



天德化工控股有限公司

TIANDE CHEMICAL HOLDINGS LIMITED

(於開曼群島註冊成立之有限公司)(股份代號：609)

(incorporated in the Cayman Islands with limited liability) (Stock Code: 609)

Interim Report
中期報告
2019

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公司資料

Corporate Information

董事會

執行董事

劉揚先生 (主席)
王子江先生

非執行董事

劉洪亮先生
郭玉成先生

獨立非執行董事

高寶玉先生
梁錦雲先生
劉晨光先生

董事會委員會

審核委員會

梁錦雲先生 (主席)
高寶玉先生
劉晨光先生

薪酬委員會

劉晨光先生 (主席)
高寶玉先生
梁錦雲先生
劉揚先生

提名委員會

劉揚先生 (主席)
梁錦雲先生
劉晨光先生

安全及環保委員會

劉揚先生 (主席)
高寶玉先生
李玉國先生

公司秘書

劉偉珍女士

獨立核數師

香港立信德豪會計師事務所有限公司

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yang (*Chairman*)
Mr. Wang Zijiang

Non-Executive Directors

Mr. Liu Hongliang
Mr. Guo Yucheng

Independent Non-Executive Directors

Mr. Gao Baoyu
Mr. Leung Kam Wan
Mr. Liu Chenguang

BOARD COMMITTEES

Audit Committee

Mr. Leung Kam Wan (*Chairman*)
Mr. Gao Baoyu
Mr. Liu Chenguang

Remuneration Committee

Mr. Liu Chenguang (*Chairman*)
Mr. Gao Baoyu
Mr. Leung Kam Wan
Mr. Liu Yang

Nomination Committee

Mr. Liu Yang (*Chairman*)
Mr. Leung Kam Wan
Mr. Liu Chenguang

Safety and Environmental Protection Committee

Mr. Liu Yang (*Chairman*)
Mr. Gao Baoyu
Mr. Li Yuguo

COMPANY SECRETARY

Ms. Lau Wai Chun

INDEPENDENT AUDITOR

BDO Limited

主要往來銀行

興業銀行濰坊市分行
中國農業銀行股份有限公司濰坊高新技術
產業開發區支行
中國建設銀行股份有限公司濰坊市分行

香港股份過戶登記處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號合和中心
17字樓1712-1716室

註冊辦事處

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

香港主要營業地點

香港
中環夏慤道12號
美國銀行中心
22字樓2204A室

總辦事處及中華人民共和國（「中國」） 主要營業地點

中國
山東省
濰坊市
濰坊高新技術產業開發區

公司網址

www.tdchem.com

股份代號

香港聯合交易所有限公司（「聯交所」）：609

投資者關係聯絡

香港
中環夏慤道12號
美國銀行中心
22字樓2204A室
電話：852-2866 6848
傳真：852-2866 8922
ir@tdchem.com

PRINCIPAL BANKERS

Industrial Bank Co., Ltd., Weifang Branch
Agricultural Bank of China, Weifang High Tech Industry
Development Zone Branch
China Construction Bank, Weifang Branch

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716 on the 17th Floor
Hopewell Centre 183 Queen's Road East
Wan Chai
Hong Kong

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2204A on the 22nd Floor
Bank of America Tower
12 Harcourt Road Central
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Weifang High Tech Industry Development Zone
Weifang City
Shandong Province
The PRC

COMPANY WEBSITE

www.tdchem.com

STOCK CODE

The Stock Exchange of Hong Kong Limited (the "Stock Exchange"): 609

INVESTOR RELATIONS CONTACT

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Bank of America Tower
12 Harcourt Road Central
Hong Kong
Tel: 852-2866 6848
Fax: 852-2866 8922
ir@tdchem.com

簡明綜合收益表

Condensed Consolidated Income Statement

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

| | | 截至六月三十日止六個月 Six months ended 30 June | | |
|--------------------------------|---|--|--|---------------------------|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) | |
| | 附註 Notes | | | |
| 營業額 | Revenue | 5 | 688,134 | 562,011 |
| 銷貨成本 | Cost of sales | | (579,717) | (527,147) |
| 毛利 | Gross profit | | 108,417 | 34,864 |
| 其他收入和收益 | Other income and gains | 5 | 2,863 | 5,473 |
| 銷售開支 | Selling expenses | | (29,648) | (25,281) |
| 行政及其他營運開支 | Administrative and other operating expenses | | (73,257) | (54,628) |
| 財務成本 | Finance costs | 6 | (1,255) | (2,870) |
| 出售附屬公司收益 | Gain on disposal of a subsidiary | 19(a) | 41,565 | - |
| 應收一家前附屬公司 款項的減值虧損 | Impairment loss on amounts due from a former subsidiary | 19(b) | (41,736) | - |
| 除所得稅前溢利／(虧損) | Profit/(Loss) before income tax | 7 | 6,949 | (42,442) |
| 所得稅(開支)／抵免 | Income tax (expense)/credit | 8 | (21,079) | 1,266 |
| 本期虧損 | Loss for the period | | (14,130) | (41,176) |
| 應佔本期虧損： | Loss for the period attributable to: | | | |
| 本公司擁有人 | Owners of the Company | | (11,543) | (35,981) |
| 非控制權益 | Non-controlling interests | | (2,587) | (5,195) |
| | | | (14,130) | (41,176) |
| 就計算本公司擁有人 應佔本期虧損而言之 每股虧損 | Loss per share for loss attributable to owners of the Company for the period | 10 | | |
| — 基本 | — Basic | | 人民幣(0.014)元 RMB(0.014) | 人民幣(0.042)元 RMB(0.042) |
| — 攤薄 | — Diluted | | 人民幣(0.014)元 RMB(0.014) | 人民幣(0.042)元 RMB(0.042) |

簡明綜合全面收益表

Condensed Consolidated Statement of Comprehensive Income

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|---|---|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 本期虧損 | Loss for the period | (14,130) | (41,176) |
| 其他全面收益 其後可能重新分類至收益表之 項目： — 換算海外業務財務報表 產生之匯兌收益 | Other comprehensive income Item that may be reclassified subsequently to income statement: – Exchange gains on translation of financial statements of foreign operations | 56 | 1,478 |
| 本期其他全面收益 | Other comprehensive income for the period | 56 | 1,478 |
| 本期全面收益總額 | Total comprehensive income for the period | (14,074) | (39,698) |
| 應佔全面收益總額： | Total comprehensive income attributable to: | | |
| 本公司擁有人 | Owners of the Company | (11,471) | (34,459) |
| 非控制權益 | Non-controlling interests | (2,603) | (5,239) |
| | | (14,074) | (39,698) |

