

董事會報告

DIRECTORS' REPORT

董事會提呈本公司及其附屬公司（於此統稱為「本集團」）截至二零零三年三月三十一日止年度報告及經審核財務報告。

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, 2003.

主要業務 PRINCIPAL ACTIVITIES

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。

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.

業績及盈利分配 RESULTS AND APPROPRIATIONS

本集團截至二零零三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47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5.0港仙。

The results of the Group and appropriations of the Company for the year ended 31st March, 2003 are set out in the consolidated income statement on page 47 and note 10 to the financial statements respectively. An interim dividend of 4.0 cents per share was paid to the shareholders during the year. The directors propose a final dividend of 5.0 cents per share.

32 股本 SHARE CAPITAL

年內，本公司已發行股本之變動已載於財務報告附註20。

Details of and movements in the issued share capital of the Company during the year are set out in note 20 to the financial statements.

儲備 RESERVES

年內，本集團及本公司之儲備變動載於財務報告附註22。

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，本公司只能從二零零三年三月三十一日之累計溢利53,211,000港元中撥款派發股息。

Movements in the reserves of the Group and the Company during the year are set out in note 22 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\$53,211,000 at 31st March, 2003.

物業、廠房及設備 PROPERTY, PLANT AND EQUIPMENT

年內，本集團總數共投資了約89,700,000港元於購買物業、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。

During the year, the Group acquired property, plant and equipment totalling approximately HK\$89.7 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.

附屬公司 SUBSIDIARIES

有關本公司於二零零三年三月三十一日之主要附屬公司詳情載於財務報告附註28。

Details of the Company's principal subsidiaries at 31st March, 2003 are set out in note 28 to the financial statements.

董事及服務合約 DIRECTORS AND SERVICE CONTRACTS

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

(於二零零二年四月一日委任)

楊民儉先生

(於二零零二年九月一日

獲重新委任為執行董事)

獨立非執行董事：

唐匯棟先生

黃廣志先生

楊民儉先生

(於二零零二年九月一日

獲重新委任為執行董事)

遵照本公司之公司組織章程細則，葉志成先生、葉子軒先生及丁漢欽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，而其餘所有執行董事則繼續留任。於去年本公司之獨立非執行董事唐匯棟先生及黃廣志先生接納為期兩年之應聘，並繼續留任直至於二零零四年度本公司舉行之股東週年大會結束。

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

(appointed on 1st April, 2002)

Mr. Young Man Kim, Robert

(redesignated to become an executive director with

effect from 1st September, 2002)

Independent non-executive directors:

Mr. Tong Wui Tung, Ronald

Mr. Wong Kong Chi

Mr. Young Man Kim, Robert

(redesignated to become an executive director with

effect from 1st September, 2002)

In accordance with the provisions of the Company's Articles of Association, Mr. Ip Chi Shing, Tony, Mr. Yip Tsz Hin, Stephen and Mr. Ting Hon Yam retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. All remaining executive directors continue in office. Last year, Mr. Tong Wui Tung, Ronald and Mr. Wong Kong Chi, the independent non-executive directors of the Company, were appointed for a specific term of 2 years and they would hold offices until the conclusion of the Company's annual general meeting in 2004.

董事及服務合約 (續) DIRECTORS AND SERVICE CONTRACTS (Cont'd)

於即將舉行之股東週年大會上建議連任之董事概無與本公司或其附屬公司訂有任何不可於一年內由本集團免付賠償（法定賠償除外）予以終止之服務合約。

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).

獨立非執行董事之袍金乃由董事會確定。

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

董事之證券權益 DIRECTORS' INTERESTS IN SECURITIES

於二零零三年三月三十一日，各董事於本公司之股份中擁有根據證券（公開權益）條例（「公開權益條例」）第29條須記錄在有關登記名冊內之權益如下：

As at 31st March, 2003, the interests of directors in the shares of the Company as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

