



葉氏化工集團有限公司
Yip's Chemical Holdings Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code: 408

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Interim Report 中期業績報告

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概要

- 一、歷史佳績祝賀集團成立三十五周年及上市十五周年
- 二、營業額2,061,761,000港元，比去年同期增長17%
- 三、股東應佔溢利128,397,000港元，增長37%
- 四、每股盈利26.9港仙，增長36%
- 五、中期股息每股6.0港仙，增長20%
- 六、三十五周年特別股息每股2.0港仙
- 七、集團於二零零六年九月三十日之負債比率為31%

HIGHLIGHTS

1. Group celebrates 35th anniversary since founding and 15th anniversary since listing on Stock Exchange with record results
2. Turnover was HK\$2,061,761,000, increased by 17% compared to same period last year
3. Net profit attributable to equity holders was HK\$128,397,000, an increase of 37%
4. Earnings per share was HK 26.9 cents, increased by 36%
5. Interim dividend was HK 6.0 cents per share, an increase of 20%
6. 35th anniversary special dividend was HK 2.0 cents per share
7. Gearing ratio as at 30th September, 2006 was 31%

業務回顧

回顧期內，集團在不斷地優化和提昇各項核心業務綜合性競爭力上，繼續地取得了令人鼓舞的成果。再加上中國經濟持續平穩高速地增長，內部需求市場不斷地擴大，對集團的產品需求殷切，為集團締造歷史上最佳的半年業績創造了重要的先決條件。半年結集團錄得的銷售額為2,061,761,000港元，比較去年同期增長17%，股東應佔溢利則為128,397,000港元，比較去年同期大幅增長37%，股東應佔溢利純利率亦由去年同期的5.3%大幅提昇至6.2%。與此同時，集團在改善現金流動方面，一連串的相關工作包括提昇盈利質素，壓縮應收帳、倉存、資本性投資等，均於期內取得了預期的成效。儘管銷售額不斷提昇，集團半年結的負債比率僅錄得31%的水平，與去年同期的45%，有著明顯的改善。因此，董事會議決派發中期股息較去年的5.0港仙，增加20%，每股6.0港仙。並為表示對集團創辦三十五周年及於香港聯合交易所有限公司（「聯交所」）上市十五周年慶祝之意，同時議決派發特別股息每股2.0港仙。

BUSINESS REVIEW

During the period under review, the Group continued to yield encouraging results in raising and enhancing the overall competitiveness of each core business. In addition, sustained high growth in the Chinese economy and the ever-expanding demand in the domestic market created earnest demands for the Group's products. These are the important preconditions for achieving record interim results in the history of the Group. In the first half year, the Group's turnover reached HK\$2,061,761,000, representing an increase of 17% when compared to the same period last year, and profits attributable to equity holders amounted to HK\$128,397,000, a significant increase of 37%. The net profit margin attributable to equity holders also climbed from 5.3% of the same period last year to 6.2%. At the same time, a series of measures taken by the Group in improving cash flow achieved the anticipated results: quality of earnings improved, accounts receivable collection period shortened, inventory level and capital investments were well under control. Despite the continuous growth in turnover, the Group's gearing ratio was only 31% at the end of the period, representing a distinct improvement compared with 45% for the same date last year. The board of directors, therefore, resolved to pay an interim dividend of HK 6.0 cents per share, an increase of 20% over HK 5.0 cents per share last year. To celebrate the Group's 35th anniversary of founding and the 15th anniversary of listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the board also declared a special dividend of HK 2.0 cents per share.

溶劑

回顧期內的業務經營環境，比較正常理想。除繼續受惠於國內各行業的強勁需求外，本業務也同時開展了出口業務的嘗試，初步取得的成效也是教人鼓舞的，因為供求緊絀的扯動，本業務得以憑藉雄厚的實力，規模效應的效益更為突顯。因而，該業務取得的佳績也是空前的，期內的銷售額錄得1,183,025,000港元，較去年同期增長11%，經營溢利則大幅增長59%，高達127,479,000港元。做大做強是該業務的長遠願景，集團特別成立「溶劑關注小組」，集中資源加強在優化配方、增強競爭力方面的研究工作，以確保和不斷提昇盈利貢獻。

江門市單體溶劑廠的擴產工程正在進行中，惟完工期將稍為延遲至二零零七年的九月，規模亦因設計的修改，由原來的十萬噸，改為六萬噸。

塗料

延續良好的發展勢頭，塗料業務在回顧期內，繼續取得了令人鼓勵的業績，銷售額錄得761,183,000港元，比較去年同期增長近兩成，經營溢利的增幅則高達33%，錄得59,990,000港元。

面對不斷加劇的同業競爭和市場需求不斷擴大的危機與挑戰，加快提昇企業競爭能力，顯得更是迫切。中國幅員之大，本業務端視物流為致勝要途，因此近期內，對國內多個塗料廠的分佈、產能、運輸、倉儲等作出全面的評估。繼去年底關閉吉林廠，今年中決定增建浙江新廠外，本業務並同時對上海、成都和汕頭三廠進行擴建以迎接西部發展和兩岸三通所帶來的商機。整個優化物流工程耗資約一億港元，預期在二零零八年中全部完工，其結果將對塗料業務的長遠持續發展帶來深遠影響。

SOLVENTS

During the period, operating environment of the solvents division was favourable. The newly started export business had shown encouraging results. At the same time, our competitive strengths both in the form of economy of scale and in procurement, especially during times of tight raw material supplies, coupled with strong domestic demand in China, contributed to the success of this division. As such, this division obtained unprecedented results, with sales hitting HK\$1,183,025,000, representing an increase of 11% compared to the same period last year, and operating profit rising by 59% to HK\$127,479,000. Since the long term vision of the division is to sustain our competitive advantages by continuing to be big and strong, a "Solvents Task Force" was formed to pool the resources on research and development activities in optimizing product formulation and strengthening competitiveness so as to enhance profit contribution.

The raw solvents plant expansion project in Jiangmen is underway; however, the completion date for the project will be slightly postponed until September 2007 and the scale will also be reduced due to design changes, from the original one hundred thousand tons to sixty thousand tons.

COATINGS

During the period under review, the coating division continued to make encouraging progress, with sales volume reaching HK\$761,183,000, representing an increase of nearly 20% compared to the same period last year, while operating profit increased by 33%, to HK\$59,990,000.

Facing the challenges of intensifying competition and the opportunities presented by increasing market demand, it became apparent that there is a pressing need for the division to speed up strengthening its competitiveness. In a big nation like China, the key to success is logistics optimization. This division will therefore, in the near future, carry out a thorough evaluation of the physical locations, manufacturing capacities, storage capacities and transportations of its plants in China. Following the closure of the Jilin plant at the end of last year and the decision this year on the setting up of a new plant in Zhejiang, the division will also expand its three plants in Shanghai, Chengdu and Shantou to grasp the opportunities earned by the "China Western Development" and "Cross-Strait Three Direct Links". The entire optimization project will cost approximately HK\$100 million and is estimated to complete in 2008. The outcome of this project will enhance the long term and continuous development of this division.

華東建新廠

鑑於華東地區的業務發展遠較預期佳，四年前正式投產的首個上海廠房，目前已呈現產能緊張的狀況。同時，當珠江三角洲的工業日趨成熟之際，令長江三角洲的發展空間更為突顯。集團日前已落實在浙江省桐鄉市籌建華東地區的第二個廠房，是更新型的綜合性塗料廠，投資額約8,000萬港元，每年可為集團增加約10億港元的產值。新廠房預期在二零零八年中投產。

潤滑油

相較於溶劑及塗料，潤滑油面對的經營環境依然十分困難。潤滑油的主要原料為基礎油及添加劑。期內由於國際原油價格持續高企不下，造成基礎油價格屢創新高，而同時添加劑亦出現不尋常的短缺，價格大幅攀升，而市場競爭激烈以致上漲的成本未能完全向市場轉嫁，所以期內的經營環境可說十分惡劣。

集團在過去的一年多的大力重整潤滑油業務的工作依然持續，惟受制於嚴峻的經營環境下，上半年仍然錄得虧損。期內錄得營業額104,231,000港元，較去年同期下降8%，經營虧損1,864,000港元，遜於去年同期的盈利550,000港元。

NEW PLANT IN EASTERN CHINA

The business growth in Eastern China is much better than expected and as a result, the first plant in Shanghai, which started production four years ago, is already approaching capacity. As the industries in the Pearl River Delta mature, the development opportunities in the Yangtze River Delta become increasingly attractive. The Group has thus decided to build a contemporary and more comprehensive coatings plant in Eastern China located in Tongxiang, Zhejiang Province. The new plant, costing approximately HK\$80 million, will increase the annual production capacity of the Group by approximately HK\$1 billion in sales terms. It is scheduled to start production by mid 2008.

