



CHIHO ENVIRONMENTAL GROUP LIMITED
齊合環保集團有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 976

齊心贏未來 合力闖天下

Concert Hearts Inaugurate Highminded Orientation

INTERIM REPORT
2019 中期報告



Contents 目錄

		<i>Page/頁次</i>
Financial Highlights	財務摘要	2
Chairman's Statement	主席報告	4
Management Discussion and Analysis	管理層討論及分析	8
Disclosure of Interests	權益披露	24
Corporate Governance and Other Information	企業管治及其他資料	30
Condensed Consolidated Statement of Profit or Loss	簡明綜合損益表	34
Condensed Consolidated Statement of Comprehensive Income	簡明綜合全面收益表	35
Condensed Consolidated Balance Sheet	簡明綜合資產負債表	36
Condensed Consolidated Statement of Changes in Equity	簡明綜合權益變動表	38
Condensed Consolidated Statement of Cash Flows	簡明綜合現金流量表	40
Notes to the Condensed Consolidated Financial Information	簡明綜合財務資料附註	42
Corporate Information	公司資料	73

Financial Highlights

財務摘要

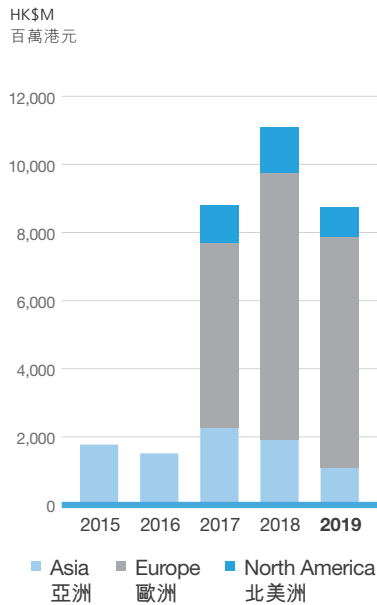


		Six months ended 30 June		
		截至六月三十日止六個月		
		2019	2018	Increase/ (Decrease)
		二零一九年	二零一八年	增加/ (減少)
		(Unaudited)	(Unaudited)	增加/ (減少)
		(未經審核)	(未經審核)	(減少)
Operating results (HK\$M)	經營業績 (百萬港元)			
Segment revenue	分部收益			
Asia	亞洲	1,094.2	1,920.4	(43.0%)
Europe	歐洲	6,911.7	7,916.1	(12.7%)
North America	北美洲	843.5	1,346.5	(37.4%)
Inter-segment sales	分部間銷售	(149.1)	(120.8)	23.4%
Revenue	收益	8,700.3	11,062.2	(21.4%)
Gross profit	毛利	515.6	1,005.2	(48.7%)
Segment (loss)/profit	分部 (虧損) / 溢利			
Asia	亞洲	(71.5)	187.8	(138.1%)
Europe	歐洲	178.6	283.9	(37.1%)
North America	北美洲	12.0	19.5	(38.5%)
Unallocated	未分配	(24.6)	109.6	(122.4%)
Profit before interest and tax (EBIT)	除利息及稅項前溢利	94.5	600.8	(84.3%)
Finance costs, net	財務成本淨額	(94.2)	(214.3)	(56.0%)
Profit before income tax	除所得稅前溢利	0.3	386.5	(99.9%)
Income tax credit/(expense)	所得稅抵免 / (開支)	0.8	(55.3)	(101.4%)
Profit for the period	期內溢利	1.1	331.2	(99.7%)
Cash generated from operations before changes in working capital	營運資金變動前 經營業務產生的現金	181.9	549.1	(66.9%)
Earnings per share attributable to shareholders of the Company (HK\$)	本公司股東應佔每股 盈利 (港元)	0.001	0.21	(99.5%)
Key ratios (%)	主要財務比率 (%)			
Gross profit margin	毛利率	5.9	9.1	(3.2%)
Net profit margin ¹	淨溢利率 ¹	0.02	3.0	(2.98%)
EBIT/Revenue	除利息及稅項前 溢利 / 收益	1.1	5.4	(4.3%)
Return on shareholders' funds ²	股東資金回報率 ²	0.04	6.4	(6.36%)

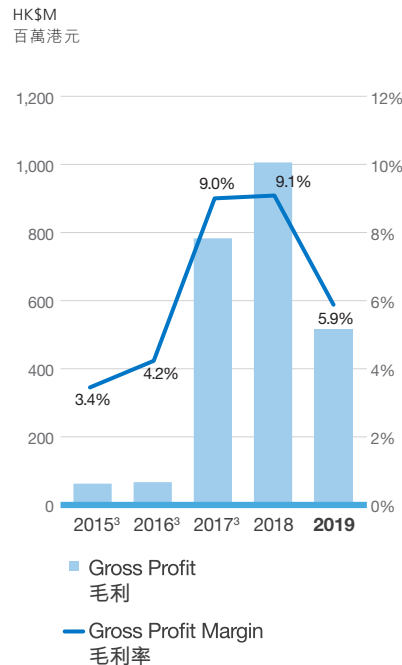
Financial Highlights 財務摘要

		At 30 June 2019 於二零一九年 六月三十日 (Unaudited) (未經審核)	At 31 December 2018 於二零一八年 十二月三十一日 (Audited) (經審核)	Increase/ (Decrease) 增加/ (減少)
Financial position (HK\$M)	財務狀況 (百萬港元)			
Total assets	總資產	10,966.8	11,387.5	(3.7%)
Cash and pledged bank deposits	現金及已抵押銀行存款	829.2	1,010.7	(18.0%)
Equity attributable to shareholders of the Company	本公司股東應佔權益	5,142.8	5,175.3	(0.6%)
Shareholders' funds per share (HK\$)	每股股東資金 (港元)	3.20	3.22	(0.6%)

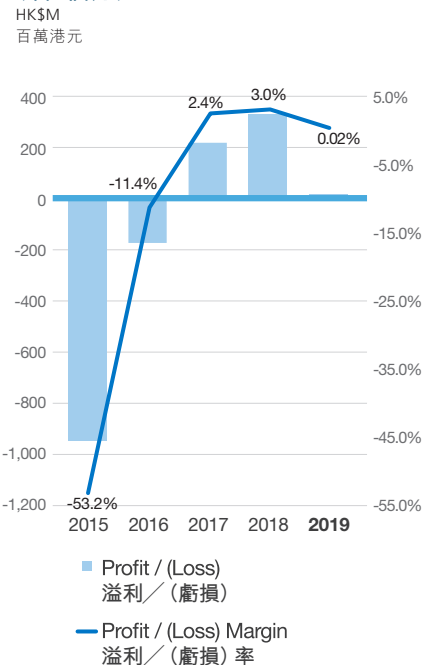
Revenue (First 6 months) 收益 (首6個月)



Gross Profit and Gross Profit Margin (First 6 months) 毛利及毛利率 (首6個月)



Net Profit (Loss) and Net Profit (Loss) Margin (First 6 months) 淨溢利 (虧損) 及淨溢利 (虧損) 率 (首6個月)



¹ Net profit margin is calculated as profit attributable to shareholders of the Company as a percentage of revenue

² Return on shareholders' funds is calculated based on the profit attributable to shareholders of the Company as a percentage of average shareholders' funds

³ These figures illustrate the impact after the adoption of HKFRS 15 Revenue and HKFRS 16 Lease for comparison purposes only.

¹ 淨溢利率是根據本公司股東應佔溢利佔收益的百分比計算

² 股東資金回報率是根據本公司股東應佔溢利佔平均股東資金的百分比計算

³ 此等數據闡述採納香港財務報告準則第15號收益及香港財務報告準則第16號租賃之影響，僅作比較用途。

Chairman's Statement 主席報告



The negative impacts from the China-US trade dispute started to show in the first half of 2019. China is the largest automotive market in the world. With the ongoing China-US trade dispute and the trading barriers becoming the new norm, the consumer sentiment is directly reflected in consumer spending behavior, in particular on major household expenditures such as automobiles. Economies across the globe are interrelated. Despite the fact that China is a major auto manufacturing country, many parts and components are exported from Europe, Japan and North America. In addition, China also imports automobiles from various countries. The slowdown in China's economy will weigh down the industrial sector in Europe and America as the automotive industry is crucial to the European economy. Downturn in the European industrial activities will result in decreasing demands for steel and other metals, and in turn will have an indirect impact on the local demand for steel scrap, hence dealing a blow to our metal recycling business.

As the changes under the Catalog for the Administration of the Import of Solid Wastes promulgated by the Chinese Government have been effective since 1 January 2019, the existing solid wastes dismantling business of hardware scrap such as imported scrap motors and cable scrap operated by the Group's Taizhou plant is gradually relocating to Southeast Asian countries and other countries in the "Belt and Road" initiative as set out in the Group's business strategy. The Taizhou plant also provided experienced staff and technological support in the relocation of the scrap motor dismantling business. The Taizhou plant is currently undergoing transformation to focus on domestic metal scrap recycling market, and expanding its existing recycled aluminum ingots business and copper rod production. Nevertheless, operations at the Taizhou plant is expected to experience a short-term setback.

In the first half of the year, the Group formed separate joint ventures in India and Malaysia with Century Metal Recycling Group ("CMR", India's largest producer of aluminum and zinc die-casting alloys) and with Heng Hup Group ("Heng Hup Group", a leading scrap ferrous metal trader in Malaysia) respectively to engage in scrap motors and other mixed scrap metal dismantling business. The formation of the joint ventures will not only bring mutual benefit to each party but also provide an excellent opportunity for the Group to further strengthen our presence in the Southeast and South Asian markets.

二零一九年上半年，中美貿易戰所帶來的負面影響逐步浮現。中國是全球最大的汽車市場。隨著中美貿易戰的持續和貿易壁壘的常態化，消費者對經濟的不確定性直接反應到消費行為上，尤其是家庭的重大開支，例如汽車。全球的經濟是相連接的。雖然中國是汽車生產大國，但很多零部件來自歐洲、日本和北美。同時，中國也從各國進口汽車。中國經濟放緩將對歐美的工業活動產生負面影響，汽車工業是歐洲的支柱工業產業。歐洲工業活動放緩將導致鋼鐵和其他金屬需求減少，間接影響當地廢鋼需求，從而影響到齊合環保的金屬回收業務。

二零一九年一月一日開始，受中國的《進口廢物管理目錄》調整影響，齊合下屬的台州公司原有的進口廢電機、廢線纜等廢五金類固廢拆解業務已根據集團的戰略安排逐步轉移到東南亞等一帶一路相關國家。台州公司也為電機拆解業務的轉移提供了有力的人員和技術支持。台州公司目前在調整業務，除了擴大原有的再生鋁錠業務和黃銅棒生產，也將重點放到中國國內的廢金屬回收市場。但是台州公司的短期陣痛不可避免。

在今年的上半年，集團分別在印度和馬來西亞與印度最大的鋁鋅壓鑄合金製造商Century Metal Recycling Group (「CMR」)和馬來西亞領先的黑色廢金屬貿易商興合集團 (「Heng Hup Group」) 合作成立合資企業，從事廢舊馬達及其他廢舊混合金屬的拆解業務。成立合資企業不但將為雙方帶來利益，同時也為齊合開拓新的東南亞和南亞市場提供了契機。

REVIEW

China has historically been a major importer of metal scrap and has a complete downstream industrial chain consisting of smelting plants, steel plants and casting plants to recycle the metal scrap. However, due to the changes in the solid wastes policy in China, the import of such materials has significantly reduced, leading to an increase in import of iron ores by some steel plants and copper smelting plants, and redirecting the imported metal scrap to other countries such as Southeast Asia, India, Pakistan and other South Asian countries. Relocation of the industry has become the trend.

In the first half of 2019, the Group's overall revenue and profit decreased as compared to the same period of last year. Our European and North American business segments were hit by the China-US trade dispute and the solid wastes policy in China. During the reporting period, the total tonnage sold decreased by 7.5%, resulting in revenue decrease of 16.3%.

In our Asian business segment, due to the changes under the Catalog for the Administration of the Import of Solid Wastes, import of mixed metal scrap was banned in China. Our Asian businesses, representing mainly Greater China, are principally engaged in the dismantling of mixed metal scrap inventory on hand, deep processing of recycled metal scrap, dismantling and processing of electronic wastes and international metal trade. During the reporting period, the total tonnage sold decreased by 35.6%, resulting in revenue decrease of 43.0%. Our businesses in South and Southeast Asia are in the commencement stage and their contribution to the operating results for the first half of the year was limited.

回顧

傳統上，中國是廢金屬進口大國，並擁有完整的下游產業鏈如冶煉廠、鋼廠、鑄造廠等來消化回收的金屬。但是在中國固體廢物政策調整影響下，這些進口物料大幅度減少，導致部分鋼廠、銅冶煉廠等增加對礦石的進口，同時也導致了原來進口的廢金屬回收料流向其他國家如東南亞和印度、巴基斯坦等南亞國家。產業轉移已是必然趨勢。

回顧二零一九上半年，本集團總體收入及利潤均比去年同比下降。其中，歐洲及北美地區業務受中美貿易戰和中國固體廢物政策影響，期內銷售量下降7.5%，以致營收減少16.3%。

亞洲地區方面，受《進口廢物管理目錄》調整影響，混合金屬回收料無法進口中國，亞洲業務（主要包括大中華地區）主要以拆解中國國內現有混合金屬回收料庫存、金屬回收料深加工、廢舊電子拆解處理和國際金屬貿易為主，由於期內銷售量下降35.6%，以致營收減少43.0%。齊合的南亞和東南亞業務正在逐步投產階段，未對上半年業績提供多大貢獻。

Chairman's Statement 主席報告

PROSPECT

Europe has been the forerunner in the world in addressing the global warming issue. Given the carbon tax in Europe has been raised several times over the last few years, steel mills in Europe have been stepping up their efforts in business transformation by phasing out obsolete blast furnaces and replacing them with electric arc furnaces, and thus increasing the demands for steel scrap. The newly elected president of the European Commission also has emphasized her commitment to achieve the 2050 carbon-neutral target by implementing new policies, awarding incentives for environmentally-friendly projects and raising carbon tax. As for the demand for metal scrap in Europe, eliminating the impact of the trade war waged by the US against China and Europe, the use of metal scrap will further increase from the environmental protection requirements.

The Taizhou operation is currently focusing on the smelting and deep processing of copper and aluminum scrap as well as the domestic metal scrap recycling and dismantling business. The copper rod processing project has commenced production and sales. The aluminum ingots processing project has started operation, fully complying with the regulations including obtainment of the sewage permits and passing of the environmental inspections, while the domestic scrap steel business has also started operation.

Our development plan in Southeast Asia is on schedule. Production in Malaysia has commenced in the second quarter, and the leased plant facility in India will complete construction by the end of September and is scheduled to be in operation before the end of the year. Cost consideration is an important factor in our decision to relocate our business to Southeast and South Asia. Typically, scrap motor has a copper content of approximately 10%, with the rest mainly comprising scrap steel. By transporting the scrap motors to these countries along the waterway, the scrap steel produced can be sold locally and the scrap copper dismantled will be exported to China. The decrease in freight weight will reduce logistic costs to a certain extent. Furthermore, with the ageing population and rising labour cost in China, labour-intensive industries in China such as the dismantling industry have gradually lost their competitiveness. Relocating such industries aims for optimisation of labour cost.

展望

歐洲在治理全球氣候變暖的問題上一直是世界的領跑者。歐洲的碳排放稅這幾年已經翻了幾倍，迫使歐洲的鋼鐵企業加大轉型，淘汰老舊的高爐並增加電爐從而帶動廢鋼的需求。歐盟區新的主席也表示了她將推行新政策，獎勵環保項目，增加碳排放稅，以求於2050年達到歐盟區碳排放中立的目標。對於歐洲的廢金屬需要，排除美國對中國和歐洲的貿易戰因素在外，廢金屬的使用率將因為環保要求進一步提升。

台州公司目前主要發展廢銅、廢鋁熔煉深加工業務和國內廢舊金屬回收及拆解業務。黃銅棒加工項目已投入生產並開始銷售；鋁錠加工生產項目已通過了環保驗收並取得了排污許可證，已合規投入運行；國內廢鋼業務也已經開始運行。

齊合在東南亞的發展正在按計劃推進。馬來西亞的生產已經於2季度開始了，印度租賃的廠房也將在同年9月底竣工，預計將在年底前投產。轉移至東南亞和南亞有個很重要的經濟考慮。一般廢馬達的含銅量約10%，剩餘主要是廢鋼。將廢馬達運到這些沿航道國家，產出的廢鋼可以在當地消化，再將拆出的廢銅出口到中國。由於運輸的重量減少，將能一定程度上降低物流成本。另外，隨著中國人口的年齡化和人工成本的上升，中國在像拆解行業這類勞動密集型產業已經逐漸喪失競爭力，產業的轉移也是考慮人力成本的優化。

PROSPECT (continued)

On other fronts, the Group also plans to build scrap metal recycling collection points in China, with an aim to set up scrap metal recycling channels in the domestic market. Historically, steel production in China tends to use iron ores and coking coal, i.e. the so-called long process, and copper smelting operations also mainly rely on imported copper concentrate. In order to satisfy the increasingly stringent environmental requirements such as the bury of slag produced from the smelting process and the emission from the smelting process under the tightened environmental policies in China, steel mills will accelerate the phase-out of blast furnaces and install electric arc furnaces. In view of this, scrap metal recycling industry in China will be the largest blue ocean in the future.

Business transformation is always accompanied by a transition period and challenges. However, from the long-term perspective, with more clarification of the relevant national policies and improvement in the domestic market, such as the waste separation campaign that is currently undergoing in many cities in China and the change in the End-of-Life Vehicle ("ELV") Directives in China, our Taizhou operation is poised to benefit from its strengths in terms of business scale, compliance, management, operation, technology and know-how, together with the Group's experiences and network in the European and American markets.

The Group ranked one of the Top 500 Enterprises in China 2019 recently released by Fortune, demonstrating our strengths and outstanding business foundation.

Last but not least, I would like to extend my heart-felt gratitude to the members of the Board of Directors and all our employees around the world for their professionalism, unremitting efforts and unity, and to our customers and partners for their priceless support and trust.

