



LEE & MAN HOLDING LIMITED

理文集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：746

INTERIM REPORT 2006 中期報告

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Corporate Information

公司資料

BOARD OF DIRECTORS

Ms. WAI Siu Kee (*Chairman*)
Ms. POON Lai Ming
Ms. LEE Marina Man Wai
Mr. LEE Man Yan
Mr. WAN Chi Keung, Aaron JP*
Mr. HENG Kwo Seng*
Mr. WONG Kai Tung, Tony *

* *Independent non-executive director*

COMPANY SECRETARY

Ms. WONG Yuet Ming

REGISTERED OFFICE

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

PRINCIPAL OFFICE

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (HK) Ltd

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

董事會

衛少琦女士 (*主席*)
潘麗明女士
李文慧女士
李文恩先生
尹志強先生，太平紳士*
邢詒春先生*
王啟東先生*

* *獨立非執行董事*

公司秘書

王月明女士

註冊辦事處

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

總辦事處

香港
九龍
觀塘
敬業街61-63號
利維大廈8樓

主要往來銀行

恒生銀行有限公司
渣打銀行(香港)有限公司

核數師

德勤•關黃陳方會計師行
執業會計師

Corporate Information

公司資料

PRINCIPAL SHARE REGISTRAR

Butterfield Bank (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

WEBSITE

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

主要股份過戶登記處

Butterfield Bank (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

香港股份過戶登記分處

秘書商業服務有限公司
香港
皇后大道東28號
金鐘匯中心26樓

網址

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

Interim Results

中期業績

The board of directors (the "Board") of Lee & Man Holding 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 2006 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2006

理文集團有限公司(「本公司」)董事會(「董事會」)欣然公布，本公司及其附屬公司(「本集團」)截至2006年6月30日止6個月之未經審核簡明綜合業績連同比較數字如下：

簡明綜合收益表

截至2006年6月30日止6個月

			Six months ended 30 June	
			截至6月30日止6個月	
			2006	2005
			(Unaudited)	(Unaudited)
			(未經審核)	(未經審核)
			HK\$'000	HK\$'000
			千港元	千港元
		Notes 附註		
Turnover	營業額	2	353,981	327,852
Cost of sales	銷售成本		(246,485)	(222,886)
Gross profit	毛利		107,496	104,966
Other income	其他收入		5,393	3,471
Distribution costs	銷售費用		(15,614)	(15,617)
Administrative expenses	行政費用		(39,102)	(36,403)
Interest on bank borrowings wholly repayable within five years	須於五年內全數償還之銀行借款利息		(21)	(8)
Profit before taxation	除稅前溢利		58,152	56,409
Income tax expenses	所得稅支出	3	(5,519)	(5,126)
Profit for the period	期內溢利	4	52,633	51,283
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人		52,633	51,283
Interim dividend	中期股息	5	20,625	N/A不適用
Basic earnings per share	每股基本盈利	6	HK6.4 cents港仙	HK6.2 cents港仙

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CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2006

簡明綜合資產負債表

於2006年6月30日

			30.6.2006	31.12.2005
			(Unaudited)	(Audited)
			(未經審核)	(經審核)
		<i>Notes</i>	HK\$'000	HK\$'000
		<i>附註</i>	千港元	千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	7	129,976	133,017
Prepaid lease payments	預付租賃款項		27,500	27,745
Deposits paid for acquisition of property, plant and equipment	購置物業、廠房及設備之已付訂金		23,088	2,506
Defined benefit assets	界定利益資產		3,282	3,282
			183,846	166,550
CURRENT ASSETS	流動資產			
Inventories	存貨	8	67,055	72,061
Prepaid lease payments	預付租賃款項		490	490
Trade and other receivables	應收貿易及其他款項	9	117,241	85,667
Bank balances and cash	銀行結餘及現金		227,129	236,503
			411,915	394,721
CURRENT LIABILITIES	流動負債			
Trade and other payables	應付貿易及其他款項	10	78,364	72,770
Amounts due to related companies	應付關連公司款項		18	920
Taxation payable	應付稅項		4,844	8,706
Bank advances for discounted bills	銀行貼現票據墊款		1,143	1,175
Bank overdraft	銀行透支		58	1,227
			84,427	84,798
NET CURRENT ASSETS	流動資產淨值		327,488	309,923
TOTAL ASSETS LESS CURRENT LIABILITIES	資產減流動負債合計		511,334	476,473
NON-CURRENT LIABILITY	非流動負債			
Deferred Taxation	遞延稅項		1,242	1,294
			510,092	475,179
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	11	82,500	82,500
Reserves	儲備		427,592	392,679
			510,092	475,179