LUBRICANTS

Compared to solvents and coatings, the business environment for lubricants remains most challenging. The main ingredients for lubricants are base oils and additives. During the period under review, international prices for crude oil remained high, causing base oil prices to continue to scale new heights. At the same time, the industry also faced a rare shortage of additives, causing prices to soar. However, the industry faced severe competition, with increased costs not being able to be passed on. Hence it can be said that the lubricants division faced a most daunting period.

Over the past year and a half, the Group has been placing tremendous efforts in restructuring the lubricants business. However, in the face of such difficult operating environment, the business registered a loss in the first half. Turnover reached HK\$104,231,000, representing an 8% decrease from the HK\$113,712,000 of the same period last year, with a loss of HK\$1,864,000, compared to last period's profit of HK\$550,000.

潤滑油 (續)

潤滑油業務的重整工作包括簡化及提升產品架構、大力拓展工業油及特種潤滑油的業務和致力於降低成本。簡化及提升產品架構方面已初見成效；工業油及特種潤滑油目前已佔集團潤滑油業務的七成，而致力降低成本方面亦已達致一定的效益。集團於本年十月十日與殼牌簽署協議收購其在湛江的潤滑油調配廠的40%股權，收購後集團將擁有湛江調配廠80%股權，該廠將全面用於為殼牌加工，而集團原於該廠生產的潤滑油則改在集團屬下東莞麻涌的調配廠製作。預料當協議生效後，集團可一方面在湛江替殼牌加工生產而獲得一定的利潤，另一方面可把己方的生產搬往東莞，從而節省不少的物流費用，同時更可提升麻涌廠的效益，可謂一舉數得，相信對集團的潤滑油業務重整工作作出不少的貢獻。

在空前嚴峻的經營環境下，集團潤滑油業務重整的計劃不變，目標依然是在本財政年度內達致全年收支平衡，明年開始創造盈利。本人對集團最終能夠完成此項目標深感信心。

集團新標誌

今年是集團在聯交所上市十五周年，十月廿五日更是集團創辦35周年的紀念日。我們決定選擇這個特別的日子，把集團的標誌作出創意的改變，藉此宣示集團銳意致力改革，持續發展的決心。新的標誌同時展示集團的未來發展路向將是更加專注、專業、開拓和環保。我們滿懷信心和充滿期盼，新的標誌可帶領集團邁向一個更加豐盛和成功的新里程。

LUBRICANTS (CONTINUED)

The restructuring efforts in lubricants include simplifying and upgrading the product portfolio, shifting the focus from automotive to industrial lubricants, and drastically cutting costs. Initial efforts to simplify and to upgrade the product portfolio has been met with some success; while industrial and specialty lubricants now account for 70% of all lubricants sales. At the same time, much efficiency gains has already been achieved with cost cutting efforts. On 10th October this year, the Group entered into a sales and purchase agreement with Shell to acquire Shell's remaining 40% equity interest in a JV blending plant at Zhanjiang. Following completion of the sales and purchase, the blending plant in Zhanjiang will be used exclusively for toll blending to meet Shell's lubricants requirements, while the Group's own lubricants originally blended in Zhanjiang will be blended instead at another plant of the Group located in Ma Chong, Dongguan. This acquisition will not only enable the Group to operate the Zhanjiang plant profitably, but will also help to reduce logistics costs due to the move of the Group's own lubricants blending to Dongguan. At the same time, efficiency of the Ma Chong plant should also increase with higher plant loadings. So this acquisition will bring many benefits to the Group's lubricants business.

Even in the face of such unprecedented difficult business environment, the Group's plans to restructure the lubricants business remain unchanged. Our target remains to achieve breakeven during the current financial year, and to start turning profitable next year. I am confident that we will, in the end, be able to achieve this goal.

NEW LOGO OF THE GROUP

This year is the 15th anniversary of listing on the Stock Exchange of the Group and the day 25th October also marks the 35th anniversary of its founding. We have chosen this special day to launch the Group's new logo. The new logo symbolizes the Group's determination to innovate and reform, and to continue to grow. It also demonstrates that the Group's future development will be even more dedicated, professional, innovative and environmentally conscious. We are filled with confidence that the new logo will lead the Group to a new passage to flourishing and great success.

回饋社會

今年十月，集團將社會各界恭賀集團創辦三十五周年的聯賀捐贈合共556,900港元，全數捐獻予「苗圃行動」，以資助該機構在中國的建校助學活動。在未來的日子裏，集團將更積極提倡企業公民責任，積極參予各項回饋社會活動，特別是國內兒童助學計劃，使之成為一項持續性、不斷深化的活動。

流動資金及財務資源

集團持續的審慎理財策略，以及大力控制應收帳、庫存及資本性投資，使集團的借貸比率持續改善。一般來說，在財政年度的上半年為集團的傳統旺季，資金需求較大。而在此旺季情況，借貸比率亦只有輕微上升。截至二零零六年九月三十日集團的借貸比率（以淨銀行貸款佔股東權益為計算基準）為31%（二零零六年三月三十一日：28%），較上年同期的45%有大幅改善。而預期集團的借貸比率在下半年旺季過後將會逐步改善。

截至二零零六年九月三十日集團的銀行欠款為601,656,000港元（二零零六年三月三十一日：513,518,000港元），包括需於一年內清還之貸款為501,595,000港元，其中105,896,000港元以人民幣定值（二零零六年三月三十一日：347,633,000港元，其中39,992,000港元以人民幣定值），另外一年後到期的銀行貸款則為100,061,000港元（二零零六年三月三十一日：165,885,000港元）。此等貸款均按浮動利率計算利息。

於二零零六年九月三十日，共15間國內及香港銀行向集團提供合共1,359,365,000港元的銀行額度（二零零六年三月三十一日：1,191,713,000港元），其中75%以港元定值，其餘均以人民幣定值。集團可動用之銀行融資額度連同日後之營運現金收入，將提供充裕的資金予集團應付目前營運，以及於可見將來業務進一步發展所需的資金。

CORPORATE CITIZENSHIP

This October, the Group collected donations totaling HK\$556,900 from its customers, suppliers and associates to congratulate the Group's 35th anniversary, and donated it to the "Sowers Action" in subsidizing the organization to build schools for students in China. In future, the Group will positively advocate its corporate social responsibility by earnestly participating in activities for helping the society, especially in education projects for children in China, and making it an enduring and strengthening pursuit.

LIQUIDITY AND FINANCIAL RESOURCES

Through the adoption of a prudent financial management strategy over the years with particular emphasis on the control of accounts receivable, inventory levels and capital expenditures, the Group's gearing ratio has improved significantly. Generally speaking, the first half of the financial year is the peak season for the Group's businesses with higher funding requirements. However, even in the face of the current peak season, the gearing ratio has only increased slightly. As at 30th September, 2006, the Group's gearing ratio (as measured by net bank borrowings as a percentage of shareholders' equity) was 31% (31st March, 2006: 28%), a significant improvement over the same date last year's 45%. It is also anticipated that the gearing ratio will improve further in the second half.

As at 30th September, 2006, gross bank borrowings of the Group were HK\$601,656,000 (at 31st March, 2006: HK\$513,518,000). Out of this total bank borrowings, HK\$501,595,000 was repayable within one year, of which HK\$105,896,000 was denominated in Renminbi (at 31st March, 2006: HK\$347,633,000, of which HK\$39,992,000 was denominated in Renminbi). Loans repayable after one year at 30th September, 2006 was HK\$100,061,000 (at 31st March 2006: HK\$165,885,000). All these loans carried interest at floating rates.

