



理文造紙有限公司*

Lee & Man Paper Manufacturing Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 2314

(於開曼群島註冊成立之有限公司) 股份代號: 2314



INTERIM REPORT 中期報告

2018



* 僅供識別

* For identification purposes only

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CORPORATE INFORMATION

公司資料

Board of Directors

Executive directors

Dr. Lee Man Chun Raymond *SBS JP (Chairman)*
Mr. Lee Man Bun *MH JP (Chief Executive Officer)*
Mr. Li King Wai Ross

Non-executive director

Professor Poon Chung Kwong *GBS JP*

Independent non-executive directors

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

Audit Committee

Mr. Chau Shing Yim David *(Chairman)*
Mr. Wong Kai Tung Tony
Mr. Peter A. Davies

Remuneration Committee

Mr. Chau Shing Yim David *(Chairman)*
Mr. Wong Kai Tung Tony
Mr. Peter A. Davies

Nomination Committee

Dr. Lee Man Chun Raymond *SBS JP (Chairman)*
Mr. Chau Shing Yim David
Mr. Wong Kai Tung Tony
Mr. Peter A. Davies

Authorised Representatives

Dr. Lee Man Chun Raymond *SBS JP*
Mr. Cheung Kwok Keung

Company Secretary

Mr. Cheung Kwok Keung

Registered Office

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

董事會

執行董事

李文俊博士銀紫荊星章 太平紳士(主席)
李文斌先生榮譽勳章 太平紳士(首席執行官)
李經緯先生

非執行董事

潘宗光教授金紫荊星章 太平紳士

獨立非執行董事

王啟東先生
Peter A. Davies先生
周承炎先生

審核委員會

周承炎先生(主席)
王啟東先生
Peter A. Davies先生

薪酬委員會

周承炎先生(主席)
王啟東先生
Peter A. Davies先生

提名委員會

李文俊博士銀紫荊星章 太平紳士(主席)
周承炎先生
王啟東先生
Peter A. Davies先生

授權代表

李文俊博士銀紫荊星章 太平紳士
張國強先生

公司秘書

張國強先生

註冊辦事處

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

Principal Office

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

Principal Bankers

In Hong Kong and Macau:

Hang Seng Bank
Standard Chartered Bank
Citibank, N.A.
HSBC
DBS
Bank of China (Hong Kong)

In the PRC:

China Construction Bank
Bank of China

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants

Principal Share Registrar And Transfer Office

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong

Website

<http://www.leemanpaper.com>

總辦事處

香港
九龍
觀塘
敬業街61-63號
利維大廈5樓

主要往來銀行

香港及澳門：

恒生銀行
渣打銀行
花旗銀行
滙豐銀行
星展銀行
中國銀行(香港)

中國：

中國建設銀行
中國銀行

核數師

德勤•關黃陳方會計師行
執業會計師

主要股份過戶登記處

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心22樓

網址

<http://www.leemanpaper.com>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

簡明綜合損益及其他全面收益表

For the six months ended 30 June 2018 截至2018年6月30日止6個月

The board of directors of Lee & Man Paper Manufacturing Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 together with the comparative figures as follows:

理文造紙有限公司(「本公司」)董事會欣然公布，本公司及其附屬公司(「本集團」)截至2018年6月30日止6個月未經審核簡明綜合業績，連同比較數字如下：

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

簡明綜合損益及其他全面收益表

截至2018年6月30日止6個月

		Six months ended 30 June 截至6月30日止6個月		
		Notes 附註	2018 (unaudited) (未經審核) HK\$'000 千港元	2017 (unaudited) (未經審核) HK\$'000 千港元
Revenue	收入	3	16,369,363	11,439,571
Cost of sales	銷售成本		(12,247,034)	(8,361,053)
Gross profit	毛利		4,122,329	3,078,518
Other income	其他收入	4	567,958	361,405
Other gains and losses	其他收益及虧損	5	(43,952)	(17,540)
Distribution and selling expenses	分銷及銷售費用		(268,283)	(205,299)
General and administrative expenses	日常及行政費用		(685,209)	(515,330)
Finance costs	財務成本	6	(114,934)	(81,176)
Profit before tax	除稅前盈利		3,577,909	2,620,578
Income tax expense	利得稅支出	7	(597,529)	(426,947)
Profit for the period	期內盈利	8	2,980,380	2,193,631
Other comprehensive income <i>Item that may be reclassified subsequently to profit or loss:</i>	其他全面收益 其後可能重新分類至 損益之項目：			
Exchange differences arising on translation of foreign operations	換算境外業務產生之 匯兌差額		1,326,341	363,115
Total comprehensive income for the period	期內總全面收益		4,306,721	2,556,746

		Six months ended 30 June 截至6月30日止6個月	
		2018 (unaudited) (未經審核) HK\$'000 千港元	2017 (unaudited) (未經審核) HK\$'000 千港元
		Notes 附註	
Dividends:	股息：	9	
– Dividend paid	– 已付股息		496,830
– Interim dividend declared	– 宣派中期股息		767,829
			HK cents 港仙
Earnings per share	每股盈利	10	48.42

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

At 30 June 2018 於2018年6月30日

		Notes 附註	30 June 2018 2018年 6月30日 (unaudited) (未經審核) HK\$'000 千港元	31 December 2017 2017年 12月31日 (audited) (經審核) HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	28,822,230	27,458,855
Prepaid lease payments	預付租賃款項		1,013,715	936,881
Investment properties	投資物業		647,701	581,602
Deposits paid for acquisition of property, plant and equipment	購置物業、廠房及設備所付訂金		242,127	152,178
Interest in a joint venture	合營企業權益	12	–	–
Loan to a joint venture	合營企業貸款	12	97,453	97,453
			30,823,226	29,226,969
Current assets	流動資產			
Inventories	存貨	13	5,390,520	4,954,319
Prepaid lease payments	預付租賃款項		23,193	21,310
Loan to a joint venture	合營企業貸款		52,277	36,890
Trade and other receivables	應收貿易及其他賬款	14	8,797,729	6,775,828
Amounts due from related companies	應收關連公司款項		28,497	21,709
Derivative financial instruments	衍生金融工具		142	4,127
Bank balances and cash	銀行結餘及現金		1,521,373	2,248,641
			15,813,731	14,062,824
Current liabilities	流動負債			
Trade and other payables	應付貿易及其他賬款	15	4,481,360	4,672,298
Amounts due to related companies	應付關連公司款項		17,342	14,742
Derivative financial instruments	衍生金融工具		870	–
Tax payable	應付稅項		335,959	326,923
Bank borrowings	銀行借貸		7,279,450	6,025,745
			12,114,981	11,039,708
NET CURRENT ASSETS	流動資產淨值		3,698,750	3,023,116
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		34,521,976	32,250,085
NON-CURRENT LIABILITIES	非流動負債			
Bank borrowings	銀行借貸		8,650,233	9,051,959
Deferred tax liabilities	遞延稅項負債		1,208,251	1,282,008
			9,858,484	10,333,967
			24,663,492	21,916,118
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	16	111,200	112,635
Reserves	儲備		24,552,292	21,803,483
			24,663,492	21,916,118