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2006

簡明綜合現金流量表

截至2006年6月30日止6個月

		Six months ended 30 June	
		截至6月30日止6個月	
		2006	2005
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Net cash from operating activities	經營業務所得現金淨額	32,009	41,147
Net cash (used in) from investing activities	投資活動(所耗)所得現金淨額	(21,207)	546
Net cash (used in) from financing activities	融資活動(所耗)所得現金淨額	(19,007)	1,048
Net (decrease) increase in cash and cash equivalents	現金及等同現金項目(減少)增加淨額	(8,205)	42,741
Cash and cash equivalents at beginning of the period	期初之現金及等同現金項目	235,276	190,542
Cash and cash equivalents at end of the period	期終之現金及等同現金項目	227,071	233,283
Analysis of the balances of cash and cash equivalents	現金及等同現金項目結餘分析		
Bank balances and cash	銀行結餘及現金	227,129	233,321
Bank overdrafts	銀行透支	(58)	(38)
		227,071	233,283

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

簡明綜合權益變動表

截至2006年6月30日止6個月

		Asset						
		Share capital	Share premium	revaluation reserve	Translation reserve	Special reserve	Accumulated profits	Total
		股本	股份溢價	重估儲備	匯兌儲備	特別儲備	累計溢利	合計
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
		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
At 1 January 2006	於2006年1月1日	82,500	20,307	31,031	76	(67,990)	409,255	475,179
Deferred tax liability arising on revaluation of property, plant and equipment	由重估物業、廠房及設備所產生之遞延稅項負債	-	-	52	-	-	-	52
Exchange differences arising on translation of foreign operations	海外財務報表之匯兌差額	-	-	-	1,203	-	-	1,203
Net income (expense) recognised directly in equity	直接於權益確認之收益(支出)	-	-	52	1,203	-	-	1,255
Realised on depreciation of property, plant and equipment	物業、廠房及設備之折舊變現	-	-	(713)	-	-	713	-
Realised on disposal of property, plant and equipment	出售物業、廠房及設備變現	-	-	(128)	-	-	128	-
Profit for the period	本期溢利	-	-	-	-	-	52,633	52,633
Total recognised income and expenses for the period	本期確認之收入及支出總額	-	-	(789)	1,203	-	53,474	53,888
Dividends paid	已付股息	-	-	-	-	-	(18,975)	(18,975)
At 30 June 2006	於2006年6月30日	82,500	20,307	30,242	1,279	(67,990)	443,754	510,092

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2006

簡明綜合權益變動表(續)

截至2006年6月30日止6個月

		Share capital	Share premium	Asset revaluation reserve	Translation reserve	Special reserve	Accumulated profits	Total
		股本	股份溢價	重估儲備	匯兌儲備	特別儲備	累計溢利	合計
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
		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
At 1 January 2005 as restated	於2005年1月1日經重列	82,500	20,307	14,408	949	(67,990)	372,276	422,450
Surplus arising on revaluation of property, plant and equipment	物業、廠房及設備之重估盈餘	-	-	17,629	-	-	-	17,629
Deferred tax liability arising on revaluation of property, plant and equipment	由重估物業、廠房及設備所產生之遞延稅項負債	-	-	(1,268)	-	-	-	(1,268)
Exchange differences arising on translation of foreign operations	海外財務報表之匯兌差額	-	-	-	(874)	-	-	(874)
Net income (expense) recognised directly in equity	直接於權益確認之收益(支出)	-	-	16,361	(874)	-	-	15,487
Realised on depreciation of property, plant and equipment	物業、廠房及設備之折舊變現	-	-	(304)	-	-	304	-
Realised on disposal of property, plant and equipment	出售物業、廠房及設備變現	-	-	(96)	-	-	96	-
Profit for the period	本期溢利	-	-	-	-	-	51,283	51,283
Total recognised income and expenses for the period	本期確認之收入及支出總額	-	-	15,961	(874)	-	51,683	66,770
At 30 June 2005	於2005年6月30日	82,500	20,307	30,369	75	(67,990)	423,959	489,220

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2006

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, under the historical cost convention, as modified for the revaluation of property, plant and equipment.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the financial statements contained in the 2005 annual report except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRS") and HKAS (collectively referred to as "New HKFRSs") which have become effective for accounting periods commencing on or after 1 January 2006. The applicable New HKFRSs adopted in this interim financial statements are set out below:

HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures
HKAS 21 (Amendment)	Net investment in a foreign operation
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions
HKAS 39 (Amendment)	The fair value option
HK(IFRIC)-Int4	Determining whether an arrangement contains a lease

The adoption of the above New HKFRSs did not have a material effect on how the results of operations and financial position of the Group are prepared and presented.

