金融工具		–	–
Tax recoverable	可收回稅項		–	2,824
Restricted bank balances	有限制銀行結餘		–	–
Bank balances and cash	銀行結餘及現金	25	1,233,108	393,385
			1,623,258	869,839
CURRENT LIABILITIES				
流動負債				
Trade and other payables	應付貿易及其他款項	26	190,234	313,530
Derivative financial instruments	衍生金融工具	24	–	530
Amounts due to related companies	應付關連公司款項	27	201	6,955
Taxation payable	應付稅項		14,738	27,884
Bank borrowings – due within 1 year	銀行借款 – 1年內到期	28	220,148	479,577
			425,321	828,476
NET CURRENT ASSETS (LIABILITIES)	流動資產(負債)淨值		1,197,937	41,363
				(234,346)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		2,408,361	943,694

Consolidated Statement of Financial Position

綜合財務狀況表

(At 31 December 2011) (於2011年12月31日)

	Notes 附註	31.12.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元 (restated) (經重列)	1.1.2010 HK\$'000 千港元 (restated) (經重列)
NON-CURRENT LIABILITIES				
非流動負債				
Bank borrowings – due after 1 year	28	746,600	41,808	83,616
Other long term payables		–	–	1,676
Deferred tax liabilities	29	–	582	553
Derivative financial instruments	24	3,140	–	–
		749,740	42,390	85,845
NET ASSETS		1,658,621	1,299,298	857,849
資產淨值				
CAPITAL AND RESERVES				
資本及儲備				
Share capital	30	82,500	82,500	82,500
Reserves		1,576,121	1,216,798	775,349
		1,658,621	1,299,298	857,849

The consolidated financial statements on pages 26 to 105 were approved and authorised for issue by the Board of Directors on 27 February 2012 and are signed on its behalf by:

第26頁至第105頁所載之綜合財務報表已於2012年2月27日經董事會通過及授權刊發，並由下列董事代表簽署：

Wai Siu Kee
衛少琦
Chairman
主席

Lee Man Yan
李文恩
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

		Share capital	Share premium	Asset revaluation reserve	Non-distributable reserve	Translation reserve	Hedging reserve	Share options reserve	Special reserve	Accumulated profits	Total
		股本	股份溢價	重估儲備	不可分派儲備	匯兌儲備	對沖儲備	購股權儲備	特別儲備	累計溢利	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	千港元	千港元	千港元	千港元
					(note i)				(note ii)		
					(附註i)				(附註ii)		
At 1 January 2010 (originally stated)	於2010年1月1日(原列)	82,500	20,307	74,727	-	35,049	-	-	(67,990)	780,662	925,255
Effects of change in accounting policies	會計政策變更之影響	-	-	(68,085)	-	-	-	-	-	679	(67,406)
At 1 January 2010 (restated)	於2010年1月1日(經重列)	82,500	20,307	6,642	-	35,049	-	-	(67,990)	781,341	857,849
Exchange differences arising from translation	因換算所產生的滙兌差額	-	-	-	-	40,667	-	-	-	-	40,667
Share of reserve of a jointly controlled entity	應佔共同控制實體儲備	-	-	-	-	161	-	-	-	-	161
Other comprehensive income for the year	年內其他全面收益	-	-	-	-	40,828	-	-	-	-	40,828
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	465,817	465,817
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	40,828	-	-	-	465,817	506,645
Recognition of equity-settled share-based payments	確認以股本結算為基礎之支出	-	-	-	-	-	-	66,804	-	-	66,804
Dividends recognised as distribution	已確認分派之股息	-	-	-	-	-	-	-	-	(132,000)	(132,000)
Transfer to non-distributable reserve fund	轉入不可分派儲備基金	-	-	-	59,575	-	-	-	-	(59,575)	-
At 31 December 2010 (restated)	於2010年12月31日(經重列)	82,500	20,307	6,642	59,575	75,877	-	66,804	(67,990)	1,055,583	1,299,298
Exchange differences arising from translation	因換算所產生的滙兌差額	-	-	-	-	71,957	-	-	-	-	71,957
Share of reserve of a jointly controlled entity	應佔共同控制實體儲備	-	-	-	-	221	-	-	-	-	221
Fair value loss on hedging instruments in cash flow hedges	現金流對沖工具之公平值虧損	-	-	-	-	-	(2,963)	-	-	-	(2,963)
Reclassification upon distribution in specie	實物分派時重列	-	-	-	-	(6,090)	-	-	-	-	(6,090)
Other comprehensive income (expense) for the year	年內其他收益(支出)總額	-	-	-	-	66,088	(2,963)	-	-	-	63,125
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	676,380	676,380
Total comprehensive income (expense) for the year	年內其他全面收益(支出)總額	-	-	-	-	66,088	(2,963)	-	-	676,380	739,505
Recognition of equity-settled share-based payments	確認以股本結算為基礎之支出	-	-	-	-	-	-	62,370	-	-	62,370
Derecognition upon distribution in specie (Note 13)	實物分派時取消確認(附註13)	-	-	(6,642)	-	-	-	-	(29,372)	(159,038)	(195,052)
Cash dividends recognised as distribution	已確認分派之現金股息	-	-	-	-	-	-	-	-	(247,500)	(247,500)
Transfer to non-distributable reserve fund	轉入不可分派儲備基金	-	-	-	67,362	-	-	-	-	(67,362)	-
At 31 December 2011	於2011年12月31日	82,500	20,307	-	126,937	141,965	(2,963)	129,174	(97,362)	1,258,063	1,658,621

Consolidated Statement of Changes in Equity

綜合權益變動表

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

notes:

- (i) According to the relevant laws in the People's Republic of China ("PRC"), wholly foreign-owned enterprises in the PRC are required to transfer at least 10% of their net profits after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The non-distributable reserve fund can be used to offset the previous years' losses, if any. The non-distributable reserve fund is non-distributable other than upon liquidation.
- (ii) The special reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired pursuant to a group reorganisation in December 2001.

附註：

- (i) 根據中華人民共和國(「中國」)相關法律，在中國的外資企業須結轉最少10%除稅後溢利(根據中國會計規定釐定)至不可分派儲備，直至儲備結餘達到註冊資本50%。結轉該儲備必須在分派股息給股東前。不可分派儲備可用作抵消過往年度虧損(如有)。除清盤外，不可分派儲備是不得分派。
- (ii) 本集團之特別儲備乃本公司透過2001年12月之集團重組所收購之附屬公司之股本面值與本公司已發行股本面值之差額。

Consolidated Statement of Cash Flows

綜合現金流量表

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

		2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
OPERATING ACTIVITIES	經營業務		
Profit before taxation:	除稅前溢利：		
Continuing operation	持續經營業務	687,547	420,841
Discontinued operation	已終止經營業務	37,603	117,147
		725,150	537,988
Adjustments for:	調整：		
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	103,995	95,999
Share-based payment expense	股份支付開支	62,370	66,804
Interest on bank borrowings wholly repayable within five years	利息支出須於五年內全部償還之銀行借款	12,077	10,480
Release of prepaid lease payments	釋出預付租賃款	1,008	1,217
Amortisation of intangible assets	無形資產攤銷	1,055	1,019
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	334	370
Net loss (gain) from fair value changes on derivative financial instruments	衍生金融工具公平值變動所產生之淨虧損(收益)	2,179	(70)
Impairment loss recognised in respect of trade receivables	應收貿易帳款減值虧損	-	204
Reversal of write-down of inventories	存貨跌價回撥	-	(3,114)
Interest income	利息收入	(25,889)	(1,701)
Change in fair value of investment properties	投資物業公平值變動	-	(1,374)
Recovery of doubtful debt	收回呆壞賬	-	(6)
Share of profit of joint controlled entities	應佔共同控制實體利潤	(7)	-
Operating cash flows before movements in working capital	營運資金變動前之經營業務現金流量	882,272	707,816
Increase in inventories	存貨增加	(34,130)	(56,583)
Increase in trade and other receivables	應收貿易及其他款項增加	(148,288)	(126,134)
Increase in defined benefit assets	界定利益資產增加	-	(288)
(Decrease) increase in trade and other payables	應付貿易及其他款項(減少)增加	(7,480)	62,369
(Decrease) increase in derivative financial instruments	衍生金融工具(減少)增加	(1,024)	1,304
Decrease in amounts due to related companies	應付關連公司款項減少	-	(1,956)
Cash generated from operations	經營業務所得現金	691,350	586,528
Hong Kong Profits Tax paid	已付香港所得稅	-	(13,418)
Profits Tax paid for other jurisdictions	已付其他司法權區所得稅	(62,500)	(37,757)
NET CASH FROM OPERATING ACTIVITIES	經營業務所得現金淨額	628,850	535,353

Consolidated Statement of Cash Flows

綜合現金流量表

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

		2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
INVESTING ACTIVITIES	投資活動		
Deposits paid for acquisition of property, plant and equipment	購置物業、廠房及設備之已付訂金	(39,397)	(106,612)
Derecognition of cash of subsidiaries upon Spin-off	分拆時取消確認附屬公司之現金	(33,703)	-
Purchase of property, plant and equipment	購置物業、廠房及設備	(18,749)	(112,217)
Loan to a jointly controlled entity	共同控制實體之貸款	(9,400)	-
Increase in prepaid lease payments	預付租賃款增加	(7,470)	-
Deposit paid for land use right	土地使用權所付訂金	(2,990)	-
Purchase of intangible assets	購置無形資產	(904)	-
Interest received	已收利息	25,889	1,701
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	201	178
Investment in a jointly controlled entity	投資共同控制實體	-	(4,545)
Decrease in restricted bank balances	有限制銀行結餘減少	-	1,705
NET CASH USED IN INVESTING ACTIVITIES	投資活動所耗現金淨額	(86,523)	(219,790)
FINANCING ACTIVITIES	融資活動		
Bank borrowings raised	新籌集銀行借款	803,191	327,638
Repayment of bank borrowings	償還銀行借款	(251,170)	(178,586)
Dividends paid	已付股息	(247,500)	(132,000)
Interest paid	已付利息	(12,077)	(10,480)
Repayment to related parties	償還關連公司	(6,754)	-
Settlement of derivative financial instruments under hedge accounting	償還衍生金融工具於對沖會計法下結算	(1,508)	-
NET CASH FROM FINANCING ACTIVITIES	融資活動所得現金淨額	284,182	6,572
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及等同現金項目增加淨額	826,509	322,135
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	於年初之現金及等同現金項目	393,385	70,638
EFFECT OF CHANGES IN EXCHANGE RATE	匯率變動之影響	13,214	612
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	於年終之現金及等同現金項目	1,233,108	393,385

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands under the Companies Law (Revised) Chapter 22 of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company and immediate parent is Fortune Star Tradings Ltd. ("Fortune Star"), a company which is incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Lee Wan Keung. The address of the registered office of the Company is disclosed in the section "Corporate Information" to the annual report.

On 22 June 2011, as part of a reorganisation of the Group's businesses, the Company effected a spin-off of Lee & Man Development Company and its subsidiaries (the "Handbag Group") which are principally engaged in the manufacture and sale of handbags (the "Handbag Business") by way of a distribution in specie to the Company's shareholders on a pro rata basis (the "Spin-off").

Following the Spin-off, the Group was principally engaged in the manufacture and sale of chemical products (the "Chemical Business").

Prior to the Spin-off, the functional currency of the Company was United States dollars. Because of the Spin-off, the Company's remaining subsidiaries would principally operate in a Renminbi ("RMB") environment. The directors reassessed the functional currency of the Company and changed to RMB as RMB better reflects the underlying transactions, event and condition that are relevant to the Company.

The consolidated financial statements are presented in Hong Kong dollars ("HK dollars") as the Company is listed in Hong Kong.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in note 38.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current year, the Group has applied the following new and revised HKFRSS issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSS	Improvements to HKFRSS issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

1. 一般資料

本公司根據開曼群島公司法(經修訂)第22章於開曼群島註冊成立為一家獲豁免有限公司，其股份於香港聯合交易所有限公司(「聯交所」)上市。其最終控股公司為Fortune Star Tradings Ltd.，一間於英屬維爾京群島註冊成立之公司。其最終控股方為李運強先生。本公司註冊辦事處地點於本年報「公司資料」中披露。

於2011年6月22日，作為本集團業務重組的一環，本公司透過按比例向本公司之股東作出實物分派，將理文發展有限公司及其附屬公司(「手袋集團」)分拆(「分拆」)，手袋集團主要從事製造和銷售手袋的業務(「手袋業務」)。

緊接分拆後，集團主要從事生產及銷售化工產品(「化學業務」)。

於分拆前，本公司之功能貨幣為美元。由於進行分拆公司之現有附屬公司均於人民幣環境下經營，董事重新檢討後認為本公司之功能貨幣應變更為人民幣(「人民幣」)因人民幣更能反映公司相關交易、事件及情況。

由於本公司於香港上市，故綜合財務報表以港元(「港元」)呈示。

本公司為一間投資控股公司。其主要附屬公司之主要業務載於年報中附註38。

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

於本年度，本集團已應用以下由香港會計師公會頒佈的新訂及經修訂準則及詮釋。

香港財務報告準則(修訂)	2010年頒佈的香港財務報告準則的改進
香港會計準則第24號(2009年修訂)	關聯人士披露
香港會計準則第32號(修訂)	供股的分類
香港(國際財務報告詮釋委員會) – 詮釋第14號(修訂)	最少資金需求的預付款項
香港(國際財務報告詮釋委員會) – 詮釋第19號	以權益工具抵消金融負債

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (CONTINUED)

The application of the new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in those consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁶
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2011.

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

³ Effective for annual periods beginning on or after 1 January 2015.

⁴ Effective for annual periods beginning on or after 1 January 2012.

⁵ Effective for annual periods beginning on or after 1 July 2012.

⁶ Effective for annual periods beginning on or after 1 January 2014.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

採納新訂及經修訂準則及詮釋對本集團當前或過往會計期間之綜合財務報表及披露並無重大影響。

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早採納下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則：

香港財務報告準則第7號(修訂本)	披露一轉讓金融資產 ¹
香港財務報告準則第7號(修訂本)	披露一抵銷金融資產及金融負債 ²
香港財務報告準則第9號(修訂本)及香港財務報告準則第7號	強制性生效日期及過渡披露 ³
香港財務報告準則第9號	金融工具 ³
香港財務報告準則第10號	綜合財務報表 ²
香港財務報告準則第11號	聯合安排 ²
香港財務報告準則第12號	披露於其他實體的權益 ²
香港財務報告準則第13號	公平值計量 ²
香港會計準則第1號(修訂本)	呈列其他全面收入項目 ⁵
香港會計準則第12號(修訂本)	遞延稅項一收回相關資產 ⁴
香港會計準則第19號(2011年修訂)	僱員福利 ²
香港會計準則第27號(2011年修訂)	獨立財務報表 ²
香港會計準則第28號(2011年修訂)	於聯營公司及合營公司的投資 ²
香港會計準則第32號(修訂本)	抵銷金融資產及金融負債 ⁶
香港(國際財務報告詮釋委員會)一詮釋第20號	露天礦場生產階段的剝採成本 ²

¹ 於2011年7月1日或之後開始之年度期間生效。

² 於2013年1月1日或之後開始之年度期間生效。

³ 於2015年1月1日或之後開始之年度期間生效。

⁴ 於2012年1月1日或之後開始之年度期間生效。

⁵ 於2012年7月1日或之後開始之年度期間生效。

⁶ 於2014年1月1日或之後開始之年度期間生效。

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

有關綜合、合營安排、聯營公司及披露的新訂及經修訂香港財務報告準則

於2011年6月，五項有關綜合、共同安排、聯營公司及披露的準則獲頒佈，包括香港財務報告準則第10號、香港財務報告準則第11號、香港財務報告準則第12號、香港會計準則第27號(2011年經修訂)及香港會計準則第28號(2011年經修訂)。

該等五項準則的主要要求概述如下。

香港財務報告準則第10號取代香港會計準則第27號「綜合及獨立財務報表」處理綜合財務報表之部份及香港(常務詮釋委員會)詮釋12「綜合—特殊目的實體」。香港財務報告準則第10號載有控制權之新定義，包含三項元素：(a)對被投資公司的權力，(b)參與被投資公司所得可變回報之風險或權利，及(c)行使對被投資公司之權力以影響投資公司回報金額之能力。香港財務報告準則第10號已加入廣泛指引以處理複雜情況。

香港財務報告準則第11號取代香港會計準則第31號「於合營公司的權益」及香港(常務詮釋委員會)詮釋13「共同控制實體—合資方作出的非貨幣出資」。香港財務報告準則第11號處理受兩方或多方共同控制的共同安排須如何分類。根據香港財務報告準則第11號，共同安排分類為共同經營或合營公司，取決於各方於安排的權利及責任。相比而言，根據香港會計準則第31號，共同安排分為三個類別：共同控制實體、共同控制資產及共同控制經營。

此外，根據香港財務報告準則第11號的合營公司需採用會計權益法入賬，而根據香港會計準則第31號的共同控制實體可以會計權益法或會計比例法入賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (CONTINUED)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (Continued)

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. Based on the existing group structure, the application of these five standards is not expected to have impact on amounts reported in the consolidated financial statements.

However, the application of HKFRS 11 will not result in changes in the accounting of the Group's jointly controlled entities that are currently accounted for the equity method.

The directors of the Company anticipate that the application of other new and revised standards will have no material impact on the results and the financial position of the Group.

3. CHANGES IN ACCOUNTING POLICIES

During the year, the Group changed its accounting policy relating to its property, plant and equipment as follow.