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2018 截至2018年6月30日止6個月

		Six months ended 30 June 截至6月30日止6個月	
		2018 (unaudited) (未經審核) HK\$'000 千港元	2017 (unaudited) (未經審核) HK\$'000 千港元
Net cash from operating activities	經營業務所得現金淨額	1,274,732	1,417,740
Net cash used in investing activities	投資業務所用現金淨額		
Purchases of property, plant and equipment	購置物業、廠房及設備	(1,232,313)	(1,714,280)
Payment for prepaid lease payments	預付租賃款項支出	(56,527)	(5,537)
Loan to a joint venture	合營企業貸款	(15,387)	(22,532)
Addition to investment properties	新增投資物業	(4,821)	–
Interest received	已收利息	13,766	3,894
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項	650	1,078
Withdrawal of margin deposits	提取保證金存款	–	1,450
		(1,294,632)	(1,735,927)
Net cash (used in) from financing activities	融資活動所(用)得現金淨額		
Net bank borrowings raised	籌集銀行貸款淨額	851,979	676,331
Dividends paid	已付股息	(892,153)	(496,830)
Payment on repurchase of shares	支付購回股份	(667,194)	(134,802)
		(707,368)	44,699
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(727,268)	(273,488)
Cash and cash equivalents brought forward	現金及現金等價物承前結餘	2,248,641	1,274,197
Cash and cash equivalents carried forward represented by bank balances and cash	現金及現金等價物結轉銀行結餘及現金	1,521,373	1,000,709

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2018 截至2018年6月30日止6個月

		Share capital	Share premium	Translation reserve	Capital contribution	Legal reserve	Special reserve	Other reserve	Share repurchase Reserve	Retained profits	Total equity
		股本	股份溢價	匯兌儲備	資金貢獻	法定公積金	特別儲備	其他儲備	購回儲備	留存盈利	權益總值
		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
At 1 January 2018	於2018年1月1日	112,635	1,869,192	621,498	12,552	97	(2,999)	(12,060)	-	19,315,203	21,916,118
Profit for the period	期內盈利	-	-	-	-	-	-	-	-	2,980,380	2,980,380
Exchange difference arising on translation of foreign operations	換算境外業務產生之匯兌差額	-	-	1,326,341	-	-	-	-	-	-	1,326,341
Total comprehensive income for the period	期內總全面收益	-	-	1,326,341	-	-	-	-	-	2,980,380	4,306,721
Share repurchased and cancelled	股份購回及註銷	(1,435)	(504,677)	-	-	-	-	-	-	-	(506,112)
Share repurchased and yet to be cancelled	股份購回但尚未註銷	-	-	-	-	-	-	-	(161,082)	-	(161,082)
Dividends recognised as distributions	確認為分派之股息	-	(892,153)	-	-	-	-	-	-	-	(892,153)
At 30 June 2018	於2018年6月30日	111,200	472,362	1,947,839	12,552	97	(2,999)	(12,060)	(161,082)	22,295,583	24,663,492
At 1 January 2017	於2017年1月1日	113,642	3,409,183	(930,239)	12,552	97	(2,999)	(12,060)	(42,122)	14,274,911	16,822,965
Profit for the period	期內盈利	-	-	-	-	-	-	-	-	2,193,631	2,193,631
Exchange difference arising on translation of foreign operations	換算境外業務產生之匯兌差額	-	-	363,115	-	-	-	-	-	-	363,115
Total comprehensive income for the period	期內總全面收益	-	-	363,115	-	-	-	-	-	2,193,631	2,556,746
Share repurchased and cancelled	股份購回及註銷	(726)	(176,198)	-	-	-	-	-	42,122	-	(134,802)
Dividends recognised as distributions	確認為分派之股息	-	(496,830)	-	-	-	-	-	-	-	(496,830)
At 30 June 2017	於2017年6月30日	112,916	2,736,155	(567,124)	12,552	97	(2,999)	(12,060)	-	16,468,542	18,748,079

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2018 截至2018年6月30日止6個月

1. Basis of Preparation

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

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, certain new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Interpretations issued by the HKICPA that are mandatorily effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidation financial statements.

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

HKFRS 9 Financial Instrument/HKFRS 15 Revenue from Contracts with Customers

The Group has performed an assessment on the impact of the adoption of HKFRS 9 and HKFRS 15 respectively and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of equity at 1 January 2018 was recognised.

1. 編製基準

本簡明綜合財務報表乃按照香港會計師公會(「香港會計師公會」)頒布之香港會計準則第34號中期財務報告，及香港聯合交易所有限公司證券上市規則(「上市規則」)附錄16所載之適用披露規定而編製。

2. 主要會計政策

本簡明綜合財務報表按歷史成本法編製，惟按公允值計量之衍生金融工具除外。

除下文所述外，編製截至2018年6月30日止6個月之簡明綜合財務報表所採用的會計政策及計算方法，與本集團截至2017年12月31日止年度財務報表所採用者一致。

於本中期期間，本集團已首次採納由香港會計師公會頒布且已於2018年1月1日或之後開始之年度期間強制生效的若干新訂及經修訂香港財務報告準則(「香港財務報告準則」)及詮釋，以編製本集團之簡明綜合財務報表。

於本中期期間應用該等新訂及經修訂香港財務報告準則及詮釋對此等簡明綜合財務報表所呈報之金額及/或所載披露資料並無重大影響。

香港財務報告準則第9號「金融工具」/ 香港財務報告準則第15號「來自客戶合約的收入」

本集團已對採納香港財務報告準則第9號及香港財務報告第15號的影響分別進行評估，並認為概無存在重大財務影響，故確認對2018年1月1日期初權益結餘無需作出調整。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2018 截至2018年6月30日止6個月

3. Revenue and Segment Information

Segment revenue and results

Six months ended 30 June 2018

3. 收入及分部資料

分部收入及業績

截至2018年6月30日止6個月

		Packaging paper 包裝紙 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Tissue paper 衛生紙 HK\$'000 千港元	Segment total 分部合計 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收入						
External sales	對外銷售	14,038,269	2,016	2,329,078	16,369,363	-	16,369,363
Inter-segment sales	分部之間銷售	-	576,424	-	576,424	(576,424)	-
		14,038,269	578,440	2,329,078	16,945,787	(576,424)	16,369,363
SEGMENT PROFIT	分部盈利	3,356,645	645	369,345	3,726,635	-	3,726,635
Net loss from fair value changes of derivative financial instruments	衍生金融工具公允價值 變動淨虧損						(6,117)
Unallocated income	未分類之收入						13,766
Unallocated expenses	未分類之支出						(41,441)
Finance costs	財務成本						(114,934)
Profit before tax	除稅前盈利						3,577,909