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
葉志成先生	Mr. Ip Chi Shing, Tony	400,000	—	193,923,932 (a)
葉鳳娟小姐	Ms. Ip Fung Kuen	1,200,000	—	60,000,000 (b)
葉子軒先生	Mr. Yip Tsz Hin, Stephen	41,400,000	20,000,000 (c)	—
吳紹平先生	Mr. Ng Siu Ping, George	632,000	50,000 (d)	—
丁漢欽先生	Mr. Ting Hon Yam	1,464,000	—	—
黃金焯先生	Mr. Wong Kam Yim, Kenny	708,000	—	—
楊民儉先生	Mr. Young Man Kim, Robert	550,000	—	—
唐匯棟先生	Mr. Tong Wui Tung, Ronald	—	500,000 (e)	—
黃廣志先生	Mr. Wong Kong Chi	—	100,000 (f)	—

董事之證券權益 (續) DIRECTORS' INTERESTS IN SECURITIES (Cont'd)

附註：

- (a) 葉志成先生於本公司之股份中擁有之權益由一項全權信託實益擁有，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之股份中擁有之權益由一項全權信託實益擁有，該等信託之受益人包括葉鳳娟小姐及其家族成員。
- (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。

Notes:

- (a) The interests of Mr. Ip Chi Shing, Tony in shares of the Company are beneficially owned by a 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 beneficially owned by a discretionary trust, the objects of which include Ms. Ip Fung Kuen and her family.
- (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.

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葉志成先生、葉鳳娟小姐及葉子軒先生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。

除以上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理人股份外，於二零零三年三月三十一日，各董事或其聯繫人士均沒有於本公司或其任何聯營公司（按公開權益條例之定義）之證券中持有任何權益。

Mr. Ip Chi Shing, Tony, Ms. Ip Fung Kuen and Mr. Yip Tsz Hin, Stephen 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, 2003, none of the directors or their associates held any interest in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

董事收購股份或債券之權利 **DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES**

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止。舊計劃之詳情已載於財務報告附註21。

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予者，並將於二零零六年八月二十七日期滿。而二零零一計劃並未授出任何購股權。

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，並遵照香港聯合交易所有限公司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21。

On 18th July, 1991, the Company adopted the 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 21 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.

On 3rd September, 2002, the Company approved the termination of the 2001 Scheme and adopted the 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 of Hong Kong Limited. Particulars of the New Scheme are set out in note 21 to the financial statements.

董事收購股份或債券之權利 (續)

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES (Cont'd)

年內，根據本公司舊計劃已授予若干董事或其他僱員購股權之變動詳情如下：

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

	授出日期 Date of Grant	行使價 Exercise Price 港元 HK\$	購股權數目 Number of option shares			
			於二零零二年 四月一日 尚未行使 Outstanding at 1.4.2002	年內已 行使 Exercised during the year	年內已 取消 Cancelled during the year	於二零零三年 三月三十一日 尚未行使 Outstanding at 31.3.2003
			董事 Directors			
葉志成先生 Mr. Ip Chi Shing, Tony	一九九九年三月三日 3.3.1999	0.314	400,000	400,000	—	—
吳紹平先生 Mr. Ng Siu Ping, George	一九九九年三月三日 3.3.1999	0.314	400,000	400,000	—	—
	二零零一年七月十六日 16.7.2001	0.395	1,000,000	—	—	1,000,000
黃金焯先生 Mr. Wong Kam Yim, Kenny	二零零一年七月十六日 16.7.2001	0.395	500,000	500,000	—	—
			<u>2,300,000</u>	<u>1,300,000</u>	<u>—</u>	<u>1,000,000</u>
員工 Employees						
	一九九九年三月三日 3.3.1999	0.314	1,010,000	600,000	130,000	280,000
	二零零一年一月八日 8.1.2001	0.300	780,000	580,000	200,000	—
	二零零一年七月十六日 16.7.2001	0.395	2,800,000	2,300,000	200,000	300,000
			<u>4,590,000</u>	<u>3,480,000</u>	<u>530,000</u>	<u>580,000</u>
			<u>6,890,000</u>	<u>4,780,000</u>	<u>530,000</u>	<u>1,580,000</u>

董事收購股份或債券之權利 (續)

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES (Cont'd)

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：

The movements in the number of share options which have been granted to certain directors and employees under the Company's New Scheme is as follows:

	授出日期 Date of Grant	行使價 Exercise Price 港元 HK\$	購股權數目 Number of option shares			
			年內已 授出 Granted during the year	年內已 行使 Exercised during the year	年內已 取消 Cancelled during the year	於二零零三年 三月三十一日 尚未行使 Outstanding at 31.3.2003
董事 Directors						
吳紹平先生 Mr. Ng Siu Ping, George	二零零二年十一月十四日 14.11.2002	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 14.11.2002	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 14.11.2002	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 14.11.2002	1.190	500,000	—	—	500,000
員工 Employees	二零零二年十一月十四日 14.11.2002	1.190	13,700,000	1,310,000	300,000	12,090,000
			<u>15,700,000</u>	<u>1,310,000</u>	<u>300,000</u>	<u>14,090,000</u>

董事收購股份或債券之權利 (續)

本公司股份在緊接購股權授出日期（即二零零二年十一月十四日）之前的收市價為1.220港元。而在緊接購股行使日期之前的加權平均收市價則為1.071港元。

董事會認為披露年內授予董事及僱員購股權之理論上價值並不恰當，由於可認購本公司普通股之購股權缺乏現成可供參考之市值，故董事會未能評估此等購股權之價值。

除以上所披露者外，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。

除以上所披露者外，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。

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES (Cont'd)

The closing price of the shares of the Company immediately before the grant of options on 14th November, 2002 under the New Scheme was HK\$1.220. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$1.071.

The directors do not consider it appropriate to disclose a theoretical value of the share options granted during the year to the directors and employees, because of the absence of a readily available market value of the share options on the ordinary shares of the Company. Accordingly, the directors were unable to arrive at any assessment of the value of these share options.

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.

主要股東 SUBSTANTIAL SHAREHOLDERS

於二零零三年三月三十一日，按根據公開權益條例第16(1)條保存之主要股東登記名冊所示，除以上所披露有關若干董事之權益外，就本公司所知，並無任何人士擁有佔本公司已發行股本10%或以上之任何權益。

As at 31st March, 2003, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that, other than the interests disclosed above in respect of certain directors, the Company has not been notified of any interests representing 10% or more of the Company's issued share capital.

購買、出售或贖回本公司之上市證券 PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

年內，本公司向獨立第三者回購其擁有之48,096,000股股份，每股股份作價0.88港元，總現金代價為42,324,000港元，有關之詳情已載於財務報告附註20。董事會認為購回股份能夠使集團運用其盈餘現金、以提高每股盈利及資本回報率。此外，購回價較截至協議之日期股份市價0.90港元有所折讓。

During the year, the Company repurchased 48,096,000 of its own shares from an independent third party at HK\$0.88 per share off-market for an aggregate consideration of approximately HK\$42,324,000, details of which are set out in note 20 to the financial statements. The directors considered that the repurchase of shares can utilise the surplus cash of the Group and enhance the earnings per share and the rate of return on capital. In addition, the repurchase price was at a discount to the prevailing market price of HK\$0.90 per share as at the date of the agreement.

除以上所披露者外，本公司或其任何附屬公司概無購買、出售或贖回本公司於年內之任何上市證券。

Other than as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

主要客戶及供應商 MAJOR SUPPLIERS AND CUSTOMERS

年內，本集團首五名供應商及客戶之購貨及營業總額均少於30%。

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

最佳應用守則 CODE OF BEST PRACTICE

據本公司董事所知，本公司於全年內均遵守香港聯合交易所有限公司證券上市規則附錄十四所載之最佳應用守則各段條文。

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 of Hong Kong Limited.

關連交易及董事之合約權益 CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

於二零零三年一月十日，本公司之全資附屬公司恒昌石油化工有限公司，按10,500,000港元之代價向Hang Cheung Investments Company Limited（「HCI」）出售租賃土地及樓宇。HCI乃本公司之董事葉志成先生及其妻子梁碧瑜女士全資擁有之公司。該代價乃參照獨立專業物業估值師戴德梁行於二零零二年十二月四日發出之估值報告經公平磋商後而釐訂。

On 10th January, 2003, the Company's wholly owned subsidiary, Hang Cheung Petrochemical Limited, sold a leasehold land and building to Hang Cheung Investments Company Limited ("HCI") at a consideration of HK\$10,500,000. HCI is a company wholly-owned by Mr. Ip Chi Shing, Tony, a director of the Company, and his wife, Ms. Liang Bih Yu. The consideration was determined after arm's length negotiation by reference to a valuation report dated 4th December, 2002 issued by DTZ Debenham Tie Leung, an independent qualified property valuer.

