

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」)截至二零零五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天拿水與特種上光油(前稱高分子化工產品及混合溶劑)、漆油、單體溶劑、潤滑油、油墨、樹脂及散裝溶劑倉儲業務。

業績及盈利分配

本集團截至二零零五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52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4.5港仙。董事會建議派發期末股息每股7.5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23。

儲備

本集團及本公司年內之儲備變動分別載於第56頁之綜合權益變動表及財務報告附註25。

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，本公司只能從二零零五年三月三十一日之累計溢利121,835,000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, 2005.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries are engaged in the manufacture of and trading in thinners and varnishes (formerly known as high molecular chemical products and mixed solvents), paints, raw solvents, lubricants, inks, resins 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, 2005 are set out in the consolidated income statement on page 52 and note 10 to the financial statements respectively. An interim dividend of HK4.5 cents per share was paid to the shareholders during the year. The directors propose a final dividend of HK7.5 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 23 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 56 and note 25 to the financial statements respectively.

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\$121,835,000 at 31st March, 2005.

物業、廠房及設備

年內，本集團總數共投資了約131,300,000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。

附屬公司

有關本公司於二零零五年三月三十一日之主要附屬公司詳情載於財務報告附註32。

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

非執行董事：

唐匯棟先生
(於二零零四年九月二十三日
獲調任為非執行董事)

獨立非執行董事：

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)
李澤民先生
(於二零零四年九月二十三日委任)
唐匯棟先生
(於二零零四年九月二十三日
獲調任為非執行董事)

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment totalling approximately HK\$131.3 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, 2005 are set out in note 32 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

Non-executive director:

Mr. Tong Wui Tung, Ronald
(re-designated to become a non-executive director
with effect from 23rd September, 2004)

Independent non-executive directors:

Mr. Wong Kong Chi
Mr. Au-Yeung Tsan Pong, Davie
(appointed on 29th June, 2004)
Mr. Li Chak Man, Chuck
(appointed on 23rd September, 2004)
Mr. Tong Wui Tung, Ronald
(re-designated to become a non-executive director
with effect from 23rd September, 2004)

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董事及服務合約 (續)

遵照本公司之公司組織章程細則，葉子軒先生、吳紹平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，而其餘所有董事則繼續留任。李澤民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。於去年本公司之非執行董事唐匯棟先生及獨立非執行董事黃廣志先生及歐陽贊邦先生已接納為期兩年之應聘。

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。

非執行董事及獨立非執行董事之袍金乃由董事會確定。

DIRECTORS AND SERVICE CONTRACTS (CONTINUED)

In accordance with the provisions of the Company's Articles of Association, Mr. Yip Tsz Hin, Stephen, Mr. Ng Siu Ping, George and Mr. Ting Hon Yam will 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 will continue in office. The appointment of Mr. Li Chak Man, Chuck will be terminated at the conclusion of the forthcoming annual general meeting and, being eligible, offer himself for appointment for a specific term of two years. Last year, the non-executive director, Mr. Tong Wui Tung, Ronald and the independent non-executive directors of the Company, Mr. Wong Kong Chi and Mr. Au-Yeung Tsan Pong, Davie, were appointed 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 non-executive and independent non-executive directors' fees are determined by the Board of Directors.

董事及最高行政人員於證券之權益及淡倉

於二零零五年三月三十一日，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）；(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：

好倉

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

As at 31st March, 2005, 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:-

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	-	189,173,932(a)	189,573,932	40.08%
葉鳳娟小姐 Ms. Ip Fung Kuen	60,000,000	-	-	60,000,000	12.69%
葉子軒先生 Mr. Yip Tsz Hin, Stephen	36,500,000	20,000,000(b)	-	56,500,000	11.95%
吳紹平先生 Mr. Ng Siu Ping, George	1,632,000	50,000(c)	-	1,682,000	0.36%
丁漢欽先生 Mr. Ting Hon Yam	-	-	-	-	-
黃金焯先生 Mr. Wong Kam Yim, Kenny	208,000	-	-	208,000	0.04%
楊民儉先生 Mr. Young Man Kim, Robert	1,702,000	-	-	1,702,000	0.36%
唐匯棟先生 Mr. Tong Wui Tung, Ronald	-	500,000(d)	-	500,000	0.11%
黃廣志先生 Mr. Wong Kong Chi	-	100,000(e)	-	100,000	0.02%
歐陽贊邦先生 Mr. Au-Yeung Tsan Pong, Davie	-	-	-	-	-
李澤民先生 Mr. Li Chak Man, Chuck	150,000(f)	-(f)	-	150,000	0.03%

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董事及最高行政人員於證券之權益及淡倉 (續)

附註:

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

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，於二零零五年三月三十一日，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。

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

Notes:

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

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, 2005, 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.

