

董事會提呈本公司及其附屬公司（於此統稱為「本集團」）截至二零零四年三月三十一日止年度報告及經審核財務報告。

主要業務

本公司為一間投資控股公司，其主要附屬公司從事製造及買賣高分子化工產品及混合溶劑、漆油、單體溶劑、潤滑油、油墨及散裝溶劑倉儲業務。

業績及盈利分配

本集團截至二零零四年三月三十一日止年度之業績及本公司之盈利分配分別載於第45頁之綜合收益表及財務報告附註10。本年度內已向股東派發中期股息每股4.0港仙。董事會建議派發期末股息每股6.0港仙。

股本

本公司年內已發行股本之變動已載於財務報告附註21。

儲備

本集團及本公司年內之儲備變動載於財務報告附註23。

本公司可供派發之儲備指股份溢價、特別儲備及累計溢利。按照開曼群島公司法第22章規定，在受制於本公司之公司組織章程大綱及細則規定之情況下，以及如果在進行分派或派發股息後本公司能在正常業務經營期間償還到期債務之情況下，本公司之股份溢價才能用作向股東進行分派或支付股息。按照本公司之公司組織章程細則，本公司只能從二零零四年三月三十一日之累計溢利91,213,000港元中撥款派發股息。

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31st March, 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries are engaged in the manufacture of and trading in high molecular chemical products and mixed solvents, paints, raw solvents, lubricants, inks and the storage of solvents in bulk.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31st March, 2004 are set out in the consolidated income statement on page 45 and note 10 to the financial statements respectively. An interim dividend of HK4.0 cents per share was paid to the shareholders during the year. The directors propose a final dividend of HK6.0 cents per share.

SHARE CAPITAL

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

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 23 to the financial statements.

The Company's reserves available for distribution represent the share premium, special reserve and accumulated profits. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company is available for distribution or paying dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can only be distributed out of the accumulated profits of the Company, which amounted to HK\$91,213,000 at 31st March, 2004.

物業、廠房及設備

年內，本集團總數共投資了約152,500,000港元於購置物業、廠房及設備以擴大其生意業務。此等詳情及年內本集團之物業、廠房及設備之其他變動列載於財務報告附註12。

附屬公司

有關本公司於二零零四年三月三十一日之主要附屬公司詳情載於財務報告附註29。

董事及服務合約

年內及截至本報告日期為止本公司之董事如下：

執行董事：

葉志成先生
葉鳳娟小姐
葉子軒先生
吳紹平先生
丁漢欽先生
黃金焰先生
楊民儉先生

獨立非執行董事：

唐匯棟先生
黃廣志先生
歐陽贊邦先生

(於二零零四年六月二十九日委任)

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment totalling approximately HK\$152.5 million for expansion of 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 12 to the financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st March, 2004 are set out in note 29 to the financial statements.

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Mr. Ip Chi Shing, Tony
Ms. Ip Fung Kuen
Mr. Yip Tsz Hin, Stephen
Mr. Ng Siu Ping, George
Mr. Ting Hon Yam
Mr. Wong Kam Yim, Kenny
Mr. Young Man Kim, Robert

Independent non-executive directors:

Mr. Tong Wui Tung, Ronald
Mr. Wong Kong Chi
Mr. Au-Yeung Tsan Pong, Davie
(appointed on 29th June, 2004)

董事及服務合約 (續)

遵照本公司之公司組織章程細則，葉鳳娟小姐、黃金焯先生及楊民儉先生於即將舉行之股東週年大會上依章告退，惟彼等願膺選連任，而其餘所有董事則繼續留任。歐陽贊邦先生之委任於即將舉行之股東週年大會結束時完結，惟彼願意接納為期兩年之聘任。其餘本公司非執行董事唐匯棟先生及黃廣志先生之委任，亦於即將舉行之股東週年大會結束時完結，惟彼等願再接納為期兩年之續聘。

