



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)
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Interim Report 中期業績報告



		頁 Page
概要	Highlights	2
業務回顧	Business Review	3
流動資金及財政資源	Liquidity and Financial Resources	8
僱員	Employees	9
展望	Prospects	10
中期股息	Interim Dividend	11
暫停辦理過戶登記手續	Closure of Register of Members	11
董事及最高行政人員於證券之權益及淡倉	Directors' and Chief Executives' Interests and Short Positions in Securities	11
購股權	Share Options	13
主要股東	Substantial Shareholders	16
購買、出售或贖回本公司之上市證券	Purchase, Sale or Redemption of the Company's Listed Securities	16
企業管治	Corporate Governance	17
審核委員會	The Audit Committee	17
董事進行證券交易的標準守則	Model Code for Securities Transactions by Directors	17
中期財務資料審閱報告	Report on Review of Interim Financial Information	18
簡明綜合收益表	Condensed Consolidated Income Statement	20
簡明綜合資產負債表	Condensed Consolidated Balance Sheet	21
簡明綜合權益變動表	Condensed Consolidated Statement of Changes in Equity	23
簡明綜合現金流量表	Condensed Consolidated Cash Flow Statement	24
簡明綜合財務報表附註	Notes to the Condensed Consolidated Financial Statements	25

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| 一、營業額2,350,385,000港元，比去年同期增長14% | 1. Turnover was HK\$2,350,385,000, increased by 14% compared to same period last year |
| 二、股東應佔溢利155,383,000港元，增長21% | 2. Net profit attributable to equity holders was HK\$155,383,000, an increase of 21% |
| 三、每股盈利32.1港仙，增長19% | 3. Earnings per share was HK32.1 cents, increased by 19% |
| 四、純利率從6.2%改善至6.6% | 4. Net profit margin improved from 6.2% to 6.6% |
| 五、中期股息每股10.0港仙，增長25% | 5. Interim dividend was HK10.0 cents per share, an increase of 25% |
| 六、於二零零七年九月三十日之負債比率為10%，去年同期為31% | 6. Gearing ratio as at 30 September 2007 was 10%, and the same period last year was 31% |

回顧期內，集團正面對著一個絕對是挑戰與機遇並存的經營大環境。本年初，中國政府有關方面對珠三角區內的眾多來料加工貿易廠商實施一系列新措施，以至後來在七、八月期間發生的多宗含鉛超標的玩具回收不幸事件，均廣泛地對本港的製造工業構成了沉重的壓力。本集團在珠三角的相關業務在不同程度上受到影響，因而在業務拓展方面更趨審慎，區內的業務表現平穩。

同時期內原油價格持續創新高，大部份的石化原料都處在不同幅度的升浪中。基於行業的特性和市場競爭激烈的因素，本集團之整體業務的經營溢利同時備受壓力。

唯令人鼓舞的是，期內中國的經濟持續高速增長，內部需求持續擴大和殷切，受惠於此，佔集團營業額接近九成的內銷業務於期內則取得了較預期為佳的增長，規模效應更為突顯。同時各核心業務在優化產品組合、控制成本、改善現金流等方面繼續取得成果，大部份地抵銷了成本不斷上升的壓力。期內集團錄得的營業額是2,350,385,000港元，較去年同期上升14%，股東應佔溢利則為155,383,000港元，亦較去年上升21%，純利率由6.2%進一步改善至6.6%。集團的負債比率同時下調至10%的低水平，去年同期為31%。董事會欣然議決派發中期股息每股10.0港仙，較去年的中期已派發的正常股息6.0港仙加特別中期股息2.0港仙，增加25%。

During the period under review, the Group has been facing an operating environment presenting both challenges and opportunities. Early this year, a series of new measures taken by the Chinese Government restricting the majority of processing trade enterprises in Pearl River Delta, together with the unfortunate events in July and August regarding the recall of toys with excessive level of lead in their paints have put Hong Kong's export industries under tremendous pressure. In light of such business climate, the Group has adopted a more cautious approach in expanding our business in the related segments. Consequently, the Group's performance in these segments has only seen moderate growth.

During the same period of time, with crude oil prices continuously setting new heights, the prices of most raw materials have been on the rise. Under the intensely competitive market conditions, the rising raw materials prices have put the Group's overall businesses performance under pressure.

However, it is encouraging to note that the sustained rapid growth of China's domestic economy has continued to fuel domestic demand expansion. Accordingly, the Group's businesses which are targeted at domestic consumption and, which accounts for nearly 90% of the Group's turnover, performed better than our expectations, resulting in our competitive advantages associated with our economy of scale become even more pronounced. At the same time, the Group's efforts in optimizing product portfolio, controlling costs and managing cash flow has yielded fruitful results, which helped to offset the unrelenting upward pressure on raw material costs. During the period under review, the Group recorded a turnover of HK\$2,350,385,000, representing a growth of 14%; while profit attributable to shareholders reached HK\$155,383,000, a growth of 21%, while net profit margin attributable to equity holders of the Group has further improved from 6.2% to 6.6%. The Group's gearing ratio has further decreased to a low level of 10%, from 31% last year. The Board is pleased to announce an interim dividend of HK10.0 cents per share, an increase of 25% over the interim dividend of HK6.0 cents and special interim dividend of HK2.0 cents last year.

溶劑

該業務上半年的業務較為平穩，集團錄得的營業額為1,361,128,000港元，比較去年同期增長15%。單體溶劑的銷量因受產能的制約，基本上與去年持平，因此來自混合溶劑的期內增長是頗令人鼓舞的。至於經營溢利則錄得135,479,000港元，僅比較去年同期增長6%。經營溢利的增幅反較營業額的增幅為低的主要原因是(一)單體溶劑在去年上半年，曾因供求失衡的原因，出現短暫的特殊經營環境；(二)生產混合溶劑的多種原料於期內升價較密，基於客戶慣性的交易方式，成本的上升只能滯後性地向客戶轉嫁。因此該核心業務的整體表現仍是令人滿意的。

今年八月份，集團成功收購單體溶劑業務的區內同業“惠州盛達化工”，為解決產能樽頸的困擾帶來重大突破。“惠州盛達化工”的產能經優化後已由原來的三萬噸提升至四萬五千噸。集團並正在研究多項方案，以期在年內將產能進一步提升至九萬噸。同時集團亦已開展在原廠區的部份產能優化工程，預期在本年底前完工，屆時可提升產能二萬五千噸。如上述兩項工程順利完成，明年集團的單體溶劑總產能可達三十四萬噸，規模效應的擴大可進一步確保集團的競爭優勢突顯。

Solvents

The solvents division experienced stable growth in the first half, with a turnover of HK\$1,361,128,000, an increase of 15% over the same period last year. Limited by production capacity, the turnover volume for raw solvents remained relatively stable compared to last year, whereas the growth of mixed solvents has been encouraging. The solvents division recorded an operating profit of HK\$135,479,000, representing a slight increase of 6% compared to the same period last year. The reasons for the growth rate of operating profit being less than that of turnover are twofold. 1.) In the first half of last year, raw solvents experienced a short-lived favourable operating environment caused by an imbalance between demand and supply. 2.) The prices of a variety of raw materials for mixed solvents have been rising throughout the period. Since mixed solvents are usually sold together with coatings, price increases often lag cost increases. On the whole, we remain positive about the performance in this core business.

In August this year, the Group successfully acquired Huizhou Shengda Chemical Co. Ltd. (“Shengda”), a company principally engaged in the raw solvent business in the region. The acquisition resulted in an immense breakthrough in solving our production capacity bottleneck. After some minor upgrading, the capacity of Shengda has been improved from the original 30,000 tons to 45,000 tons. The Group is also investigating a number of options to expand the production capacity of Shengda to 90,000 tons within this year. At the same time, the Group has initiated a project to optimize the original plant to add another 25,000 tons of capacity, and is expected to complete before the end of this year. If both of the above projects are completed successfully, the Group’s overall production capacity of raw solvents will reach 340,000 tons next year, and the enhanced economies of scale will further ensure that the Group’s competitive advantages will be maintained.

