

LEE & MAN CHEMICAL COMPANY LIMITED

理文化工有限公司

Stock Code 股份代號 : 746



Together We Grow



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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive directors

Ms. Wai Siu Kee (*Chairman*)
Mr. Lee Man Yan (*Chief Executive Officer*)
Professor Chan Albert Sun Chi
Mr. Yang Zuo Ning

Independent non-executive directors

Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron BBS JP
Mr. Heng Victor Ja Wei

AUDIT COMMITTEE

Mr. Heng Victor Ja Wei (*Chairman*)
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron BBS JP

REMUNERATION COMMITTEE

Mr. Heng Victor Ja Wei (*Chairman*)
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron BBS JP

NOMINATION COMMITTEE

Ms. Wai Siu Kee (*Chairman*)
Mr. Heng Victor Ja Wei
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron BBS JP

COMPANY SECRETARY

Mr. Cheung Kwok Keung

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

董事會

執行董事

衛少琦女士(*主席*)
李文恩先生(*首席執行官*)
陳新滋教授
楊作寧先生

獨立非執行董事

王啟東先生
尹志強先生BBS太平紳士
邢家維先生

審核委員會

邢家維先生(*主席*)
王啟東先生
尹志強先生BBS太平紳士

薪酬委員會

邢家維先生(*主席*)
王啟東先生
尹志強先生BBS太平紳士

提名委員會

衛少琦女士(*主席*)
邢家維先生
王啟東先生
尹志強先生BBS太平紳士

公司秘書

張國強先生

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG OFFICE

8th Floor, Liven House
61–63 King Yip Street
Kwun Tong
Kowloon
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:

The Hongkong and Shanghai Banking Corporation Ltd.
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
Mizuho Bank Ltd., Hong Kong Branch
DBS Bank (Hong Kong) Limited

In the PRC:

China Construction Bank Corporation
Bank of China Limited

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR

SMP Partners (Cayman) Limited
Royal Bank House, 3th Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KYI-1110, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

<http://www.leemanchemical.com>

香港辦事處

香港
九龍
觀塘
敬業街61–63號
利維大廈8樓

主要往來銀行

香港：

香港上海匯豐銀行有限公司
恒生銀行有限公司
中國銀行(香港)有限公司
瑞穗銀行·香港分行
星展銀行(香港)有限公司

中國：

中國建設銀行股份有限公司
中國銀行股份有限公司

核數師

德勤·關黃陳方會計師行
執業會計師

主要股份過戶登記處

SMP Partners (Cayman) Limited
Royal Bank House, 3th Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KYI-1110, Cayman Islands

香港股份過戶登記分處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心22樓

網址

<http://www.leemanchemical.com>

Interim Results

中期業績

The board of directors (the "Board") of Lee & Man Chemical Company Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017 together with comparative figures for the last corresponding period as follows:

理文化工有限公司(「本公司」)董事會欣然公布，本公司及其附屬公司(「本集團」)截至2017年6月30日止6個月之未經審核中期業績，連同去年同期比較數字如下：

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

簡明綜合損益及其他全面收益表

截至2017年6月30日止6個月

| | | Six months ended 30 June | |
|---|------------------------|---------------------------------|--------------------|
| | | 截至6月30日止6個月 | |
| | | 2017 | 2016 |
| | | (Unaudited) | (Unaudited) |
| | | (未經審核) | (未經審核) |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| | <i>Notes</i> | | |
| | <i>附註</i> | | |
| Revenue | 3 | 1,252,591 | 810,106 |
| Cost of sales | | (719,509) | (513,501) |
| Gross profit | | 533,082 | 296,605 |
| Other income | 4 | 14,218 | 33,430 |
| Net exchange gains (losses) | | 10,385 | (8,101) |
| Other losses | 5 | (514) | (704) |
| Selling and distribution costs | | (74,471) | (58,171) |
| General and administrative expenses | | (81,386) | (66,945) |
| Research and development cost | | (45,334) | (21,185) |
| Finance costs | 6 | (37,004) | (6,965) |
| Share of loss of joint ventures | | (470) | (1,580) |
| Profit before taxation | | 318,506 | 166,384 |
| Income tax expense | 7 | (77,024) | (47,134) |
| Profit for the period | 8 | 241,482 | 119,250 |
| Other comprehensive income (expenses): | 其他全面收益(支出)： | | |
| Items that will not be reclassified to profit or loss: | 其後不會重新分類至損益的項目： | | |
| Exchange differences arising from translation | | 24,331 | - |
| Net loss on hedging instruments in cash flow hedges | | - | (18) |
| Other comprehensive income (expenses) for the period | | 24,331 | (18) |
| Total comprehensive income for the period | | 265,813 | 119,232 |
| Earnings per share: | | | |
| - Basic (HK cents) | 10 | 29.3 | 14.5 |
| - Diluted (HK cents) | | 29.1 | N/A 不適用 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

簡明綜合財務狀況表

於2017年6月30日

| | | | 30.06.2017 (Unaudited) (未經審核) HK\$'000 千港元 | 31.12.2016 (Audited) (經審核) HK'000 千港元 |
|--|-------------|-----------------|---|---|
| | Notes 附註 | | | |
| NON-CURRENT ASSETS | | 非流動資產 | | |
| Property, plant and equipment | 11 | 物業、廠房及設備 | 3,489,725 | 3,319,668 |
| Prepaid lease payments | | 預付租賃款項 | 112,049 | 112,496 |
| Investment property | | 投資物業 | 62,500 | 61,798 |
| Intangible assets | | 無形資產 | 2,576 | 2,254 |
| Deposits paid for the acquisition of property, plant and equipment | | 購置物業、廠房及設備之已付訂金 | 96,414 | 115,836 |
| Interests in joint ventures | | 合營企業之權益 | 16,480 | 16,693 |
| Loan to a joint venture | | 合營企業之貸款 | 96,865 | 95,365 |
| Other deposits | | 其他訂金 | 94,305 | 93,245 |
| Deferred tax asset | | 遞延稅項資產 | 24,026 | 23,317 |
| | | | 3,994,940 | 3,840,672 |
| CURRENT ASSETS | | 流動資產 | | |
| Inventories | 12 | 存貨 | 333,009 | 231,846 |
| Prepaid lease payments | | 預付租賃款項 | 3,497 | 3,022 |
| Trade and other receivables | 13 | 應收貿易及其他款項 | 636,184 | 425,880 |
| Tax recoverable | | 應收稅項 | - | 7,951 |
| Amounts due to related companies | | 應收關連公司款項 | 1,208 | - |
| Amount due from a joint venture | | 合營企業之應收款項 | 15,369 | 14,603 |
| Bank balances and cash | | 銀行結餘及現金 | 305,575 | 228,091 |
| | | | 1,294,842 | 911,393 |
| CURRENT LIABILITIES | | 流動負債 | | |
| Trade and other payables | 14 | 應付貿易及其他款項 | 389,835 | 355,400 |
| Amounts due to related companies | | 應付關連公司款項 | - | 2,602 |
| Taxation payable | | 應付稅項 | 34,395 | 48,681 |
| Derivative financial instruments | | 衍生金融工具 | - | 20 |
| Bank borrowings – due within 1 year | | 銀行借款 – 1年內到期 | 479,104 | 444,759 |
| | | | 903,334 | 851,462 |
| NET CURRENT ASSETS | | 流動資產淨額 | 391,508 | 59,931 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 總資產減流動負債 | 4,386,448 | 3,900,603 |
| NON-CURRENT LIABILITIES | | 非流動負債 | | |
| Other payables | 14 | 應付其他款項 | 39,902 | 26,299 |
| Deferred tax liabilities | | 遞延稅項負債 | 8,099 | 8,008 |
| Bank borrowings – due after 1 year | | 銀行借款 – 1年後到期 | 1,763,609 | 1,524,271 |
| | | | 1,811,610 | 1,558,578 |
| NET ASSETS | | 資產淨值 | 2,574,838 | 2,342,025 |
| CAPITAL AND RESERVES | | 資本及儲備 | | |
| Share capital | 15 | 股本 | 82,500 | 82,500 |
| Reserves | | 儲備 | 2,492,338 | 2,259,525 |
| | | | 2,574,838 | 2,342,025 |

Interim Results

中期業績

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 簡明綜合權益變動表

For the six months ended 30 June 2017

截至2017年6月30日止6個月

| | | Share capital | Share premium | Non-distributable reserve | Safety fund reserve | Translation reserve | Hedging reserve | Special reserve | Accumulated profits | Total |
|---|--------------------------|---------------|---------------|---------------------------|---------------------|---------------------|-----------------|-----------------|---------------------|------------------|
| | | 股本 | 股份溢價 | 不可分派儲備 | 安全基金儲備 | 匯兌儲備 | 對沖儲備 | 特別儲備 | 累計溢利 | 合計 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| | | | | (note i) | | | | (note ii) | | |
| | | | | (附註i) | | | | (附註ii) | | |
| At 1 January 2016 (audited) | 於2016年1月1日(經審核) | 82,500 | 20,307 | 289,475 | 20,348 | 32,456 | (184) | (97,362) | 1,998,738 | 2,346,278 |
| Profit for the period | 期內溢利 | - | - | - | - | - | - | - | 119,250 | 119,250 |
| Other comprehensive expense for the period | 期內其他全面支出 | - | - | - | - | - | (18) | - | - | (18) |
| Total comprehensive expense for the period | 期內全面支出總額 | - | - | - | - | - | (18) | - | 119,250 | 119,232 |
| Dividend recognised as distribution | 已確認分派之股息 | - | - | - | - | - | - | - | (41,250) | (41,250) |
| Transfer to non-distributable reserve | 轉入不可分派儲備 | - | - | 16,297 | - | - | - | - | (16,297) | - |
| Release upon deregistration of a subsidiary | 釋出已註銷附屬公司的匯兌儲備 | - | - | - | - | 224 | - | - | (224) | - |
| At 30 June 2016 (unaudited) | 於2016年6月30日(未經審核) | 82,500 | 20,307 | 305,772 | 20,348 | 32,680 | (202) | (97,362) | 2,060,217 | 2,424,260 |
| At 1 January 2017 (audited) | 於2017年1月1日(經審核) | 82,500 | 20,307 | 333,446 | 14,427 | (105,453) | - | (97,362) | 2,094,160 | 2,342,025 |
| Profit for the period | 期內溢利 | - | - | - | - | - | - | - | 241,482 | 241,482 |
| Other comprehensive income for the period | 期內其他全面收益 | - | - | - | - | 24,331 | - | - | - | 24,331 |
| Total comprehensive income for the period | 期內全面收益總額 | - | - | - | - | 24,331 | - | - | 241,482 | 265,813 |
| Dividend recognised as distribution | 已確認分派之股息 | - | - | - | - | - | - | - | (33,000) | (33,000) |
| Transfer to non-distributable reserve | 轉入不可分派儲備 | - | - | 26,524 | - | - | - | - | (26,524) | - |
| At 30 June 2017 (unaudited) | 於2017年6月30日(未經審核) | 82,500 | 20,307 | 359,970 | 14,427 | (81,122) | - | (97,362) | 2,276,118 | 2,574,838 |

notes:

附註:

- According to the relevant laws in the People's Republic of China ("PRC"), wholly foreign-owned enterprises in the PRC are required to transfer at least 10% of their net profits after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The non-distributable reserve fund can be used to offset the previous years' losses, if any. The non-distributable reserve fund is non-distributable other than upon liquidation.
- The special reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired pursuant to a group reorganisation in December 2001.
- 根據中華人民共和國(「中國」)相關法律，在中國的外資企業須結轉最少10%除稅後溢利(根據中國會計規定釐定)至不可分派儲備，直至儲備結餘達到註冊資本50%。結轉該儲備必須在分派股息給股東前。不可分派儲備可用作抵銷過往年度虧損(如有)。除清盤外，不可分派儲備是不得分派。
- 本集團之特別儲備乃本公司透過2001年12月之集團重組所收購之附屬公司之股本面值與本公司已發行股本面值之差額。

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

簡明綜合現金流量表

截至2017年6月30日止6個月

| | | Six months ended 30 June | |
|---|-----------------------|---------------------------------|-------------|
| | | 截至6月30日止6個月 | |
| | | 2017 | 2016 |
| | | (Unaudited) | (Unaudited) |
| | | (未經審核) | (未經審核) |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| NET CASH FROM OPERATING ACTIVITIES | 經營業務所得現金淨額 | 132,277 | 239,244 |
| INVESTING ACTIVITIES | 投資活動 | | |
| Purchase of property, plant and equipment | 購置物業、廠房及設備 | (133,343) | (139,839) |
| Deposits paid for acquisition of property, plant and equipment | 購置物業、廠房及設備之 已付訂金 | (121,085) | (69,455) |
| Decrease in construction payable | 應付建設款項減少 | (2,566) | (46,027) |
| Interest received | 已收利息 | 1,062 | 1,228 |
| Proceeds from disposal of property, plant and equipment | 出售固定資產所得款項 | 41 | 94 |
| NET CASH USED IN INVESTING ACTIVITIES | 投資活動所耗現金淨額 | (255,891) | (253,999) |
| FINANCING ACTIVITIES | 融資活動 | | |
| Bank borrowings raised | 新籌集銀行借款 | 632,797 | 517,591 |
| Repayment of bank borrowings | 償還銀行借款 | (370,670) | (617,353) |
| Interest paid | 已付利息 | (37,004) | (27,733) |
| Dividends paid | 已付股息 | (33,000) | (41,250) |
| Settlement of derivative financial instruments under hedge accounting | 衍生金融工具於對沖 會計法下結算 | - | (301) |
| NET CASH FROM (USED IN) FINANCING ACTIVITIES | 融資活動所得(所出)現金淨額 | 192,123 | (169,046) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 現金及等同現金項目 增加(減少)淨額 | 68,509 | (183,801) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 期初之現金及等同現金項目 | 228,091 | 252,721 |
| EFFECT OF CHANGES IN EXCHANGE RATE | 匯率變動之影響 | 8,975 | (1,712) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 期末之現金及等同現金項目 | 305,575 | 67,208 |

Interim Results

中期業績

NOTE TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Interpretations issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs and Interpretations in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

(a) Operating segments

Information reported to the Chief Executive Officer of the Company, being the Chief Operating Decision Maker (“CODM”), for the purposes of resources allocation and assessment of segment performance focuses on types of goods sold.

The CODM regards the Chemical Business as the Group’s sole operating reportable segment and reviews the Group’s results and financial position as a whole for the purpose of performance measurement and resources allocation. Accordingly, no segment analysis is presented other than entity wide disclosure.

簡明綜合財務報表附註

附註：

1. 編製基準

本簡明綜合財務報表乃按照香港會計師公會(「香港會計師公會」)頒布之香港會計準則第34號中期財務報告，及香港聯合交易所有限公司證券上市規則(「上市規則」)附錄16所載之適用披露規定而編製。

2. 主要會計政策

本簡明綜合財務報表按歷史成本法編製，惟按公允值計量之衍生金融工具除外。

除下文所述，編製截至2017年6月30日止6個月之簡明綜合財務報表所採用的會計政策及計算方法，與本集團截至2016年12月31日止年度財務報表所採用者一致。

於本中期期間，本集團已首次採納由香港會計師公會頒布且已於本中期期間強制生效的香港財務報告準則(「香港財務報告準則」)及詮釋的若干修訂。

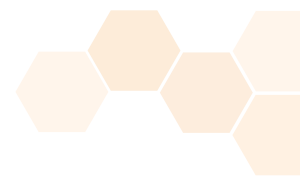
於本中期期間應用該等香港財務報告準則及詮釋的修訂對此等簡明綜合財務報表所呈報之金額及／或所載披露資料並無重大影響。

3. 分部資料

(a) 經營分部

銷售商品種類是作為呈報分部資料的劃分基礎，向本集團首席執行官，作為主要經營決策者呈報資料，以作出資源分配及評核分部表現。

本集團主要營運決策者以化工業務為本集團的唯一可報告分部，並檢討其整體財政狀況以作出資源分配及評核分部表現。因此，本集團並無編製任何分部資料分析。



3. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

The Group's operations are located in the PRC.

The Group's revenue from external customers by geographical location is detailed below:

| | | Revenue from external customers | |
|-----|----|--|----------|
| | | 來自外部客戶的收入 | |
| | | Six months ended 30 June | |
| | | 截至6月30日止6個月 | |
| | | 2017 | 2016 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| PRC | 中國 | 1,252,591 | 810,106 |

(c) Revenue from major products

The following is an analysis of the Group's revenue from its major products:

| | | Six months ended 30 June | |
|-------------------------|-------|---------------------------------|----------|
| | | 截至6月30日止6個月 | |
| | | 2017 | 2016 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Chloromethane products | 甲烷氯化物 | 292,635 | 247,290 |
| Caustic soda | 燒碱 | 643,387 | 389,762 |
| Fluorochemical products | 氟化工產品 | 246,017 | 110,336 |
| Hydrogen peroxide | 過氧化氫 | 43,290 | 29,701 |
| Others | 其他 | 27,262 | 33,017 |
| | | 1,252,591 | 810,106 |

(d) Information about major customers

No customer contributed over 10% of the total sales of the Group in both periods.

3. 分部資料(續)

(b) 地區資料

本集團業務位於中國。

本集團來自外部客戶之收入按地區劃分詳情如下：

| | | Revenue from external customers | |
|-----|----|--|----------|
| | | 來自外部客戶的收入 | |
| | | Six months ended 30 June | |
| | | 截至6月30日止6個月 | |
| | | 2017 | 2016 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| PRC | 中國 | 1,252,591 | 810,106 |

(c) 主要產品收入

本集團主要產品收入分析如下：

| | | Six months ended 30 June | |
|-------------------------|-------|---------------------------------|----------|
| | | 截至6月30日止6個月 | |
| | | 2017 | 2016 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Chloromethane products | 甲烷氯化物 | 292,635 | 247,290 |
| Caustic soda | 燒碱 | 643,387 | 389,762 |
| Fluorochemical products | 氟化工產品 | 246,017 | 110,336 |
| Hydrogen peroxide | 過氧化氫 | 43,290 | 29,701 |
| Others | 其他 | 27,262 | 33,017 |
| | | 1,252,591 | 810,106 |

(d) 主要客戶資料

在這兩個期間均無客戶銷售額超出本集團總銷售額的10%。

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4. OTHER INCOME

4. 其他收入

| | | Six months ended 30 June 截至6月30日止6個月 | |
|----------------------|--------|---|-------------------------|
| | | 2017 HK\$'000 千港元 | 2016 HK\$'000 千港元 |
| Bank interest income | 銀行利息收入 | 1,062 | 1,228 |
| Government grant | 政府補貼 | 4,764 | 17,395 |
| Scrap sales | 廢品收入 | 2,392 | 2,139 |
| Others | 其他 | 6,000 | 12,668 |
| | | 14,218 | 33,430 |

5. OTHER LOSSES

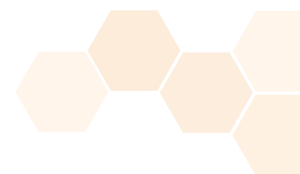
5. 其他虧損

| | | Six months ended 30 June 截至6月30日止6個月 | |
|--|---------------------|---|-------------------------|
| | | 2017 HK\$'000 千港元 | 2016 HK\$'000 千港元 |
| Loss on disposal of property, plant and equipment | 處置物業、廠房及設備損失 | 502 | 704 |
| Net loss from changes in fair value of derivative financial instruments | 衍生金融工具公平值變動之 淨虧損 | 12 | — |
| | | 514 | 704 |