簡明綜合財務報表附註

截至2006年6月30日止6個月

1. 編製基準及主要會計政策

本未經審核簡明綜合中期財務報表乃按照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及香港會計師公會頒布之香港會計準則(「會計準則」)第34號「中期財務報告」,以歷史成本法編製,並已就物業、廠房及設備之重新估值作出調整。

除本集團因採納新增及經修訂之香港財務報告準則(「財務準則」)及會計準則(統稱為「新財務報告準則」)後更改其若干會計政策外,編製本簡明綜合中期財務報表所採用的會計政策,與2005年報所載財務報表所採納者一致。該等新財務報告準則已於2006年1月1日或以後開始之會計期間生效。本中期財務報表所採納之適用新財務報告準則載列如下:

會計準則第19號 (修訂)	精算損益,集體界定福利計劃及披露
會計準則第21號 (修訂)	境外業務之淨投資
會計準則第39號 (修訂)	集團間之預測交易之現金流量對沖會計處理
會計準則第39號 (修訂)	公平值選擇權
香港(國際財務報告詮釋委員會)詮釋第4號	釐定安排是否包含租賃

採納上述新財務報告準則對編製及呈列本集團之經營業績及財務狀況之方式並無重大影響。

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1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

No early adoption of the following New HKFRSs that have been issued but are not yet effective. The adoption of such New HKFRSs will have no material impact on the accounts of the Group and will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC)-Int 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

No business segment analysis is provided as all of the Group's turnover and contribution to results were derived from the manufacture and sales of handbags and luggage for both periods.

An analysis of the Group's revenue and contribution to operating results by geographical segments based on customers location, irrespective of the origin of the goods, is presented below:

1. 編製基準及主要會計政策 (續)

下列已發出但仍未生效之新財務報告準則並無提早採納。採納此等新財務報告準則對本集團之賬目不會有重大影響，亦不會令本集團之會計政策出現重大變動。

會計準則第1號 (修訂)	資本披露
財務準則第7號 香港(國際財務 報告詮釋委員 會)詮釋第7號	金融工具：披露 根據會計準則第29 號嚴重通脹經濟 下之財務報告採 用重列法

2. 業務及地區分類

由於本集團所有之營業額及業績貢獻均源自期內手袋及行李箱之製造及銷售，按業務分類之分析並無提供。

本集團按客戶所在地區(不論貨品之來源地)劃分之收入及經營業績貢獻，呈列如下：

Interim Results

中期業績

2. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

2. 業務及地區分類(續)

Geographical segments

地區分類

		Sales revenue by geographical market 按地區市場之銷售收入		Contribution to profit before taxation 除稅前溢利貢獻	
		Six months ended 30 June 截至6月30日止6個月	2005 HK\$'000 千港元	Six months ended 30 June 截至6月30日止6個月	2005 HK\$'000 千港元
United States of America	美國	282,473	242,590	45,713	42,898
Europe	歐洲	60,914	62,727	11,383	8,782
South America	南美洲	3,855	2,808	593	541
Hong Kong	香港	305	3,693	75	258
Others	其他地區	6,434	16,034	572	2,456
		353,981	327,852	58,336	54,935
Deficit arising on revaluation of property, plant and equipment	重估物業、廠房及設備所產生之虧絀			-	(116)
Unallocated corporate expenses	未分配公司開支			(3,535)	(877)
Interest income	利息收入			3,372	2,475
Finance costs	財務費用			(21)	(8)
Profit before taxation	除稅前溢利			58,152	56,409
Income tax expenses	所得稅支出			(5,519)	(5,126)
Profit for the period	期內溢利			52,633	51,283

Since the goods sold to various geographical markets were produced from the same production facilities, analysis of assets and liabilities by geographical market is not presented.

由於銷往不同地區市場之產品乃產自相同之生產設施，按地區市場劃分之資產及負債分析並無呈列。

3. INCOME TAX EXPENSES

The charge represents Hong Kong Profits Tax calculated at 17.5% of the estimated assessable profit for the period.

A substantial portion of the Group's profits neither arises in, nor is derived from, Hong Kong and therefore is not subject to Hong Kong Profits Tax.