Prior to the change, the Group used to measure its property, plant and equipment using the revaluation model. The management of the Group considers that measuring property, plant and equipment at cost model provides more relevant information about the Group's financial performance to the economic decision-making needs of users as most of the companies engaging businesses in the manufacturing and sales of chemical products in PRC and handbags in Hong Kong adopt the same model in measuring the property, plant and equipment. As a result, the Group has decided to state it at cost, less any accumulated depreciation and accumulated impairment losses. This change in accounting policy has been applied retrospectively in accordance with HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

有關綜合、合營安排、聯營公司及披露的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第12號為一項披露準則，適用於在附屬公司、合營安排、聯營公司及／或未綜合結構實體擁有權益的實體。整體而言，香港財務報告準則第12號的披露規定較現行準則所規定者更為詳盡。

此五項準則乃於2013年1月1日或之後開始的年度期間生效，可予提早應用，惟所有此五項準則均同時提早應用。

董事預期，此五項準則將於本集團於2013年1月1日開始的年度期間的綜合財務報表內採納。根據現時集團架構，預期應用此五項準則不會對綜合財務報表所呈報的金額造成影響。

此外，應用香港財務報告準則第11號將不會導致本集團共同控制實體之會計變動，該等共同控制實體當前以權益會計法入賬。

董事預期，應用其他新訂及經修訂準則、修訂或詮釋將不會對綜合財務報表造成重大影響。

3. 會計政策變更

於本年度，本集團對其有關物業、廠房及設備之會計政策作出如下變更。

於進行變更前，本集團利用重估模型計量其物業、廠房及設備。本集團之管理層認為，按成本模型計量物業、廠房及設備可為需要作出經濟決策的使用者提供更多本集團財務表現的相關資料，因為香港大多數從事化工產品及手袋製造及銷售的公司均採用相同模型以計量物業、廠房及設備。因此，本集團決定將其以成本減任何累計折舊及累計減值虧損列賬。此項會計政策變更已根據香港會計準則第8號「會計政策、會計估計變更和差錯」追溯應用。

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

This change in accounting policy has been applied retrospectively and its effects for the current year and the prior year are as follows:

The effect on the Group's results for the current year and prior year for continuing operation**3. 會計政策變更(續)**

上述會計政策變更對本年度及過往年度業績之影響呈列如下：

對集團持續經營業務於本年度及過往年度業績之影響

		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
Decrease in loss on disposal of property, plant and equipment included in administrative expenses	出售物業、廠房及設備虧損於行政費用中減少	36	88
Decrease in depreciation of property, plant and equipment included in cost of sales	物業、廠房及設備折舊於銷售成本中減少	1,295	2,313
Decrease in deferred tax charge	遞延稅項減少	333	363
Increase in profit for the year	年內溢利增加	1,664	2,764
Decrease in surplus arising on revaluation of property, plant and equipment	物業、廠房及設備重估盈餘減少	(43,090)	(7,652)
Decrease in recognition of deferred tax liability arising on revaluation of property, plant and equipment	物業、廠房及設備重估確認遞延稅項減少	10,772	1,914
Decrease in other comprehensive income for the year	年內其他全面收益減少	(32,318)	(5,738)

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

3. 會計政策變更(續)

The effect on the Group's results for the current year and prior year for discontinued operation

對集團已終止經營業務於本年度及過往年度業績之影響

		1.1.2011 to 至 22.6.2011 HK\$'000 千港元	1.1.2010 to 至 31.12.2010 HK\$'000 千港元
Increase in gain on disposal of property, plant and equipment included in other income	出售物業、廠房及設備收益於其他收入中增加	-	22
Decrease in loss on disposal of property, plant and equipment included in administrative expenses	出售物業、廠房及設備虧損於行政費用中減少	83	62
Decrease in depreciation of property, plant and equipment included in cost of sales	物業、廠房及設備折舊於銷售成本中減少	3,807	5,819
Decrease in deficit arising on revaluation of property, plant and equipment included in administrative expenses	物業、廠房及設備重估虧損於行政費用中減少	-	65
Decrease in depreciation of property, plant and equipment included in administrative expenses	物業、廠房及設備折舊於行政費用中減少	54	87
Decrease in deferred tax credit	遞延稅項抵免減少	(324)	(545)
Increase in profit for the year	年內溢利增加	3,620	5,510
Decrease in surplus arising on revaluation of property, plant and equipment	物業、廠房及設備重估盈餘減少	-	(14,431)
Decrease in recognition of deferred tax liability arising on revaluation of property, plant and equipment	物業、廠房及設備重估中確認遞延稅項減少	-	1,198
Decrease in other comprehensive income for the year	年內其他全面收益減少	-	(13,233)



3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

3. 會計政策變更(續)

Impact on basic earnings per share for continuing operation

對持續經營業務每股基本盈利之影響

		2011 HK cents 港仙	2010 HK cents 港仙
Figures before adjustments	調整前數字	77.0	43.1
Adjustment arising from change in accounting policy in relation to property, plant and equipment	有關物業、廠房及設備之會計政策變更所產生的調整	0.2	0.3
Figures after adjustments	調整後數字	77.2	43.4

Impact on diluted earnings per share for continuing operation

對持續經營業務每股攤薄盈利之影響

		2011 HK cents 港仙	2010 HK cents 港仙
Figures before adjustments	調整前數字	76.5	43.1
Adjustment arising from change in accounting policy in relation to property, plant and equipment	有關物業、廠房及設備之會計政策變更所產生的調整	0.2	0.3
Figures after adjustments	調整後數字	76.7	43.4

Impact on basic earnings per share for discontinued operation

對已終止經營業務每股基本盈利之影響

		1.1.2011 to 至 22.6.2011 HK cents 港仙	1.1.2010 to 至 31.12.2010 HK cents 港仙
Figures before adjustments	調整前之數字	4.4	12.4
Adjustment arising from change in accounting policy in relation to property, plant and equipment	有關物業、廠房及設備之會計政策變更產生之調整	0.4	0.7
Figures after adjustments	調整後之數字	4.8	13.1

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)**3. 會計政策變更(續)****Impact on diluted earnings per share for discontinued operation**

對已終止經營業務每股攤薄盈利之影響

		1.1.2011 to 至 22.6.2011 HK cents 港仙	1.1.2010 to 至 31.12.2010 HK cents 港仙
Figures before adjustments	調整前之數字	4.3	12.4
Adjustment arising from change in accounting policy in relation to property, plant and equipment	有關物業、廠房及設備之會計政策變更產生之調整	0.4	0.7
Figures after adjustments	調整後之數字	4.7	13.1

Impact on basic earnings per share for continuing and discontinued operations

對持續經營及已終止經營業務每股基本盈利之影響

		2011 HK cents 港仙	2010 HK cents 港仙
Figures before adjustments	調整前之數字	81.4	55.5
Adjustment arising from change in accounting policy in relation to property, plant and equipment	有關物業、廠房及設備之會計政策變更產生之調整	0.6	1.0
Figures after adjustments	調整後之數字	82.0	56.5

Impact on diluted earnings per share for continuing and discontinued operations

對持續經營及已終止經營業務每股攤薄盈利之影響

		2011 HK cents 港仙	2010 HK cents 港仙
Figures before adjustments	調整前數字	80.8	55.5
Adjustment arising from change in accounting policy in relation to property, plant and equipment	有關物業、廠房及設備之會計政策變更所產生的調整	0.6	1.0
Figures after adjustments	調整後數字	81.4	56.5

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)**The effect on the Group's financial position as at 1 January 2010 and 31 December 2010**

		As at 1.1.2010 (originally stated)		As at 31.12.2010 (originally stated)		As at 31.12.2010 (restated)	
		Adjustments		Adjustments		Adjustments	
		於	於	於	於	於	於
		1.1.2010	1.1.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010
		(原列)	(經重列)	(原列)	(原列)	調整	(經重列)
		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
Property, plant and equipment	物業、廠房及設備	1,147,156	(73,438)	1,073,718	1,257,403	(87,065)	1,170,338
Deferred tax asset	遞延稅項資產	–	577	577	–	626	626
Deferred tax liabilities	遞延稅項負債	(6,008)	5,455	(553)	(8,917)	8,335	(582)
Total effects on net assets	對資產淨值的影響 總額	1,141,148	(67,406)	1,073,742	1,248,486	(78,104)	1,170,382
Accumulated profits	累計盈餘	780,662	679	781,341	1,054,020	1,563	1,055,583
Asset revaluation reserve	資產重估儲備	74,727	(68,085)	6,642	86,309	(79,667)	6,642
Total effects on total equity	對權益的影響總額	855,389	(67,406)	787,983	1,140,329	(78,104)	1,062,225

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except that investment properties and certain financial instruments are measured at fair values as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3. 會計政策變更(續)**對本集團於2010年1月1日及2010年12月31日財務狀況之影響****4. 主要會計政策**

綜合財務報表乃根據會計師公會頒佈之香港財務報告準則編制。此外，綜合財務報表載有聯交所證券上市規則(「上市規則」)及香港公司條例規定之適用披露事項。

綜合財務報表乃按歷史成本基準編制，惟若干按公平值計算之投資物業及金融工具則除外，其會計政策於下文解釋。歷史成本均按交易貨品時的代價公平值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Distribution of non-cash assets to owners

A liability for dividend payable is recognised when an entity declares a distribution and has an obligation to distribute the assets. The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Entity. The Group measures a liability to distribute non-cash assets as a dividend to its owner at net carrying amount of the assets to be distributed when the non-cash asset is ultimately controlled by the same parties both before and after the distribution.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as a jointly controlled entities.

The results and assets and liabilities of a jointly controlled entity are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

4. 主要會計政策(續)

主要會計政策如下。

綜合基準

綜合財務報表包括本公司及其附屬公司。若本公司有權控制該實體之財務及經營政策，以從其活動中獲取利益則視為擁有控制權。

年內收購或出售附屬公司之業績乃由收購生效日期起計或計至出售生效日期止(倘適用)計入綜合全面收益表。

倘需要，本集團會對附屬公司之財務報表作出調整，使其會計政策與本集團其他成員公司所採用者保持一致。

所有集團內交易、結餘、收入及支出均於綜合賬目時對銷。

分派予擁有人之非現金資產

應付股息責任於實體宣派及承擔分派資產責任時確認。派付股息責任於股息獲適當授權且不再由實體酌情決定時確認。當非現金資產於分派前後最終由相同人士控制時，本集團將按分派資產賬面淨值分派予擁有人股息之方式計量非現金資產分派責任。

共同控制實體

共同控制實體指涉及成立合營方對實體經濟活動有共同控制權之獨立實體之合營企業安排。

共同控制實體之業績及資產與負債按權益會計法計入綜合財務表。根據權益會計法，於共同控制實體之投資在最初於綜合財務狀況報表按成本列賬，及期後按本集團應佔共同控制實體損益及其他全面收益調整列賬。倘本集團應佔共同控制實體之虧損相等於或超出其於該共同控制實體之權益(即包括任何長期權益，本質上為部份本集團於共同控制實體的淨投資)，則本集團終止確認其應佔之進一步虧損。僅會於本集團於本集團產生法定或推定責任或代表該共同控制實體支付款項之情況下，方會確認額外虧損。

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly controlled entities (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised when goods are delivered and title has passed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment, including buildings, held for use in the production of goods or for administrative purposes, other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4. 主要會計政策(續)

共同控制實體(續)

應用香港會計準則第39號的規定，以釐定集團投資在一家共同控制實體是否需要確認任何減值虧損。在需要時，該投資餘下的原賬面值會根據香港會計準則第36號「資產減值」為單一資產作出減值測試，並以其可收回金額(使用價值及公平價值之較高者減銷售成本)及其賬面值之間之差額。任何減值虧損會確認為投資部份的原賬面值。有關可取回金額之投資期後增加時，任何減值虧損回撥會按香港會計準則第36號確認。

倘集團實體與本集團共同控制實體進行交易，與共同控制實體交易所產生的損益於集團綜合報表確認，但只限於有關投資共同控制實體而與集團無關。

收入確認

收入按已收或應收代價之公平值計量，即日常業務過程中已提供貨物或服務扣除折扣及銷售有關稅項後之應收款項。

貨物銷售於貨物付運及擁有權轉移後確認。

當經濟利益流入本集團及收益金額可準確量度時，有關金融資產之利息收入予以確認。利息收入乃以時間為基準按未償還本金及適用實際利率累計，而實際利率為透過金融資產之預期可用年期將估計日後所收現金實際折讓至該資產之賬面淨值之比率。

物業、廠房及設備

除在建工程外，物業、廠房及設備(包括持有作貨物生產或行政用途的樓宇)乃按成本減累計折舊及累計減值虧損入賬(如有)。

除在建工程外，物業、廠房及設備按其估計可使用年期，以其估計餘值按直線法計算，確認折舊並撇銷成本。估計可使用年期、餘值及折舊方法於每一報告期間審閱，並預估任何入賬變動的影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Properties, plant and machinery in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment.

To the extent the allocation of the lease payments can be made reliably, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to each element have been transferred to the Group. Interest in leasehold land that is classified as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is released over the lease term on a straight-line basis.

4. 主要會計政策(續)

物業、廠房及設備(續)

用作生產或行政用途之在建中物業，按成本減任何已確認之減值虧損列賬。成本收入專業費用及借貸成本(合資格資產)根據本集團的會計政策進行資本化。該等資產完工並可投入擬定用途時，則會分類至合適的物業、廠房及設備類別。該等資產計提折舊的基準與其他物業資產相同，即在資產可投入擬定用途時開始計提折舊。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟效益時取消確認。資產出售確認產生之任何收益或虧損按該項目之出售所得款項淨額與賬面值間之差額計算，計入綜合全面收益表。

租賃

凡租賃之條款規定擁有權所附帶之一切風險及回報實質上轉移至承租人者，該租賃即歸類為融資租賃。其他租賃全部列作經營租賃。

集團作為承租人

經營租賃款項乃按租賃年期以直線法確認。就經營租賃所產生的或然租金於發生當期確認為費用。

當訂立經營租賃時收到租賃優惠，該等優惠被確認為負債。各項優惠以直線法確認為遞減租金開支。

租賃土地及樓宇

就租約分類而言，租賃土地及樓宇中土地及樓宇部分會獲分開考慮，除非未能於土地及樓宇部分可靠地分配租賃付款，於此情況下，所有租賃均會一般視為融資租賃並按物業、廠房及設備入賬。

倘能可靠地分配租金、集團評核每部份分類為融資或經營租賃會按評估每部份之所有重要的風險之回報已轉到集團為準。入賬列作經營租賃之租賃土地權益於合併財務狀況表呈列為「預付租賃款項」，並於租期內以直線基準攤銷。

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Intangible assets***Intangible assets acquired separately*

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

4. 主要會計政策(續)**無形資產***獨立收購之無形資產*

獨立收購及有限使用年限之無形資產，按成本減任何累計攤銷及任何累計減損列賬，使用年期有限之無形資產會於估計使用年限內，按直線法作攤銷撥備。估計使用年期及攤銷方法於各報告期間結算日審閱，估計變動之影響按前瞻性基準列賬。

不再確認無形資產產生之盈虧按出售所得淨額及資產賬面值之差額計量，並於資產不再確認時在綜合全面收益表確認。

科研發展支出

科研活動支出均於發生當期確認為費用。

當及僅當以下所有各項證實可行時，開發活動(或內部項目之開發階段)產生之內部無形資產將予以確認：

- 技術上可完成該無形資產以供使用或出售；
- 有意完成該無形資產及使用或出售；
- 有能力使用或出售該無形資產；
- 該無形資產如何產生潛在未來經濟利益；
- 具有足夠技術、財務及其他資源，以完成該無形資產之開發及使用或出售；及
- 於該無形資產開發階段應佔之支出能夠可靠地計量。

內部產生無形資產初步確認之金額為無形資產首次達到上文所列確認條件日期後所產生之支出總額。倘無法確認內部產生之無形資產，開發支出應在其發生期間計入損益。在初步確認後，內部產生之無形資產按與個別購入無形資產相同之基準，以成本減累計攤銷及累計減值虧損(如有)計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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. An impairment loss is recognised immediately in profit or loss.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

4. 主要會計政策(續)

有形及無形資產減值

本集團於每個報告期末審閱其有形及無形資產之賬面值，判斷是否有任何跡象顯示該等資產蒙受任何減值虧損。倘存在任何該等跡象，將估計資產之可收回價值，以釐定減值虧損之程度(如有)。當無法估計一項個別資產之可回收金額時，本集團將估計資產所屬現金產生單位之可回收金額。於可確定分配基準屬合理及貫徹一致時，企業資產亦分配至個別現金產生單位，或另行分配該等資產至可確定分配基準屬合理及貫徹一致之最小組別現金產生單位。

可收回金額指公平值減銷售成本與使用價值之較高者。於評估使用價值時，估計日後現金流量按反映貨幣時間價值之當前市場評估及未調整日後現金流量估計之特定資產風險稅前貼現率貼現至現值。

倘估計資產之可收回價值低於其賬面值，則該資產之賬面值須減低至其可收回價值。減值虧損會即時確認於損益內。

倘減值虧損其後撥回，則該資產之賬面值須增加至其經修訂之估計可收回價值，惟所增加之賬面值不得超過於過往年度並無就該資產確認任何減值虧損下而釐定之賬面值。減值虧損撥回會即時確認為收入。

存貨

存貨乃按成本或可變現淨值兩者之較低者入賬。成本乃按加權平均法計算。可變現淨值指存貨之估計售價減所有估計完成成本及銷售之所需成本。

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF scheme") are recognised an expense when employees have rendered service entitling them to the contributions.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. 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 at the end of the previous reporting period 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 retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of plan assets as adjusted for unrecognised actuarial gains and losses, and as reduced by 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 in future contributions to the plan.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

4. 主要會計政策(續)

退休福利成本

根據香港強制性公積金計劃條例規定之強制性公積金計劃(「強積金計劃」)及國家管理退休福利計劃之付款於僱員提供服務使其享有供款時計入為開支。

就界定利益退休福利計劃而言，提供福利之成本乃按照預估單位利益法釐定，並於每個報告期末進行精算估值。精算估值產生之盈虧倘超出界定利益責任之現值與計劃資產之公平值兩者之較高者10%，則有關盈虧須在參與計劃之僱員之預期剩餘平均工作年期內攤銷。倘有關福利已獲授予，過往之服務成本會即時確認入賬，否則則按直線法在平均年期內攤銷，直至經修訂之利益獲授予為止。

在綜合財務狀況表內確認之退休福利責任呈示計劃資產之公平值，並已為未確認之精算估值盈虧作出調整及已扣減界定利益責任。據此計算之任何資產乃受限於未確認之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。

外幣

於編制各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易均按交易當日之適用匯率換算為功能貨幣(即該實體經營所在主要經濟地區之貨幣)記賬。於各報告期末，以外幣定值之貨幣項目均按報告期末之適用匯率重新換算。按公平值列賬之非貨幣項目若以外幣定值，於釐定公平值當日之適用匯率重新換算。非貨幣項目若以外幣之歷史成本計量則不會重新換算。

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益表確認。按公平值列賬之非貨幣項目於重新換算時產生之匯兌差額於該期間之損益表確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities which are stated at functional currency other than Hong Kong dollars are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of jointly controlled entities that do not result in the Group losing joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Change in functional currency

Functional currency of a group entity is changed only if there is a change to the underlying transactions, events and conditions relevant to the entity. The effect of a change in the translation functional currency is accounted for prospectively. At the date of change, the entity translates all items into the new functional currency using the prevailing exchange rate at that date and the resulting translated amounts for non-monetary items are treated as the historical cost. Exchange differences arising from the translation of foreign operations recognised in translation reserve are not recognised in profit or loss until the disposal of the operation.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. 主要會計政策(續)

外幣(續)

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於報告期末之適用匯率換算為本公司之列賬貨幣(即港元)，而其他收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出現大幅波動則作別論。於此情況下，則採用於換算當日之適用匯率。所產生之匯兌差額(如有)乃確認為其他全面收益及累計於權益中(匯兌儲備)。