Qin Yongming

Chairman

Hong Kong, 28 August 2019

展望 (續)

其他方面，齊合也計劃在中國國內設立廢舊金屬回收網點，建設國內廢舊金屬回收渠道。長期以來，中國的鋼鐵生產工藝主要傾向於利用鐵礦石和焦煤煉鋼，即所謂的長流程。銅冶煉方面也主要是依賴進口的銅精粉。隨著國內環保政策的逐步收緊，諸項環保要求如冶煉後的礦渣填埋、冶煉排放等將日趨嚴格。這將導致鋼廠逐漸增加高爐的用廢率及投了新的電爐。故中國的回收金屬產業將是未來最大的藍海。

業務轉型肯定也會經歷一定的過渡期和挑戰，不過從長遠發展來看，隨著國家相關政策進一步明確和國內市場的逐步完善，例如目前中國許多城市正在試行廢物分類以及中國報廢機動車（「報廢機動車」）回收管理辦法的修訂，台州公司在規模、合規、管理、營運、技術、經驗等方面的優勢，加上齊合在歐美的經驗和網絡，將可以得到有效發揮。

集團在財富剛公佈的二零一九年中國500強企業中上榜，顯示集團的實力雄厚，業務紮實。

最後，本人謹向董事會同仁及齊合全球所有員工之專業精神、實幹勤勉與互相砥礪致以衷心的感謝；向客戶及其他合作夥伴對本集團的支持與信任致以衷心的感謝！

秦永明

主席

香港，二零一九年八月二十八日

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Financial Overview

財務回顧

財務概覽

		Six months ended 30 June 截至六月三十日止六個月		Increase/ (Decrease) 增加/ (減少) Percentage 百分比
		2019 二零一九年 HK\$M 百萬港元	2018 二零一八年 HK\$M 百萬港元	
Revenue	收益	8,700.3	11,062.2	(21.4%)
Gross profit	毛利	515.6	1,005.2	(48.7%)
Gross profit ratio	毛利率	5.9%	9.1%	
Other income	其他收入	75.0	48.3	55.3%
Other income as a percentage of revenue	其他收入佔收益的百分比	0.9%	0.4%	
Other (losses)/gains, net	其他(虧損)/收益淨額	(1.2)	141.5	(100.8%)
Net other (losses)/gains as a percentage of revenue	其他(虧損)/收益淨額 佔收益的百分比	0.0%	1.3%	
Net reversal of impairment on financial assets	金融資產減值撥回淨額	20.9	40.7	(48.6%)
Net reversal of impairment on financial assets as a percentage of revenue	金融資產減值撥回淨額 佔收益的百分比	0.2%	0.4%	
Share of profit of an associate and joint ventures, net	應佔聯營公司及合營企業 溢利淨額	38.0	61.9	(38.6%)
Total operating expenses ¹	經營費用總額 ¹	(553.8)	(696.8)	(20.5%)
Total operating expenses as a percentage of revenue	經營費用總額佔收益的百分比	6.4%	6.3%	
EBIT	除利息及稅項前溢利	94.5	600.8	(84.3%)
EBIT margin	除利息及稅項前溢利率	1.1%	5.4%	
Finance costs, net	財務成本淨額	(94.2)	(214.3)	(56.0%)
Net finance costs as a percentage of revenue	財務成本淨額佔收益的百分比	1.1%	1.9%	
Profit before income tax	除所得稅前溢利	0.3	386.5	(99.9%)
Income tax credit/(expense)	所得稅抵免/(開支)	0.8	(55.3)	(101.4%)
Effective tax rate	實際稅率	N/A 不適用	14.3%	
Profit for the period	期內溢利	1.1	331.2	(99.7%)
Net profit margin ²	淨溢利率 ²	0.02%	3.0%	
Profit/(loss) attributable to:	以下各方應佔溢利/(虧損):			
Shareholders of the Company	本公司股東	2.0	331.6	(99.4%)
Non-controlling interest	非控股權益	(0.9)	(0.4)	125.0%
		1.1	331.2	(99.7%)

¹ Included distribution and selling expenses, and administrative expenses

¹ 包括分銷及銷售開支和行政開支

² Net profit margin is calculated as profit attributable to shareholders of the Company as percentage of revenue

² 淨溢利率是根據本公司股東應佔溢利佔收益的百分比計算

FINANCIAL REVIEW (continued)

Revenue

The volatility in the macro-economy has brought about an adverse impact to the Group for the first half of 2019. Revenue was HK\$8,700.3 million in the first half of 2019, representing a decrease of approximately 21.4% compared to HK\$11,062.2 million for the same period in 2018.

The drop in revenue was largely driven by the slowdown of the industrial activities in Europe and the changes in China's Catalog for Administration of the Import of Solid Wastes which led to a soft demand for scrap metals, coupled with the significant drop in scrap prices as compared to the first half of 2018.

財務回顧(續)

收益

於二零一九年上半年，宏觀經濟波動，對本集團造成不利影響。二零一九年上半年的收益為87億30萬港元，較二零一八年同期的110億6,220萬港元減少約21.4%。

收益下降，乃主要由於歐洲工業活動放緩及中國《進口廢物管理目錄》調整導致再生金屬需求疲軟，加上再生金屬價格較二零一八年上半年大幅下跌所致。

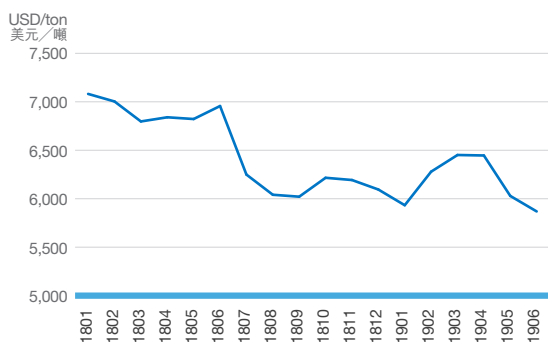
		Six months ended 30 June 截至六月三十日止六個月				Increase/ (Decrease)
		2019 二零一九年		2018 二零一八年		增加/(減少)
		HK\$M	As a percentage of total segment revenue 佔分部收益 總額的百分比	HK\$M	As a percentage of total segment revenue 佔分部收益 總額的百分比	HK\$M
		百萬港元		百萬港元		百萬港元
Asia	亞洲	1,094.2	12.4%	1,920.4	17.2%	(826.2)
Europe	歐洲	6,911.7	78.1%	7,916.1	70.8%	(1,004.4)
North America	北美洲	843.5	9.5%	1,346.5	12.0%	(503.0)
Total segment revenue	分部收益總額	8,849.4	100%	11,183.0	100.0%	(2,333.6)
Inter-segment sales	分部間銷售	(149.1)		(120.8)		28.3
Revenue	收益	8,700.3		11,062.2		(2,361.9)

Management Discussion and Analysis 管理層討論及分析

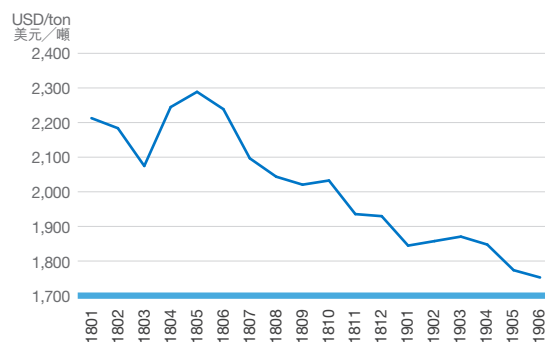
FINANCIAL REVIEW (continued)

財務回顧(續)

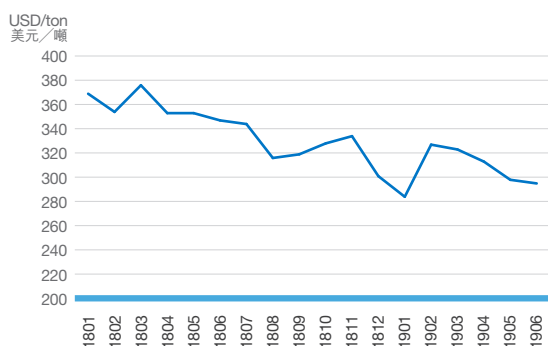
LME Copper LME銅



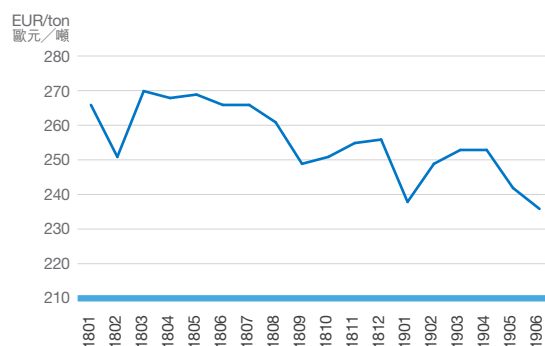
LME Aluminum LME鋁



LME Steel Scrap LME廢鋼



Germany BDSV (Steel Scrap) 德國BDSV (廢鋼)



Gross Profit/Margin

Gross profit for the first half of 2019 was HK\$515.6 million, fell by 48.7% and the gross profit margin was 5.9% (2018: 9.1%). The decrease in gross profit was mainly attributable to the lower tonnage processed in our China facilities as a result of the import restrictions on scrap motors in China and rising energy and transportation costs as compared to last year.

毛利/毛利率

二零一九年上半年的毛利為5億1,560萬港元，下降48.7%，及毛利率為5.9%（二零一八年：9.1%）。毛利下降，乃主要由於中國對廢電機的進口限制導致本公司中國基地處理的噸位下降及能源和運輸成本較去年上漲所致。

Profit before interest and tax (EBIT)/Margin

EBIT for the first half of 2019 was HK\$94.5 million, down by 84.3%. EBIT margin was 1.1% for the period (2018: 5.4%).

除利息及稅項前溢利/溢利率

於二零一九年上半年的除利息及稅項前溢利為9,450萬港元，下降84.3%。期內除利息及稅項前溢利率為1.1%（二零一八年：5.4%）。

FINANCIAL REVIEW (continued)

Profit before interest and tax (EBIT)/Margin (continued)

Total operating expenses were HK\$553.8 million, a decrease of 20.5%. Total operating expenses as a percentage of revenue remained comparable at 6.4% (2018: 6.3%).

Distribution and selling expenses have a slight drop of 5.3% to HK\$25.1 million, or 0.3% of revenue (2018: 0.2%).

Administrative expenses also dropped 21.1% to HK\$528.7 million as stringent cost controls are in place in the course of the Group transitioning our production bases. As a percentage of revenue, administrative expenses remained flat at 6.1% as compared to last year.

財務回顧 (續)

除利息及稅項前溢利／溢利率 (續)

經營費用總額為5億5,380萬港元，減少20.5%。經營費用總額佔收益的百分比為6.4%，大致持平（二零一八年：6.3%）。

分銷及銷售開支微幅下跌5.3%至2,510萬港元，及佔收益的百分比為0.3%（二零一八年：0.2%）。

行政開支亦下降21.1%至5億2,870萬港元，乃因本集團於轉移生產基地的過程中實施嚴格的成本控制。行政開支佔收益的百分比為6.1%，與去年持平。

		Six months ended 30 June 截至六月三十日止六個月				Increase/ (Decrease) 增加／(減少)
		2019 二零一九年		2018 二零一八年		
		HK\$M 百萬港元	As a percentage of revenue 佔收益的百分比	HK\$M 百萬港元	As a percentage of revenue 佔收益的百分比	HK\$M 百萬港元
Distribution and selling expenses	分銷及銷售開支	25.1	0.3%	26.5	0.2%	(1.4)
Administrative expenses	行政開支	528.7	6.1%	670.3	6.1%	(141.6)
Total	總計	553.8	6.4%	696.8	6.3%	(143.0)

Profit Attributable to Shareholders and Earnings Per Share

Profit attributable to shareholders of the Company for the first half of 2019 was HK\$2.0 million as compared to HK\$331.6 million for the same period last year. Net profit margin was 0.02% as compared to 3.0% last year.

Taxation charges reduced from HK\$55.3 million in the last interim reporting period to a credit of HK\$0.8 million in the first half of 2019.

Basic earnings per share for the six months ended 30 June 2019 was HK\$0.001 as compared to HK\$0.21 in the previous financial period, a decrease of 99.5%.

股東應佔溢利及每股盈利

於二零一九年上半年，本公司股東應佔溢利為200萬港元，而去年同期為3億3,160萬港元。淨溢利率為0.02%，而去年為3.0%。

稅項支出由去年中期報告期間的5,530萬港元減至二零一九年上半年的抵免80萬港元。

截至二零一九年六月三十日止六個月的每股基本盈利為0.001港元，而上一財政期間則為0.21港元，減少99.5%。

Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW (continued)

Analysis of Cash Flow from Operations

The Group's cash generated from operations before changes in working capital for the first half of 2019 was HK\$181.9 million, a decrease of 66.9% as a result of decrease in operating profits.

The operating cash inflow from changes in working capital for the first half of 2019 was HK\$217.6 million, an increase of HK\$126.7 million, caused by the decrease in the inventory balance as we have been closely monitoring our stock level while the dismantling business is under transition.

Liquidity and Financial Resources

Shareholders' funds as at 30 June 2019 were HK\$5,142.8 million, a slight decline of 0.6% from 31 December 2018. Shareholders' funds per share dropped slightly from HK\$3.22 to HK\$3.20.

The Group's financial resources remained stable and steady. As at 30 June 2019, the Group had cash, various bank balances and pledged bank deposits amounting to HK\$829.2 million, a decrease of HK\$181.5 million as compared to HK\$1,010.7 million as of 31 December 2018. As a result, the current ratio was lowered from 1.62 as at 31 December 2018 to 1.06 as at 30 June 2019.

Total external borrowings were approximately HK\$3,571.8 million (31 December 2018: approximately HK\$3,787.6 million). Such borrowings were mainly utilised for the purchase of mixed recycle metal and working capital, and denominated in Euro, U.S. Dollar and Renminbi. Approximately HK\$1,754.1 million (31 December 2018: approximately HK\$1,757.9 million) of borrowings are at fixed interest rates.

The gearing ratio of the Group as at 30 June 2019 was 32.6% (31 December 2018: 33.3%) which is calculated based on the total borrowings divided by our total assets.

財務回顧 (續)

經營業務產生的現金流量分析

於二零一九年上半年本集團營運資金變動前經營業務產生的現金為1億8,190萬港元，下降66.9%，主要由於經營溢利減少所致。

於二零一九年上半年營運資金變動產生的經營所得現金流入為2億1,760萬港元，增加1億2,670萬港元，乃因我們在拆解業務轉移階段期間密切監察庫存水平，致使庫存結餘減少所致。

流動資金與財務資源

於二零一九年六月三十日，股東資金為5億4,280萬港元，較二零一八年十二月三十一日微幅下降0.6%。每股股東資金由3.22港元微跌至3.20港元。

本集團的財務資源保持穩健。於二零一九年六月三十日，本集團持有的現金、多項銀行結餘及已抵押銀行存款為8億2,920萬港元，較截至二零一八年十二月三十一日的10億1,070萬港元下降1億8,150萬港元。因此，流動比率由二零一八年十二月三十一日的1.62下降至二零一九年六月三十日的1.06。

外部借款總額為約35億7,180萬港元（二零一八年十二月三十一日：約37億8,760萬港元）。該等借款主要用於購買混合再生金屬和營運資金，並以歐元、美元及人民幣計值。借款約17億5,410萬港元（二零一八年十二月三十一日：約17億5,790萬港元）按固定利率計息。

本集團於二零一九年六月三十日的資產負債比率為32.6%（二零一八年十二月三十一日：33.3%）（根據借款總額除以資產總值計算）。

FINANCIAL REVIEW (continued)

Working Capital Change

Inventories as at 30 June 2019 were HK\$1,653.6 million, decreased from HK\$2,105.7 million as at 31 December 2018. The inventory turnover days for first half of the financial year was 41 days, slightly 3 days longer than same period last year as sales were soft in the current period.

Provision for inventories as at 30 June 2019 were HK\$27.3 million, as compared to the provision of HK\$38.8 million as at 31 December 2018.

財務回顧(續)

營運資金變動

截至二零一九年六月三十日的存貨為16億5,360萬港元，較截至二零一八年十二月三十一日的21億570萬港元有所減少。本財政年度上半年的存貨週轉日數為41天，較去年同期稍長3天，乃因本期銷售走軟所致。

截至二零一九年六月三十日的存貨撥備為2,730萬港元，而截至二零一八年十二月三十一日的撥備則為3,880萬港元。

		At 30 June 2019 於二零一九年 六月三十日	At 31 December 2018 於二零一八年 十二月三十一日
Inventories (HK\$M)	存貨(百萬港元)	1,653.6	2,105.7
Average inventories as a percentage of revenue (annualised)	平均存貨佔收益百分比(年化)	9.5%	10.6%
		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年	2018 二零一八年
Turnover days	週轉日數	41	38

Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW (continued)

Working Capital Change (continued)

Net trade and bills receivables as at 30 June 2019 were HK\$1,519.4 million, increased from HK\$1,367.5 million as at 31 December 2018. Debtor turnover days for the first half of the financial year increased from 25 days to 30 days when compared with the same period last year. The higher receivables balance as at 30 June 2019 was mainly due to timing of sales towards period end. The Group adopts a tight management on credit exposure.

財務回顧(續)

營運資金變化(續)

淨貿易及票據應收款項由截至二零一八年十二月三十一日的13億6,750萬港元增加至截至二零一九年六月三十日的15億1,940萬港元。與去年同期相比，本財政年度上半年的應收賬款週轉日數從25天增加至30天。於二零一九年六月三十日的應收款項結餘增加，主要由於銷售時間接近期末。本集團對信貸風險實行嚴格管理。

		At 30 June 2019 於二零一九年 六月三十日	At 31 December 2018 於二零一八年 十二月三十一日
Trade and bills receivables, net (HK\$M)	淨貿易及票據應收款項(百萬港元)	1,519.4	1,367.5
Average receivables as a percentage of revenue (annualised)	平均應收款項佔收益百分比(年化)	8.7%	6.4%
		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年	2018 二零一八年
Turnover days	週轉日數	30	25

FINANCIAL REVIEW (continued)

Working Capital Change (continued)

Trade and bills payable as at 30 June 2019 were HK\$1,004.6 million, having decreased from HK\$1,042.9 million as at 31 December 2018. Creditor turnover days for the six months ended 30 June 2019 was 23 days, comparable with the 24 days in the corresponding financial period last year.

財務回顧(續)

營運資金變化(續)

貿易及票據應付款項於截至二零一九年六月三十日為10億460萬港元，較於二零一八年十二月三十一日的10億4,290萬港元有所減少。截至二零一九年六月三十日止六個月的應付賬款週轉日數為23天，與去年相應財政期間的24天相若。

		At 30 June 2019 於二零一九年 六月三十日	At 31 December 2018 於二零一八年 十二月三十一日
Trade and bills payables (HK\$M)	貿易及票據應付款項(百萬港元)	1,004.6	1,042.9
		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年	2018 二零一八年
Turnover days	週轉日數	23	24

Treasury Policies

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations. The Group principally uses forward foreign exchange contracts as appropriate to hedge the foreign exchange risks in the ordinary course of business. It is the Group's policy not to enter into derivative transactions for speculative purposes.

財政政策

本集團的財政政策旨在紓緩本集團環球營運所造成的外幣匯率波動影響。本集團在適當時候主要以外匯遠期合約對沖日常業務過程中所產生外匯風險。本集團的政策是不參與投機性的衍生交易。

Capital Expenditure

For the six months ended 30 June 2019, the Group invested HK\$285.4 million in the purchase of tangible assets including machinery and equipment, leasehold improvements, office equipment for improving production efficiency (six months ended 30 June 2018: HK\$247.2 million). These capital expenditures were financed through internal resources and lease arrangements.