塗料

該業務的半年結，錄得的營業額與經營溢利分別是869,673,000港元和70,298,000港元，比較去年同期分別增長14%和17%。珠三角區內的塗料業務期內增長輕微，主要是受國家新的加工貿易政策所影響，眾多來料加工廠經營環境困難。面對區內一個持續不明朗的經營環境，公司在業務拓展策略和信貸監控方面更趨謹慎。令人欣喜的是，因繼續受惠於國內經濟持續高速增長，強勁的內部需求所帶動，以及集團在國內市場推廣方面增加資源投放，成效逐漸浮現，因此期內的業務表現是優於預期的。

在經營溢利方面，期內的毛利率僅較去年微升。集團在降低成本、提昇盈利質素的種種努力成果，幾乎全被不斷和緩慢的原材料價格上升所蠶食，因此期內的經營溢利的增長主要是拜銷售大幅上升所賜的。

集團對塗料業務的發展前景依然是非常樂觀的。毛利率的短期受壓和滯後向市場轉嫁的狀況，最終為集團近年來不懈地提昇綜合競爭能力所扭轉。然而集團更深信，塗料業務最大的增長點必然是整體市場的需求增加，以及本身所佔市場份額的不斷提升。為配合業務不斷發展需要，年前，集團著手對上海、成都、汕頭三廠的產能優化工程已基本完成，同時位於浙江桐鄉的新廠房亦將按計劃在明年十月前投產，對塗料業務的中期發展提供了必需的配備。

Coatings

In the first half, the Group's coatings division recorded a turnover and operating profit of HK\$869,673,000 and HK\$70,298,000 respectively, representing an increase of 14% and 17% respectively compared to the same period last year. During this period, the coatings division in Pearl River Delta only enjoyed moderate growth because of the country's new policies regarding the processing industry, putting a large number of processing enterprises under pressure. Faced with a sustained uncertain operating environment, the Group pursued a more cautious attitude to business development and took a more prudent approach towards credit control. However, we are delighted that the sustained rapid growth of China's domestic economy, strong domestic demand, coupled with the Group's increased resource allocation in marketing and promotion has all contributed to a business performance which surpassed our expectations.

As to operating profit, the profit margin only registered a slight increase compared to last year, indicating that the efforts in cost reduction and enhancement in profit quality have almost been offset by the continuously soaring raw material prices. Accordingly, the growth of operating profit can largely be attributed to the increase in turnover.

Nevertheless, the Group has remained very positive about the prospects of the coatings business. The squeeze on profit margins in the short term and the time lag in passing cost increases to the market will eventually be turned around by the Group's perseverance in enhancing the overall competitiveness. However, the Group firmly believes that the impetus for growth in the coatings division remains the increasing overall market demand, together with our market share gain. To cater for the ongoing business development needs, the Group has started to embark on the expansion of the plants in Shanghai, Chengdu and Shantou a year ago, and these projects have now been completed. At the same time, progress in the construction of the new plant in Tongxiang, Zhejiang is on schedule and will commence production not later than October next year. These projects will provide adequate support for the development of the coatings division in the medium term.

潤滑油

在回顧期內，潤滑油的經營環境依然極不穩定。由於潤滑油的主要原料乃從原油提煉而成的基礎油，潤滑油的成本無可避免地深受國際原油價格的影響。年初時原油價格曾一度喘定及回順，而潤滑油市場馬上出現激烈競爭，同業爭相削價促銷以爭奪市場份額。但短短數月後形勢迅速大變，原油價格再創歷史新高！在此環境下，潤滑油業務仍然錄得營業額119,065,000港元，比去年同期升14%，經營溢利1,560,000港元，亦較去年的經營虧損1,864,000港元大有改善。

期內集團繼續致力於重整潤滑油業務。產品架構已從三年前的80%汽車油變為目前的74%工業油，而且特種潤滑油的比重更已逾潤滑油總銷量之一半。

展望下半年，潤滑油的市場環境依然嚴峻。由於原油已屆每桶近百美元水平，相信在未來的數月中，潤滑油的業務將不免受到此史無前例的油價影響，因此預期集團的潤滑油業務的經營環境仍將持續惡劣。為應付未來的挑戰，集團將繼續深化潤滑油的重整工作，並盡量發揮與整合兩家從事潤滑油業務的子公司間的協同效應。

Lubricants

During the period under review, the lubricants business continued to operate under extremely turbulent market conditions. As the main raw material, base oils, are a refined oil product, it is heavily influenced by the price of crude oil. During the beginning of the period, the crude oil market had a brief respite of relative normalcy while the lubricants market became intensely competitive, with all marketers resorting to price-cutting and promotions to gain market share. However, as the period progressed, the crude oil market turned suddenly and once again scaled new heights. Against this market background, the lubricants division recorded a turnover of HK\$119,065,000, an increase of 14% compared to the same period of last year, with a small operating profit of HK\$1,560,000, compared to a loss of HK\$1,864,000 in the same period of last year.

In the mean time, the restructuring effort in the Group's lubricants business continues. The product portfolio has turned from over 80% automotive lubricants three years ago to 74% industrial lubricants during the period, with a specialty lubricants accounting for over 50% of total lubricants sales.

The outlook for the business for the second half is still very daunting, with crude oil nearing the US\$100 per barrel barrier. It is expected that the full effect of these unprecedented oil prices will be borne by the lubricants business in the second half, hence the lubricants division should continue to expect a very difficult period ahead. To overcome the challenges ahead, the Group will continue its restructuring efforts in lubricants, and will further exploit the synergistic opportunities between its two lubricants subsidiaries.

潤滑油 (續)

集團附屬子公司，「東莞太平洋博高潤滑油有限公司」，PACOIL品牌產品最近榮獲【十大潤滑油質量品牌】殊榮。這個「中國質量放心品牌」行業十大品牌評審活動是由人民日報社網路中心、消費日報、中國質量信用網主辦，消費者投票初選及中國質量領先企業專家評審委員會審核。

此獎項再次引證客戶對集團產品及品牌的認受性及集團對產品質素嚴緊管理的成果。



Lubricants (Continued)

Dongguan Pacoil Lubricant Co., Ltd., an indirect subsidiary of the Group, was recently awarded the title of "Top Ten Quality Lubricant Brand" for its products under the PACOIL brand in the category of "Quality Assured Brands of China (中國質量放心品牌)" in an event assessing Top Ten Industry Brands (行業十大品牌) organized by People's Daily Online, Consumption Daily and China12365 (中國質量信用網). The selections were first voted by consumers and reviewed by the Assessment Panel Committee on Chinese Leading Quality Enterprises (中國質量領先企業界專家評審委員會).

The award further testifies that the Group's products and brands are highly recognized by our customers and that our commitment to strictly control product quality has produced fine results.



四川龍蟒鈦業

集團持有8%權益的「四川龍蟒鈦業」繼去年順利擴產至八萬噸，成為中國境內最大的鈦白粉生產商後，現正準備在未來三年內將產能進一步擴充廿萬噸。

Lomon Titanium Limited ("Lomon")

The Group holds 8% of the unlisted company Lomon. Following last year's successful capacity expansion to 80,000 tons and thereby becoming the largest manufacturer of titanium dioxide in China, Lomon is planning to further expand to 200,000 tons within three years.

四川龍蟒鈦業(續)

“龍蟒”在本年六月完成股權重置，同時對部份高層管理人員分配股份以作激勵，集團應其要求作出配合，以每股2.97人民幣作價，出售600萬股，集團從而獲帳面利潤約1,100萬人民幣，在龍蟒的持股量則下降至5%。

企業社會責任

集團視取諸社會，用諸社會，克盡企業公民責任為一項長期的、有意義的工作。除重視安全工作程序和環境外，更積極推動有關環保的項目，亦關注國內助學計劃，使之成為持續性，不斷深化的活動。

集團積極參與公益活動，尤其致力推動環保。例如贊助地球之友舉辦的「綠野先鋒2007」，一個在郊野公園舉行的樹苗種植慈善比賽。公司員工踴躍參與，齊為綠色的未來而努力。

流動資金及財務資源

集團持續執行審慎的理財策略，進一步控制應收帳及庫存，加上持續的盈利增長帶來可觀的現金流，使集團的借貸比率不斷改善。於二零零七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10%，較上年同期的31%有大幅改善。

截至二零零七年九月三十日集團的銀行欠款為629,942,000港元(二零零七年三月三十一日：484,237,000港元)，包括需於一年內清還之貸款為486,091,000港元，其中14,216,000港元以人民幣定值及85,207,000港元以美元定值(二零零七年三月三十一日：428,601,000港元，其中13,260,000港元以人民幣定值及美元為零)。

Lomon Titanium Limited (“Lomon”) (Continued)

In June this year, Lomon has completed a restructuring of its shareholding base, and at the same time taken measures to reward its senior management with opportunities for share subscription. The Group acceded to the request of Lomon to sell 6,000,000 shares back to Lomon at RMB2.97 each thus realizing a book profit of approximately RMB11 million. Accordingly, the Group's shareholding in Lomon has been reduced to 5%.