於即將舉行之股東週年大會上獲提名膺選連任之董事概無與本公司或其附屬公司訂立任何本集團在一年內不可在不予賠償(法定賠償除外)的情況下終止之服務合約。

獨立非執行董事之袍金乃由董事會確定。

董事及最高行政人員於證券之權益及淡倉

於二零零四年三月三十一日，本公司董事及其各自的聯繫人士於本公司股份中的權益或淡倉(定義見證券及期貨條例(「證券及期貨條例」)第XV部)須(a)根據證券及期貨條例第XV部第7及第8部知會本公司及香港聯合交易所有限公司(「聯交所」)(包括彼等根據證券及期貨條例之該等條文被假設或視為擁有之權益或淡倉)；或(b)根據證券及期貨條例第352條記載置存之登記冊內的權益或淡倉；或(c)根據上市發行人董事進行證券交易的標準守則知會本公司及聯交所的權益或淡倉如下：—

DIRECTORS AND SERVICE CONTRACTS (CONTINUED)

In accordance with the provisions of the Company's Articles of Association, Ms. Ip Fung Kuen, Mr. Wong Kam Yim, Kenny and Mr. Young Man Kim, Robert retire by rotation and, being eligible, offer themselves for re-election as directors at the forthcoming annual general meeting of the Company. All remaining directors continue in office. The appointment of Mr. Au-Yeung Tsan Pong, Davie will terminate at the conclusion of the forthcoming annual general meeting and being eligible, offers himself for appointment for a specific term of two years. The appointment of the remaining non-executive directors of the Company, Mr. Tong Wui Tung, Ronald and Mr. Wong Kong Chi, will also terminate at the conclusion of the forthcoming annual general meeting and being eligible, offer themselves for re-appointment for a specific term of two years.

No director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The independent non-executive directors' fees are determined by the Board of Directors.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31st March, 2004, the interests of the directors and their respective associates in the shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO); or (b) to be recorded in the register to be kept pursuant to Section 352 of the SFO; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:—

董事及最高行政人員於證券之權益及淡倉 (續)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES (CONTINUED)

好倉

Long positions

董事姓名 Name of Director	個人權益 Personal interests	家族權益 Family interests	其他權益 Other interests	總數 Total	已發行股本之百分比 Percentage of the issued share capital of the Company
葉志成先生 Mr. Ip Chi Shing, Tony	400,000	–	189,423,932 (a)	189,823,932	40.65%
葉鳳娟小姐 Ms. Ip Fung Kuen	–	–	60,000,000 (b)	60,000,000	12.85%
葉子軒先生 Mr. Yip Tsz Hin, Stephen	37,100,000	20,000,000 (c)	–	57,100,000	12.23%
吳紹平先生 Mr. Ng Siu Ping, George	932,000	50,000 (d)	–	982,000	0.21%
丁漢欽先生 Mr. Ting Hon Yam	–	–	–	–	–
黃金焰先生 Mr. Wong Kam Yim, Kenny	708,000	–	–	708,000	0.15%
楊民儉先生 Mr. Young Man Kim, Robert	550,000	–	–	550,000	0.12%
唐匯棟先生 Mr. Tong Wui Tung, Ronald	–	500,000 (e)	–	500,000	0.11%
黃廣志先生 Mr. Wong Kong Chi	–	100,000 (f)	–	100,000	0.02%

附註：

Notes:

- (a) 葉志成先生於本公司之股份中擁有之權益由一項家族全權信託之信託人 Ablewood Holdings Limited 所持有，該等信託之受益人包括葉志成先生及其家族成員。
- (b) 葉鳳娟小姐於本公司股份中擁有之權益由一項家族全權信託之信託人 Calisan Holdings Limited 所持有，該等信託之受益人包括葉鳳娟小姐及其家族成員。

- (a) The interests of Mr. Ip Chi Shing, Tony in shares of the Company are held by Ablewood Holdings Limited as trustee of a family discretionary trust, the objects of which include Mr. Ip Chi Shing, Tony and his family.
- (b) The interests of Ms. Ip Fung Kuen in shares of the Company are held by Calisan Holdings Limited as trustee of a family discretionary trust, the objects of which include Ms. Ip Fung Kuen and her family.