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24。

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，並遵照聯交所證券上市規則第十七章之修訂，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24。

年內，根據本公司舊計劃已授予一位董事購股權之變動詳情如下：—

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 24 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 2001 Scheme.

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 Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange. Particulars of the New Scheme are set out in note 24 to the financial statements.

During the year, movement in the number of options which have been granted to a director 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		
		於二零零四年 三月三十一日 尚未行使 Outstanding at 1.4.2004	於二零零五年 年內已 行使 Exercised during the year	於二零零五年 三月三十一日 尚未行使 Outstanding at 31.3.2005
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	700,000	700,000
				—

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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 options which have been granted to certain directors and employees under the Company's New Scheme are 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				
			於二零零四年 四月一日 尚未行使 Outstanding at 1.4.2004	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	於二零零五年 三月三十一日 尚未行使 Outstanding at 31.3.2005
			董事 Directors				
葉鳳娟女士 Ms. Ip Fung Kuen	二零零四年五月十七日 17th May, 2004	1.590	—	150,000	—	—	150,000
葉子軒先生 Mr. Yip Tsz Hin, Stephen	二零零四年五月十七日 17th May, 2004	1.590	—	300,000	—	—	300,000
吳紹平先生 Mr. Ng Siu Ping, George	二零零二年十一月十四日 14th November, 2002 二零零四年五月十七日 17th May, 2004	1.190 1.590	500,000 —	— 300,000	— —	— —	500,000 300,000
丁漢欽先生 Mr. Ting Hon Yam	二零零二年十一月十四日 14th November, 2002 二零零四年五月十七日 17th May, 2004	1.190 1.590	500,000 —	— 150,000	— —	— —	500,000 150,000
黃金焰先生 Mr. Wong Kam Yim, Kenny	二零零二年十一月十四日 14th November, 2002 二零零四年五月十七日 17th May, 2004	1.190 1.590	500,000 —	— 300,000	— —	— —	500,000 300,000
楊民儉先生 Mr. Young Man Kim, Robert	二零零二年十一月十四日 14th November, 2002 二零零四年五月十七日 17th May, 2004	1.190 1.590	500,000 —	— 300,000	500,000 300,000	— —	— —
			2,000,000	1,500,000	800,000	—	2,700,000

購股權 (續)

SHARE OPTIONS (CONTINUED)

	授出日期 Date of grant	行使價 Exercise Price 港元 HK\$	購股權數目 Number of option shares				
			於二零零四年 四月一日 尚未行使	年內已 授出	年內已 行使	年內已 取消	於二零零五年 三月三十一日 尚未行使
			Outstanding at 1.4.2004	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31.3.2005
員工 Employees	二零零二年十一月十四日 14th November, 2002	1.190	3,220,000	-	2,020,000	-	1,200,000
	二零零四年五月十七日 17th May, 2004	1.590	-	6,410,000	2,485,000	100,000	3,825,000
	二零零四年十月八日 8th October, 2004	1.690	-	3,000,000	-	-	3,000,000
			3,220,000	9,410,000	4,505,000	100,000	8,025,000
			5,220,000	10,910,000	5,305,000	100,000	10,725,000

本公司股份在緊接購股權授出日期(即二零零四年五月十七日及二零零四年十月八日)之前的收市價分別為1.550港元及1.700港元。而在緊接購股權行使日期之前的加權平均收市價為1.944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。

The closing prices of the shares of the Company immediately before the grants of options on 17th May, 2004 and 8th October, 2004 were HK\$1.550 and HK\$1.700 respectively. Weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$1.944.

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.

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購股權 (續)

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

於二零零五年三月三十一日，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，並無任何人士於二零零五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，本集團首五名供應商及客戶之購貨及營業總額均少於30%。

SHARE OPTIONS (CONTINUED)

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, 2005, 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, 2005.

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%.