6. FINANCE COSTS

6. 融資成本

| | | Six months ended 30 June 截至6月30日止6個月 | |
|--|----------------------------|---|-------------------------|
| | | 2017 HK\$'000 千港元 | 2016 HK\$'000 千港元 |
| Interest on bank borrowings wholly repayable within five years | 利息支出—須於五年內全部償還 之銀行借款 | 37,004 | 27,733 |
| Amount capitalized to property, plant and equipment | 於物業、廠房及設備資本化之 金額 | — | (21,069) |
| Net adjustment on interest rate swaps designated as cash flow hedges of floating rate debt | 作浮息借款現金流對沖的利息 掉期合約之調整淨額 | — | 301 |
| | | 37,004 | 6,965 |



7. INCOME TAX EXPENSE

7. 所得稅支出

| | | Six months ended 30 June | |
|------------------------------------|---------|---------------------------------|--------------------|
| | | 截至6月30日止6個月 | |
| | | 2017 | 2016 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| <hr/> | | | |
| The charge comprises: | 支出包括： | | |
| Current tax: | 本期稅項： | | |
| PRC Enterprise Income Tax ("EIT") | 中國企業所得稅 | 59,862 | 46,881 |
| Withholding tax on dividend income | 股息收入預扣稅 | 15,398 | — |
| Deferred tax: | 遞延稅項： | | |
| Current period | 本年度 | 1,764 | 253 |
| | | <hr/> 77,024 <hr/> | <hr/> 47,134 <hr/> |

The Group's major business is in the PRC. Under the Law of the PRC on EIT and its Implementation Regulation, the tax rate of the PRC subsidiaries is 25%.

For the year 2016 and 2017, Jiangsu Lee & Man Chemical Limited was entitled to a reduced EIT rate of 15% as it has been qualified as a High and New-Tech Enterprise.

No provision for Hong Kong Profits Tax is made for both periods since there is no assessable profit for both periods.

本集團的主要業務位於中國。根據中國企業所得稅法及企業所得稅法實施條例，中國附屬公司之稅率為25%。

於2016年及2017年，因江蘇理文化工有限公司（「江蘇理文」）取得高新科技企業資格，所以享有較低之15%企業所得稅率。

由於該兩個期間並無應評稅利潤，故無提撥香港利得稅。

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8. PROFIT FOR THE PERIOD

8. 期內溢利

| | | Six months ended 30 June | |
|--|---------------------|---------------------------------|----------|
| | | 截至6月30日止6個月 | |
| | | 2017 | 2016 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Profit for the period has been arrived at after charging: | 期內溢利已扣除： | | |
| Directors' emoluments | 董事薪酬 | 7,675 | 4,885 |
| Other staff costs | 其他職員成本 | 88,196 | 77,982 |
| Retirement benefit schemes contributions (excluding directors) | 退休福利計劃供款 (董事除外) | 5,663 | 4,018 |
| | | 101,534 | 86,885 |
| Total staff costs | 員工成本總額 | | |
| Cost of inventories recognised as expenses | 已確認為支出的存貨成本 | 719,509 | 513,501 |
| Depreciation of property, plant and equipment | 物業、廠房及設備之折舊 | 141,433 | 87,091 |
| Amortisation of prepaid lease payments | 預付租賃款項攤銷 | 1,283 | 1,352 |
| Amortisation of intangible assets included in cost of sales | 計入銷貨成本之無形資產攤銷 | 561 | 584 |
| | | 143,277 | 89,027 |
| Total depreciation and amortisation Capitalised in inventories | 折舊及攤銷合計 已計入存貨之金額 | (124,887) | (77,017) |
| | | 18,390 | 12,010 |

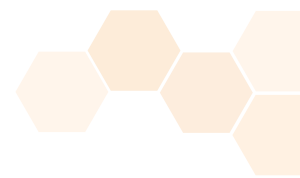
9. DIVIDENDS

9. 股息

| | | Six months ended 30 June | |
|--|--------------------------------|---------------------------------|----------|
| | | 截至6月30日止6個月 | |
| | | 2017 | 2016 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Final dividend paid during the period: | 期內已派付之末期股息： | | |
| 2016 final dividend HK4.0 cents per share (2015: HK5.0 cents) | 2016年末期股息每股4.0港仙 (2015：5.0港仙) | 33,000 | 41,250 |
| Interim dividend declared subsequent to period end: | 期後已宣派之中期股息： | | |
| 2017 interim dividend HK10.0 cents per share (2016: HK5.0 cents) | 2017年中期股息每股10.0港仙 (2016：5.0港仙) | 82,500 | 41,250 |

The Board has declared that an interim dividend of HK10.0 cents (2016: HK5.0 cents) per share for the six months ended 30 June 2017 to shareholders whose names appear in the Register of Members on 15 September 2017.

董事會議決宣派截至2017年6月30日止6個月之中期股息每股10.0港仙(2016：5.0港仙)予於2017年9月15日名列股東名冊內之股東。



10. EARNINGS PER SHARE

The calculation of the basic earnings per share from attributable to the owners of the Company is based on the following data:

| | | Six months ended 30 June | |
|--|---------------------|---------------------------------|------------------|
| | | 截至6月30日止6個月 | |
| | | 2017 | 2016 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Earnings for the purpose of basic earnings per share | 用以計算每股基本盈利之盈利 | 241,482 | 119,250 |
| | | Number of Shares | Number of Shares |
| | | 股份數量 | 股份數量 |
| Number of ordinary shares for the purpose of basic earnings per share | 用以計算每股基本盈利的普通股數 | 825,000,000 | 825,000,000 |
| Effect of dilutive potential ordinary shares: Share options | 普通股潛在攤薄影響購股權 | 5,843,000 | — |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 用以計算每股攤薄盈利的普通股加權平均數 | 830,843,000 | 825,000,000 |

11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$274 million (2016: HK\$194 million) on property, plant and equipment to expand its operation.

10. 每股盈利

就應佔股東溢利所計算的每股基本盈利乃按下列數據釐定：

11. 添置物業、廠房及設備

期內，本集團就物業、廠房及設備耗資約2.74億港元(2016：1.94億港元)，以擴展集團業務。

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12. INVENTORIES

| | | At 於 30.06.2017 HK\$'000 千港元 | At 於 31.12.2016 HK\$'000 千港元 |
|-------------------------------|---------|--|--|
| Raw materials and consumables | 原材料及耗用品 | 201,676 | 152,680 |
| Work in progress | 在制品 | 23,853 | 18,271 |
| Finished goods | 制成品 | 107,480 | 60,895 |
| | | 333,009 | 231,846 |

12. 存貨

13. TRADE AND OTHER RECEIVABLES

The Group generally allows its trade customers an average credit period ranged from 7 to 60 days.

Included in the balance are trade and bills receivables of approximately HK\$397,688,000 (31.12.2016: HK\$219,722,000). The aged analysis of trade and bills receivables based on the invoice date at the end of the reporting period is as follows:

13. 應收貿易及其他款項

本集團一般給予貿易客戶之除賬期平均為7至60天。

應收貿易及其他款項包括應收賬款及票據約397,688,000港元(31.12.2016: 219,722,000港元)，應收賬款及票據於結算日按發票日期之賬齡分析如下：

| | | At 於 30.06.2017 HK\$'000 千港元 | At 於 31.12.2016 HK\$'000 千港元 |
|-----------------------------------|-------------|--|--|
| Not exceeding 30 days | 不超過30天 | 220,387 | 153,699 |
| 31 to 60 days | 31至60天 | 80,600 | 40,593 |
| 61 to 90 days | 61至90天 | 47,498 | 15,858 |
| 91 to 120 days | 91至120天 | 30,618 | 5,102 |
| Over 120 days | 超過120天 | 18,585 | 4,470 |
| | | 397,688 | 219,722 |
| Prepayments | 預付款 | 97,917 | 40,074 |
| Deposits to suppliers | 付供應商訂金 | 25,514 | 40,745 |
| Value-added tax receivables | 應收增值稅項 | 105,256 | 119,654 |
| Other receivables | 其他應收款 | 9,809 | 5,685 |
| Total trade and other receivables | 應收貿易及其他款項合計 | 636,184 | 425,880 |

14. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period obtained for trade purchases is 7 to 45 days.

Included in trade and other payables are trade and bills payables of approximately HK\$132,561,000 (31.12.2016: HK\$95,530,000). The aged analysis of trade and bills payables based on the invoice date at the end of the reporting period is as follows:

| | | At 於 30.06.2017 HK\$'000 千港元 | At 於 31.12.2016 HK\$'000 千港元 |
|---|---------------------|--|--|
| Not exceeding 30 days | 不超過30天 | 83,715 | 63,217 |
| 31 to 60 days | 31至60天 | 19,202 | 9,662 |
| 61 to 90 days | 61至90天 | 5,686 | 7,774 |
| Over 90 days | 90天以上 | 23,958 | 14,877 |
| | | 132,561 | 95,530 |
| Receipt in advance | 預收款 | 70,602 | 47,800 |
| Construction costs payable and accruals (note i) | 應付工程款及預提費用 (附註i) | 121,556 | 118,990 |
| Value-added tax accruals | 應付增值稅項 | 9,090 | 7,271 |
| Other payables (note ii) | 其他應付款(附註ii) | 74,515 | 93,536 |
| Other accruals | 其他預提費用 | 21,413 | 18,572 |
| Total trade and other payables | 應付貿易及其他款項合計 | 429,737 | 381,699 |

notes:

- i. The balance of construction costs payable and accruals comprises non-current construction costs payables of HK\$13,106,000 (31.12.2016: HK\$26,299,000).
- ii. The balance of other payables comprises non-current other payables of HK\$26,796,000 (31.12.2016: NIL).