資本開支

截至二零一九年六月三十日止六個月，本集團投資2億8,540萬港元購置有形資產，包括機器及設備、租賃物業裝修、辦公室設備以提高生產效率(截至二零一八年六月三十日止六個月：2億4,720萬港元)。該等資本開支均以內部資源及租賃安排提供資金。

Management Discussion and Analysis 管理層討論及分析

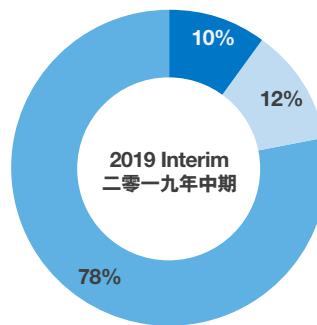
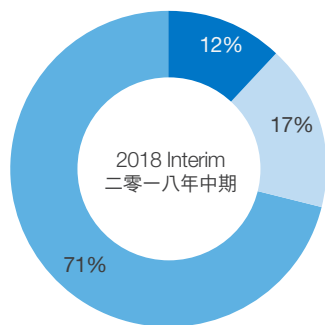


BUSINESS REVIEW

業務回顧

Revenue by Regions

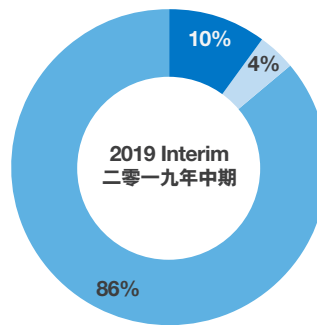
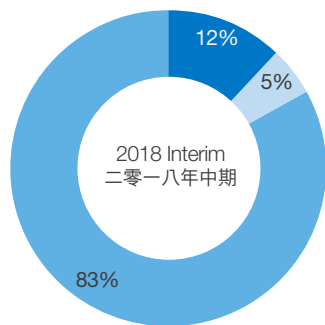
按地區劃分的收益



■ Europe 歐洲 ■ Asia 亞洲 ■ North America 北美洲

Sales Quantity by Regions

按地區劃分的銷售量



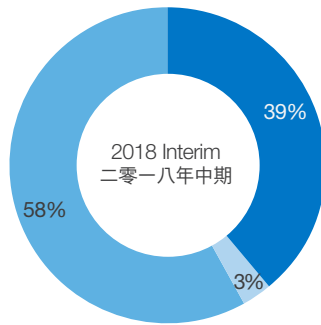
■ Europe 歐洲 ■ Asia 亞洲 ■ North America 北美洲

BUSINESS REVIEW (continued)

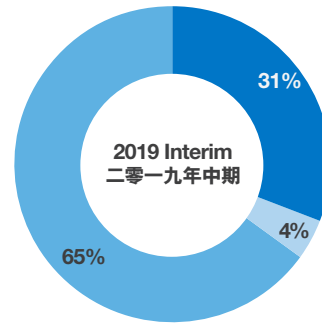
業務回顧(續)

Revenue by Products

按產品劃分的收益

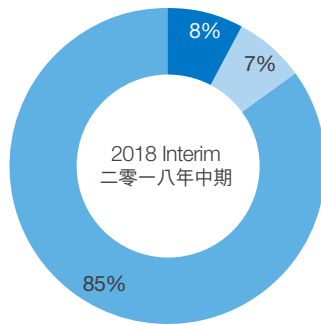


■ Ferrous 黑色金屬 ■ Non-ferrous 有色金屬 ■ Others 其他

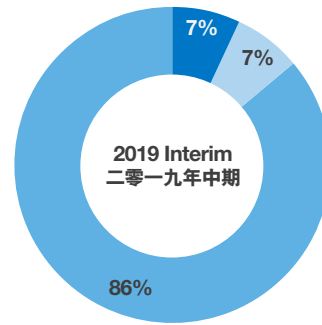


Sales Quantity by Products

按產品劃分的銷售量



■ Ferrous 黑色金屬 ■ Non-ferrous 有色金屬 ■ Others 其他



Management Discussion and Analysis 管理層討論及分析

BUSINESS REVIEW (continued)

The Group's performance

For the first half of 2019, the Group continued to operate in our long-established markets and also has been expanding into new markets in South/Southeast Asia. Through the geographic diversification, we are in a good position to mitigate the risks of overly relying on a single market.

The market conditions have been very challenging in the current period, hindering our sales. The Group sold in aggregate over 2.51 million tonnes of recycled products in the first half of 2019, representing a 8.9% decrease comparing to 2.75 million tonnes sold in the first half of 2018. During the first half of 2019, the Group continued its usual practices of buying mixed metal scraps and selling its recycled products in accordance with its processing ability. Moreover, the Group made efforts to streamline and improve the inventory cycle so as to mitigate the short-term impact of price volatility on the overall performance of the Group.

Operation Performance

Europe

Our Europe segment provides all steps in recycling mixed metal scraps and is equipped with one-stop shop service for collecting, gathering, sorting and processing. We are among the processing and technology leaders in ferrous and non-ferrous metal recycling worldwide. We own many advanced processing technologies in scrap metal shredding and post-shredding processing.

Our scrap metal shredding services, including cleaning, sorting, shearing, shredding, and pressing, constitute a "One-Stop-Shop" process for all customers and cater to any metal supply needs. In post-shredding technologies, we are able to achieve approximately 97% recovery rate for ELV, ranking as a world leader (95% recycling rate is the existing recovery target under the European Union directive).

For the first half of 2019, total segment sales tonnage in the European segment was 2.17 million tonnes, a drop of 4.6% as compared to the corresponding period in 2018 of 2.28 million tonnes. Segment revenue was HK\$6,911.7 million, decreased by 12.7% at current exchange rate or 6.5% in local currencies. Demand has been strongly affected by a weak automobile and machine engineering industry in Europe, and from the import restrictions of certain scrap metals into China which came into effect this year.

業務回顧 (續)

本集團的表現

於二零一九年上半年，本集團繼續於其經營多年的市場營運，同時向南亞及東南亞等新市場拓展。透過地域多元化，在減輕過度依賴單一市場的風險方面，我們處於有利位置。

本期間市況艱困，令本集團銷售受挫。本集團於二零一九年上半年合共售出超過251萬噸再生產品，與二零一八年上半年售出的275萬噸相比，減少8.9%。於二零一九年上半年，本集團秉承一貫做法，根據自身的處理能力，買入混合再生金屬並出售其再生產品。此外，本集團致力精簡及改善存貨週期，以減低價格波動對本集團整體表現的短期影響。

營運表現

歐洲

我們的歐洲分部提供回收混合再生金屬的所有工序，配備集收集、集中、分類及處理於一體的一站式服務。我們是全球黑色及有色金屬回收處理及技術領導者之一，我們擁有多項先進的再生金屬破碎和破碎後處理技術。

我們的再生金屬破碎服務（包括清潔、分類、剪切、破碎和壓塊打包）為所有客戶提供「一站式服務」和滿足任何金屬供應需求。在破碎後處理技術方面，我們能達到報廢機動車約97%的回收率，位居全球之冠（95%的回收率是歐盟指令的現有回收目標）。

於二零一九年上半年，歐洲分部的分部總銷售量為217萬噸，較二零一八年同期的228萬噸減少4.6%。分部收益為69億1,170萬港元，按現時匯率計算減少12.7%或按當地貨幣計算減少6.5%。歐洲汽車及機械工程行業疲弱，加上今年生效的中國對若干再生金屬的進口限制，導致需求受到嚴重影響。

BUSINESS REVIEW (continued)

Operation Performance (continued)

Europe (continued)

Scrap prices in Europe have dropped by about 12% in the same time period and freight costs have increased due to scarce transportation capacity and increased tolls. The gross profit for the period, therefore, only reached HK\$485.1 million, a decrease of 26.2% at current exchange rate or 21.0% in local currencies compared with the same period last year. Gross profit margin (after the adoption of HKFRS 15 in 2018 and HKFRS 16 in 2019) for the period decreased from 8.3% to 7.0% in the current period. The segment profit was HK\$178.6 million, a decrease of 37.1% at current exchange rate or 32.6% in local currencies.

For Europe, rising carbon tax is pushing metallurgical industries to use more scraps metals instead of mineral ores. We also see that trend in China due to tightening environmental legal enforcement.

Alternative sales channels have been identified to reduce the impact brought about by China's new import restrictions. Moreover, additional sorting processes have been implemented in our European yards to fulfil China's requirements on importing of cleaned scrap. The Group has also been exploring non-metallic businesses such as recycled plastics and paper to diversify and mitigate the challenges brought about from the recycled metal recycling business.

North America

The North America segment possesses extensive recycling process know-how in all relevant process steps from collection, sorting, processing to trading of materials. It operates state-of-the-art shredder technology and has extensive post-shredding technologies in place for recovery optimisation. The North America segment has also commenced its scrap motor mechanical shredding and dismantling as well as trading of recycled auto components.

For the six months ended 30 June 2019, the North American sales tonnage was 0.25 million tonnes, as compared to 0.34 million tonnes for the first half of 2018. Segment revenue was HK\$843.5 million, a decline of 37.4% at current exchange rate or 32.9% in local currency.

業務回顧 (續)

營運表現 (續)

歐洲 (續)

歐洲的再生物料價格與去年同期相比下降約12%，而運輸承載量不足及通行費上漲導致銷運成本上升。因此，期內毛利僅為4億8,510萬港元，較去年同期減少26.2%（按現時匯率計算）或21.0%（按當地貨幣計算）。期內毛利率（於二零一八年採納香港財務報告準則第15號及於二零一九年採納香港財務報告準則第16號之後）由8.3%減少至本期間的7.0%。分部溢利為1億7,860萬港元，減少37.1%（按現時匯率計算）或32.6%（按當地貨幣計算）。

在歐洲，不斷上漲的碳稅正驅使冶金行業增加使用再生金屬以取代原礦石。由於環境保護的執法加強，在中國增加使用再生金屬以取代原礦石成了一個大趨勢。

本集團成功發掘其他銷售渠道，藉此減少中國新的進口限制造成的影響。此外，為符合中國對潔淨再生物料進口的規定，歐洲場地已增設額外的分揀程序。本集團亦不斷開拓非金屬類業務（如回收塑料及紙張），以分散及減輕再生金屬回收業務的挑戰。

北美洲

北美洲分部在由收集、分類、處理至物料買賣的所有有關工序中具備高度再生處理的專業知識，其採用最先進的破碎技術，且具有廣泛的破碎後處理技術供回收優化。北美也在開始廢馬達機械化破碎拆解和二手汽車零部件業務。

截至二零一九年六月三十日止六個月，北美洲銷售量為25萬噸，而二零一八年上半年為34萬噸。分部收益為8億4,350萬港元，減少37.4%（按現時匯率計算）或32.9%（按當地貨幣計算）。

Management Discussion and Analysis 管理層討論及分析

BUSINESS REVIEW (continued)

Operation Performance (continued)

North America (continued)

Gross profit was HK\$60.9 million, having fallen by 44.6% as compared to last year (having fallen by 40.6% in local currency). Gross profit margin has dropped from 8.2% in the first half of 2018 to 7.2% in the current period. The segment profit was HK\$12.0 million, a decline of 38.5% at current exchange rate or 34.3% in local currency.

Prices in the North American scrap market were in a continuous downward trend since the start of the year and demand was soft as the export market was slow and there were outages and destocking at the local steel mills. We have been actively managing the inventory level with a high turnover rate to mitigate the price risks and maintain stable cash flow to counter the adverse effects in such a challenging market environment. The domestic economy is still strong and unemployment rate is at low levels, despite concerns about slowing economy. Our North America operation is adopting to the challenging macro environment.

Asia

Our major production facilities in Asia include Yuen Long (Hong Kong), Taizhou (Zhejiang) and Yantai (Shandong), and has expanded to Malaysia in the first half of 2019.

For the first six months of 2019, total segment sales tonnage and revenue in Asia segment decreased by approximately 35.6% from 0.15 million tonnes to 0.09 million tonnes and 43.0% from HK\$1,920.4 million to HK\$1,094.2 million, respectively, as compared to the first half of the previous year.

The Asian businesses experienced a gross loss for the period of HK\$21.4 million and gross loss margin of 2.0%, as compared to a gross profit of HK\$247.0 million and a gross profit margin of 12.9% last year. The Asia segment has turned from a profit of HK\$187.8 million last year to a loss of HK\$71.5 million for the period.

Due to the revisions under the Catalog for the Administration of the Import of Solid Wastes, import of mixed metal scrap was banned in China. In response to the revisions, we are relocating our scrap motor dismantling business from China to our new processing yards in South/Southeast Asia, and thus, our sales tonnage and overall gross profit have been temporary affected. The bearish scrap prices and the temporarily reduced volume have hampered our margin, with a gross loss for the period. As our new production facilities in South/Southeast Asia are coming into full operation, the performance of our Asia segment will gradually recover.

業務回顧 (續)

營運表現 (續)

北美洲 (續)

毛利為6,090萬港元，與去年相比減少44.6%（按當地貨幣計算減少40.6%）。毛利率由二零一八年上半年的8.2%下跌至本期間的7.2%。分部溢利為1,200萬港元，減少38.5%（按現時匯率計算）或34.3%（按當地貨幣計算）。

北美洲再生物料市場的價格自年初起持續下滑，且由於出口市場放緩導致需求走軟，當地的鋼鐵工廠出現停運及去庫存狀況。我們積極管理存貨水平，達致較高週轉率，從而減少價格風險及維持穩定現金流，以應對艱困市況的不利影響。儘管市場擔心經濟放緩，但美國國內經濟依然強勁，失業率處於低位。我們的北美業務正在適應宏觀環境下的挑戰。

亞洲

我們位於亞洲的主要生產基地，包括香港元朗、浙江台州及山東煙台，並於二零一九年上半年擴展至馬來西亞。

於二零一九年上半年，亞洲分部的分部總銷售量及總收益較去年上半年分別由15萬噸減少約35.6%至9萬噸及由19億2,040萬港元減少43.0%至10億9,420萬港元。

亞洲業務錄得期內毛損為2,140萬港元，毛損率為2.0%，而去年則為毛利2億4,700萬港元及毛利率12.9%。亞洲分部由去年的溢利1億8,780萬港元轉為期內虧損7,150萬港元。

由於《進口廢物管理目錄》調整，中國禁止進口混合再生金屬。為應對有關調整，本集團現正將廢電機拆解業務從中國轉移至我們於南亞及東南亞的新場地，因此暫時拖累銷售量和集團整體毛利。再生物料價格下降，加上銷量暫時減少，影響期內毛利率並產生毛損。由於我們於南亞及東南亞的新生產設施即將全面投產，亞洲分部的表現有望逐漸重拾正軌。

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2019, the Group had pledged certain plants and buildings, land use rights, investment properties, inventories, trade receivables and bank deposits with an aggregate carrying value of approximately HK\$4,342.5 million (31 December 2018: approximately HK\$4,542.4 million) to secure its borrowings.

As at 30 June 2019, the Group had capital commitments in respect of acquisition of property, plant and equipment and additions in construction in progress which are contracted for but not provided for in the condensed consolidated financial information and amounted to HK\$72.1 million (31 December 2018: HK\$116.6 million).

As at the date of this report, save as disclosed below, the Board is not aware of any material contingent liabilities.

The Group has contingent liabilities of approximately HK\$25.0 million (31 December 2018: HK\$27.4 million) which consist of non-financial guarantee in favour of investee entities.

A writ of summons was issued by Delco Participation B.V. (“Delco”), as plaintiff, on 21 December 2015 in the High Court of Hong Kong (High Court Action No. 3040 of 2015, “HCA 3040/2015”), followed by an amended writ on 5 December 2016, against the Company and Mr. Fang Ankong (“Mr. Fang”) as defendants for a sum of approximately HK\$57.8 million together with interest and costs. The claim relates to an alleged non-payment of a portion of the loans advanced by Delco Asia Company Limited (“Delco Asia”) to subsidiaries of the Company in accordance with the terms of a shareholders loan assignment dated 24 June 2010 between, amongst others, Delco Asia and the Company. The case is still in progress.

Each of Mr. Fang, a former director of the Company, and HWH Holdings Limited (“HWH”), undertook to the Company to indemnify and hold harmless on demand (on an after-tax basis) the Company against all losses arising out of, inter alia, HCA 3040/2015 in accordance with the terms of a letter of indemnity signed by Mr. Fang and HWH in favour of the Company on 17 December 2015. As such, the Board does not consider HCA 3040/2015 to be a claim of material importance.

資本承擔及或然負債

於二零一九年六月三十日，本集團抵押賬面總值約43億4,250萬港元的若干廠房及樓宇、土地使用權、投資物業、存貨、貿易應收款項及銀行存款（二零一八年十二月三十一日：約45億4,240萬港元），為借款作擔保。

於二零一九年六月三十日，本集團有關收購物業、廠房及設備及添置在建工程的已訂約但未於簡明綜合財務資料計提撥備的資本開支為7,210萬港元（二零一八年十二月三十一日：1億1,660萬港元）。

於本報告日期，除下文所披露者外，董事會概無知悉有任何重大或然負債。

本集團的或然負債包括以被投資實體為受益人的非金融擔保，約為2,500萬港元（二零一八年十二月三十一日：2,740萬港元）。

Delco Participation B.V.（「Delco」）作為原告於二零一五年十二月二十一日以本公司及方安空先生（「方先生」）作為被告索償（連同利息及訴訟費用）約5,780萬港元向香港高等法院提交訴狀（高院案例二零一五年第3040號，「HCA 3040/2015」），並於二零一六年十二月五日提交修訂傳票。該索償聲稱未根據由（其中包括）Delco Asia Company Limited（「Delco Asia」）與本公司於二零一零年六月二十四日訂立的股東貸款轉讓條款支付Delco Asia向本公司的子公司墊付貸款的部分款項。案件仍在進行中。

方先生（本公司前任董事）及HWH Holdings Limited（「HWH」）各自向本公司承諾，根據方先生與HWH以本公司為受益人於二零一五年十二月十七日簽署的彌償函件的條款，彌償本公司因（其中包括）HCA 3040/2015產生的所有損失及使本公司免受損失（按除稅後基準）。因此，董事會認為HCA 3040/2015並非重大申索。

Management Discussion and Analysis 管理層討論及分析

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (continued)

A writ of summons was issued by Delco as plaintiff on 10 November 2016 in the High Court of Hong Kong (High Court Action No. 2939 of 2016, "HCA 2939/2016") against the Company as the 1st defendant, Chiho-Tiande (HK) Limited ("CTHK"), a wholly-owned subsidiary of the Company, as the 2nd defendant, HWH as the 3rd defendant, and Mr. Fang as the 4th defendant. So far as the Company and its subsidiaries are concerned, Delco claimed against the Company for damages for an alleged breach of a letter of undertaking dated 3 March 2015 in relation to a convertible bond issued by the Company and subscribed for by Delco on 1 March 2012. Delco further claimed against CTHK for a sum of US\$1.0 million, allegedly advanced by Delco Asia to CTHK on or around 16 April 2009. Delco further claims interests, costs and further or other relief. The case is still in progress.

Whilst the Board does not consider HCA 2939/2016 to be a claim of material importance for the reason set out above, details of HCA 2939/2016 are disclosed herein for the sake of completeness.

RISK MANAGEMENT

The Group in its ordinary course of business is exposed to market risks such as commodities price risk, foreign currencies risk, interest rate risk, credit risk and liquidity risk. The Group's risk management strategy aims at minimising the adverse effects of these risks on its financial performance.

On 7 March 2018, the Group adopted a commodity price risk hedging policy the Board believes is suitable for the current operating conditions. The commodity price risk hedging policy is posted on the Company's website, www.chihogroup.com.