As at 30th September, 2006, a total of 15 banks in Hong Kong and PRC granted banking facilities totaling HK\$1,359,365,000 to the Group (at 31st March, 2006: HK\$1,191,713,000). 75% of these facilities were denominated in Hong Kong Dollar and the rest in Renminbi. The Group's available banking facilities and its future cash flows from operations will provide sufficient funds to the Group to meet its present operational requirements as well as for the further development of its business in the foreseeable future.

流動資金及財務資源 (續)

由於中國外貿連續多年出現順差，人民幣表現強勁，且預料人民幣的強勢短期內不會改變。鑒於人民幣之強勢，加上本集團之資產亦主要集中於國內，集團之收入也主要來自國內並以人民幣交收結算，管理層因此認為除有使用人民幣借貸作日常營運及投資之資金外，在現階段實無需要採取額外對沖措施。在可預見的將來，集團將繼續力求在盡量降低借貸成本及控制匯兌風險之間求取平衡，揀選以港元或人民幣之銀行貸款作為各項投資之融資手段。

僱員

於二零零六年九月三十日，本集團之僱員人數合共為3,882人，其中香港之僱員人數為159人，而中國其他省份之僱員人數則為3,723人。

集團提供具競爭力的酬金，包括薪酬、以集團業績及員工表現為導向的花紅及購股權。集團不時檢討薪酬及獎懲制度，確保員工得到合理及公平的薪酬待遇，集團有效吸引人才及挽留人才。

員工自強不息優質化是集團的核心信守之一，集團推行行政管理見習生、技術見習生及財務見習生計劃，於香港及國內高等學府招納一流人才為本司工作，通過有效的培訓將其提升成為管理精英或技術專才，培育集團管理接班人及加強子公司的管理及研發力量，藉以保持及提升集團整體的市場競爭力，真正善用人才資源。另外，透過全職僱員負責的內部培訓及參與外界訓練課程，員工不斷增強工作技能，集團推行的教育資助政策，亦鼓勵員工不斷提升自己。

LIQUIDITY AND FINANCIAL RESOURCES (CONTINUED)

On the back of China's trade surpluses, the Renminbi has shown considerable strength in the past few months and it is expected that the Renminbi's strength will continue in the near future. In view of the current strength of the Renminbi, coupled with the fact that the majority of the Group's assets are located in the PRC, and the majority of its income is also generated in Renminbi, management considers that no hedging measures are necessary, apart from using Renminbi bank borrowings to fund part of its operational requirements and investments. The Group will continue to strive to achieve the optimal balance between lowering the costs of borrowings and minimizing currency exposure by funding its investments through either Renminbi or Hong Kong dollar bank loans.

EMPLOYEES

As at 30th September, 2006, there were a total of 3,882 employees of which 159 were based in Hong Kong and 3,723 were based in the PRC.

Employees receive competitive remuneration packages including salary, variable bonus that is linked to attainment of the Group and individual performance as well as share options. The remuneration and incentive systems are reviewed from time to time, as to ensure the employees obtain equitable and fair packages and the Group is able to attract and retain competent employees.

The Group pledges always to enable our employees to achieve continuous self-improvement. The Group has Executive Management Trainee, Technical Trainee and Finance Trainee Programmes that aim to nurture and grow our business leaders and technical experts of the future. These trainees are selected from first class universities in Hong Kong and the PRC. Through effective training and development programmes, a consistent flow of high quality executives for management succession and technical expertise to enhance our general management and research capability can be assured, with an aim to maintaining our market competitiveness. Moreover, employees are continuously trained to enrich their job skills and competencies through internal training conducted by full time training staff and participation in external training programmes. The Group has an educational subsidy scheme to encourage employees to upgrade themselves.

展望

今年九月中國政府有關部門實施包括：降低出口退稅率和增加加工貿易限制進口原料種類等一系列新措施，對本集團並沒有構成直接影響，惟對珠三角區內的部份客戶，預期在不同的程度上構成不利的影響。預期業界將會迅速和靈活地作出相應的部署，令區內的工業更趨向健康和規範的發展。

近期原油價格的緩緩回落、各種原料價格較為平穩、加息周期有終止的跡象、人民幣走勢堅挺等，這都是集團樂見的良好經營環境。集團在把握中國經濟持續高速增長所帶來的業務發展商機的同時，將透過各項實際措施更加致力於優化盈利質素及不斷地提昇盈利率，並預期該等措施所產生的可人成果，將不斷地反映在集團的業績中。

本人僅代表董事會向全體員工、客戶、供應商、商業夥伴和股東們，以及各界友好致以深切的謝意！

暫停辦理過戶登記手續

本公司將於二零零六年十二月二十一日至二零零六年十二月二十二日（首尾兩天包括在內）暫停辦理過戶登記手續。為確保獲派發中期股息及特別股息，所有過戶表格連同有關之股票，最遲須於二零零六年十二月二十日下午四時送達香港皇后大道東28號金鐘匯中心26樓本公司之香港股份過戶登記處秘書商業服務有限公司以辦理過戶登記手續。

PROSPECTS

In September this year, there was a series of new policies implemented by the Chinese government which included the reduction in export tax rebate rate and more imported raw materials were added to the list of restricted category of processing trade. Although these have no direct influence to the Group, it is possible that they may present challenges to some of our customers in the Pearl River Delta region. It is anticipated that the industries will be able to overcome the challenges and respond to such policies in a flexible and positive manner, so that the industries in the area will in future grow in a healthier and more regulated manner.

Recently the crude oil price has been slowly dropping and prices of various raw materials have been relatively stable. There are also signs that interest rates have peaked and the Renminbi is getting stronger and stronger. These factors, all contributing to a better operating environment, are welcomed by the Group. While the Group will make good use of the business opportunities brought by the sustained rapid growth in the Chinese economy, the Group will also, by means of various practical measures, strive to enhance its profit quality and raise its net profit margin. These measures are expected to produce encouraging rewards, which will be reflected in the Group's results.

On behalf of the board of directors, I would like to extend my sincere gratitude to all the staff, customers, suppliers, business partners and shareholders as well as friends from all trades and professions!

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 21st December, 2006 to 22nd December, 2006 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend and special dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Share Registrars in Hong Kong, Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 20th December, 2006.

董事及最高行政人員於證券之權益及淡倉

自成立以來本公司並無發行任何債券。於二零零六年九月三十日，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：

好倉

董事姓名 Name of Director	股份數目 Number of Ordinary Shares			總數 Total	佔股權之 概約百分比 Approximate % of Shareholding
	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	250,000	-	189,173,932 (a)	189,423,932	39.45%
葉鳳娟小姐 Ms. Ip Fung Kuen	60,300,000	-	-	60,300,000	12.56%
葉子軒先生 Mr. Yip Tsz Hin, Stephen	36,140,000	20,000,000 (b)	-	56,140,000	11.69%
吳紹平先生 Mr. Ng Siu Ping, George	1,632,000	50,000 (c)	-	1,682,000	0.35%
丁漢欽先生 Mr. Ting Hon Yam	-	-	-	-	-
黃金焰先生 Mr. Wong Kam Yim, Kenny	208,000	-	-	208,000	0.04%
楊民儉先生 Mr. Young Man Kim, Robert	1,902,000	-	-	1,902,000	0.40%
唐匯棟先生 Mr. Tong Wui Tung, Ronald	-	500,000 (d)	-	500,000	0.10%
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)	-	-	150,000	0.03%

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

The Company had not issued any debenture since its incorporation. As at 30th September, 2006, 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 were 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 Part XV of the SFO (including interests or short positions which they were 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) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long positions

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露莉女士持有。
- (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。

有關本公司新購股權計劃董事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，於二零零六年九月三十日，各董事、最高行政人員或其聯繫人士均沒有於本公司或其任何聯營公司(按證券或期貨條例)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 jointly held with Madam Cheng Yee Ha, the wife of Mr. Li Chak Man, Chuck.