3. 所得稅支出

稅項支出乃按期內估計應課稅溢利按17.5%計算之香港利得稅。

本集團大部份溢利因非產自或源自香港而毋須繳納香港利得稅。

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中期業績

4. PROFIT FOR THE PERIOD

Profit for period has been arrived at after charging:	期內溢利已扣除：
Staff costs (including directors' remuneration)	職員成本(包括董事酬金)
Release of prepaid lease payments	預付租賃款項撇銷
Bad debts written off	壞賬撇除
Deficit arising on revaluation of property, plant and equipment	重估物業、廠房及設備所產生之虧絀
Depreciation of property, plant and equipment	物業、廠房及設備之折舊
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損
and after crediting:	並已計入：
Interest income	利息收入

4. 期內溢利

Six months ended 30 June
截至6月30日止6個月

2006 HK\$'000 千港元	2005 HK\$'000 千港元
62,188	56,455
245	245
-	82
-	116
6,122	5,187
2,105	44
3,372	2,475

5. INTERIM DIVIDEND

The Board has declared that an interim dividend of HK2.5 cents per share amounting to HK\$20,625,000 be paid to shareholders for the six months ended 30 June 2006.

The interim dividend for the six months ended 30 June 2005 was not shown as the Company changed its financial year end date from 31 March to 31 December in 2005. The last interim dividend of HK3.0 cents per share amounting to HK\$24,750,000 was declared and paid for the six months ended 30 September 2005.

5. 中期股息

董事會宣布派付截至2006年6月30日止6個月之中期股息每股2.5港仙予股東，總額為20,625,000港元。

由於本公司於2005年將財政年度結算日由3月31日更改至12月31日，截至2005年6月30日止6個月之中期股息並無呈列。上一次宣布派付之中期股息乃截至2005年9月30日6個月止之中期股息每股3.0港仙，總額24,750,000港元。

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the unaudited profit attributable to the equity holders of the Company of HK\$52,633,000 (2005: HK\$51,283,000) and 825,000,000 (2005: 825,000,000) shares in issue during the period.

6. 每股盈利

每股基本盈利乃按期內本公司權益持有人應佔溢利52,633,000港元(2005: 51,283,000港元)除以已發行股份825,000,000股(2005: 825,000,000股)而計算。

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中期業績

7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$4,058,000 (2005: HK\$7,095,000) on property, plant and equipment to expand its operations.

8. INVENTORIES

Raw materials and consumables	原材料及耗用品
Work in progress	在製品
Finished goods	製成品

All inventories were carried at cost at the balance sheet date.

9. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period ranged from 30 to 60 days to its trade customers.

Included in trade and other receivables are trade and bills receivables of HK\$108,891,000 (31.12.2005: HK\$77,418,000). The aged analysis of trade and bills receivables at the balance sheet date is as follows:

Less than 30 days	少於30天
31 – 60 days	31至60天
61 – 90 days	61至90天
Over 90 days	90天以上
Other receivables	其他應收款

The fair value of the Group's trade and other receivables as at 30 June 2006 approximates to the corresponding carrying amount.

7. 添置物業、廠房及設備

期內，本集團就物業、廠房及設備耗資4,058,000港元(2005：7,095,000港元)，以擴展業務。

8. 存貨

30.6.2006	31.12.2005
HK\$'000	HK\$'000
千港元	千港元
28,590	29,018
31,682	24,893
6,783	18,150
67,055	72,061

所有存貨乃以結算日之成本記賬。

9. 應收賬款及其他應收款項

本集團一般給予貿易客戶之賒賬期平均30天至60天。

應收貿易及其他款項包括應收賬款及票據108,891,000港元(31.12.2005: 77,418,000港元)。應收賬款及票據於結算日之賬齡分析如下：

30.6.2006	31.12.2005
HK\$'000	HK\$'000
千港元	千港元
60,445	37,450
25,179	19,264
13,756	10,170
9,511	10,534
108,891	77,418
8,350	8,249
117,241	85,667

於2006年6月30日，本集團之應收貿易及其他款項之公平值與其賬面值相若。

Interim Results

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10. TRADE AND OTHER PAYABLES

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

Included in trade and other payables are trade and bills payables of HK\$56,175,000 (31.12.2005: HK\$48,801,000). The aged analysis of trade and bills payables at the balance sheet date is as follows:

Less than 30 days	少於30天
31 – 60 days	31至60天
61 – 90 days	61至90天
Over 90 days	90天以上
Other payables	其他應付款

The fair value of the Group's trade and other payables as at 30 June 2006 approximates to the corresponding carrying amount.