Corporate Citizenship/ Social Responsibility

The Group regards Corporate Citizenship as a long term, meaningful commitment. Apart from placing high importance on safe working practices and conditions, the Group is also dedicated to continuing its participation in projects relating to environmental protection in Hong Kong and education projects in China, and making it an enduring pursuit, aiming at continuous improvement in this regard.

The Group seeks to actively participate in social responsibility projects, especially on environmental protection schemes. The Group sponsored the “Tree Planting Challenge 2007”, organized by the Friends of the Earth, a competition on planting in Hong Kong country park, and was met with enthusiasm from all levels of staff, who teamed up to work for a greener future.

Liquidity and Financial Resources

Through the adoption of prudent financial management strategy over the years with particular emphasis on the control of accounts receivable and inventory levels, and increasing cash inflow from continuous profit growth, gearing ratio of the Group continued to improve. As at 30 September 2007, the Group's gearing ratio (as measured by net bank borrowings as a percentage of shareholders' equity) was 10%, a significant improvement over the same period last year at 31%.

As at 30 September 2007, the total gross bank borrowings of the Group was HK\$629,942,000 (at 31 March 2007: HK\$484,237,000). Out of this total bank borrowings, HK\$486,091,000 was repayable within one year, of which HK\$14,216,000 was denominated in Renminbi and HK\$85,207,000 was denominated in US Dollar (at 31 March 2007: HK\$428,601,000, of which HK\$13,260,000 was denominated in Renminbi and Nil for US Dollar).

流動資金及財務資源 (續)

另外，一年後到期的銀行貸款則為143,851,000港元(二零零七年三月三十一日：55,636,000港元)。此等貸款均按浮動利率計算利息。

在期內，集團共獲4間銀行授予並借取合共170,000,000港元的中期浮息貸款，此等貸款均需在三年內按季度償還。於二零零七年九月三十日，共16間香港、澳門及國內銀行向集團提供合共1,732,502,000港元的銀行額度(二零零七年三月三十一日：1,446,560,000港元)，其中86%以港元或美元定值，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。

由於中國外貿連續多年出現順差，人民幣匯率表現強勁，而利率則隨著通漲逐漸上升，預料此趨勢短期內不會改變。本集團之資產亦主要集中於國內，而收入也主要來自國內並以人民幣交收結算，管理層因此認為在現階段實無需要採取對沖措施。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、美元或人民幣之銀行貸款作為各項投資之融資手段。

僱員

於二零零七年九月三十日，本集團之僱員人數合共為3,863人，其中香港之僱員人數為155人，而中國其他省份之僱員人數則為3,708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。

Liquidity and Financial Resources (Continued)

Loans repayable after one year at 30 September 2007 was HK\$143,851,000 (at 31 March 2007: HK\$55,636,000). All these loans carried interest at floating rates.

During the period, the Group raised HK\$170,000,000 floating rate term loans from 4 banks, which are repayable by quarterly repayments within 3 years. As at 30 September 2007, a total of 16 banks in Hong Kong, Macau and PRC granted banking facilities totaling HK\$1,732,502,000 to the Group (at 31 March 2007: HK\$1,446,560,000), 86% of these facilities were denominated in Hong Kong Dollar or US Dollar, while the rest in Renminbi. The Group's available banking facilities and its future cash flow 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.

On the back of China's trade surplus, the exchange rate of Renminbi has shown considerable strength in the past and inflation and interest rates have been increasing gradually. It is expected that this trend will continue in the near future. Since the majority of the Group's assets are located in the PRC, and most of its income is also generated in Renminbi, management considers that no hedging measures are necessary at this stage. The Group will continue to strive to strike a balance between lowering borrowing cost and minimizing currency exposure by funding its investments through either Hong Kong Dollar, US Dollar or Renminbi bank loans.

Employees

As at 30 September 2007, there were a total of 3,863 employees of which 155 were based in Hong Kong and 3,708 were based in other provinces 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.

僱員 (續)

集團致力於培育及發展人才，多年前推行行政管理見習生及技術見習生計劃，於香港、國內、以至國際間的高等學府招聘精英，培育他們加入管理層或成為專業的技術人才，以提昇集團在管理及科研上的競爭力。集團還積極建立自強不息的公司文化。透過內部培訓及參與外界訓練課程，員工不斷增強工作技能。另外，集團推行的教育資助政策，鼓勵員工不斷自我增值，讓他們於工作上發揮所長。

展望

集團預期下半年的經營大環境將變得更不明朗，美國經濟的進一步疲弱，必然對全球性的經濟活動帶來衝擊。國際原油價格持續高企，石化相關的原料波動也將無可避免的。然而這些負面的因素，對本集團而言，相對是輕微的。另一方面中國的強勁經濟活力和內部需求源源不斷，以及本集團各核心業務在優化業務質素、提昇綜合性競爭實力所持之以恒的努力成果不斷釋放，將是集團得以持續平穩、健康增長的基石。集團的業績不斷取得突破也將是可預期的。

基於集團核心業務的不斷整固，以及持續強勁的現金流，集團在確保原業務平穩增長的同時，將密切關注市場情況，在力所能及和可與原業務產生協同、整合效應的兩大原則下，積極物色更多的併購機會，以期更快地加速集團的壯大。

Employees (Continued)

The Group pledges always to enable our employees to achieve continuous self-improvement. With the Trainee Program already in place for several years, top graduates from tertiary institutes in Hong Kong, China and overseas are recruited and trained to join management level or become technical experts, thereby sharpening the competitive edge of the Group in management and technology. The Group promotes lifelong learning. In-house and external training programs are offered to enrich the competencies of our employees. Moreover, the Group has an educational subsidy scheme to encourage employees to upgrade themselves both in their work and in personal development.

Prospects

The Group anticipates that the operating environment will become even more uncertain in the second half of the year. The weakening US economy will inevitably have an adverse impact on the global economy. With crude oil prices continuing to stay at lofty heights, petrochemical-raw material prices will inevitably be volatile. Nevertheless, we expect that these negative factors will only have a relatively minor impact on the Group. On the other hand, the vibrant Chinese economy and strong domestic demand, together with the cumulative results of the Group's efforts over the years in enhancing the quality of its core businesses and raising the overall competitiveness, should lay the foundation for our steady, sustained and healthy growth. We therefore expect the Group's performance to continue to go from strength to strength.

In view of the underlying strength of the Group's core businesses, coupled with the very strong cash flow, the Group will, whilst ensuring that its existing businesses will continue to grow steadily, also endeavor to enhance growth by being more pro-active in exploring and pursuing merger and acquisition opportunities, always provided that the principles of prudence and synergy with our existing core businesses are observed.

展望 (續)

本人僅代表董事會向全體員工、客戶、商業伙伴和股東們致以深切謝意！

中期股息

董事會議決派發截至二零零七年九月三十日止六個月之中期股息每股10.0港仙(截至二零零六年九月三十日止六個月：每股6.0港仙)。截至二零零七年九月三十日止六個月內並無宣告派發特別中期股息(截至二零零六年九月三十日止六個月：每股2.0港仙)。上述中期股息將於二零零八年一月七日派發予於二零零七年十二月二十四日登記於股東名冊內之股東。

暫停辦理過戶登記手續

本公司將於二零零七年十二月二十一日至二零零七年十二月二十四日(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，所有過戶表格連同有關之股票，最遲須於二零零七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卓佳秘書商業有限公司以辦理過戶登記手續。

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。於二零零七年九月三十日，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：-

Prospects (Continued)

On behalf of the Board, I would like to express my sincere gratitude to all the staff, customers, business partners and stakeholders.

Interim Dividend

The directors have declared an interim dividend of HK10.0 cents per share for the six months ended 30 September 2007 (six months ended 30 September 2006 : HK6.0 cents per share). No special interim dividend (six months ended 30 September 2006: HK2.0 cents per share) is declared for the six months ended 30 September 2007. The interim dividend is payable on 7 January 2008 to shareholders whose names appear on the Register of Members of the Company on 24 December 2007.