由出售海外業務時(出售集團整份海外業務投資或失去控制權之出售附屬公司，並包括海外業務，出售失去控制權之合營公司或出售失去重大影響力的聯營公司並包括海外業務)，所有累計於權益之匯兌差額且與本公司擁有人應佔權益有關會轉入收益表。此外有關出售部份附屬公司且不會引致集團失去附屬公司控制權，按比例份額之累計匯兌差額會再分配到非控股權益及不會於收益表中確認。於其他部分出售(聯營或合營公司之部份出售且不引致集團失去重要影響或集體控制)，按比例份額之累計匯兌差額會重新分類至收益表。

功能貨幣變動

集團實體之功能貨幣僅於實體之相關交易、項目及狀況出現變動時有變。兌換功能貨幣之變動影響按預期情況列賬。於變動當日，該實體按當日之現行匯率將所有項目兌換為新功能貨幣，非貨幣項目產生之兌換金額按歷史成本處理。匯兌儲備確認換算海外業務產生之匯兌差額於出售業務時方會於損益確認。

借貸成本

直接源自收購、建造或生產合資格資產，而有關資產需要一段長時間方可供作擬定用途或出售之借貸成本會撥充該等資產成本部分，直至該資產大致上可供作擬定用途或出售為止。尚未用於合資格資產之特定借貸作短期投資賺取之投資收入，於合資格資本化之借貸成本中扣除。

所有借貸成本均於產生期間在綜合全面收益表確認並計入融資成本。

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

Income tax expense 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 profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of 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 associated with investments in subsidiaries and interest in a jointly controlled entity, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

4. 主要會計政策(續)

政府補貼

在合理地保證本集團會遵守政府補助的附帶條件以及將會得到補助後，政府補助方會予以確認。

政府補貼於本集團確認有關成本為開支期間有系統地於損益內確認，該補貼擬用於補償相關成本。

作為補償已產生開支或虧損或旨在為本集團提供實時資助(而無未來相關成本)之應收政府補貼，乃於應收期間確認為損益。

稅項

所得稅開支指即期應付稅項及遞延稅項的總和。

即期應付稅項根據該年度的應課稅溢利計算。應課稅溢利有別於綜合全面收益表內所呈報的溢利，此乃由於其並無計入其他年度的應課稅或可扣稅收支項目，亦無計入日後的毋須課稅及不可扣稅的項目。本集團的即期稅項負債乃按已於各報告期末訂定或大致訂定的稅率計算。

遞延稅項乃就綜合財務報表內的資產與負債賬面值與計算應課稅溢利所採用的相應稅基間的差額確認。遞延稅項負債一般就所有應課稅暫時性差額予以確認，而遞延稅項資產則於可能動用應課稅溢利以抵銷可扣稅的暫時性差額予以確認。倘因初步確認一項既不影響應課稅溢利亦不影響會計溢利的交易的其他資產與負債而產生暫時性差額(業務合併除外)，則有關資產與負債不予確認。

遞延稅項負債乃就於附屬公司及聯營公司的投資所產生的應課稅暫時性差額確認，惟倘本集團能控制暫時性差額的撥回以及暫時性差額有機會不會於可見將來撥回除外。與該等投資及權益相關之可扣稅暫時差額所產生之遞延稅項資產僅於可能有足夠應課稅溢利可以使用暫時差額之益處且預計於可見將來可以撥回時確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

4. 主要會計政策(續)

稅項(續)

遞延稅項資產的賬面值乃於各報告期末進行檢討，並於不大可能動用足夠應課稅溢利以收回全部或部分資產時予以扣減。

遞延稅項按預期於清償負債或變現資產的期間內應用的稅率，以報告期末已生效或實質上已生效之稅率(及稅法)為基準計算。

遞延稅項負債及資產的計算，反映了本集團於報告期末所預期對收回或償還其資產及負債之賬面值的方式所產生的稅務結果。遞延稅項於損益內確認，惟倘遞延稅項涉及於其他全面收益或直接在股本權益確認項目，則遞延稅項亦會分別於其他全面收益或直接於股本權益內確認。

以股份為基礎的付款交易

以股本結算以股份為基礎的付款交易

所獲服務之公平值乃參考購股權於授出日期之公平值釐定，在購股權歸屬期以直線法作開支，並於權益(購股權儲備)作相應增加。

於呈報期末，本集團修訂其對預期最終歸屬購股權數目的估算。歸屬期內修訂原先估算之影響(如有)於損益內確認，令累計支出反映修訂結算，並對購股權儲備相應作出調整。

購股權獲行使時，先前於購股權儲備中確認之款項將撥入股份溢價。倘購股權於歸屬日期後被沒收或於屆滿日仍未行使，則先前於購股權儲備中確認之款項將撥入累計溢利。

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan to a jointly controlled entity and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

4. 主要會計政策(續)**金融工具**

金融資產及金融負債乃當某集團實體成為工具合同條文之訂約方時在綜合財務狀況負債表確認。

金融資產及金融負債按公平值初步計量。收購或發行金融資產及金融負債直接應佔之交易成本(於損益表按公平值計算之金融資產及金融負債除外)乃於初步確認時加入金融資產或金融負債之公平值或自金融資產或金融負債之公平值內增加或扣除(倘適用)。收購按公平值計算之金融資產或金融負債直接應佔之交易成本即時於損益表內確認。

金融資產

本集團之金融資產主要為貸款及應收款項。

實際利率法

實際利率法乃計算金融資產之攤銷成本及按有關期間攤分利息收入之方法。實際利率乃將估計日後現金收入(包括所有支付或收取構成整體實際利率之費用及利率差價、交易成本及其他所有溢價或折價)按金融資產之預期使用年期,或較短期間(倘合適)實際貼現之利率。

債務工具按實際利率基準確認利息收入。

貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款的非衍生性質金融資產,而其在活動市場並無報價。於初步確認後的每個報告期末,貸款及應收款項(包括應收貿易賬款及其他款項,共同控制實體之貸款及銀行結餘)採用實際利息法按攤銷成本減任何已識別減值虧損入帳(請參閱下文的金融資產減值虧損會計政策)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been affected.

For all loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period ranged 0 to 90 days and observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

貸款及應收款項

貸款及應收款項於每個報告期末接受減值跡象評估。在客觀證據顯示預計未來現金流量於原確認後發生一項或多項事件而受到影響，則貸款及應收款項將被考慮減值。

就貸款及應收款而言，減值之客觀證據可包括：

- 發行人或對手方出現重大財政困難；或
- 違約，如未能繳付或延遲償還利息或本金；或
- 借款人有可能面臨破產或財務重組。

就若干類別的貸款及應收款項(如應收貿易賬款)評估為不會個別減值的資產，會於其後彙集一併接受減值評估。應收款項組合出現的客觀減值證據，可能包括本集團過往的付款記錄、組合內超過0-90日平均信貸期的還款數目上升，以及國家或地方經濟狀況出現明顯變動導致拖欠應收款項。

減值金額為資產之賬面值與預期未來現金流之現值(以金融資產之現有實際利率折算)間之差異。

與所有貸款及應收款項有關之減值虧損會直接於貸款及應收款項之賬面值中作出扣減，惟應收貿易及其他款項除外，其賬面值會透過撥備賬作出扣減。撥備賬內之賬面值變動會於損益中確認。當應收貿易及其他款項被視為不可收回時，其將於撥備賬內撇銷，原先已撇銷之金額於其後撥回，乃於損益表中計入。

倘減值虧損額於隨後期間有所減少，而有關減少在客觀上與確認減值後發生之事件有關，則先前已確認之減值虧損將透過損益予以撥回，惟該資產於減值被撥回當日之賬面值不得超過未確認減值時之已攤銷成本。

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (Continued)****Financial liabilities and equity instruments**

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group companies are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than those financial liabilities at FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities at fair value through profit or loss

The Group's financial liabilities classified as financial liabilities at fair value through profit or loss are derivatives that are not designated as hedging instruments.

Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

The Group's other financial liabilities mainly include trade and other payables, amounts due to related companies and bank borrowings. They are subsequently measured at amortised cost, using the effective interest method.

4. 主要會計政策(續)**金融工具(續)****金融負債及權益**

集團實體發行之金融負債及股本工具乃根據合同安排之性質與金融負債及股本工具之定義分類。

股本工具

股本權益工具為帶有集團資產剩餘權益(經扣除其所有負債)之任何合約。集團發行之股本權益工具(扣除直接發行成本)乃按所得款項確認入賬。

實際利率法

實際利率法乃計算金融負債之攤銷成本及按有關期間攤分利息開支之方法。實際利率為透過金融負債之預測使用年期,或較短期間(如適用)將估計日後現金支出(包括所有已付或已收構成整體實際利率之費用及點子、交易成本及其他溢價或折讓)實際貼現至初步確認之賬面淨值利率。

利率開支按實際利率基準確認。按公平值計入損益資產除外,其利息支出計入淨收益或虧損中。

按公平值於損益列賬之金融負債

本集團之財務負債分類為按公平值列賬及計入損益之財務負債,為一種並不能作為指定對沖工具之衍生工具。

按公平值列賬及計入損益之財務負債以公平值計量,因重新計量之公平值變動於產生期間直接在損益表內確認。

其他金融負債

本集團其他金融負債主要包括應付貿易賬款及其他應付款項,應付關連公司款項,銀行借款及其他長期應付款。其後採用實際利息法按攤銷成本計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in hedging reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of comprehensive income as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised, or when it no longer qualified for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss as a reclassification adjustment.

4. 主要會計政策(續)

金融工具(續)

衍生財務工具及對沖

衍生工具於衍生合約訂立日期初步按公平值確認，其後於報告期末重新計量至其公平值。所產生之盈虧即時於損益中確認，除非衍生工具是作為指定及對沖工具，則於損益確認的時間視乎對沖關係的性質而定。

對沖會計法

本集團指定某些衍生工具為對沖工具，用作現金流量對沖。

於對沖關係之開始，實體記錄對沖工具和被對沖項目的關係，及進行各類對沖交易之風險管理目標及其策略。

此外，於對沖開始和按持續基準進行期間，本集團記錄用於對沖關係之對沖工具是否能高度有效地抵銷被對沖項目的公平值或現金流量變動。

現金流量對沖

指定和符合資格作現金流量對沖之衍生工具公平值變動，其有效部分於其他綜合收益內確認並累計於對沖儲備內，其無效部分之盈虧即時於損益內確認。

當被對沖項目於損益內被確認後，其之前確認於其他全面收益及累計於權益下(對沖儲備)之金額將重新撥回損益，一併列於綜合收益表確認的對沖項目內。

當本集團解除對沖關係、對沖工具已屆滿、售出、終止、行使或不再符合對沖會計法，對沖會計法將被終止。當時確認於其他全面收益及累計於對沖儲備之任何盈虧將保留於權益內，並在預測交易最終於損益內確認時確認。倘預測交易預期不再進行，於權益之累計盈虧即時於損益內以重新分類調整確認。

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (Continued)****Derecognition**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make various estimates based on past experience, expectations of the future and other information. The key sources of estimation uncertainty that can significantly affect the carrying amounts of assets and liabilities recognised in the consolidated financial statements within the next financial year are disclosed below.

Impairment loss on trade receivables and bills receivables

The assessment of the impairment loss on trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness of each customer. If the financial conditions of the Group's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Impairment is made based on the estimation of the future cash flow discounted at the original effective rate to calculate the present value. As at 31 December 2011, the carrying value of trade receivables (net of impairment loss) and bills receivables was approximately HK\$243,790,000 (2010: approximately HK\$241,091,000).

4. 主要會計政策(續)**金融工具(續)****取消確認**

只從資產收取現金流量之合約權利屆滿時，或金融資產已轉讓且本集團已將該項資產擁有權之絕大部分風險及回報轉移至另一實體時，本集團取消確認該金融資產。

於取消確認金融資產時，該項資產的賬面值與已收及應收代價以及於其他全面收益確認並於權益累計之累計收益或虧損之總和差額於損益確認。

倘於本集團之責任獲解除、取消或屆滿時，本集團則取消確認金融負債。已取消確認金融負債之賬面值與已付及應付代價之差額於損益內確認。

5. 估計不確定性之主要來源

於應用本集團之會計政策(如附註4所述)時，本公司董事須根據過往經驗、預期未來狀況及其他資料作出各方面之估計。主要於下一個財務年度內可影響綜合財務報表內的資產及負債的確認數額之估計不確定性之主要來源概述如下。

應收貿易款項及應收票據之減值虧損

本集團應收貿易款項之減值虧損之評估以可收回性、賬齡分析及管理層判斷為基礎。評估該等應收款項之最終變現能力需要進行大量判斷，包括各客戶之現時信譽。倘本集團客戶財務狀況日趨惡化，削弱其付款能力，則須提撥額外準備。減值乃按估計日後現金流量以原來實際利率貼現以計算現值。於2011年12月31日，應收貿易款項之賬面值(扣除減值虧損後)及應收票據款項約243,790,000港元(2010: 約241,091,000港元)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Write-down of inventories

Management reviews the inventories listing at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. Allowance was made by reference to the latest market value for those inventories identified. Where the net realisable value is less than the cost, a material write down may arise. As at 31 December 2011, the carrying amount of inventories (net of allowances) was approximately HK\$95,620,000 (2010: approximately HK\$168,072,000).

Income taxes

As at 31 December 2011, a deferred tax asset in relation to unused tax losses of approximately HK\$8,606,000 (2010: approximately HK\$42,238,000) was not recognised in the consolidated statement of financial position due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the expectation for future profit streams changes, a recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition takes place.

6. REVENUE

An analysis of the Group's revenue for the year from continuing operation, is as follows:

Manufacture and sales of chemical products 製造及銷售化工產品

5. 估計不確定性之主要來源(續)

存貨跌價準備

本集團管理層於各個報告期末審閱存貨清單，並對確認為不再適合用於生產之過時及滯銷庫存品進行撥備。撥備乃參照最近期之市場價值就該等已識別存貨計提準備。於2011年12月31日，存貨之賬面值(扣除準備後)約95,620,000港元(2010：約168,072,000港元)。

所得稅

由於未來溢利之流入不可預測，於2011年12月31日，有關未動用稅項虧損之遞延稅項資產約8,606,000港元(2010：約42,238,000港元)並無在本集團之財務狀況表中確認。遞延稅項資產之變現主要有賴於是否有足夠未來溢利或將來可供利用之應課稅暫時差額而定。倘產生之未來實際溢利乃多於預期溢利，遞延稅項資產可能會予以實質撥回，而該未來溢利會於有關撥回發生期間之綜合收益表內確認。

6. 收入

本集團持續經營業務的年內收入分析如下：

	2011	2010
	HK\$'000	HK\$'000
	千港元	千港元
Manufacture and sales of chemical products 製造及銷售化工產品	1,808,348	1,285,269

7. SEGMENT INFORMATION

(a) Operating segments

Information reported to the Chairman of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold.

The Group used to have two operating segments, namely, the Handbag Business and the Chemical Business with segment information being present without allocating corporate expenses and balances. Following the Spin-off, the CODM regards the Chemical Business as the Group's sole operating and reportable segment and reviews the Group's results and financial position as a whole for the purpose of performance measurement and resources allocation. Accordingly, no segment analysis is presented for both years other than entity wide disclosure.

The Handbag Business was reported as a discontinued operation in Note 10.

(b) Geographical information

The Group's operations from continuing operation are located in the PRC.

The Group's revenue from continuing operation from external customers and information about its non-current assets by geographical location of the assets are detailed below:

		Revenue from external customers 來自外部客戶的收入		Non-current assets 非流動資產	
		2011 HK\$'000 千港元	2010 HK\$'000 千港元	2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
PRC	中國	1,795,854	1,279,419	1,210,424	1,192,157
The United States of America	美國	12,494	—	—	—
Other Asian countries	其他亞洲國家	—	5,850	—	—
		1,808,348	1,285,269	1,210,424	1,192,157

note: Non-current assets excluded those relating to discontinued operation and defined benefit assets.

7. 分部資料

(a) 經營分部

銷售商品種類是作為呈報分部資料的劃分基礎，向本集團主席作為主要經營決策者呈報資料，以作出資源分配及評核分部表現。

本集團曾經擁有兩個經營分部，分別為手袋業務及化工業務，所呈列之分部資料並無分配企業開支及結餘。緊接分析後，本集團主要營運決策者以化工業務為本集團的唯一可報告分部，並檢討其整體財政狀況以作出資源分配及評核分部表現。因此，該兩個年度內本集團並無編製任何分部分析。

手袋業務於附註10已被呈列為已終止經營業務。

(b) 地區資料

本集團持續經營業務位於中國。

本集團持續經營業務來自外部客戶之收入及按資產地區劃分之非流動資產詳情如下：

附註：非流動資產並不包括已終止經營業務及界定利益資產。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

7. SEGMENT INFORMATION (CONTINUED)

(c) Revenue from major products

The following is an analysis of the Group's revenue from its major products:

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Chloromethane products	甲烷氯化物	1,064,551	829,379
Caustic soda	燒碱	582,029	321,942
Hydrogen peroxide	過氧化氫	117,287	90,818
Others	其他	44,481	43,130
		1,808,348	1,285,269

(d) Information about major customers

Revenue from sales of chemical products to customer contributing over 10% of the total sales of the Group is as follow:

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Customer A	客戶A	240,128	N/A ¹

¹ The corresponding revenue did not contribute over 10% of the total sales of the Group.

7. 分部資料(續)

(c) 主要產品收入

集團主要產品收入分析如下：

(d) 主要客戶資料

超過本集團總銷售額10%的化工產品銷售客戶，相應年度銷售收入如下：

¹ 相應收入不超過集團總銷售額的10%。

8. OTHER INCOME

		2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
Bank interest income	銀行利息收入	25,858	1,656
Government grant (note)	政府補貼(附註)	16,011	1,326
Exchange gain	匯兌收益	5,947	3,144
Others	其他	7,482	2,169
		55,298	8,295

note: The Group recognises these grants as other income upon receipt.

附註：集團於收到該等補貼時予以入賬。

9. INCOME TAX EXPENSE

9. 所得稅支出

		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
			(restated)
			(經重列)
The charge comprises:	支出包括：		
Current tax:	本期稅項：		
PRC Enterprise Income Tax ("EIT")	中國企業所得稅	95,158	62,649
EIT credit (<i>note</i>)	企業所得稅抵免(<i>附註</i>)	(44,623)	-
Other jurisdictions	其他司法地區	49	51
		50,584	62,700

note: This represents EIT credit by the relevant tax authority calculated with reference to amount of qualified property, plant and equipment that the Group sourced within the PRC.

The Group's major business is in the PRC. Under the Law of the PRC on EIT and its Implementation Regulation, the tax rate of the PRC subsidiaries is 25%.