As part of its foreign currency hedging strategy, the Board closely monitors the Group's foreign currency borrowings in view of the volatile exchange rate of Euro, Renminbi and other relevant currencies to U.S. Dollar and considers various measures to minimise foreign currency risk.

Regarding credit risk, the Group continues following the best practices of cash collection for sales of most recycled products in order to minimise the carrying amounts of the financial assets in the Group's financial statements. In addition, the Group continues to closely monitor its trade debtors to minimise potential impairment losses.

Regarding liquidity risk, the Group continues maintaining a balance between the continuity of funding and flexibility through the use of bank borrowings.

資本承擔及或然負債 (續)

Delco作為原告於二零一六年十一月十日以本公司作為第一被告；本公司的全資子公司齊合天地（香港）有限公司（「齊合天地香港」）作為第二被告；HWH作為第三被告；及方先生作為第四被告向香港高等法院提交訴狀（高院案例二零一六年第2939號，「HCA 2939/2016」）。據本公司及其子公司所知，Delco就指稱違反日期為二零一五年三月三日的承諾函（內容關於二零一二年三月一日本公司發行及Delco認購可換股債券）的損害向本公司索償。Delco進一步向齊合天地香港索償100萬美元，其指稱由Delco Asia於二零零九年四月十六日或前後向齊合天地香港墊付該款項。Delco進一步索償利息、訴訟費用及更多或其他濟助。案件仍在進行中。

董事會因上文所載理由認為HCA 2939/2016並非重大申索，於本報告中披露HCA 2939/2016的詳情僅為保持完整。

風險管理

在日常業務過程中，本集團面對的市場風險包括商品價格風險、外幣風險、利率風險、信貸風險及流動資金風險等。本集團的風險管理策略旨在減低該等風險對本集團財務表現的不利影響。

於二零一八年三月七日，本集團採納商品價格風險對沖政策，董事會認為其較適合現行營運狀況。有關商品價格風險對沖政策的詳情已發佈於本公司網站www.chihogroup.com。

作為本集團的外幣對沖策略的一部分，鑒於歐元、人民幣及其他有關貨幣兌美元匯率波動，因此董事會將密切監察本集團的外幣借款，並考慮多項措施以減少外幣風險。

信貸風險方面，本集團就其大多數再生產品銷售繼續奉行貨到付現的最佳慣例，旨在減低本集團財務報表中的金融資產賬面值。此外，本集團繼續密切監察貿易應收賬情況，以減低潛在減值虧損。

至於流動資金風險方面，本集團繼續透過利用銀行借款，在持續獲取資金與保持靈活程度之間維持平衡。

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had a workforce of 3,609 employees. In addition, we engaged approximately 149 workers and office staff through local contractors. We have not experienced any strikes, work suspension or significant labor disputes which have affected our operations in the past. We have not experienced any significant difficulties in recruiting and retaining qualified staff. We continue to maintain good relationships with our employees.

The Group's total staff costs for the current interim period were approximately HK\$586.0 million. The remuneration packages of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of the employees of the Group is determined by reference to market standards, individual performance and their respective contribution to the Group.

The emoluments of the directors of the Company (the "Directors") are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to the Directors' duties, abilities, reputation and performance.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Group considers that investor relations are important to a listed company. The Board believes that maintaining a good relationship with investors and keeping them up-to-date on the latest corporate communications and business development in a timely fashion would enhance transparency and strengthen corporate governance of the Group.

Going forward, the Company will continue to make efforts to keep our investors abreast of the corporate and business developments, and to introduce the Group's strengths and strategies in order to gain support and recognition from them and also the market in general.

僱員及薪酬政策

於二零一九年六月三十日，本集團共有3,609名僱員。此外，我們透過當地承包商僱用約149名工人以及辦公人員。我們過去並無經歷任何影響經營的罷工、停工或重大勞資糾紛。我們在招聘及挽留合資格僱員方面亦無遇到任何重大困難。我們與僱員一直維持良好的關係。

本集團的本中期期間員工成本總額為約5億8,600萬港元。員工薪酬組合包括基本薪金、強制性公積金、保險及其他合適福利。本集團僱員的薪酬乃參考市場標準、個人表現及其各自對本集團貢獻而定。

本公司董事（「董事」）酬金由本公司薪酬委員會推薦建議及須經董事會批准。其他酬金（包括酌情花紅）由董事會參考董事的職務、能力、名聲及表現釐定。

投資者關係及與股東的溝通

本集團認為，投資者關係對上市公司十分重要。董事會相信，與投資者建立良好的關係，並適時為投資者更新企業傳訊及業務發展，將能提高本集團的透明度及加強企業管治。

展望將來，本公司將繼續努力，讓我們的投資者了解企業及業務發展情況，並向投資者講解本集團的實力及策略，藉以贏取投資者及整體市場的支持及認同。

Disclosure of Interests 權益披露

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2019, the interests or short positions of the Directors and Chief Executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

董事及主要行政人員於本公司及其相聯法團的股份、相關股份及債券的權益及淡倉

於二零一九年六月三十日，本公司董事及主要行政人員於本公司或其任何相聯法團（定義見《證券及期貨條例》（「證券及期貨條例」）第XV部）的股份（「股份」）、相關股份及債券中擁有本公司須根據證券及期貨條例第352條須予存置的登記冊中所記錄或根據上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及香港聯合交易所有限公司（「聯交所」）的權益或淡倉如下：

Name of Director 董事姓名	Capacity/Nature of Interest 身份／權益性質	Long position (L)/ Short position (S) 好倉(L)／淡倉(S)	Total number of Shares interested 持有權益的股份總數	Approximate percentage of shareholding in the Company (Note 1) 佔本公司股權 概約百分比 (附註1)
Mr. Tu Jianhua 涂建華先生	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Dr. Loke Yu 陸海林博士	Beneficial owner 實益擁有人	L	530,000	0.03%

Notes:

(1) As at 30 June 2019, the total number of issued Shares of the Company was 1,605,152,291 Shares.

附註：

(1) 於二零一九年六月三十日，本公司已發行股份的總數為1,605,152,291 股股份。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS
AND SHORT POSITIONS IN SHARES, UNDERLYING
SHARES AND DEBENTURES OF THE COMPANY AND
ITS ASSOCIATED CORPORATION (continued)

Notes: (continued)

- (2) The 1,008,885,181 Shares were held by the USUM Investment Group Hong Kong Limited ("USUMHK"), a company in which Mr. Tu Jianhua ("Mr. Tu") was indirectly interested. USUMHK is directly wholly owned by USUM Investment Group Limited ("USUM Group"), a limited liability company incorporated in the PRC. The single largest shareholder of USUM Group is Loncin Holdings Co., Ltd. ("Loncin Holdings"), with an equity interest in USUM Group of 45.956%. The remaining equity interests in USUM Group are held by 22 individuals and 30 companies, all of whom are independent third parties of Loncin Holdings and Mr. Tu, and they each hold between 0.29% to 10% equity interests in USUM Group. Loncin Holdings is 98% owned by Loncin Group Co., Ltd. ("Loncin Group") and 2% owned by Mr. Tu. Loncin Group is 98% owned by Mr. Tu; 1% owned by Ms. Tu Jianmin and 1% owned by Ms. Tu Jianrong, both being sisters of Mr. Tu. USUMHK held 1,008,885,181 Shares as at 30 June 2019. Therefore, Mr. Tu was deemed to be interested in the Shares held by USUMHK pursuant to the SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors and Chief Executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which would have to be notified to the Company and 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 under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

董事及主要行政人員於本公司及其
相聯法團的股份、相關股份及債券的
權益及淡倉（續）

附註：（續）

- (2) 1,008,885,181股股份乃由渝商投資集團（香港）有限公司（「渝商香港」）持有，渝商香港為一間涂建華先生（「涂先生」）間接擁有權益的公司。渝商香港由渝商投資集團股份有限公司（「渝商集團」）直接全資擁有，渝商集團為一間於中國註冊成立之有限公司。渝商集團的最大單一股東為隆鑫控股有限公司（「隆鑫控股」），其於渝商集團的股本權益為45.956%。渝商集團的餘下股本權益由22名個人及30間公司（均為獨立於隆鑫控股及涂先生的第三方）持有。該等個人及公司分別持有渝商集團0.29%至10%之股權。隆鑫控股分別由隆鑫集團有限公司（「隆鑫集團」）擁有98%及涂先生擁有2%。隆鑫集團由涂先生擁有98%；由涂建敏女士及涂建容女士（均為涂先生的姊妹）分別擁有1%。截至二零一九年六月三十日，渝商香港持有1,008,885,181股股份。因此，根據證券及期貨條例，涂先生被視為於渝商香港持有的股份中擁有權益。

除上文所披露外，於二零一九年六月三十日，本公司董事及主要行政人員概無於本公司或其任何相聯法團之股份、相關股份或債券中擁有須根據證券及期貨條例第XV部第7及8分部須予知會本公司及聯交所（包括根據證券及期貨條例有關條文規定，彼等被當作或視作擁有之權益或淡倉）；或本公司根據證券及期貨條例第352條須予存置之登記冊中所記錄；或根據標準守則須予知會本公司及聯交所之任何權益或淡倉。

Disclosure of Interests 權益披露

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, the interests and short positions of the persons, other than the Directors and chief executives of the Company, in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

主要股東於本公司的股份及相關股份的權益及淡倉

於二零一九年六月三十日，除本公司董事及主要行政人員外，以下人士於本公司股份及相關股份中擁有須根據證券及期貨條例第336條須予存置之登記冊中所記錄的權益及淡倉如下：

Name of Substantial Shareholder 主要股東名稱／姓名	Capacity/Nature of Interest 身份／權益性質	Long position (L)/ Short position (S) 好倉(L)／淡倉(S)	Total number of Shares interested 持有權益的股份總數	Approximate percentage of Shareholding in the Company (Note 1) 佔本公司股權 概約百分比 (附註1)
USUM Investment Group Hong Kong Limited 渝商投資集團(香港)有限公司	Beneficial owner 實益擁有人	L	1,008,885,181 (Note 2) (附註2)	62.85%
USUM Investment Group Limited 渝商投資集團股份有限公司	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Loncin Holdings Co., Ltd. 隆鑫控股有限公司	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Loncin Group Co., Ltd. 隆鑫集團有限公司	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Mr. Tu Jianhua 涂建華先生	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
中核星辰金融服務(深圳)有限公司	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Baohua United Capital Management Limited* 保華聯合資產管理有限公司	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Tai Security Holding Limited	Beneficial owner 實益擁有人	L	98,773,990 (Note 3) (附註3)	6.15%

Disclosure of Interests 權益披露

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

主要股東於本公司的股份及相關股份
的權益及淡倉（續）

Name of Substantial Shareholder 主要股東名稱／姓名	Capacity/Nature of Interest 身份／權益性質	Long position (L)/ Short position (S) 好倉(L)／淡倉(S)	Total number of Shares interested 持有權益的股份總數	Approximate percentage of Shareholding in the Company (Note 1) 佔本公司股權 概約百分比 (附註1)
Good Union Hong Kong Investment Limited 星滙香港投資有限公司	Beneficial owner 實益擁有人	L	44,700,000 (Note 4) (附註4)	2.78%
Mr. Zhang Mingjie 張明杰先生	Interest in controlled corporations 於受控制法團之權益	L	143,473,990 (Notes 3 & 4) (附註3及4)	8.94%
Pengda Value Fund SPC (acting for and on behalf of DTC SP) Pengda Value Fund SPC (代DTC SP行事)	Beneficial Owner 實益擁有人	L	93,292,000 (Note 5) (附註5)	5.81%
Cinda Asset Management (Cayman) Limited	Interest in controlled corporations 於受控制法團之權益	L	93,292,000 (Note 5) (附註5)	5.81%
Cinda (BVI) Limited	Interest in controlled corporations 於受控制法團之權益	L	93,292,000 (Note 5) (附註5)	5.81%
Cinda International Holdings Limited 信達國際控股有限公司	Interest in controlled corporations 於受控制法團之權益	L	93,292,000 (Note 5) (附註5)	5.81%
Sinoday Limited	Interest in controlled corporations 於受控制法團之權益	L	93,292,000 (Note 5) (附註5)	5.81%
China Cinda (HK) Holdings Company Limited 中國信達(香港)控股有限公司	Interest in controlled corporations 於受控制法團之權益	L	93,292,000 (Note 5) (附註5)	5.81%
China Cinda Asset Management Co., Ltd.* 中國信達資產管理股份有限公司	Interest in controlled corporations 於受控制法團之權益	L	93,292,000 (Note 5) (附註5)	5.81%

* For identification purpose only

Disclosure of Interests 權益披露

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Notes:

- (1) As at 30 June 2019, the total number of issued Shares of the Company was 1,605,152,291 Shares.
- (2) The 1,008,885,181 Shares were held by the USUMHK, a company in which Mr. Tu was indirectly interested. USUMHK is directly wholly owned by USUM Group, a limited liability company incorporated in the PRC. The single largest shareholder of USUM Group is Loncin Holdings, with an equity interest in USUM Group of 45.956%. The remaining equity interests in USUM Group are held by 22 individuals and 30 companies, all of whom are independent third parties of Loncin Holdings and Mr. Tu, and they each hold between 0.29% to 10% equity interests in USUM Group. Loncin Holdings is 98% owned by Loncin Group and 2% owned by Mr. Tu. Loncin Group is 98% owned by Mr. Tu; 1% owned by Ms. Tu Jianmin and 1% owned by Ms. Tu Jianrong, both being sisters of Mr. Tu. USUMHK held 1,008,885,181 Shares as at 30 June 2019. Therefore, Mr. Tu was deemed to be interested in the Shares held by USUMHK pursuant to the SFO. Baohua United Capital Management Limited* ("Baohua United") has entered into a strategic framework agreement with Loncin Group on 2 April 2019 (after trading hours) after arm's length negotiation pursuant to which Loncin Group intended to transfer 49% of its shareholding in Loncin Holdings to Baohua United.
- (3) The 98,773,990 Shares were held by Tai Security Holding Limited ("Tai Security") as beneficial owner and Tai Security is directly wholly-owned by Mr. Zhang as at 30 June 2019. Therefore, Mr. Zhang was deemed to be interested in the same number of Shares as held by Tai Security pursuant to the SFO.
- (4) The 44,700,000 Shares were held by Good Union Hong Kong Investment Limited ("Good Union") as beneficial owner and Good Union is directly wholly-owned by Mr. Zhang as at the 30 June 2019. Therefore, Mr. Zhang was deemed to be interested in the same number of Shares as held by Good Union pursuant to the SFO.
- (5) The 93,292,000 Shares were held by Pengda Value Fund SPC (acting for and on behalf of DTC SP) ("Pengda") as beneficial owner and Pengda was wholly-owned by Cinda Asset Management (Cayman) Limited ("Cinda Asset Management"). Cinda Asset Management was wholly-owned by Cinda (BVI) Limited which was in turn wholly-owned by Cinda International Holdings Limited ("Cinda International"). Cinda International was held as to 63% by Sinoday Limited which was wholly-owned by China Cinda (HK) Holdings Company Limited, which was in turn wholly-owned by China Cinda Asset Management Co., Ltd. Therefore, all the aforesaid companies were deemed to be interested in the same number of Shares as held by Pengda pursuant to the SFO.

主要股東於本公司的股份及相關股份的權益及淡倉 (續)

附註：

- (1) 於二零一九年六月三十日，本公司已發行股份的總數為1,605,152,291股股份。
- (2) 1,008,885,181股股份乃由渝商香港持有，渝商香港為一間由涂先生間接擁有權益的公司。渝商香港由渝商集團直接全資擁有，渝商集團為一間於中國註冊成立之有限公司。渝商集團的最大單一股東為隆鑫控股，其於渝商集團的股本權益為45.956%。渝商集團的餘下股本權益由22名個人及30間公司（均為獨立於隆鑫控股及涂先生的第三方）持有。該等個人及公司分別持有渝商集團0.29%至10%之股權。隆鑫控股分別由隆鑫集團擁有98%及涂先生擁有2%。隆鑫集團由涂先生擁有98%；由涂建敏女士及涂建容女士（均為涂先生的姊妹）分別擁有1%。於二零一九年六月三十日，渝商香港持有1,008,885,181股股份。因此，根據證券及期貨條例，涂先生被視為於渝商香港持有的股份中擁有權益。於二零一九年四月二日（交易時段後），經公平磋商後，保華聯合資產管理有限公司（「保華聯合」）與隆鑫集團訂立戰略框架協議，據此，隆鑫集團擬將其於隆鑫控股的49%股權轉讓予保華聯合。
- (3) 於二零一九年六月三十日，Tai Security Holding Limited（「Tai Security」）作為實益擁有人持有98,773,990股股份，而Tai Security由張先生直接全資擁有。因此，根據證券及期貨條例，張先生被視為於Tai Security持有的相同數目股份中擁有權益。
- (4) 於二零一九年六月三十日，星滙香港投資有限公司（「星滙」）作為實益擁有人持有44,700,000股股份，而星滙由張先生直接全資擁有。因此，根據證券及期貨條例，張先生被視為於星滙持有的相同數目股份中擁有權益。
- (5) 93,292,000股股份由Pengda Value Fund SPC（代DTC SP行事）（「Pengda」）作為實益擁有人持有，而Pengda由Cinda Asset Management (Cayman) Limited（「Cinda Asset Management」）全資擁有。Cinda Asset Management由Cinda (BVI) Limited全資擁有，而Cinda (BVI) Limited由信達國際控股有限公司（「信達國際」）全資擁有。信達國際由Sinoday Limited持有63%，而Sinoday Limited由中國信達（香港）控股有限公司全資擁有，而中國信達（香港）控股有限公司由中國信達資產管理股份有限公司全資擁有。因此，根據證券及期貨條例，上述所有公司被視為於Pengda持有的相同數目股份中擁有權益。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Save as disclosed above, as at 30 June 2019, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Post-IPO Share Option Scheme was adopted by the Company on 23 June 2010 (the "Post-IPO Share Option Scheme"). The Post-IPO Share Option Scheme was approved by written resolutions of the shareholders of the Company and as approved by the listing committee of the Stock Exchange is valid and effective for a period of 10 years commencing on 23 June 2010.

Pursuant to the terms of the Post-IPO Share Option Scheme and in compliance with the provisions in Chapter 17 of the Listing Rules, the maximum number of Shares which may be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and all other share option schemes of the Company shall not exceed 161,973,829 Shares, being 10% of the Shares in issue as at 17 February 2017, being the date of the 2017 extraordinary general meeting ("2017 EGM"), when the scheme mandate limit was last refreshed.

There were no options outstanding as at 30 June 2019 and no share options were granted, exercised, cancelled or lapsed during the reporting period.