Closure of Register of Members

The Register of Members will be closed from 21 December 2007 to 24 December 2007 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Share Registrars in Hong Kong, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 20 December 2007.

Directors' and Chief Executives' Interests and Short Positions in Securities

The Company had not issued any debenture since its incorporation. As at 30 September 2007, 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:-

好倉

Long positions

董事姓名 Name of Director	股份數目 Number of Ordinary Shares			佔股權之概約 百分比 Approximately % of Shareholding
	個人權益 Personal Interests	家族權益 Family Interests	總數 Total	
葉志成先生 Mr. Ip Chi Shing, Tony	189,623,932	–	189,623,932	38.99%
葉鳳娟小姐 Ms. Ip Fung Kuen	58,000,000	–	58,000,000	11.93%
葉子軒先生 Mr. Yip Tsz Hin, Stephen	36,340,000	20,000,000 (a)	56,340,000	11.58%
吳紹平先生 Mr. Ng Siu Ping, George	1,632,000	50,000 (b)	1,682,000	0.35%
丁漢欽先生 Mr. Ting Hon Yam	498,000	–	498,000	0.10%
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	2,102,000	–	2,102,000	0.43%
唐匯棟先生 Mr. Tong Wui Tung, Ronald	–	500,000 (c)	500,000	0.10%
黃廣志先生 Mr. Wong Kong Chi	–	100,000 (d)	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 (e)	–	150,000	0.03%

附註:

Notes:

- | | |
|-----------------------------|--|
| (a) 此等股份由葉子軒先生之妻子葉曹家麗女士持有。 | (a) These shares are held by Madam Yip Tso Ka Lai, the wife of Mr. Yip Tsz Hin, Stephen. |
| (b) 此等股份由吳紹平先生之妻子蕭靄莉女士持有。 | (b) These shares are held by Madam Siu Oi Li, Maicy, the wife of Mr. Ng Siu Ping, George. |
| (c) 此等股份由唐匯棟先生之妻子劉梅心女士持有。 | (c) These shares are held by Madam Lau Mui Sum, the wife of Mr. Tong Wui Tung, Ronald. |
| (d) 此等股份由黃廣志先生之妻子詹小慧女士持有。 | (d) These shares are held by Madam Jim Siu Wai, the wife of Mr. Wong Kong Chi. |
| (e) 此等股份與李澤民先生之妻子鄭綺霞女士共同持有。 | (e) These shares are jointly held with Madam Cheng Yee Ha, the wife of Mr. Li Chak Man, Chuck. |

好倉 (續)

有關本公司現有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，於二零零七年九月三十日，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。

購股權

於截至二零零七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購股權計劃(「現有計劃」)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：-

Long positions (Continued)

Details of the share options held by the directors under the Company's existing 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 30 September 2007, 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.

Share Options

During the six months ended 30 September 2007, 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 share option scheme adopted on 3 September 2002 (the "Existing Scheme") were as follows:-

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 share options				
			於二零零七年 四月一日 尚未行使 Outstanding at 1.4.2007	本期內 授出 Granted during the period	本期內 行使 Exercised during the period	本期內 取消 Cancelled during the period	於二零零七年 九月三十日 尚未行使 Outstanding at 30.9.2007
董事							
Directors							
葉志成先生 Mr. Ip Chi Shing	二零零七年四月三日 3 April 2007	4.050	-	200,000	200,000	-	-
葉鳳娟小姐 Ms. Ip Fung Kuen	二零零七年四月三日 3 April 2007	4.050	-	200,000	-	-	200,000
葉子軒先生 Mr. Yip Tsz Hin, Stephen	二零零七年四月三日 3 April 2007	4.050	-	200,000	200,000	-	-
吳紹平先生 Mr. Ng Siu Ping, George	二零零二年十一月十四日 14 November 2002	1.190	500,000	-	-	-	500,000
	二零零四年五月十七日 17 May 2004	1.590	300,000	-	-	-	300,000
	二零零五年十月二十四日 24 October 2005	2.004	200,000	-	-	-	200,000
	二零零七年四月三日 3 April 2007	4.050	-	200,000	-	-	200,000
丁漢欽先生 Mr. Ting Hon Yam	二零零二年十一月十四日 14 November 2002	1.190	500,000	-	500,000	-	-
	二零零五年十月二十四日 24 October 2005	2.004	200,000	-	-	-	200,000
	二零零七年四月三日 3 April 2007	4.050	-	200,000	-	-	200,000

購股權 (續)

Share Options (Continued)

		購股權數目						
		Number of share options						
授出日期 Date of Grant	行使價 Exercise Price 港元 HK\$	於二零零七年	本期內	本期內	本期內	於二零零七年		
		四月一日 尚未行使 Outstanding at 1.4.2007	授出 Granted during the period	行使 Exercised during the period	取消 Cancelled during the period	九月三十日 尚未行使 Outstanding at 30.9.2007		
董事								
Directors								
黃金焰先生 Mr. Wong Kam Yim, Kenny	二零零二年十一月十四日 14 November 2002	1.190	500,000	-	-	-	500,000	
	二零零四年五月十七日 17 May 2004	1.590	300,000	-	-	-	300,000	
	二零零五年十月二十四日 24 October 2005	2.004	200,000	-	-	-	200,000	
	二零零七年四月三日 3 April 2007	4.050	-	200,000	-	-	200,000	
楊民儉先生 Mr. Young Man Kim, Robert	二零零七年四月三日 3 April 2007	4.050	-	200,000	200,000	-	-	
			<u>2,700,000</u>	<u>1,400,000</u>	<u>1,100,000</u>	<u>-</u>	<u>3,000,000</u>	
員工								
Employees								
	二零零二年十一月十四日 14 November 2002	1.190	100,000	-	-	-	100,000	
	二零零四年五月十七日 17 May 2004	1.590	1,275,000	-	350,000	150,000	775,000	
	二零零四年十月八日 8 October 2004	1.690	3,000,000	-	1,000,000	-	2,000,000	
	二零零五年十月二十四日 24 October 2005	2.004	3,564,000	-	1,178,000	100,000	2,286,000	
	二零零七年四月三日 3 April 2007	4.050	-	6,926,000	1,052,000	26,000	5,848,000	
			<u>7,939,000</u>	<u>6,926,000</u>	<u>3,580,000</u>	<u>276,000</u>	<u>11,009,000</u>	
			<u>10,639,000</u>	<u>8,326,000</u>	<u>4,680,000</u>	<u>276,000</u>	<u>14,009,000</u>	

購股權 (續)

於二零零七年四月三日，根據本公司現有計劃以每股4.050港元行使價授予8,326,000股購股權予若干董事或其他僱員。

至於期內已行使之購股權，其緊接購股權行使日期之前的加權平均收市價為5.288港元。

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。

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。

主要股東

於二零零七年九月三十日，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，並無任何人士於二零零七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

截至二零零七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。

Share Options (Continued)

On 3 April 2007, 8,326,000 share options were granted to certain directors and employees at an exercise price of HK\$4.050 per share under the Company's Existing Scheme.

In respect of the options exercised during the period, the weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$5.288.

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.

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.

Substantial Shareholders

As at 30 September 2007, 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 30 September 2007.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 September 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

企業管治

截至二零零七年九月三十日止六個月期間，本公司均遵守香港聯合交易所有限公司證券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，惟主席及行政總裁的角色應有區分，及不應由一人同時兼任之守則條文第A.2.1條則有所偏離。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。由二零零八年四月一日開始，集團將逐步推行新的管理架構和模式。屆時董事會的主席與管理委員會的行政總裁將由不同的人士出任。

審核委員會

審核委員會於一九九八年十一月成立，其成員包括一位非執行董事及三位獨立非執行董事組成，其主席為黃廣志先生。審核委員會主要角色及功能包括檢討本集團財務資料、監控本集團財務報告系統與內部控制程序及監察本集團與外聘核數師的關係。

審核委員會已於二零零七年十一月二十九日之審核委員會會議上審閱本集團截至二零零七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香港會計準則第34條「中期財務報告」審閱本集團截至二零零七年九月三十日止六個月的中期財報資料。

董事進行證券交易的標準守則

本公司截至二零零七年九月三十日止六個月期內已採納載於香港聯合交易所有限公司證券上市規則附錄十之有關上市公司董事進行證券交易的標準守則（「標準守則」）。本公司已特別就期內董事是否有任何未遵守標準守則作出查詢，全體董事確認他們已完全遵從標準守則所規定的準則。

Corporate Governance

During the six months period ended 30 September 2007, 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 of Hong Kong Limited save for the deviation from Code provision A.2.1 on the roles of chairman and chief executive officer which 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. Beginning on 1 April 2008, the Group will gradually implement a new group management structure in which the role of the chairman of the Board and the role of the chief executive officer of the Group's management committee will be separated and held by two individuals.