Pursuant to the relevant laws and regulations in the PRC, Jiangsu L&M (as defined in Note 38) is exempted from PRC income tax for two years starting from 2008, followed by a 50% reduction for the next three years. These tax holidays and concessions expire in 2012.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax is made for both years since there is no assessable profit for both years.

*備註：*企業所得稅抵免乃由有關稅務當局按源於中國境內採購之合資格物業、廠房及設備而計算。

本集團的主要業務位於中國。根據中國企業所得稅法及企業所得稅法實施條例，中國附屬公司之稅率為25%。

根據中國相關法律及條例，江蘇理文(定義見於附註38)自2008年起豁免兩年中國企業所得稅，而隨後三年則享有減半稅優惠。此稅務優惠待遇將有效至2012年止。

其他司法權區之稅項乃按有關司法權區之課稅率而計算。

由於該兩個年度並無應評稅利潤，故無提撥香港利得稅。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

9. INCOME TAX EXPENSE (CONTINUED)

9. 所得稅支出(續)

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

年內稅項開支與綜合全面收益表所列除稅前利潤對賬如下：

		2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
Profit before taxation	除稅前溢利		
Continuing operation	持續經營業務	687,547	420,841
Discontinued operation	已終止經營業務	37,603	117,147
		725,150	537,988
Tax at the domestic income tax rate of 25% (2010: 25%)	按本地所得稅率25%之稅項 (2010: 25%)	181,288	134,497
Tax effect of expenses not deductible in determining taxable profit	釐定應課稅溢利時不可扣稅支出之稅務影響	22,589	19,226
Tax effect of income not taxable in determining taxable profit	釐定應課稅溢利時毋須課稅收入之稅務影響	(3,136)	(427)
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	533	1,178
Tax effect of offshore income not subject to tax	毋應稅離岸收入之稅務影響	(5,411)	(12,151)
Utilisation of tax losses previously not recognised	動用過往未確認之稅項虧損	(102)	(112)
Effect of tax exemption or concession granted to a PRC subsidiary	中國附屬公司獲稅務豁免之影響	(95,586)	(62,649)
Effect of different tax rates of subsidiaries operating in other jurisdictions	其他司法權區的稅率差異之影響	(692)	(7,391)
EIT credit	中國企業所得稅抵免	(44,623)	-
Income tax expense for the year	年內所得稅支出	54,860	72,171
Analysed as:	分析為：		
- continuing operation	- 持續經營業務	50,584	62,700
- discontinued operation	- 已終止經營業務	4,276	9,471
		54,860	72,171

10. DISCONTINUED OPERATION

Upon the Spin-off, the Group discontinued its Handbag Business, the results of which from 1 January 2011 to 22 June 2011 (date of Spin-off) and the year ended 31 December 2010 are presented as a discontinued operation as follow:

10. 已終止經營業務

於分拆時，集團終止其手袋業務，從2011年1月1日至2011年6月22日(分拆日)及截至2010年12月31日年度之業績，已終止經營業務呈列如下：

		1.1.2011 to 至 22.6.2011 HK\$'000 千港元	1.1.2010 to 至 31.12.2010 HK\$'000 千港元 (restated) (經重列)
Revenue	收入	347,362	853,539
Cost of sales	銷售成本	(250,621)	(614,445)
Gross profit	毛利	96,741	239,094
Other income	其他收入	2,043	8,642
Selling and distribution costs	銷售及分銷成本	(5,280)	(33,279)
General and administrative expenses	行政費用	(40,604)	(95,603)
Listing expenses	上市費用	(14,565)	-
Interest on bank borrowings wholly repayable within five years	利息支出— 於五年內全部償還之銀行借款	(732)	(1,707)
Profit before taxation	除稅前溢利	37,603	117,147
Income tax expense	所得稅支出	(4,276)	(9,471)
Profit for the period/year	期內／年內溢利	33,327	107,676
Gain arising from reclassification of translation reserve upon distribution of specie	就實物分派所產生之匯兌儲備收益	6,090	-
		39,417	107,676
Profit for the period/year from discontinued operation included the following:	已終止經營業務期內／年內溢利		
Directors' emoluments	已扣除： 董事薪酬	854	2,327
Other staff costs	其他職員成本	98,122	192,373
Retirement benefit schemes contributions (excluding directors)	退休福利計劃供款(董事除外)	442	950
Total staff costs	員工成本總額	99,418	195,650
Release of prepaid lease payments	釋出預付租賃款項攤銷	233	490
Auditors' remuneration	核數師酬金	188	520
Cost of inventories recognised as expenses (including write-down of HK\$771,000 (2010: reversal of write-down of HK\$3,114,000))	已確認為支出的存貨成本(包括存貨減值撥回771,000港元(2010:存貨減值撥回3,114,000港元))	250,621	614,445
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	4,740	10,456
Impairment loss recognised in respect of trade receivables (included in selling and distribution costs)	應收帳款減值(包括在銷售及分銷成本中)	-	204
Exchange loss	匯兌虧損	1,941	8,248
and after crediting:	及包括：		
Interest income	利息收入	31	45
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	17	22
Recovery of doubtful debt	壞帳收回	-	6
Gain on fair value changes on investment properties	投資物業公平值變動之收益	-	1,374
(Loss) gain on fair value changes on derivative financial instruments	衍生金融工具公平值變動之(虧損)收益	(494)	70

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

10. DISCONTINUED OPERATION (CONTINUED)

During the period from 1 January 2011 to 22 June 2011, the Handbag Group contributed cash inflow of HK\$4,147,000 (2010: HK\$84,275,000) to the Group's net operating cash flows, paid HK\$2,205,000 (2010: HK\$52,394,000) in respect of investing activities and paid HK\$17,779,000 (2010: HK\$24,492,000) in respect of financing activities.

10. 已終止經營業務(續)

自2011年1月1日至2011年6月22日期間，手袋集團為本集團之淨營運現金流量貢獻4,147,000港元(2010年：84,275,000港元)之現金流入、就投資活動支付2,205,000港元(2010年：52,394,000港元)以及就融資活動支付17,779,000港元(2010年：24,492,000港元)。

11. PROFIT FOR THE YEAR

11. 年內溢利

		2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
Continuing operation	持續經營業務		
Profit for the year has been arrived at after charging:	年內溢利已扣除：		
Directors' emoluments (note 14)	董事薪酬(附註14)	73,110	68,256
Other staff costs	其他職員成本	44,304	32,235
Retirement benefit schemes contributions (excluding directors)	退休福利計劃供款(董事除外)	3,580	1,698
Total staff costs	員工成本總額	120,994	102,189
Release of prepaid lease payments	釋出預付租賃款項	775	727
Amortisation of intangible asset	無形資產攤銷	1,055	1,019
Auditors' remuneration	核數師酬金	1,493	1,033
Cost of inventories recognised as expenses	已確認為支出的存貨成本	963,084	710,528
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	99,255	85,543
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	268	392
Research and development cost recognised as expenses	已確認為支出的研發費用	4,136	2,043

12. EARNINGS PER SHARE

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

		2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
From continuing and discontinued operations	持續經營及已終止經營業務		
Earnings from continuing and discontinued operations for the purposes of basic and diluted earnings per share	用以計算每股基本盈利的持續經營及已終止經營業務之盈利	676,380	465,817
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數	825,000,000	825,000,000
Effect of dilutive potential ordinary shares: Share options	普通股潛在攤薄影響：購股權	5,525,890	—
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	830,525,890	825,000,000
From continuing operation	持續經營業務		
Earnings from continuing operation for the purpose of basic and diluted earnings per share	用以計算每股基本盈利的持續經營業務之盈利	636,963	358,141
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數	825,000,000	825,000,000
Effect of dilutive potential ordinary shares: Share options	普通股潛在攤薄影響：購股權	5,525,890	—
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	830,525,890	825,000,000

Basic earnings per share for the discontinued operation is HK 4.8 cents per share (2010: HK 13.1 cents per share (restated)) and diluted earnings per share for the discontinued operation is HK 4.7 cents per share (2010: HK 13.1 cents per share (restated)), based on the profit for the year from the discontinued operations of HK\$39,417,000 (2010: HK\$107,676,000 (restated)) and the denominators detailed above for both basic and diluted earnings per share.

The presentation of diluted earnings per share for 2010 did not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares in 2010.

12. 每股盈利

就應佔股東溢利所計算的每股基本及攤薄盈利乃按下列數據釐定：

	2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
From continuing and discontinued operations		
Earnings from continuing and discontinued operations for the purposes of basic and diluted earnings per share	676,380	465,817
Number of ordinary shares for the purpose of basic earnings per share	825,000,000	825,000,000
Effect of dilutive potential ordinary shares: Share options	5,525,890	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	830,525,890	825,000,000
From continuing operation		
Earnings from continuing operation for the purpose of basic and diluted earnings per share	636,963	358,141
Number of ordinary shares for the purpose of basic earnings per share	825,000,000	825,000,000
Effect of dilutive potential ordinary shares: Share options	5,525,890	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	830,525,890	825,000,000

已終止經營業務之每股基本盈利為每股4.8港仙(2010：每股13.1港仙(重列))及已終止經營業務之每股攤薄盈利為每股4.7港仙(2010：每股13.1港仙(重列))，均以終止經營業務的利潤39,417,000港元(2010年度：107,676,000港元(重列))及前文詳述每股基本及攤薄盈利的分母釐訂。

由於2010年該等購股權之行使價超出股份平均市價，故呈列2010年每股攤薄盈利時並無假設本公司購股權獲行使。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

13. DIVIDENDS

13. 股息

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Dividends recognised as distributions during the year:	年內已確認分派之股息：		
Final dividend of HK\$13 cents per share for the year ended 31 December 2010	截至2010年12月31日止年度 末期股息每股13港仙	107,250	—
Interim dividend of HK\$17 cents per share for the year ended 31 December 2011	截至2011年12月31日止年度 中期股息每股17港仙	140,250	—
Final dividend of HK\$7 cents per share for the year ended 31 December 2009	截至2009年12月31日止年度 末期股息每股7港仙	—	57,750
Interim dividend of HK\$9 cents per share for the year ended 31 December 2010	截至2010年12月31日止年度 中期股息每股9港仙	—	74,250
		247,500	132,000

A final dividend of HK\$12 cents (2010: HK\$13 cents) per share amounting to HK\$99,000,000 (2010: HK\$107,250,000) for the year ended 31 December 2011 has been proposed by the directors and is subject to approval by the shareholders in annual general meeting.

In addition to the above, the Spin-off was effected by means of a distribution in specie whereby the net assets of the Handbag Group on the date of the Spin-off amounting to approximately HK\$195 million was effectively distributed to the Company's shareholders on a pro rata basis. Details of distribution are disclosed in Note 41.

董事會已建議派發截至2011年12月31日止年度之末期股息每股12港仙(2010: 13港仙)共99,000,000港元(2010: 107,250,000港元)，惟須待股東於週年大會上批准。

除以上所述者外，分拆亦透過實物分派方式進行，手袋集團於分拆日之淨資產約為1.95億港元，在分拆過程中，該等資產實際上按比例被分派予本公司之股東。分派詳情載於附註41。

14. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 9 (2010: 8) directors were as follows:

14. 董事酬金

已付或應付予9位(2010: 8位)董事之酬金如下:

		Other emoluments					
		其他酬金					
		Salaries and other benefits	Contributions to retirement benefit schemes	Share-based related incentive	Discretionary bonus payments	Total	
		薪金及其他福利	退休福利計劃供款	以股份為基礎之相關表現獎金	其他表現相關獎金	合計	
		Fees					
		袍金					
		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	
Year ended 31.12.2011	截至2011年12月31日止年度						
<i>Executive directors</i>	<i>執行董事</i>						
Wai Siu Kee	衛少琦	480	1,156	-	6,000	7,636	
Poon Lai Ming (resigned on 27.6.2011)	潘麗明 (辭任於2011年6月27日)	-	34	2	-	36	
Lee Man Yan	李文恩	480	1,320	6	-	64,176	
Kung Phong (resigned on 27.6.2011)	龔鈺 (辭任於2011年6月27日)	-	256	6	-	262	
Yang Zuo Ning (appointed on 27.6.2011)	楊作寧 (委任於2011年6月27日)	-	1,136	-	-	1,136	
Wong Yuet Ming (appointed on 27.6.2011)	王月明 (委任於2011年6月27日)	-	382	6	-	388	
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>						
Wong Kai Tung, Tony	王啟東	110	-	-	-	110	
Wan Chi Keung, Aaron	尹志強	110	-	-	-	110	
Heng Victor Ja Wei	邢家維	110	-	-	-	110	
		1,290	4,284	20	6,000	73,964	

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

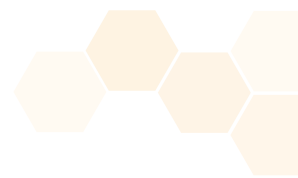
14. DIRECTORS' EMOLUMENTS (CONTINUED)

14. 董事酬金(續)

		Other emoluments					Total
		Fees	Salaries and other benefits	Contributions to retirement benefit schemes	Share-based performance related incentive	Discretionary bonus	
		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
Year ended 31.12.2010	截至2010年12月31日止年度						
<i>Executive directors</i>	<i>執行董事</i>						
Wai Siu Kee	衛少琦	-	1,170	-	-	-	1,170
Poon Lai Ming	潘麗明	-	537	10	-	58	605
Lee Man Yan	李文恩	-	1,200	12	66,804	-	68,016
Kung Phong	龔鈞	-	540	12	-	-	552
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>						
Wan Chi Keung, Aaron JP	尹志強	80	-	-	-	-	80
Heng Kwoo Seng (resigned on 30.6.2010)	邢詒春 (辭任於2010年6月30日)	40	-	-	-	-	40
Wong Kai Tung, Tony	王啟東	80	-	-	-	-	80
Heng Victor Ja Wei (appointed on 30.6.2010)	邢家維 (委任於2010年6月30日)	40	-	-	-	-	40
		240	3,447	34	66,804	58	70,583

note: The share-based performance related incentive was determined in recognition of the director's outstanding performance in development and management of the chemical products business which has contributed a significant growth in the Group's profit and as an incentive for his continuing commitment and contribution to the Group in future. Other performance related incentive payments were determined with regards to individual performance. No directors waived any emoluments in the both years.

附註：以股份為基礎之表現相關獎金乃按董事在發展及管理化工產品業務的出色表現，以致本集團利潤大幅上升及作為對他將來為集團持續作出貢獻的獎勵。其他表現相關獎金乃按個人表現而釐定。於該兩個年度內並無董事放棄任何酬金。



15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2010: two) were directors of the Company whose emoluments are disclosed in note 14 above. The emoluments of the remaining two (2010: three) individuals were as follows:

		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
Salaries and other benefits	薪金及其他福利	1,687	2,112
Contributions to retirement benefits schemes	退休福利計劃供款	6	36
Discretionary bonus payments	表現相關獎金	-	280
		1,693	2,428

The emoluments were within the following band:

		2011	2010
		Number of	Number of
		employees	employees
		僱員數目	僱員數目
Nil to HK\$1,000,000	截至1,000,000港元	2	3

15. 僱員酬金

在本集團5位最高薪酬之人士中，包括3位(2010：2位)本公司董事，其薪酬已載於上文附註14。而其餘2位(2010：3位)最高薪酬人士之酬金如下：

酬金介乎下列幅度：

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

		Buildings	Furniture fixtures and equipment	Leasehold improvements	Motor vehicles	Plant and machinery	Construction in progress	Total
		樓宇	傢俬、裝置 及設備	租賃 物業裝修	汽車	廠房及機器	在建工程	合計
		HK\$'000	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	千港元
COST	成本							
At 1 January 2010 (originally stated)	於2010年1月1日 (原列)	136,097	8,998	9,339	3,381	963,571	25,770	1,147,156
Effects of a change in accounting policy	會計制度變更 之影響	10,111	16,045	6,699	5,264	83,870	-	121,989
At 1 January 2010 (restated)	於2010年1月1日(經重列)	146,208	25,043	16,038	8,645	1,047,441	25,770	1,269,145
Exchange realignment	匯兌調整	1,784	74	10	68	37,449	1,284	40,669
Additions	添置	-	3,934	2,177	933	1,948	148,054	157,046
Disposals	出售	-	(354)	-	(408)	(665)	-	(1,427)
Transfer	轉撥	1,951	84	-	-	59,533	(61,568)	-
At 31 December 2010 (restated)	於2010年12月31日(經重列)	149,943	28,781	18,225	9,238	1,145,706	113,540	1,465,433
Exchange realignment	匯兌調整	2,283	97	4	138	50,559	3,420	56,501
Additions	添置	-	1,664	-	1,371	1,685	60,804	65,524
Disposals	出售	-	(474)	-	(155)	(766)	-	(1,395)
Disposals upon Spin-off	分拆時的處置	(97,051)	(26,973)	(18,229)	(7,047)	(44,308)	-	(193,608)
Transfer	轉撥	620	364	-	46	175,774	(176,804)	-
At 31 December 2011	於2011年12月31日	55,795	3,459	-	3,591	1,328,650	960	1,392,455
DEPRECIATION	折舊							
At 1 January 2010 (originally stated)	於2010年1月1日(原列)	-	-	-	-	-	-	-
Effects of a change in accounting policy	會計制度變更 之影響	56,418	19,513	10,967	6,879	101,650	-	195,427
At 1 January 2010 (restated)	於2010年1月1日(經重列)	56,418	19,513	10,967	6,879	101,650	-	195,427
Provided for the year	本年撥備	7,134	2,682	698	782	84,703	-	95,999
Exchange realignment	匯兌調整	145	33	-	38	4,330	-	4,546
Eliminated on disposal	出售時對銷	-	(330)	-	(275)	(272)	-	(877)
At 31 December 2010 (restated)	於2010年12月31日(經重列)	63,697	21,898	11,665	7,424	190,411	-	295,095
Provided for the year	本年撥備	4,772	1,481	322	697	96,723	-	103,995
Exchange realignment	匯兌調整	260	53	1	55	8,290	-	8,659
Elimination on disposal	出售時對銷	-	(373)	-	(155)	(332)	-	(860)
Disposal upon Spin-off	分拆時的處置	(61,030)	(21,652)	(11,988)	(6,390)	(37,909)	-	(138,969)
At 31 December 2011	於2011年12月31日	7,699	1,407	-	1,631	257,183	-	267,920
CARRYING VALUE	賬面值							
At 31 December 2011	於2011年12月31日	48,096	2,052	-	1,960	1,071,467	960	1,124,535
At 31 December 2010 (restated)	於2010年12月31日(經重列)	86,246	6,883	6,560	1,814	955,295	113,540	1,170,338
At 1 January 2010 (restated)	於2010年1月1日(經重列)	89,790	5,530	5,071	1,766	945,791	25,770	1,073,718

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line at the following rates per annum:

Buildings and leasehold improvements	5%
Furniture, fixtures and equipment	20%
Motor vehicles	25%
Plant and machinery (Handbag Business)	20%
Plant and machinery (Chemical Business)	5%–10%

The carrying values of the Group's property interests comprises buildings on land under medium-term land use rights in the PRC.

17. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise leasehold land in the PRC under medium-term lease.

16. 物業、廠房及設備(續)

上述物業、廠房及設備項目乃以直線法按下列年率折舊：

樓宇及租賃物業裝修	5%
傢俬、裝置及設備	20%
汽車	25%
廠房及機器(手袋業務)	20%
廠房及機器(化工業務)	5%–10%

本集團物業權益的帳面值指在中國境內享有中期土地使用權土地上的建築物。

17. 預付租賃款項

本集團之預付租賃款項是指中國境內之中期租賃土地。

		31.12.2011	31.12.2010	1.1.2010
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Analysed for reporting purposes as:	分析呈報如下：			
Non-current asset	非流動資產	45,454	55,855	55,766
Current asset	流動資產	929	1,235	1,210
		46,383	57,090	56,976

18. INVESTMENT PROPERTIES**18. 投資物業**

		HK\$'000
		千港元
FAIR VALUE	公平值	
At 1 January 2010	於2010年1月1日	22,408
Currency realignment	滙兌調整	2,559
Increase in fair value recognised in profit or loss	公平值增加於損益表確認	1,374
At 31 December 2010	於2010年12月31日	26,341
Currency realignment	滙兌調整	(94)
Derecognised upon Spin-off	於分拆時取消確認	(26,247)
At 31 December 2011	於2011年12月31日	–

The fair value of the Group's investment properties at 31 December 2010 was arrived at on the basis of a valuation carried out on that date by Jones Lang LaSalle Sallmanns Limited, an independent firm of professional property valuer, on the basis of open market value in existing use. A surplus of HK\$1,374,000 was dealt with in the profit or loss.

本集團位於泰國之投資物業權益之公平值於2010年12月31日由獨立專業物業估值師，仲量聯行西門有限公司按其現有用途之公開市場價值基準重估。1,374,000港元盈餘已計入損益表內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

18. INVESTMENT PROPERTIES (CONTINUED)

The carrying value of investment properties as at 31 December 2010 shown above comprises:

18. 投資物業(續)

以上呈列之投資物業於2010年12月31日之帳面值包括：

		2010 HK\$'000 千港元
– freehold land in Thailand	位於泰國永久業權土地	12,598
– buildings on freehold land in Thailand	位於泰國永久業權土地上之樓宇	13,743
		<u>26,341</u>

19. INTANGIBLE ASSETS**19. 無形資產**

		Technical knowhow 技術知識 HK\$'000 千港元
THE GROUP	本集團	
COST	成本	
At 1 January 2010	於2010年1月1日	9,659
Addition	添置	568
Currency realignment	滙兌調整	360
		<u>10,587</u>
At 31 December 2010	於2010年12月31日	10,587
Addition	添置	904
Currency realignment	滙兌調整	471
		<u>11,962</u>
At 31 December 2011	於2011年12月31日	11,962
AMORTISATION	攤銷	
At 1 January 2010	於2010年1月1日	1,179
Provided for the year	本年度攤銷	1,019
Currency realignment	滙兌調整	66
		<u>2,264</u>
At 31 December 2010	於2010年12月31日	2,264
Provided for the year	本年度攤銷	1,055
Currency realignment	滙兌調整	200
		<u>3,519</u>
At 31 December 2011	於2011年12月31日	3,519
CARRYING VALUE	帳面值	
At 31 December 2011	於2011年12月31日	8,443
At 31 December 2010	於2010年12月31日	8,323
At 1 January 2010	於2010年1月1日	8,480

19. INTANGIBLE ASSETS (CONTINUED)

The technical knowhow was acquired from third parties. It is amortised on a straight-line basis over its estimated useful life of ten years.

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES**19. 無形資產(續)**

有關技術知識乃購自第三方。其於十年之估計使用年限內，按直線法攤銷。

20. 共同控制實體之權益

	31.12.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元	1.1.2010 HK\$'000 千港元
Cost of unlisted investments in jointly controlled entities 非上市共同控制實體之投資成本	4,545	4,545	–
Share of profit and other comprehensive income 應佔其他全面收益	389	161	–
	4,934	4,706	–

As at 31 December 2011 and 2010, the Group had interests in the following jointly controlled entities:

於2010年及2011年12月31日，本集團擁有以下共同控制實體之權益：

Name of jointly controlled entity 共同控制實體名稱	Place of establishment/ incorporation 成立地點	Proportion of issued and fully paid up capital indirectly held by the Group 本集團間接持有的 註冊資本比例		Principal activities 主要業務
		2011	2010	
常熟東港置業有限公司 (note i)	PRC	50%	50%	Provision of port facilities 提供港口設施
Southern Hill Company Limited (note ii)	Hong Kong	50%	–	Investment holding 投資控股
瑞昌理文物流有限公司 (note iii)	PRC	50%	–	Provision of port facilities 提供港口設施

notes:

- (i) The company is a sino-foreign owned enterprise registered and operates in PRC.
- (ii) On 28 June 2011, the Group entered into a joint venture agreement with Lee & Man Paper Manufacturing Limited ("LMP") and Southern Hill Company Limited for the purpose of establishing a Wholly Foreign Owned Enterprise ("WFOE") named 瑞昌理文物流有限公司. The registered capital, investment amount and costs and expenses of the WFOE are borne by the Group and LMP on a pro-rata basis. Details of the agreement are disclosed in announcement of the Company dated 28 June 2011.
- (iii) The company is a wholly owned subsidiary of Southern Hill Company Limited.

附註：

- (i) 該公司為在中國註冊及經營的中外合資企業。
- (ii) 於2011年6月28日，本集團與理文造紙有限公司(「理文造紙」)及南峰有限公司就成立名稱為瑞昌理文物流有限公司之外商獨資企業(「外商獨資企業」)訂立合營協議；該外商獨資企業的註冊資本、投資金、成本及費用均按本集團及理文造紙的持股比例承擔。協議詳情已刊載於本公司在2011年6月28日之公告內。
- (iii) 該公司為南峰有限公司之全資附屬公司。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES
(CONTINUED)**20. 共同控制實體之權益(續)**

The summarised financial information in respect of the Group's interest in the jointly controlled entities which is accounted for using the equity method is set out below:

有關本集團投資共同控制實體之財務資料，按權益會計法入賬，概述如下：

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Current assets	流動資產	12,171	3,783
Non-current assets	非流動資產	2,177	1,089
Current liabilities	流動負債	(14)	(166)
Non-current liabilities	非流動負債	(9,400)	–
Income recognised in profit or loss	確認於損益表內的收入	16	–
Expenses recognised in profit or loss	確認於損益表內的支出	(9)	–
Other comprehensive income for the year	年內其他全面收益	221	161

21. INVENTORIES**21. 存貨**

		31.12.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元	1.1.2010 HK\$'000 千港元
Raw materials and consumables	原材料及耗用品	56,784	95,395	58,153
Work in progress	在制品	8,809	45,822	38,410
Finished goods	製成品	30,027	26,855	11,812
		95,620	168,072	108,375



22. TRADE AND OTHER RECEIVABLES

22. 應收貿易及其他款項

		31.12.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元	1.1.2010 HK\$'000 千港元
Trade receivables	應收貿易帳款	36,373	100,322	84,129
Less: allowance for doubtful debts	減：呆壞賬準備	-	(350)	(360)
		36,373	99,972	83,769
Bills receivables	應收票據	207,417	141,119	70,174
		243,790	241,091	153,943
Prepayment and deposits	預付款及訂金	37,154	60,268	22,667
Other receivables	其他應收款項	12,657	2,964	1,777
Total trade and other receivables	應收貿易及其他款項	293,601	304,323	178,387

The aged analysis of trade and bills receivables based on the invoice date at the end of the reporting period is as follows:

應收貿易及票據款項於報告期末按發票日期之賬齡如下：

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Less than 30 days	少於30天	236,398	208,015
31-60 days	31至60天	7,392	25,635
61-90 days	61至90天	-	4,317
Over 90 days	90天以上	-	3,124
		243,790	241,091

The following amounts of trade receivables, bills receivables and other receivables are denominated in currencies other than the functional currency of the relevant group entities.

以下應收貿易款、應收票據及其他款項均以相關集團個體的功能貨幣以外的貨幣記賬。

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Euro	歐元	-	12,791
RMB	人民幣	-	472
HK dollars	港元	7,392	2,285
		7,392	15,548

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Before accepting any new customer, the Group assesses the potential customer's credit quality by investigating its historical credit record and then defines its credit limit. Trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

The Group generally allows its trade customers a credit period ranged from 7 to 60 days. During the year, no allowance for doubtful debts was provided (2010: HK\$204,000). The Group generally makes provision against debts which are considered as not recoverable. As at 31 December 2011, no amount of trade and bills receivable was past due (2010: HK\$8,110,000). The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

		2010 HK\$'000 千港元
0–30 days	少於30天	133
31–60 days	31至60天	1,226
61–90 days	61至90天	4,282
Over 90 days	90天以上	2,469
Total		8,110

Movement in the allowance for doubtful debts

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Balance at beginning of the year	年初結餘	350	360
Impairment losses recognised on receivables	應收賬款的減值	–	204
Amount written off as uncollectible	不能收回之撇賬金額	(123)	(212)
Amount recovered during the year	年內已收回之金額	–	(6)
Disposal upon Spin-off	分拆時的處置	(232)	–
Exchange realignment	滙兌調整	5	4
Balance at end of the year	年終結餘	–	350

At 31 December 2011, the Group did not hold any collateral over the overdue balance (2010: HK\$32,387,000).

22. 應收貿易及其他款項(續)

於接納任何新客戶前，本集團透過調查客戶之過往信貸記錄評估其潛在信貸質量並隨後界定其信貸額度。根據本集團所採用外部信貸評級系統，既無過期亦無減值之應收貿易賬款被評定屬最佳信貸評級。

本集團給予貿易客戶之信貸期限一般介乎7至60日。於本年度，並無作出呆賬撥備(2010年：204,000港元)。本集團一般對認為不能收回之債項計提撥備。於2011年12月31日，概無應收貿易賬款及票據款項已到期(2010年：8,110,000港元)。本集團並無就該等結餘持有任何抵押品。

已過期而未減值的應收貿易款項賬齡如下：

壞賬撥備之變動如下

	2011 HK\$'000 千港元	2010 HK\$'000 千港元
Balance at beginning of the year	350	360
Impairment losses recognised on receivables	–	204
Amount written off as uncollectible	(123)	(212)
Amount recovered during the year	–	(6)
Disposal upon Spin-off	(232)	–
Exchange realignment	5	4
Balance at end of the year	–	350

於2011年12月31日，集團並無就逾期結餘(2010：32,387,000港元)持有任何抵押品。

23. LOAN TO A JOINTLY CONTROLLED ENTITY

As at 31 December 2011, the amount represented shareholder's loan due to Southern Hill Company Limited. The amount is unsecured, interest-free and repayable after five years subject to management review.

23. 共同控制企業之貸款

於2011年12月31日，該等款項指股東給予南峰有限公司之貸款。有關款項為無抵押、不計息及須於五年後償還，並由管理層審閱。

24. DERIVATIVE FINANCIAL INSTRUMENTS**24. 衍生金融工具**

		Current 流動			Non-current 非流動		
		31.12.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元	1.1.2010 HK\$'000 千港元	31.12.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元	1.1.2010 HK\$'000 千港元
Derivative financial assets – net settlement	衍生金融資產 – 淨額結算						
Other derivatives (not under hedge accounting)	其他衍生工具(並非按 對沖會計法入賬)						
Foreign exchange contracts	外幣兌換合約	-	-	704	-	-	-
Derivative financial liabilities – net settlement	衍生金融負債 – 淨額結算						
Derivatives under hedge accounting	按對沖會計法入帳 之衍生工具						
Interest rate swaps (note i)	利率掉期(附註i)	-	-	-	(2,963)	-	-
Other derivatives (not under hedge accounting)	其他衍生工具(並非按 對沖會計法入賬)						
Interest rate swaps (note ii)	利率掉期 (附註ii)	-	-	-	(177)	-	-
Foreign exchange contracts (note iii)	外幣兌換合約 (附註iii)	-	(530)	-	-	-	-
		-	(530)	704	(3,140)	-	-

The fair values of interest rate swaps are calculated using discounted cash flow analysis based on the applicable yield curves of interest rates and volatility of foreign exchange rates as determined by the counterparties.

The derivative financial instruments are denominated in US dollars which is not the functional currency of the relevant group entity.

上述利率掉期之公平值乃根據對手方財務機構釐訂之利率及外幣流動匯率之適用回報率，按折現現金流量分析為基準計算。

衍生金融工具以有關集團實體之非功能貨幣美元計值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

24. 衍生金融工具(續)

notes:

附註：

(i) Interest rate swaps – under hedging accounting

(i) 利率掉期 – 會計對沖

The Group uses interest rate swaps to minimise its exposure to cash flow interest rate risk of its variable-rate US dollars bank borrowings (see note 28) by swapping a proportion of the variable-rate bank borrowings from variable interest rates to fixed interest rates. The interest rate swaps and the corresponding bank borrowings have substantially the same terms and the directors of the Company consider that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps outstanding at 31 December 2011 are set out below:

本集團採用利率掉期，通過將部分浮息銀行借貸由浮息利率換轉成固定利率，藉此盡量減低浮息美元銀行貸款所承擔之現金流量利率風險(見附註28)。利率掉期及相應之銀行借貸大部份具有相同條款，董事認為利率掉期乃非常有效之對沖工具。於2011年12月31日利率掉期的主要條款載列如下：

Notional amount 概念金額	Interest rate swap 利率掉期
1 contract with US\$22,000,000 1份22,000,000美元合約	From LIBOR to fixed rate of 1.68% 由倫敦銀行同業拆息掉期至定息1.68%
1 contract with US\$15,000,000 1份15,000,000美元合約	From LIBOR + 1.75% to fixed rate of 2.83% 由倫敦銀行同業拆息+1.75%掉期至定息2.83%

The above contracts will mature within three to five years from the end of the reporting period.

上述合約將由報告期末起三至五年內到期。

There were no interest rate swaps outstanding as at 31 December 2010.

於2010年12月31日並無任何利率掉期。

During the year ended 31 December 2011, loss from fair value changes of HK\$2,963,000 was recognised in other comprehensive income and accumulated in equity and is expected to be released to the consolidated statement of comprehensive income at various dates in line with the interest and principal payments schedule of the corresponding bank borrowings in the coming three to five years. A loss from fair value changes of HK\$1,508,000 (2010: nil) was recognised in profit or loss as it presented the net interest settlement of the interest rate swaps during the year.

年內，由公平值變動產生之虧損為2,963,000港元已於其他全面收益內確認及於權益中累計處理，預期將於未來三至五年配合相應銀行借貸之利率及本金支付期於不同日子轉回綜合收益表。由公平值變動產生的虧損1,508,000港元(2010：無)已於年內損益表中確認為利率掉期之利息結算淨額。

(ii) Interest rate swaps – not under hedge accounting

(ii) 利率掉期 – 非會計對沖

Major terms of a contract outstanding as at 31 December 2011 not under hedge accounting are as follows:

於2011年12月31日非會計對沖之一份合約的主要條列如下：

Notional amount 概念金額	Interest rate swap 利率掉期
1 contract with US\$38,000,000 1份38,000,000美元合約	From LIBOR + 2% to fixed rate of 2.93% 由倫敦銀行同業拆息+2%掉期至定息2.93%

The above contract will mature within four years from the end of the reporting period.

上述合約將由報告期末起四年內到期。

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

notes: (Continued)

(iii) Foreign exchange contracts

The amount represents the fair value of foreign exchange contracts held by the Group with terms stated as follows:

Notional amount 概念金額	Maturity 到期日	Exchange rate 兌換率
As at 31 December 2010 於2010年12月31日		
Sell EUR965,606 沽歐元965,606	09.03.2011	1 EURO: 1.26600 USD

The derivative was measured at fair value for year ended 31 December 2010. There were no foreign exchange contracts outstanding as at 31 December 2011.

24. 衍生金融工具(續)

附註：(續)

(iii) 外幣兌換合約

集團持有的外幣兌換合約公平值及其條款載列如下：

衍生工具於2010年12月31日以公平值計量。於2011年12月31日並無外幣兌換合約。

25. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. The deposits carry prevailing market interest rates which range from 0.50% to 5.80% (2010: 0.2% to 1.91%) per annum.

The following amounts of bank and cash are denominated in the foreign currencies other than the functional currency of the relevant group entities.

25. 銀行結餘及現金

銀行結餘及現金包括本集團持有之現金及原本為3個月或少於3個月到期之短期銀行存款。該等存款按市場平均年息率0.50% to 5.80% (2010：0.2%至1.91%) 計息。

以下銀行及現金結餘均以相關集團個體的功能貨幣以外的貨幣記賬。

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Euro	歐元	-	1,230
RMB	人民幣	-	2,259
HK dollars	港元	3,151	56,036
US dollars	美元	134,000	1,458
		137,151	60,983

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

26. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The credit period obtained for trade purchases is 7 to 45 days.

Included in trade and other payables are trade and bills payables of HK\$56,306,000 (2010: HK\$150,838,000). The aged analysis of trade and bills payables based on the invoice date at the end of the reporting period is as follows:

		31.12.2011	31.12.2010	1.1.2010
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Less than 30 days	少於30天	44,243	80,433	88,508
31–60 days	31至60天	3,473	33,009	22,905
61–90 days	61至90天	1,120	29,291	21,843
Over 90 days	90天以上	7,470	8,105	4,818
		56,306	150,838	138,074
Receipt in advance	預收款	59,167	53,275	22,561
Construction payable	應付工程款	23,819	32,072	74,902
Other payables and accruals	其他應付款	50,942	77,345	58,454
Total trade and other payables	應付收貿易及其他款項合計	190,234	313,530	293,991

The following amounts of trade and other payables are denominated in currencies other than the functional currency of the relevant group entities.