14. 應付貿易及其他款項

應付貿易及其他款項主要包括貿易購貨及持續開支成本之未付額。貿易購貨之平均除賬期為7至45天。

應付貿易及其他款項包括應付賬款及票據約132,561,000港元(31.12.2016: 95,530,000港元)。應付賬款及票據於結算日按發票日期之賬齡分析如下:

| | At 於 30.06.2017 HK\$'000 千港元 | At 於 31.12.2016 HK\$'000 千港元 |
|---|--|--|
| Not exceeding 30 days | 83,715 | 63,217 |
| 31 to 60 days | 19,202 | 9,662 |
| 61 to 90 days | 5,686 | 7,774 |
| Over 90 days | 23,958 | 14,877 |
| | 132,561 | 95,530 |
| Receipt in advance | 70,602 | 47,800 |
| Construction costs payable and accruals (note i) | 121,556 | 118,990 |
| Value-added tax accruals | 9,090 | 7,271 |
| Other payables (note ii) | 74,515 | 93,536 |
| Other accruals | 21,413 | 18,572 |
| Total trade and other payables | 429,737 | 381,699 |

附註:

- i. 應付工程款及預提費用包括非流動應付工程款為13,106,000港元(31.12.2016: 26,299,000港元)。
- ii. 其他應付款包括非流動應付款為26,796,000港元(31.12.2016: 零)。

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15. SHARE CAPITAL

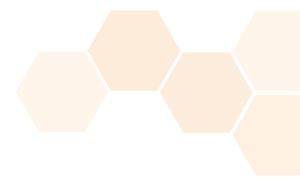
15. 股本

| | | Number of ordinary shares 普通股份數目 | Amount 金額 HK\$'000 千港元 |
|---|--|---|---------------------------------|
| Ordinary shares of HK\$0.1 each: | 每股面值0.1港元之普通股： | | |
| Authorised: | 法定： | | |
| At 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017 | 於2016年1月1日、2016年 6月30日、2017年1月1日及 2017年6月30日 | 5,000,000,000 | 500,000 |
| Issued and fully paid: | 發行及繳足： | | |
| At 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017 | 於2016年1月1日、2016年 6月30日、2017年1月1日及 2017年6月30日 | 825,000,000 | 82,500 |

16. CAPITAL COMMITMENTS

16. 資本承擔

| | | At 於 30.06.2017 HK\$'000 千港元 | At 於 31.12.2016 HK\$'000 千港元 |
|--|------------------------------|--|--|
| Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition: | 已訂約但未於簡明綜合財務報表中 撥備之資本性支出： | | |
| – property, plant and equipment | – 購置物業、廠房及設備 | 185,402 | 278,093 |
| – intangible assets | – 購置土地使用權 | 22,152 | 8,422 |



17. CONNECTED AND RELATED PARTY TRANSACTIONS

During the interim period, the Group had significant transactions with related parties, certain of which are also deemed to be connected parties pursuant to the Listing Rules. Significant transactions with these parties during the interim period are as follows:

17. 關連交易

於本中期期間，本集團與相關人士（若干人士亦同時根據上市規則被視作為關連人士）進行重大交易。本中期期間與該等人士進行的重大交易如下：

| Connected parties 關連方 | Relationship 關係 | Nature of transactions 交易性質 | Six months ended 30 June 截至6月30日止6個月 | |
|---|--|---|---|-------------------------|
| | | | 2017 HK\$'000 千港元 | 2016 HK\$'000 千港元 |
| Lee & Man Paper Manufacturing Ltd. 理文造紙有限公司 | A company beneficially owned and controlled by Mr. Lee Wan Keung 由李運強先生實益擁有及 控制之公司 | Electricity & steam fee paid 已付發電及蒸氣費 | 33,617 | 32,027 |
| | | Loading expense paid 已付裝卸費用 | 4,400 | 5,239 |
| | | Rental expense paid 已付租金費用 | 860 | 917 |
| | | Sales of chemical products 銷售化工產品 | 12,750 | 7,191 |
| | | Electricity & steam fee received 已收發電及蒸氣費 | 18,635 | 18,346 |
| | | Rental income received 已收租金收入 | 951 | 665 |

18. REVIEW OF INTERIM ACCOUNTS

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee.

18. 審閱中期帳目

本簡明綜合中期財務報表乃未經審核，但已由審核委員會審閱。

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19. EVENTS AFTER THE END OF THE REPORTING PERIOD

Share Option Scheme

Subsequent to the end of the current interim period, the Company's new share option scheme ("the Scheme") was adopted pursuant to a resolution passed on 14 July 2017 for the purpose of providing incentives to Mr. Lee Man Yan ("Mr. Lee"), an executive director and chief executive officer of the Company. Under the Scheme, Mr. Lee was conditionally granted 82,500,000 options representing 10% of the total issued share capital of the Company.

The purpose of the Scheme is to reward Participant who have contributed or will contribute to the Group and to encourage Participant to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Scheme expressly provides that the Board may with respect to each grant of Options, determine the Subscription Price (in compliance with Rule 17.03(9) of the Listing Rules), the minimum period (if any) for which an Option must be held before it can be exercised, performance targets (if any) and other conditions that apply to the Options.

The Options granted on 14 July 2017 will vest on 1 April 2022. They will be exercisable by Mr. Lee during the period from 1 April 2022 to 31 March 2027 if the Group achieves the following performance targets:

- (i) all the 82,500,000 Options will be exercisable from 1 April 2022 to 31 March 2027 (both dates inclusive) if the net profit for the Group's financial year ending 31 December 2021 equals or exceeds 150% of the net profit for the Group's financial year ended 31 December 2016 of HK\$216,195,000; or
- (ii) if the net profit for the Group's financial year ending 31 December 2021 cannot be achieved as per (i) above, the 82,500,000 Options will be exercisable from 1 April 2023 to 31 March 2027 (both dates inclusive) if the net profit for the Group's financial year ending 31 December 2022 equals or exceeds 160% of the net profit for the Group's financial year ended 31 December 2016 of HK\$216,195,000.

19. 報告期間後事項

購股權計劃

於本中期期間末後，本公司根據二零一七年七月十四日通過的一項決議案採納新購股權計劃（「該計劃」），以向本公司董事及首席執行官李文恩先生（「李先生」）提供激勵。根據該計劃，有條件授予李先生82,500,000份購股權，相當於本公司已發行股本的10%。

該計劃旨在獎勵曾經或將為本集團作出貢獻之參與者，並鼓勵參與者為本公司及其股東之整體利益，致力於提升本公司及其股份之價值。該計劃明確訂明，就每次授出購股權而言，董事會可釐定認購價（遵照上市規則第17.03(9)條）、於購股權可予行使前必須持有購股權之最短期限（如有）、表現目標（如有）及適用於購股權之其他條件。

於二零一七年七月十四日授出的購股權將於二零二二年四月一日歸屬。倘本集團達致以下表現目標，該等購股權將可由李先生於二零二二年四月一日至二零二七年三月三十一日期間內予以行使：

- (i) 倘本集團截至二零二一年十二月三十一日止財政年度之淨利潤等於或超過本集團截至二零一六年十二月三十一日止財政年度淨利潤216,195,000港元之150%，則82,500,000份購股權將可由二零二二年四月一日至二零二七年三月三十一日（首尾兩天包括在內）獲悉數行使；或
- (ii) 倘本集團截至二零二一年十二月三十一日止財政年度之淨利潤無法按上文(i)所述達致，則若本集團截至二零二二年十二月三十一日止財政年度之淨利潤等於或超過本集團截至二零一六年十二月三十一日止財政年度淨利潤216,195,000港元之160%，則82,500,000份購股權將可由二零二三年四月一日至二零二七年三月三十一日（首尾兩天包括在內）獲行使。

19. EVENTS AFTER THE END OF THE REPORTING PERIOD (CONTINUED)

Share Option Scheme (Continued)

The exercise price of the options conditionally granted to Mr. Lee is HK\$3.72, which was determined at the Board meeting on 13 June 2017 by reference to the highest of (i) HK\$0.1, being the par value of a Share, (ii) HK\$3.72, being the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of the above Board meeting approving the exercise price and the grant, and (iii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the date of the above Board meeting approving the exercise price and the grant.

Share option expense was not recognised in the general and administrative expenses of the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017, as the Scheme was pending to be passed at the Extraordinary General Meeting held on 14 July 2017, and the effect of expense is minimal.

The estimated fair value of the share options conditionally granted under the Scheme on 13 June 2017 was approximately HK\$105,000,000, calculated using the Binomial Model (the "Model"). The inputs into the Model were as follows:

| | | |
|--------------------------------|----------|--------------------------------|
| Share price at date of grant | 於授出日期之股價 | HK\$3.72 3.72港元 |
| Exercise price | 行使價 | HK\$3.72 3.72港元 |
| Expected volatility | 預期波幅 | 37.022% per annum 每年37.022% |
| Expected life of share options | 購股權預期年期 | 9.8 years 9.8年 |
| Expected dividend yield | 預期股息率 | 2.42% |
| Risk-free rate | 無風險年利率 | 1.220% |
| Suboptimal Exercise Factor | 行使倍數 | 3.32 |
| Fair value of share option | 購股權之公允價值 | HK\$1.28 1.28港元 |

19. 報告期間後事項(續)

購股權計劃(續)

有條件授予李先生之購股權之行使價為3.72港元，已於二零一七年六月十三日的董事會會議上參考下列三者之價格(以最高者為準)釐定：(i) 0.1港元，即股份面值；(ii) 於批准行使價及有關授出之上述董事會會議當日在聯交所發出之每日報價表所列之股份收市價3.72港元，及(iii) 於緊接就批准行使價及有關授出而召開上述董事會會議當日前五個交易日在聯交所發出之每日報價表所列之股份平均收市價。

由於該計劃有待於二零一七年七月十四日舉行的股東特別大會上通過，及開支的影響為微不足道，購股權開支並未於截至二零一七年六月三十日止年度的簡明綜合損益及其他全面收益表的行政費用確認。

於二零一七年六月十三日有條件授予之購股權之公允價值為約105,000,000港元，採用二項式模型釐定(「模型」)計算。模型內容呈列如下：

**Share options
with an exercisable
period from
1 April 2022 to
31 March 2027
購股權之行使期由
1.4.2022至
31.3.2027**

Interim Results

中期業績

19. EVENTS AFTER THE END OF THE REPORTING PERIOD (CONTINUED)

Share Option Scheme (Continued)

Fair values of ordinary share were estimated by the directors with reference to the valuation carried out by an independent firm of professional valuers.