3. Revenue and Segment Information (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2017

		Packaging paper 包裝紙 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Tissue paper 衛生紙 HK\$'000 千港元	Segment total 分部合計 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收入						
External sales	對外銷售	10,321,763	12,013	1,105,795	11,439,571	-	11,439,571
Inter-segment sales	分部之間銷售	-	409,516	-	409,516	(409,516)	-
		10,321,763	421,529	1,105,795	11,849,087	(409,516)	11,439,571
SEGMENT PROFIT	分部盈利	2,508,036	2,371	209,983	2,720,390	-	2,720,390
Net gain from fair value changes of derivative financial instruments	衍生金融工具公允值 變動淨收益						30,030
Unallocated income	未分類之收入						3,876
Unallocated expenses	未分類之支出						(52,542)
Finance costs	財務成本						(81,176)
Profit before tax	除稅前盈利						2,620,578

3. 收入及分部資料(續)

分部收入及業績(續)

截至2017年6月30日止6個月

4. Other Income

4. 其他收入

Six months ended 30 June

截至6月30日止6個月

		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Value added tax and other tax refund	增值稅退款及其他退稅	423,210	214,060
Sales of materials and waste paper	廢料及廢紙銷售	28,745	20,612
Income from supply of steam and electricity	供應蒸氣及電力收入	24,134	40,143
Income from wharf cargo handling	經營碼頭貨運收入	15,490	25,193
Interest income from banks	銀行利息收入	13,766	3,894
Others	其他	62,613	57,503
		567,958	361,405

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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5. Other Gains and Losses

5. 其他收益及虧損

		Six months ended 30 June 截至6月30日止6個月	
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Net foreign exchange loss	淨滙兌虧損	(32,242)	(46,237)
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備之虧損	(6,485)	(1,333)
Net (loss) gain from fair value changes of derivative financial instruments	衍生金融工具公允價值 變動淨(虧損)收益	(6,117)	30,030
Impairment loss reversed on trade receivables	應收貿易賬款減值 虧損回撥	892	–
		(43,952)	(17,540)

6. Finance Costs

6. 財務成本

		Six months ended 30 June 截至6月30日止6個月	
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Interest on bank borrowings	銀行借貸利息	156,948	133,583
Less: amounts capitalised to property, plant and equipment	減去：物業、廠房及 設備之資本化金額	(42,014)	(52,407)
		114,934	81,176

7. Income Tax Expense

7. 利得稅支出

		Six months ended 30 June 截至6月30日止6個月	
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Income tax recognised in profit or loss:	於損益內確認之利得稅：		
Current tax	本期稅項		
– The PRC Enterprise Income Tax (“EIT”)	– 中國企業所得稅 (「企業所得稅」)	521,775	372,751
Over provision in previous year	去年超額撥備		
– The PRC EIT	– 中國企業所得稅	(4,310)	(111)
Deferred tax	遞延稅項		
– Charge to profit or loss	– 計入損益	80,064	54,307
		597,529	426,947

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

The PRC

The Group's subsidiaries in the PRC are subject to corporate income tax at the rate of 25% except that five (2017: five) of these subsidiaries are entitled to preferential rate of 15% for the Group's financial year ending 31 December 2018.

Hong Kong

Hong Kong Profits tax is calculated at 16.5% of the estimated assessable profit for both periods. No assessable profit was noted for both periods.

本集團之盈利須於其盈利賺取的營運地方繳納稅項，稅項按相關司法管轄區適用之稅率計算。

中國

本集團於中國的附屬公司之適用企業所得稅稅率為25%，而其中五間(2017年：五間)附屬公司於本集團截至2018年12月31日止財政年度享有減免企業所得稅稅率15%。

香港

香港利得稅於兩個期間均按估計應課稅盈利以16.5%計算。而兩個期間均無應課稅盈利。

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7. Income Tax Expense (Continued)

Macau

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

Vietnam

The Vietnam subsidiaries are subjected to Vietnam Corporate Income Tax at a rate of 10%. They are entitled to a corporate income tax exemption for four years from the first profit-making year 2017 and a reduction of 50% for the following nine years. No provision for Vietnam Corporate Income Tax has therefore been made for both periods.

Other

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

7. 利得稅支出(續)

澳門

澳門附屬公司根據第58/99/M號法令註冊成立，均獲豁免繳納澳門補充稅(澳門所得稅)，前提為其須遵守相關法規且不得向澳門本土公司出售產品。

越南

越南附屬公司須按10%稅率繳納越南企業所得稅，其享有自2017年產生盈利首年度起計四年獲豁免企業所得稅及隨後九年50%減免，因此於兩個期間並無為越南企業所得稅計提撥備。

其他

其他司法管轄區產生的稅項則按相關司法管轄區適用之稅率計算。

8. Profit for the Period

8. 期內盈利

		Six months ended 30 June 截至6月30日止6個月	
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Profit for the period has been arrived at after charging (crediting):	期內盈利經扣除(計入):		
Directors' emoluments	董事酬金	19,025	18,863
Staff salaries and other benefits, excluding those of directors	員工薪金及其他福利，不包括董事	581,783	458,824
Contributions to retirement benefit schemes, excluding those of directors	退休福利計劃供款，不包括董事	35,326	27,117
Total employee benefit expense Capitalised in inventories	僱員福利開支總額 庫存資本化	636,134 (472,092)	504,804 (340,223)
		164,042	164,581
Cost of inventories recognised as expense	存貨成本確認為支出	12,247,034	8,361,053
Amortisation of prepaid lease payments	預付租賃款項攤銷	10,947	8,898
Depreciation of property, plant and equipment	物業、廠房及設備折舊	627,258	501,547
Depreciation of investment properties	投資物業折舊	11,246	5,168
Total depreciation and amortisation Capitalised in inventories	折舊及攤銷總額 庫存資本化	649,451 (579,777)	515,613 (466,528)
		69,674	49,085
Operating lease rentals in respect of land and buildings	土地及樓宇的經營租賃租金	18,650	6,505
Gross rental income from Investment properties	投資物業之租金總收入	(14,515)	(2,453)
Less:	減:		
– direct operation expense incurred for investment properties that generated rental income during the period	– 期內產生租金收入的投資物業之直接營運開支	5	–
– direct operation expense incurred for investment properties that did not generate rental income during the period	– 期內非產生租金收入的投資物業之直接營運開支	98	286
		(14,412)	(2,167)

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9. Dividends

A final dividend of HK\$0.20 per share was paid in respect of the year ended 31 December 2017 (2017: a final dividend of HK\$0.11 per share were paid for the year ended 31 December 2016) to shareholders during the current period.

The directors determined that an interim dividend of HK\$0.20 (2017: HK\$0.17) per share should be paid to the shareholders of the Company whose names appear on the Register of Members on 20 August 2018.