簡明綜合財務狀況表

Condensed Consolidated Statement of Financial Position

於二零一九年六月三十日 As at 30 June 2019

| | | | 二零一九年 六月三十日 30 June 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000 (經審核) (Audited) |
|---------------------------|--|-------|--|---|
| 資產與負債 | ASSETS AND LIABILITIES | | | |
| 非流動資產 | Non-current assets | | | |
| 物業、廠房及設備 | Property, plant and equipment | 11 | 892,719 | 964,300 |
| 資產使用權 | Right-of-use assets | | 46,467 | – |
| 預付土地租賃款項 | Prepaid land lease payments | | – | 60,742 |
| 投資物業 | Investment properties | | 22,500 | 22,500 |
| 無形資產 | Intangible assets | | 14,881 | 15,783 |
| 購買物業、廠房及設備及 資產使用權之已付訂金 | Deposits paid for acquisition of property, plant and equipment and right-of-use assets | | 68,808 | 14,093 |
| 遞延稅項資產 | Deferred tax assets | | 14,164 | 33,291 |
| | | | 1,059,539 | 1,110,709 |
| 流動資產 | Current assets | | | |
| 存貨 | Inventories | | 147,044 | 139,261 |
| 貿易應收賬及應收票據 | Trade and bills receivable | 12 | 351,946 | 306,517 |
| 預付款項及其他應收款項 | Prepayments and other receivables | 13 | 55,240 | 83,050 |
| 已抵押銀行存款 | Pledged bank deposits | | 6,767 | 2,691 |
| 銀行及現金結餘 | Bank and cash balances | | 35,426 | 49,105 |
| | | | 596,423 | 580,624 |
| 流動負債 | Current liabilities | | | |
| 貿易應付賬及應付票據 | Trade and bills payable | 14 | 65,489 | 45,040 |
| 應付未付賬款及 其他應付款項 | Accruals and other payables | 15 | 162,739 | 204,923 |
| 合約負債 | Contract liabilities | | 10,450 | 6,917 |
| 法定索賠撥備 | Provision for legal claims | 13(b) | – | 17,141 |
| 銀行借款 | Bank borrowing | | 20,000 | 20,000 |
| 來自一名非控股股東的墊款 | Advances from a non-controlling shareholder | | 5,563 | 5,546 |
| 來自最終控股公司的墊款 | Advances from ultimate holding company | | 83,620 | 67,801 |
| 流動稅項負債 | Current tax liabilities | | 2,720 | 1,653 |
| | | | 350,581 | 369,021 |
| 流動資產淨值 | Net current assets | | 245,842 | 211,603 |
| 總資產減流動負債 | Total assets less current liabilities | | 1,305,381 | 1,322,312 |

簡明綜合財務狀況表

Condensed Consolidated Statement of Financial Position

於二零一九年六月三十日 As at 30 June 2019

| | | 附註 Notes | 二零一九年 六月三十日 30 June 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000 (經審核) (Audited) |
|--------------|---|-------------|--|---|
| 非流動負債 | Non-current liabilities | | | |
| 遞延收入 | Deferred income | | 7,124 | 7,775 |
| 遞延稅項負債 | Deferred tax liabilities | | 19,931 | 22,137 |
| | | | 27,055 | 29,912 |
| 資產淨值 | Net assets | | 1,278,326 | 1,292,400 |
| 權益 | EQUITY | | | |
| 股本 | Share capital | 16 | 7,831 | 7,831 |
| 儲備 | Reserves | | 1,251,816 | 1,263,287 |
| 本公司擁有人應佔權益 | Equity attributable to owners of the Company | | 1,259,647 | 1,271,118 |
| 非控制權益 | Non-controlling interests | | 18,679 | 21,282 |
| 總權益 | Total equity | | 1,278,326 | 1,292,400 |

簡明綜合現金流量表

Condensed Consolidated Statement of Cash Flows

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|-------------------------|---|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 經營業務產生之現金流量 | Cash flows from operating activities | | |
| 經營業務所得現金 | Cash generated from operations | 59,053 | 50,170 |
| 已付所得稅 | Income tax paid | (3,396) | (14,602) |
| 經營業務產生之現金淨額 | Net cash generated from operating activities | 55,657 | 35,568 |
| 投資業務產生之現金流量 | Cash flows from investing activities | | |
| 購買物業、廠房及設備 | Purchases of property, plant and equipment | (80,467) | (67,976) |
| 已抵押銀行存款(增加)/減少 | (Increase)/Decrease in pledged bank deposits | (4,733) | 2,181 |
| 已收利息 | Interest received | 235 | 1,064 |
| 出售附屬公司的現金流入淨額 | Net cash inflow from disposal of a subsidiary | 986 | – |
| 投資業務所用之現金淨額 | Net cash used in investing activities | (83,979) | (64,731) |
| 融資業務產生之現金流量 | Cash flows from financing activities | | |
| 已付股息 | Dividend paid | – | (7,183) |
| 已付利息 | Interest paid | (473) | (2,819) |
| 償還銀行借款 | Repayments of bank borrowings | (20,000) | (54,726) |
| 新增銀行借款 | New bank borrowing raised | 20,000 | 20,000 |
| 來自最終控股公司的墊款增加 | Increase in advances from ultimate holding company | 15,000 | – |
| 融資業務產生/(所用)之現金淨額 | Net cash generated from/(used in) financing activities | 14,527 | (44,728) |
| 現金及現金等值項目減少淨額 | Net decrease in cash and cash equivalents | (13,795) | (73,891) |
| 期初之現金及現金等值項目 | Cash and cash equivalents at the beginning of the period | 49,105 | 194,590 |
| 外匯匯率變動之影響 | Effect of foreign exchange rate changes | 116 | 392 |
| 期末之現金及現金等值項目 | Cash and cash equivalents at the end of the period | 35,426 | 121,091 |
| 現金及現金等值項目結餘分析 | Analysis of balances of cash and cash equivalents | | |
| 銀行與現金結餘 | Bank and cash balances | 35,426 | 121,091 |

簡明綜合權益變動表

Condensed Consolidated Statement of Changes in Equity

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

| | | 本公司擁有人應佔權益 | | | | | | | | | | 非控制權益 | 總權益 | |
|--------------------------------------|---|--|---------------|-----------------|----------------------|------------------------------|---------------------|--------------------------------------|----------------------|---------------|------------------|-----------|---------------------------|--------------|
| | | Equity attributable to owners of the Company | | | | | | | | | | | | |
| | | 股本 | 股份溢價 | 特別儲備 | 盈餘公積金 | 物業重估儲備 | 公益金 | 外幣匯兌儲備 | 購股權儲備 | 其他儲備 | 保留溢利 | 總額 | | |
| | | Share capital | Share premium | Special reserve | Surplus reserve fund | Property revaluation reserve | Public welfare fund | Foreign currency translation reserve | Share option reserve | Other reserve | Retained profits | Total | Non-controlling interests | Total equity |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 於二零一九年一月一日之結餘 (經審核) | Balance as at 1 January 2019 (Audited) | 7,831 | 114,822 | 31,182 | 68,338 | 1,653 | 633 | (4,844) | 5,255 | 69,065 | 977,183 | 1,271,118 | 21,282 | 1,292,400 |
| 沒收購股權 (附註18) | Forfeit of share options (note 18) | - | - | - | - | - | - | - | (490) | - | 490 | - | - | - |
| 與擁有人交易 | Transactions with owners | - | - | - | - | - | - | - | (490) | - | 490 | - | - | - |
| 本期虧損 | Loss for the period | - | - | - | - | - | - | - | - | - | (11,543) | (11,543) | (2,587) | (14,130) |
| 其他全面收益 換算海外業務財務報表 產生之匯兌收益/(虧損) | Other comprehensive income Exchange gain/(loss) on translation of financial statements of foreign operations | - | - | - | - | - | - | 72 | - | - | - | 72 | (16) | 56 |
| 期內全面收益總額 | Total comprehensive income for the period | - | - | - | - | - | - | 72 | - | - | (11,543) | (11,471) | (2,603) | (14,074) |
| 於二零一九年六月三十日之結餘 (未經審核) | Balance as at 30 June 2019 (Unaudited) | 7,831 | 114,822 | 31,182 | 68,338 | 1,653 | 633 | (4,772) | 4,765 | 69,065 | 966,130 | 1,259,647 | 18,679 | 1,278,326 |