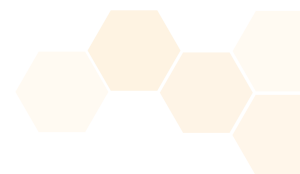
		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
RMB	人民幣	–	52,918
HK dollars	港元	61	29,731
US dollars	美元	–	6,825
		61	89,474

26. 應付貿易及其他款項

應付貿易及其他款項主要包括貿易購貨及持續開支成本之未付款項。貿易購貨之平均除賬期為7至45天。

應付貿易及其他款項包括應付賬款及票據約56,306,000港元(2010: 150,838,000港元)，應付賬款及票據於報告期末按發票日之賬齡分析如下：

以下應付貿易賬款及其他款項均以相關集團個體的功能貨幣以外的貨幣記賬。



27. AMOUNTS DUE TO RELATED COMPANIES

27. 應付關連公司款項

	31.12.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元	1.1.2010 HK\$'000 千港元
Capital Nation Investments Limited ("Capital Nation")	-	926	1,040
LMP 理文造紙	201	6,029	7,871
	201	6,955	8,911

Capital Nation is beneficially owned and controlled by Ms. Lee Man Lai who is a daughter of Mr. Lee Wan Keung, the controlling shareholder of the Company's ultimate holding company, Fortune Star. LMP is beneficially owned and controlled by Mr. Lee Wan Keung.

The amounts are unsecured, non-interest bearing, repayable on demand and aged within 90 days.

Capital Nation由本公司最終控股公司 Fortune Star之控股股東李運強先生之女兒李文麗女士實益擁有。理文造紙由李運強先生實益擁有。

有關款項為無抵押、不計息、需應要求償還及賬齡為90天內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

28. BANK BORROWINGS

28. 銀行借款

		31.12.2011	31.12.2010	1.1.2010
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Bank loans	銀行借款	960,257	427,487	267,728
Bank import loans	銀行入口單借款	6,491	61,511	60,446
Bills discounted with recourse	附追溯權的票據貼現	-	32,387	44,274
		966,748	521,385	372,448
Analysed as:	分析為：			
Secured	有抵押	-	32,387	44,274
Unsecured	無抵押	966,748	488,998	328,174
		966,748	521,385	372,448
Carrying amount repayable:	需償還帳面值：			
Within one year	應要求或1年內	159,007	192,531	
More than one year, but not exceeding two years	超出1年但不超出2年	180,130	41,808	
More than two years but not more than five years	超出2年但不超出5年	566,470	-	
		905,607	234,339	
Carrying amount of bank loans that are repayable within one year from the end of the reporting period and contain a repayment on demand clause	須於報告期間結算日後1年內償還及具有可隨時要求償還條文之銀行借貸賬面值	22,431	75,586	
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	毋須於報告期間結算日後1年內償還但具有可隨時要求償還條文之銀行借貸賬面值(在流動負債下列示)	38,710	211,460	
		966,748	521,385	
Less: Amounts due within one year shown under current liabilities	減：1年內到期的金額在流動負債下列示	(220,148)	(479,577)	
Amounts shown under non-current liabilities	在非流動負債下列示分析為	746,600	41,808	



28. BANK BORROWINGS (CONTINUED)

As at 31 December 2011, the Group had available banking facilities of approximately HK\$1,337,846,000 (2010: HK\$1,188,579,000) of which HK\$966,748,000 (2010: HK\$521,385,000) was utilised.

At the end of the reporting period, all of the Group's borrowings carried variable-rate interest.

The ranges of effective interest rates per annum on the Group's borrowings are as follows:

		2011	2010
Effective interest rate: Borrowings	實際利率： 借款	1.6% to 3% over HIBOR or LIBOR	0.8% to 2% over HIBOR or LIBOR

The following amounts of bank borrowings are denominated in currencies other than the functional currency of the relevant group entities.

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
US dollars	美元	656,748	144,066
Euro	歐元	-	1,232
HK dollars	港元	310,000	107,923
		966,748	253,221

28. 銀行借款(續)

於2011年12月31日，本集團可用之銀行備用信貸額約1,337,846,000港元（2010：1,188,579,000港元），其中966,748,000港元（2010：521,385,000港元）已被動用。

於報告期末，集團所有銀行借款均附帶浮息。

本集團借款之實際利率範圍如下：

本集團除去以相關實體功能貨幣列值外之銀行借款呈列如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

29. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movement thereon during the current and prior reporting periods:

		Accelerated tax depreciation 遞增 稅項 折舊 HK\$'000 千港元
At 1 January 2010 (restated)	於2010年1月1日(經重列)	(24)
Credit to profit or loss	計入損益	(20)
At 31 December 2010 (restated)	於2010年12月31日(經重列)	(44)
Disposal upon Spin-off	分拆時的處置	44
At 31 December 2011	於2011年12月31日	—

The following is the analysis of the deferred tax balances for financial reporting purposes:

遞延稅項結餘分析如下：

		2010 HK\$'000 千港元 (restated) (經重列)	2009 HK\$'000 千港元 (restated) (經重列)
Deferred tax liabilities	遞延稅項負債	582	553
Deferred tax asset	遞延稅項資產	(626)	(577)
		(44)	(24)

At the end of the reporting period, the Group has unutilised tax losses of HK\$8,606,000 (2010: HK\$42,238,000) available to offset against future profits. Tax losses of HK\$8,606,000 may be carried forward indefinitely. No deferred tax asset has been recognised on the tax losses due to the unpredictability of future profit streams.

於報告期末，本集團尚未動用但可用作抵扣未來課稅溢利之稅項虧損為8,606,000港元(2010：42,238,000港元)。稅項虧損8,606,000港元可無限期結轉。由於未來溢利不可預測，有關稅項虧損並無確認為遞延稅項資產。

30. SHARE CAPITAL**30. 股本**

		Number of ordinary shares	Amount
		普通股份數目	金額 HK\$'000 千港元
Ordinary shares of HK\$0.10 each:	每股面值0.1 港元之普通股：		
Authorised:	法定：		
At 1 January 2010, 31 December 2010 and 31 December 2011	於2010年1月1日、2010年12月31日及 2011年12月31日	5,000,000,000	500,000
Issued and fully paid:	發行及繳足：		
At 1 January 2010, 31 December 2010 and 31 December 2011	於2010年1月1日、2010年12月31日及 2011年12月31日	825,000,000	82,500

There was no movement in the Company's share capital for both years.

本公司之股本於該兩個年度內並無變動。

31. SHARE OPTION SCHEME**31. 購股權計劃**

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 14 December 2001 for the purpose of providing incentives to directors and eligible persons. The Scheme had a term of 10 years from its adoption and therefore it expired on 13 December 2010.

本公司根據一項於2001年12月14日通過之決議案，已採納購股權計劃（「計劃」），以獎勵董事及合適人士。計劃從採納後10年內有效，並於2010年12月13日屆滿。

Under the Scheme, the Company's board of directors could at their discretion grant options to (i) any director, employee or consultant of the Company or a company in which the Company holds an equity interest or a subsidiary of such company ("Affiliate"); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Company or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Company or an Affiliate; or (iv) any customer, supplier or adviser as may be determined by the directors of the Company from time to time to subscribe for the shares of the Company.

根據計劃，本公司董事會（「董事會」）可酌情向(i)本集團、本集團擁有股本權益之公司或該公司之附屬公司（「聯屬公司」）之任何董事、僱員或顧問；或(ii)受益人包括本集團或其聯屬公司之任何董事、僱員或顧問之任何全權信託；或(iii)由本集團或其聯屬公司之任何董事、僱員或顧問 實益擁有之公司；或(iv)由董事會於不時決定之任何客戶、供應商或顧問授予購股權以認購本公司股份（「股份」）。

Options granted must be taken up within 21 days of the date of grant. The maximum number of shares of the Company in respect of which options might be granted under the Scheme was not to exceed 10% of the issued share capital of the Company any point in time. The maximum number of shares of the Company in respect of which options might be granted to any individual in any 12-month period was not to exceed 1% of shares of the Company in issue on the last date of such 12-month period unless approval of the shareholders of the Company was obtained in accordance with the Rules Governing the Listing of Securities on the Stock Exchange.

獲授予之購股權必須於獲授日起計21天內接納。有關根據計劃所授出之購股權所涉及之股份數目，在任何時候最高不得超過本公司已發行股本之10%。除非根據上市規則獲得本公司股東批准，否則於任何12個月期間授予任何個別人士之購股權之最高股份數目，不得超過於該12個月期間之最後一日已發行股份之1%。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

31. SHARE OPTION SCHEME (CONTINUED)

Options could be exercised during such period (including the minimum period, if any, for which an option must be held before it could be exercised) as determined by the directors of the Company (which shall be less than ten years from the date of issue of the relevant option). Options could be granted without initial payment. The exercise price was equal to the highest of (i) nominal value of the shares of the Company; (ii) the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options.

No options were exercised under the Scheme during the year ended 31 December 2011.

The following table discloses movements of the Company's share options during the year ended 31 December 2011:

Director	Date of grant	Exercise price	Exercisable period	Number of share options 購股權數目					
				Outstanding at 1.1.2010 於2010年1月1日 尚未行使	Granted during the year 年內授出	Exercised/ lapsed/ cancelled/ during the year 年內行使/ 到期/取消	Outstanding at 1.1.2011 於2011年1月1日 尚未行使	Granted/ Exercised during the year 年內授出/行使	Outstanding at 31.12.2011 於2011年12月31日 尚未行使
Lee Man Yan	23.4.2010	6.69	23.4.2011-22.4.2015	-	27,500,000	-	27,500,000	-	27,500,000
李文恩	23.4.2010	6.69	23.4.2012-22.4.2015	-	27,500,000	-	27,500,000	-	27,500,000
	23.4.2010	6.69	23.4.2013-22.4.2015	-	27,500,000	-	27,500,000	-	27,500,000
Total	總數			-	82,500,000	-	82,500,000	-	82,500,000
Exercisable at the end of the year	於年終可行使 股權數						-		27,500,000

31. 購股權計劃(續)

購股權可於董事會釐定之有關期間(該期間將由發行有關購股權起計10年內，並包括購股權可予行使前必須持有之最短期限(如有))內行使。購股權可在毋須作出初期付款之情況下授出，並可按下述三項中之最高者作為行使價格(i)股份之面值；(ii)股份於授出購股權當日聯交所每日報價表所列之每股收市價；及(iii)股份於緊貼授出日期前5個交易日在聯交所之每日報價表所列之平均每股收市價。

截至2011年12月31日止年度，本公司並無根據計劃授出購股權。

截至2011年12月31日止年度，本公司購股權變動呈列如下：

31. SHARE OPTION SCHEME (CONTINUED)

The options granted on 23 April 2010 may be exercised in accordance with the following terms:

- (i) up to one-third of the options (i.e. options for an aggregate of 27,500,000 shares) will be exercisable from 23 April 2011 to 22 April 2015 (both dates inclusive) if the consolidated net profit after taxation ("Net Profit") for the financial year ended 31 December 2010 equals or exceeds 115% of the Net Profit for the financial year ended 31 December 2009;
- (ii) up to two-thirds of the options (i.e. options for an aggregate of 55,000,000 shares) will be exercisable from 23 April 2012 to 22 April 2015 (both dates inclusive) if the Net Profit for the financial year ended 31 December 2011 equals or exceeds 130% of the Net Profit for the financial year ended 31 December 2009;
- (iii) all of the options (i.e. options for an aggregate of 82,500,000 shares) will be exercisable from 23 April 2013 to 22 April 2015 (both dates inclusive) if the Net Profit for the financial year ending 31 December 2012 equals or exceeds 145% of the Net Profit for the financial year ended 31 December 2009;
- (iv) to the extent any options have not become exercisable by 23 April 2014 (i.e. options for an aggregate of 82,500,000 shares), they will be exercisable from 23 April 2014 to 22 April 2015 (both dates inclusive) if the Net Profit for the financial year ending 31 December 2013 equals or exceeds 160% of the Net Profit for the financial year ending 31 December 2009.

The option shall lapse if the options holder by reason of voluntary resignation or by termination of his employment in accordance with the termination provisions of his contract of employment.

At 31 December 2011, the number of shares in respect of which options had been granted and remained outstanding under the Scheme represented 10% (2010: 10%) of the issued share capital at that date.

31. 購股權計劃(續)

於2010年4月23日授出股權可根據以下購股權計劃之條款行使：

- (i) 如截至2010年12月31日止財政年度之淨利潤相等於或超過截至2009年12月31日止財政年度之淨利潤115%，則最多三分之一的購股權（即累計共27,500,000股購股權）將可於2011年4月23日至2015年4月22日（包括首尾兩天）內行使；
- (ii) 如截至2011年12月31日止財政年度之淨利潤相等於或超過截至2009年12月31日止財政年度之淨利潤130%，則最多三分之二的購股權（即累計55,000,000股購股權）將可於2012年4月23日至2015年4月22日（包括首尾兩天）內行使；
- (iii) 如截至2012年12月31日止財政年度之淨利潤相等於或超過截至2009年12月31日止財政年度之淨利潤145%，則全部購股權（即累計共82,500,000股購股權）將可於2013年4月23日至2015年4月22日（包括首尾兩天）內行使；
- (iv) 倘若任何購股權（即累計共82,500,000股購股權）直至2014年4月23日並未能獲得行使權，如截至2013年12月31日止財政年度之淨利潤相等於或超過截至2009年12月31日止財政年度之淨利潤160%，則全部購股權將可於2014年4月23日至2015年4月22日（包括首尾兩天）內行使。

倘購股權持有人因自願離職或根據其僱傭合約之終止條文被終止聘用，購股權將失效。

於2011年12月31日，有關已授出購股權的股份數目及在計劃下尚未行使代表10%（2010：10%）在此日期已發行股本。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

31. SHARE OPTION SCHEME (CONTINUED)

The total fair value of the share options granted under the Scheme on 23 April 2010 is approximately HK\$163,430,000, calculated using the Binomial Model (the "Model"). The inputs into the Model and the estimated fair value of the share options are as follows:

		Share options with an exercisable period from 23.4.2011 to 22.4.2015	Share options with an exercisable period from 23.4.2012 to 22.4.2015	Share options with an exercisable period from 23.4.2013 to 22.4.2015
		購股權之 行使期由 23.4.2011 to 至 22.4.2015	購股權之 行使期由 23.4.2012 to 至 22.4.2015	購股權之 行使期由 23.4.2013 to 至 22.4.2015
Share price at date of grant	於授出日期之股價	HK\$6.69	HK\$6.69	HK\$6.69
Exercise price	行使價	HK\$6.69	HK\$6.69	HK\$6.69
Expected volatility	預期波幅	53.62%	53.62%	53.62%
		per annum	per annum	per annum
Expected life of share options	購股權預期年期	5 years	5 years	5 years
Expected dividend yield	預期股息率	4.75%	4.75%	4.75%
Risk-free rate	無風險年利率	2.03%	2.03%	2.03%
Fair value of share option	購股權之公平價值	HK\$1.78	HK\$2.02	HK\$2.15

Expected volatility was determined by using the historical volatility of share price over the previous five years. The expected life used in the Model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The risk free interest rate was estimated based on the yield of the 5-year exchange fund note issued by the Hong Kong Monetary Authority as of the grant date.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Share option expense of approximately HK\$62,370,000 was recognised in the general and administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2011 (2010: HK\$66,804,000), calculated with reference to the vesting period.

31. 購股權計劃(續)

於2010年4月23日所授出購股權之公平價值為約163,430,000港元，採用二項式模型(「模型」)釐定。模型內容及購股權之估計公平價值呈列如下：

		購股權之 行使期由 23.4.2011 to 至 22.4.2015	購股權之 行使期由 23.4.2012 to 至 22.4.2015	購股權之 行使期由 23.4.2013 to 至 22.4.2015
Share price at date of grant	於授出日期之股價	HK\$6.69	HK\$6.69	HK\$6.69
Exercise price	行使價	HK\$6.69	HK\$6.69	HK\$6.69
Expected volatility	預期波幅	53.62%	53.62%	53.62%
		per annum	per annum	per annum
Expected life of share options	購股權預期年期	5 years	5 years	5 years
Expected dividend yield	預期股息率	4.75%	4.75%	4.75%
Risk-free rate	無風險年利率	2.03%	2.03%	2.03%
Fair value of share option	購股權之公平價值	HK\$1.78	HK\$2.02	HK\$2.15

預期波幅按本公司過去五年公司股價之歷史波幅釐定。模式所採用預期年期已就不可轉讓、行使限制及行為考慮之影響按管理層最佳估計調整。

無風險利率按香港金融管理局之五年期外匯基金債券率於授出日期估計。

變數及假設用作計算購股權之公平價值乃按董事最佳估計。購股權價值由主觀假設之不同變數而變更。

購股權支出約62,370,000港元已於截至2011年12月31日止年度之綜合全面收益表的行政費用中確認(2010: 66,804,000港元)，並以歸屬期間參考計算。

32. OPERATING LEASES

Minimum lease payments paid under operating leases in respect of office premises during the year

年內有關辦公室物業經營租約之最低租賃付款

2011
HK\$'000
千港元

2010
HK\$'000
千港元

127

2,658

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases HK\$72,000 (2010: HK\$30,000) which fall due within one year.

於報告期末，集團承諾就一年內到期而又不可撤銷的最低租賃付款額為72,000港元(2010：30,000港元)。

The commitments for operating lease payments represent rentals payable by the Group for office properties. Leases are negotiated for an average term of one year (2010: one year). Rentals are based on the terms specified in the lease agreements.

經營租賃付款承擔指本集團就其辦公室物業應付之租金。租賃之平均租期為一年(2010：一年)，租金乃根據租賃協議內之指定條款釐定。

33. OTHER COMMITMENT

At the end of the reporting period, the Group had commitments for future consultancy fee payments under non-cancellable contracts which fall due as follows:

33. 其他承擔

於報告期末，本集團持有不可撤銷的顧問費支出合約，其到期日如下：

Within one year
In the second to fifth year inclusive

一年內
於第二至第五年內

2011
HK\$'000
千港元

2010
HK\$'000
千港元

180

180

450

630

630

810

In addition, at the end of the reporting period, the Group had contractual commitments for acquisition of land use rights of HK\$55,642,000 (2010: HK\$23,075,000). It also had commitments for granting shareholder's loan of HK\$37,400,000 (2010: Nil) to a jointly controlled entity.

此外，於報告期末，集團已訂約以55,642,000港元(2010：23,075,000港元)購入土地使用權。彼亦承諾給予37,400,000港元的股東貸款(2010年：零)予共同控制實體。

34. CAPITAL COMMITMENTS

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

已訂約但未於綜合財務報表中撥備之資本性支出：

– 購置物業、廠房及設備

2011
HK\$'000
千港元

2010
HK\$'000
千港元

150,663

17,471

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

35. RETIREMENT BENEFIT SCHEMES

Defined benefit scheme

The Group is a member of a defined benefit scheme 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 scheme were enrolled into a MPF Scheme and their accrued benefits for the past services under the defined benefit scheme were frozen as at 30 November 2000. The defined benefit scheme was closed to new employees from December 2000 onwards.

Under the defined benefit scheme, 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 December 2010 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. All defined benefit assets were disposed upon spin-off of the Handbag Business during the year.

The main actuarial assumptions used were as follows:

Discount rate	貼現率	0%
Expected return on plan assets	計劃資產預期回報	3%
Expected rate of salary increases	薪酬預期增幅	0%

The actuarial valuation shows that the market value of plan assets at 31 December 2010 was HK\$9,705,000 and that the actuarial value of these assets represented 130% of the benefits that were accrued to members.