董事及最高行政人員於證券之權益及淡倉 (續)

好倉 (續)

- (c) 此等股份由葉子軒先生之妻子曹家麗女士持有。
- (d) 此等股份由吳紹平先生之妻子蕭靄莉女士持有。
- (e) 此等股份由唐匯棟先生之妻子劉梅心女士持有。
- (f) 此等股份由黃廣志先生之妻子詹小慧女士持有。

有關本公司購股權計劃董事授予及持有購股權之詳情載於下一節「購股權」。

葉志成先生、葉鳳娟小姐、葉子軒先生及葉志成先生妻子梁碧瑜女士各持有本公司之附屬公司葉氏恒昌(集團)有限公司之無投票權遞延股一股。

除上文所披露者及董事以本公司或其附屬公司受託人身份持有附屬公司若干代名人股份外，於二零零四年三月三十一日，各董事或其聯繫人士均沒有於本公司或其任何聯營公司(按證券及期貨條例)之證券中持有任何權益或淡倉。

購股權

於一九九一年七月十八日，本公司採納舊購股權計劃(「舊計劃」)，該計劃已於二零零一年七月十七日終止。而於終止計劃前尚未行使之已授出購股權繼續有效並直至購股權被全部行使或已失效為止。舊計劃之詳情已載於財務報告附註22。

於二零零一年八月二十八日採納另一新購股權計劃(「二零零一計劃」)，其目的是藉以獎勵參與者，並將於二零零六年八月二十七日期滿。而二零零一年計劃並未授出任何購股權。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES (CONTINUED)

Long positions (Continued)

- (c) These shares are held by Madam Tso Ka Lai, the wife of Mr. Yip Tsz Hin, Stephen.
- (d) These shares are held by Madam Siu Oi Li, Maicy, the wife of Mr. Ng Siu Ping, George.
- (e) These shares are held by Madam Lau Mui Sum, the wife of Mr. Tong Wui Tung, Ronald.
- (f) These shares are held by Madam Jim Siu Wai, the wife of Mr. Wong Kong Chi.

Details of the share options granted to and held by the directors under the Company's share option schemes are shown in the next section "Share options".

Mr. Ip Chi Shing, Tony, Ms. Ip Fung Kuen, Mr. Yip Tsz Hin, Stephen and Madam Liang Bih Yu, the wife of Mr. Ip Chi Shing, Tony, each holds one non-voting deferred share of Yip's H.C. (Holding) Limited, a subsidiary of the Company.

Other than as disclosed above and certain nominee shares in subsidiaries held by directors in trust for the Company or its subsidiaries, at 31st March, 2004, none of the directors or their associates held any interest or short positions in the securities of the Company or any of its associated corporations as defined in the SFO.

SHARE OPTIONS

On 18th July, 1991, the Company adopted a share option scheme (the "Old Scheme") and this scheme expired on 17th July, 2001. Options granted under the Old Scheme prior to its cessation which have not been fully exercised remain valid until such time that such options are fully exercised or have lapsed. Particulars of the Old Scheme are set out in note 22 to the financial statements.

A new share option scheme (the "2001 Scheme") was adopted on 28th August, 2001 for the purpose of providing incentives to the participants and would expire on 27th August, 2006. No share options were granted under the 2001 Scheme.

購股權 (續)

於二零零二年九月三日，本公司股東批准終止二零零一計劃，並遵照聯交所證券上市規則第十七章之最新修訂，採納新購股權計劃(「新計劃」)。新計劃之詳情已載於財務報告附註22。

年內，根據本公司舊計劃已授予董事或若干其他僱員購股權之變動詳情如下：

SHARE OPTIONS (CONTINUED)

On 3rd September, 2002, the Company approved the termination of the 2001 Scheme and adopted a new share option scheme (the "New Scheme") which will expire on 2nd September, 2012 in order to comply with the terms of the new Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange. Particulars of the New Scheme are set out in note 22 to the financial statements.