| | | 本公司擁有人應佔權益 | | | | | | | | | | 非控制權益 | 總權益 |
|--------------------------------------|---|--|---------------|-----------------|----------------------|------------------------------|---------------------|--------------------------------------|----------------------|------------------|-----------|---------------------------|--------------|
| | | Equity attributable to owners of the Company | | | | | | | | | | | |
| | | 股本 | 股份溢價 | 特別儲備 | 盈餘公積金 | 物業重估儲備 | 公益金 | 外幣匯兌儲備 | 購股權儲備 | 保留溢利 | 總額 | | |
| | | Share capital | Share premium | Special reserve | Surplus reserve fund | Property revaluation reserve | Public welfare fund | Foreign currency translation reserve | Share option reserve | Retained profits | Total | Non-controlling interests | Total equity |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 於二零一八年一月一日之結餘 (經審核) | Balance as at 1 January 2018 (Audited) | 7,831 | 114,822 | 31,182 | 68,338 | 1,653 | 633 | (4,872) | 5,410 | 1,114,334 | 1,339,331 | 29,194 | 1,368,525 |
| 已付二零一七年末期股息 (附註9) | 2017 final dividend paid (note 9) | - | - | - | - | - | - | - | - | (7,183) | (7,183) | - | (7,183) |
| 與擁有人交易 | Transactions with owners | - | - | - | - | - | - | - | - | (7,183) | (7,183) | - | (7,183) |
| 本期虧損 | Loss for the period | - | - | - | - | - | - | - | - | (35,981) | (35,981) | (5,195) | (41,176) |
| 其他全面收益 換算海外業務財務報表 產生之匯兌收益/(虧損) | Other comprehensive income Exchange gain/(loss) on translation of financial statements of foreign operations | - | - | - | - | - | - | 1,522 | - | - | 1,522 | (44) | 1,478 |
| 期內全面收益總額 | Total comprehensive income for the period | - | - | - | - | - | - | 1,522 | - | (35,981) | (34,459) | (5,239) | (39,698) |
| 於二零一八年六月三十日之結餘 (未經審核) | Balance as at 30 June 2018 (Unaudited) | 7,831 | 114,822 | 31,182 | 68,338 | 1,653 | 633 | (3,350) | 5,410 | 1,071,170 | 1,297,689 | 23,955 | 1,321,644 |

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

1. 一般資料及編製基準

天德化工控股有限公司（「本公司」）為一間在開曼群島根據開曼群島公司法註冊成立之獲豁免有限公司。本公司註冊辦事處之地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。本公司之股份於香港聯合交易所有限公司（「聯交所」）上市。

本公司主要業務為投資控股。本公司附屬公司（連同本公司統稱為「本集團」）的主要業務為研發、製造及銷售精細化工產品。

本集團之最終控股公司為在英屬處女群島註冊成立之志峰集團有限公司（「志峰」）。

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中期財務報表（「未經審核簡明財務資料」）乃按香港會計師公會（「香港會計師公會」）刊發之香港會計準則（「香港會計準則」）第34號「中期財務報告」及聯交所證券上市規則（「上市規則」）附錄十六之適用披露規定而編製。未經審核簡明財務資料已於二零一九年八月二十六日獲本公司董事（「董事」）組成之董事會（「董事會」）批准刊發。

未經審核簡明財務資料並未包括規定須載於年度財務報表的所有資料及披露事項，並應與本集團截至二零一八年十二月三十一日止年度之年度財務報表（「二零一八年度財務報表」）一併閱讀。

除就本集團於二零一九年一月一日開始之財政年度採納新訂或經修訂香港財務報告準則（「香港財務報告準則」），為所有由香港會計師公會刊發並適用之個別香港財務報告準則（「香港財務報告準則」之統稱）、香港會計準則及詮釋外，編製未經審核簡明財務資料時所採納之會計政策與編製二零一八年度財務報表時所依循者一致。會計政策變動詳情載於附註2。

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Tiande Chemical Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries (together with the Company referred to as the "Group") are research and development, manufacture and sale of fine chemical products.

The ultimate holding company of the Group to be Cheerhill Group Limited ("Cheerhill"), a company incorporated in the British Virgin Islands.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 (the "Unaudited Condensed Financial Information") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Unaudited Condensed Financial Information has been approved for issue by the board (the "Board") of the directors (the "Directors") of the Company on 26 August 2019.

The Unaudited Condensed Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018 (the "2018 Annual Financial Statements").

The Unaudited Condensed Financial Information has been prepared in accordance with the same accounting policies adopted in the 2018 Annual Financial Statements, except for the adoption of the new or revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards and Interpretations issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2019. Details of the changes in accounting policies are set out in note 2.

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

1. 一般資料及編製基準 (續)

本公司的功能貨幣為港幣(「港幣」)。由於本集團的主要運作位於中華人民共和國(「中國」)，未經審核簡明財務資料乃以人民幣(「人民幣」)呈列。除另有說明者外，所有數額已四捨五入至最接近的千位。

未經審核簡明財務資料乃未經審核，但已由香港立信德豪會計師事務所有限公司根據香港會計師公會頒布的香港審閱工作準則第2410號「實體的獨立核數師對中期財務資料的審閱」進行審閱。

2. 主要會計政策

於本中期期間內，本集團首次應用由香港會計師公會刊發之以下新訂或經修訂準則、修訂本及詮釋(「新訂或經修訂香港財務報告準則」)，以上各項均對本集團於二零一九年一月一日開始之財政年度相關且有效。

| | |
|----------------------------|----------------------|
| 香港財務報告準則第16號 | 租賃 |
| 香港(國際財務報告詮釋委員會) – 詮釋第23號 | 所得稅處理之不確定因素 |
| 香港財務報告準則二零一五年至二零一七年週期之年度改進 | 香港會計準則第12號「所得稅」之修訂本 |
| 香港財務報告準則二零一五年至二零一七年週期之年度改進 | 香港會計準則第23號「借貸成本」之修訂本 |
| 香港會計準則第19號之修訂本 | 修訂、縮減或結算計劃 |
| 香港財務報告準則第9號之修訂本 | 具有負補償功能的預付款項 |

採納香港財務報告準則第16號「租賃」之影響已於下文概述。自二零一九年一月一日起相關及生效之其他新訂或經修訂香港財務報告準則對本集團之會計政策並無任何重大影響。

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

The functional currency of the Company is Hong Kong Dollars ("HK\$"). The Unaudited Condensed Financial Information is presented in Renminbi ("RMB") because the main operations of the Group are located in the PRC. All values are rounded to the nearest thousand except when otherwise stated.

The Unaudited Condensed Financial Information is unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

2. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA, which are relevant and effective for the Group's financial year beginning on 1 January 2019.

| | |
|---|--|
| HKFRS 16 | Leases |
| HK(IFRIC) – Interpretation 23 | Uncertainty over Income Tax Treatments |
| Annual Improvements to HKFRSs 2015-2017 Cycle | Amendments to HKAS 12, Income Taxes |
| Annual Improvements to HKFRSs 2015-2017 Cycle | Amendments to HKAS 23, Borrowing Costs |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation |

The impact of the adoption of HKFRS 16 Leases have been summarised below. The other new or revised HKFRSs that are relevant and effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

2. 主要會計政策 (續)

2.1 應用香港財務報告準則第16號「租賃」的會計政策的影響及變動

香港財務報告準則第16號取代香港會計準則第17號「租賃」(「香港會計準則第17號」)、國際財務報告詮釋委員會詮釋第4號「確定一項安排是否包含租賃」、香港準則詮釋委員會詮釋第15號「經營租賃－優惠」以及香港準則詮釋委員會詮釋第27號「評估涉及租賃法律形式的交易實質」。該準則已規定租賃確認、計量、呈列和披露的原則，並要求承租人在單一資產負債表模型中計算所有租賃。

香港財務報告準則第16號規定的出租人會計與香港會計準則第17號所規定者並無實質改變。出租人將繼續按照與香港會計準則第17號類似的分類原則將租賃分類為經營租賃或融資租賃。因此，香港財務報告準則第16號對本集團作為出租人的租賃並無影響。

本集團透過採用經修訂追溯採納法採納香港財務報告準則第16號，並於二零一九年一月一日首次應用。根據以上方法，已追溯應用該準則，而首次應用該準則的累計影響於首次應用當日確認，作為對二零一九年一月一日的保留利潤期初結餘的調整。因此，二零一八年呈列的比較資料並無重列，並繼續根據香港會計準則第17號及香港財務報告準則第16號的過渡條文所允許的相關詮釋進行報告。