Details of the share options held by the directors under the Company's new share option scheme 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 30th September, 2006, none of the directors, chief executives nor their associates held any interests or short positions in the securities of the Company or any of its associated corporations as defined in the SFO.

購股權

於截至二零零六年九月三十日止六個月期間，根據本公司於二零零二年九月三日所採納新購股權計劃已授予若干董事或其他僱員購股權認購本公司股份之變動詳情如下：

SHARE OPTIONS

During the six months ended 30th September, 2006, movements in the number of options to subscribe for shares of the Company which had been granted to certain directors and employees under the Company's new share option scheme adopted on 3rd September, 2002 were as follows:

授出日期	行使價	購股權數目			
		於二零零六年 四月一日 尚未行使	本期內 行使	於二零零六年 九月三十日 尚未行使	
Date of Grant	Exercise Price 港元 HK\$	Outstanding at 1.4.2006	Exercised during the period	Outstanding at 30.9.2006	
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
	二零零四年五月十七日 17th May, 2004	1.590	300,000	–	300,000
	二零零五年十月二十四日 24th October, 2005	2.004	200,000	–	200,000
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
	二零零四年五月十七日 17th May, 2004	1.590	150,000	–	150,000
	二零零五年十月二十四日 24th October, 2005	2.004	200,000	–	200,000
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
	二零零四年五月十七日 17th May, 2004	1.590	300,000	–	300,000
	二零零五年十月二十四日 24th October, 2005	2.004	200,000	–	200,000
楊民儉先生 Mr. Young Man Kim, Robert	二零零五年十月二十四日 24th October, 2005	2.004	200,000	200,000	–
			3,050,000	200,000	2,850,000

購股權 (續)

SHARE OPTIONS (CONTINUED)

	授出日期	行使價	購股權數目		
			Number of share options		
	Date of Grant	Exercise Price	於二零零六年 四月一日 尚未行使	於二零零六年 九月三十日 尚未行使	於二零零六年 九月三十日 尚未行使
		港元 HK\$	Outstanding at 1.4.2006	Exercised during the period	Outstanding at 30.9.2006
員工					
Employees	二零零二年十一月十四日 14th November, 2002	1.190	400,000	300,000	100,000
	二零零四年五月十七日 17th May, 2004	1.590	2,200,000	625,000	1,575,000
	二零零四年十月八日 8th October, 2004	1.690	3,000,000	–	3,000,000
	二零零五年十月二十四日 24th October, 2005	2.004	7,074,000	2,420,000	4,654,000
			12,674,000	3,345,000	9,329,000
			15,724,000	3,545,000	12,179,000

期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為2.767港元。

No options were granted to directors or employees during the period. Weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$2.767.

除上文所披露者外，於期內任何時間，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。

Other than as disclosed above, at no time during the period 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.

除上文所披露者外，期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。

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 period.

主要股東

於二零零六年九月三十日，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，並無任何人士於二零零六年九月三十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

截至二零零六年九月三十日止六個月期間，本公司或其任何附屬公司概無購買、出售或贖回本公司之任何上市證券。

企業管治

除以下所列事宜外，本公司截至二零零六年九月三十日止六個月期內已遵守聯交所證券上市規則（「上市規則」）附錄十四之企業管治常規守則（「守則」）之所有守則條文：

根據守則條文第A.2.1項，主席及行政總裁的角色應有區分，及不應由一人同時兼任。本公司之董事會認為在本集團而言行政總裁之角色與董事總經理之角色相等，而葉志成先生同時出任董事會主席及董事總經理。董事會同時認為主席現時之角色與董事總經理有著明顯的重疊。董事會相信由葉志成先生一人擔任主席及董事總經理之職位能為本公司提供強勢及貫徹之領導，及更有效策劃及推行長期商業策略。集團現時的操作方式有著高程度授權管理責任予不同子集團的總經理負責的特點，相應地，董事會相信雖然主席及董事總經理之角色由一人同時兼任，董事會權力及行政管理權力亦不會過度集中。

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2006, 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 had not been notified of any interests representing 5% or more of the Company's issued share capital as at 30th September, 2006.

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

During the six months ended 30th September, 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months ended 30th September, 2006, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), with the exception of the matter noted below :

Under Code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. In the opinion of the Board, the role of the chief executive officer is equivalent to that of the managing director in the Group and Mr. Ip Chi Shing, Tony is now acting both as the Chairman of the Board and the Managing Director of the Company. The Board also considers that the current role of the Chairman overlaps to a significant extent with that of the Managing Director. The Board believes that vesting the roles of both chairman and managing director in Mr. Ip provides the Company with strong and consistent leadership and allows for more efficient and effective planning and execution of long term business strategies. The Group's current mode of operations is characterized by a high degree of delegation of management responsibilities to the general managers of the Group's different business units. Accordingly, the Board believes that although the roles of Chairman and Managing Director are performed by the same individual, the power of board management and executive management is not unduly concentrated.

委員會

董事會已成立三個委員會，包括集團管理委員會、審核委員會及薪酬委員會。

集團管理委員會

集團管理委員會的書面職權範圍於二零零五年九月三十日經董事會通過採納，其成員包括董事會六名執行董事及集團四名高級管理人員組成，委員會定期每月舉行會議，並負責本集團的管理及日常營運事務。集團管理委員會成員包括葉志成先生、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、李偉民先生、鄭國照先生、趙楚榜先生及謝俊偉先生。

審核委員會

審核委員會於一九九八年財政年度成立，具備書面職權範圍，其成員包括董事會一名非執行董事及三名獨立非執行董事，審核委員會負責提名及監察集團的外聘核數師、向董事會提出建議及評語，並協助董事會就本集團之財務會計程序、內部監控系統及風險管理系統等進行獨立及客觀之檢討及評定其有效性。審核委員會成員包括唐匯棟先生、黃廣志先生(主席)、歐陽贊邦先生及李澤民先生。

審核委員會已於二零零六年十二月四日之審核委員會會議審閱截至二零零六年九月三十日止六個月的未經審核中期財務報告。本公司核數師德勤•關黃陳方會計師行已按照香港會計師公會頒佈之《核數準則》第700號「審閱中期財務報告」審閱本集團截至二零零六年九月三十日止六個月的中期財務報告。

COMMITTEES

The Board has set up three committees, namely, the Group Management Committee, the Audit Committee and the Remuneration Committee.

The Group Management Committee

With specific written terms of reference adopted by the Board on 30th September, 2005, the Group Management Committee consists of six Executive Directors of the Board and four senior executives of the Group. The committee normally meets on a monthly basis and is responsible for the management and day-to-day operations of the Group. Members of the Group Management Committee are Mr. Ip Chi Shing, Tony, Mr. Yip Tsz Hin, Stephen, Mr. Ng Siu Ping, George, Mr. Ting Hon Yam, Mr. Wong Kam Yim, Kenny, Mr. Young Man Kim, Robert, Mr. Li Wai Man, Peter, Mr. Kwong Kwok Chiu, Mr. Zhao Chu Bang and Mr. Tse Chun Wai, Richard.

The Audit Committee

The Audit Committee, established in fiscal year 1998 with specific written terms of reference, consists of a Non-Executive Director and three Independent Non-Executive Directors of the Board, and is responsible for nominating and monitoring the external auditors and provide advice and comments to the Board, assists the Board in, among other matters, providing an independent and objective review of the effectiveness of the financial reporting process, internal control and risk management system as well as internal audit function of the Group. Members of the Audit Committee are Mr. Tong Wui Tung, Ronald, Mr. Wong Kong Chi (Chairman), Mr. Au-Yeung Tsan Pong, Davie and Mr. Li Chak Man, Chuck.

An audit committee meeting was held on 4th December, 2006 to review the unaudited interim financial statements for the six months ended 30th September, 2006. Deloitte Touche Tohmatsu, the Group's external auditors, have carried out a review of the unaudited interim financial statements for the six months ended 30th September, 2006, in accordance with the Statement of Auditing Standards 700 "Engagement to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants.