10. 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金額。貿易購貨之平均賒賬期為45天。

應付貿易及其他款項包括應付賬款及票據約56,175,000港元(31.12.2005: 48,801,000港元)，應付賬款及票據於結算日之賬齡分析如下：

30.6.2006	31.12.2005
HK\$'000	HK\$'000
千港元	千港元
28,259	26,865
24,372	17,679
1,408	1,829
2,136	2,428
56,175	48,801
22,189	23,969
78,364	72,770

於2006年6月30日，本集團之應付貿易及其他款項之公平值與其賬面值相若。

11. SHARE CAPITAL

Ordinary shares of HK\$0.10 each:	每股面值0.1港元之普通股：
Authorised:	法定：
At 30 June 2006 and 31 December 2005	於2006年6月30日及 2005年12月31日
Issued and fully paid:	發行及繳足：
At 30 June 2006 and 31 December 2005	於2006年6月30日及 2005年12月31日

11. 股本

Number of	Amount
ordinary shares	金額
普通股份數目	金額
	HK\$'000
	千港元
5,000,000,000	500,000
825,000,000	82,500

Interim Results

中期業績

12. CAPITAL COMMITMENTS

12. 資本承擔

		30.6.2006	31.12.2005
		HK\$'000	HK\$'000
		千港元	千港元
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	已訂約但未於簡明綜合財務報表中撥備之購置物業、廠房及設備之資本性支出	1,324	287

In addition, the Company announced in November 2005 its intention to invest and build a chemical production plant in Jiangsu, the PRC. A wholly foreign owned enterprise with an initial registered capital of approximately HK\$264,000,000 would be established to undertake this investment. At 30 June 2006, the Group had entered into contracts for acquisition of property, plant and equipment and lease of land use rights of approximately HK\$118,266,000 and HK\$50,000,000 respectively. Deposits of HK\$23,088,000 and HK\$7,535,000 were made respectively in respect of the above commitments.

此外，本公司於2005年11月公布擬於中國江蘇投資建立一化工廠，此項投資涉及設立一間初步註冊資本約為264,000,000港元之外商獨資企業。於2006年6月30日，本集團已簽訂合同以購置物業、廠房及設備及租賃土地之使用權，金額分別約118,266,000港元及50,000,000港元。為上述承擔已分別支付訂金23,088,000港元及7,535,000港元。

Interim Results

中期業績

13. CONNECTED AND RELATED PARTY TRANSACTIONS

Transactions between group companies have been eliminated on consolidation and are not disclosed in this note.

The Group had significant transactions with related parties, some of which are also deemed to be connected persons pursuant to the Listing Rules, during the period as follows:

13. 關連交易

集團內各公司間之交易已於綜合時對銷，故不在此附註中披露。

本集團與相關各方，當中包括根據上市規則同時被界定為關連人士於期內所進行之重大交易如下：

Name of party 關連方名稱	Relationship 關係	Nature of transactions 交易性質	Six months ended 30 June 截至6月30日止6個月	
			2006 HK\$'000 千港元	2005 HK\$'000 千港元
Connected parties 關聯方				
Capital Nation Investments Limited ("Capital Nation") (note) (註)	A company beneficially owned by Mr. Lee Wan Keung 由李運強先生實益擁有之公司	Corrugated cardboard and carton boxes purchased 購買瓦楞紙板及紙箱	1,298	–
	Subsidiary of Fortune Star Fortune Star之附屬公司	Management fee income received 管理費收入	43	–
		Corrugated cardboard and carton boxes purchased 購買瓦楞紙板及紙箱	–	2,854
		Management fee income received 管理費收入	–	279
Lee & Man Paper Manufacturing Limited 理文造紙有限公司	An associate of Fortune Star Fortune Star 之聯繫人	Management fee income received 管理費收入	–	33
Related parties 關連人士				
Lee And Man Manufacturing Co. Ltd. 理文製造廠有限公司	A company beneficially owned by Ms. Lee Marina Man Wai, a director of the Company 由本公司董事李文慧女士實益 擁有之公司	Management fee income received 管理費收入	65	72
		Licence fee received 已收使用權費	373	705
Lee & Man Realty Investment Limited 理文置業有限公司	A company beneficially owned by Mr. Lee Man Yan, a director of the Company and Mr. Lee Wan Keung 由李文恩先生(本公司董事)及 李運強先生實益擁有之公司	Licence fee paid 已付使用權費	482	684

Interim Results

中期業績

13. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

Note: Capital Nation was a former subsidiary of Fortune Star and was disposed of to Mr. Lee Wan Keung, an associate of Fortune Star in December 2005.