(i) 以往按經營租賃入賬的租賃及香港財務報告準則第16號的會計政策

本集團擁有若干辦公室物業的租賃合約。於採納香港財務報告準則第16號前，本集團於起始日將其各項租賃(作為承租人)分類為經營租賃。倘租賃會使租賃資產所有權附帶的絕大部分風險及回報轉移至本集團，乃分類為融資租賃；反之則分類為經營租賃。在經營租賃中，租賃物業不作資本化，租賃付款在租賃期內按直線法確認為損益中的租金費用。任何預付租金及應計租金分別在預付款項和應付費用中確認。採納香港財務報告準則第16號後，本集團對所有租賃採用單一確認及計量方法(惟租期為12個月或以下或自首次應用日起12個月內結束且不包含購買選擇權的租賃合約「短期租賃」除外)。該準則訂明具體的過渡要求及實際權宜方法，並已獲本集團採用。

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application HKFRS 16 – Leases

HKFRS 16 supersedes HKAS 17 Leases (“HKAS 17”), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases - Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained profits as at 1 January 2019. Accordingly, the comparative information presented in 2018 is not restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

(i) Leases previously accounted for as operating leases and the accounting policy of HKFRS 16

The Group has lease contracts for certain office premises. Before the adoption of HKFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayment and accruals respectively. Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases, except for lease contracts with a lease term of 12 months or less or ends within 12 months of the date of initial application and do not contain a purchase option (“short-term leases”). The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

2. 主要會計政策 (續)

2.1 應用香港財務報告準則第16號「租賃」的會計政策的影響及變動 (續)

- (i) 以往按經營租賃入賬的租賃及香港財務報告準則第16號的會計政策 (續)

資產使用權

本集團於租賃開始日(即相關資產可供使用之日)確認資產使用權。資產使用權按成本減任何累計折舊及減值虧損計量,並就任何租賃負債之重新計量作出調整。資產使用權的成本包括已確認的租賃負債金額、已產生的初始直接成本,以及在開始日當日或之前作出的租賃付款減去收到的任何租賃優惠。除非本集團合理確定可在租期結束時取得租賃資產的擁有權,否則已確認的資產使用權在其預計使用年限與租期的較短者內按直線法計提折舊。資產使用權可能出現減值。對於符合投資物業定義的資產使用權,乃按公允值列賬。

持有作自用的租賃土地及樓宇將繼續按香港會計準則第16號入賬,並按成本模式列賬。因此,採納香港財務報告準則第16號對該等資產使用權並無任何重大影響。除上述資產使用權外,本集團已根據租賃協議租賃若干辦公室物業,除因自用而持有的租賃土地和建築物外,本集團根據租賃協議行使其判斷權及確定其為獨立的資產類別。因此,租賃協議所涉物業產生的資產使用權按折舊成本列賬。

租賃負債

於租賃起始日,本集團確認以租期內的租賃付款之現值計量的租賃負債。租賃付款包括固定付款(包括實質固定付款)減去任何應收租賃優惠、取決於指數或利率的可變租賃付款,以及預期按照剩餘價值擔保支付的金額。租賃付款亦包括本集團合理肯定將行使的購買選擇權之行使價,而倘租期反映本集團行使終止選擇權時,亦包括有關終止租賃須支付的罰款。

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application HKFRS 16 – Leases (Continued)

- (i) Leases previously accounted for as operating leases and the accounting policy of HKFRS 16 (Continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. For right-of-use asset that meets the definition of an investment property, it is carried at fair value.

Leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at cost model. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group has leased a number of office premises under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use assets arising from the properties under tenancy agreements are carried at depreciated cost.

Lease Liabilities

At the commencement date of the leases, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

2. 主要會計政策 (續)

2.1 應用香港財務報告準則第16號「租賃」的會計政策的影響及變動 (續)

- (i) 以往按經營租賃入賬的租賃及香港財務報告準則第16號的會計政策 (續)

租賃負債 (續)

在計算租賃付款的現值時，如租賃中所隱含的利率不易確定，本集團會使用在租賃起始日之增量借貸利率。在起始日之後，租賃負債的金額將會增加，以反映利息的增加，並會按所付的租賃付款減少。

此外，如有修改、租期變動、實質固定租賃付款變化或購買相關資產的評估變更，租賃負債的賬面值將重新計量。

短期租賃

本集團已就租賃應用短期租賃確認豁免。短期租賃的租賃付款在租賃期內按直線法確認為費用。

過渡要求和實際權宜方法

在應用香港財務報告準則第16號於曾經分類為香港會計準則第17號及香港（國際財務報告詮釋委員會）詮釋第4號「確定一項安排是否包含租賃的經營租賃」的租賃時，本集團使用以下實際權宜方法。

- 選擇不將香港財務報告準則第16號第C8段的要求應用於租賃期限在首次應用日期後12個月內結束的租賃。在這種情況下，承租人應：
 - (i) 如香港財務報告準則第16號第6段所述，以與短期租賃相同的方式對該等租賃進行會計處理；及
 - (ii) 將與該等租賃相關的成本包括在年度報告期間（包括首次應用日期）的短期租賃費用披露內。

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application HKFRS 16 – Leases (Continued)

- (i) Leases previously accounted for as operating leases and the accounting policy of HKFRS 16 (Continued)

Lease Liabilities (Continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Group has applied the short-term leases recognition exemption to leases. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Transitions requirement and practical expedients

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease.

- Elected not to apply the requirements in paragraph HKFRS16.C8 to leases for which the lease term ends within 12 months of the date of initial application. In this case, a lessee shall:
 - (i) account for those leases in the same way as short-term leases as described in paragraph HKFRS16.6; and
 - (ii) include the cost associated with those leases within the disclosure of short-term lease expense in the reporting period that includes the date of initial application.

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

2. 主要會計政策 (續)

2.1 應用香港財務報告準則第16號「租賃」的會計政策的影響及變動 (續)

- (ii) 二零一九年一月一日的過渡影響
- 就以往應用香港會計準則第17號分類為經營租賃的租賃而言，因應初步應用香港財務報告準則第16號的經修訂追溯法，本集團於二零一九年一月一日確認資產使用權人民幣62,409,000元。資產使用權乃根據租賃負債相等的金額，並就曾經確認的任何相關預付及應計租賃付款作出調整後確認。

由於所有租賃（除預付土地租賃款項外）均根據香港財務報告準則第16號應用實際權宜方法界定為短期租約，因此，於二零一九年一月一日，並無就以往應用香港會計準則第17號分類為經營租賃的租賃確認租賃負債。

下表概述過渡至香港財務報告準則第16號對截至二零一八年十二月三十一日至二零一九年一月一日的簡明綜合財務狀況表的影響如下（增加／（減少））：

於二零一九年一月一日的簡明綜合財務狀況表摘錄

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application HKFRS 16 – Leases (Continued)

- (ii) Impacts on transition at 1 January 2019

As a result of initially applying the modified retrospective method under HKFRS 16, in relation to the leases that were previously classified as operating leases applying HKAS 17, the Group recognised right-of-use assets amounting to RMB62,409,000 as at 1 January 2019. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.

No lease liabilities as at 1 January 2019 were recognised for leases previously classified as operating leases applying HKAS 17 since all the leases, excepted for the prepaid land lease payments, are defined as short-term leases with applying the practical expedient under HKFRS 16.