The credit recognised in the profit or loss in respect of the defined benefit scheme was of HK\$288,000 at 31 December 2010 which was included as other income.

35. 退休福利計劃

界定利益計劃

本集團為一項界定利益計劃之成員，該計劃專為集團公司之合資格僱員而設。於2000年12月，界定利益計劃當時之所有成員已登記加入強積金計劃，其於界定利益計劃下過往服務之累積利益已於2000年11月30日被凍結，界定利益計劃亦由2000年12月起不再接受新僱員加入。

根據界定利益計劃，僱員於年屆55歲退休之齡時，可收取之退休福利乃相等於其於2000年11月30日之薪酬之0%至100%不等，並乘以截至2000年11月30日止之應計算退休金之服務年資。本集團並未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評估乃由滙豐人壽保險(國際)有限公司於2010年12月31日作出評估。界定利益承擔現值、相關之現時服務成本及過往服務成本乃採用預估單位利益法計算。所得界定利益資產於年內分拆手袋業務時已撇賬。

所採用之主要精算假設如下：

	2010
	Per annum
	年率

精算評估顯示計劃資產於2010年12月31日之市值為9,705,000港元，而該等資產之精算價值乃相當於計劃成員應得利益之130%。

就界定利益計劃收益為288,000港元已於2010年12月31日於損益表內確認為其他收入。



35. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Defined benefit scheme (Continued)

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit retirement benefit plan is as follows:

		2010 HK\$'000 千港元
Present value of funded defined benefit obligations	界定利益承擔款項之現值	7,480
Fair value of plan assets	計劃資產之公平價值	<u>(9,705)</u>
		(2,225)
Net actuarial losses not recognised	未確認之精算虧損	<u>(2,313)</u>
Defined benefit asset	界定利益承擔產生之淨資產	<u>(4,538)</u>

Movements in the present value of the funded defined benefit obligations in 31 December 2010 were as follows:

35. 退休福利計劃(續)

界定利益計劃(續)

集團就界定利益退休福利計劃所產生之承擔並已列入綜合財務狀況表內之數額如下：

		2010 HK\$'000 千港元
Opening balance	期初結餘	8,194
Benefit paid	已付利益	<u>(714)</u>
Closing balance	期末結餘	<u>7,480</u>

Movements in the fair value of the plan assets on 31 December 2010 were as follows:

2010年12月31日界定利益承擔現值變動如下：

		2010 HK\$'000 千港元
Opening balance	期初結餘	8,194
Benefit paid	已付利益	<u>(714)</u>
Closing balance	期末結餘	<u>7,480</u>

Movements in the fair value of the plan assets on 31 December 2010 were as follows:

年內計劃資產之公平值變動如下：

		2010 HK\$'000 千港元
Opening balance	期初結餘	9,936
Expected return on plan assets	計畫資產預期回報	288
Benefit paid	已付利益	(714)
Actuarial gains	精算收益	<u>195</u>
Closing balance	期末結餘	<u>9,705</u>

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

35. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Defined benefit scheme (Continued)

The major categories of plan assets at the end of 31 December 2010 are as follows:

		2010 HK\$'000 千港元
Debt instruments	債券	9,385
Cash	現金	320
		9,705

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected return is based on historical return trends and analysis predictions of the market for the asset in the next twelve months.

The expected return on plan assets for the year was HK\$288,000 in 2010.

The plan assets do not include any equity shares in the Company or property held by the Group.

The history of experience adjustments is as follows:

		2010 HK\$'000 千港元
Present value of defined benefit obligations	界定利益承擔現值	7,480
Fair value of plan assets	計劃資產之公平值	(9,705)
Surplus	盈餘	(2,225)
Actuarial gain on plan assets	計劃資產精算收益	(195)

Defined contribution scheme

The Group operates a Mandatory Provided Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes monthly the lower of HK\$1,000 or 5% of the relevant monthly payroll costs to the MPF Scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The PRC subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total cost charged to profit or loss of HK\$3,600,000 (2010: HK\$1,732,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

35. 退休福利計劃(續)

界定利益計劃(續)

計劃資產之主要分類及預期回報率於報告期末分類如下：

	2010 HK\$'000 千港元
Debt instruments	9,385
Cash	320
	9,705

整體之預期回報率乃持有之不同類別計劃資產預期回報之加權平均。董事對預期回報之評估乃基於以往回報記錄及市場對資產於未來十二個月之預計分析。

於2010年計劃資產之實際回報為288,000港元。

計劃資產之公平價值並無包含本公司之股本權益或本集團持有之物業。

過往調整實況如下：

	2010 HK\$'000 千港元
Present value of defined benefit obligations	7,480
Fair value of plan assets	(9,705)
Surplus	(2,225)
Actuarial gain on plan assets	(195)

界定供款計劃

本集團為所有合資格的僱員設立一項強積金計劃。該計劃之資產與本集團之資產分開持有，並由受託人控制。本集團向強積金計劃供款1,000港元或有關每月薪酬成本之5%(以較低者為準)，而僱員之供款比率相同。

本集團之中國附屬公司之僱員均為中國政府管理之國營退休福利計劃之成員，該等中國附屬公司須按薪酬開支之若干百分比向退休福利計劃供款，本集團對有關退休福利計劃之責任是作出指定之供款。

總成本3,600,000港元(2010: 1,732,000港元)已計入損益內，此乃集團於本會計期間對計劃之應付供款數。

36. RELATED PARTY TRANSACTIONS AND BALANCES**36. 關連交易及結餘**

The Group had significant transactions and balances with related parties (see notes 23 and 27) during the year and at the end of the reporting period as follows:

本集團與關連人士於年內所進行之重大交易及於報告期末之結餘(附註23及27)如下：

Name of related party	Relationship	Nature of transactions	2011 HK\$'000 千港元	2010 HK\$'000 千港元
Connected parties 關連人士				
* Capital Nation	A company beneficially owned and controlled by Ms. Lee Man Lai 由李文麗女士實益擁有及控制之公司	Corrugated cardboard and carton boxes purchased 購買瓦楞紙板及紙箱	1,411	4,089
* Lee & Man Realty Investment Limited 理文置業有限公司	A company beneficially owned and controlled by Mr. Lee Man Yan and Mr. Lee Wan Keung 由李文恩先生及李運強先生實益擁有及控制之公司	Licence fee paid 已付使用權費	778	1,555
LMP 理文造紙	A company beneficially owned and controlled by Mr. Lee Wan Keung 由李運強先生實益擁有及控制之公司	Electricity and steam fee paid 已付發電及蒸氣費	71,698	59,666
		Fuel expense paid 已付燃料費	456	215
		Rental expense paid 已付租金	888	912
		Sales of chemical products 銷售化工產品	6,947	10,738
Lee & Man Management Limited 理文管理有限公司	A company beneficially owned and controlled by Mr. Lee Wan Keung 由李運強先生實益擁有及控制之公司	Management consultant fee paid 已付管理顧問費	8	—

* These transactions are related to the Handbag Business prior to the Spin-off.

* 上述交易於分拆前屬於手袋業務。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

36. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Except for the related party transactions and balances described above, the Group has entered into a joint venture arrangement with LMP. Details of the joint venture and the capital commitment to the jointly controlled entity are set out in note 23 and 34 respectively to the consolidated financial statements.

The remuneration of directors and other members of key management during the year was as follows:

Short-term employee benefits	短期福利
Post-employment benefits	退休福利
Share-based payment performance related incentive	以股份為基礎之表現相關獎勵金

36. 關連交易及結餘(續)

除上文所述關連人士交易及結餘外，本集團與理文造紙訂立合營公司安排。合營公司及對共同控制實體之資本承擔詳情分別載於綜合財務報表附註23及34。

董事及其他主要管理層成員於年內之酬金如下：

2011	2010
HK\$'000	HK\$'000
千港元	千港元
13,988	9,518
28	130
62,370	66,804
76,386	76,452

37. NON-CASH TRANSACTIONS

During the year, purchases of property, plant and equipment and intangible assets of HK\$54,897,000 and Nil (2010: HK\$91,221,000 and HK\$568,000), respectively, were settled through transfer of deposits paid.

On 22 June 2011, the Spin-off of the Handbag Group was effected by way of distribution of the Handbag Business amounting to approximately HK\$195 million to the Company's shareholders on pro rata basis.

37. 非貨幣性交易

年內，購置物業、廠房及設備及無形資產分別為54,897,000港元及零港元(2010年：91,221,000港元及568,000港元)是由往年度的已付訂金轉入。

於2011年6月22日，本公司將手袋集團分拆，並按比例向本公司之股東分派約1.95億港元。

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2011 and 2010 are as follows:

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊成立地點	Nominal value of issued and fully paid share capital/paid-in capital 已發行及繳足股本面值/ 實繳股本	Attributable equity interest 所佔權益		Principal activities# 主要業務#
			2011	2010	
Lee & Man Chemical Limited 理文化工有限公司	British Virgin Islands 英屬處女群島	Shares – US\$1 股份–1美元	100%	100%	Investment holding 投資控股
Lee & Man (International) Investment Limited 理文(國際)投資有限公司	Hong Kong 香港	Ordinary shares – HK\$100 普通股份– 100港元	100%	100%	Investment holding 投資控股
Jiangsu Lee & Man Chemical Limited ("Jiangsu L&M") (note) 江蘇理文化工有限公司(「江蘇理文」) (附註)	PRC 中國	Paid-in capital – US\$78,750,000 實繳股本– 78,750,000美元	100%	100%	Manufacture and sales of chloromethane products, caustic soda and hydrogen peroxide 生產及銷售甲烷氯化物、燒碱 及過氧化氫
Guangdong Lee & Man Chemical R&D Limited (note) 廣東理文化工研發有限公司	PRC 中國	Paid-in capital – US\$2,020,000 實繳股本– 2,020,000美元	100%	100%	Research and development of chemical products 研發化工產品
Jiangxi Lee & Man Chemical Limited (note) 江蘇理文化工有限公司	PRC 中國	Paid-in capital – US\$17,000,243 實繳股本– 17,000,243美元	100%	–	Under construction 籌建中
Lee & Man Development Company Limited 理文發展有限公司	British Virgin Islands 英屬處女群島	Shares – US\$90 股份–90美元	–	100%	Investment holding 投資控股
Lee & Man Company Limited 理文洋行有限公司	Hong Kong 香港	Ordinary shares – HK\$1,000,000 普通股份– 1,000,000港元 Non-voting deferred shares – HK\$1,000,000 無投票權遞延股份– 1,000,000港元	–	100%	Manufacture and sales of handbags 製造及銷售手袋
Lee & Man Handbag Manufacturing Company Limited 理文手袋廠有限公司	Hong Kong 香港	Ordinary shares – HK\$10,000 普通股份– 10,000港元 Non-voting deferred shares – HK\$500,000 無投票權遞延股份 – 500,000港元	–	100%	Manufacture and sales of handbags 製造及銷售手袋

於2010年及2011年12月31日本公司之
主要附屬公司詳情如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED) 38. 主要附屬公司(續)

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊成立地點	Nominal value of issued and fully paid share capital/paid-in capital 已發行及繳足股本面值/ 實繳股本	Attributable equity interest 所佔權益		Principal activities# 主要業務#
			2011	2010	
Dongguan Lee Wai Handbag Manufacturing Company Limited (note) 東莞利偉手袋有限公司(附註)	PRC 中國	Paid-in capital – HK\$6,000,000 實繳股本– 6,000,000港元	-	100%	Manufacture and sales of handbags 製造及銷售手袋
Lee & Man Management Company Limited 理文管理有限公司	Hong Kong 香港	Ordinary shares – HK\$2 普通股份– 2港元	-	100%	Provision of management and administration services 提供管理及行政服務

* The principal activities were carried out in the PRC and Hong Kong.

* 主要業務均在中國及香港進行。

note: These companies are registered in the form of wholly-owned foreign investment enterprise.

附註：該等公司均以外商獨資企業形式註冊。

Only Lee & Man Chemical Limited was directly held by the Company.

只有理文化工有限公司由本公司直接持有。

The deferred shares of the above entities practically carry no rights to participate in profits or surplus assets or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up.

遞延股份並無權利參與分派溢利或盈餘資產或接收各有關公司任何股東大會之通告或出席大會或於會上投票或參與清盤之任何分派。

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

董事認為上表載列之本公司附屬公司，乃主要影響本集團之業績或資產之公司。董事認為若提供其他附屬公司之詳情將導致篇幅冗長。

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

附屬公司於年終或年內任何時間概無任何未贖回之債務證券。

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank loans disclosed in note 28, net of bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debts.

40. FINANCIAL INSTRUMENTS

40a. Categories of financial instruments

		31.12.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元	1.1.2010 HK\$'000 千港元
<i>Financial assets</i>				
Loans and receivables (including cash and cash equivalents)	金融資產 貸款及應收款項(包括現金及現金等值項目)	1,498,955	635,434	227,055
Derivative financial instruments	衍生金融工具	-	-	704
<i>Financial liabilities</i>				
Financial liabilities at amortised cost	金融負債 按攤銷成本的金融負債	1,061,396	728,215	611,524
Fair value through profit or loss – derivative financial instruments	公平值計入損益—衍生金融工具	177	530	-
Derivatives under hedge accounting	按對沖會計法的衍生金融工具	2,963	-	-

39. 資本風險管理

本集團進行資本管理，以確保本集團旗下各實體能夠持續經營業務，同時透過優化債務及股本結餘爭取股東回報最大化。本集團的整體策略自上年度保持不變。

本集團的資本結構包括淨負債(載於在附註28中已扣除銀行結餘及現金後的銀行借款)本公司權益持有人應佔權益(包含已發行股本及各項儲備)。

本公司董事按持續基準審閱資本架構。作為是項審閱的部分，董事會考慮資本成本及各類資本的相關風險。根據董事的建議，本集團將透過派付股息、發行新股以及發行新債以平衡其整體資本架構。

40. 金融工具

40a. 金融工具之類別

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loan to a jointly controlled entity, bank balances and cash, trade and other payables, bank borrowings, amounts due to related companies and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

In 2010 the Group mainly operated in Hong Kong and the PRC and the exposure in exchange rate risks mainly arose from fluctuations of foreign currencies, including US dollars, RMB, HK dollars and Euro against the functional currency of the relevant group entities. Upon the Spin-off, the Group mainly operates in the PRC and the exposure in exchange rate risks mainly arise from fluctuations of foreign currencies, including US dollars and HK dollars against the functional currency of the relevant group entities. Material transactions and balances that are not denominated in the functional currency of the relevant entities give rise to foreign currency exposure as follows:

- (i) US dollars – in terms of bank balances and cash and bank borrowings.
- (ii) HK dollars – in terms of bank balances and cash and bank borrowings.

Exchange rate fluctuations and market trend have always been the concern of the Group. Management will monitor the foreign currency exposure closely and consider the use of hedging instruments when the need arises.

40. 金融工具(續)

40b. 財務風險管理目標及政策

本公司之主要金融工具包括應收貿易及其他款項、共同控制企業貸款、銀行結餘及現金、應付貿易及其他款項、銀行借款、應付關連公司款項及金融衍生工具。該等金融工具詳情於相關附註披露。該等金融工具的相關風險包括市場風險(貨幣風險及利率風險)、信貸風險及流動資金風險。下文載列與該等金融工具有關之風險及如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時及有效地採取適當之措施。

市場風險

(i) 貨幣風險

於2010年本集團主要於香港及中國經營業務，匯率風險主要由外幣(包括美元、人民幣、港元及歐元)兌換相關集團實體功能貨幣波動時所產生。經分拆後，本集團主要於中國經營業務，匯率風險主要由外幣(包括美元及港元)兌換相關集團實體功能貨幣波動時所產生。並非以相關實體功能貨幣列值之重大交易及結餘產生之外幣風險如下：

- (i) 美元—於銀行結餘及現金及銀行借款。
- (ii) 港元—於銀行結餘及現金及銀行借款。

本集團一向關注匯率波動及市場趨勢。管理層會密切監控外匯風險並適時採用對沖工具。

40. FINANCIAL INSTRUMENTS (CONTINUED)**40. 金融工具(續)****40b. Financial risk management objectives and policies***(Continued)***40b. 財務風險管理目標及政策(續)****Market risk (Continued)****市場風險(續)***(i) Currency risk (Continued)**(i) 貨幣風險(續)*

At the end of the reporting period, the carrying amount of the Group's monetary assets and liabilities denominated in currencies other than the functional currency of the relevant group entities are as follows:

於報告期末，本集團除去以相關實體功能貨幣列值外之貨幣資產及負債，其帳面值如下：

		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
Assets	資產		
Euro	歐元	-	14,021
RMB	人民幣	-	2,731
HK dollars	港元	3,151	58,321
US dollars	美元	141,392	1,458
Liabilities	負債		
Euro	歐元	-	1,232
RMB	人民幣	-	52,918
HK dollars	港元	310,061	137,654
US dollars	美元	656,748	144,066

Sensitivity analysis**敏感性分析**

The following table details the Group's sensitivity to a 5% appreciation and depreciation in the functional currency of the relevant group entities (including RMB for 2011 and RMB, HK dollars and US dollars for 2010) against the above foreign currencies. 5% is the sensitivity rate and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than those denominated in HK dollars but held by entities whose functional currency is US dollars because HK dollars are linked to US dollars. The sensitivity analysis adjusts their translation at the period end for a 5% change in foreign currency rates. A strengthening of the functional currency of the relevant group entities against the above foreign currencies would give rise to the following impact to profit for the year and vice versa.

下表詳細載列就本集團內相關集團實體功能貨幣(包括於2011年人民幣及於2010年人民幣、港元及美元)兌換上述外幣時上升及下降5%之敏感度。當向高級管理人員申報內部外匯風險時及呈報管理層對以外幣匯率可能變動進行評估時採用之影響率為5%。敏感度分析僅包括以外幣列值之未償還貨幣項目，惟以港元列值但因港元與美元掛鉤而以美元為功能貨幣之實體所持有者則除外。敏感性分析於期終以外幣匯率之5%變動進行換算調整。當相關集團實體之功能貨幣兌換上述外幣處於5%強勢時，將令年度溢利有所影響，反之亦然。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Monetary assets and liabilities:	貨幣性資產及負債		
(Decrease) increase on profit for the year	年度溢利增加(減少)		
– Euro	– 歐元	–	(639)
– HK dollars	– 港元	15,346	–
– RMB	– 人民幣	–	2,509
– US dollars	– 美元	25,768	7,130
Derivative financial instruments:	衍生金融工具		
Increase on profit for the year	增加於年內溢利之		
– Euro	– 歐元	–	27
– US dollars	– 美元	3,953	–

(ii) Interest rate risk

The Group's cash flow interest rate risks mainly relate to its variable rate borrowings (see note 28 for details of these borrowings). In 2010, the Group did not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. In 2011, it is the Group's policy to keep its borrowings at fixed interest rate so as to minimise the cash flow interest rate risk. In order to achieve this result, the Group entered into certain interest rate swaps to partially hedge against its exposures to variable interest-rate of bank borrowings. The critical terms of these interest rate swaps are similar to those of hedged borrowings. These interest rate swaps are designated as effective hedging instruments and hedge accounting is used. The Group's bank balances also have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure to fair value interest rate risk in relation to its short term fixed-rate bank deposits is not significant as interest bearing bank balances are within short maturity periods.