Expected volatility was determined by using the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The risk free interest rate was estimated based on the yield of 5-year exchange fund note issued by the Hong Kong Monetary Authority as of the grant date.

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.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK10.0 cents per share for the six months ended 30 June 2017 to shareholders whose names appear on the Register of Members on 15 September 2017. It is expected that the interim dividend will be paid around 27 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 13 September 2017 to 15 September 2017, both days inclusive, during which period no transfer of shares in the Company can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 12 September 2017.

19. 報告期間後事項(續)

購股權計劃(續)

普通股之公允價值按董事估計並以獨立專業估值師的估價作參考。

預期波幅按本公司公司股價之歷史波幅釐定。模式所採用預期年期已就不可轉讓、行使限制及行為考慮之影響按管理層最佳估計調整。

無風險利率按香港金融管理局之五年期外匯基金債券率於授出日期估計。

變數及假設用作計算購股權之公允價值乃按董事最佳估計。購股權價值由主觀假設之不同變數而變更。

中期股息

董事會議決宣派截至2017年6月30日止6個月之中期股息每股10.0港仙予於2017年9月15日名列股東名冊內之股東。預期中期股息將於2017年9月27日派發。

暫停辦理股份過戶登記

本公司將於2017年9月13日至2017年9月15日(首尾兩天包括在內)暫停辦理股份過戶登記手續。為符合獲派中期股息之資格,所有過戶檔連同有關股票最遲須於2017年9月12日下午4:30前送達本公司位於香港皇后大道東183號合和中心22樓之股份過戶登記分處卓佳秘書商務有限公司,以辦理登記手續。

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

For the six months ended 30 June 2017, the Group recorded a revenue of approximately HK\$1,253 million, increased by 54.6% as compared to last corresponding period; and a net profit for the period of approximately HK\$241 million, representing an increase of 102.5% year on year.

The Group's gross profit margin was 42.6%, increased by 6 percentage point as compared to the same period last year and net profit margin of 19.3% which was increased by 4.6 percentage points for the period. The main contribution was come from the higher sales volume and product selling price, which increase the profit margin of the Group.

PROSPECTS

Since the first and second phase production lines of the Jiangxi plant of the Group were officially put into production, our new plant has contributed profit to the Group.

The Group will undertake the third phase development project of the Jiangxi plant in the second half of the year so as to increase sales volume of our products. In addition, the Group has always committed itself to new product research and development, employing scientific research experts who possess rich chemical experience and in acquiring more scientific research equipment, so as to continually expand and enhance the internal research and development team. It is expected that new products and performance coating can be successfully developed this year to meet the future development of refined chemical.

As always, our management team will leverage on our internal technical innovation and scientific research and development in a pragmatic and aggressive approach and continue its persistent efforts to deliver reasonable rewards to the shareholders.

RESULTS OF OPERATION

For the six months ended 30 June 2017, the Group's revenue and net profit were approximately HK\$1,253 million and HK\$241 million respectively, representing an increase of 54.6% and an increase of 102.5% respectively, as compared to approximately HK\$810 million and HK\$119 million respectively for the corresponding period in the last year. The basic earnings per share was HK29.3 cents for the six months ended 30 June 2017 and HK14.5 cents for the last corresponding period in the last year.

業務回顧

截至2017年6月30日止6個月，本集團錄得總營業額12.53億港元，較去年同期上升54.6%，而期內溢利為2.41億，較去年同期增加102.5%。

本集團毛利率為42.6%，較去年增加6個百分點；而淨利潤率為19.3%，較去年增加4.6個百分點。主要系化工產品的銷售量和價格均比去年上升，增加了本集團的邊際利潤。

展望

本集團在去年江西廠房的第一期及第二期生產線正式投入生產後，新廠房已為本集團作出盈利貢獻。

本集團下半年將在江西廠房建第三期項目，增加產品的銷售量。此外，本集團一直致力於新產品研發，在國內外聘請富有化工經驗的科研專家，並增購科研設備，以繼續擴大及提升內部研發團隊，預期於本年度成功研發出新產品和特種塗料，以配合精細化工的未來發展。

一如既往，管理層努力不懈，以務實進取的方向，並結合內部技術創新及科研開發，期望為股東帶來合理的回報。

經營業績

截至2017年6月30日止6個月，本集團收入及期內溢利分別約12.53億港元及2.41億港元，較去年同期的8.1億港元及1.19億港元，分別上升54.6%及上升102.5%。截至2017年6月30日止6個月，每股基本盈利為29.3港仙而去年同期為14.5港仙。

Management Discussion and Analysis

管理層討論及分析

Revenue

For the six months ended 30 June 2017, the Group recorded a revenue of approximately HK\$1,253 million, representing an increase of HK\$443 million or 54.6% as compared to last corresponding period. The increase in sales was mainly attributable to a rise in unit selling price of major products and an increase in the production capacity of different production lines of our new plant in Jiangxi. As compared to last corresponding period, the average selling price per ton of the Group's products methylene chloride and chloroform was about RMB2,472 and RMB2,086, increased by approximately 19% and 8% respectively. The average selling price per ton of polytetrafluoroethylene was RMB53,783, increasing by approximately 71%, while the average selling price per ton of by-product caustic soda was about RMB1,039, increasing by approximately 57%. The actual production output of the main products for the period was approximately 150,000 tons for CMS products, approximately 3,600 tonnes for polytetrafluoroethylene, approximately 220,000 tons for 100% dry basis caustic soda while for 27.5% hydrogen peroxide was approximately 60,000 tons.

Selling and distribution expenses

Selling and distribution expenses incurred for the six months ended 30 June 2017 was approximately HK\$75 million, representing an increase of approximately HK\$17 million as compared to HK\$58 million for last corresponding period. The increase was mainly due to the proportional increment in transportation and packaging costs arising from increase in sales volume. The selling and distribution expenses represented about 5.9% of the total revenue for the period, representing a fall as compared to 7.2% of last corresponding period.

General and administrative expenses

General and administrative expenses incurred for the six months ended 30 June 2017 was approximately HK\$81 million, which increased by approximately HK\$14 million as compared to HK\$67 million for the same period last year. The rise was mainly due to increase in wages of senior management and employees, and increase in depreciation expenses of newly built offices and new equipment. General and administrative expenses represented approximately 6.5% of the total revenue for the period, representing a fall from 8.3% in corresponding period last year and were kept at a reasonable level.

Finance costs

The net interest expenses incurred for the six months ended 30 June 2017 was approximately HK\$37 million, which increased by HK\$30 million as compared to HK\$7 million for last corresponding period. Increase in interest expenses was mainly because all interests were expensed after new plant was built and some interest of 2016 was capitalized.

收入

截至2017年6月30日止6個月，本集團錄得總營業額約12.53億港元，較去年同期增加4.43億港元，上升54.6%。銷售增加主要來自主產品銷售單價上升及江西新廠各產品產能皆有提高。與去年同期比較，集團產品二氯甲烷和三氯甲烷每噸的平均銷售價分別為約2,472人民幣及2,086人民幣，增加了約19%及8%；聚四氟乙烯每噸平均銷售價53,783人民幣，增加了約71%；而副產品燒碱每噸的平均銷售價約1,039人民幣，增加了約57%。期內主要產品的實際生產量為甲烷氧化物約15萬噸，聚四氟乙烯約3.6千噸，折百燒碱約22萬噸，而27.5%過氧化氫約6萬噸。

銷售及分銷費用

銷售及分銷費用截至2017年6月30日止6個月約7,500萬港元，較去年同期的5,800萬港元，上升約1,700萬港元。上升主要原因是跟隨銷售量的增加，帶動運輸及相關產品包裝成本同比增加，銷售及分銷費用佔期內銷售收入約5.9%，與去年同期的7.2%比較有下降。

行政費用

行政費用截至2017年6月30日止6個月約8,100萬港元，與去年同期的6,700萬港元比較，增加約1,400萬港元。上升主要原因是高管和員工工資上漲，新建辦公樓和設備折舊費用有所增加。行政費用佔期內總收入約6.5%，與去年同期的8.3%比較有下降，均保持在合理水準。

融資成本

淨利息支出截至2017年6月30日止6個月約3,700萬港元，與去年同期的700萬港元比較，增加3,000萬港元。支出增加主要因為新廠房建成後全部利息費用化，而2016年部分利息資本化。

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2017, the total shareholders' equity of the Group was approximately HK\$2,575 million (31.12.2016: HK\$2,342 million), current assets were approximately HK\$1,295 million (31.12.2016: HK\$911 million) and current liabilities approximately HK\$903 million (31.12.2016: HK\$851 million). The current ratio was 1.43 as at 30 June 2017 (31.12.2016: 1.07).

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 30 June 2017, the Group had outstanding bank borrowings of approximately HK\$2,243 million (31.12.2016: HK\$1,969 million). These bank loans were secured by corporate guarantees provided by the Company and its certain subsidiaries. As at 30 June 2017, the Group maintained bank balances and cash of approximately HK\$306 million (31.12.2016: HK\$228 million). The Group's net debt-to-equity ratio (total bank borrowings net of cash and cash equivalents over shareholders' equity) was 75.23% as at 30 June 2017 (31.12.2016: 74.33%).

The Group's liquidity position remains strong and the Group possesses sufficient cash and available banking facilities to meet its commitments, working capital requirements and future investments for expansion.