The following table summarised the impact on transition to HKFRS 16 on condensed consolidated statement of financial position as at 31 December 2018 to that as at 1 January 2019 as follows (increase/ (decrease)):

Extract of condensed consolidated statement of financial position as at 1 January 2019

| | | 人民幣千元 RMB'000 |
|-------------|-----------------------------------|------------------|
| 資產使用權 | Right-of-use assets | 62,409 |
| 預付土地租賃款項 | Prepaid land lease payments | (60,742) |
| 預付款項和其他應收款項 | Prepayments and other receivables | (1,667) |

2. 主要會計政策 (續)

2.1 應用香港財務報告準則第16號「租賃」的會計政策的影響及變動 (續)

(ii) 二零一九年一月一日的過渡影響 (續)

下表將二零一八年十二月三十一日之經營租賃承擔與二零一九年一月一日確認的租賃負債期初結餘對賬：

經營租賃承擔與租賃負債的對賬

| | | 人民幣千元 RMB'000 |
|----------------------|--|------------------|
| 於二零一八年十二月三十一日之經營租賃承擔 | Operating lease commitments as at 31 December 2018 | 1,872 |
| 減：有關於初次應用日之短期租賃承擔 | Less: commitments relating to short-term leases at date of initial application | (1,872) |
| 於二零一九年一月一日之總租賃負債 | Total lease liabilities as at 1 January 2019 | - |

(iii) 截至二零一九年六月三十日止六個月期間的影響

本集團資產使用權期內賬面值的變動載列如下：

資產使用權

| | | 人民幣千元 RMB'000 |
|------------------|---------------------------------------|------------------|
| 於二零一九年一月一日 | As at 1 January 2019 | 62,409 |
| 資產使用權攤銷 | Amortisation of right-of-use assets | (839) |
| 出售附屬公司 (附註19(a)) | Disposal of a subsidiary (note 19(a)) | (15,103) |
| 於二零一九年六月三十日 | As at 30 June 2019 | 46,467 |

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application HKFRS 16 – Leases (Continued)

(ii) Impacts on transition at 1 January 2019 (Continued)

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance of lease liabilities recognised as at 1 January 2019:

Reconciliation of operating lease commitment to lease liabilities

| | | 人民幣千元 RMB'000 |
|----------------------|--|------------------|
| 於二零一八年十二月三十一日之經營租賃承擔 | Operating lease commitments as at 31 December 2018 | 1,872 |
| 減：有關於初次應用日之短期租賃承擔 | Less: commitments relating to short-term leases at date of initial application | (1,872) |
| 於二零一九年一月一日之總租賃負債 | Total lease liabilities as at 1 January 2019 | - |

(iii) Impacts for the six months period ended 30 June 2019

The movements of the carrying amounts of the Group's right-of-use assets during the period are set out below:

Right-of-use assets

| | | 人民幣千元 RMB'000 |
|------------------|---------------------------------------|------------------|
| 於二零一九年一月一日 | As at 1 January 2019 | 62,409 |
| 資產使用權攤銷 | Amortisation of right-of-use assets | (839) |
| 出售附屬公司 (附註19(a)) | Disposal of a subsidiary (note 19(a)) | (15,103) |
| 於二零一九年六月三十日 | As at 30 June 2019 | 46,467 |

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

2. 主要會計政策 (續)

除上文所披露採納香港財務報告準則第16號的影響外，於本中期間應用新訂或經修訂香港財務報告準則對簡明綜合財務報表所呈報的金額及／或簡明綜合財務報表所載的披露並無重大影響。

以下為可能與本集團簡明綜合財務報表有關的已頒佈但尚未生效，且本集團並無提前採納之新訂或經修訂香港財務報告準則。

香港會計準則
第1號及
香港會計準則
第8號的修訂本

重大性的定義¹

¹ 就二零二零年一月一日或之後開始的年度期間生效

3. 作出判斷及估計

除應用附註2所述之香港財務報告準則第16號涉及的新重大判斷及估計不確定因素之主要來源外，於編製未經審核簡明財務資料時，管理層於應用本集團會計政策時所作之重大判斷及估計不確定因素之主要來源與二零一八年度財務報表所應用者相同。

4. 分部資料

本集團按產品及服務類別管理其業務。截至二零一九年六月三十日止六個月，本集團已確定以下四個產品及服務類別為經營分部：

- (i) 氰基化合物及其下游產品：研發、製造及銷售氰基化合物及其下游產品；
- (ii) 醇類產品：研發、製造及銷售醇類產品；
- (iii) 氯乙酸及其下游產品：研發、製造及銷售氯乙酸及其下游產品；及
- (iv) 其他化工產品：銷售其他化工產品，例如蒸氣及其他化工產品。

經營分部監察及策略決定乃按經調整分部經營業績作出。各經營分部均分開管理，原因是各個產品及服務類別所需的資源以及市場推廣方式並不相同。所有分部間銷售的價格乃參照就類似訂單向外界收取的價格而釐定。

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Save as the impact of adoption of HKFRS 16 disclosed above, the application of new or revised HKFRS in the current interim period has no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The following new or revised HKFRSs, potentially relevant to the Group's condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to
HKAS 1 and HKAS 8

Definition of Material¹

¹ Effective for annual periods beginning on or after 1 January 2020

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this Unaudited Condensed 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 2018 Annual Financial Statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 16 as described in note 2.

4. SEGMENT INFORMATION

The Group manages its businesses by product and service lines. For the six months ended 30 June 2019, the Group has identified the following four product and service lines as its operating segments:

- (i) Cyanide and its derivative products: Research and development, manufacture and sale of cyanide and its derivative products;
- (ii) Alcohol products: Research and development, manufacture and sale of alcohol products;
- (iii) Chloroacetic acid and its derivative products: Research and development, manufacture and sale of chloroacetic acid and its derivative products; and
- (iv) Other chemical products: Sale of other chemical products, e.g. steam and other chemical products.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

4. 分部資料 (續)

4. SEGMENT INFORMATION (Continued)

| | | 截至二零一九年六月三十日止六個月 Six months ended 30 June 2019 | | | | |
|----------------|--|---|---|---|--|--|
| | | 氰基化合物及其下游產品 Cyanide and its derivative products 人民幣千元 RMB'000 (未經審核) (Unaudited) | 醇類產品 Alcohol products 人民幣千元 RMB'000 (未經審核) (Unaudited) | 氯乙酸及其下游產品 Chloroacetic acid and its derivative products 人民幣千元 RMB'000 (未經審核) (Unaudited) | 其他化工產品 Other chemical products 人民幣千元 RMB'000 (未經審核) (Unaudited) | 總額 Total 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 來自與客戶訂立合約之營業額： | Revenue from contracts with customers: | | | | | |
| 來自外界客戶 | From external customers | 635,298 | 1,996 | 30,548 | 20,292 | 688,134 |
| 分部間之營業額 | Inter-segment revenue | – | 725 | 102,376 | 4,044 | 107,145 |
| 可呈報分部之營業額 | Reportable segment revenue | 635,298 | 2,721 | 132,924 | 24,336 | 795,279 |
| 可呈報分部之溢利 | Reportable segment profit | 57,603 | 428 | 31,304 | 4,405 | 93,740 |
| 可呈報分部之資產 | Reportable segment assets | 1,130,252 | 3,035 | 92,625 | 123,358 | 1,349,270 |

| | | 截至二零一八年六月三十日止六個月 Six months ended 30 June 2018 | | | | |
|----------------|--|---|---|---|--|--|
| | | 氰基化合物及其下游產品 Cyanide and its derivative products 人民幣千元 RMB'000 (未經審核) (Unaudited) | 醇類產品 Alcohol products 人民幣千元 RMB'000 (未經審核) (Unaudited) | 氯乙酸及其下游產品 Chloroacetic acid and its derivative products 人民幣千元 RMB'000 (未經審核) (Unaudited) | 其他化工產品 Other chemical products 人民幣千元 RMB'000 (未經審核) (Unaudited) | 總額 Total 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 來自與客戶訂立合約之營業額： | Revenue from contracts with customers: | | | | | |
| 來自外界客戶 | From external customers | 526,668 | 4,329 | 18,718 | 12,296 | 562,011 |
| 分部間之營業額 | Inter-segment revenue | 50 | 5,895 | 86,286 | 8,005 | 100,236 |
| 可呈報分部之營業額 | Reportable segment revenue | 526,718 | 10,224 | 105,004 | 20,301 | 662,247 |
| 可呈報分部之溢利／(虧損) | Reportable segment profit/(loss) | 266 | 833 | 19,712 | (19,672) | 1,139 |
| 可呈報分部之資產 | Reportable segment assets | 1,083,116 | 1,069 | 98,337 | 95,587 | 1,278,109 |

營業額在有證據表明貨物控制權已轉移給客戶及客戶對貨物有足夠的控制權，且本集團沒有任何未履行的義務可影響客戶接受貨物之時確認。

Revenue is recognised at point in time as when there is evidence that the control of goods has been transferred to the customer, the customer has adequate control over the goods and the Group has no unfulfilled obligations that affect customer accepting the goods.