40. 金融工具(續)

40b. 財務風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

敏感性分析(續)

(ii) 利率風險管理

本集團之現金流利率風險主要與其浮息借款有關(該等借款詳情見附註28)。於2010年，本集團並無任何有關公允值及現金流量利率風險利率之對沖政策。於2011年，本集團政策為維持其定息借款，以將現金流量利率風險降至最低。為取得此成果，本集團訂立若干利率掉期以對沖銀行借款浮息利率之部分風險。該等利率掉期之主要條款與對沖借款條款相若。該等利率掉期獲指定為有效對沖工具並採用對沖會計法。本集團之銀行結餘亦因銀行結餘之現行市場利率波動而面對現金流量利率風險。董事認為，由於計息銀行結餘於短期內到期，故本集團之短期定息銀行存款公允值利率風險並不顯著。

40. FINANCIAL INSTRUMENTS (CONTINUED)**40b. Financial risk management objectives and policies***(Continued)***Market risk** *(Continued)**(ii) Interest rate risk (Continued)*

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both non-derivative and derivative instruments at the end of the reporting period. For variable –rate bank borrowings, to the extent that they are not hedged by effective instruments and bank balances, the analysis is prepared assuming the stipulated change taking place at the beginning of the financial year and held constant throughout both years in the case of instruments that have floating rates. 10 basis point and 50 basis point increase or decrease are used by the management for the assessment of the possible change in interest rates of variable rate bank balances and variable rate borrowings, respectively.

If interest rates had been 10 basis point higher or lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2011 would increase or decrease by HK\$1,223,000 (2010: HK\$86,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank balances.

If interest rates had been 50 basis point higher or lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2011 would decrease or increase by HK\$4,834,000 (2010: HK\$2,607,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

For derivative financial instruments, the sensitivity analysis below has been determined assuming that interest rate had been 50 basis points higher and all other variables were held constant, the impact on the Group's profit and equity, and vice versa.

40. 金融工具(續)**40b. 財務風險管理目標及政策(續)****市場風險(續)***(ii) 利率風險管理(續)*

敏感性分析

以下敏感性分析是根據非衍生及衍生工具於本報告期末之利率風險釐定。就浮息銀行借款而言，倘並無透過有效工具及銀行結餘進行對沖，分析將按假設於財務年度開始時已出現所訂明之變動並於兩年內維持不變（如屬以浮動利率計息之工具）而編製。10基點及50基點的增減是管理層作分別對浮動利率的銀行存款及借款有關利率變動可能性的評估時使用。

倘利率增加或減少10個基數點且所有其他可變因素維持不變，則本集團截至2011年12月31日止年度之溢利將增加或減少約1,223,000港元（2010：86,000港元），此由於附帶浮動利息銀行結餘而令本集團面對利率風險。

倘利率增加或減少50個基數點且所有其他可變因素維持不變，則本集團截至2011年12月31日止年度之溢利將減少或增加約4,834,000元（2010：2,607,000港元）。由於銀行借款附帶浮動利息而令本集團面對利率風險。

就衍生財務工具而言，以下敏感度分析乃假設利率上升50個基數點，而所有其他變數維持不變，其對本集團盈利及權益的影響，反之亦然。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis (Continued)

	Increase in profit 利潤增加 HK\$'000 千港元	Increase in equity 權益增加 HK\$'000 千港元
At 31 December 2011	1	15
At 31 December 2010	N/A	N/A

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. The Group is also exposed to concentration of credit risk as a substantial portion of its sales is generated from a limited number of customers. At 31 December 2011, the top five customers of the Group accounted for about 31% (2010: 54%) of the Group's trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual trade debt at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

40. 金融工具(續)

40b. 財務風險管理目標及政策(續)

市場風險(續)

(ii) 利率風險管理(續)

敏感性分析(續)

	Increase in profit 利潤增加 HK\$'000 千港元	Increase in equity 權益增加 HK\$'000 千港元
At 31 December 2011	1	15
At 31 December 2010	N/A	N/A

信貸風險

本集團所面對的可導致本集團綜合財務報表的每類金融資產賬值產生財務虧損之最大信貸風險乃是交易對方或債務人未能履行責任。由於本集團大部份銷售收入由有限客戶產生，本集團須面對信貸集中之風險。於2011年12月31日，集團首五位客戶佔應收帳款總額約31% (2010: 54%)。為將信貸風險降至最低，本集團管理層已委任一組人員負責釐定信貸額度、信貸批核及其他監察程序以確保已採取適當跟進行動收回過期債務。此外，本集團於各個報告期末檢討各項個別貿易債項之可收回金額，以確保就不可收回金額作出足夠減值虧損。就此而言，本公司董事認為本公司之信貸風險已大幅降低。

本集團之銀行存款之信貸風險有限，由於對方均是國際信貸評級機構評定為高信貸評級之銀行。

40. FINANCIAL INSTRUMENTS (CONTINUED)

40. 金融工具(續)

40b. Financial risk management objectives and policies
(Continued)**Liquidity risk**

In the management of the Group's liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group also has unutilised banking facilities (note 28) of approximately HK\$371,098,000 (2010: HK\$667,194,000) to meet its short-term working capital requirements. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent the interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

40b. 財務風險管理目標及政策(續)

流動資金風險

在管理流動資金風險時，本集團監控及保持管理層認為足夠的現金及現金等值項目水平，為本集團的業務營運提供資金並減輕現金流量波動的影響。本集團有可動用之銀行備用信貸額(附註28)約港幣371,098,000元(2010: 667,194,000港元)。管理層監控銀行借款的使用狀況及確保遵守貸款契約。

下表詳列本集團金融負債的合約到期日，乃根據本集團可能被要求還款的最早日期金融負債的未貼現現金流量編製。具體而言，載有按求償還條文之銀行貸款，被包括在最早時限之內，不論銀行是否選擇行使其權利。其他非衍生金融負債之到期日根據商定的還款日期計算。該表列有利息及本金之現金流量。於報告期末，某程度上其利息流為浮動利率，而其未貼現金額則根據利率曲線計算。

	Weighted average effective interest rate	On demand or 0-30 days	31-60 days	61-90 days	91-365 days	Over 365 days	Total undiscounted cash flows	Carrying amount
	實際利率	應要求或 0-30天	31-60天	61-90天	91-365天	超過 365天	現金流量總計	賬面值
	%	HK\$'000	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	千港元
As at 31 December 2011								
<i>Non-derivative financial liabilities</i>								
Non-interest bearing	-	82,585	3,473	1,120	7,470	-	94,648	94,648
Variable interest rate instruments	2.38	61,256	-	29,473	132,808	764,444	987,981	966,748
		143,841	3,473	30,593	140,278	764,444	1,082,629	1,061,396
<i>Derivative financial instruments</i>								
- net settlement interest rate swaps	3.11	68	68	68	209	2,825	3,238	3,140

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

40. FINANCIAL INSTRUMENTS (CONTINUED)

40. 金融工具(續)

40b. Financial risk management objectives and policies

40b. 財務風險管理目標及政策(續)

(Continued)

Liquidity risk (Continued)

流動資金風險(續)

	Weighted average effective interest rate 實際利率 加權平均數 %	On demand or 0–30 days 應要求或 0–30天 HK\$'000 千港元	31–60 days 31–60天 HK\$'000 千港元	61–90 days 61–90天 HK\$'000 千港元	91–365 days 91–365天 HK\$'000 千港元	Over 365 days 超過 365天 HK\$'000 千港元	Total undiscounted cash flows 未折現 現金流量總計 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
As at 31 December 2010								
<i>Non-derivative financial liabilities</i>								
Non-interest bearing								
Variable interest rate instruments	1.78	431,575	–	–	49,499	42,552	523,626	521,386
		587,660	20,559	19,848	59,836	42,552	730,455	728,215
<i>Derivative financial instruments</i>								
– gross settlement								
Foreign exchange forward contracts								
– inflow	–	–	–	(19)	–	–	(19)	(19)
– outflow	–	–	–	549	–	–	549	549
		–	–	530	–	–	530	530

Bank loans with a repayment on demand clause are included in the “on demand or 0–30 days” time band in the above maturity analysis. As at 31 December 2011, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$61,141,000 (2010: HK\$287,046,000). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within one to five years after the reporting date of 31 December 2011 in accordance with the scheduled repayment dates set out in the loan agreements. The table that follows summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements.

具有可隨時要求償還條文之銀行借貸在上述日期分析計入「應要求或0–30天」之時間範圍內。於2011年12月31日，該等銀行借貸之未折現本金額合共為61,141,000港元（2010：287,046,000港元）。計及本集團之財務狀況後，董事不相信銀行可能行使其要求即時還款之酌情權。董事相信，該等銀行借貸將於2011年12月31日報告日期後一年內至五年根據貸款協議所載預定還款日期償還。下表總括具有可隨時要求償還條文之銀行借貸，按貸款協議所載同意還款日期之到期分析。

40. FINANCIAL INSTRUMENTS (CONTINUED)

40. 金融工具(續)

40b. Financial risk management objectives and policies

40b. 財務風險管理目標及政策(續)

(Continued)

Liquidity risk (Continued)

流動資金風險(續)

		Weighted average effective interest rate	On demand or 0-30 days	31-60 days	61-90 days	91-365 days	Over 365 days	Total undiscounted cash flows	Carrying amount
		實際利率	應要求或	31 - 60天	61 - 90天	91 - 365天	超過	未折現	賬面值
		加權平均數	0 - 30天	HK\$'000	HK\$'000	HK\$'000	365天	現金流量總計	HK\$'000
		%	千港元	千港元	千港元	千港元	千港元	千港元	千港元
As at 31 December 2011	於2011年12月31日								
Bank loans	銀行借款	2.30	7,924	1,421	1,421	12,785	39,808	63,359	61,141
As at 31 December 2010	於2010年12月31日								
Bank loans	銀行借款	2.07	1,419	1,419	16,495	58,454	220,652	298,439	287,046

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

以上金額包括非衍生金融負債之浮動利率工具有可能會變動，倘浮動利率變動與在報告期末估計的利率有所不同。

40c. Fair value

40c. 公平值

The fair value of financial assets and financial liabilities is determined as follows:

金融資產及金融負債之公平值按以下方式釐定：

- the fair value of financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- derivative financial instruments are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

- 金融資產及金融負債之公平值(衍生工具除外)，乃按貼現現金流量分析之公認定價模式；及
- 外匯遠期合約的計量是匹配合約年期的市場利率而產生遠期匯率和回報曲線而成。

The directors of the Group consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

董事認為，按攤銷成本列入綜合財務報表之金融資產及金融負債之賬面值與其公平值相若。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(For the year ended 31 December 2011) (截至2011年12月31日止年度)

40. FINANCIAL INSTRUMENTS (CONTINUED)

40c. Fair value (Continued)

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

40. 金融工具(續)

40c. 公平值(續)

下表提供按於初步確認後按公平價值計量之金融工具之分析，按公平價值之可識別程度分為第一至第三級。

- 第一級公平價值計量為該等根據同類資產或負債於活躍市場之報價(未經調整)得出結果。
- 第二級公平價值計量為該等根據第一級內所報價格以外，就資產或負債觀察得出之輸入數據(不論為直接觀察得出(即價格)或經接觀察得出(即自價格衍生)得出之結果。
- 第三級公平價值計量為該等使用估值技術得出之結果，估值技術包括並非根據可觀察市場數據得出之資產及負債輸入數據(不可觀察之輸入數據)。

		Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'00 千港元
31 December 2011	2011年12月31日				
<i>Financial liabilities at FVTPL</i>	<i>按公平價值計入損益的金融負債</i>				
Derivatives not under hedge accounting	非按對沖會計法之衍生工具	-	177	-	177
Derivatives under hedge accounting	按對沖會計法之衍生工具	-	2,963	-	2,963
31 December 2010	2010年12月31日				
<i>Financial assets at FVTPL</i>	<i>按公平價值計入損益的金融負債</i>				
Derivatives not under hedge accounting	非按對沖會計法之衍生工具	-	530	-	530

These were no transfers between 3 levels in the current year.

於本年內三個級別間並沒有轉讓。



41. DERECOGNITION OF SUBSIDIARIES UPON SPIN-OFF

On 22 June 2011, as part of a reorganisation of the Group's businesses, the Company effected the Spin-off of the Handbag Group by way of a distribution in specie to the Company's shareholders on a pro rata basis.

The aggregate amounts of net assets of the Handbag Group on the date of Spin-off were as follows:

Net Assets Derecognised

Property, plant and equipment	物業，廠房及設備	54,639
Prepaid lease payments	預付租地款	18,017
Investment properties	投資物業	26,247
Deposits paid for acquisition of property, plant and equipment	購置物業，廠房及設備所付訂金	964
Deferred tax asset	遞延稅項資產	4,538
Inventories	存貨	106,581
Trade and other receivables	應收貿易及其他款項	159,016
Tax recoverable	可收回稅項	1,198
Bank balances and cash	銀行結餘及現金	33,703
Trade and other payables	應付貿易及其他款項	(102,461)
Tax payable	應付稅項	(5,025)
Bank borrowings	銀行借款	(102,365)
Net assets derecognised	取消確認資產	195,052
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to retained profits on distribution in specie	於分拆時附屬公司淨資產就權益項目重列為保留盈餘所產生之累計匯兌差額	6,090

Net cash outflow arising on Spin-off

Bank balances and cash derecognised	取消確認之銀行結餘及現金	(33,703)
-------------------------------------	--------------	----------

41. 於分拆時取消確認之附屬公司

於2011年6月22日，作為本集團業務重組的一環，本公司透過按比例向本公司之股東作出實物分派，將手袋集團分拆。

手袋集團於分拆日的淨資產總額如下：

取消確認淨資產

		HK\$'000 千港元
物業，廠房及設備		54,639
預付租地款		18,017
投資物業		26,247
購置物業，廠房及設備所付訂金		964
遞延稅項資產		4,538
存貨		106,581
應收貿易及其他款項		159,016
可收回稅項		1,198
銀行結餘及現金		33,703
應付貿易及其他款項		(102,461)
應付稅項		(5,025)
銀行借款		(102,365)
取消確認資產		195,052
於分拆時附屬公司淨資產就權益項目重列為保留盈餘所產生之累計匯兌差額		6,090

分拆時淨現金流出

取消確認之銀行結餘及現金	(33,703)
--------------	----------

Financial Summary

財務概要

		Year ended 31 December 截至十二月三十一日止年度				2011
		2007	2008	2009	2010	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	
		(restated)	(restated)	(restated)	(restated)	
		(經重列)	(經重列)	(經重列)	(經重列)	
RESULTS	業績					
Revenue	營業額	784,721	1,064,177	1,403,428	2,138,808	2,155,710
Profit before taxation	除稅前溢利	121,089	97,261	249,725	537,786	726,964
Income tax expenses	所得稅支出	(11,963)	(10,038)	(10,488)	(71,969)	(50,584)
Profit for the year	年內溢利	109,126	87,223	239,237	465,817	676,380
		At 31 December 於十二月三十一日				
		2007	2008	2009	2010	2011
		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
		(restated)	(restated)	(restated)	(restated)	
		(經重列)	(經重列)	(經重列)	(經重列)	
ASSETS AND LIABILITIES	資產及負債					
Total assets	資產總額	952,719	1,397,757	1,539,059	2,170,164	2,833,682
Total liabilities	負債總額	(366,349)	(742,078)	(681,210)	(870,866)	(1,175,061)
Net assets	資產淨額	586,370	655,679	857,849	1,299,298	1,658,621

Statement of Financial Position of the Company

本公司財務狀況表

The summarised statement financial position of the Company as at 31 December 2011 and 2010 is as follows:

本公司於2010年及2011年12月31日之財務狀況表概述如下：

		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
ASSETS	資產		
Investments in subsidiaries	附屬公司投資	129,174	281,951
Amount due from a subsidiary	附屬公司欠款	375,845	610,383
Prepayments	預付款項	176	172
Bank balances	銀行結餘	317	20,189
		505,512	912,695
LIABILITIES	負債		
Other payables	其他應付款	7,072	651
Bank borrowings	銀行借款	54,650	70,246
		61,722	70,897
		443,790	841,798
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	82,500	82,500
Reserves (<i>note</i>)	儲備(附註)	361,290	759,298
		443,790	841,798

Statement of Financial Position of the Company

本公司財務狀況表

note:

附註：

RESERVES

儲備

		Share premium	Contributed surplus	Share options reserve	Accumulated profits	Total
		股份溢價	實繳盈餘	購股權儲備	累計溢利	合計
		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
At 1 January 2010	於2010年1月1日	20,307	112,338	–	488,085	620,730
Profit for the year	年內溢利	–	–	–	203,764	203,764
Recognition of equity-settled share-based payments	確認以股本結算以股份為基礎之付款	–	–	66,804	–	66,804
Dividends	股息	–	–	–	(132,000)	(132,000)
At 31 December 2010	於2010年12月31日	20,307	112,338	66,804	559,849	759,298
Profit for the year	年內溢利	–	–	–	2,269	2,269
Recognition of equity-settled share-based payments	確認以股本結算以股份為基礎之付款	–	–	62,370	–	62,370
Dividends	股息	–	–	–	(247,500)	(247,500)
Distribution in specie	實物分派	–	(215,146)	–	(1)	(215,147)
At 31 December 2011	於2011年12月31日	20,307	(102,808)	129,174	314,617	361,290

The contributed surplus of the Company represents the difference between the aggregate net tangible assets of the subsidiaries acquired by the Company pursuant to a group reorganisation in December 2001 and the nominal value of the Company's shares issued for the acquisition.

本公司之實繳盈餘乃本公司透過2001年12月之集團重組所收購之附屬公司之有形資產淨值總和與本公司因該收購而發行之股本面值之差額。

LEE & MAN CHEMICAL COMPANY LIMITED

8th Floor, Liven House

61-63 King Yip Street

Kwun Tong, Kowloon, Hong Kong

Tel: (852) 2319 9888 Fax: (852) 2319 9333

理文化工有限公司

香港九龍觀塘敬業街61-63號利維大廈8樓

電話：(852) 2319 9888 傳真：(852) 2319 9333