委員會 (續)

薪酬委員會

根據守則，本公司於二零零五年六月二十九日成立薪酬委員會，並訂明其書面職權範圍，其成員包括一名非執行董事及三名獨立非執行董事。薪酬委員會之主要職責包括就本公司董事及高級管理人員之薪酬政策及架構向董事會作出建議，並參照董事會不時通過之企業目標，檢討及批准全體執行董事及高級管理人員與表現掛鈎之薪酬。

董事進行證券交易的標準守則

本公司截至二零零六年九月三十日止六個月內已採納一套有關董事及有關僱員進行證券交易之守則，該守則之條款並不遜於上市規則附錄十有關董事進行證券交易之標準守則所訂定之標準。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所訂定的交易準則。

COMMITTEES (CONTINUED)

The Remuneration Committee

In accordance with the Code, the Company established the Remuneration Committee on 29th June, 2005 with specific written terms of reference. The Remuneration Committee consists of a Non-Executive Director and three Independent Non-Executive Directors of the Board. The Remuneration Committee is responsible for making recommendations to the Board on the Group's policy and structure on the remuneration of directors and senior management and to review and approve performance-based remuneration with reference to corporate goals and objectives resolved by the Board from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' and relevant employees' securities transactions which contains terms no less exacting than the required standard in the model code for securities transactions by directors set out in Appendix 10 of the Listing Rules. The Company confirms that, having made specific enquiry of all Directors, the Directors have during the six months ended 30th September, 2006 complied with the required standards of dealing as set out therein.

Deloitte. 德勤

獨立審閱報告

致葉氏化工集團有限公司董事會

緒言

本核數師行已根據葉氏化工集團有限公司(「貴公司」)之指示，審閱載於第十八至三十二頁之中期財務報告。

董事之責任

香港聯合交易所有限公司證券上市規則，規定中期財務報告必須根據香港會計師公會頒佈之香港會計準則第34條「中期財務報告」及有關規定編制。編制中期財務報告乃董事之責任，並已由彼等批准。

本行之責任為根據本行審閱工作之結果，對中期財務報告提出獨立之意見，並按照雙方所協定之應聘條款，只向作為法人團體之董事會報告本行之結論。除此之外，本行之報告不可用作其他用途。本行並不就本報告之內容對任何其他人士負責或承擔責任。

審閱工作

本行之審閱工作乃根據香港會計師公會頒佈之《核數準則》第700號「審閱中期財務報告」進行。審閱工作主要包括向集團管理層作出查詢及運用分析性程序對中期財務報告作出分析，並據此評估所採納之會計政策及列報形式是否一致及貫徹地運用(除非已另作披露)。審閱工作並不包括審計程序(如測試監控系統及核實資產、負債及交易活動)。由於審閱之工作範圍較審計工作少，因此只能提供較審計工作為低之確定程度，故本行不會對中期財務報告作出審計意見。

審閱結論

根據本行審閱(並不屬於審計工作)之結果，本行並不察覺須對截至二零零六年九月三十日止六個月之中期財務報告作出任何重大修訂。

德勤•關黃陳方會計師行
執業會計師
香港
二零零六年十二月六日

INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF YIP'S
CHEMICAL HOLDINGS LIMITED

INTRODUCTION

We have been instructed by Yip's Chemical Holdings Limited (the "Company") to review the interim financial report set out on pages 18 to 32.

DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with the Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th September, 2006.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
6th December, 2006

未經審核中期業績

葉氏化工集團有限公司（「本公司」）董事會欣然公佈本公司及其附屬公司（「本集團」）截至二零零六年九月三十日止六個月之未經審核簡明綜合財務報告及去年同期比較數字。本中期財務報告未經審核，但已由本公司核數師及審核委員會審閱。

簡明綜合收益表

				截至九月三十日止六個月	
				Six months ended	
				30th September,	
				二零零六年	二零零五年
				2006	2005
				(未經審核)	(未經審核)
				(Unaudited)	(Unaudited)
				千港元	千港元
				HK\$'000	HK\$'000
		附註			
		Notes			
營業額	Turnover	3	2,061,761	1,760,950	
銷售成本	Cost of sales		(1,622,738)	(1,418,775)	
毛利	Gross profit		439,023	342,175	
其他收入	Other income		10,659	5,589	
銷售費用	Selling expenses		(58,999)	(51,187)	
行政費用	Administrative expenses		(199,584)	(172,613)	
經營溢利	Profit from operations	3 & 4	191,099	123,964	
利息費用	Interest expense		(13,312)	(8,820)	
除稅前溢利	Profit before taxation		177,787	115,144	
稅項	Taxation	5	(28,383)	(7,094)	
本期純利	Profit for the period		149,404	108,050	
應佔溢利：	Attributable to:				
本公司股東	Equity holders of the Company		128,397	93,917	
少數股東權益	Minority interests		21,007	14,133	
			149,404	108,050	
每股盈利	Earnings per share	7			
— 基本	— Basic		HK 26.9 港仙 cents	HK 19.8 港仙 cents	
— 攤薄	— Diluted		HK 26.6 港仙 cents	HK 19.7 港仙 cents	

UNAUDITED INTERIM RESULTS

The Board of Directors of Yip's Chemical Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2006, together with comparative figures for the corresponding period of last year. The interim financial report has not been audited, but has been reviewed by the Company's auditors and audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合資產負債表

CONDENSED CONSOLIDATED BALANCE SHEET

			於二零零六年 九月三十日 At 30th September, 2006 (未經審核) (Unaudited) 千港元 HK\$'000	於二零零六年 三月三十一日 At 31st March, 2006 (已審核) (Audited) 千港元 HK\$'000
		附註 Notes		
非流動資產	Non-current assets			
物業、廠房及設備	Property, plant and equipment	8	491,991	453,693
預付土地租金	Prepaid lease payments		75,609	74,669
商譽	Goodwill		30,491	19,231
無形資產	Intangible asset		1,500	2,000
可供出售投資	Available-for-sale investment		17,255	16,841
遞延稅項資產	Deferred taxation assets		691	691
其他非流動資產	Other non-current assets		4,600	4,600
			622,137	571,725
流動資產	Current assets			
存貨	Inventories		484,641	341,742
應收賬款	Trade debtors	9	825,915	610,849
其他應收賬款及預付款項	Other debtors and prepayments		60,705	85,825
預付土地租金	Prepaid lease payments		2,175	2,280
衍生金融工具	Derivative financial instruments		—	2
短期銀行存款	Short term bank deposits		99,201	26,804
銀行結餘及現金	Bank balances and cash		183,842	237,097
			1,656,479	1,304,599
流動負債	Current liabilities			
應付賬款及應計費用	Creditors and accrued charges	10	510,965	359,403
應付稅款	Taxation payable		43,726	18,388
融資租賃	Obligations under a finance lease		—	33
— 一年內到期	— amount due within one year			
銀行借貸	Bank borrowings		500,795	347,390
— 一年內到期	— amount due within one year	11	800	210
銀行透支	Bank overdrafts			
			1,056,286	725,424
流動資產淨值	Net current assets		600,193	579,175
總資產減流動負債	Total assets less current liabilities		1,222,330	1,150,900
非流動負債	Non-current liabilities			
銀行借貸	Bank borrowings		100,061	165,885
— 一年後到期	— amount due after one year	11	1,872	1,794
遞延稅項負債	Deferred taxation liabilities			
			101,933	167,679
資產淨值	Net assets		1,120,397	983,221
股本及儲備	Capital and reserves			
股本	Share capital	12	48,010	47,656
儲備	Reserves		965,862	846,295
本公司股東應佔權益	Equity attributable to equity holders of the Company		1,013,872	893,951
少數股東權益	Minority interests		106,525	89,270
總權益	Total equity		1,120,397	983,221