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

4. 分部資料 (續)

就本集團經營分部所呈列之各項總數與本集團簡明綜合財務報表中呈列的主要財務數據之對賬如下：

4. SEGMENT INFORMATION (Continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the condensed consolidated financial statements as follows:

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|-----------|--------------------------------------|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 可呈報分部之營業額 | Reportable segment revenue | 795,279 | 662,247 |
| 抵銷分部間之營業額 | Elimination of inter-segment revenue | (107,145) | (100,236) |
| 綜合營業額 | Consolidated revenue | 688,134 | 562,011 |

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|-------------------------------|---|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 可呈報分部之溢利 | Reportable segment profit | 93,740 | 1,139 |
| 租金收入 | Rental income | 362 | 347 |
| 財務成本 | Finance costs | (1,255) | (2,870) |
| 撇銷物業、廠房及設備 (附註11) | Write-off of property, plant and equipment (note 11) | (34,847) | – |
| 應收一家前附屬公司款項的 減值虧損(附註19(b)) | Impairment loss on amounts due from a former subsidiary (note 19(b)) | (41,736) | – |
| 出售附屬公司收益(附註19(a)) | Gain on disposal of a subsidiary (note 19(a)) | 41,565 | – |
| 不能分配之企業收入 | Unallocated corporate income | 1,104 | 1,602 |
| 不能分配之企業開支 (下文附註(a)) | Unallocated corporate expenses (note (a) below) | (22,878) | (25,854) |
| 抵銷分部間之溢利 | Elimination of inter-segment profit | (29,106) | (16,806) |
| 除所得稅前綜合溢利/(虧損) | Consolidated profit/(loss) before income tax | 6,949 | (42,442) |

附註：

(a) 不能分配之企業開支主要包括未分配至本集團經營分部之員工成本、折舊和攤銷及其他地方稅項。

Note:

(a) Unallocated corporate expenses mainly included staff costs, depreciation and amortisation and other local taxes which are not allocated to the operating segments of the Group.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

5. 營業額及其他收入和收益

本集團主要業務在期內之營業額及已確認之其他收入及收益如下：

5. REVENUE AND OTHER INCOME AND GAINS

Revenue from the Group's principal activities and other income and gains recognised during the period are as follows:

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|---------------|--|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 來自與客戶訂立合約之營業額 | Revenue from contracts with customers | | |
| 銷售氰基化合物及其下游產品 | Sales of cyanide and its derivative products | 635,298 | 526,668 |
| 銷售醇類產品 | Sales of alcohol products | 1,996 | 4,329 |
| 銷售氯乙酸及其下游產品 | Sales of chloroacetic acid and its derivative products | 30,548 | 18,718 |
| 銷售其他化工產品 | Sales of other chemical products | 20,292 | 12,296 |
| | | 688,134 | 562,011 |
| 其他收入和收益 | Other income and gains | | |
| 政府補貼 | Government grants | 1,010 | 538 |
| 銀行利息收入 | Bank interest income | 235 | 1,064 |
| 遞延收入撥回 | Release of deferred income | 651 | 3,280 |
| 租金收入 | Rental income | 362 | 347 |
| 匯兌淨收益 | Exchange gains, net | 130 | – |
| 雜項收入 | Sundry income | 475 | 244 |
| | | 2,863 | 5,473 |

6. 財務成本

6. FINANCE COSTS

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|---------------------|--|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 銀行借款利息，全部均包括按要求償還條款 | Interest on bank borrowings, all of which contain a repayment on demand clause | 473 | 2,819 |
| 來自一名非控股股東的墊款的利息 | Interest on advances from a non-controlling shareholder | – | 51 |
| 來自最終控股公司的墊款的利息 | Interest on advances from ultimate holding company | 782 | – |
| | | 1,255 | 2,870 |

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

7. 除所得稅前溢利／（虧損）

7. PROFIT/(LOSS) BEFORE INCOME TAX

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|-------------------------------|--|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 除所得稅前溢利／（虧損） 已扣除／（計入）： | Profit/(Loss) before income tax is arrived at after charging/(crediting): | | |
| 董事酬金 | Directors' remuneration | | |
| －袍金 | － Fees | 184 | 166 |
| －薪金、酌情花紅及其他福利 | － Salaries, discretionary bonus and other benefits | 807 | 2,026 |
| －退休福利計劃供款 | － Retirement benefit scheme contributions | 27 | 69 |
| | | 1,018 | 2,261 |
| 其他員工成本 | Other employee costs | 69,951 | 65,056 |
| 退休福利計劃供款 | Retirement benefit scheme contributions | 4,647 | 4,611 |
| 總員工成本 | Total employee costs | 75,616 | 71,928 |
| 預付土地租賃款項攤銷 | Amortisation of prepaid land lease payments | – | 839 |
| 資產使用權攤銷 | Amortisation of right-of-use assets | 839 | – |
| 確認為開支之存貨成本 （附註(i)），包括： | Cost of inventories recognised as an expense (note (i)), including: | 578,290 | 517,641 |
| －撇減至可變現淨值之存貨 之回撥金額 | － Reversal of write-down of inventories to net realisable value | (4,458) | (2,024) |
| －撇減至可變現淨值之存貨 | － Write-down of inventories to net realisable value | 1,300 | 1,265 |
| 物業、廠房及設備之折舊 | Depreciation on property, plant and equipment | 54,137 | 50,389 |
| 物業、廠房及設備之撇銷 （附註11） | Write-off of property, plant and equipment (note 11) | 34,847 | 18,261 |
| 匯兌淨（收益）／虧損 | Exchange (gains)/losses, net | (130) | 2,464 |
| 貿易應收賬減值虧損（附註12） | Impairment losses on trade receivables (note 12) | 3,593 | 1,373 |
| 應收一家前附屬公司款項的 減值虧損（附註19(b)） | Impairment loss on amounts due from a former subsidiary (note 19(b)) | 41,736 | – |
| 有關短期租賃的租賃付款 | Lease payments in respect of short-term leases | 1,061 | 950 |
| 租金收入減支出 | Rental income less outgoings | (338) | (344) |
| 研究成本（附註(ii)） | Research costs (note (ii)) | 13,852 | 4,141 |

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

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7. 除所得稅前溢利／（虧損）（續）

附註：

- (i) 已確認為開支的存貨成本包括人民幣51,795,000元（截至二零一八年六月三十日止六個月：人民幣48,417,000元）之相關折舊開支及人民幣58,770,000元（截至二零一八年六月三十日止六個月：人民幣55,984,000元）之相關員工成本。該等金額亦包括在上文各自獨立披露的總金額內。

以往財政期間之存貨撇減金額人民幣4,458,000元（截至二零一八年六月三十日止六個月：人民幣2,024,000元）已回撥，原因是有關存貨的可變現淨值在期內上升。

