

Directors' Report

董事會報告

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 30 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 26.

An interim dividend of HK\$0.025 per share amounting to HK\$20,625,000 was paid to the shareholders during the year.

The directors now recommend the payment of a final dividend of HK\$0.035 per share to the shareholders on the register of members on 21 May 2007, amounting to HK\$28,875,000, and the retention of the remaining profit for the year of HK\$52,365,000.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 23 to the consolidated financial statements.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 24 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment were revalued at 31 December 2006. The revaluation resulted in a surplus over book values of HK\$10,381,000 which has been credited directly to the asset revaluation reserve.

董事會謹此提呈截至2006年12月31日止年度之董事會報告及經審核綜合財務報表。

主要業務

本公司為一間投資控股公司。其主要附屬公司之業務概況載於財務報表附註30。

業績及分派

本集團截至2006年12月31日止年度之業績載於第26頁之綜合收益表。

年內已向股東派發中期股息每股2.5港仙，總額20,625,000港元。

董事建議派發末期股息每股3.5港仙予於2007年5月21日名列股東名冊之股東，總額為28,875,000港元，年內保留溢利之保留額為52,365,000港元。

股本

本公司股本之詳情載於綜合財務報表附註23。

購股權

本公司購股權計劃之詳情載於綜合財務報表附註24。

物業、廠房及設備

本集團之物業、廠房及設備已於2006年12月31日進行重估。因重估產生超出賬面值之盈餘共10,381,000港元已直接計入資產重估儲備中。

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PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$12,837,000 for the purpose of expanding 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 14 to the consolidated financial statements.

Furthermore, at 31 December 2006, the Group paid deposits of approximately HK\$51,500,000 to acquire property, plant and equipment for its chemical production plant in Jiangsu, the People's Republic of China. Details of the capital commitments are set out in note 26 to the consolidated financial statements.

DIRECTORS

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

Executive directors

Ms. Wai Siu Kee (*Chairman*)
 Ms. Poon Lai Ming
 Ms. Lee Marina Man Wai
 Mr. Lee Man Yan

Independent non-executive directors

Mr. Wan Chi Keung, Aaron JP
 Mr. Heng Kwo Seng
 Mr. Wong Kai Tung, Tony

In accordance with Article 87(1) of the Company's Articles of Association, Ms. Lee Marina Man Wai and Mr. Heng Kwo Seng retire by rotation and, being eligible, offer themselves for re-election.

The term of office of each of the independent non-executive directors is the period up to his retirement as required by the Company's Articles of Association.

DIRECTORS' SERVICE CONTRACTS

Ms. Wai Siu Kee, Ms. Lee Marina Man Wai and Ms. Poon Lai Ming have entered into a service agreement with the Company on 1 September 2005 for 3 years unless and until terminated by either party by three months' prior written notice.

物業、廠房及設備(續)

年內本集團添置約12,837,000港元之物業、廠房及設備以擴充本集團業務。上述及本集團物業、廠房及設備於年內其他變動之詳情載於綜合財務報表附註14。

此外，本集團為其於中國江蘇之化工廠房支付約51,500,000港元之訂金購置物業、廠房及設備。資本承擔詳情載於綜合財務報表附註26。

董事

於本年度及截至本報告日止，本公司之董事為：

執行董事

衛少琦女士(主席)
 潘麗明女士
 李文慧女士
 李文恩先生

獨立非執行董事

尹志強先生太平紳士
 邢詒春先生
 王啟東先生

根據本公司組織章程細則第87(1)條細則，李文慧女士及邢詒春先生均須告退，惟彼等均有資格並願意膺選連任。

獨立非執行董事之任期，直至其須根據本公司組織章程細則之規定退任為止。

董事之服務合約

衛少琦女士、李文慧女士及潘麗明女士已於2005年9月1日與本公司訂立為期3年之服務協議，除非及直至任何一方向另一方發出三個月事前書面通知予以終止為止。

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DIRECTORS' SERVICE CONTRACTS (CONTINUED)

Mr. Lee Man Yan has entered into a service agreement with the Company for an initial period of three years commencing 16 August 2004, which will continue thereafter unless and until terminated by either party by three months' prior written notice.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 December 2006, the interests and short positions of directors and chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future 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

| Name of director | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the Company |
|---------------------------|-------------------------------|---------------------------------------|---|
| 董事姓名 | 身份 | 所持已發行普通股數目 | 佔本公司已發行股本百分比 |
| Wai Siu Kee 衛少琦 | Discretionary object 全權受益人 | 618,750,000 (Note) (附註) | 75% |
| Lee Man Yan 李文恩 | Discretionary object 全權受益人 | 618,750,000 (Note) (附註) | 75% |
| Lee Marina Man Wai 李文慧 | 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 Wai Siu Kee, Lee Man Yan and Lee Marina Man Wai.

董事之服務合約 (續)

李文恩先生已與本公司訂立服務協議，年期由2004年8月16日起計初步為期3年，此後一直存續，除非及直至任何一方向另一方發出三個月事前書面通知予以終止為止。

董事於股份、相關股份及債權證中之權益

於2006年12月31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、相關股份或債權證中，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

附註：本公司之618,750,000普通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、李文恩及李文慧。

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DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(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 |
| Wai Siu Kee 衛少琦 | Discretionary object 全權受益人 | Fortune Star | 100 (Note) (附註) | 100% |
| Lee Man Yan 李文恩 | Discretionary object 全權受益人 | Fortune Star | 100 (Note) (附註) | 100% |
| Lee Marina Man Wai 李文慧 | 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 Wai Siu Kee, Lee Man Yan and 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, none of the directors or the chief executive, 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.