主要股東於本公司的股份及相關股份的權益及淡倉 (續)

除上文所披露外，於二零一九年六月三十日，本公司並不知悉任何人士（本公司董事及主要行政人員除外）於本公司股份或相關股份中擁有須根據證券及期貨條例第XV部第2及3分部條文規定須向本公司披露或本公司根據證券及期貨條例第336條須予存置的登記冊所記錄的權益或淡倉。

購股權計劃

本公司於二零一零年六月二十三日採納首次公開發售後購股權計劃（「首次公開發售後購股權計劃」）。首次公開發售後購股權計劃經本公司股東書面決議案批准以及經聯交所上市委員會批准，有效期為二零一零年六月二十三日起計十年。

根據首次公開發售後購股權計劃的條款及遵守上市規則第17章的條文，因行使首次公開發售後購股權計劃及本公司所有其他購股權計劃下將予授出的所有購股權而可予發行的最高股份數目不得超過161,973,829股，即於二零一七年二月十七日（即二零一七年股東特別大會（「二零一七年股東特別大會」）日期，計劃授權限額獲更新之最後日期）已發行股份的10%。

於二零一九年六月三十日，概無尚未行使購股權，於報告期間內亦無授出、行使、註銷購股權或購股權失效。

Corporate Governance and Other Information 企業管治及其他資料

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognises the importance of corporate transparency and accountability and is committed to achieving a high standard of corporate governance. Throughout the six months ended 30 June 2019, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) and Corporate Governance Report, contained in Appendix 14 to the Listing Rules, save and except as explained below:

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Qin Yongming currently holds the offices of chairman (“Chairman”) and chief executive officer (“CEO”) of the Company. The Board believes that vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. Accordingly, the Directors consider that the deviation from provision A.2.1 of the Code is appropriate in such circumstance.

Pursuant to code provision A.5.5 (2) of the CG Code, where the Board proposes to elect or re-elect an independent non-executive Director (who will be holding their seventh (or more) directorship, the Board should explain why such individual would still be able to devote sufficient time to the board in the relevant Shareholders’ circular, Dr. Loke Yu is an independent non-executive director of more than seven public companies (including the Company) and was re-elected as an independent non-executive Director at the Company’s annual general meeting on 31 May 2019. The Nomination Committee and the Board focus on the ability of a director to commit sufficient time to discharge his responsibilities as a board member rather than the number of directorships held, and as such they are of the view that Dr. Loke Yu is able to devote sufficient time and attention to the Company’s affairs having regard to his previous attendance at all Board and other committee meetings held during the year.

The Company will, from time to time, review the effectiveness of the Group’s corporate governance structure and consider whether any changes, including the separation of the roles of Chairman and CEO, are necessary.

遵守企業管治守則

本公司深知企業透明度及問責制之重要性，並致力於實現高標準企業管治。截至二零一九年六月三十日止六個月，本公司已遵守上市規則附錄十四所載《企業管治守則》（「企業管治守則」）及《企業管治報告》的所有適用的守則條文，惟以下所述者除外：

根據企業管治守則的守則條文第A.2.1條，主席與行政總裁的角色應有區分，並不應由一人同時兼任。秦永明先生現時擔任本公司主席（「主席」）及行政總裁（「行政總裁」）職務。董事會認為，由一人同時擔任主席及行政總裁，可為本公司提供強大而貫徹的領導，並有效地規劃及執行業務決定及策略。因此，董事認為在此情況下偏離守則第A.2.1條屬恰當。

根據企業管治守則的守則條文第A.5.5(2)條，當董事會建議選舉或重選獨立非執行董事（其將出任第七家（或以上）公司的董事）時，董事會應於相關股東通函內解釋有關人士何以仍能夠為董事會投入足夠時間，陸海林博士為超過七家上市公司（包括本公司）的獨立非執行董事，並於二零一九年五月三十一日舉行的本公司股東週年大會上獲重選為獨立非執行董事。提名委員會及董事會關注董事投入足夠時間履行其作為董事會成員職責的能力，而非所擔任董事職務的數量，因此，考慮到其先前於年內所舉行的全部董事會及其他委員會會議的出席情況後，彼等認為陸海林博士能夠為本公司事務投入足夠時間及精力。

本公司將不時審閱本集團企業管治架構之效率及考慮是否需要作出任何修改，包括區分主席及行政總裁之職務。

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions by Directors. All Directors have confirmed following specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2019.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2019.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019.

SIGNIFICANT EVENTS

The Company and any of its subsidiaries did not experience any significant events which have occurred since 30 June 2019.

REVIEW OF INTERIM REPORT

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the financial matters and internal control systems, including reviewed and approved of the Group’s unaudited condensed consolidated results for the six months ended 30 June 2019 and this interim report.

DISCLOSURE UNDER RULE 13.21 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE (THE “LISTING RULES”)

On 19 December 2016, the Company as issuer entered into a subscription agreement (“Subscription Agreement”) with an independent third party institution (the “Subscriber”) pursuant to which the Company agrees to issue and the Subscriber agrees to subscribe for certain notes (“Notes”) in the principal amount of US\$200,000,000 due 2018.

遵守上市發行人董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易之標準守則（「標準守則」）作為本公司董事進行證券交易之行為守則。經本公司作出特定查詢後，所有董事已確認，於截至二零一九年六月三十日止六個月內彼等均一直遵守標準守則之規定。

購買、出售或贖回本公司上市證券

於截至二零一九年六月三十日止六個月內本公司及其任何子公司均無購買、售出或贖回任何本公司的上市證券。

中期股息

董事不建議派付截至二零一九年六月三十日止六個月的中期股息。

重大影響的事件

本公司及其任何子公司自二零一九年六月三十日起並無發生任何有重大影響的事件。

中期報告審查

審核委員會已審閱本集團採納之會計原則及慣例，並討論財務申報事宜及內部監控系統，包括審閱及通過本集團截至二零一九年六月三十日止六個月之未經審核簡明綜合業績及本中期報告。

根據聯交所證券上市規則（「上市規則」）第13.21條之披露

於二零一六年十二月十九日，本公司（作為發行人）與一名獨立第三方機構（「認購人」）訂立一份認購協議（「認購協議」），據此，本公司同意發行且認購人同意認購於二零一八年到期之本金額為200,000,000美元之若干票據（「票據」）。

Corporate Governance and Other Information 企業管治及其他資料

DISCLOSURE UNDER RULE 13.21 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE (THE "LISTING RULES") (continued)

Pursuant to the Subscription Agreement, Mr. Tu and USUM Investment Group Hong Kong Limited 渝商投資集團(香港)有限公司("USUMHK") shall also provide a personal guarantee and a corporate guarantee, respectively, in favour of the Subscriber to secure, among others, the due and punctual observance and performance by the Company under the Subscription Agreement and other documents.

Pursuant to the terms of the Notes, it will be an event of default if, among others, (i) USUMHK ceases to beneficially own (directly or indirectly) at all times a shareholding in the Company representing the single largest shareholding in the Company, or (ii) USUMHK ceases at all times to be controlled by Mr. Tu and Mr. Tu ceases to be the single largest shareholder of USUMHK. For the purposes of this clause, "control" of each person means (whether by way of ownership of shares, proxy, contract, agency or otherwise): (a) having the power to cast, or control the casting of 40% of the votes that might be cast at a general meeting of such person; or (b) having the power to appoint a majority of the board of directors or remove any director of such person; or (c) having the power or ability to influence the management and financial policies of such person. If any event of default occurs, the Subscriber may require the Notes to be repaid immediately. As at the date of this report, USUMHK owns 62.85% of the total issued share capital of the Company and Mr. Tu indirectly owns 45.956% of the total issued share capital of USUMHK.

A supplemental agreement dated 29 June 2018 (the "Supplemental Agreement") was entered into between the Company and the Subscriber and pursuant to which the Company may early redeem the Notes subject to the terms and conditions of the Supplemental Agreement.

Three redemptions took place on 29 June 2018, 3 July 2018 and 20 December 2018 according to the Subscription Agreement and the Supplemental Agreement and Notes in the principal amount of US\$80,800,000, of US\$78,000,000 and US\$41,200,000, being US\$200,000,000 in total, were redeemed respectively.

As at 31 December 2018, all principal amount of the Notes and related fees and expenses had been fully redeemed by the Company.

根據聯交所證券上市規則(「上市規則」)第13.21條之披露(續)

根據認購協議，涂先生及渝商投資集團(香港)有限公司(「渝商香港」)亦須以認購人為受益人分別提供個人擔保及公司擔保，以確保(其中包括)本公司切實及準時遵守及履行認購協議及其他文件。

根據票據之條款，倘(其中包括)(i)渝商香港在任何時候終止(直接或間接)實益擁有本公司股權，即本公司之單一最大股權，或(ii)渝商香港在任何時候終止由涂先生控制，而涂先生不再為渝商香港之單一最大股東，即構成違約事項。就該條款而言，個人「控制」指(不論以股份擁有權、委任代表、合約、代理或其他方式)：(a)該人士有權於股東大會上行使或控制40%的投票權；或(b)該人士有權委任大部分董事或罷免任何董事；或(c)該人士有權或有能力影響管理及財務政策。倘出現任何違約事項，則認購人可即時要求償還票據。於本報告日期，渝商香港擁有本公司全部已發行股本62.85%，而涂先生間接擁有渝商香港全部已發行股本45.956%。

本公司與認購人於二零一八年六月二十九日訂立補充協議(「補充協議」)，據此，本公司可根據補充協議的條款及條件提早贖回票據。

根據認購協議及補充協議，於二零一八年六月二十九日、二零一八年七月三日及二零一八年十二月二十日進行三次贖回，且本金額為80,800,000美元、78,000,000美元及41,200,000美元(即合共200,000,000美元)的票據均已分別贖回。

於二零一八年十二月三十一日，全部票據本金額及有關費用及開支均已獲本公司悉數贖回。

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules after the publication of the Annual Report 2018 of the Company are set out below:

Experience including other directorships

Mr. Zhu Hongchao (朱洪超), an independent non-executive Director, has been appointed as an independent non-executive director at Haitong Securities Co., Ltd. (Stock Code: 6837) with effect from 18 June 2019.

有關董事資料的變動

根據上市規則第13.51B(1)條，本公司二零一八年年報刊登後，董事根據上市規則第13.51(2)條第(a)至(e)段及第(g)段須予披露的資料變動載列如下：

經驗（包括其他董事職務）

朱洪超先生，獨立非執行董事，獲委任為海通證券股份有限公司（股份代號：6837）獨立非執行董事，自二零一九年六月十八日起生效。

Condensed Consolidated Statement of Profit or Loss

簡明綜合損益表

Six months ended 30 June
截至六月三十日止六個月

		Notes 附註	2019 二零一九年 HK\$M 百萬港元 (Unaudited) (未經審核)	2018 二零一八年 HK\$M 百萬港元 (Unaudited) (未經審核)
Revenue	收益	6	8,700.3	11,062.2
Cost of sales	銷售成本		(8,184.7)	(10,057.0)
Gross profit	毛利		515.6	1,005.2
Other income	其他收入		75.0	48.3
Other (losses)/gains, net	其他(虧損)/收益淨額	7	(1.2)	141.5
Net reversal of impairment on financial assets	金融資產減值撥回淨額		20.9	40.7
Distribution and selling expenses	分銷及銷售開支		(25.1)	(26.5)
Administrative expenses	行政開支		(528.7)	(670.3)
			56.5	538.9
Finance income	財務收入	8	12.8	16.8
Finance costs	財務成本	8	(107.0)	(231.1)
Finance costs, net	財務成本淨額		(94.2)	(214.3)
Share of post-tax loss of an associate	應佔聯營公司除稅後虧損		-	(0.5)
Share of post-tax profits of joint ventures	應佔合營企業除稅後溢利		38.0	62.4
Profit before income tax	除所得稅前溢利		0.3	386.5
Income tax credit/(expense)	所得稅抵免/(開支)	10	0.8	(55.3)
Profit for the period	期內溢利	9	1.1	331.2
Profit/(loss) attributable to:	以下各方應佔溢利/(虧損):			
Shareholders of the Company	本公司股東		2.0	331.6
Non-controlling interests	非控股權益		(0.9)	(0.4)
			1.1	331.2
Earnings per share attributable to shareholders of the Company for the period (expressed in HK\$ per share)	本公司股東應佔期內每股盈利(以每股港元列示)			
Basic earnings per share	每股基本盈利	12	0.001	0.21
Diluted earnings per share	每股攤薄盈利	12	0.001	0.21

The notes on pages 42 to 72 form an integral part of this interim condensed consolidated financial information.

第42頁至72頁的附註為本中期簡明綜合財務資料的一部分。

Condensed Consolidated Statement of Comprehensive Income

簡明綜合全面收益表

Six months ended 30 June
截至六月三十日止六個月

		2019 二零一九年 HK\$M 百萬港元 (Unaudited) (未經審核)	2018 二零一八年 HK\$M 百萬港元 (Unaudited) (未經審核)
Profit for the period	期內溢利	1.1	331.2
Other comprehensive loss			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		(34.0)	(123.8)
<i>Item that will not be reclassified to profit or loss:</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income		-	(0.2)
Remeasurements of post-employment benefit obligations		(0.9)	-
Other comprehensive loss for the period		(34.9)	(124.0)
Total comprehensive (loss)/income for the period		(33.8)	207.2
Total comprehensive (loss)/income for the period attributable to:			
Shareholders of the Company		(32.5)	207.9
Non-controlling interests		(1.3)	(0.7)
		(33.8)	207.2

The notes on pages 42 to 72 form an integral part of this interim condensed consolidated financial information.

第42頁至72頁的附註為本中期簡明綜合財務資料的一部分。

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

		At 30 June 2019 於二零一九年 六月三十日	At 31 December 2018 於二零一八年 十二月三十一日
		HK\$M 百萬港元 (Unaudited) (未經審核)	HK\$M 百萬港元 (Audited) (經審核)
		Notes 附註	
ASSETS	資產		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	13 2,979.9	3,603.5
Leasehold land and land use rights	租賃土地及土地使用權	22 –	387.9
Right-of-use assets	使用權資產	22 1,065.8	–
Investment properties	投資物業	11.3	3.2
Intangible assets	無形資產	1,153.1	1,183.9
Investments accounted for using the equity method	使用權益法入賬之投資	632.4	613.2
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	0.8	0.8
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	110.0	111.0
Other non-current assets	其他非流動資產	8.8	5.8
Deferred income tax assets	遞延所得稅資產	179.2	148.7
		6,141.3	6,058.0
Current assets	流動資產		
Inventories	存貨	1,653.6	2,105.7
Trade, bills and other receivables	貿易、票據及其他應收款項	14 2,004.0	1,882.1
Fixed return investment	固定回報投資	218.0	211.3
Amounts due from related parties	應收關聯方款項	20 81.3	68.2
Derivative financial instruments	衍生金融工具	23.7	36.1
Tax recoverable	可退回稅項	14.7	15.4
Pledged bank deposits	已抵押銀行存款	292.5	313.6
Cash and cash equivalents	現金及現金等值項目	536.7	697.1
		4,824.5	5,329.5
Assets classified as held for sale	分類為持作出售的資產	1.0	–
Total assets	資產總值	10,966.8	11,387.5

Condensed Consolidated Balance Sheet 簡明綜合資產負債表

		Notes 附註	At 30 June 2019 於二零一九年 六月三十日 HK\$M 百萬港元 (Unaudited) (未經審核)	At 31 December 2018 於二零一八年 十二月三十一日 HK\$M 百萬港元 (Audited) (經審核)
EQUITY AND LIABILITIES				
Equity attributable to shareholders of the Company				
Share capital	股本	15	16.1	16.1
Other reserves	其他儲備		6,685.7	6,720.2
Accumulated losses	累計虧損		(1,559.0)	(1,561.0)
			5,142.8	5,175.3
Non-controlling interests	非控股權益		(17.7)	(29.4)
Total equity			5,125.1	5,145.9
Non-current liabilities				
Borrowings	借款	16	299.7	2,429.1
Lease liabilities	租賃負債	22	465.1	-
Retirement benefit obligations	退休福利責任		22.3	23.4
Other payables	其他應付款項	17	105.7	110.7
Deferred income tax liabilities	遞延所得稅負債		378.2	380.4
			1,271.0	2,943.6
Current liabilities				
Trade, bills and other payables	貿易、票據及其他應付款項	17	1,591.2	1,732.2
Current income tax liabilities	即期所得稅負債		102.1	120.5
Borrowings	借款	16	2,613.2	1,358.5
Lease liabilities	租賃負債	22	193.8	-
Amounts due to related parties	應付關聯方款項	20	62.7	66.3
Derivative financial instruments	衍生金融工具		7.7	20.5
			4,570.7	3,298.0
Total liabilities			5,841.7	6,241.6
Total equity and liabilities			10,966.8	11,387.5

The notes on pages 42 to 72 form an integral part of this interim condensed consolidated financial information.