- (ii) 研究成本包括人民幣440,000元（截至二零一八年六月三十日止六個月：人民幣371,000元）之相關折舊開支及人民幣5,294,000元（截至二零一八年六月三十日止六個月：人民幣1,934,000元）之相關員工成本。該等金額亦包括在上文各自獨立披露的總金額內。

8. 所得稅開支／（抵免）

| | | | |
|--------------|---|---------------|----------|
| 即期稅項－中國企業所得稅 | Current tax – PRC Enterprise Income Tax | | |
| －期內稅項 | – Tax for the period | 3,783 | 5,112 |
| －中國股息預提稅 | – PRC dividend withholding tax | 375 | 6,681 |
| | | 4,158 | 11,793 |
| 遞延稅項 | Deferred tax | | |
| －期內扣除／（計入） | – Charged/(Credited) for the period | 16,921 | (13,059) |
| 所得稅開支／（抵免） | Income tax expense/(credit) | 21,079 | (1,266) |

由於並無應課稅溢利在香港產生，故無作出香港利得稅撥備（截至二零一八年六月三十日止六個月：無）。

期內，在中國成立的附屬公司須按稅率25%（截至二零一八年六月三十日止六個月：25%）繳納中國企業所得稅。

於截至二零一九年六月三十日止期間內，本集團已就中國預提稅採納10%（截至二零一八年六月三十日止六個月：10%）的預提稅稅率。

7. PROFIT/(LOSS) BEFORE INCOME TAX (Continued)

Notes:

- (i) Cost of inventories recognised as an expense includes RMB51,795,000 (six months ended 30 June 2018: RMB48,417,000) relating to depreciation expenses and RMB58,770,000 (six months ended 30 June 2018: RMB55,984,000) relating to employee costs. These amounts are also included in the respective total amounts disclosed separately above.

The write-down of inventories in previous financial periods of RMB4,458,000 (six months ended 30 June 2018: RMB2,024,000) was reversed as the net realisable values of these inventories were increased during the period.

- (ii) Research costs include RMB440,000 (six months ended 30 June 2018: RMB371,000) relating to depreciation expenses and RMB5,294,000 (six months ended 30 June 2018: RMB1,934,000) relating to employee costs. These amounts are also included in the respective total amounts disclosed separately above.

8. INCOME TAX EXPENSE/(CREDIT)

截至六月三十日止六個月
Six months ended 30 June

| 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
|--|--|
| | |
| 3,783 | 5,112 |
| 375 | 6,681 |
| 4,158 | 11,793 |
| | |
| 16,921 | (13,059) |
| 21,079 | (1,266) |

No provision for Hong Kong profits tax has been made as no assessable profit derived from Hong Kong (six months ended 30 June 2018: Nil).

The subsidiaries established in the PRC are subject to PRC Enterprise Income Tax at the rate of 25% for the period (six months ended 30 June 2018: 25%).

The Group has adopted 10% withholding tax rate for PRC withholding tax purpose for the period ended 30 June 2019 (six months ended 30 June 2018: 10%).

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截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

9. 股息

9. DIVIDEND

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|--|---|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 並無就截至二零一八年十二月三十一日止財政年度派付末期股息(截至二零一八年六月三十日止六個月:派付截至二零一七年十二月三十一日止財政年度每股港幣0.01元之股息) | No final dividend paid for the financial year ended 31 December 2018 (six months ended 30 June 2018: dividend paid for the financial year ended 31 December 2017 of HK\$0.01 per share) | - | 7,183 |

董事不建議就截至二零一九年六月三十日止六個月期間派付中期股息(截至二零一八年六月三十日止六個月:無)。

The Directors do not recommend the payment of interim dividend (six months ended 30 June 2018: Nil) in respect of the six months period ended 30 June 2019.

10. 每股虧損

本公司擁有人應佔之每股基本及攤薄虧損乃根據以下數據計算:

10. LOSS PER SHARE

The calculations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|----------------------|--|---|---|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 本公司擁有人應佔本期虧損 | Loss for the period attributable to owners of the Company | (11,543) | (35,981) |
| | | 普通股數目 Number of ordinary shares | |
| | | 截至六月三十日止六個月 Six months ended 30 June | |
| | | 二零一九年 2019 千股 '000 shares (未經審核) (Unaudited) | 二零一八年 2018 千股 '000 shares (未經審核) (Unaudited) |
| 計算每股基本及攤薄虧損之普通股加權平均數 | Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | 851,954 | 851,954 |

截至二零一九年及二零一八年六月三十日止六個月,就本公司擁有人應佔虧損而言之每股攤薄虧損與每股基本虧損相同,原因是購股權的影響具反攤薄效應。

For the six months ended 30 June 2019 and 2018, diluted loss per share for loss attributable to owners of the Company was the same as basic loss per share because the impact of the share options is anti-dilutive.

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Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

11. 物業、廠房及設備

截至二零一九年六月三十日止六個月，本集團購入約人民幣31,850,000元（截至二零一八年六月三十日止六個月：人民幣98,480,000元）之物業、廠房及設備。

截至二零一八年六月三十日止六個月期間，本公司前全資附屬公司江蘇春曉醫藥化工有限公司（「江蘇春曉」）（在回顧期內已出售（附註19））賬面值為人民幣18,261,000元的若干非核心物業、廠房及設備已關停，並已全額撇銷，原因是該等物業、廠房及設備的環境改善和整改工程的額外投資成本將超過其未來的經濟效益。進一步詳情已載於本公司於二零一八年八月十日的公告內。江蘇春曉的核心生產活動原定於二零一九年年底恢復，因此其餘的物業、廠房及設備未作減值。

截至二零一九年六月三十日止六個月期間，於二零一九年六月二十八日出售江蘇春曉（附註19）前，董事會決定終止江蘇春曉的生產，原因是在可預見的將來，江蘇春曉將不大可能恢復生產。詳情已載於本公司於二零一九年四月十八日的公告內。江蘇春曉的物業、廠房及設備賬面淨總額為人民幣49,295,000元，當中與生產活動直接相關的人民幣34,847,000元已於期內撇銷。

12. 貿易應收賬及應收票據

貿易應收賬
應收票據

Trade receivables
Bills receivable

減：減值虧損撥備

Less: impairment loss allowance

本集團給予貿易客戶之信貸期一般介乎一個月至六個月（二零一八年十二月三十一日：一個月至六個月）。應收票據為不計息之銀行承兌票據，並於發行後一年內期滿（二零一八年十二月三十一日：一年內期滿）。每位客戶均有最高信貸限額。本集團致力嚴謹控制應收款項結欠。本集團管理層會定期檢討過期欠款。

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of approximately RMB31,850,000 (six months ended 30 June 2018: RMB98,480,000).

During the six months period ended 30 June 2018, certain non-core property, plant and equipment of Jiangsu Chunxiao Pharmaceutical & Chemical Co., Ltd. ("Jiangsu Chunxiao"), a former wholly-owned subsidiary of the Company which was disposed of during the period (note 19), with carrying amounts of RMB18,261,000, were shut down and they were fully written off because additional investment cost for environmental improvement and rectification work outweighed their future economic benefits. Further details had been set out in the Company's announcement dated 10 August 2018. The core production activities of Jiangsu Chunxiao were originally scheduled to be resumed by the end of 2019, thus the remaining property, plant and equipment were not impaired.

During the six months period ended 30 June 2019, before the disposal of Jiangsu Chunxiao on 28 June 2019 (note 19), the Board decided to cease the production of Jiangsu Chunxiao because the resumption of the production of Jiangsu Chunxiao became highly unlikely in the foreseeable future. Details were set out in the Company's announcement dated 18 April 2019. Total net carrying amount for the property, plant and equipment of Jiangsu Chunxiao was RMB49,295,000, among which directly related to production activities amounting to RMB34,847,000 were written off during the period.