董事於股份、相關股份及債權證中之權益 (續)

(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、李文恩及李文慧，以及彼等若干家庭成員及其他慈善團體。

除上文所披露，概無本公司董事或最高行政人員或彼等之聯繫人於本公司或其任何相聯法團之股份、相關股份或債權證中，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。

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ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

A share option scheme which as detailed in note 24 to the consolidated financial statements was adopted by the Company on 14 December 2001, under which the directors or the chief executive 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.

Other than disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries, a party to any arrangements 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.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2006, shareholders (other than directors and chief executive of the Company) who had interests and short positions in the shares 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 | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the Company |
|---------------------|---------------------------|---------------------------------------|---|
| 股東名稱 | 身份 | 所持已發行普通股數目 | 佔本公司已發行股本之百分比 |
| Fortune Star | Beneficial owner 實益擁有人 | 618,750,000 | 75% |

Other than disclosed above, as at 31 December 2006, the Company has not been notified by any persons (other than directors and chief executives of the Company) who had 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 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.

購買股份或債券之安排

本公司於2001年12月14日採納一項購股權計劃(詳情載於綜合財務報表附註24)，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。

除上文所披露外，本公司、其控股公司、或其任何附屬公司或同系集團附屬公司於本期間任何時間內，概無參與任何安排，使本公司董事藉購入本公司或任何其他法人團體之股份或債券而獲得利益。

主要股東

於2006年12月31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，擁有根據證券及期貨條例第XV部第2及3分部已向本公司披露、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0.1港元之普通股

| Name of shareholder | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the Company |
|---------------------|---------------------------|---------------------------------------|---|
| 股東名稱 | 身份 | 所持已發行普通股數目 | 佔本公司已發行股本之百分比 |
| Fortune Star | Beneficial owner 實益擁有人 | 618,750,000 | 75% |

除上文所披露，於2006年12月31日，概無任何其他人士(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。

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CONNECTED TRANSACTIONS

Details of the discloseable connected transactions for the year are set out in note 28 to the consolidated financial statements. In the opinion of the independent non-executive directors, these transactions entered into by the Group were:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either (a) on normal commercial terms; or (b) where there is no available comparison, on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
- (iii) either (a) in accordance with the terms of the agreements; or (b) where there are no such agreements, on terms no less favourable than those available to or from independent third parties; and
- (iv) within the relevant cap amounts as agreed by the Stock Exchange.

Save as disclosed above, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

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

關連交易

有關本年度須予披露之關連交易之詳情載於綜合財務報表附註28。各獨立非執行董事認為，本集團進行該等交易乃：

- (i) 在本集團日常及一般業務中進行；
- (ii) 按(a)正常商業條款；或(b)當無可比較例子，其條款對本公司股東而言乃屬公平合理；
- (iii) 按(a)協議條款；或(b)當無此等協議時，不遜於給予或自獨立第三者所得之條款；及
- (iv) 所涉及金額不超逾與聯交所所議定之有關最高限額。

除上文所披露外，並無任何其它交易須按上市規則之要求須予披露為關連交易。

董事於重大合約中之權益

除「關連交易」一段所披露外，本公司、其控股公司或其任何同系集團附屬公司於年終或年內任何時間概無參與訂立與本公司董事有直接或間接重大權益之重要合約。

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MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 49% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 15% of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases.

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

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.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

主要客戶及供應商

年內本集團五大客戶之累計銷貨佔本集團之總營業額約49%，而本集團最大客戶之銷貨佔本集團總營業額約15%。

年內本集團之五大供應商之累計購貨佔本集團總購貨額少於30%。

概無董事、彼等之聯繫人或董事所知擁有本公司已發行股本5%以上之任何股東，擁有本集團五大客戶任何股本權益。

購買、出售或贖回本公司之上市證券

本公司及其任何附屬公司於年內概無購買、出售或贖回本公司之上市證券。

優先購股權

本公司之組織章程細則或開曼群島法例均無有關優先購股權之條文，規定本公司須按持股比例向現有股東發售新股份。

委任獨立非執行董事

根據上市規則第3.13條之指引，每名獨立非執行董事已向本公司確認其年度之獨立性，本公司認為所有獨立非執行董事確屬獨立人士。

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EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees. Details of the scheme are set out in note 24 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2006.

POST BALANCE SHEET EVENT

Details of a significant event occurring after the balance sheet date are set out in note 31 to the consolidated financial statements.

AUDITORS

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

On behalf of the Board
Wai Siu Kee
Chairman

Hong Kong, 12 April 2007

酬金政策

本集團僱員之酬金政策由薪酬委員會設立，乃按僱員之功績、專業資格及才能而釐定。

本公司董事之酬金由薪酬委員會按本公司之經營業績、其個人之工作表現及相對之市場狀況而釐定。

本公司已採納一項購股權計劃，作為對董事及合資格僱員之獎勵，計劃詳情載於綜合財報表附註24。

足夠公眾持股量

本公司於截至2006年12月31日止整個年度內皆保持足夠公眾持股量。

結算日後事項

結算日後發生之重大事項詳情載於綜合財務報表附註31。

核數師

有關續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於股東週年大會上提呈。

代表董事會
主席
衛少琦

香港，2007年4月12日