During the year, movements in the number of share options which have been granted to a director and certain employees under the Company's Old Scheme are as follows:-

		購股權數目 Number of share options				
		於 二零零三年 四月一日 尚未行使	年內已 行使	年內已 消取	於 二零零四年 三月三十一日 尚未行使	
授出日期 Date of grant	行使價 Exercise price 港元 HK\$	Outstanding at 1.4.2003	Exercised during the year	Cancelled during the year	Outstanding at 31.3.2004	
董事 Director						
吳紹平先生 Mr. Ng Siu Ping, George	二零零一年七月十六日 16th July, 2001	0.395	1,000,000	300,000	-	700,000
員工 Employees						
	一九九九年三月三日 3rd March, 1999	0.314	280,000	130,000	150,000	-
	二零零一年七月十六日 16th July, 2001	0.395	300,000	300,000	-	-
			580,000	430,000	150,000	-
			<u>1,580,000</u>	<u>730,000</u>	<u>150,000</u>	<u>700,000</u>

購股權 (續)

年內，根據本公司新計劃已授予若干董事或其他僱員購股權之變動詳情如下：—

SHARE OPTIONS (CONTINUED)

During the year, movements in the number of share options which have been granted to certain directors and employees under the Company's New Scheme are as follows:—

		購股權數目 Number of share options			
		行使價 Exercise price	於 二零零三年 四月一日 尚未行使 Outstanding at 1.4.2003	年內已 行使 Exercised during the year	於 二零零四年 三月三十一日 尚未行使 Outstanding at 31.3.2004
授出日期 Date of grant		港元 HK\$			
董事 Directors					
吳紹平先生 Mr. Ng Siu Ping, George	二零零二年十一月十四日 14th November, 2002	1.190	500,000	—	500,000
丁漢欽先生 Mr. Ting Hon Yam	二零零二年十一月十四日 14th November, 2002	1.190	500,000	—	500,000
黃金焰先生 Mr. Wong Kam Yim, Kenny	二零零二年十一月十四日 14th November, 2002	1.190	500,000	—	500,000
楊民儉先生 Mr. Young Man Kim, Robert	二零零二年十一月十四日 14th November, 2002	1.190	500,000	—	500,000
			2,000,000	—	2,000,000
員工 Employees					
	二零零二年十一月十四日 14th November, 2002	1.190	12,090,000	8,870,000	3,220,000
			<u>14,090,000</u>	<u>8,870,000</u>	<u>5,220,000</u>

購股權 (續)

年內並無購股權授予董事或其他僱員。而在緊接購股權行使日期之前的加權平均收市價則為1.741港元。

除上文所披露者外，於年內任何時間，本公司或其任何附屬公司概無參與任何安排，以使本公司董事藉收購本公司或任何其他法人團體之股份或債券而獲益。

除上文所披露者外，年內各董事或其配偶或十八歲以下之子女均無任何權利以認購本公司之證券，或曾行使任何該等權利。

主要股東

於二零零四年三月三十一日，按根據證券及期貨條例第336條保存之主要股東登記名冊所示，除上文所披露有關若干董事之權益外，就本公司所知，並無任何人士於二零零四年三月三十一日擁有佔本公司已發行股本5%或以上之任何權益。

購買、出售或贖回本公司之上市證券

年內，本公司或其任何附屬公司概無購買、出售或贖回本公司之任何上市證券。

主要客戶及供應商

年內，本集團前五名供應商及客戶之購貨及營業總額均少於30%。

最佳應用守則

據本公司董事所知，本公司於全年內均遵守聯交所證券上市規則附錄十四所載之最佳應用守則各段條文。

SHARE OPTIONS (CONTINUED)

No share options were granted to directors or employees during the year. Weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$1.741.

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement 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.

Other than as disclosed above, none of the directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2004, the register of substantial shareholders maintained under Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain directors, the Company has not been notified of any interests representing 5% or more of the Company's issued share capital as at 31st March, 2004.