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

Short-term benefits	短期福利
Post-employment benefits	退休福利

13. 關連交易(續)

註：Capital Nation為Fortune Star之前附屬公司及於2005年12月出售予Fortune Star之聯繫人李運強先生。

董事及其他主要管理層成員於期內之酬金如下：

Six months ended 30 June 截至6月30日止6個月

2006 HK\$'000 千港元	2005 HK\$'000 千港元
3,302	2,758
66	60
3,368	2,818

14. REVIEW OF INTERIM ACCOUNTS

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

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.5 cents per share for the six months ended 30 June 2006 to shareholders whose names appear on the Register of Members on 14 September 2006. It is expected that the interim dividend will be paid around 22 September 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 12 September 2006 to 14 September 2006, 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, Secretaries Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 11 September 2006.

14. 審閱中期賬目

本簡明綜合中期財務報表乃未經審核，但已由審核委員會審閱。

中期股息

董事會議決宣派截至2006年6月30日止6個月之中期股息每股2.5港仙予於2006年9月14日名列於股東名冊內之股東。預期中期股息將於2006年9月22日派付予股東。

暫停辦理股份過戶登記

本公司將於2006年9月12日至2006年9月14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2006年9月11日下午4時前送達本公司之股份過戶登記分處秘書商業服務有限公司，地址為香港往後大道東28號金鐘匯中心26樓，以辦理登記手續。

Business Review and Outlook 業務回顧及展望

For the six months ended 30 June 2006, turnover of the Group and profit attributable to shareholders amounted to HK\$354 million and HK\$53 million respectively, representing an increase of 8.0% and 2.6% respectively over the corresponding period last year.

The Group manufactures and sells a wide range of handbag products to a broad base of various customers that are mainly located in the United States and Europe. The United States market continues to be the largest market for the Group's products. Sales to the United States and Europe accounted for 79.8% and 17.2% respectively of the turnover of the Group.

PROSPECTS

In anticipation of the expected slowdown of the United States economy in the coming year, the handbag industry will continue to face keen competitive environment. The Group will continue to pay special attention on the reduction of production costs and strengthen the product design and development capabilities, to gain a competitive edge in the market. Moreover, with the Group's sufficient liquidities and reputation established throughout the past twenty years of business experience in the PRC, the Group is now seeking other investment opportunities and to diversify the business of the Group in the PRC, to generate a more satisfactory return for the shareholders.

截至2006年6月30日止6個月，本集團之營業額及股東應佔溢利分別為3.54億港元及5,300萬港元，比去年同期分別上升8.0%及2.6%。

本集團製造及銷售一系列手袋產品予廣泛及各類型客戶，主要分佈在美國及歐洲。美國仍然為本集團產品之最大市場，銷售往美國及歐洲市場分別佔本集團營業額79.8%及17.2%。

展望

預期來年美國經濟將會放緩，手袋業競爭仍然激烈。本集團將繼續致力控制成本，加強產品設計及開發，提高競爭能力。同時，本集團手頭資金充裕，憑藉在中國內地運作業務二十多年的經驗及所建立的良好聲譽，正在中國內地物色其他投資機遇，使集團業務更多元化，為股東帶來更佳的回報。

Management Discussion and Analysis

管理層討論及分析

RESULTS OF OPERATION

For the six months ended 30 June 2006, turnover of the Group and profit attributable to equity holders of the Company were HK\$354 million and HK\$53 million respectively, as compared to HK\$328 million and HK\$51 million for the corresponding period last year. The earnings per share for the period was HK 6.4 cents when compared with HK6.2 cents for the corresponding period last year.

CAPITAL STRUCTURE AND LIQUIDITY

The total equity of the Group as at 30 June 2006 was HK\$510 million (31.12.2005: HK\$475 million).

The Group maintains a very strong financial position with a very low level of debts and a high liquidity. The Group's current ratio as at 30 June 2006 was 4.9 (31.12.2005: 4.7) and maintained a zero (31.12.2005: zero) net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity).

As at 30 June 2006, the Group had a net cash surplus of HK\$227 million (31.12.2005: HK\$235 million) and most of the cash balance was deposited in the leading banks in Hong Kong.

Net cash inflow generated by operating activities totaled HK\$32 million (6 months ended 30.6.2005: HK\$41 million). The consistent strong cash flow from operating activities reflects the Group's strength in the working capital management to support the business operations. The Group's future cash flow and its available banking facilities will provide sufficient funds to the Group to meet its operation requirements.