簡明綜合權益變動表

截至二零零六年九月三十日止六個月

CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2006

		公司股權持有人應佔權益 Attributable to equity holders of the Company								少數股東 權益	合計	
		股本	股份溢價	購股權 儲備	不可分派 儲備	匯兌儲備	法定儲備	資本回購 儲備	保留溢利	合計	少數股東 權益	合計
		Share Capital	Share premium	Share option reserve	Non- distributable reserve	Translation reserve	Legal reserve	Redemption reserve	Retained profits	Total	Minority interests	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零五年四月一日	At 1st April, 2005	47,293	228,622	-	3,915	12,760	525	5,038	461,621	759,774	55,355	815,129
折算香港以外附屬 公司之財務報告 時產生之匯兌差額	Exchange differences arising on translation of operations outside Hong Kong recognised directly in equity	-	-	-	-	17,946	-	-	-	17,946	1,778	19,724
期內純利	Profit for the period	-	-	-	-	-	-	-	93,917	93,917	14,133	108,050
期內確認收入總額	Total recognised income for the period	-	-	-	-	17,946	-	-	93,917	111,863	15,911	127,774
小計	Subtotal	47,293	228,622	-	3,915	30,706	525	5,038	555,538	871,637	71,266	942,903
因購股權獲行使而 發行股份之溢價	Shares issued at premium upon exercise of share options	180	2,482	-	-	-	-	-	-	2,662	-	2,662
附屬公司少數股東 的資本投入	Capital contribution from minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	14,500	14,500
轉帳至法定儲備	Transfer to legal reserve	-	-	-	-	-	49	-	(49)	-	-	-
已付股息	Dividends paid	-	-	-	-	-	-	-	(35,605)	(35,605)	-	(35,605)
已付附屬公司 少數股東股息	Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(6,095)	(6,095)
二零零五年九月三十日	At 30th September, 2005	47,473	231,104	-	3,915	30,706	574	5,038	519,884	838,694	79,671	918,365
二零零六年四月一日	At 1st April, 2006	47,656	234,127	1,148	3,915	30,902	574	5,038	570,591	893,951	89,270	983,221
折算香港以外附屬 公司之財務報告時 產生之匯兌差額	Exchange differences arising on translation of operations outside Hong Kong recognised directly in equity	-	-	-	-	28,125	-	-	-	28,125	2,956	31,081
期內純利	Profit for the period	-	-	-	-	-	-	-	128,397	128,397	21,007	149,404
期內確認收入總額	Total recognised income for the period	-	-	-	-	28,125	-	-	128,397	156,522	23,963	180,485
小計	Subtotal	47,656	234,127	1,148	3,915	59,027	574	5,038	698,988	1,050,473	113,233	1,163,706
因購股權獲行使而 發行股份之溢價	Shares issued at premium upon exercise of share options	354	6,629	(382)	-	-	-	-	-	6,601	-	6,601
因收購額外附屬 公司權益而減少 的少數股東權益	Reduction of minority interests on acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	(3,273)	(3,273)
已付股息	Dividends paid	-	-	-	-	-	-	-	(43,202)	(43,202)	-	(43,202)
已付附屬公司 少數股東股息	Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(3,435)	(3,435)
二零零六年九月三十日	At 30th September, 2006	48,010	240,756	766	3,915	59,027	574	5,038	655,786	1,013,872	106,525	1,120,397

簡明綜合現金流量表

CONDENSED CONSOLIDATED CASH FLOW
STATEMENT

		截至九月三十日止六個月	
		Six months ended	
		30th September,	
		二零零六年	二零零五年
		2006	2005
		(未經審核)	(未經審核)
		(Unaudited)	(Unaudited)
		千港元	千港元
		HK\$'000	HK\$'000
經營業務所產生之淨現金 收入(支出)	Net cash from (used in) operating activities	29,407	(66,624)
投資業務所產生之淨現金支出	Net cash used in investing activities		
購買物業、廠房及設備	Purchases of property, plant and equipment	(48,975)	(46,530)
收購額外附屬 公司權益	Acquisition of additional interest in a subsidiary	(14,533)	—
其他投資現金流量	Other investing cash flows	3,074	6,763
		(60,434)	(39,767)
融資業務所產生之淨現金收入	Net cash from financing activities		
支付股東股息	Dividend paid to shareholders	(43,202)	(35,605)
新銀行貸款	New borrowings	320,743	321,612
償還銀行貸款	Repayment of borrowings	(234,951)	(143,682)
其他融資現金流量	Other financing cash flows	3,133	(4,812)
		45,723	137,513
淨現金及現金等額增加 期初時之現金及 現金等額	Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the period	14,696 263,691	31,122 172,001
匯率變動所產生之影響	Effect of foreign exchange rate changes	3,856	2,455
期終時之現金及 現金等額	Cash and cash equivalents at end of the period	282,243	205,578
現金及現金等額 分析	Analysis of balances of cash and cash equivalents		
短期銀行存款	Short term bank deposits	99,201	11,032
銀行結餘及現金	Bank balances and cash	183,842	195,095
銀行透支	Bank overdrafts	(800)	(549)
		282,243	205,578

簡明綜合財務報表附註

截至二零零六年九月三十日止六個月

一、 編制基準

簡明綜合財務報表乃按照香港聯合交易所有限公司證券上市規則附錄十六之適用披露規定，及香港會計師公會所頒佈之香港會計準則第34條「中期財務報告」編制。

二、 主要會計政策

簡明綜合財務報表乃以歷史成本法編制，惟若干金融工具以公允價值計算。

簡明綜合財務報表所採用之會計政策與編制本公司及其附屬公司（「本集團」）截至二零零六年三月三十一日止年度之年度綜合財務報表所採納之會計政策一致，惟下文所述者除外。

於本中期期間，本集團首次採用多項由香港會計師公會頒佈而於二零零五年十二月一日、二零零六年一月一日及二零零六年三月一日或之後開始之會計期間生效之新準則、修訂本及詮釋（「新香港財務報告準則」）。採納新香港財務報告準則對本期間或以往期間業績之編制及呈列方式概無重大影響。據此，概無需要對以往期間作出調整。

本集團並無提早採用下列已頒佈但尚未生效之新準則、修訂本或詮釋。本公司董事預期採用該等準則、修訂本或詮釋不會對本集團之業績及財務狀況造成重大影響。

香港會計準則第1條 (修訂本)	資本披露 ¹
香港財務報告準則第7條	金融工具披露 ¹
香港(國際財務報告 詮釋委員會)－ 詮釋第8條	香港財務報告準則 第2條之範圍 ²
香港(國際財務報告 詮釋委員會)－ 詮釋第9條	重新評估嵌入式 衍生工具 ³
香港(國際財務報告 詮釋委員會)－ 詮釋第10條	中期財務報告及 減值 ⁴

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2006

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2006 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1st December, 2005, 1st January, 2006 or 1st March, 2006. The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC)-INT 8	Scope of HKFRS 2 ²
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives ³
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment ⁴

二、 主要會計政策 (續)

- 1 於二零零七年一月一日或以後開始之年度期間生效
- 2 於二零零六年五月一日或以後開始之年度期間生效
- 3 於二零零六年六月一日或以後開始之年度期間生效
- 4 於二零零六年十一月一日或以後開始之年度期間生效

三、 分類資料

(a) 業務分類

從管理角度，本集團目前將業務分為三個業務類別，即溶劑、塗料及潤滑油。本集團乃按該等業務呈報其主要分類資料。

主要業務如下：

溶劑 — 製造及買賣溶劑及相關產品

塗料 — 製造及買賣塗料及相關產品

潤滑油 — 製造及買賣潤滑油產品

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

- 1 Effective for annual periods beginning on or after 1st January, 2007.
- 2 Effective for annual periods beginning on or after 1st May, 2006.
- 3 Effective for annual periods beginning on or after 1st June, 2006.
- 4 Effective for annual periods beginning on or after 1st November, 2006.