10. Earnings Per Share

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

9. 股息

期內已派發截至2017年12月31日止年度每股0.20港元之末期股息(2017年：派發截至2016年12月31日止年度每股0.11港元之末期股息)給予股東。

董事議決派發每股0.20港元(2017年：0.17港元)之中期股息給予在2018年8月20日名列於股東名冊內之本公司股東。

10. 每股盈利

本公司擁有人的每股盈利乃以下列數據為基準計算：

		Six months ended 30 June 截至6月30日止6個月	
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Earnings for the purpose of earnings per share	用以計算每股盈利之盈利	2,980,380	2,193,631
		Number of shares 股份數量	Number of shares 股份數量
Weighted average number of ordinary shares for the purpose of earnings per share	用以計算每股盈利的普通股加權平均數	4,480,616,641	4,530,768,249

11. Additions to Property, Plant and Equipment

During the period, there were additions of HK\$1,169 million (2017: HK\$1,918 million) to property, plant and equipment to expand its operations.

11. 添置物業、廠房及設備

期內，添置物業、廠房及設備11.69億港元（2017年：19.18億港元），以拓展業務。

12. Interest in a Joint Venture

12. 合營企業權益

		30 June 2018 2018年 6月30日 HK\$'000 千港元	31 December 2017 2017年 12月31日 HK\$'000 千港元
Cost of an unlisted investment in a joint venture	於合營企業之未上市投資成本	-	-
Share of profit and other comprehensive income	應佔盈利及其他全面收益	-	-
		-	-
Loan to a joint venture (note ii)	合營企業貸款(附註ii)		
- Current	- 流動	52,277	36,890
- Non-current	- 非流動	97,453	97,453
		149,730	134,343

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12. Interest in a Joint Venture (Continued)

notes:

- (i) Details of the Group's joint venture and its subsidiary at 30 June 2018 are as follows:

Name of joint venture and its subsidiary 合營企業及其附屬公司名稱	Form of entity 實體形式	Place of incorporation and operations 成立及營運地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊資本	Proportion of issued and fully paid up capital held by the Group 本集團持有已發行及繳足股本比例		Principal Activity 主要業務
				Directly 直接	Indirectly 間接	
Joint Venture: 合營企業：						
Southern Hill Company Limited 南峰有限公司	Limited incorporated 有限公司成立	Hong Kong 香港	Ordinary shares – HK\$2 普通股 – 2港元	50%	–	Investment holding 投資控股
Its wholly-owned subsidiary: 其全資擁有附屬公司：						
瑞昌理文物流有限公司 (Ruichang Lee & Man Logistics Company Limited)	Limited incorporated 有限公司成立	The PRC 中國	Registered capital – US\$12,000,000 註冊資本 – 12,000,000美元	–	50%	Provision of port facilities 提供港口設施

- (ii) The amounts are unsecured, interest-free and have no fixed term of repayment and provided to a joint venture in the form of a shareholder's loan and forms part of the net investment in the joint venture, except for an amount of RMB42,243,500 (equivalent to approximately HK\$51,516,000) which carries interest at the fixed rate of 3.8% per annum, and is repayable on 31 December 2018.

12. 合營企業權益(續)

附註：

- (i) 於2018年6月30日本集團之合營企業及其附屬公司詳情如下：

- (ii) 除為數人民幣42,243,500元(相等於約51,516,000港元)乃按固定年利率3.8%計息及須於2018年12月31日還款外，該貸款乃無抵押、免息及無固定還款期，並以股東借款形式提供及成為合營企業淨投資的一部分。

13. Inventories

13. 存貨

		30 June 2018 2018年 6月30日 HK\$'000 千港元	31 December 2017 2017年 12月31日 HK\$'000 千港元
Raw materials	原料	3,914,342	3,602,795
Finished goods	製成品	1,476,178	1,351,524
		5,390,520	4,954,319

14. Trade and Other Receivables

14. 應收貿易及其他賬款

		30 June 2018 2018年 6月30日 HK\$'000 千港元	31 December 2017 2017年 12月31日 HK\$'000 千港元
Trade receivables	應收貿易賬款	3,675,619	3,130,522
Less: allowance for doubtful debt	減：呆壞賬撥備	(16,143)	(17,034)
		3,659,476	3,113,488
Bills receivables	應收票據	2,550,380	1,542,662
		6,209,856	4,656,150
Value added tax receivables	應收增值稅款項	885,231	838,616
Prepayments and deposits for purchase of raw materials	購買原料預付款項及訂金	851,402	845,540
Other deposits and prepayments	其他訂金及預付款項	364,563	152,023
Other receivables	其他應收款項	486,677	283,499
		8,797,729	6,775,828

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14. Trade and Other Receivables (Continued)

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

14. 應收貿易及其他賬款(續)

本集團給予客戶的平均信貸期為45日至90日。以下為報告期末按發票日期呈列之應收貿易及票據賬款的賬齡分析。

		30 June 2018 2018年 6月30日 HK\$'000 千港元	31 December 2017 2017年 12月31日 HK\$'000 千港元
Aged:	賬齡：		
Not exceeding 30 days	不超過30日	5,211,366	3,821,859
31-60 days	31-60日	820,069	645,979
61-90 days	61-90日	124,572	125,958
91-120 days	91-120日	19,654	31,758
Over 120 days	120日以上	34,195	30,596
		6,209,856	4,656,150

15. Trade and Other Payables

15. 應付貿易及其他賬款

		30 June 2018 2018年 6月30日 HK\$'000 千港元	31 December 2017 2017年 12月31日 HK\$'000 千港元
Trade and bills payables	應付貿易及票據賬款	2,345,398	3,129,001
Accruals	應計費用	942,643	346,378
Construction fee payables	應付工程款	650,050	665,117
Receipt in advance	預收款項	98,178	127,566
Other payables	其他應付款項	445,091	404,236
		4,481,360	4,672,298

The average credit period taken for trade purchases ranges from 30 to 120 days. The following is an aged analysis of the trade and bills payables presented based on the invoice date at the end of the reporting period.

貿易購貨之平均賒賬期由30至120日不等。下表為於報告期末按發票日期之應付貿易及票據賬款之賬齡分析。

		30 June 2018 2018年 6月30日 HK\$'000 千港元	31 December 2017 2017年 12月31日 HK\$'000 千港元
Aged:	賬齡：		
Not exceeding 30 days	不超過30日	1,015,860	1,227,564
31–60 days	31–60日	663,335	642,141
61–90 days	61–90日	325,553	537,183
91–120 days	91–120日	234,794	690,208
Over 120 days	120日以上	105,856	31,905
		2,345,398	3,129,001

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16. Share Capital

16. 股本

		Number of ordinary shares 普通股數目	Amount 金額 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.025 each at 1 January 2017, 31 December 2017 and 30 June 2018	於2017年1月1日， 2017年12月31日及 2018年6月30日 每股0.025港元的普通股	8,000,000,000	200,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.025 each at 1 January 2017	於2017年1月1日每股0.025 港元的普通股	4,545,660,000	113,642
Shares repurchased and cancelled	股份購回及註銷	(40,256,000)	(1,007)
Ordinary shares of HK\$0.025 each at 31 December 2017	於2017年12月31日每股0.025 港元的普通股	4,505,404,000	112,635
Shares repurchased and cancelled (note)	股份購回及註銷(附註)	(57,404,000)	(1,435)
Ordinary shares of HK\$0.025 each at 30 June 2018	於2018年6月30日每股0.025 港元的普通股	4,448,000,000	111,200

note:

Out of 77,404,000 ordinary shares repurchased, 57,404,000 shares were cancelled during the six months ended 30 June 2018 while the remaining 20,000,000 ordinary shares were cancelled in July 2018.