第42頁至72頁的附註為本中期簡明綜合財務資料的一部分。

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

Unaudited
未經審核

Attributable to shareholders of the Company
本公司股東應佔

		Share capital	Share premium	Capital redemption reserve	Capital reserve	Statutory general reserve	Enterprise expansion fund	Re-measurement of pension plans	Revaluation reserve	Foreign currency translation reserve	Accumulated losses	Sub-total	Non-controlling interest	Total equity
		股本	股份溢價	股本贖回儲備	股本儲備	法定一般儲備	企業擴充基金	重新計量退休金計劃	重估儲備	外幣匯兌儲備	累計虧損	小計	非控股權益	總權益
		HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元 (Note i) (附註i)	HK\$M 百萬港元 (Note ii) (附註ii)	HK\$M 百萬港元 (Note ii) (附註ii)	HK\$M 百萬港元	HK\$M 百萬港元 (Note iii) (附註iii)	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元
At 1 January 2018 (audited)	於二零一八年一月一日 (經審核)	16.1	5,911.9	0.3	210.9	107.0	106.9	0.4	-	681.5	(1,961.9)	5,073.1	(26.0)	5,047.1
Comprehensive income/(loss) Profit/(loss) for the period	全面收益/(虧損) 期內溢利/(虧損)	-	-	-	-	-	-	-	-	-	331.6	331.6	(0.4)	331.2
Total other comprehensive loss for the period, net of tax	期內其他全面虧損總額， 扣除稅項	-	-	-	-	-	-	-	-	(123.5)	-	(123.5)	(0.3)	(123.8)
Currency translation differences	匯兌差額	-	-	-	-	-	-	-	-	(123.5)	-	(123.5)	(0.3)	(123.8)
Change in the fair value of financial assets at fair value through other comprehensive income	按公平值計入其他全面 收益之金融資產之 公平值變動	-	-	-	-	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
		-	-	-	-	-	-	-	(0.2)	(123.5)	-	(123.7)	(0.3)	(124.0)
Total comprehensive income/(loss) for the period, net of tax	期內全面收益/(虧損)總額， 扣除稅項	-	-	-	-	-	-	-	(0.2)	(123.5)	331.6	207.9	(0.7)	207.2
At 30 June 2018 (unaudited)	於二零一八年六月三十日 (未經審核)	16.1	5,911.9	0.3	210.9	107.0	106.9	0.4	(0.2)	558.0	(1,630.3)	5,281.0	(26.7)	5,254.3

Condensed Consolidated Statement of Changes in Equity 簡明綜合權益變動表

Unaudited
未經審核

Attributable to shareholders of the Company
本公司股東應佔

		Share capital	Share premium	Capital redemption reserve	Capital reserve	Statutory general reserve	Enterprise expansion fund	Re-measurement of pension plans	Foreign currency translation reserve	Accumulated losses	Sub-total	Non-controlling interest	Total equity
		股本	股份溢價	股本贖回儲備	股本儲備	法定一般儲備	企業擴充基金	重新計量退休金計劃	外幣匯兌儲備	累計虧損	小計	非控股權益	總權益
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
		百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元
At 1 January 2019 (audited)	於二零一九年一月一日 (經審核)	16.1	5,911.9	0.3	210.9	107.1	107.1	2.4	380.5	(1,561.0)	5,175.3	(29.4)	5,145.9
Comprehensive income/(loss) Profit/(loss) for the period	全面收益/(虧損) 期內溢利/(虧損)	-	-	-	-	-	-	-	-	2.0	2.0	(0.9)	1.1
Total other comprehensive loss for the period, net of tax	期內其他全面虧損總額，扣除稅項	-	-	-	-	-	-	-	(33.6)	-	(33.6)	(0.4)	(34.0)
Currency translation differences	匯兌差額	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of post-employment benefit obligations	重新計量僱員結算服務後之福利責任	-	-	-	-	-	-	(0.9)	-	-	(0.9)	-	(0.9)
		-	-	-	-	-	-	(0.9)	(33.6)	-	(34.5)	(0.4)	(34.9)
Total comprehensive (loss)/income for the period, net of tax	期內全面(虧損)/收益總額，扣除稅項	-	-	-	-	-	-	(0.9)	(33.6)	2.0	(32.5)	(1.3)	(33.8)
Transactions with shareholders in their capacity as shareholders	與股東(以股東身份)進行之交易	-	-	-	-	-	-	-	-	-	-	8.8	8.8
Contributions from non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	-	-	-	-
Deregistration of a subsidiary with non-controlling interests	註銷擁有非控股權益之子公司	-	-	-	-	-	-	-	-	-	-	4.2	4.2
Total transactions with shareholders in their capacity as shareholders	與股東(以股東身份)進行之交易總額	-	-	-	-	-	-	-	-	-	-	13.0	13.0
At 30 June 2019 (unaudited)	於二零一九年六月三十日 (未經審核)	16.1	5,911.9	0.3	210.9	107.1	107.1	1.5	346.9	(1,559.0)	5,142.8	(17.7)	5,125.1

Notes:

- (i) Capital reserve represents the sum of (a) the difference between the nominal value of the aggregate share capital and share premium of the subsidiaries acquired by the Company upon a group reorganisation in 2008 and the nominal value of the Company's shares issued in exchange and (b) a capitalisation of shareholders' loans in 2010.
- (ii) Statutory general reserve and enterprise expansion fund represent the appropriation of 10% of profit after tax determined based on the relevant accounting rules and regulations of the PRC as required by the Articles of Association of the Company's PRC subsidiaries. The appropriation may cease to apply if the balance of the statutory general reserve and enterprise expansion fund has reached 50% of the PRC subsidiaries' registered capital. The statutory general reserve and enterprise expansion fund can be used to make up prior year losses or to increase share capital.
- (iii) Revaluation reserve represents the accumulated changes in fair value of financial assets at fair value through other comprehensive income.

附註:

- (i) 股本儲備指(a)本公司於二零零八年集團重組時所收購子公司股本及股份溢價總額之面值與本公司交換股權所發行股份之面值的差額及(b)二零一零年資本化股東貸款。
- (ii) 本公司中國子公司的組織章程細則規定，須根據中國相關會計規則及法規釐定將除稅後溢利10%撥入法定一般儲備及企業擴充基金。倘法定一般儲備及企業擴充基金餘額達中國子公司註冊資本的50%，則可終止撥備。法定一般儲備及企業擴充基金可用於彌補過往年度虧損或增加股本。
- (iii) 重估儲備指按公平值計入其他全面收益之金融資產之公平值累計變動。

The notes on pages 42 to 72 form an integral part of this interim condensed consolidated financial information.

第42頁至72頁的附註為本中期簡明綜合財務資料的一部分。

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

Six months ended 30 June
截至六月三十日止六個月

		2019 二零一九年 HK\$M 百萬港元 (Unaudited) (未經審核)	2018 二零一八年 HK\$M 百萬港元 (Unaudited) (未經審核)
Cash flows from operating activities	經營活動所得現金流		
Cash generated from operations before changes in working capital	經營所得現金 (營運資金變動前)	181.9	549.1
Changes in working capital	營運資金變動	217.6	90.9
Cash generated from operations	經營所得現金	399.5	640.0
Interest paid	已付利息	(116.7)	(123.2)
Tax paid, net	已支付稅項淨額	(43.3)	(30.6)
Net cash generated from operating activities	經營活動所得現金淨額	239.5	486.2
Cash flows from investing activities	投資活動所得現金流		
Purchases of property, plant and equipment and intangible assets	購置物業、廠房及設備以及無形資產	(126.0)	(187.3)
Proceeds from disposal of property, plant and equipment and intangible assets	出售物業、廠房及設備以及無形資產之所得款項	135.5	50.0
Deposit paid for property, plant and equipment	已付物業、廠房及設備按金	-	(1.2)
Placement of pledged bank deposits	存入已抵押銀行存款	(132.8)	(301.4)
Withdrawal of pledged bank deposits	提取已抵押銀行存款	154.4	2.0
Proceeds from disposal of assets classified as held for sale	出售分類為持作出售資產之所得款項	-	152.6
Proceeds from disposal of investment properties	出售投資物業之所得款項	-	202.8
Proceeds from disposal of financial assets at fair value through profit or loss	出售按公平值計入損益之金融資產之所得款項	-	17.7
Investment in a joint venture	投資一間合營企業	(4.1)	-
Dividend received from joint ventures	已收合營企業股息	20.5	26.9
Other dividends received	已收其他股息	4.0	4.2
Interest received	已收利息	3.4	5.1

Condensed Consolidated Statement of Cash Flows 簡明綜合現金流量表

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$M 百萬港元 (Unaudited) (未經審核)	2018 二零一八年 HK\$M 百萬港元 (Unaudited) (未經審核)
Net cash generated from/(used in) investing activities	投資活動所得／(所用)現金淨額	54.9	(28.6)
Cash flows from financing activities	融資活動所得現金流		
Proceeds from bank borrowings	銀行借款之所得款項	432.8	1,726.5
Repayments of bank borrowings	償還銀行借款	(868.1)	(1,121.2)
Proceeds from other borrowings	其他借款之所得款項	39.1	-
Repayments of other borrowings and note payable	償還其他借款及應付票據	-	(1,065.0)
Repayment of lease liabilities	償還租賃負債	(70.3)	(32.7)
Contributions from non-controlling interests	非控股權益注資	8.8	-
Net cash used in financing activities	融資活動所用現金淨額	(457.7)	(492.4)
Cash and cash equivalents at beginning of the period	期初之現金及現金等值項目	697.1	976.4
Net decrease in cash and cash equivalents	現金及現金等值項目減少淨額	(163.3)	(34.8)
Exchange differences on cash and cash equivalents	現金及現金等值項目之匯兌差額	2.9	(19.0)
Cash and cash equivalents at end of the period	期末之現金及現金等值項目	536.7	922.6

The notes on pages 42 to 72 form an integral part of this interim condensed consolidated financial information.

第42頁至72頁的附註為本中期簡明綜合財務資料的一部分。

Notes to the Condensed Consolidated Financial Information

簡明綜合財務資料附註

1 GENERAL INFORMATION

Chiho Environmental Group Limited ('the Company') is an investment holding company. The Company and its subsidiaries (together "the Group") are mainly engaged in the principal business of resources recycling, involving recycling of mixed metal, end-of-life vehicle (ELV), Waste Electrical and Electronic Equipment (WEEE), wasted oil and production of aluminum ingots from zorba in Asia, Europe and North America.

The Company is incorporated and registered as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Hong Kong Dollar ("HK\$"), unless otherwise stated.

Significant events and transactions incurred in the current interim period has been disclosed in the Management Discussion and Analysis section in the Interim Report 2019.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Certain comparative figures for the corresponding period in 2018 related to selling and distribution expenses have been reclassified to cost of sales to conform to the current period's presentation.

1 一般資料

齊合環保集團有限公司（「本公司」）為投資控股公司。本公司及其子公司（統稱「本集團」）主要於亞洲、歐洲及北美洲從事資源再生業務，涉及回收混合金屬、報廢汽車、廢棄電力及電子設備、廢油及利用破碎鋁料（zorba）生產鋁錠。

本公司根據開曼群島公司法於開曼群島註冊成立及註冊為獲豁免有限公司。其註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

本公司以香港聯合交易所有限公司為第一上市地。

除另有所指外，本簡明綜合中期財務資料以港元（「港元」）呈列。

本中期間發生的重大事項及交易已於二零一九年中期報告的管理層討論及分析一節披露。

2 編製基準

截至二零一九年六月三十日止六個月的本簡明綜合中期財務資料乃按照香港會計師公會（「香港會計師公會」）頒佈之香港會計準則第34號（「香港會計準則第34號」）「中期財務報告」而編製。簡明綜合中期財務資料應與根據香港財務報告準則（「香港財務報告準則」）編製的截至二零一八年十二月三十一日止年度的年度綜合財務報表一併閱讀。

於二零一八年同期的比較數字，若干有關銷售及分銷開支已重新分類至銷售成本，以符合本期間的呈報。



Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2018, as described in those annual consolidated financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2019.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group changed its accounting policies and make adjustments as a result of adopting HKFRS 16 Leases.

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 22. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2018, except for the new judgement related to HKFRS 16, which are described in Note 22(d).

3 會計政策

採用的會計政策與截至二零一八年十二月三十一日止年度的年度綜合財務報表（如該等年度綜合財務報表所述）的會計政策一致，惟使用適用於預期年度總盈利的稅率估算所得稅以及採納截至二零一九年十二月三十一日止財政年度生效的香港財務報告準則的修訂除外。

(a) 本集團採納的新訂及經修訂準則

多項新訂或經修訂準則於本報告期間適用，及本集團已因採納香港財務報告準則第16號租賃而改變其會計政策及作出調整。

採納此等準則及新會計政策的影響於下文附註22披露。其他準則對本集團的會計政策並無造成任何影響，且不要求追溯調整。

4 估計

管理層須於編製中期財務資料時作出影響會計政策之應用以及資產及負債、收入及支出之呈報金額之判斷、估計及假設。實際結果可能有別於該等估計。

管理層於編製此簡明綜合中期財務資料時就應用本集團之會計政策所作出重大判斷以及估計不明朗因素之主要來源，與截至二零一八年十二月三十一日止年度之年度綜合財務報表所應用者相同，惟附註22(d)所述有關香港財務報告準則第16號的新判斷除外。



5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

There have been no changes in the risk management policies since year ended 31 December 2018.

5.2 Liquidity risk

Compared to year ended 31 December 2018, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2019 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

5 金融風險管理及金融工具

5.1 金融風險因素

本集團的業務使本集團面對不同金融風險：市場風險（包括外匯風險、利率風險及價格風險）、信貸風險及流動資金風險。

中期簡明綜合財務資料並不包括年度綜合財務報表規定的所有金融風險管理資料及披露，並應與本集團於二零一八年十二月三十一日的年度綜合財務報表一併閱讀。

風險管理政策自截至二零一八年十二月三十一日止年度起並無變動。

5.2 流動資金風險

與截至二零一八年十二月三十一日止年度相比，金融負債之合約未貼現現金流出並無重大變動。

5.3 公平值估計

下表分析本集團於二零一九年六月三十日按公平值列賬之金融工具，透過計量公平值所用之估計方法之輸入數據層級劃分。有關輸入數據在公平值層級內分為以下三級別：

- 活躍市場上相同資產或負債的報價（未經調整）（第一級）。
- 除第一級所包括的報價外，資產或負債的可直接（即價格）或間接（即從價格得出）觀察所得輸入值（第二級）。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Fair value estimation (continued)

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Financial assets/(financial liabilities) 金融資產/(金融負債)	Fair value as at 於以下日期的公平值		Fair value hierarchy 公平值層級	Valuation technique(s) and key input(s) 估值技術及主要輸入數據
	30 June 2019 二零一九年 六月三十日 HK\$M 百萬港元	31 December 2018 二零一八年 十二月三十一日 HK\$M 百萬港元		
1) Metal commodities future contracts classified as derivative financial instruments in the condensed consolidated balance sheet 於簡明綜合資產負債表中分類為衍生金融工具之金屬商品期貨合約	11.6	2.9	Level 1 第一級	Quoted bid commodities futures prices on the London Metal Exchange 倫敦金屬交易所所報之商品期貨買入價
2) Metal commodities future contracts classified as derivative financial instruments in the condensed consolidated balance sheet 於簡明綜合資產負債表中分類為衍生金融工具之金屬商品期貨合約	9.8 (7.7)	31.8 (19.9)	Level 2 第二級	Par method, taking actively traded future forward prices into account 面值法，參考交投活躍的期貨遠期價格
3) Foreign currency forward contracts classified as derivative financial instruments in the condensed consolidated balance sheet 於簡明綜合資產負債表中分類為衍生金融工具之外幣遠期合約	2.3 -	1.4 (0.6)	Level 2 第二級	Present value of the future cash flows based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates. 基於遠期匯率（於報告期末可觀察的遠期匯率）及已訂約的遠期比率的未來現金流的現值。
4) Financial assets at fair value through profit or loss 按公平值計入損益之金融資產	0.8	0.8	Level 3 第三級	Primarily based on the present value of the estimated future cash flows of the investee entities. 主要基於被投資實體估計未來現金流的現值。
5) Financial assets at fair value through other comprehensive income 按公平值計入其他全面收益之金融資產	110.0	111.0	Level 3 第三級	Primarily based on the present value of the estimated future cash flows of the investee entities. 主要基於被投資實體估計未來現金流的現值。
6) Contingent consideration payable 應付或然代價	(181.3)	(182.9)	Level 3 第三級	Primarily based on the present value of the estimated future cash flows. 主要基於估計未來現金流的現值。

5 金融風險管理及金融工具 (續)

5.3 公平值估計 (續)

- 並非根據可觀察市場數據釐定的資產或負債輸入值（即不可觀察輸入值）（第三級）。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Fair value estimation (continued)

Fair value measurements recognised in the condensed consolidated balance sheet:

		Level 1 第一級 HK\$M 百萬港元	Level 2 第二級 HK\$M 百萬港元	Level 3 第三級 HK\$M 百萬港元	Total 總計 HK\$M 百萬港元
As at 30 June 2019	於二零一九年六月三十日				
Assets	資產				
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	-	-	0.8	0.8
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	-	-	110.0	110.0
Derivative financial instruments	衍生金融工具	11.6	12.1	-	23.7
Liabilities	負債				
Derivative financial instruments	衍生金融工具	-	(7.7)	-	(7.7)
Other payable – contingent consideration payable	其他應付款項 – 應付或然代價	-	-	(181.3)	(181.3)
As at 30 December 2018	於二零一八年十二月三十日				
Assets	資產				
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	-	-	0.8	0.8
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	-	-	111.0	111.0
Derivative financial instruments	衍生金融工具	2.9	33.2	-	36.1
Liabilities	負債				
Derivative financial instruments	衍生金融工具	-	(20.5)	-	(20.5)
Other payable – contingent consideration payable	其他應付款項 – 應付或然代價	-	-	(182.9)	(182.9)

There were no transfers between the three levels during either of the period ended 30 June 2019 or year ended 31 December 2018. The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial information approximate their fair value.

5 金融風險管理及金融工具 (續)

5.3 公平值估計 (續)

簡明綜合資產負債表確認的公平值計量：

截至二零一九年六月三十日止期間或截至二零一八年十二月三十一日止年度，三個層級之間並無轉移。管理層認為，於簡明綜合財務資料內按攤銷成本計量的金融資產及金融負債的賬面值與其公平值相若。



Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

6 SEGMENT INFORMATION

The Group's revenue mainly represents the amounts received or receivable for the sales of recycled scraps and wastes, net of sales related taxes, during the period. The Group derives revenue from transfer of these goods at a point in time.

In the current interim period, the Group's Chief Operating Decision Maker ("CODM") assesses the performance of the operating segments based on the measure of segment profit/(loss). This measurement basis excludes the effects of non-operating gains/(losses), such as gain/(loss) on fair value change of financial assets at fair value through profit or loss. The measure also excludes centralised costs such as the Group's key managements' remunerations and other central administrative expenses. Finance income, finance costs, income tax expenses and those unallocated income and expenses are not included in the result for each operating segment that is reviewed by the Group's CODM.

Total segment assets exclude deferred income tax assets, fixed return investment, tax recoverable, derivative financial instruments and cash and cash equivalents which are managed centrally. Information relating to segment liabilities is not disclosed as such information is not regularly reported to the CODM.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Inter-segment sales are charged at prevailing market price.