3. SEGMENT INFORMATION

(a) Business segments

For management purposes, the Group's operations are currently classified under three business segments, namely solvents, coatings and lubricants. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Solvents — manufacture of and trading in solvents and related products

Coatings — manufacture of and trading in coatings and related products

Lubricants — manufacture of and trading in lubricants products

三、分類資料 (續)

(i) 本集團之營業額及業績按業務分類如下：

		溶劑 Solvents 千港元 HK\$'000	塗料 Coatings 千港元 HK\$'000	潤滑油 Lubricants 千港元 HK\$'000	其他 Others 千港元 HK\$'000	交易抵銷 Elimination 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
截至二零零六年 九月三十日止六個月	Six months ended 30th September, 2006						
分類營業額	Segment revenue						
對外銷售	External sales	1,158,298	738,205	103,808	61,450	-	2,061,761
分類間銷售	Inter-segment sales	24,727	22,978	423	3,635	(51,763)	-
總額	Total	1,183,025	761,183	104,231	65,085	(51,763)	2,061,761
業績	Results						
分類業績	Segment result	127,479	59,990	(1,864)	6,901	177	192,683
利息收入	Interest income						2,042
未分配集團費用	Unallocated corporate expenses						(3,626)
經營溢利	Profit from operations						191,099
利息費用	Interest expense						(13,312)
除稅前溢利	Profit before taxation						177,787
稅項	Taxation						(28,383)
本期純利	Profit for the period						149,404

		溶劑 Solvents 千港元 HK\$'000	塗料 Coatings 千港元 HK\$'000	潤滑油 Lubricants 千港元 HK\$'000	其他 Others 千港元 HK\$'000	交易抵銷 Elimination 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
截至二零零五年 九月三十日止六個月	Six months ended 30th September, 2005						
分類營業額	Segment revenue						
對外銷售	External sales	1,029,023	609,912	113,712	8,303	-	1,760,950
分類間銷售	Inter-segment sales	39,253	24,964	-	2,989	(67,206)	-
總額	Total	1,068,276	634,876	113,712	11,292	(67,206)	1,760,950
業績	Results						
分類業績	Segment result	80,054	45,172	550	882	(480)	126,178
利息收入	Interest income						727
未分配集團費用	Unallocated corporate expenses						(2,941)
經營溢利	Profit from operations						123,964
利息費用	Interest expense						(8,820)
除稅前溢利	Profit before taxation						115,144
稅項	Taxation						(7,094)
本期純利	Profit for the period						108,050

業務間之銷售與給予外界人士的條款相近。

Inter-segment sales are charged at the similar terms as outsiders.

3. SEGMENT INFORMATION (CONTINUED)

(i) An analysis of the Group's turnover and results by business segments is as follows:

三、分類資料(續)

(ii) 其他資料

		溶劑	塗料	潤滑油	其他	集團	綜合
		Solvents	Coatings	Lubricants	Others	Corporate	Consolidated
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
截至二零零六年	Six months ended						
九月三十日止六個月	30th September, 2006						
資本性添置	Capital additions	7,498	38,611	2,005	–	861	48,975
物業、廠房及設備 之折舊及攤銷	Depreciation and amortisation of property, plant and equipment	5,890	10,566	1,320	52	816	18,644
預付租賃攤銷	Release of prepaid lease payments	175	734	–	–	167	1,076
物業、廠房及設備 之減值準備	Impairment losses of property, plant and equipment	14	180	–	–	–	194
無形資產攤銷	Amortisation of intangible asset	–	500	–	–	–	500

		溶劑	塗料	潤滑油	其他	集團	綜合
		Solvents	Coatings	Lubricants	Others	Corporate	Consolidated
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
截至二零零五年	Six months ended						
九月三十日止六個月	30th September, 2005						
資本性添置	Capital additions	12,005	33,169	908	–	448	46,530
物業、廠房及設備 之折舊及攤銷	Depreciation and amortisation of property, plant and equipment	5,340	10,758	1,634	52	1,092	18,876
預付租賃攤銷	Release of prepaid lease payments	205	700	–	–	145	1,050
物業、廠房及設備 之減值準備	Impairment losses of property, plant and equipment	400	1,178	–	–	–	1,578
無形資產攤銷	Amortisation of intangible asset	–	500	–	–	–	500

(b) 地區分類

由於本集團之營業額及經營溢利大部份均來自中國大陸，故省略綜合營業額及經營溢利之地區分析。

(b) Geographical segments

As the Group's turnover and trading results are principally derived from the Mainland China, an analysis of the consolidated turnover, trading results by geographical location is not presented.

四、經營溢利

4. PROFIT FROM OPERATIONS

		截至九月三十日止六個月	
		Six months ended	
		30th September,	
		二零零六年	二零零五年
		2006	2005
		千港元	千港元
		HK\$'000	HK\$'000
經營溢利已扣除下列各項：	Profit from operations has been arrived at after charging:		
物業、廠房及設備之折舊及攤銷	Depreciation and amortisation of property, plant and equipment	18,644	18,876
預付租賃攤銷	Release of prepaid lease payments	1,076	1,050
無形資產攤銷	Amortisation of intangible asset	500	500
物業、廠房及設備之減值準備	Impairment losses of property, plant and equipment	194	1,578
並經已計入：	and after crediting:		
利息收入	Interest income	2,042	727

五、稅項

5. TAXATION

		截至九月三十日止六個月	
		Six months ended	
		30th September,	
		二零零六年	二零零五年
		2006	2005
		千港元	千港元
		HK\$'000	HK\$'000
此費用包括：	The charge comprises:		
現行稅項	Current tax		
香港	Hong Kong	2,909	2,122
中國大陸	Mainland China	25,396	5,037
		28,305	7,159
遞延稅項	Deferred taxation		
香港	Hong Kong	78	(65)
		28,383	7,094

香港利得稅乃按照本期估計應課稅溢利按稅率17.5% (截至二零零五年九月三十日止六個月：17.5%) 提撥準備。中國大陸企業所得稅則按有關司法地區之稅率計算。

根據中國大陸有關法例及規則，本公司若干中國大陸附屬公司於首個賺取經營溢利之年度起計首兩個年度，獲豁免繳納中國大陸企業所得稅，而於其後三個年度亦可獲50%之稅項寬免。中國大陸企業所得稅已計及該等稅務優惠後作出撥備。

Hong Kong Profits Tax has been provided at the rate of 17.5% (17.5% for the six months ended 30th September, 2005) on the estimated assessable profit for the period. Enterprise income tax in the Mainland China has been provided at the rates prevailing in the respective jurisdictions.

Pursuant to the relevant laws and regulations in the Mainland China, certain of the Company's subsidiaries in the Mainland China are entitled to exemption from enterprise income tax of the Mainland China for the first two years commencing from their first profit-making year of operations and thereafter, these subsidiaries in the Mainland China will be entitled to a 50% relief from enterprise income tax of the Mainland China for the following three years. Enterprise income tax of the Mainland China has been provided for after taking these tax incentives into account.

六、 中期股息

期內支付截至二零零六年三月三十一日止年度之期末股息每股9.0港仙合共43,202,000港元(截至二零零五年九月三十日止六個月:支付截至二零零五年三月三十一日止年度每股7.5港仙,合共35,605,000港元)。

董事會議決派發截至二零零六年九月三十日止六個月之中期股息每股6.0港仙(截至二零零五年九月三十日止六個月:每股5.0港仙)及特別股息每股2.0港仙(截至二零零五年九月三十日止六個月:零)。

上述中期股息及特別股息將於二零零七年一月五日派發予於二零零六年十二月二十二日名列於公司股東登記冊上之股東。

七、 每股盈利

公司股權持有人每股基本及攤薄後盈利乃根據下列資料計算:

6. INTERIM DIVIDEND

During the period, a final dividend of HK 9.0 cents per share in respect of the year ended 31st March, 2006 amounting to HK\$43,202,000 was paid (six months ended 30th September, 2005: HK 7.5 cents per share was paid for the year ended 31st March, 2005 amounting to HK\$35,605,000).

The directors resolved to declare an interim dividend of HK 6.0 cents per share for the six months ended 30th September, 2006 (six months ended 30th September, 2005: HK 5.0 cents per share) and a special dividend of HK 2.0 cents per share for the six months ended 30th September, 2006 (six months ended 30th September, 2005: nil).