42 於二零零三年三月三十一日，本公司提供合共80,000,000港元之公司擔保予兩間銀行，就江門謙信化工發展有限公司（「江門謙信」）及江門天誠溶劑制品有限公司（「江門天誠」）向有關銀行分別取得60,000,000港元及20,000,000港元之銀行融資。江門謙信及江門天誠乃本公司間接持有60%權益之非全資附屬公司。

As at 31st March, 2003, the Company provided corporate guarantees of HK\$80 million to two banks for banking facilities of HK\$60 million and HK\$20 million in favour of Jiangmen Handsome Chemical Development Ltd. ("JHCDL") and Jiangmen Thansome Solvents Production Ltd. ("JTSPL") respectively. JHCDL and JTSPL are indirect 60% owned subsidiaries of the Company.

關連交易及董事之合約權益 (續)

此外，本公司提供公司擔保予兩間銀行，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，該等銀行發出合共30,000,000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及江門天誠分別提供20,000,000元人民幣及10,000,000元人民幣銀行融資之抵押。其中一間銀行已發出1,500,000美元之備用信用証給予獨立第三者，作為承擔江門謙信因購買貨物出現之所有債務提供擔保。

另本公司提供2,000,000美元公司擔保予獨立第三者，作為承擔江門謙信因購買貨物出現之所有債務提供擔保。

年內，本集團分別支付82,000港元及600,000港元之租金予Hang Cheung Investments Company Limited及嘉捷投資有限公司，本公司之董事葉志成先生及葉子軒先生分別於該兩間公司持有受益權。

除以上所披露者外，於本年度年終時或年內任何時間並不存在本公司或其任何附屬公司有份參與本公司董事擁有重大直接或間接權益之重大合約。

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS (Cont'd)

In addition, the Company provided corporate guarantees to two banks for banking facilities in favour of a wholly owned subsidiary. Upon the request of the subsidiary, the banks have issued standby letters of credit for amount of HK\$30 million to another bank for banking facilities of RMB 20 million to JHCDL and banking facilities of RMB 10 million to JTSPL. One of these banks has issued a standby letter of credit of US\$1.5 million to an independent third party to guarantee the payment of all indebtedness for the purchases of goods by JHCDL.

Furthermore, the Company provided a corporate guarantee of US\$2 million to an independent third party to guarantee the payment of all indebtedness for the purchases of goods by JHCDL.

During the year, the Group paid rent of HK\$82,000 and HK\$600,000 to Hang Cheung Investments Company Limited and Galsheer Investments Limited respectively in which Mr. Ip Chi Shing, Tony and Mr. Yip Tsz Hin, Stephen, 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.

審核委員會 AUDIT COMMITTEE

審核委員會由兩位獨立非執行董事組成，主席為黃廣志先生，由於楊民儉先生在二零零二年九月一日被委任為執行董事，因而需要辭去審核委員之職務，其空缺由唐匯棟先生補上。年內審核委員會共舉行兩次會議，分別為呈上董事局通迥前預覽集團之全年及中期業績報告會議。

The Audit Committee consists of two independent non-executive directors with Mr. Wong Kong Chi acting as the chairman. Mr. Young Man Kim, Robert resigned as a member of the Committee on 1st September, 2002 upon his appointment as an executive director and his vacancy was filled by Mr. Tong Wui Tung, Ronald. Members of the Committee have met twice during the year for the review of the Group's final results and interim results before they were tabled for the Board's approval.

優先購買權 PRE-EMPTIVE RIGHTS

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。

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

核數師 AUDITORS

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。

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

承董事會命
葉志成
主席

On behalf of the Board
Ip Chi Shing, Tony
Chairman

香港，二零零三年六月二十五日

Hong Kong, 25th June, 2003