附註：

於截至2018年6月30日止6個月期內77,404,000股購回普通股當中，57,404,000股股份已於期內被註銷，而餘下之20,000,000股普通股隨後在2018年7月被註銷。

17. Operating Leases

The Group as lessee

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

		30 June 2018 2018年 6月30日 HK\$'000 千港元	31 December 2017 2017年 12月31日 HK\$'000 千港元
Within one year	1年內	12,077	12,758
In the second to fifth year inclusive	第2至第5年內	11,942	8,545
Over five years	超過5年	-	3,907
		24,019	25,210

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

		30 June 2018 2018年 6月30日 HK\$'000 千港元	31 December 2017 2017年 12月31日 HK\$'000 千港元
Within one year	1年內	67,319	40,209
In the second to fifth year inclusive	第2至第5年內	253,830	166,808
Over five years	超過5年	255,791	192,534
		576,940	399,551

17. 經營租約

集團作為承租人

於報告期末，本集團根據不可撤銷的土地及樓宇經營租約於日後承擔的最低租金如下：

集團作為出租人

於報告期末，本集團已與租戶簽訂合約的日後最低租金為：

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18. Capital Commitments

18. 資本承擔

		30 June 2018 2018年 6月30日 HK\$'000 千港元	31 December 2017 2017年 12月31日 HK\$'000 千港元
Capital expenditures contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of:	就已訂約但未於簡明綜合財務報表中撥備有關下列購置的資本開支：		
– property, plant and equipment	– 物業、廠房及設備	2,224,739	1,704,364
– land use rights	– 土地使用權	33,805	32,612
		2,258,544	1,736,976

19. Related and Connected Party Disclosures

During the period, the Group had significant transactions with related parties, certain of which are also deemed to be connected parties pursuant to the Listing Rules. Significant transactions with these parties during the period are as follows:

19. 相關及關連人士披露

期內，本集團與相關人士(若干人士亦同時根據上市規則被視作為關連人士)進行重大交易。期內與該等人士進行的重大交易如下：

Name of parties 關連人士名稱	Nature of transactions 交易性質	Six months ended 30 June 截至6月30日止6個月	
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Lee & Man Chemical Company Limited (note i) 理文化工有限公司(附註i)	Raw materials purchased by the Group 集團購買原料	54,534	12,126
Lee & Man Industrial Manufacturing Limited (note ii) 理文實業有限公司(附註ii)	Finished goods sold by the Group 集團出售製成品	53,519	56,527
	Electricity and steam fee received by the Group 集團已收電力及蒸氣費用	1,247	1,172
	Raw materials purchased by the Group 集團購買原料	1,458	1,478
Lee & Man Paper Products Company Limited (note ii) 理文紙品有限公司(附註ii)	Licence fee expenses incurred by the Group 集團許可權費支出	1,024	946

19. Related and Connected Party Disclosures

(Continued)

19. 相關及關連人士披露(續)

Name of parties 關連人士名稱	Nature of transactions 交易性質	Six months ended 30 June 截至6月30日止6個月	
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Jiangsu Lee & Man Chemical Limited (note i) 江蘇理文化工有限公司(附註i)	Electricity and steam fee received by the Group 集團已收電力及蒸氣費用	33,767	33,303
	Rental income of office spaces 辦公室租金收入	989	852
Jiangxi Lee & Man Chemical Limited (note i) 江西理文化工有限公司(附註i)	Electricity and steam fee paid by the Group 集團已付發電及蒸氣服務費	34,251	18,461
	Rental fee paid by the Group 集團已付租金	1,308	942

notes:

- (i) Mr. Lee Man Yan, the ultimate controlling shareholder of these companies, is an associate of Dr. Lee Man Chun Raymond and Mr. Lee Man Bun, the directors of the Company.
- (ii) These companies are indirectly wholly owned by the spouse of Mr. Li King Wai Ross (a director of the Company) who is also a daughter of Dr. Lee Wan Keung Patrick, the substantial shareholder of the Company.

附註：

- (i) 該等公司之最終控股股東李文恩先生，為本公司董事李文俊博士及李文斌先生之聯繫人仕。
- (ii) 該等公司為本公司董事李經緯先生之配偶，彼亦為本公司主要股東李運強博士之女兒間接全資擁有。

20. Review of Interim Accounts

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

20. 審閱中期賬目

本簡明綜合中期財務報表均未經審核，惟經審核委員會審閱。

INTERIM DIVIDEND/CLOSURE OF REGISTER OF MEMBERS

中期股息／暫停辦理股份過戶登記

Interim Dividend

The Board has resolved to declare an interim dividend of HK\$0.20 (2017: HK\$0.17) per share for the six months ended 30 June 2018 to shareholders whose names appear on the Register of Members on 20 August 2018. It is expected that the interim dividend will be paid around 30 August 2018.

Closure of Register of Members

The Register of Members will be closed from 16 August 2018 to 20 August 2018, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers accomplished by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Investor Services Limited, at Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 pm on 15 August 2018.

中期股息

董事會議決宣派截至2018年6月30日止6個月之中期股息每股0.20港元(2017年：0.17港元)予2018年8月20日名列於股東名冊內之股東。預期中期股息將於2018年8月30日派付予股東。

暫停辦理股份過戶登記

本公司將於2018年8月16日至2018年8月20日(首尾兩天包括在內)暫停辦理股份過戶登記手續。為符合獲派中期股息之資格，所有過戶文件連同有關股票最遲須於2018年8月15日下午4時30分前送達本公司之股份過戶登記分處卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心22樓，以辦理登記手續。

BUSINESS REVIEW AND OUTLOOK

業務回顧及展望

2018 was a year with stable development for Lee & Man Paper. The Company's current focus lies on the development of various types of linerboard, corrugating medium, coated duplex board and tissue paper, with an intensive effort being devoted to segmental markets to cater to the needs of different customers. The Group exhibited impressive performance in the first half of 2018, recording a net profit of HK\$2.98 billion and 43.1% year-on-year growth in turnover which amounted to HK\$16.37 billion. The basic earnings of the Group was HK66.52 cents (2017: HK48.42 cents). The board of directors determined an interim dividend of HK20 cents per share for 2018 (2017: HK17 cents). For the six months ended 30 June 2018, the aggregate sales of the Group amounted to 2.95 million tonnes, with a net profit per tonne of HK\$1,009.

Industry and Business Review

In recent years, the Mainland government has carried out a supply-side reform for the paper manufacturing industry, resulting in a continuous elimination of backward production capacity by paper manufacturers. This has enabled optimisation of the internal environment of the paper manufacturing industry with further regulation and consolidation. In this round of consolidation, the enterprises which have good sewage processing technology, adopt environmentally sound practice and are capable of growing their profitability will, undoubtedly, set others apart.