PLEDGE OF ASSETS

As at 30 June 2006, the Group did not have any assets pledged for general facilities.

EMPLOYEES

At 30 June 2006, the Group had a workforce of more than 6,000 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.

The Company has a share option scheme under which the executive directors and employees of the Company and its subsidiaries may be granted options to subscribe for ordinary shares in the Company. Up to 30 June 2006, no option was granted under the scheme.

經營業績

截至2006年6月30日止6個月，本集團營業額及本公司權益持有人應佔溢利分別為3.54億港元及5,300萬港元，去年同期為3.28億港元及5,100萬港元。期內每股盈利為6.4港仙，去年同期為6.2港仙。

資本結構及流動資金

於2006年6月30日，本集團之權益總額為5.1億港元(31.12.2005：4.75億港元)。

本集團保持著一個低負債水平、高流動資金及非常穩健之財務狀況。本集團於2006年6月30日之流動資產比率為4.9(31.12.2005：4.7)，而淨資本負債比率(借貸總額減現金及現金等同項目除以股東權益)則為零(31.12.2005：零)。

於2006年6月30日，本集團之淨現金盈餘為2.27億港元(31.12.2005：2.35億港元)，而大部份現金結餘存於本港之主要銀行。

經營業務之現金流入淨額共3,200萬港元(30.6.2005止6個月：4,100萬港元)。持續強勁之現金流量正反映本集團有效地管理營運資金以配合業務運作之需要。本集團未來之現金流量及未動用之銀行信貸額將為業務所需提供足夠的資金。

資產抵押

於2006年6月30日，本集團並無抵押任何資產以作一般信貸。

僱員

於2006年6月30日，本集團員工超過6,000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。

本公司有一項購股權計劃。據此，本公司及其附屬公司之執行董事及僱員均可獲授認購本公司普通股份之購股權。截至2006年6月30日止，此計劃並無授出購股權。

Other Information

其他資料

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2006, the interests and short positions of the directors and chief executives of the Company and their associates 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 (the "SFO")) which have been 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, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, were as follows:

(a) Long positions in shares of the Company

Ordinary shares of HK\$0.10 each of the Company.

董事於股份、相關股份及債權證中之權益

於2006年6月30日，本公司董事及最高行政人員及彼等之聯繫人於本公司或其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債權證中，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香港聯合交易所有限公司（「聯交所」）、或已記錄於根據證券及期貨條例第352條須存置之登記冊、或已根據聯交所證券上市規則（「上市規則」）之上市公司董事進行證券交易之標準守則（「標準守則」）知會本公司及聯交所之權益及淡倉如下：

(a) 於本公司股份之好倉

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 所持已發行普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行股本百分比
Ms. Wai Siu Kee 衛少琦女士	Discretionary object 全權受益人	618,750,000 (Note) (附註)	75%
Mr. Lee Man Yan 李文恩先生	Discretionary object 全權受益人	618,750,000 (Note) (附註)	75%
Ms. Lee Marina Man Wai 李文慧女士	Discretionary object 全權受益人	618,750,000 (Note) (附註)	75%

Note: 618,750,000 ordinary shares in the Company were held by Fortune Star Tradings Ltd. ("Fortune Star"), a company wholly-owned by Trustcorp Limited as trustee for The Fortune Star 1992 Trust, a discretionary trust that the discretionary objects of which include Ms. Wai Siu Kee, Mr. Lee Man Yan and Ms. Lee Marina Man Wai.

附註：本公司之618,750,000股普通股股份乃由一項全權信託The Fortune Star 1992 Trust之受託人Trustcorp Limited全資擁有之公司Fortune Star Tradings Ltd.（「Fortune Star」）持有，而該項信託之全權受益人包括衛少琦女士、李文恩先生及李文慧女士。

Other Information 其他資料

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

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份之百分比
Ms. Wai Siu Kee 衛少琦女士	Discretionary object 全權受益人	Fortune Star	100 (Note) (附註)	100%
Mr. Lee Man Yan 李文恩先生	Discretionary object 全權受益人	Fortune Star	100 (Note) (附註)	100%
Ms. Lee Marina Man Wai 李文慧女士	Discretionary object 全權受益人	Fortune Star	100 (Note) (附註)	100%

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 Trustcorp Limited as trustee for The Fortune Star 1992 Trust, a discretionary trust the discretionary objects of which include Ms. Wai Siu Kee, Mr. Lee Man Yan and Ms. Lee Marina Man Wai, both of whom are directors of the Company, certain of their family members and other charitable objects.