公司管治

據本公司董事所知，本公司於全年內均遵守在二零零五年一月一日前有效的聯交所證券上市規則（「上市規則」）附錄十四所載之最佳應用守則各段條文，並適用於本財政年度之回顧。

本公司就本年報所包括的會計期間已採納載於上市規則附錄十有關董事進行證券交易的標準守則作為本公司董事證券交易之標準守則。經本公司向所有董事作出具體查詢後，本公司確認各董事均已遵守標準守則所規定的準則。

本公司已接獲獨立非執行董事按聯交所證券上市規則第3.13條有關獨立性之規定的確認書。本公司認為所有獨立非執行董事均為獨立。

公眾持股量

根據本公司所得的公開資料及董事所知，於二零零五年三月三十一日及本報告日期，公眾人士持有之股份百分比按聯交所證券上市規則不少於本公司已發行股份25%之足夠公眾持股量。

關連交易及董事之合約權益

於二零零四年九月，本集團間接持有之兩間非全資附屬公司——江門謙信化工發展有限公司（「江門謙信」）及協和化工倉儲有限公司（「協和化工」）建議其股東透過供股增資，據此，本集團同意分別注資32,775,000港元及36,600,000港元予江門謙信及協和化工，本集團同時收取由協和化工配發共值21,000,000港元之代息股份。因而由二零零四年十月一日起，本集團於江門謙信及協和化工之權益由60%增加至75%。

CORPORATE GOVERNANCE

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 (the "Listing Rules"), which was still in force prior to 1st January, 2005 and remains applicable to the financial year under review.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions in relation to the accounting period covered by this annual report. The Company confirms that, having made specific enquiry of all directors, the directors have complied with the required standard of dealings as set out therein.

The Company received the independent non-executive directors' confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all the independent non-executive directors are independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at 31st March, 2005 and the date of this report, there is sufficient public float of not less than 25% of the Company's total issued shares capital as required under the Listing Rules.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

In September, 2004, Jiangmen Handsome Chemical Development Limited ("JHCDL") and Concord Chemical Storing Limited ("CCSL"), two indirect non-wholly owned subsidiaries of the Group, proposed to raise capital from their respective shareholders by way of rights issue. Accordingly, the Group agreed to inject capital of HK\$32,775,000 and HK\$36,600,000 into JHCDL and CCSL respectively. The Group also received dividends of HK\$21,000,000 from CCSL by way of scrip dividends. Consequently with effect from 1st October, 2004, the Group's interests in JHCDL and CCSL have been increased from 60% to 75%.

董事會報告

Directors' Report

關連交易及董事之合約權益 (續)

截至二零零四年九月三十日，即本集團增加江門謙信及協和化工之權益達至75%前，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，其中一間銀行已發出合共5,000,000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溶劑製品有限公司（「江門天誠」）提供合共5,000,000人民幣銀行融資之抵押。此兩間銀行已發出合共4,000,000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110,000,000港元之公司擔保予兩間銀行，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。

此外，本公司一間全資附屬公司提供合共2,500,000美元之公司擔保予江門謙信、江門天誠及協和化工的供應商，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。

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720,000港元、600,000港元及216,000港元之租金予港德投資有限公司、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。

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS (CONTINUED)

As at 30th September 2004, prior to increase of group's interest in JHC DL and CCSL to 75%, the Company provided corporate guarantees to two banks for banking facilities in favour of a wholly owned subsidiary. Upon the request of the subsidiary, one of these banks have issued standby letters of credit for an amount of HK\$5 million to another bank for banking facilities of RMB5 million to JHC DL and Jiangmen Thansome Solvents Production Limited ("JTSPL"). These banks have issued standby letters of credit of US\$4 million to two independent third parties to guarantee the payment of all indebtedness for the purchases of goods by JHC DL, JTSPL and CCSL. JHC DL, JTSPL and CCSL are indirect 60% owned subsidiaries of the Company.

The Company also provided corporate guarantees of HK\$110 million to two banks for banking facilities of HK\$50 million and US\$7.7 million in favour of JHC DL and JTSPL to guarantee the payment of all indebtedness for the purchases of goods by JHC DL and JTSPL.

In addition, a wholly owned subsidiary of the Company provided corporate guarantees of US\$2.5 million to JHC DL, JTSPL and CCSL suppliers to guarantee the payment of all indebtedness for the purchase of goods by JHC DL, JTSPL and CCSL.

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

During the year, the Group paid rent of HK\$720,000, HK\$600,000 and HK\$216,000 to Goldex Investments 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.

關連交易及董事之合約權益 (續)

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。

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，二零零五年六月二十九日

CONNECTED TRANSACTIONS AND DIRECTORS'
INTERESTS IN CONTRACTS (CONTINUED)

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.

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, 29 June, 2005