The Audit Committee

The Audit Committee was formed in November 1998 and consists of a Non-Executive Director and three Independent Non-executive Directors, and is chaired by Mr. Wong Kong Chi. Major roles and functions of the Audit Committee include review of financial information of the Group, oversight of the Group's financial reporting system and internal control procedures and monitoring of the relationship between the Group and its external auditors.

An audit committee meeting was held on 29 November 2007 to review the Group's unaudited interim financial statements for the six months ended 30 September 2007. Deloitte Touche Tohmatsu, the Group's external auditors, have carried out a review of the Group's unaudited interim financial information for the six months ended 30 September 2007, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as its own code of conduct regarding Directors' securities transactions. After making specific enquiry, all Directors have confirmed that they have fully complied with the required standard as set out in the Model Code during the six months ended 30 September 2007.

Deloitte.

德勤

致葉氏化工集團有限公司董事會

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

引言

本核數師(以下簡稱「我們」)已審閱載於第二十至三十六頁葉氏化工集團有限公司之中期財務資料。此中期財務資料包括於二零零七年九月三十日之簡明綜合資產負債表與截至該日止六個月期間之相關簡明綜合收益表、權益變動表和現金流量表及若干說明附註。香港聯合交易所有限公司主板證券上市規則規定，就中期財務資料編製之報告必須符合當中有關條文以及香港會計師公會頒佈之香港會計準則(「香港會計準則」)第34號「中期財務報告」。董事須對根據香港會計準則第34號編製及呈列該中期財務資料負責。我們的責任為根據審閱對該中期財務資料作出結論，並按照委聘之協定條款僅向作為實體之閣下報告結論，且並無其他目的。我們不會就本報告之內容向任何其他人士負上或承擔任何責任。

Introduction

We have reviewed the interim financial information set out on pages 20 to 36, which comprises the condensed consolidated balance sheet of Yip's Chemical Holdings Limited as of 30 September 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, 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.

審閱範圍

我們已根據香港會計師公會頒佈之香港審閱委聘準則第2410號「公司獨立核數師對中期財務資料之審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務之人員作出查詢，並應用分析性和其他審閱程序。審閱範圍遠少於根據香港核數準則進行審核之範圍，故不能讓我們保證我們將知悉在審核中可能發現之所有重大事項。因此，我們不會發表審核意見。

Scope of Review

We conducted our review in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

結論

按照我們之審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號編製。

德勤•關黃陳方會計師行

執業會計師

香港

二零零七年十二月六日

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

6 December 2007

簡明綜合收益表

Condensed Consolidated Income Statement

		截至九月三十日止六個月 Six months ended 30 September		
		二零零七年 2007 (未經審核) (Unaudited) 千港元 HK\$'000	二零零六年 2006 (未經審核) (Unaudited) 千港元 HK\$'000	
	附註 Notes			
營業額	Turnover	3	2,350,385	2,061,761
銷售成本	Cost of sales		<u>(1,903,467)</u>	<u>(1,622,738)</u>
毛利	Gross profit		446,918	439,023
其他收入	Other income		43,107	10,659
銷售及經銷費用	Selling and distribution expenses		(65,070)	(58,999)
行政費用	Administrative expenses		<u>(201,613)</u>	<u>(199,584)</u>
經營溢利	Profit from operations	3 & 4	223,342	191,099
利息費用	Interest expense		<u>(12,271)</u>	<u>(13,312)</u>
除稅前溢利	Profit before taxation		211,071	177,787
稅項	Taxation	5	<u>(30,830)</u>	<u>(28,383)</u>
本期純利	Profit for the period		<u>180,241</u>	<u>149,404</u>
應佔溢利：	Attributable to:			
本公司股東	Equity holders of the Company		155,383	128,397
少數股東權益	Minority interests		<u>24,858</u>	<u>21,007</u>
			<u>180,241</u>	<u>149,404</u>
每股盈利	Earnings per share	7		
– 基本	– Basic		<u>HK32.1港仙cents</u>	<u>HK26.9港仙cents</u>
– 攤薄	– Diluted		<u>HK31.6港仙cents</u>	<u>HK26.6港仙cents</u>

簡明綜合資產負債表

Condensed Consolidated Balance Sheet

			於二零零七年 九月三十日 At 30 September 2007 (未經審核) (Unaudited) 千港元 HK\$'000	於二零零七年 三月三十一日 At 31 March 2007 (已審核) (Audited) 千港元 HK\$'000
非流動資產	Non-current assets			
物業、廠房及設備	Property, plant and equipment	8	544,031	516,368
預付土地租金	Prepaid lease payments		84,450	75,728
商譽	Goodwill		70,820	30,491
無形資產	Intangible assets		10,880	1,000
可供出售投資	Available-for-sale investment		11,317	17,653
購買物業訂金	Deposit paid for acquisition of property, plant and equipment		10,693	17,774
其他非流動資產	Other non-current assets		4,600	4,600
			<u>736,791</u>	<u>663,614</u>
流動資產	Current assets			
存貨	Inventories		413,469	417,767
應收賬款	Trade debtors	9	989,009	751,288
其他應收賬款及預付款項	Other debtors and prepayments		120,330	99,762
預付土地租金	Prepaid lease payments		2,584	2,212
衍生金融工具	Derivative financial instruments		–	4
短期銀行存款	Short-term bank deposits		202,777	94,481
銀行結餘及現金	Bank balances and cash		298,179	234,077
			<u>2,026,348</u>	<u>1,599,591</u>
流動負債	Current liabilities			
應付賬款及應計費用	Creditors and accrued charges	10	664,418	487,226
應付稅款	Taxation payable		60,078	56,163
銀行借貸— 一年內到期	Bank borrowings – amount due within one year	11	485,633	428,508
衍生金融工具	Derivative financial instruments		262	–
銀行透支	Bank overdrafts		458	93
			<u>1,210,849</u>	<u>971,990</u>

			於二零零七年 九月三十日 At 30 September 2007 (未經審核) (Unaudited) 千港元 HK\$'000	於二零零七年 三月三十一日 At 31 March 2007 (已審核) (Audited) 千港元 HK\$'000
流動資產淨值	Net current assets		815,499	627,601
總資產減流動負債	Total assets less current liabilities		1,552,290	1,291,215
非流動負債	Non-current liabilities			
銀行借貸 – 一年後到期	Bank borrowings – amount due after one year	11	143,851	55,636
遞延稅項負債	Deferred taxation liabilities		5,686	1,892
			149,537	57,528
			1,402,753	1,233,687
股本及儲備	Capital and reserves			
股本	Share capital	12	48,632	48,164
儲備	Reserves		1,203,644	1,055,644
本公司股東應佔權益	Equity attributable to equity holders of the Company		1,252,276	1,103,808
少數股東權益	Minority interests		150,477	129,879
			1,402,753	1,233,687