6 分部資料

本集團收益主要指期內銷售再生金屬及物料之已收或應收款項，扣除銷售相關稅項。本集團於轉讓該等貨物的時間點產生收益。

於本中期間，本集團的首席營運決策者（「首席營運決策者」）根據分部溢利／（虧損）的計量評估經營分部的表現。此計量基礎不包括非經營收益／（虧損）的影響，例如按公平值計入損益之金融資產的公平值變動收益／（虧損）。計量亦不包括中央成本，例如本集團主要管理層的薪酬及其他中央行政開支。財務收入、財務成本、所得稅開支及該等未分配收入及開支並不包括在本集團的首席營運決策者所審閱的各個經營分部的業績中。

總分部資產不包括中央管理的遞延所得稅資產、固定回報投資、可退回稅項、衍生金融工具以及現金及現金等值項目。有關分部負債的資料並不披露，由於該等資料並非定期向首席營運決策者報告。

業務及可呈報分部的會計政策與本集團的會計政策相同。分部間銷售按當前市價收費。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

6 SEGMENT INFORMATION (continued)

The following table presents revenue and segment profit information regarding the Group's reportable segments for the six months ended 30 June 2019 and 2018 respectively:

6 分部資料(續)

下表分別呈列有關本集團截至二零一九年及二零一八年六月三十日止六個月可呈報分部的收益及分部溢利的資料：

		For the six months ended 截至六個月止									
		30 June 2019 二零一九年六月三十日					30 June 2018 二零一八年六月三十日				
		Asia 亞洲	Europe 歐洲	North America 北美洲	Unallocated 未分配	Total 總計	Asia 亞洲	Europe 歐洲	North America 北美洲	Unallocated 未分配	Total 總計
		HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元	HK\$M 百萬港元
Revenue	收益										
Total segment revenue	分部收益總額	1,094.2	6,911.7	843.5	-	8,849.4	1,920.4	7,916.1	1,346.5	-	11,183.0
Inter-segment sales	分部間銷售	-	(116.4)	(32.7)	-	(149.1)	-	(81.7)	(39.1)	-	(120.8)
External sales	外部銷售	1,094.2	6,795.3	810.8	-	8,700.3	1,920.4	7,834.4	1,307.4	-	11,062.2
Segment (loss)/profit	分部(虧損)/溢利	(71.5)	178.6	12.0	(24.6)	94.5	187.8	283.9	19.5	109.6	600.8
Finance income	財務收入					12.8					16.8
Finance costs	財務成本					(107.0)					(231.1)
Profit before income tax	除所得稅前溢利					0.3					386.5
Income tax credit/(expense)	所得稅抵免/(開支)					0.8					(55.3)
Profit for the period	期內溢利					1.1					331.2
Depreciation and amortisation expenses	折舊及攤銷開支	(32.3)	(153.2)	(20.3)	(10.6)	(216.4)	(35.8)	(127.9)	(31.2)	(13.9)	(208.8)
Fair value (loss)/gain on derivative financial instruments	衍生金融工具之公平值(虧損)/收益	-	-	-	(2.0)	(2.0)	-	-	-	29.8	29.8
Gain on disposal of property, plant and equipment, investment properties and intangible assets	出售物業、廠房及設備、投資物業及無形資產之收益	-	-	-	0.2	0.2	-	-	-	12.8	12.8
Gain on disposal of assets classified as held for sale	出售分類為持作出售資產之收益	-	-	-	-	-	-	-	-	109.5	109.5
Gain on disposal of financial assets at fair value through profit or loss	出售按公平值計入損益之金融資產之收益	-	-	-	-	-	-	-	-	14.3	14.3

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

6 SEGMENT INFORMATION (continued)

Segment assets

Reconciliation of segment assets to total assets as at 30 June 2019 and 31 December 2018 are provided as follows:

		30 June 2019 二零一九年六月三十日				31 December 2018 二零一八年十二月三十一日			
		Asia 亞洲 HK\$M 百萬港元	Europe 歐洲 HK\$M 百萬港元	North America 北美洲 HK\$M 百萬港元	Total 總計 HK\$M 百萬港元	Asia 亞洲 HK\$M 百萬港元	Europe 歐洲 HK\$M 百萬港元	North America 北美洲 HK\$M 百萬港元	Total 總計 HK\$M 百萬港元
Segment assets	分部資產	2,203.3	6,742.6	1,048.6	9,994.5	2,712.6	6,563.5	1,002.8	10,278.9
Deferred income tax assets	遞延所得稅資產				179.2				148.7
Fixed return investment	固定回報投資				218.0				211.3
Tax recoverable	可退回稅項				14.7				15.4
Derivative financial instruments	衍生金融工具				23.7				36.1
Cash and cash equivalents	現金及現金等值項目				536.7				697.1
Total assets	資產總值				<u>10,966.8</u>				<u>11,387.5</u>

6 分部資料 (續)

分部資產

於二零一九年六月三十日及二零一八年十二月三十一日分部資產與資產總值的對賬如下：

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

7 OTHER (LOSSES)/GAINS, NET

7 其他(虧損)/收益淨額

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$M 百萬港元	2018 二零一八年 HK\$M 百萬港元
Fair value (loss)/gain on derivative financial instruments, net	衍生金融工具之公平值(虧損)/收益淨額	(2.0)	29.8
Foreign exchange gain/(loss), net	匯兌收益/(虧損)淨額	0.7	(7.6)
Gain on disposal of assets classified as held for sale (Note)	出售分類為持作出售資產之收益(附註)	-	109.5
Gain on disposal of property, plant and equipment, investment properties and intangible assets	出售物業、廠房及設備、投資物業及無形資產之收益	0.2	12.8
Gain on disposal of financial assets at fair value through profit or loss	出售按公平值計入損益之金融資產之收益	-	14.3
Others	其他	(0.1)	(17.3)
		(1.2)	141.5

Note:

During the six months ended 30 June 2018, a land use right classified as held for sale located in Shandong Province, the PRC, with carrying amount of approximately RMB32.0 million (equivalent to HK\$38.3 million) was surrendered to the local government and a discretionary compensation of RMB124.1 million (equivalent to HK\$152.6 million) was received after the negotiations with the local government.

附註：

截至二零一八年六月三十日止六個月，位於中國山東省且賬面值約人民幣3,200萬元(相等於3,830萬港元)的土地使用權(分類為持作出售的資產)已移交予地方政府，且與地方政府多次磋商後收取酌情賠償人民幣1億2,410萬元(相等於1億5,260萬港元)。

Notes to the Condensed Consolidated Financial Information
簡明綜合財務資料附註

8 FINANCE COSTS, NET

8 財務成本淨額

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$M 百萬港元	2018 二零一八年 HK\$M 百萬港元
Interest income from bank deposits	銀行存款之利息收入	5.2	3.5
Interest income from joint ventures (Note 20(a))	來自合營企業之利息收入 (附註20(a))	0.5	0.6
Interest income from related parties (Note 20(a))	來自關聯方之利息收入 (附註20(a))	0.5	1.1
Interest income from fixed return investment	固定回報投資之利息收入	6.6	11.6
Finance income	財務收入	12.8	16.8
Interest expense on bank loans, overdrafts, bills payable and note payable	銀行貸款、透支、 票據應付款項及 應付票據之利息開支	(40.3)	(170.3)
Effective interest expense on other borrowings	其他借款之實際利息開支	(57.4)	(21.3)
Interest expense on early redemption of note payable	提早贖回應付票據之 利息開支	-	(18.4)
Interest expense on early repayment of other borrowings	提早償還其他借款之 利息開支	-	(14.2)
Interest expense on lease liabilities	租賃負債之利息開支	(9.0)	(6.6)
Interest expense on loan from related parties (Note 20(a))	來自關聯方的貸款之 利息開支(附註20(a))	(0.3)	(0.3)
Finance costs	財務成本	(107.0)	(231.1)
Finance costs, net	財務成本淨額	(94.2)	(214.3)

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

9 PROFIT FOR THE PERIOD

9 期內溢利

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$M 百萬港元	2018 二零一八年 HK\$M 百萬港元
Profit for the period has been arrived after charging/(crediting):	扣除／(計入)下列各項後達致之期內溢利：		
Changes in inventories of work-in-progress and finished goods	在製品及製成品存貨之變動	219.0	553.9
Raw materials and consumables used	所用原料及消耗品	6,680.0	8,931.8
Utilisation of provision for inventories, net	動用存貨撥備淨額	(11.1)	(4.0)
Employee benefit expenses	僱員福利開支	586.0	633.9
Depreciation and amortisation expenses	折舊及攤銷開支	216.4	208.8
Legal and professional expenses	法律及專業開支	19.9	48.1

10 INCOME TAX CREDIT/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the period.

Under the law of the PRC on Enterprise Income Tax (the "EIT") and the relevant EIT Implementation Regulations, the tax rate of PRC EIT has been provided at the rate of 25% (2018: 25%) on the estimated assessable profit for the period.

Germany and USA income taxes have been provided at the rate of 30% (2018: 30%) and 26% (2018: 26%), respectively, on the estimated assessable profit for the period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the period.

10 所得稅抵免／開支

香港利得稅乃根據期內估計應課稅溢利按稅率16.5% (二零一八年：16.5%)計提撥備。

根據中國企業所得稅(「企業所得稅」)法及相關企業所得稅實施條例，中國企業所得稅乃根據期內估計應課稅溢利按稅率25% (二零一八年：25%)計提撥備。

德國及美國所得稅乃根據期內估計應課稅溢利分別按稅率30% (二零一八年：30%)及26% (二零一八年：26%)計提撥備。

海外溢利之稅項乃根據期內估計應課稅溢利按本集團經營所在國家之現行稅率計算。所得稅開支乃根據管理層對期內預期的加權平均年度所得稅率的估計確認。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

10 INCOME TAX CREDIT/EXPENSE (continued)

10 所得稅抵免／開支（續）

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$M 百萬港元	2018 二零一八年 HK\$M 百萬港元
Current income tax expense/(credit):	即期所得稅開支／（抵免）：		
Germany	德國	24.3	79.3
PRC EIT	中國企業所得稅	0.2	0.2
Hong Kong profits tax	香港利得稅	-	(2.4)
USA	美國	-	3.4
Other jurisdictions	其他司法權區	5.3	5.7
		29.8	86.2
Deferred income tax credit	遞延所得稅抵免	(30.6)	(30.9)
Income tax (credit)/expense	所得稅（抵免）／開支	(0.8)	55.3

11 DIVIDEND

No dividend was paid or proposed during current and previous interim periods, nor has any dividend been proposed by the Company since the end of the reporting period in respect of the period ended 30 June 2019 and 2018.

11 股息

本公司於本中期期間及過往中期期間均無派付或建議派付任何股息，自截至二零一九年及二零一八年六月三十日止期間的報告期末起亦無建議派付任何股息。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

12 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

12 每股盈利

(a) 基本

每股基本盈利乃按本公司股東應佔期內溢利除以期內已發行普通股加權平均數目計算得出。

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$M 百萬港元	2018 二零一八年 HK\$M 百萬港元
Profit	溢利		
Profit for the period attributable to shareholders of the Company	本公司股東應佔期內溢利	2.0	331.6
Number of shares	股份數目		
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數目 (千股)	1,605,153	1,605,153
Basic earnings per share (expressed in HK\$)	每股基本盈利 (以港元列示)	0.001	0.21

(b) Diluted

The Group has no potentially dilutive shares outstanding during the interim periods ended 30 June 2019 and 2018.

(b) 攤薄

截至二零一九年及二零一八年六月三十日止中期期間本集團並無已發行潛在攤薄股份。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

13 PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of HK\$124.8 million (2018: HK\$247.2 million). Property, plant and equipment with a net book value of HK\$135.3 million (2018: HK\$37.2 million) were disposed of by the Group during the current interim period resulting in a net gain on disposal of HK\$0.2 million (2018: HK\$12.7 million).

During the current interim period, property, plant and equipment with net book values of HK\$8.4 million and HK\$1.0 million were transferred to investment properties and assets classified as held for sale, respectively.

Property, plant and equipment decreased by HK\$439.9 million on 1 January 2019 following the adoption of the HKFRS 16, see Note 22 for details.

14 TRADE, BILLS AND OTHER RECEIVABLES

13 物業、廠房及設備

於本中期期間，本集團購入物業、廠房及設備1億2,480萬港元（二零一八年：2億4,720萬港元）。本集團於本中期期間出售賬面淨值為1億3,530萬港元的物業、廠房及設備（二零一八年：3,720萬港元），導致錄得出售收益淨額20萬港元（二零一八年：1,270萬港元）。

於本中期期間，賬面淨值為840萬港元及100萬港元的物業、廠房及設備分別轉撥至投資物業及分類為持作出售的資產。

自採納香港財務報告準則第16號後，於二零一九年一月一日，物業、廠房及設備減少4億3,990萬港元，有關詳情見附註22。

14 貿易、票據及其他應收款項

		At 30 June 2019 於二零一九年 六月三十日 HK\$M 百萬港元	At 31 December 2018 於二零一八年 十二月三十一日 HK\$M 百萬港元
Trade receivables	貿易應收款項	1,555.0	1,426.4
Less: loss allowance	減：虧損撥備	(47.0)	(62.8)
Trade receivables, net	貿易應收款項淨額	1,508.0	1,363.6
Bills receivables	票據應收款項	11.4	3.9
Deposits and prepayments	按金及預付款項	180.3	189.9
Deposits paid for purchase of raw materials	購買原料之已付按金	34.5	40.5
VAT recoverable	可退回增值稅	118.2	160.6
Other receivables (Note)	其他應收款項（附註）	151.6	123.6
		2,004.0	1,882.1

Note: As at 30 June 2019, the balance includes a receivable of HK\$65.2 million (2018: HK\$65.5 million) from a government authority in the PRC.

附註：於二零一九年六月三十日，結餘包括來自中國政府當局應收款項6,520萬港元（二零一八年：6,550萬港元）。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

14 TRADE, BILLS AND OTHER RECEIVABLES (continued)

At 30 June 2019 and 31 December 2018, the aging analysis of the trade receivables based on invoice date were as follows:

		At 30 June 2019 於二零一九年 六月三十日 HK\$M 百萬港元	At 31 December 2018 於二零一八年 十二月三十一日 HK\$M 百萬港元
0 – 90 days	0至90日	1,400.8	1,323.5
91 – 180 days	91至180日	96.3	45.7
Over 180 days	超過180日	57.9	57.2
		1,555.0	1,426.4

14 貿易、票據及其他應收款項 (續)

於二零一九年六月三十日及二零一八年十二月三十一日，貿易應收款項按發票日期的賬齡分析如下：

15 SHARE CAPITAL

Authorised share capital

		Numbers of shares 股份數目 (Thousands) (千股)	Share capital 股本 HK\$M 百萬港元
Ordinary shares of HK\$0.01 each at 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	於二零一八年一月一日、 二零一八年六月三十日、 二零一九年一月一日及 二零一九年六月三十日 每股面值0.01港元之普通股	5,000,000	50
Issued and fully paid	已發行及繳足		
At 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	於二零一八年一月一日、 二零一八年六月三十日、 二零一九年一月一日及 二零一九年六月三十日	1,605,153	16.1

15 股本

法定股本

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

16 BORROWINGS

16 借款

		At 30 June 2019 於二零一九年 六月三十日 HK\$M 百萬港元	At 31 December 2018 於二零一八年 十二月三十一日 HK\$M 百萬港元
Non-current	非流動		
Bank borrowings	銀行借款	299.7	388.7
Other borrowings (Note)	其他借款(附註)	-	1,738.1
Finance lease liabilities (Note 22)	融資租賃責任(附註22)	-	302.3
		299.7	2,429.1
Current	流動		
Bank borrowings	銀行借款	604.4	971.5
Other borrowings (Note)	其他借款(附註)	2,008.8	250.5
Finance lease liabilities (Note 22)	融資租賃責任(附註22)	-	136.5
		2,613.2	1,358.5
Total borrowings	總借款	2,912.9	3,787.6

Note: During the year ended 31 December 2018, the Group had drawn down from a new syndicated term loan of approximately US\$220.0 million (approximately HK\$1,691.5 million) to early repay certain other borrowings and a note payable. The loan was guaranteed by USUMHK and Mr. Tu. The Group has pledged the shares of certain subsidiaries to secure the loan.

附註：於截至二零一八年十二月三十一日止年度，本集團已支取新銀團定期貸款約2億2,000萬美元（約16億9,150萬港元）以提前償還若干其他借款及應付票據。貸款乃由渝商香港及涂先生擔保。本集團已抵押若干子公司的股份以擔保此貸款。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

17 TRADE, BILLS AND OTHER PAYABLES

17 貿易、票據及其他應付款項

		At 30 June 2019 於二零一九年 六月三十日 HK\$M 百萬港元	At 31 December 2018 於二零一八年 十二月三十一日 HK\$M 百萬港元
Trade payables	貿易應付款項	1,004.6	1,042.9
Contract liabilities	合約負債	14.5	25.4
Other tax payable	其他應付稅項	76.4	70.9
Accrued salaries and employee benefits	應計薪金及僱員福利	123.3	159.3
Provision for claims and contingencies	索償及或然事項撥備	18.9	20.5
Accrued professional expenses	應計專業開支	13.6	28.9
Asset retirement obligations	資產報廢責任	83.5	84.8
Other payables and accruals (Note)	其他應付款項及應計費用(附註)	362.1	410.2
		1,696.9	1,842.9
Less: non-current portion	減：非流動部分		
Asset retirement obligations	資產報廢責任	(83.5)	(84.8)
Other payables	其他應付款項	(22.2)	(25.9)
		1,591.2	1,732.2

Note: The balance includes the contingent consideration payable with respect to the acquisition of Scholz Group and its debt restructuring programme in 2016.

附註：結餘包括於二零一六年就收購順爾茨集團及其債務重組計劃相關的應付或然代價。

The aging analysis of the trade payables based on invoice date was as follows:

貿易應付款項根據發票日期之賬齡分析如下：

		At 30 June 2019 於二零一九年 六月三十日 HK\$M 百萬港元	At 31 December 2018 於二零一八年 十二月三十一日 HK\$M 百萬港元
0 – 90 days	0至90日	942.3	1,007.9
91 – 180 days	91至180日	35.4	14.9
Over 180 days	超過180日	26.9	20.1
		1,004.6	1,042.9

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

18 PLEDGE OF ASSETS

As at 30 June 2019 and 31 December 2018, the Group has pledged the following assets to banks to secure certain bank borrowings and general banking facilities granted to the Group:

18 資產抵押

於二零一九年六月三十日及二零一八年十二月三十一日，本集團已向銀行抵押以下資產，以擔保授予本集團之若干銀行借款及一般銀行信貸：

		At 30 June 2019 於二零一九年 六月三十日 HK\$M 百萬港元	At 31 December 2018 於二零一八年 十二月三十一日 HK\$M 百萬港元
Property, plant and equipment	物業、廠房及設備	1,855.9	2,072.4
Leasehold land and land use rights	租賃土地及土地使用權	–	316.4
Right-of-use assets	使用權資產	305.1	–
Investment properties	投資物業	9.0	–
Inventories	存貨	704.8	809.7
Trade receivables	貿易應收款項	1,175.2	1,030.3
Pledged bank deposits	已抵押銀行存款	292.5	313.6
		4,342.5	4,542.4

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

19 CAPITAL COMMITMENTS

As at 30 June 2019 and 31 December 2018, capital expenditure contracted for but not yet incurred is as follows:

		At 30 June 2019 於二零一九年 六月三十日 HK\$M 百萬港元	At 31 December 2018 於二零一八年 十二月三十一日 HK\$M 百萬港元
Capital expenditure contracted for but not provided in the condensed consolidated financial information in respect of:	已訂約但未於簡明綜合財務資料中撥備的資本開支：		
– acquisition of property, plant and equipment	– 收購物業、廠房及設備	64.2	95.9
– additions in construction in progress	– 添置在建工程	7.9	16.6
– investment in a joint venture	– 投資一間合營企業	–	4.1
		72.1	116.6

20 RELATED PARTIES TRANSACTIONS

The Group is controlled by USUMHK which owns 62.85% of the Company's shares. The remaining 37.15% of the shares are widely held. The ultimate holding company of the Group is Loncin Group Co., Ltd (incorporated in the PRC). The ultimate controlling party of the Group is Mr. Tu.

(a) Transactions

In addition to those disclosed elsewhere in the condensed consolidated financial information, the Group had the following transactions with its related parties during the interim period ended 30 June 2019 and 2018.

19 資本承擔

於二零一九年六月三十日及二零一八年十二月三十一日，已訂約但未產生之資本開支如下：

20 關聯方交易

本集團由渝商香港控制，渝商香港擁有本公司62.85%股份。其餘37.15%股份由廣泛持有人持有。本集團最終控股公司為隆鑫集團有限公司（於中國註冊成立）。本集團最終控制方為涂先生。

(a) 交易

除已在簡明綜合財務資料其他部分披露者外，本集團於截至二零一九年及二零一八年六月三十日止中期期間曾與其關聯方進行以下交易。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

20 RELATED PARTIES TRANSACTIONS (continued)

(a) Transactions (continued)

All of the transactions were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties. They are summarised as follows:

20 關聯方交易(續)

(a) 交易(續)

所有交易均於本集團日常業務過程中按交易雙方所協定的條款進行，詳情概述如下：

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$M 百萬港元	2018 二零一八年 HK\$M 百萬港元
Sales of goods to	向以下各方銷售商品		
– Joint ventures	– 合營企業	58.2	45.4
– Related parties	– 關聯方	120.6	343.5
Purchases of goods from	從以下各方採購商品		
– An associate	– 聯營公司	(1.5)	(1.2)
– Joint ventures	– 合營企業	(144.4)	(158.1)
– Related parties	– 關聯方	(61.1)	(82.8)
Interest income from	來自以下各方之利息收入		
– Joint ventures	– 合營企業	0.5	0.6
– Related parties	– 關聯方	0.5	1.1
Interest expense to	支付予以下各方之利息開支		
– Related parties	– 關聯方	(0.3)	(0.3)
Other income from (Note (i))	來自以下各方之其他收入 (附註(i))		
– Joint ventures	– 合營企業	0.8	0.8
– Related parties	– 關聯方	2.7	3.7
Administrative expenses to (Note (ii))	支付予以下各方之行政開支 (附註(ii))		
– Joint ventures	– 合營企業	(0.1)	(0.1)
– Related parties	– 關聯方	(0.4)	(3.2)

Notes:

- (i) Other income mainly comprised of management fee income, rental income and commission income.
- (ii) Administrative expenses mainly comprised management fee, lease expense and service fee.