EMPLOYEES

As at 30 June 2017, the Group had a workforce of around 1,800 people. Salaries of employees are maintained at competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Group. The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

流動資金、財務資源及資本結構

於2017年6月30日，本集團的股東權益總額約25.75億港元(31.12.2016：23.42億港元)、流動資產約12.95億港元(31.12.2016：9.11億港元)及流動負債約9.03億港元(31.12.2016：8.51億港元)。流動比率於2017年6月30日約1.43(31.12.2016：1.07)。

本集團一般以內部產生的現金流量，以及中港兩地主要往來銀行提供的信貸備用額作為業務的營運資金。於2017年6月30日，本集團的未償還銀行借貸約22.43億港元(31.12.2016：19.69億港元)。該等銀行貸款由本公司及其若干附屬公司提供的公司擔保作為抵押。於2017年6月30日，本集團銀行結餘及現金約3.06億港元(31.12.2016：2.28億港元)。本集團的淨資本負債比率(銀行借款總額減現金及現金等價物除以股東權益)於2017年6月30日為75.23%(31.12.2016：74.33%)。

本集團保持著強勁的流動資金並具備充裕的現金及可供動用的銀行備用額，以應付集團的資本承擔，營運資金需要及未來的投資發展。

僱員

於2017年6月30日，本集團有約1,800名員工。僱員薪酬維持於具競爭力水平，並會每年檢討，且密切留意有關勞工市場及經濟市況趨勢。本集團亦為僱員提供內部培訓，並按員工表現及本集團盈利發放花紅。本集團並無遭遇任何重大僱員問題，亦未曾因勞資糾紛令營運中斷，在招聘及挽留經驗豐富的員工方面亦不曾出現困難。本集團與僱員的關係良好。

Other Information

其他資料

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION DURING THE YEAR ENDED 31 DECEMBER 2016

Reference is made to the connected transactions of the Company as disclosed in the 2016 annual report of Lee & Man Chemical Company Limited (the "Company"). The Company would like to further supplement as follows:

Related parties transactions

During the year ended 31 December 2016, the Company and its subsidiaries (collectively, the "Group") entered into certain transactions with parties regarded as "related parties" under the applicable accounting principles. Details of the related party transactions undertaken are set out in note 37 to the consolidated financial statements in the 2016 annual report of the Company.

The following related parties transactions are also connected transaction and continuing connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company had complied with the disclosure requirements of such connected transaction and continuing connected transactions in accordance with Chapter 14A of the Listing Rules at the relevant time.

於截至二零一六年十二月三十一日止年度的持續關連交易及關連交易

謹此提述理文化工有限公司(「本公司」)二零一六年年報披露的關連交易。本公司謹此進一步補充如下：

關連人士交易

於截至二零一六年十二月三十一日止年度，本公司及其附屬公司(統稱「本集團」)與根據適用會計準則被視為關連人士的訂約方訂立若干交易。該等關連人士交易的進一步詳情載於本公司二零一六年年報綜合財務報表附註37。

以下關連人士交易根據香港聯合交易所有限公司證券上市規則(「上市規則」)亦為關連交易及持續關連交易。本公司已於有關時間根據上市規則第14A章遵守該等關連交易及持續關連交易的披露要求。

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION DURING THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

於截至二零一六年十二月三十一日止年度的持續關連交易及關連交易(續)

Continuing connected transactions and connected transaction

持續關連交易及關連交易

The names of the parties to the discloseable continuing connected transactions and connected transaction are as follows:

須予披露的持續關連交易訂約方的名稱如下：

| | | | |
|--|--|--------------|---|
| Guangdong Paper | Guangdong Lee & Man Paper Manufacturing Company Limited, a company established in the PRC and an indirect wholly-owned subsidiary of LMP | 廣東造紙 | 廣東理文造紙有限公司，於中國成立之公司，為理文造紙之間接全資附屬公司； |
| Jiangsu Chemical | Jiangsu Lee & Man Chemical Limited, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company | 江蘇化工 | 江蘇理文化工有限公司，於中國成立之外商獨資企業，為本公司之間接全資附屬公司； |
| Jiangsu Paper | Jiangsu Lee & Man Paper Manufacturing Company Limited, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of LMP | 江蘇造紙 | 江蘇理文造紙有限公司，於中國成立之外商獨資企業，為理文造紙之間接全資附屬公司； |
| Jiangxi Chemical | Jiangxi Lee & Man Chemical Limited, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company | 江西化工 | 江西理文化工有限公司，於中國成立之外商獨資企業，為本公司之間接全資附屬公司； |
| Jiangxi Paper | Jiangxi Lee & Man Paper Manufacturing Company Limited, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of LMP | 江西造紙 | 江西理文造紙有限公司，於中國成立之外商獨資企業，為理文造紙之間接全資附屬公司； |
| Lee & Man (International) Investment Limited | a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company | 理文(國際)投資有限公司 | 理文(國際)投資有限公司，於香港註冊成立之有限公司，為本公司之間接全資附屬公司 |
| LMP | Lee & Man Paper Manufacturing Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange | 理文造紙 | 理文造紙有限公司，於開曼群島註冊成立之公司，其股份於聯交所上市； |
| Professor Chan Albert Sun Chi | Currently an executive director of the Company | 陳新滋教授 | 目前為本公司的執行董事 |

Other Information

其他資料

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION DURING THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

於截至二零一六年十二月三十一日止年度的持續關連交易及關連交易(續)

Continuing connected transactions and connected transaction (Continued)

持續關連交易及關連交易(續)

Continuing Connected Transactions

持續關連交易

Details of the continuing connected transactions are set out below:

持續關連交易之詳情載列如下：

Provision of services to generate steam and electricity to Jiangsu Chemical

向江蘇化工提供生產蒸氣及發電服務

Date of agreement 9 February 2015

協議日期 二零一五年二月九日

Parties (i) Jiangsu Paper (as supplier)
(ii) Jiangsu Chemical (as purchaser)

訂約方 (i) 江蘇造紙(作為供應方)
(ii) 江蘇化工(作為購買方)

Nature of transaction and purpose

Under the agreement, Jiangsu Paper will provide services to generate steam and electricity for Jiangsu Chemical. The supply of services to generate electricity shall be charged at RMB0.0684 (excluding value added tax) per kilowatt-hour. The supply of services to generate steam shall be charged at RMB25.641 (excluding value added tax) per ton measured at the Jiangsu Paper's metre.

交易性質及目的 根據該協議，江蘇造紙將向江蘇化工提供蒸氣及發電服務。提供發電服務之收費將按每千瓦時人民幣0.0684元(不包括增值稅)計算。提供生產蒸氣服務之收費將按江蘇造紙儀表計算，每噸人民幣25.641元(不包括增值稅)。

Term of agreement 3 years commencing with effect from 1 January 2015 up to and including 31 December 2017

協議年期 二零一五年一月一日起生效至二零一七年十二月三十一日(包括該日)止，為期三年

Annual caps For the year ended 31 December 2015: RMB70,000,000 (approximately HK\$87,500,000)

年度上限 截至二零一五年十二月三十一日止年度：人民幣70,000,000元(約87,500,000港元)

For the year ended 31 December 2016: RMB70,000,000 (approximately HK\$87,500,000)

截至二零一六年十二月三十一日止年度：人民幣70,000,000元(約87,500,000港元)

For the year ending 31 December 2017: RMB70,000,000 (approximately HK\$87,500,000)

截至二零一七年十二月三十一日止年度：人民幣70,000,000元(約87,500,000港元)

Actual transaction amount for the year ended 31 December 2016 HK\$65,740,639

截至 二零一六年十二月三十一日止年度的實際交易金額 65,740,639港元



CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION DURING THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

於截至二零一六年十二月三十一日止年度的持續關連交易及關連交易(續)

Continuing connected transactions and connected transaction (Continued)

持續關連交易及關連交易(續)

Continuing Connected Transactions (Continued)

持續關連交易(續)

Provision of services to generate steam and electricity by Jiangxi Chemical

由江西化工提供生產蒸氣及發電服務

Date of agreement 9 February 2015

協議日期 二零一五年二月九日

Parties (i) Jiangxi Chemical (as supplier)
(ii) Jiangxi Paper (as purchaser)

訂約方 (i) 江西化工(作為供應方)
(ii) 江西造紙(作為購買方)

Nature of transaction and purpose Under the agreement, Jiangxi Chemical will provide services to generate steam and electricity for Jiangxi Paper.

交易性質及目的 根據該協議，江西化工將向江西造紙提供生產蒸氣及發電服務。

Term of agreement 3 years commencing with effect from 1 January 2015 up to and including 31 December 2017

協議年期 二零一五年一月一日起生效至二零一七年十二月三十一日(包括該日)止，為期三年

Annual caps For the year ended 31 December 2015: RMB40,000,000 (approximately HK\$50,000,000)

年度上限 截至二零一五年十二月三十一日止年度：人民幣40,000,000元(約50,000,000港元)

For the year ended 31 December 2016: RMB53,000,000 (approximately HK\$66,250,000)

截至二零一六年十二月三十一日止年度：人民幣53,000,000元(約66,250,000港元)

For the year ending 31 December 2017: RMB53,000,000 (approximately HK\$66,250,000)

截至二零一七年十二月三十一日止年度：人民幣53,000,000元(約66,250,000港元)

Actual transaction amount for the year ended 31 December 2016 HK\$34,726,797

截至 二零一六年十二月三十一日止年度的實際交易金額 34,726,797港元

Other Information

其他資料

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION DURING THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

於截至二零一六年十二月三十一日止年度的持續關連交易及關連交易(續)

Continuing connected transactions and connected transaction (Continued)

持續關連交易及關連交易(續)

Continuing Connected Transactions (Continued)

持續關連交易(續)

Jiangsu Lease Agreement

江蘇租賃協議

Date of agreement 9 February 2015

協議日期 二零一五年二月九日

Parties (i) Jiangsu Paper (as lessor)
(ii) Jiangsu Chemical (as lessee)

訂約方 (i) 江蘇造紙(作為出租人)
(ii) 江蘇化工(作為承租人)

Nature of transaction and purpose Under the agreement, Jiangsu Paper (as lessor) will lease the use of office spaces and properties to Jiangsu Chemical (as lessee) located at Lee & Man Road, Yan Jiang Industrial Park, Changshu Economic Development Zone, Jiangsu Province, PRC and as further described below:

交易性質及目的 根據該協議，江蘇造紙(作為出租人)將出租位於中國江蘇省常熟經濟開發區沿江工業園理文路若干辦公室及物業予江蘇化工(作為承租人)使用，詳情闡述如下：

- 1) third floor office space (at a monthly rate of RMB6,972)
- 2) staff quarters (at a monthly rate of RMB538 per room)
- 3) guestrooms (to be determined based on actual daily usage at a daily rate of RMB30 per room)

- 1) 三樓辦公室(月租人民幣6,972元)
- 2) 員工宿舍(每個房間月租人民幣538元)
- 3) 客房(根據按每個房間日租人民幣30元的實際每日使用量釐定)

Term of agreement 3 years commencing with effect from 1 January 2015 up to and including 31 December 2017

協議年期 二零一五年一月一日起生效至二零一七年十二月三十一日(包括該日)止，為期三年

Annual caps For the year ended 31 December 2015: RMB5,000,000 (approximately HK\$6,250,000)

年度上限 截至二零一五年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元)

For the year ended 31 December 2016: RMB5,000,000 (approximately HK\$6,250,000)

截至二零一六年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元)

For the year ending 31 December 2017: RMB5,000,000 (approximately HK\$6,250,000)

截至二零一七年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元)

Actual transaction amount for the year ended 31 December 2016 HK\$1,790,946

截至 二零一六年十二月三十一日止年度的實際交易金額 1,790,946港元

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION DURING THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

於截至二零一六年十二月三十一日止年度的持續關連交易及關連交易(續)

Continuing connected transactions and connected transaction (Continued)

持續關連交易及關連交易(續)

Continuing Connected Transactions (Continued)

持續關連交易(續)

Jiangxi Lease Agreement

江西租賃協議

Date of agreement 9 February 2015

協議日期 二零一五年二月九日

Parties (i) Jiangxi Chemical (as lessor)
(ii) Jiangxi Paper (as lessee)

訂約方 (i) 江西化工(作為出租人)
(ii) 江西造紙(作為承租人)

Nature of transaction and purpose Under the agreement, Jiangxi Chemical (as lessor) will lease the use of properties to Jiangxi Paper (as lessee) located at Ma Tou Industrial City, Ma Tou Town, Rui Chang City, Jiangxi Province, PRC and as further described below:

交易性質及目的 根據該協議，江西化工(作為出租人)將出租位於中國江西省瑞昌市碼頭鎮碼頭工業城若干物業予江西造紙(作為承租人)使用，詳情闡述如下：

- 1) staff quarters (at a monthly rate ranging from RMB538 to RMB1,250 per room)
- 2) guestrooms (to be determined based on actual daily usage at a daily rate of RMB30 per room)

- 1) 員工宿舍(每個房間月租介乎人民幣538元至人民幣1,250元)
- 2) 客房(根據按每個房間日租人民幣30元的實際每日使用量釐定)

Term of agreement 3 years commencing with effect from 1 January 2015 up to and including 31 December 2017

協議年期 二零一五年一月一日起生效至二零一七年十二月三十一日(包括該日)止，為期三年

Annual caps For the year ended 31 December 2015: RMB5,000,000 (approximately HK\$6,250,000)

年度上限 截至二零一五年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元)

For the year ended 31 December 2016: RMB5,000,000 (approximately HK\$6,250,000)

截至二零一六年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元)

For the year ending 31 December 2017: RMB5,000,000 (approximately HK\$6,250,000)

截至二零一七年十二月三十一日止年度：人民幣5,000,000元(約\$6,250,000港元)

Actual transaction amount for the year ended 31 December 2016 HK\$1,281,890

截至 二零一六年十二月三十一日止年度的實際交易金額 1,281,890港元

Other Information

其他資料

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION DURING THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

於截至二零一六年十二月三十一日止年度的持續關連交易及關連交易(續)

Continuing connected transactions and connected transaction (Continued)

持續關連交易及關連交易(續)

Continuing Connected Transactions (Continued)

持續關連交易(續)

Supply of industrial chemical products by Jiangsu Chemical to Jiangsu Paper

江蘇化工向江蘇造紙供應工業化工產品

Date of agreement 9 February 2015

協議日期 二零一五年二月九日

Parties (i) Jiangsu Paper (as purchaser)

訂約方 (i) 江蘇造紙(作為購買方)

(ii) Jiangsu Chemical (as supplier)

(ii) 江蘇化工(作為供應方)

Nature of transaction and purpose

Under the agreement, Jiangsu Paper will purchase various industrial chemical products from Jiangsu Chemical at a price based on the prevailing market price per ton agreed between the parties at the relevant time.

交易性質及目的

根據該協議，江蘇造紙將向江蘇化工購買多種工業化工產品，價格按訂約雙方於有關時間協定之當前每噸市價釐定。

Term of agreement 3 years commencing with effect from 1 January 2015 up to and including 31 December 2017

協議年期 二零一五年一月一日起生效至二零一七年十二月三十一日(包括該日)止，為期三年

Annual caps For the year ended 31 December 2015: RMB30,000,000 (approximately HK\$37,500,000)

年度上限 截至二零一五年十二月三十一日止年度：人民幣30,000,000元(約37,500,000港元)

For the year ended 31 December 2016: RMB30,000,000 (approximately HK\$37,500,000)

截至二零一六年十二月三十一日止年度：人民幣30,000,000元(約37,500,000港元)

For the year ending 31 December 2017: RMB30,000,000 (approximately HK\$37,500,000)

截至二零一七年十二月三十一日止年度：人民幣30,000,000元(約37,500,000港元)

Actual transaction amount for the year ended 31 December 2016 HK\$6,922,369

截至 二零一六年十二月三十一日止年度的實際交易金額 6,922,369港元



CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION DURING THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

於截至二零一六年十二月三十一日止年度的持續關連交易及關連交易(續)

Continuing connected transactions and connected transaction (Continued)

持續關連交易及關連交易(續)

Continuing Connected Transactions (Continued)

持續關連交易(續)

Supply of industrial chemical products by Jiangsu Chemical to Guangdong Paper

江蘇化工向廣東造紙供應工業化工產品

Date of agreement 27 June 2014

協議日期 二零一四年六月二十七日

Parties (i) Jiangsu Chemical (as supplier)
(ii) Guangdong Paper (as purchaser)

訂約方 (i) 江蘇化工(作為供應方)
(ii) 廣東造紙(作為購買方)

Nature of transaction and purpose Under the agreement, Guangdong Paper will purchase industrial chemical products from Jiangsu Chemical on normal commercial terms and at a price based on the prevailing market price per ton at time of placing order by Guangdong Paper.

交易性質及目的 根據該協議，廣東造紙將按一般商業條款向江蘇化工購買工業化工產品，價格按廣東造紙發出訂單時之當前每噸市價釐定。

Term of agreement 27 June 2014 to until 31 December 2016

協議年期 由二零一四年六月二十七日至二零一六年十二月三十一日

Annual caps For the year ended 31 December 2014: RMB12,000,000 (approximately HK\$15,000,000)

年度上限 截至二零一四年十二月三十一日止年度：人民幣12,000,000元(約15,000,000港元)

For the year ended 31 December 2015: RMB12,000,000 (approximately HK\$15,000,000)

截至二零一五年十二月三十一日止年度：人民幣12,000,000元(約15,000,000港元)

For the year ended 31 December 2016: RMB12,000,000 (approximately HK\$15,000,000)

截至二零一六年十二月三十一日止年度：人民幣12,000,000元(約15,000,000港元)

Actual transaction amount for the year ended 31 December 2016 HK\$6,885,072

截至 二零一六年十二月三十一日止年度的實際交易金額 6,885,072港元

Other Information

其他資料

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION DURING THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

Continuing connected transactions and connected transaction (Continued)

Continuing Connected Transactions (Continued)

Mr. Lee Wan Keung Patrick is the ultimate controlling shareholder of LMP. Mr. Lee Wan Keung Patrick is also the ultimate controlling shareholder of the Company (through his shareholding interest in Fortune Star Tradings Ltd, the controlling shareholder of the Company). Accordingly, Jiangsu Paper, Jiangxi Paper and Guangdong Paper (all being indirect wholly-owned subsidiaries of LMP and therefore associates of Mr. Lee Wan Keung Patrick) are connected persons of the Company and the above transactions constitute continuing connected transactions of the Company.

For further details of the above transactions, please refer to the announcement of the Company dated 27 June 2014 and the joint announcement of the Company and LMP dated 9 February 2015.

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive directors of the Company reviewed the continuing connected transactions disclosed in this report and confirmed that the transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter to the Company's directors confirming nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions disclosed in this report:

- (i) have not been approved by the Company's board of directors;
- (ii) for transactions involving the provision of goods or services by the Group, the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; or
- (iv) have exceeded the annual cap as set by the Company.