簡明綜合權益變動表

截至二零零七年九月三十日止六個月

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2007

		歸屬於本公司股東之權益 Attributable to equity holders of the Company											
		股本 Share capital 千港元 HK\$'000	股份溢價 Share premium 千港元 HK\$'000	購股權 儲備 Share option reserve 千港元 HK\$'000	不可分派 儲備 Non- distributable reserve 千港元 HK\$'000	匯兌儲備 Translation reserve 千港元 HK\$'000	法定儲備 Legal reserve 千港元 HK\$'000	資本回購 儲備 Capital redemption reserve 千港元 HK\$'000	保留溢利 Retained profits 千港元 HK\$'000	合計 Total 千港元 HK\$'000	少數股東 權益 Minority interests 千港元 HK\$'000	合計 Total 千港元 HK\$'000	
於二零零六年 四月一日	At 1 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 30 September 2006	48,010	240,756	766	3,915	59,027	574	5,038	655,786	1,013,872	106,525	1,120,397	
二零零七年 四月一日	At 1 April 2007	48,164	243,661	607	3,915	89,319	1,121	5,038	711,983	1,103,808	129,879	1,233,687	
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	-	-	-	-	35,675	-	-	-	35,675	3,594	39,269	
期內純利	Profit for the period	-	-	-	-	-	-	-	155,383	155,383	24,858	180,241	
期內確認收入總額	Total recognised income for the period	-	-	-	-	35,675	-	-	155,383	191,058	28,452	219,510	
小計	Subtotal	48,164	243,661	607	3,915	124,994	1,121	5,038	867,366	1,294,866	158,331	1,453,197	
因購股權行使 而發行股份之 溢價	Shares issued at premium upon exercise of share options	468	12,358	(954)	-	-	-	-	-	11,872	-	11,872	
確認為股份為 基準之付款支出	Recognition of equity-settled share-based payment	-	-	3,881	-	-	-	-	-	3,881	-	3,881	
購股權失效及轉帳 至保留溢利	Share options lapsed and transfer to retained profits	-	-	(15)	-	-	-	-	15	-	-	-	
轉帳	Transfer	-	-	-	63,800	-	4,805	-	(68,605)	-	-	-	
已付股息	Dividends paid	-	-	-	-	-	-	-	(58,343)	(58,343)	-	(58,343)	
已付附屬公司少數 股東股息	Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(7,854)	(7,854)	
二零零七年 九月三十日	At 30 September 2007	48,632	256,019	3,519	67,715	124,994	5,926	5,038	740,433	1,252,276	150,477	1,402,753	

不可分派儲備指用於以下各項之資金：(i)彌補以往年度虧損或(ii)擴大生產運作。

The non-distributable reserve represents funds used to (i) make up prior year losses or (ii) expand production operations.

本集團不可予分派之法定儲備為香港以外附屬公司根據有關註冊地點之法定要求撥入之溢利。

The legal reserve is non-distributable and represents the transfer of profits of a subsidiary outside Hong Kong pursuant to the legal requirements in the relevant place of registration.

簡明綜合現金流量表

截至二零零七年九月三十日止六個月

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2007

		截至九月三十日止六個月	
		Six months ended 30 September	二零零六年
		二零零七年	二零零六年
		2007	2006
		(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	Net cash from operating activities	<u>135,476</u>	<u>29,407</u>
投資業務所產生之淨現金支出	Net cash used in investing activities		
收購附屬公司	Acquisition of a subsidiary	(53,766)	(14,533)
購買物業、廠房及設備	Purchases of property, plant and equipment	(31,511)	(48,975)
預付土地租金增加	Increase in prepaid lease payments	(480)	-
出售可供出售投資收益	Proceeds from disposal of available-for-sale investment	18,409	-
其他投資現金流量	Other investing cash flows	<u>5,831</u>	<u>3,074</u>
		<u>(61,517)</u>	<u>(60,434)</u>
融資業務所產生之淨現金收入	Net cash from financing activities		
新銀行貸款	New borrowings	385,885	320,743
償還銀行貸款	Repayment of borrowings	(240,825)	(234,951)
支付股東股息	Dividends paid to shareholders	(58,343)	(43,202)
其他融資現金流量	Other financing cash flows	<u>4,017</u>	<u>3,133</u>
		<u>90,734</u>	<u>45,723</u>
淨現金及現金等額增加	Net increase in cash and cash equivalents	164,693	14,696
期初時之現金及現金等額	Cash and cash equivalents at beginning of the period	328,465	263,691
匯率變動所產生之影響	Effect of foreign exchange rate changes	<u>7,340</u>	<u>3,856</u>
期終時之現金及現金等額	Cash and cash equivalents at end of the period	<u>500,498</u>	<u>282,243</u>
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	202,777	99,201
銀行結餘及現金	Bank balances and cash	298,179	183,842
銀行透支	Bank overdrafts	<u>(458)</u>	<u>(800)</u>
		<u>500,498</u>	<u>282,243</u>

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」編製。

二. 主要會計政策

除若干金融工具以公允價值計算外，本簡明綜合財務報表是按歷史成本為基礎編製。

本簡明綜合財務報表使用之會計政策乃與編製本公司及其附屬公司（「本集團」）二零零七年三月三十一日止年度之年度財務報表所依循者相符一致。

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之新香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）之修訂及詮釋（「詮釋」）（下文統稱為「新香港財務報告準則」），該等新香港財務報告準則於二零零七年四月一日開始之本集團財政年度生效。採用該等新香港財務報告準則對本會計期間或過往會計期間之本集團業績或財務狀況並無重大影響。因此，毋須作出前期調整。

本集團並無提早採用下列已頒佈但尚未生效之新訂及經修訂準則或詮釋。

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 31 March 2007.

In the current interim period, the Group has applied, for the first time, a new Hong Kong Financial Reporting Standard ("HKFRS"), amendment of Hong Kong Accounting Standard ("HKAS") and Interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2007. The adoption of these new HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

二、 主要會計政策(續)

香港會計準則第23條 (經修訂)	借款費用 ¹
香港財務報告準則 – 第8條	經營分類 ¹
香港(國際財務報告 詮釋委員會) – 詮釋第12條	服務經營權安排 ²
香港(國際財務報告 詮釋委員會) – 詮釋第13條	客戶忠誠計劃 ³
香港(國際財務報告 詮釋委員會) – 詮釋第14條	香港會計準則第19號- 界定福利資產的限制、 最低資金要求及兩者 之相互關係 ²

¹ 於二零零九年一月一日或其後開始之年度期間生效

² 於二零零八年一月一日或其後開始之年度期間生效

³ 於二零零八年七月一日或其後開始之年度期間生效

本公司董事預期採用該等新訂及經修訂準則或詮釋將不會對本集團之業績及財務狀況造成重大影響。

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)

HKAS 23 (Revised)	Borrowing costs ¹
HKFRS 8	Operating segments ¹
HK(IFRIC)* – INT 12	Service concession arrangements ²
HK(IFRIC) – INT 13	Customer loyalty programmes ³
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

* IFRIC represents the International Financial Reporting Interpretations Committee.

The directors of the Company anticipate the application of these new and revised standards or interpretations will have no material impact on the results and the financial position of the Group.

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)

(a) 業務分類(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
截至二零零七年 九月三十日止六個月	Six months ended 30 September 2007						
分類營業額	Segment revenue						
對外銷售	External sales	1,327,298	844,204	118,826	60,057	-	2,350,385
分類間銷售	Inter-segment sales	33,830	25,469	239	66	(59,604)	-
總額	Total	<u>1,361,128</u>	<u>869,673</u>	<u>119,065</u>	<u>60,123</u>	<u>(59,604)</u>	<u>2,350,385</u>
業績	Results						
分類業績	Segment result	<u>135,479</u>	<u>70,298</u>	<u>1,560</u>	<u>6,053</u>	<u>(380)</u>	213,010
利息收入	Interest income						3,668
出售可供出售投資收益	Gain on disposal of available-for-sale investment						11,591
未分配集團費用	Unallocated corporate expenses						<u>(4,927)</u>
經營溢利	Profit from operations						223,342
利息費用	Interest expense						<u>(12,271)</u>
除稅前溢利	Profit before taxation						211,071
稅項	Taxation						<u>(30,830)</u>
本期純利	Profit for the period						<u>180,241</u>
截至二零零六年 九月三十日止六個月	Six months ended 30 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	<u>1,183,025</u>	<u>761,183</u>	<u>104,231</u>	<u>65,085</u>	<u>(51,763)</u>	<u>2,061,761</u>
業績	Results						
分類業績	Segment result	<u>127,479</u>	<u>59,990</u>	<u>(1,864)</u>	<u>6,901</u>	<u>177</u>	192,683
利息收入	Interest income						2,042
未分配集團費用	Unallocated corporate expenses						<u>(3,626)</u>
經營溢利	Profit from operations						191,099
利息費用	Interest expense						<u>(13,312)</u>
除稅前溢利	Profit before taxation						177,787
稅項	Taxation						<u>(28,383)</u>
本期純利	Profit for the period						<u>149,404</u>

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)