Meanwhile, under the influence of the increasingly stringent environmental protection policy in China, those small and medium sized paper manufacturing companies which are unable to meet the standard are forced to cease production or have been taken over by large paper manufacturing enterprises, resulting in a low inventory level of papers, which coupled with the gradual pick-up in the demand for paper products, the demand and supply situation has been improved. Therefore, the bargaining power of the paper manufacturing industry has been increased, and Lee & Man Paper is able to benefit from the product price hike. Given this favourable industry environment, it is believed that the Group will be able to further solidify its leading position in the paper manufacturing industry by dint of its robust technology advantage.

In addition, Lee & Man Paper was included into the MSCI China Index in 2017. This signifies a paramount milestone for its global expansion, and demonstrates the international capital market's recognition for and confidence in the Group. It is believed that the Group can draw more investors' attention in the future owing to its scale and technology advantage as well as the overall prospect of industry.

2018年，是理文造紙穩步發展的一年。公司現主力發展不同種類的牛皮箱板紙、瓦楞芯紙、塗布白板紙，及衛生紙產品，深耕細分市場，滿足不同客戶的需求。集團於2018年上半年取得亮麗業績，錄得29.8億港元的淨利潤，營業額按年增長43.1%至163.7億港元。集團每股基本盈利66.52港仙（2017年：48.42港仙），董事會建議2018年派發中期股息每股20港仙（2017年：17港仙）。本集團截至2018年6月30日止6個月之總銷售量為295萬噸，產品平均每噸淨利潤達1,009港元。

行業及業務回顧

近年來，內地政府對造紙行業實施供給側改革，促使造紙企業不斷淘汰落後產能，促進造紙行業內部環境持續優化，從而使造紙行業得到進一步的規範與整合。在這一輪整合潮中，排污處理技術完善、環境友好度高並且擁有不斷增強盈利能力的企業勢必可以脫穎而出。

同時，在國內愈加嚴厲的環保政策影響下，未能達標的中小型紙企不得不停產或被大型紙企兼并，導致原紙庫存水平偏緊。加上造紙產品需求回暖，供需情況獲得改善，因此造紙行業議價能力提升，理文造紙可受惠於產品漲價潮。在這樣有利的行業整體環境中，相信本集團可憑藉領先的技術優勢，進一步鞏固本集團於造紙行業的龍頭地位。

另外，理文造紙於2017年獲調入MSCI中國指數。這是理文造紙國際化的重要里程碑，可見國際資本市場對本集團的認可和信心。相信憑藉本集團的規模、技術優勢及整個行業前景，未來可以吸引更多國際投資者的關注。

BUSINESS REVIEW AND OUTLOOK

業務回顧及展望

Business Prospect

Lee & Man Paper aims to boost the development scale and capture opportunities in the future. The Group will make proactive effort in diversifying the paper and pulp business and seeking opportunities for overseas expansion, while at the same time maintaining stable production for its plants in China.

Currently, the Group has 6 packaging paper plants in China and overseas, which are located in Jiangsu, Guangdong, Chongqing, Jiangxi and Vietnam. The new paper manufacturing machine in Vietnam will begin operation in late 2019, and will be able to contribute 500,000 tonnes production capacity annually. By the time, the annual production volume of packaging paper will reach 6.5 million tonnes in aggregate.

Moreover, while enlarging its development scale, the Group will not halt its steps to strive for enhancement in product quality. It will stay committed to offering quality products to the public, adhere to a principle that places equal emphasis on production and operation as well as environmental protection, strengthen environmental management, step up the efforts in reducing sewage, and implement energy conservation and emission reduction measures.

Moving forward, upholding its environmental protection principle, the Group will increase efficiency while lessening its impact on the environment in a more effective manner and continuing to open up a pathway leading to a win-win situation where environmental protection and efficiency enhancement are both emphasised.

Conclusion

The Group would like to express its gratitude to shareholders for their strong support and to employees for their hard work during the first half of the year. Leveraging its leading position in the paper manufacturing industry and its consistently solid development advantage, the Group believes that it can maximise the return to shareholders.

業務前景

提升發展規模，穩抓機遇是理文造紙未來的主要目標。本集團會積極拓展多元化的紙漿業務，在穩定國內廠房生產量的基礎上，積極尋求國外拓展機會。

現時，本集團在國內和國外共有6間包裝紙廠房，分別位於江蘇、廣東、重慶、江西及越南。集團於越南新增的一台造紙機將於2019年底投產，可貢獻每年約50萬噸產能，屆時包裝紙總年產將達650萬噸。

此外，本集團會在提升發展規模的同時，繼續追求提升產品的品質。致力為大眾提供高品質的產品並秉承生產經營與環境保護並重的宗旨，強化環保管理，加大減排力度，做到節能減耗。

未來，本集團將堅守環保宗旨，在增加效益的同時更好地減少對環境的影響，繼續探索一條環保和增效雙贏之路。

結語

本集團謹此對過去半年裡，各位股東的大力支持以及全體員工的辛勤付出表示由衷的感激。憑藉集團於造紙業龍頭的地位以及貫徹始終的穩健發展優勢，相信集團能為股東帶來最大的利益。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Results of Operation

Revenue and net profit attributable to owners of the Company for the six months ended 30 June 2018 was HK\$16,369 million and HK\$2,980 million respectively and that for the corresponding period last year was HK\$11,440 million and HK\$2,194 million respectively. The earnings per share for the period was HK66.52 cents as compared to HK48.42 cents for the corresponding period last year.

The Group continued to be benefited from the Chinese government's efforts to eliminate obsolete production facilities while embarking on environmental-friendly policies and regulations in recent years. The average selling prices of products sold by the Group increased and the profit margin continued to record a satisfactory growth as compared to last corresponding period.

Distribution and Selling Expenses

The Group's distribution and selling expenses was HK\$268 million for the six months ended 30 June 2018 as compared to HK\$205 million for the corresponding period last year. It represented about 1.6% of the revenue for the six months ended 30 June 2018 and was decreased as comparable to that of 1.8% for the corresponding period last year.

General and Administrative Expenses

The Group's general and administrative expenses was HK\$685 million for the six months ended 30 June 2018 as compared to HK\$515 million for the corresponding period last year. It represented about 4.2% of the revenue for the six months ended 30 June 2018 and was decreased as comparable to that of 4.5% for the corresponding period last year.

Finance Costs

The Group's total finance costs (including the amounts capitalised) was HK\$157 million for the six months ended 30 June 2018 as compared to HK\$134 million for the corresponding period last year. The increase was mainly due to the increase in both average amounts and average interest rate on bank borrowings during the period.