Other than disclosed above, as at 30 June 2006, none of the directors or the chief executives, 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

A share option scheme was adopted by the Company on 14 December 2001, under which the directors or chief executives of the Company or their associates may be granted options to subscribe for shares in the Company. No options were granted by the Company under the scheme since its adoption.

(b) 於本公司相聯法團之股份好倉

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 之全數已發行股本由 Trustcorp Limited 以 The Fortune Star 1992 Trust 之信託人身份持有，The Fortune Star 1992 Trust 為一項全權信託，其全權受益人包括本公司董事衛少琦女士、李文恩先生及李文慧女士，以及彼等若干家庭成員及其他慈善團體。

除上文所披露，於 2006 年 6 月 30 日，本公司董事或最高行政人員於本公司或其任何相聯法團之股份、相關股份及債權證中，概無擁有根據證券及期貨條例第 XV 部第 7 及 8 分部須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。

董事購入股份或債權證之權利

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。自計劃採納以來，本公司並無根據計劃授出購股權。

Other Information 其他資料

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2006, shareholders (other than directors and chief executives of the Company) who had interests and short positions in the share and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of shareholder 股東名稱	Capacity 身份	Number of issued ordinary shares held 所持已發行 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
Fortune Star	Beneficial owner 實益擁有人	618,750,000	75.00%
Value Partners Limited 惠理基金管理公司	Investment manager (Note) 投資經理 (附註)	50,660,000	6.14%

Note: Mr. Cheah Cheng Hye is deemed to be interested in 50,660,000 ordinary shares of the Company as he beneficially owns 32.77% of Value Partners Limited.

Other than disclosed above, as at 30 June 2006, the Company has not been notified by any person (other than directors or chief executives of the Company) who had an interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of 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.

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

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 2006.

主要股東

於2006年6月30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，擁有已根據證券及期貨條例第XV部第2及3分部向本公司披露、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0.10港元之普通股

Name of shareholder 股東名稱	Capacity 身份	Number of issued ordinary shares held 所持已發行 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
Fortune Star	Beneficial owner 實益擁有人	618,750,000	75.00%
Value Partners Limited 惠理基金管理公司	Investment manager (Note) 投資經理 (附註)	50,660,000	6.14%

附註：謝清海先生由於彼實益擁有惠理基金管理公司之32.77%權益而被視為擁有本公司50,660,000股普通股份之權益。

除上文所披露，於2006年6月30日，概無任何人士(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。

購買、出售或贖回本公司之上市證券

於截至2006年6月30日止6個月期間，本公司或其任何附屬公司概無購買、出售或贖回本公司之上市證券。

Other Information 其他資料

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 2006. The Model Code also applies to other specified senior management of the Group.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2006 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.

證券交易之標準守則

本公司已採納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2006年6月30日止6個月期間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。

企業管治

除下文所述者外，本公司於截至2006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（「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。

Other Information 其他資料

AUDIT COMMITTEE

The Audit Committee of the Company comprised of three independent non-executive directors namely, Mr. Heng Kwoo Seng, Mr. Wan Chi Keung, Aaron JP and Mr. Wong Kai Tung, Tony.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 June 2006.

REMUNERATION COMMITTEE

To comply with the Code, a remuneration committee was established on 28 September 2005 with specific written terms of reference which deal clearly with its authority and duties. The members of the remuneration committee comprises Mr. Heng Kwoo Seng, Mr. Wan Chi Keung, Aaron JP and Mr. Wong Kai Tung, Tony. All members of the remuneration committee are independent non-executive directors.

審核委員會

本公司之審核委員會由3位獨立非執行董事邢詒春先生、尹志強先生太平紳士及王啟東先生組成。

審核委員會已與本集團之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申報等事宜進行討論，其中包括審閱本集團截至2006年6月30日止6個月的未經審核中期業績。

薪酬委員會

為符合守則，本公司於2005年9月28日成立薪酬委員會，清楚說明委員會的權限及職責。薪酬委員會成員包括邢詒春先生、尹志強先生太平紳士及王啟東先生，全部均為獨立非執行董事。

On behalf of the Board

Wai Siu Kee
Chairman

Hong Kong, 25 August 2006

代表董事會

主席
衛少琦

香港，2006年8月25日

LEE & MAN HOLDING LIMITED

8th Floor, 61- 63 King Yip Street

Kwun Tong, Kowloon, Hong Kong

Tel: 2319 9888 Fax: 2319 9333

理文集團有限公司

香港九龍觀塘敬業街 61- 63 號利維大廈 8 樓

電話: 2319 9888 傳真: 2319 9333