The interim dividend and special dividend are payable on 5th January, 2007 to the shareholders of the Company whose names appear on the Company's register of members on 22nd December, 2006.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

		截至九月三十日止六個月 Six months ended 30th September,	
		二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
計算每股基本及攤薄後 盈利之盈利	Earnings for the purposes of calculating basic and diluted earnings per share	128,397	93,917
		股份數目 Number of shares	
		千股 '000	千股 '000
計算每股基本盈利之加權平均股數	Weighted average number of shares for the purpose of calculating basic earnings per share	478,021	474,053
可能對股份產生之攤薄影響:	Effect of dilutive potential ordinary shares:		
購股權	Share options	4,858	2,808
計算每股攤薄後盈利之加權 平均股數	Weighted average number of shares for the purpose of calculating diluted earnings per share	482,879	476,861

八、物業、廠房及設備添置

於本期內，本集團耗資約48,975,000港元(截至二零零五年九月三十日止六個月：46,530,000港元)添置生產廠房及設備，以提升中國大陸廠房之生產能力。

九、應收賬款

於結算日應收賬款之賬齡分析如下：

		於二零零六年 九月三十日 At 30th September, 2006 千港元 HK\$'000	於二零零六年 三月三十一日 At 31st March, 2006 千港元 HK\$'000
零至三個月	0-3 months	690,296	494,158
四至六個月	4-6 months	110,105	93,653
六個月以上	Over 6 months	25,514	23,038
		825,915	610,849

本集團向其除銷客戶提供由30天至90天之信貸期。

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$48,975,000 (six months ended 30th September, 2005: HK\$46,530,000) on additions to manufacturing plant in the Mainland China to upgrade its manufacturing capacity.

9. TRADE DEBTORS

An aged analysis of trade debtors at the balance sheet date is as follows:

The Group generally allows a credit period ranging from 30 to 90 days to its trade customers.

十、應付賬款及應計費用

於結算日，應付賬款及應計費用結餘包括應付貨款351,599,000港元（於二零零六年三月三十一日：221,912,000港元），於結算日應付貨款之賬齡分析如下：

10. CREDITORS AND ACCRUED CHARGES

At the balance sheet date, the balance of creditors and accrued charges included trade creditors of HK\$351,599,000 (31st March, 2006: HK\$221,912,000). The aged analysis of trade creditors at the balance sheet date is as follows:

		於二零零六年 九月三十日 At 30th September, 2006 千港元 HK\$'000	於二零零六年 三月三十一日 At 31st March, 2006 千港元 HK\$'000
零至三個月	0-3 months	349,386	217,544
四至六個月	4-6 months	1,590	3,229
六個月以上	Over 6 months	623	1,139
		351,599	221,912

十一、銀行借貸

期內，本集團取得320,743,000港元新銀行借貸，並償還234,951,000港元銀行借貸。上述取得新銀行借貸按市場息率計息及須在一年內償還。

11. BANK BORROWINGS

During the period, the Group obtained new bank borrowings in the amount of HK\$320,743,000 and repaid bank borrowings of HK\$234,951,000. The new bank borrowings bear interest at market rates and are repayable within 1 year.

十二、股本

12. SHARE CAPITAL

	法定 Authorised	已發行及繳足 Issued and fully paid		
		於二零零六年 九月三十日及 二零零六年 三月三十一日 At 30th September, 2006 & 31st March, 2006	於二零零六年 九月三十日 At 30th September, 2006	於二零零六年 三月三十一日 At 31st March, 2006
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
每股面值0.10港元之股份	Shares of HK\$0.10 each	80,000	48,010	47,656

期內，本公司之已發行股本有以下變動：

Movements in the issued share capital of the Company during the period are as follows:

		股份數目	金額
		Number of shares	Amount
		千股 '000	千港元 HK\$'000
於二零零六年四月一日	At 1st April, 2006	476,557	47,656
行使購股權	Exercise of share options	3,545	354
於二零零六年九月三十日	At 30th September, 2006	480,102	48,010

於截至二零零六年九月三十日止六個月內，共有3,545,000股之購股權股份獲行使，本公司因此而分別發行300,000股、625,000股及2,620,000股每股面值0.10港元之股份，每股作價分別為1.190港元、1.590港元及2.004港元。

During the six months ended 30th September, 2006, 3,545,000 share options were exercised, resulting in the issue of 300,000 shares, 625,000 shares and 2,620,000 shares of HK\$0.10 each in the Company at a price of HK\$1.190, HK\$1.590 and HK\$2.004 per share respectively.

所有已發行股份均在所有方面與當時之現有股份享有同等權益。

All shares issued rank pari passu with the then existing shares in issue in all respects.

十三、資本性承擔

13. CAPITAL COMMITMENTS

	於二零零六年 九月三十日 At 30th September, 2006 千港元 HK\$'000	於二零零六年 三月三十一日 At 31st March, 2006 千港元 HK\$'000
就添置物業、廠房及設備 已訂約但簡明綜合財務 報告中未予撥備	Contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	
	4,448	25,903

十四、關聯人士交易

14. RELATED PARTY TRANSACTIONS

- (a) 期內，本集團分別支付360,000港元（截至二零零五年九月三十日止六個月：360,000港元）、300,000港元（截至二零零五年九月三十日止六個月：300,000港元）及108,000港元（截至二零零五年九月三十日止六個月：108,000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。租金乃按照有關租約支付。

- (b) 主要管理層薪酬

主要管理層指本公司董事。期內，主要管理層酬金為8,860,000港元（截至二零零五年九月三十日止六個月：9,767,000港元）。

- (a) During the period, the Group paid rent of HK\$360,000 (six months ended 30th September, 2005: HK\$360,000), HK\$300,000 (six months ended 30th September, 2005: HK\$300,000) and HK\$108,000 (six months ended 30th September, 2005: HK\$108,000) 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, have beneficial interests respectively. The rents were paid in accordance with the relevant rental agreements.

- (b) Compensation of key management personnel

The key management personnel are the directors of the Company. During the period, the remuneration of the key management personnel was HK\$8,860,000 (six months ended 30th September, 2005: HK\$9,767,000).

十五、結算日後事項

於二零零六年十月十日，本公司之間接全資附屬公司Primer Limited（「PL」）與殼牌中國控股私有有限公司及殼牌（中國）有限公司（以下統稱「殼牌」）訂立股份購買協議。據此，殼牌同意轉讓及PL同意購入殼牌於湛江凌志潤滑油有限公司（一家於中國成立之有限責任中外合作經營企業）之40%股本權益（「殼牌權益」），代價為人民幣36,044,000元（相當於約35,337,000港元），惟須於上述交易完成時（預期於二零零六年底）按殼牌權益之估計營運資金淨值作出調整。完成後，湛江凌志潤滑油有限公司（「湛江凌志潤滑油」）仍將為一家合作經營企業，其中80%由本公司間接擁有。湛江港務局有權在湛江凌志潤滑油向其他股東作出分派前，收取相等於其於湛江凌志潤滑油注資額20%之固定股息。PL將有權在湛江港務局獲得上述分派後，收取任何餘下溢利。

承董事會命
主席
葉志成

香港，二零零六年十二月六日

15. POST BALANCE SHEET EVENT

On 10 October, 2006, Primer Limited ("PL"), an indirect wholly-owned subsidiary of the Company, entered into a share purchase agreement with Shell China Holdings BV and Shell (China) Limited (hereinafter collectively referred to as "Shell"), pursuant to which Shell agreed to transfer and PL agreed to acquire Shell's 40% equity interest in Zhanjiang Best Lubricant Blending Limited ("Shell Interests"), a sino-foreign co-operative joint venture company with limited liability established in the Mainland China, at a consideration of RMB36,044,000 (equivalent to approximately HK\$35,337,000), subject to adjustment based on the estimated net working capital value of Shell Interests at the completion of the above-mentioned transaction which is expected to take place by the end of 2006. Upon completion, Zhanjiang Best Lubricant Blending Limited ("Zhanjiang Best Lubricant") will remain as a co-operative joint venture and will be owned as to 80% indirectly by the Company. Zhanjiang Port Authority is entitled to receive a fixed rate of dividend equivalent to 20% of its capital injection into Zhanjiang Best Lubricant, in priority to distribution to other shareholders. PL will then be entitled to any remaining profit after the aforesaid distribution to Zhanjiang Port Authority.

By Order of the Board
Ip Chi Shing, Tony
Chairman

Hong Kong, 6th December, 2006