經營業績

截至2018年6月30日止6個月的收入及本公司擁有人應佔純利分別為163.69億港元及29.80億港元，而去年同期則分別為114.40億港元及21.94億港元。期內，每股盈利為66.52港仙，而去年同期為48.42港仙。

集團受惠於近年來內地政府積極關閉產能，以及推出之環保政策及條例。本集團出售之產品平均銷售價上升，而邊際利潤相對去年同期也持續錄得理想增幅。

分銷及銷售費用

本集團截至2018年6月30日止6個月的分銷及銷售費用為2.68億港元，而去年同期為2.05億港元。截至2018年6月30日止6個月的分銷及銷售費用佔收入約1.6%，較去年同期的1.8%減少。

日常及行政費用

本集團截至2018年6月30日止6個月的日常及行政費用為6.85億港元，而去年同期為5.15億港元。截至2018年6月30日止6個月的日常及行政費用佔收入約4.2%，較去年同期的4.5%減少。

財務成本

本集團截至2018年6月30日止6個月的總借貸成本(包括資本化金額)為1.57億港元，而去年同期為1.34億港元。成本增加主要由於期內平均銀行貸款金額增加及平均借貸利率上升所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Inventories, Debtors' and Creditors' Turnover

The inventory turnover of the Group's raw materials and finished products were 66 days and 19 days, respectively, for the six months ended 30 June 2018 as compared to 78 days and 18 days, respectively, for the year ended 31 December 2017.

The Group's debtors' turnover days were 40 days for the six months ended 30 June 2018 as compared to 44 days for the year ended 31 December 2017. This is in line with the credit terms of 45 days to 90 days granted by the Group to its customers.

The Group's creditors' turnover days were 39 days for the six months ended 30 June 2018 as compared to 68 days for the year ended 31 December 2017 as the group early settled part of its creditor balance with surplus cash near the period end.

Liquidity, Financial Resources and Capital Structure

The total shareholders' fund of the Group as at 30 June 2018 was HK\$24,663 million (31 December 2017: HK\$21,916 million). As at 30 June 2018, the Group had current assets of HK\$15,814 million (31 December 2017: HK\$14,063 million) and current liabilities of HK\$12,115 million (31 December 2017: HK\$11,040 million). The current ratio was 1.31 as at 30 June 2018 as compared to 1.27 at 31 December 2017.

The Group generally finances its operations with internal generated cash flow and credit facilities provided by its principal bankers in Hong Kong, Macau and the PRC. As at 30 June 2018, the Group had outstanding bank borrowings of HK\$15,930 million (31 December 2017: HK\$15,078 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. As at 30 June 2018, the Group maintained bank balances and cash of HK\$1,521 million (31 December 2017: HK\$2,249 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) decreased from 0.59 as at 31 December 2017 to 0.58 as at 30 June 2018. Less capital expenditure were incurred as compared to last corresponding period and there was an increase in translation reserve as a result of Renminbi appreciation during the period.

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

存貨、應收賬款及應付賬款周轉期

本集團於截至2018年6月30日止6個月的原料及製成品存貨周轉期分別為66日及19日，相比截至2017年12月31日止年度則分別為78日及18日。

本集團於截至2018年6月30日止6個月的應收賬款周轉期為40日，相比截至2017年12月31日止年度則為44日。此符合本集團給予客戶45日至90日的信貸期。

本集團於截至2018年6月30日止6個月的應付賬款周轉期為39日，相比截至2017年12月31日止年度則為68日。此乃由於本集團在接近期末時以盈餘的現金提早支付部分應付賬款。

流動資金、財務資源及資本結構

於2018年6月30日，本集團的股東資金總額為246.63億港元(2017年12月31日：219.16億港元)。於2018年6月30日，本集團的流動資產達158.14億港元(2017年12月31日：140.63億港元)，而流動負債則為121.15億港元(2017年12月31日：110.40億港元)。於2018年6月30日的流動比率為1.31，而於2017年12月31日則為1.27。

本集團一般以內部產生的現金流量，以及中港澳主要往來銀行提供的信貸備用額作為業務的營運資金。於2018年6月30日，本集團的未償還銀行貸款為159.30億港元(2017年12月31日：150.78億港元)。該等銀行借貸由本公司若干附屬公司提供的公司擔保作為抵押。於2018年6月30日，本集團持有銀行結餘及現金15.21億港元(2017年12月31日：22.49億港元)。本集團的淨資本負債比率(借貸總額減現金及現金等價物除以股東權益)由2017年12月31日的0.59下降至2018年6月30日的0.58。期內資本開支較去年同期減少，而人民幣升值令匯兌儲備增加。

本集團具備充裕的現金及可供動用的銀行備用額以應付集團的承擔及營運資金需要。

The Group's transactions and the monetary assets are principally denominated in Hong Kong dollars, Renminbi, United States dollars or Euro. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2018. The Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure.

Employees

As at 30 June 2018, the Group had a workforce of more than 7,700 employees. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Group.

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

本集團的交易及貨幣資產主要以港元、人民幣、美元或歐元計值。截至2018年6月30日止6個月，本集團的營運或流動資金未曾因匯率波動而面臨任何重大困難或影響。本集團採用貨幣結構工具，外幣借貸或其他途徑作外幣風險對沖之用。

僱員

於2018年6月30日，本集團擁有超過7,700名員工。僱員薪酬維持於具競爭力水平，並會每年評估，且密切留意有關勞工市場及經濟市況趨勢。本集團亦為僱員提供內部培訓，並按員工表現及本集團盈利發放花紅。

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

OTHER INFORMATION

其他資料

Ultimate Suppliers and Buying Agents

Besides purchasing directly from the suppliers, the Group also engages certain independent buying agents to source waste paper from their ultimate suppliers mainly supermarkets, paper packing companies and recycling plants. The Group's buying agents in the United States and Europe, namely Ralison International Inc., Mark Lyndon International BV and Mark Lyndon Paper Enterprises (UK) Limited, are ultimately owned by Mr. Albert Chiu Tung-Choi, a distant relative of the Company's substantial shareholder, Dr. Lee Wan Keung Patrick and his sons, Dr. Lee Man Chun Raymond and Mr. Lee Man Bun, both of whom are executive directors of the Company. These buying agents are not "connected persons" of the Company pursuant to the Listing Rules. They receive a commission for sourcing the raw materials of waste paper and they did not trade and are contractually obliged not to take a position on or otherwise maintain an inventory of waste paper themselves. Their primary role is to coordinate the logistics in order to have the waste paper delivered to the Group, including on-site inspections and customs clearance, and thereby reduces the regulatory risk for the Group. The total prices paid for the waste paper (including the price of waste paper paid to ultimate suppliers and commission paid to the buying agents) were made on an arm's length basis. The Group sourced 19% and 35% of its total raw materials through these buying agents for the six months ended 30 June 2018 and 2017, respectively. The commission paid to these buying agents amounted to HK\$42.2 million and HK\$39.1 million for the six months ended 30 June 2018 and 2017, respectively.