(a) Business segments (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	level	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	Consolidated	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	level	HK\$'000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	Consolidated	HK\$'000
截至二零零七年	Six months ended						
九月三十日止六個月	30 September 2007						
資本性添置	Capital additions	19,030	20,323	1,397	-	303	41,053
物業、廠房及設備之折舊及攤銷	Depreciation and amortisation of property, plant and equipment	7,269	13,485	2,123	-	780	23,657
預付租賃攤銷	Release of prepaid lease payments	216	754	-	-	166	1,136
無形資產攤銷	Amortisation of intangible assets	197	534	-	-	-	731
		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	level	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	Consolidated	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	level	HK\$'000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	Consolidated	HK\$'000
截至二零零六年	Six months ended						
九月三十日止六個月	30 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

(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，故省略綜合營業額和經營溢利的地區分析。

(b) Geographical segments

As the Group's turnover and trading results are principally derived from Mainland China, an analysis of the consolidated turnover and 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 30 September 二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
經營溢利已扣除下列各項： Profit from operations has been arrived at after charging:			
無形資產攤銷	Amortisation of intangible assets	731	500
物業、廠房及設備之折舊及攤銷	Depreciation and amortisation of property, plant and equipment	23,657	18,644
物業、廠房及設備之減值準備	Impairment losses of property, plant and equipment	-	194
預付租賃攤銷	Release of prepaid lease payments	1,136	1,076
並經已計入： and after crediting:			
出售可供出售投資收益	Gain on disposal of available-for-sale investment	11,591	-
利息收入	Interest income	3,668	2,042

五、 稅項

5. TAXATION

		截至九月三十日止六個月	
		Six months ended 30 September 二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
此費用包括： The charge comprises:			
現行稅項	Current tax		
香港	Hong Kong	2,342	2,909
中國大陸	Mainland China	28,780	25,396
		31,122	28,305
遞延稅項	Deferred taxation		
香港	Hong Kong	(292)	78
		30,830	28,383

香港利得稅乃按照本期估計應課稅溢利按稅率17.5% (截至二零零六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 30 September 2006) on the estimated assessable profit for the period. Enterprise income tax in Mainland China has been provided at the rates prevailing in the respective jurisdictions.

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

五、 稅項 (續)

於二零零七年三月十六日，中華人民共和國主席令第63號頒佈了中華人民共和國企業所得稅法(「新稅法」)，新稅法將於二零零八年一月一日生效。新稅法將內資企業及外資企業之所得稅率劃一為25%。然而，有關新稅法之具體實施細則仍有待公佈。目前，本集團採用相關司法權區之現行稅率。新稅法對於過往年度採用外資企業稅法之企業提供五年過渡期。由於仍未公佈具體實施細則，故本集團將繼續評估該新稅法之影響。

六、 股息

期內支付截至二零零七年三月三十一日止年度之期末股息每股12.0港仙合共58,343,000港元(截至二零零六年九月三十日止六個月：支付截至二零零六年三月三十一日止年度每股9.0港仙，合共43,202,000港元)。

於二零零七年九月三十日後，董事會議決派發截至二零零七年九月三十日止六個月之中期股息每股10.0港仙(截至二零零六年九月三十日止六個月：每股6.0港仙)。截至二零零七年九月三十日止六個月並無宣告派發特別中期股息(截至二零零六年九月三十日止六個月：每股2.0港仙)。上述中期股息將於二零零八年一月七日派發予於二零零七年十二月二十四日名列於公司股東登記冊上之股東。

5. TAXATION (Continued)

On 16 March 2007, Mainland China promulgated the Law of Mainland China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of Mainland China which will take effect on 1 January 2008. The New Law will impose a single income tax rate of 25% for both domestic and foreign invested enterprises. However, the detailed implementation rules regarding the New Law have yet to be made public. Currently, the Group applied tax rates prevailing in the relevant jurisdictions. The New Law has provided a 5-year transitional period for those entities that applied foreign invested enterprises tax laws in previous years. As there are still no detailed implementation rulings released, the Group will continue to assess the impact of such new law.

6. DIVIDENDS

During the period, a final dividend of HK12.0 cents per share in respect of the year ended 31 March 2007 amounting to HK\$58,343,000 was paid (six months ended 30 September 2006: HK9.0 cents per share was paid for the year ended 31 March 2006 amounting to HK\$43,202,000).

Subsequent to 30 September 2007, the directors resolved to declare an interim dividend of HK10.0 cents per share for the six months ended 30 September 2007 (six months ended 30 September 2006: HK6.0 cents per share). No special interim dividend (six months ended 30 September 2006: HK2.0 cents per share) is declared for the six months ended 30 September 2007. The interim dividend is payable on 7 January 2008 to the shareholders of the Company whose names appear on the Company's register of members on 24 December 2007.

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：

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	155,383	128,397
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	484,256	478,021
可能對股份產生之攤薄影響：	Effect of dilutive potential ordinary shares:		
購股權	Share options	7,122	4,858
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	491,378	482,879

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	
		二零零七年 2007 千港元 HK\$'000	二零零六年 2006 千港元 HK\$'000
		155,383	128,397
		股份數目 Number of shares	
		千股 '000	千股 '000
		484,256	478,021
		7,122	4,858
		491,378	482,879

八、物業、廠房及設備添置

於本期內，本集團耗資約31,511,000港元（截至二零零六年九月三十日止六個月：48,975,000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。

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group paid approximately HK\$31,511,000 (six months ended 30 September 2006: HK\$48,975,000) for additions to manufacturing plant in Mainland China to upgrade its manufacturing capacity.

九、應收賬款

於結算日應收賬款之賬齡分析如下：

零至三個月	0 – 3 months	848,879	587,061
四至六個月	4 – 6 months	127,574	135,082
六個月以上	Over 6 months	12,556	29,145
		989,009	751,288

本集團向其除銷客戶提供由30天至90天之信貸期。

9. TRADE DEBTORS

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

		於二零零七年 九月三十日 At 30 September 2007 千港元 HK\$'000	於二零零七年 三月三十一日 At 31 March 2007 千港元 HK\$'000
		848,879	587,061
		127,574	135,082
		12,556	29,145
		989,009	751,288

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435,625,000港元(於二零零七年三月三十一日：309,674,000港元)，於結算日應付貨款之賬齡分析如下：

零至三個月	0 – 3 months
四至六個月	4 – 6 months
六個月以上	Over 6 months

10. CREDITORS AND ACCRUED CHARGES

At the balance sheet date, the balance of creditors and accrued charges included trade creditors of HK\$435,625,000 (31 March 2007: HK\$309,674,000). The aged analysis of trade creditors at the balance sheet date is as follows:

	於二零零七年 九月三十日 At 30 September 2007 千港元 HK\$'000	於二零零七年 三月三十一日 At 31 March 2007 千港元 HK\$'000
零至三個月	433,348	305,584
四至六個月	2,069	3,579
六個月以上	208	511
	<u>435,625</u>	<u>309,674</u>

十一、銀行借貸

期內，本集團取得385,885,000港元(於二零零六年九月三十日：320,743,000港元)新銀行借貸，並償還240,825,000港元(於二零零六年九月三十日：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個月至三年內償還。

11. BANK BORROWINGS

During the period, the Group obtained new bank borrowings in the amount of HK\$385,885,000 (six months ended 30 September 2006: HK\$320,743,000) and repaid bank borrowings of HK\$240,825,000 (six months ended 30 September 2006: HK\$234,951,000). The new bank borrowings bear interest at market rates and are repayable ranging from 1 month to 3 years.