附註：

- (i) 其他收入主要包括管理費收入、租金收入及佣金收入。
- (ii) 行政開支主要包括管理費、租金開支及服務費。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

20 RELATED PARTIES TRANSACTIONS (continued)

(b) Key management compensation

Key management includes chairman of the Company, all directors, chief executive officer, chief financial officer, chief operation officer and chief investment officer. The compensation paid or payable to key management for employee services is shown below:

20 關聯方交易(續)

(b) 主要管理層薪酬

主要管理層包括本公司主席、全體董事、行政總裁、首席財務官、首席營運官及首席投資官。就提供僱員服務而已付或應付主要管理層的薪酬列示如下：

Six months ended 30 June

截至六月三十日止六個月

		2019 二零一九年 HK\$M 百萬港元	2018 二零一八年 HK\$M 百萬港元
Wages and salaries, including restructuring costs and other termination benefits	工資及薪金，包括重組成本及其他終止僱傭福利	8.1	8.1
Pension costs – defined contribution plans	退休金成本—界定供款計劃	–	0.1
Other employee benefits	其他僱員福利	0.7	0.7
Total	總計	8.8	8.9

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

20 RELATED PARTIES TRANSACTIONS (continued)

(c) Period-end balances

20 關聯方交易(續)

(c) 期末結餘

		At 30 June 2019 於二零一九年 六月三十日 HK\$M 百萬港元	At 31 December 2018 於二零一八年 十二月三十一日 HK\$M 百萬港元
Receivables from:	應收以下各方款項：		
– Joint ventures (Note (i))	– 合營企業(附註(i))	54.4	38.3
– Related parties (Note (i))	– 關聯方(附註(i))	26.9	29.9
		81.3	68.2
Payables to:	應付以下各方款項：		
– Joint ventures (Note (ii))	– 合營企業(附註(ii))	(30.4)	(29.6)
– Related parties (Note (ii))	– 關聯方(附註(ii))	(32.3)	(36.7)
		(62.7)	(66.3)

Notes:

- (i) The receivables from joint ventures and related parties include trade receivables and other receivables. Trade receivables are repayable within 60 days, and other receivables are repayable on demand. Both of them are unsecured and non-interest bearing.
- (ii) The payables to joint ventures and related parties include trade payables and other payables. Trade payables are repayable within 60 days, and other payable are repayable on demand. Both of them are unsecured and non-interest bearing.

附註：

- (i) 應收合營企業及關聯方款項包括貿易應收款項及其他應收款項。貿易應收款項須於60日內償還，其他應收款項則須按要求償還。該兩類款項均為無抵押及不計息。
- (ii) 應付合營企業及關聯方款項包括貿易應付款項及其他應付款項。貿易應付款項須於60日內償還，而其他應付款項則須按要求償還。該兩類款項均為無抵押及不計息。

21 CONTINGENCIES

- (a) The Company is one of the defendants to a legal claim by Delco regarding an alleged non-payment of a portion of the loans advanced by Delco Asia to subsidiaries of the Company, amounting to approximately HK\$57.8 million together with interest and costs. Delco alleged that it acquired the assets and liabilities of Delco Asia in 2011. Delco Asia was dissolved by deregistration in 2012. Each of Mr. Fang and HWH undertook to the Company to indemnify and hold the Company harmless on demand against all losses arising out of, inter alia, this claim in accordance with the terms of a letter of indemnity signed by Mr. Fang and HWH in favour of the Company on 17 December 2015 (the "Indemnity").

The court case is still in progress. The directors of the Company, after taking legal advice from its legal advisers and in review of the Indemnity, are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle this claim. Accordingly, no provision of this claim has been made.

- (b) The Company and Chiho-Tiande (HK) Limited ("CTHK"), a wholly-owned subsidiary of the Company, are two of the defendants to another legal claim by Delco regarding an alleged breach of a letter of undertaking in relation to a convertible bond issued by the Company and subscribed for by Delco. Delco further claimed against CTHK for a sum of US\$1.0 million, allegedly advanced by Delco Asia to CTHK. Delco further claimed interests, costs and further or other relief of approximately HK\$6.3 million.

The court case is still in progress. The directors of the Company, after taking legal advice from its legal advisers, are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle this claim. Accordingly, no provision of this claim has been made.

21 或然事項

- (a) 本公司為Delco就聲稱未償還Delco Asia墊付予本公司子公司的部份貸款金額約5,780萬港元連同利息及相關費用而提起的法律索賠的被告人之一。Delco 稱其已於二零一一年收購Delco Asia的資產及負債。於二零一二年，Delco Asia以撤銷註冊方式解散。方先生及HWH各自向本公司承諾，根據方先生與HWH以本公司為受益人於二零一五年十二月十七日簽署的彌償函件的條款，彌償本公司因（其中包括）此索賠產生的所有損失及使本公司不受到損失（「彌償」）。

訴訟現正在進行中。經考慮本公司法律顧問的法律意見及審閱彌償後，本公司董事認為清償此索賠不可能導致經濟利益的流出。因此，並無就此索賠作出撥備。

- (b) 本公司及齊合天地（香港）有限公司（「齊合天地香港」，本公司的全資子公司）為Delco就聲稱違反本公司所發行及Delco所認購之可換股債券所涉及之承諾函件而提起的另一宗法律索賠的兩名被告人。Delco進一步向齊合天地香港申索金額100萬美元，該款項聲稱是由Delco Asia墊付予齊合天地香港。Delco再申索利息、訟費及進一步或其他寬免，涉及金額約630萬港元。

訴訟現正在進行中。經考慮本公司法律顧問的法律意見後，本公司董事認為清償此索賠不可能導致經濟利益的流出。因此，並無就此索賠作出撥備。



Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

21 CONTINGENCIES (continued)

- (c) As at 30 June 2019, the Group has contingent liabilities of approximately HK\$25.0 million (31 December 2018: HK\$27.4 million) which consists of non-financial guarantee in favour of investee entities.

22 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 on the Group's condensed consolidated financial information and also discloses the new accounting policies that have been applied from 1 January 2019 (Note 22(c)), where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using rate ranging from 0.2% to 5.7% as at 1 January 2019 (date of initial application).

For leases previously classified as 'finance leases', the Group recognised the carrying amounts of these leased assets and lease liabilities immediately before transition as the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 (date of initial application). The measurement principles of HKFRS 16 are only applied after that date.

21 或然事項 (續)

- (c) 於二零一九年六月三十日，本集團擁有或然負債約2,500萬港元（二零一八年十二月三十一日：2,740萬港元），由以被投資實體為受益人的非融資性擔保組成。

22 會計政策之變更

本附註說明採納香港財務報告準則第16號對本集團簡明綜合財務資料之影響，且亦披露自二零一九年一月一日起應用的新會計政策（附註22(c)）（倘其與過往期間所應用者不同）。

本集團自二零一九年一月一日起追溯採納香港財務報告準則第16號，惟按該準則特定過渡條文所允許，並無重列二零一八年同期比較資料，因此，新訂租賃規定產生的重新分類及調整於二零一九年一月一日的期初資產負債表中確認。

(a) 採納香港財務報告準則第16號時確認的調整

採納香港財務報告準則第16號時，本集團就先前根據香港會計準則第17號租賃的原則分類為「經營租賃」的租賃確認租賃負債。該等負債按餘下租賃款項的現值計量，並於二零一九年一月一日（首次應用日期）使用介乎0.2%至5.7%的利率貼現。

就先前分類為「融資租賃」的租賃，本集團將緊接過渡前該等租賃資產及租賃負債的賬面值確認為使用權資產及租賃負債於二零一九年一月一日（首次應用日期）的賬面值。香港財務報告準則第16號的計量原則僅於該日期後適用。

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

22 CHANGES IN ACCOUNTING POLICIES (continued)

(a) Adjustments recognised on adoption of HKFRS 16 (continued)

The table below shows the reconciliation of operating lease commitments and finance lease liabilities disclosed as at 31 December 2018 to the lease liabilities recognised as at 1 January 2019:

22 會計政策之變更(續)

(a) 採納香港財務報告準則第16號時 確認的調整(續)

下表顯示於二零一八年十二月三十一日披露的經營租賃承擔及融資租賃責任與於二零一九年一月一日確認的租賃負債的對賬：

		At 1 January 2019 於二零一九年 一月一日 HK\$M 百萬港元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日披露的經營租賃承擔	181.4
Discounted using the lessee's incremental borrowing rate at the date of initial application	使用承租人於首次應用日期的增量借款利率貼現	140.2
Finance lease liabilities recognised as at 31 December 2018	於二零一八年十二月三十一日確認的融資租賃責任	438.8
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	減：按直線法確認為開支的短期租賃及低價值租賃	(18.9)
Add: adjustments as a result of a different treatment of extension and termination options	加：延長及終止選擇權的不同處理方法導致的調整	12.7
Lease liabilities as at 1 January 2019	於二零一九年一月一日的租賃負債	572.8
Of which are:	其中：	
Current lease liabilities	流動租賃負債	165.2
Non-current lease liabilities	非流動租賃負債	407.6
		572.8

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

22 CHANGES IN ACCOUNTING POLICIES (continued)

(a) Adjustments recognised on adoption of HKFRS 16 (continued)

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

22 會計政策之變更(續)

(a) 採納香港財務報告準則第16號時 確認的調整(續)

相關使用權資產按相等於租賃負債的金額計量，並經於二零一八年十二月三十一日在資產負債表中所確認與該租賃相關的任何預付或應計租賃付款金額調整。於首次應用日期並無對使用權資產產生調整的虧損性租賃合約。

有關以下資產類型的已確認使用權資產：

		At 30 June 2019 於二零一九年 六月三十日 HK\$M 百萬港元	At 1 January 2019 於二零一九年 一月一日 HK\$M 百萬港元
Land and land use rights	土地及土地使用權	381.7	387.9
Property, plant and equipment	物業、廠房及設備	683.7	573.6
Intangible assets	無形資產	0.4	0.4
		1,065.8	961.9

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

22 CHANGES IN ACCOUNTING POLICIES (continued)

(a) Adjustments recognised on adoption of HKFRS 16 (continued)

Condensed consolidated balance sheet (extract)

The following table summaries the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

22 會計政策之變更(續)

(a) 採納香港財務報告準則第16號時 確認的調整(續)

簡明綜合資產負債表(摘錄)

下表概述就各單獨項目確認的調整。並無載列不受有關變動影響的項目。

		31 December 2018 二零一八年 十二月 三十一日 HK\$M 百萬港元	Effect of HKFRS 16 香港財務報告 準則第16號 的影響 HK\$M 百萬港元	1 January 2019 二零一九年 一月一日 HK\$M 百萬港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	3,603.5	(439.9)	3,163.6
Leasehold land and land use rights	租賃土地及土地使用權	387.9	(387.9)	-
Right-of-use assets	使用權資產	-	961.9	961.9
Current assets	流動資產			
Trade, bills and other receivables	貿易、票據及其他應收款項	1,882.1	(0.1)	1,882.0
Non-current liabilities	非流動負債			
Borrowing	借款	2,429.1	(302.3)	2,126.8
Lease liabilities	租賃負債	-	407.6	407.6
Current liabilities	流動負債			
Borrowing	借款	1,358.5	(136.5)	1,222.0
Lease liabilities	租賃負債	-	165.2	165.2

Notes to the Condensed Consolidated Financial Information 簡明綜合財務資料附註

22 CHANGES IN ACCOUNTING POLICIES (continued)

(a) Adjustments recognised on adoption of HKFRS 16 (continued)

There was no material impact on the earnings per share and the segment profits for the six months ended 30 June 2019 as a result of the adoption of HKFRS 16 while the segment assets as at 30 June 2019 increased as follows:

		Increase in segment assets 分部資產增加 HK\$M 百萬港元
Asia	亞洲	2.0
Europe	歐洲	114.1
North America	北美洲	9.1
		125.2

(b) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

22 會計政策之變更(續)

(a) 採納香港財務報告準則第16號時確認的調整(續)

採納香港財務報告準則第16號並無對截至二零一九年六月三十日止六個月的每股盈利及分部溢利產生任何重大影響，而於二零一九年六月三十日的分部資產增加如下：

(b) 應用的實際權宜方法

於首次應用香港財務報告準則第16號時，本集團已應用以下獲準則許可的實際權宜方法：

- 對具有合理相似特徵的租賃組合使用同一貼現率；
- 依賴先前對租賃是否有虧損性的評估；
- 於二零一九年一月一日剩餘租賃期限不足12個月的經營租賃作為短期租賃入賬處理；
- 於首次應用日期剔除初始直接成本，以計量使用權資產；及
- 倘合約包含延期或終止租賃的選擇權，則使用事後方式釐定租期。

22 CHANGES IN ACCOUNTING POLICIES (continued)

(b) Practical expedients applied (continued)

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 'Determining whether an Arrangement contains a Lease'.

(c) Accounting policies applied from 1 January 2019

The Group leases various land and land use right, intangible assets, property, plant and equipment. Rental contracts are typically made for fixed periods of 2 to 6 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

22 會計政策之變更(續)

(b) 應用的實際權宜方法(續)

本集團亦選擇對合約於首次應用日期是否或有否包括租賃不作重新評估。反之，過渡日期前訂立的合約，本集團依賴其應用香港會計準則第17號及香港(國際財務報告詮釋委員會)詮釋第4號「釐定安排是否包括租賃」作出的評估。

(c) 自二零一九年一月一日起後應用的會計政策

本集團租賃各類土地及土地使用權、無形資產、物業、廠房及設備。租賃合約通常訂有二至六年的固定期限，惟可擁有延期選擇權。租賃條款按個別基準進行磋商，包含多種不同的條款及條件。租賃協議不構成任何契諾，惟所租賃資產不得用作借款的擔保。

直至二零一八年財政年度，租賃分類為融資租賃或經營租賃。根據經營租賃作出的付款(扣除自出租人收取的任何優惠後)，於租賃期內以直線法於損益扣除。

自二零一九年一月一日起，租賃確認為使用權資產，並在所租賃資產可供本集團使用之日確認相應負債。每筆租賃付款乃分配至負債及融資成本。融資成本於租期內自損益扣除，以計算出各期間負債結餘的固定週期利率。使用權資產乃按資產可使用年期或租期(以較短者為準)以直線法折舊。

22 CHANGES IN ACCOUNTING POLICIES (continued)

(c) Accounting policies applied from 1 January 2019 (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

22 會計政策之變更(續)

(c) 自二零一九年一月一日起後應用的會計政策(續)

租賃產生的資產及負債初步以現值進行計量。租賃負債包括以下租賃付款的淨現值：

- 固定付款(包括實質固定付款)減任何應收租賃優惠；
- 基於指數或利率的可變租賃付款；
- 剩餘價值擔保下的承租人預期應付款項；
- 採購權的行使價格(倘承租人合理地確定行使該項選擇權)；及
- 支付終止租賃的罰款(倘租賃條款反映承租人行使該項選擇權終止租約)。

租賃付款採用租賃所隱含的利率予以貼現。倘無法釐定該利率，則使用承租人的增量借款利率，即承租人在類似條款及條件的類似經濟環境中借入獲得類似價值資產所需資金所必須支付的利率。



22 CHANGES IN ACCOUNTING POLICIES (continued)

(c) Accounting policies applied from 1 January 2019 (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT-equipment and small items of office furniture.

(d) Judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or not periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed when a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lease.

22 會計政策之變更(續)

(c) 自二零一九年一月一日起後應用的會計政策(續)

使用權資產按成本計量，包括以下各項：

- 租賃負債的初步計量金額；
- 於開始日期或之前所作的任何租賃付款，減去已收的任何租賃優惠；
- 任何初始直接成本；及
- 修復成本。

與短期租賃及低價值資產的租賃相關的支付以直線法於損益中確認為開支。短期租賃指租賃期為12個月或少於12個月的租賃。低價值資產主要包括資訊科技設備及小型辦公家具。

(d) 釐定租賃期限時的判斷

於釐定租賃期限時，管理層考慮導致行使延期選擇權或不行使終止選擇權經濟動機的所有事實及情況。延期選擇權（或非終止選擇權後期間）僅於可合理肯定有關租賃將予延長（或非終止）的情況下納入租賃期限。倘發生重大事件或情況出現重大變動而影響有關評估，且於承租人的控制範圍內，則須檢討該評估。

BOARD OF DIRECTORS

Executive Directors

Mr. Qin Yongming (*Chairman*) (*Chief Executive Officer*)
Mr. Tu Jianhua
Mr. Wong Wun Lam

Independent Non-Executive Directors

Dr. Loke Yu
Ms. Qian Liping
Mr. Zhu HongChao

EXECUTIVE COMMITTEE

Mr. Qin Yongming (*Chairman*)
Mr. Tu Jianhua
Mr. Wong Wun Lam

AUDIT COMMITTEE

Dr. Loke Yu (*Chairman*)
Ms. Qian Liping
Mr. Zhu HongChao

NOMINATION COMMITTEE

Mr. Qin Yongming (*Chairman*)
Dr. Loke Yu
Ms. Qian Liping
Mr. Zhu HongChao

REMUNERATION COMMITTEE

Mr. Zhu HongChao (*Chairman*)
Dr. Loke Yu
Ms. Qian Liping
Mr. Zhu Dajian

STRATEGY AND INVESTMENT COMMITTEE

Mr. Qin Yongming (*Chairman*)
Mr. Tu Jianhua
Mr. Wong Wun Lam
Mr. William Thomas Bird
Mr. Goh Kian Guan

董事會

執行董事

秦永明先生 (*主席*) (*行政總裁*)
涂建華先生
黃煥霖先生

獨立非執行董事

陸海林博士
錢麗萍女士
朱洪超先生

執行委員會

秦永明先生 (*主席*)
涂建華先生
黃煥霖先生

審核委員會

陸海林博士 (*主席*)
錢麗萍女士
朱洪超先生

提名委員會

秦永明先生 (*主席*)
陸海林博士
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朱洪超先生

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朱洪超先生 (*主席*)
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戰略與投資委員會

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Mr. Wong Wun Lam
Mr. William Thomas Bird
Mr. Udo Langhans

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CHIEF FINANCIAL OFFICER

Mr. Wong Wun Lam

COMPANY SECRETARY

Ms. Yiu Yi Ting

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KeyBank National Association

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