於截至二零一六年十二月三十一日止年度的持續關連交易及關連交易(續)

持續關連交易及關連交易(續)

持續關連交易(續)

李運強先生為理文造紙的最終控股股東。李運強先生亦為本公司的最終控股股東(透過其於本公司控股股東Fortune Star Tradings Ltd(Fortune Star)之股權)。因此，江蘇造紙、江西造紙及廣東造紙(均為理文造紙的間接全資附屬公司，及李運強先生的聯繫人士)為本公司的關連人士，及以上交易構成本公司的持續關連交易。

以上交易的進一步詳情，請參閱本公司日期為二零一四年六月二十七日的公布，以及本公司及理文造紙日期為二零一五年二月九日的聯合公布。

根據上市規則第14A.55條，本公司獨立非執行董事檢討本報告所披露的持續關連交易，並確認有關交易：

- (i) 乃於本集團一般及日常業務過程中訂立；
- (ii) 按一般或更優惠的商業條款訂立；及
- (iii) 根據規管有關交易之相關協議及按公平合理且符合本公司及股東整體利益之條款訂立。

根據上市規則第14A.56條，本公司核數師獲委聘根據香港會計師公會發佈的香港鑒證業務準則3000號(經修訂)「歷史財務資料審核或審閱以外的鑒證工作」並參考實務說明第740號「香港上市規則規定的持續關連交易的核數師函件」就本集團之持續關連交易進行報告。該核數師已向本公司董事發出一份函件，確認概無任何事宜使彼等注意而導致彼等認為本報告所披露的持續關連交易：

- (i) 未獲本公司董事會批准；
- (ii) 就涉及由本公司提供貨品或服務的交易，概無於所有重大方面按照本集團的定價政策進行；
- (iii) 概無於所有重大方面根據相關協議訂立；或
- (iv) 超過本公司設定的年度上限。

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION DURING THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

Continuing connected transactions and connected transaction (Continued)

Connected transaction

Acquisition of property from Professor Chan Albert Sun Chi

Date of agreement 4 May 2016

Parties (i) Professor Chan Albert Sun Chi
(ii) Lee & Man (International) Investment Limited

Nature of transaction and purpose Lee & Man (International) Investment Limited purchased the property (the "Property") located at workshop D35, 17/F, Wah Lok Industrial Centre (Phase II), Nos. 31-35 Shan Mei Street, Shatin, New Territories from Professor Chan Albert Sun Chi in order to establish an information research centre.

Consideration The consideration for the purchase of the Property was HK\$5,480,000.

At time of the acquisition of the Property, Professor Chan Albert Sun Chi was a proposed executive director of the Company and was a director of Lee & Man (International) Investment Limited (an indirect wholly-owned subsidiary of the Company) and was therefore a connected person of the Company at the subsidiary level. The acquisition therefore constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

For further details of the above transaction, please refer to the announcement of the Company dated 4 May 2016.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

於截至二零一六年十二月三十一日止年度的持續關連交易及關連交易(續)

持續關連交易及關連交易(續)

關連交易

向陳新滋教授收購物業

協議日期 二零一六年五月四日

訂約方 (i) 陳新滋教授
(ii) 理文(國際)投資有限公司

交易性質及目的 理文(國際)投資有限公司購買位於新界沙田山尾街31-35號華樂工業中心(第二期)17樓D35工作室的物業(「該物業」)以設立信息研究中心。

代價 收購該物業之代價為5,480,000港元。

於收購該物業時，陳新滋教授為本公司候任執行董事，以及本公司的間接全資附屬公司理文(國際)投資有限公司的董事，並因此成為本公司於附屬公司層面之關連人士。因此根據上市規則第14A章，收購事項構成本公司之關連交易。

有關以上交易的進一步詳情，請參閱本公司日期為二零一六年五月四日的公布。

購買股份或債券之安排

本公司、其控股公司、或其任何附屬公司於本期間任何時間內，概無參與任何安排，使本公司董事籍購入本公司或任何其他法人團體之股份或債券而獲得利益。

Other Information

其他資料

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

董事於股份、相關股份及債權證中之權益

As at 30 June 2017, the interests and short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules, were as follows:

於2017年6月30日，本公司董事及最高行政人員及彼等之聯繫人於本公司或其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債權證中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及聯交所、或已記錄於根據證券及期貨條例第352條須存置之登記冊、或已根據上市規則之上市公司董事進行證券交易之標準守則（「標準守則」）知會本公司及聯交所之權益及淡倉如下：

(a) Long positions in shares of the Company

(a) 於本公司股份之好倉

Ordinary shares of HK\$0.1 each of the Company

本公司每股0.1港元之普通股

| Name of director | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the Company |
|--------------------------|---|---------------------------------------|---|
| 董事姓名 | 身份 | 所持已發行普通股份數目 | 佔本公司已發行股本百分比 |
| Mr. Lee Man Yan 李文恩先生 | Held by controlled corporation 由受控法團持有 | 618,750,000 (Note) (附註) | 75% |

Note: These shares are held by Fortune Star Tradings Ltd. ("Fortune Star").

附註：上述股份乃由 Fortune Star Tradings Ltd. (「Fortune Star」)持有。

(b) Long positions in shares of the associated corporations of the Company

(b) 於本公司相聯法團之股份好倉

| Name of director | Capacity | Name of associated company | Number of issued ordinary shares held | Percentage of the issued shares of the associated company |
|--------------------------|---------------------------|----------------------------|---------------------------------------|---|
| 董事姓名 | 身份 | 相聯法團名稱 | 所持已發行普通股數目 | 佔相聯法團已發行股份之百分比 |
| Mr. Lee Man Yan 李文恩先生 | Beneficial owner 實益擁有人 | Fortune Star | 45 (Note) (附註) | 45% |

Note: As Fortune Star owns more than 50% of the Company, Fortune Star is an associated corporation of the Company under the SFO. The entire issued share capital of Fortune Star is owned by Mr. Lee Man Yan, a Director, as to 45% and Mr. Lee Wan Keung as to the remaining 55%. Ms. Wai Siu Kee is a director of Fortune Star.

附註：由於 Fortune Star 擁有本公司 50% 以上權益，根據證券及期貨條例，Fortune Star 為本公司之相聯法團。Fortune Star 之全部已發行股本由董事李文恩先生持有 45% 及李運強先生持有餘下之 55%，衛少琦女士為 Fortune Star 之董事。

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

Other than disclosed above, as at 30 June 2017, none of the directors or the chief executives, or any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, shareholders (other than directors and chief executives of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions

Ordinary shares of HK\$0.1 each of the Company

| Name of director | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the Company |
|------------------|---------------------------|---------------------------------------|---|
| 董事姓名 | 身份 | 所持已發行普通股份數目 | 佔本公司已發行股本百分比 |
| Fortune Star | Beneficial owner 實益擁有人 | 618,750,000 | 75% |

Other than disclosed above, as at 30 June 2017, the Company has not been notified by any person (other than directors or chief executives of the Company) who had an interests or short positions in the shares or underlying shares of the Company which would fall to the disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

董事於股份、相關股份及債權證中之權益 (續)

除上文所披露，於2017年6月30日，本公司董事或最高行政人員於本公司或其任何相聯法團之股份、相關股份及債權證中，概無擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所、或根據證券及期貨條例第352條須記錄於該條例所指之登記冊、或根據標準守則須知會本公司及聯交所之任何權益或淡倉。

主要股東

於2017年6月30日，股東(本公司董事或最高行政人員除外)於本公司之股份及相關股份中，擁有已根據證券及期貨條例第XV部第2及3分部向本公司披露、或已記錄於根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉如下：

好倉

本公司每股0.1港元之普通股

除上文所披露，於2017年6月30日，概無任何人士(本公司董事或最高行政人員除外)通知本公司，指其在本公司之股份或相關股份中，擁有任何根據證券及期貨條例第XV部第2及3分部須向本公司披露、或已記錄於根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉。

購買、出售或贖回本公司之上市證券

截至2017年6月30日止6個月內，本公司或其任何附屬公司概無購買、出售或贖回本公司之上市證券。

Other Information

其他資料

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as a code of conduct regarding directors' securities transactions. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2017.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2017.

AUDIT COMMITTEE

The Audit Committee of the Company comprised of three independent non-executive directors namely, Mr. Wong Kai Tung, Tony, Mr. Wan Chi Keung, Aaron BBS JP and Mr. Heng Victor Ja Wei.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 June 2017.

REMUNERATION COMMITTEE

To comply with the Code, a remuneration committee had been established with specific written terms of reference which deal clearly with its authority and duties. The members of the remuneration committee comprises Mr. Wong Kai Tung, Tony, Mr. Wan Chi Keung, Aaron BBS JP and Mr. Heng Victor Ja Wei. All members of the remuneration committee are independent non-executive directors.

NOMINATION COMMITTEE

To comply with the Code, a nomination committee had been established with specific written terms of reference which deal clearly with its authority and duties. The members of nomination committee comprises Ms. Wai Siu Kee (Chairman), Mr. Wong Kai Tung, Tony, Mr. Wan Chi Keung, Aaron BBS JP, and Mr. Heng Victor Ja Wei, of which three members are independent non-executive directors.

On behalf of the Board

Wai Siu Kee

Chairman

Hong Kong, 21 August 2017

證券交易之標準守則

本公司已採納標準守則作為董事進行證券交易之行為守則。本公司經向所有董事作出具體查詢後，全體董事皆確認截至2017年6月30日止6個月內均遵守標準守則所載之規定標準。

企業管治

董事認為，本公司於截至2017年6月30日止6個月內一直遵守上市規則附錄14所列表載之企業管治常規守則(「守則」)。

審核委員會

本公司之審核委員會由3位獨立非執行董事王啟東先生、尹志強先生BBS太平紳士及邢家維先生組成。

審核委員會已與本集團之管理層檢討本集團所採納之會計原則及慣例，並已就內部監控及財務申報等事宜進行討論，其中包括審閱本集團截至2017年6月30日止6個月的未經審核中期業績。

薪酬委員會

為符合守則，本公司已成立薪酬委員會，並以書面清楚說明委員會的權限及職責。薪酬委員會成員包括王啟東先生、尹志強先生BBS太平紳士、邢家維先生。全部成員均為獨立非執行董事。

提名委員會

為符合守則，本公司已成立提名委員會，並以書面清楚說明委員會的權限及職責。提名委員會成員包括衛少琦女士(主席)、王啟東先生、尹志強先生BBS太平紳士、邢家維先生。其中三位成員為獨立非執行董事。

代表董事會

主席

衛少琦

香港，2017年8月21日

LEE & MAN CHEMICAL COMPANY LIMITED

8th Floor, Liven House

61-63 King Yip Street

Kwun Tong, Kowloon, Hong Kong

Tel: (852) 2319 9888 Fax: (852) 2319 9333

理文化工有限公司

香港九龍觀塘敬業街61-63號利維大廈8樓

電話：(852) 2319 9888 傳真：(852) 2319 9333