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.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the aggregate purchases and sales attributable to the Group's five largest suppliers and customers were both less than 30%.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

關連交易及董事之合約權益

本公司提供公司擔保予四間銀行，就其一間全資附屬公司向銀行取得銀行融資。並就該間全資附屬公司之要求，其中兩間銀行已發出合共15,000,000港元之備用信用証給予另一間銀行，作為此間銀行向江門謙信化工發展有限公司（「江門謙信」）及江門天誠溶劑有限公司（「江門天誠」）提供合共15,000,000人民幣銀行融資之抵押。其中三間銀行已發出合共5,000,000美元之備用信用証給予兩位獨立第三者，作為承擔江門謙信、江門天誠及協和化工倉儲有限公司（「協和化工」）因購買貨物出現之所有債務提供擔保。江門謙信、江門天誠及協和化工乃本公司間接持有60%權益之非全資附屬公司。

此外，本公司提供合共113,000,000港元之公司擔保予三間銀行，以獲取有關銀行向江門謙信及江門天誠提供50,000,000港元、2,800,000人民幣及7,700,000美元銀行融資，作為承擔江門謙信及江門天誠因購買貨物出現之所有債務提供擔保。當中2,800,000人民幣之公司擔保於結算日前已取消。

集團所提供之擔保乃江門謙信及江門天誠權益所有者提供給有關公司之唯一財務資助。

年內，本集團分別支付492,000港元、520,000港元及216,000港元之租金予Hang Cheung Investments Company Limited、嘉捷投資有限公司及香港微型科技有限公司，本公司之董事葉志成先生、葉子軒先生及吳紹平先生分別於該三間公司持有受益權。

除上文所披露者外，本公司之董事概無於本年度年終時或年內任何時間，在本公司或其任何附屬公司所訂立之重大合約擁有重大直接或間接權益。

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

The Company provided corporate guarantees to four banks for banking facilities in favour of a wholly owned subsidiary. Upon the request of the subsidiary, two of these banks have issued standby letters of credit for an amount of HK\$15 million to another bank for banking facilities of RMB15 million to Jiangmen Handsome Chemical Development Limited ("JHCDL") and Jiangmen Thansome Solvents Production Limited ("JTSPL"). Three of these banks have issued standby letters of credit of US\$5 million to two independent third parties to guarantee the payment of all indebtedness for the purchases of goods by JHCDL, JTSPL and Concord Chemical Storing Limited ("CCSL"). JHCDL, JTSPL and CCSL are indirect 60% owned subsidiaries of the Company.

In addition, the Company provided corporate guarantees of HK\$113 million to three banks for banking facilities of HK\$50 million, RMB2.8 million and US\$7.7 million in favour of JHCDL and JTSPL to guarantee the payment of all indebtedness for the purchases of goods by JHCDL and JTSPL. The corporate guarantee in respect of the banking facility of RMB2.8 million was cancelled before the balance sheet date.

The guarantees given by the Group were the only financial assistance given by the equity owners of JHCDL and JTSPL to them.

During the year, the Group paid rent of HK\$492,000, HK\$520,000 and HK\$216,000 to Hang Cheung Investments Company Limited, Galsheer Investments Limited and Microphase Technology Company Limited respectively in which Mr. Ip Chi Shing, Tony, Mr. Yip Tsz Hin, Stephen and Mr. Ng Siu Ping, George, the directors of the Company, has beneficial interests respectively.

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

優先購買權

本公司之公司組織章程細則及開曼群島公司法概無有關優先購買權之規定。

核數師

有關重新委聘德勤•關黃陳方會計師行為本公司核數師之決議案將於本公司之股東週年大會上提呈。

承董事會命
葉志成
主席

香港，二零零四年六月二十九日

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the Companies Law of the Cayman Islands.

AUDITORS

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

On behalf of the Board
Ip Chi Shing, Tony
Chairman

Hong Kong, 29th June, 2004