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

最終供應商及採購代理

除了向供應商直接採購之外，本集團亦委聘若干獨立採購代理，向彼等的最終供應商（主要為超級市場、紙品包裝公司及回收工場）採購廢紙。本集團位於歐美的採購代理Ralison International Inc.、Mark Lyndon International BV及Mark Lyndon Paper Enterprises (UK) Limited由本公司主要股東李運強博士以及其兒子李文俊博士及李文斌先生（兩者均為本公司執行董事）的遠親趙棟材先生最終擁有。根據上市規則，該等採購代理並非本公司「關連人士」。彼等透過採購廢紙原材料收取佣金，且彼等並不進行交易，以及合約上毋須負責或以其他方式保持彼等自身的廢紙存貨量。彼等的首要角色為協調物流，確保廢紙運送至本集團（包括實地檢查及清關），從而減輕本集團的監管風險。已支付的總廢紙價格（包括向最終供應商支付的廢紙價格及支付予採購代理的佣金）乃按公平原則釐定。截至2018年及2017年6月30日止6個月，本集團透過採購代理採購佔其原材料總額分別為19%及35%。支付予該等採購代理之佣金於截至2018年及2017年6月30日止6個月分別為42.2百萬港元及39.1百萬港元。

概無任何董事、彼等的聯繫人士或任何擁有本公司已發行股本5%以上的股東於本集團五大供應商的股本中擁有任何權益。

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

As at 30 June 2018, the interests of the directors and the chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), The Stock Exchange of Hong Kong Limited (the "Stock Exchange") were as follows:

Long positions

Ordinary shares of HK\$0.025 each of the Company

Name of director 董事姓名	Capacity 身份	Number of ordinary shares 普通股數目	Percentage of the issued share capital of the Company 佔本公司已 發行股本百分比
Dr. Lee Man Chun Raymond 李文俊博士	Beneficial owner 實益擁有人	1,358,991,040	30.55%
Mr. Lee Man Bun 李文斌先生	Beneficial owner 實益擁有人	1,262,932,960	28.39%
Mr. Li King Wai Ross 李經緯先生	Held by spouse 由配偶持有	4,564,865	0.06%
Professional Poon Chung Kwong 潘宗光先生	Beneficial owner 實益擁有人	100,000	0.002%

Save as disclosed above, none of the directors or chief executives or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2018.

董事及主要行政人員於股本或債務證券中擁有的權益及淡倉

於2018年6月30日，董事及主要行政人員及彼等之聯繫人士在本公司及其相聯法團的股份、相關股份及債券中，擁有本公司根據證券及期貨條例(「證券及期貨條例」)第352條存置之登記冊所記錄之權益，或已知會本公司及根據上市發行人董事進行證券交易的標準守則(「標準守則」)已知會香港聯合交易所有限公司(「聯交所」)的權益如下：

好倉

本公司每股0.025港元的普通股

除上文所披露外，於2018年6月30日，各董事、主要行政人員及彼等的聯繫人士概無在本公司或其任何相聯法團的股份、相關股份或債券中，擁有任何權益或淡倉。

OTHER INFORMATION

其他資料

Substantial Shareholders

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, at 30 June 2018, other than directors and chief executives, the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.025 each of the Company

主要股東

根據本公司按證券及期貨條例第336條須存置之主要股東登記冊所記錄，於2018年6月30日，下列股東(董事及主要行政人員除外)已知會本公司彼等於本公司已發行股本中擁有之相關權益。

好倉

本公司每股0.025港元的普通股

Name of shareholder 股東姓名	Capacity 身份	Number of issued ordinary shares held 持有已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Dr. Lee Wan Keung Patrick 李連強博士	Beneficial owner 實益擁有人	507,342,000	11.41%
Ms. Lee Wong Wai Kuen 李黃惠娟女士	Held by spouse 由配偶持有	507,342,000	11.41%

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company as at 30 June 2018.

除上文所披露外，本公司概無獲知會於2018年6月30日本公司股份或相關股份之任何其他相關權益或短倉。

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

During the six months ended 30 June 2018, the Company repurchased a total of 77,404,000 ordinary shares of HK\$0.025 per share through the Stock Exchange at an aggregate consideration of approximately HK\$667,194,000 (including transaction costs). Out of 77,404,000 ordinary shares repurchased, 57,404,000 shares were cancelled during the six months ended 30 June 2018 while the remaining 20,000,000 ordinary shares were cancelled in July 2018. Details of shares repurchased during the period are set out as follows:

Month of repurchases 購回月份	No. of ordinary shares of HK\$0.025 each 每股0.025港元 之普通股數目	Price paid per share 每股支付價格		Aggregate consideration paid (including expenses) 累計已付代價 (含使費) HK\$'000 千港元
		Highest 最高 HK\$ 港元	Lowest 最低 HK\$ 港元	
January 2018 2018年1月	5,404,000	9.21	8.96	49,149
March 2018 2018年3月	39,236,000	9.00	8.21	344,724
June 2018 2018年6月	32,764,000	8.90	7.83	273,321
	77,404,000			667,194

The directors believe that repurchases of shares are in the best interests of the Company and its shareholders and that such repurchases of shares would lead to an enhancement of the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

買賣或贖回本公司上市證券

於截至2018年6月30日止6個月，本公司於聯交所回購合共77,404,000股每股0.025港元之普通股，總代價約為667,194,000港元（含交易成本）。於截至2018年6月30日止6個月期內77,404,000股購回普通股當中，57,404,000股股份已於期內被註銷，而餘下之20,000,000股普通股隨後在2018年7月被註銷。於期內購回股份之詳情如下：

董事相信，回購股份乃符合本公司及其股東之最佳利益，並可提高本公司每股盈利。

除上文所披露外，本公司或其任何附屬公司在截至2018年6月30日止6個月內概無購買、出售或贖回本公司任何上市證券。

OTHER INFORMATION

其他資料

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions. All the members of the board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2018. The Model code also applies to other specified senior management of the Group.

Code on Corporate Governance Practices

In the opinion of the directors, the Company has complied with the code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2018.

Audit Committee

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

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 June 2018.

On behalf of the Board

Lee Man Chun Raymond

Chairman

Hong Kong, 31 July 2018

證券交易之標準守則

本公司已採納上市規則附錄10所載之標準守則作為董事進行證券交易之行為守則。經本公司向所有董事作出具體查詢後，全體董事皆確認於截至2018年6月30日止6個月內均遵守標準守則所載之規定準則。標準守則亦適用於本集團之其他特定高級管理層。

企業管治常規守則

董事認為，本公司已於截至2018年6月30日止6個月內一直遵守上市規則附錄14所載之企業管治常規守則。

審核委員會

本公司之審核委員會由三位獨立非執行董事周承炎先生、王啟東先生及Peter A. Davies先生組成。

審核委員會與管理層已審閱本集團所採納之會計原則及慣例，並已討論內部監控程序及財務報告事宜，其中包括審閱本集團截至2018年6月30日止6個月的未經審核中期財務報表。

代表董事會

李文俊

主席

香港，2018年7月31日

Lee & Man Paper Manufacturing Limited

5th Floor, Liven House, 61-63 King Yip Street
Kwun Tong, Kowloon, Hong Kong
Tel: 2319 9889 Fax: 2319 9393

理文造紙有限公司

香港九龍觀塘敬業街61-63號利維大廈5字樓
電話: 2319 9889 傳真: 2319 9393