十二、股本

12. SHARE CAPITAL

	法定 Authorised 於二零零七年 九月三十日及 三月三十一日 At 30 September 2007 & 31 March 2007 千港元 HK\$'000	已發行及繳足 Issued and fully paid 於二零零七年 九月三十日 At 30 September 2007 千港元 HK\$'000	於二零零七年 三月三十一日 At 31 March 2007 千港元 HK\$'000
每股面值0.10港元之股份 Shares of HK\$0.10 each	80,000	48,632	48,164

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 Number of shares 千股 '000	金額 Amount 千港元 HK\$'000
於二零零七年四月一日 At 1 April 2007	481,642	48,164
行使購股權 Exercise of share options	4,680	468
於二零零七年九月三十日 At 30 September 2007	<u>486,322</u>	<u>48,632</u>

於截至二零零七年九月三十日止六個月內，共有4,680,000股之購股權股份獲行使，本公司因此而分別發行500,000股、350,000股、1,000,000股、1,178,000股及1,652,000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、1.690港元、2.004港元及4.050港元。

During the six months ended 30 September 2007, 4,680,000 share options were exercised, resulting in the issue of 500,000 shares, 350,000 shares, 1,000,000 shares, 1,178,000 shares and 1,652,000 shares of HK\$0.10 each in the Company at a price of HK\$1.190, HK\$1.590, HK\$1.690, HK\$2.004 and HK\$4.050 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、購股權計劃

本公司為本集團之合資格僱員設有購股權計劃。於本期間內，尚未行使購股權之詳情如下：

期初尚未行使的購股權
 本期間授出
 本期間失效
 本期間行使
 期末尚未行使的購股權

本公司股份緊接於二零零七年四月三日(購股權授出日期)之前收市價為4.020港元。

於本期間，購股權已於二零零七年四月三日授出。購股權之公允值採用柏力克－舒爾斯期權定價模式於授出日期釐定為0.4661港元。

計算於二零零七年四月三日購股權之公允值所作出的假設如下：

行使價	4.05港元
預計期限	0.5-5年
預計波幅	23.33%-31.61%
股息率	3.70%
無風險利率	3.58%-4.005%

購股權之公允值乃採用柏力克－舒爾斯期權定價模式預測。計算購股權之公允值時採用之變數及假設乃根據管理層之最佳估計作出。購股權之價值會受若干主觀假設之不同變數影響而改變。

13. SHARE OPTIONS

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

	購股權數目 Number of share options
Outstanding at the beginning of the period	10,639,000
Granted during the period	8,326,000
Forfeited during the period	(276,000)
Exercised during the period	<u>(4,680,000)</u>
Outstanding at the end of the period	<u>14,009,000</u>

The closing price of the Company's shares immediately before 3 April 2007, the date of grant of the option, was HK\$4.020.

In the current period, share options were granted on 3 April 2007. The fair values of the options determined at the dates of grant using the Black-Scholes option pricing model was HK\$0.4661.

The following assumptions were used to calculate the fair values of share options granted on 3 April 2007:

Exercise price	HK\$4.05
Expected life	0.5 – 5 years
Expected volatility	23.33% – 31.61%
Dividend yield	3.70%
Risk free rate	3.58% – 4.005%

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

十四、收購附屬公司

於二零零七年八月一日，江門謙信化工發展有限公司與葉氏工業控股有限公司（兩者均為本公司擁有75%權益之間接附屬公司）收購惠州盛達化工有限公司（「惠州盛達」）之全部股本權益。惠州盛達乃一家於中國大陸成立之中外合資有限公司，主要從事製造及買賣醋酸丁酯（一種用於木器漆及其他塗料工業之溶劑）。購買惠州盛達全部股本權益之代價為55,568,000人民幣（相當於約57,180,000港元）。該項收購採用購買會計法處理入賬。

14. ACQUISITION OF A SUBSIDIARY

On 1 August 2007, Jiangmen Handsome Chemical Development Ltd. and Yip's Industrial Holdings Limited, both of which are indirect 75% interest owned subsidiaries of the Company, acquired the entire equity interest of 惠州盛達化工有限公司（“惠州盛達”），a sino-foreign equity joint venture company with limited liability established in Mainland China. 惠州盛達 is primarily engaged in the manufacture of and trading in butyl acetate (being a solvent used in the wood coating and other coating industries) in Mainland China. The purchase consideration for the entire equity interest in 惠州盛達 was RMB55,568,000 (equivalent to approximately HK\$57,180,000). This acquisition has been accounted for using the purchase method.

		於合併前被收購方之賬面金額 Acquiree's carrying amount before acquisition 千港元 HK\$'000	公允值調整 Fair value adjustments 千港元 HK\$'000	公允值 Fair value 千港元 HK\$'000
收購之淨資產：	Net assets acquired:			
物業、廠房及設備	Property, plant and equipment	4,066	4,278	8,344
預付土地租金	Prepaid lease payments	200	2,320	2,520
無形資產	Intangible assets	—	9,745	9,745
銀行結餘及現金	Bank balances and cash	328	—	328
遞延稅項負債	Deferred taxation liabilities	—	(4,086)	(4,086)
		<u>4,594</u>	<u>12,257</u>	<u>16,851</u>
商譽	Goodwill			<u>40,329</u>
代價合計	Total consideration			<u>57,180</u>
支付方式：	Satisfied by:			
現金	Cash			54,094
應付代價	Consideration payable			<u>3,086</u>
				<u>57,180</u>
收購附屬公司之現金流出淨額	Net cash outflow arising on acquisition			
現金代價	Cash consideration			(54,094)
收購之銀行結存及現金	Cash and cash equivalents acquired			<u>328</u>
				<u>(53,766)</u>

十四、收購附屬公司(續)

收購產生之商譽指與本集團因製造及買賣醋酸酯類產品及集中採購網絡之經濟規模效益而產生之協同效應之可得價值。

惠州盛達於收購日期起至結算日止期間錄得24,000 港元虧損。

倘上述收購已於二零零七年四月一日完成，截至二零零七年九月三十日止期間本集團之總營業額應為2,370,346,000港元，而截至二零零七年九月三十日止期間之溢利應為180,193,000港元。備考資料僅供說明之用，並不一定顯示倘於二零零七年四月一日完成收購本集團實際應獲得之營業額及經營業績，亦無計劃用作未來業績之預測。

已收購無形資產之公允值乃按專業估價釐定。已收購無形資產乃有關賣方及彼等之最終股東就不得於收購後五至十年期間在中國大陸境內直接或間接成立任何企業製造或買賣醋酸酯類產品而作出之不競爭契諾。

十五、資本性承擔

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

14. ACQUISITION OF A SUBSIDIARY (Continued)

The goodwill on acquisition represents the value obtainable from synergies with the Group on the economy of scale of manufacture of and trading in acetate products and centralising the Group's sourcing network.

惠州盛達 contributed a loss of HK\$24,000 for the period from the date of acquisition to the balance sheet date.

If the above acquisition had been completed on 1 April 2007, total group turnover for the period ended 30 September 2007 would have been HK\$2,370,346,000 and profit for the period ended 30 September 2007 would have been HK\$180,193,000. The proforma information is for illustrative purpose only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor it intended to be a projection of future results.

The fair value of the intangible assets acquired, which relates to the non-competition covenant given by the vendors and their respective ultimate shareholders for not establishing, directly or indirectly, within Mainland China any enterprise to produce or trade acetate products for a period ranging from five to ten years after the acquisition, has been determined by reference to professional valuations.

15. CAPITAL COMMITMENTS

二零零七年 九月三十日 At 30 September 2007 千港元 HK\$'000	二零零七年 三月三十一日 At 31 March 2007 千港元 HK\$'000
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Contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	<u>6,162</u>	<u>11,796</u>
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十六、關聯人士交易

- (a) 期內，本集團分別支付480,000港元(截至二零零六年九月三十日止六個月：360,000港元)及300,000港元(截至二零零六年九月三十日止六個月：300,000港元)之租金予港德投資有限公司及嘉捷投資有限公司，本公司之董事葉志成先生及葉子軒先生分別於該兩間公司持有受益權。截至二零零六年九月三十日止六個月，本集團支付108,000港元(截至二零零七年九月三十日止六個月：零港元)予香港微型科技有限公司，本公司之董事吳紹平先生於該公司持有受益權。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10,582,000港元(截至二零零六年九月三十日止六個月：8,860,000港元)。

承董事會命
葉志成
主席

香港，二零零七年十二月六日

16. RELATED PARTY TRANSACTIONS

- (a) During the period, the Group paid rent of HK\$480,000 (six months ended 30 September 2006: HK\$360,000) and HK\$300,000 (six months ended 30 September 2006: HK\$300,000) to Goldex Investments Limited and Galsheer Investments Limited respectively in which Mr. Ip Chi Shing, Tony and Mr. Yip Tsz Hin, Stephen, the directors of the Company, have beneficial interests respectively. For the six months ended 30 September 2006, the Group paid rent of HK\$108,000 (six months ended 30 September 2007: nil) to Microphase Technology Company Limited in which Mr. Ng Siu Ping, George, the director of the Company, has a beneficial interest. 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\$10,582,000 (six months ended 30 September 2006: HK\$8,860,000).

By Order of the Board
Ip Chi Shing, Tony
Chairman

Hong Kong, 6 December 2007