12. TRADE AND BILLS RECEIVABLE

| | | 二零一九年 六月三十日 30 June 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000 (經審核) (Audited) |
|----------|---------------------------------|--|---|
| 貿易應收賬 | Trade receivables | 236,165 | 198,979 |
| 應收票據 | Bills receivable | 119,683 | 107,849 |
| | | 355,848 | 306,828 |
| 減：減值虧損撥備 | Less: impairment loss allowance | (3,902) | (311) |
| | | 351,946 | 306,517 |

The Group allows a credit period normally ranging from 1 month to 6 months (31 December 2018: 1 month to 6 months) to its trade customers. Bills receivable are non-interest bearing bank acceptance bills and are aged within a year (31 December 2018: within a year) upon issuance. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

12. 貿易應收賬及應收票據 (續)

於報告日期，貿易應收賬及應收票據（扣除虧損撥備）按發票日期所作之賬齡分析如下：

| | | 二零一九年 六月三十日 30 June 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000 (經審核) (Audited) |
|----------|-----------------|--|---|
| 0至90日 | 0 to 90 days | 272,349 | 260,641 |
| 91至180日 | 91 to 180 days | 60,838 | 31,803 |
| 181至365日 | 181 to 365 days | 8,556 | 2,168 |
| 超過365日 | Over 365 days | 10,203 | 11,905 |
| | | 351,946 | 306,517 |

貿易應收賬款的虧損撥備賬的變動如下：

| | | 二零一九年 六月三十日 30 June 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000 (經審核) (Audited) |
|------------------------------|----------------------------------|--|---|
| 於一月一日 | At 1 January | 311 | 9,714 |
| 匯兌虧損 | Exchange loss | - | 151 |
| 撇銷 | Write off | (2) | (13,376) |
| 已確認減值虧損 | Impairment loss recognised | 3,593 | 3,822 |
| 於二零一九年六月三十日／ 二零一八年十二月三十一日 | At 30 June 2019/31 December 2018 | 3,902 | 311 |

貿易應收賬及應收票據涉及多名來自不同層面的客戶，而該等客戶在本集團的信貸記錄良好。已逾期但未減值的若干貿易應收賬人民幣14,701,000元（二零一八年十二月三十一日：人民幣11,695,000元）以債務人擁有的土地及物業作抵押。根據以往的信貸記錄，本集團管理層認為信貸質素並無重大變動且該等結欠仍視作可全數收回，因此毋須就該等結欠進一步計提減值撥備。

12. TRADE AND BILLS RECEIVABLE (Continued)

Ageing analysis of trade and bills receivable (net of loss allowance) at the reporting date, based on the invoice date, is stated as follows:

Movement in the loss allowance account in respect of trade receivables is stated as follows:

Trade and bills receivable related to a large number of diversified customers that had a good track record of credit with the Group. Certain trade receivables of RMB14,701,000 (31 December 2018: RMB11,695,000) past due but not impaired are secured by land and properties owned by the debtors. Based on past credit record, management of the Group believes that no further impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

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12. 貿易應收賬及應收票據 (續)

於二零一九年六月三十日，應收票據包括一筆人民幣6,480,000元（二零一八年十二月三十一日：無）之款項，有關票據已就應付票據人民幣3,680,000元（二零一八年十二月三十一日：無）作抵押（附註14）。

董事認為，貿易應收賬及應收票據之公允值與其賬面值之間並無重大差異，原因是該等金額的到期期限較短。

12. TRADE AND BILLS RECEIVABLE (Continued)

As at 30 June 2019, bills receivable included an amount of RMB6,480,000 (31 December 2018: Nil) which was pledged for bills payable of RMB3,680,000 (31 December 2018: Nil) (note 14).

The Directors considered that the fair values of trade and bills receivable are not materially different from their carrying amounts because these amounts have short maturity periods.

13. 預付款項及其他應收款項

13. PREPAYMENTS AND OTHER RECEIVABLES

| | | 二零一九年 六月三十日 30 June 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000 (經審核) (Audited) |
|---------------------------------|---|--|---|
| 預付供應商款項 | Advances to suppliers | 10,606 | 9,972 |
| 可收回增值稅款 | Value-added-tax recoverables | 21,452 | 16,845 |
| 預付款項 | Prepayments | 990 | 613 |
| 購買物業、廠房及設備及 資產使用權之按金（附註(a)） | Deposits of acquisition of property, plant and equipment and right-of-use assets (note (a)) | – | 42,000 |
| 應收一家前附屬公司款項 （附註19(b)） | Amounts due from a former subsidiary (note 19(b)) | 61,273 | – |
| 其他應收款項 | Other receivables | 2,655 | 3,316 |
| 應收一家附屬公司 前權益持有人款項（附註(b)） | Amount due from ex-equity holder of a subsidiary (note (b)) | – | 8,637 |
| 預付土地租賃款項 – 流動部分 | Prepaid land lease payments – current portion | – | 1,667 |
| | | 96,976 | 83,050 |
| 減：應收一家前附屬公司款項之 減值虧損（附註19(b)） | Less: impairment loss on amounts due from a former subsidiary (note 19(b)) | (41,736) | – |
| | | 55,240 | 83,050 |

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13. 預付款項及其他應收款項 (續)

附註：

- (a) 根據二零一七年四月簽訂的多份合同(「合同」)的條款和條件，濰坊濱海石油化工有限公司(「濰坊濱海」，本公司之全資附屬公司)向一名獨立第三方(「甲方」)支付人民幣42,000,000元，作為收購多項生產設施及一塊土地的按金(「按金」)(「收購」)，以上各項乃用於興建位於山東省的熱電廠。

其後，濰坊濱海發現擬收購的生產設施不能按合同的規定運作，此情況違反合同基本條款。濰坊濱海向濰坊中級人民法院(「濰坊法院」)提出法定索賠，以追討按金並賠償濰坊濱海因甲方違反合同的條款和條件所遭受的損失。按金已於二零一八年十二月三十一日的綜合財務狀況表中確認為流動資產項下的預付款項及其他應收款項。

期內，濰坊濱海與甲方達成友好協定，雙方同意繼續進行收購，原因是根據最新評估，董事有信心所收購的生產設施可按合同的規定運作。因此，按金於二零一九年六月三十日的簡明綜合財務狀況表中由流動資產重新分類至非流動資產。目前雙方正在協商修改收購的合同條款及條件，並預期於未來十二個月內達成。

- (b) 於二零一六年九月，本公司之間接全資附屬公司上海德弘化工有限公司(「上海德弘」)與獨立第三方(「前權益持有人」)簽訂買賣協議(「買賣協議」)，據此，上海德弘同意收購而前權益持有人同意出售江蘇春曉的全部股權，代價為人民幣39,229,000元。

於二零一七年五月，江蘇春曉收到常州新北區人民法院(「常州新北法院」)發出之命令，涉及江蘇春曉就貸款協議向前權益持有人全資擁有的公司(「被告甲」)提供擔保之糾紛，而被告甲為貸款協議之借款人。該擔保乃在上海德弘於二零一六年九月收購江蘇春曉前作出。

於二零一七年十月，常州新北法院下令江蘇春曉(作為債務擔保人)因被告甲違約而須共同及個別負責支付未償還本金人民幣5,000,000元及應計利息(「命令甲」)。

13. PREPAYMENTS AND OTHER RECEIVABLES
(Continued)

Notes:

- (a) Weifang Binhai Petro-Chem Co., Ltd ("Weifang Binhai"), a wholly-owned subsidiary of the Company, paid an independent third party (the "Party A") a total sum of RMB42,000,000 as deposits (the "Deposits") for acquisitions of various production facilities and a piece of land for the construction of a thermoelectric factory in Shandong (the "Acquisition") pursuant to the terms and clauses under several contracts executed in April 2017 (the "Contracts").

Thereafter, Weifang Binhai found that the production facilities to be acquired could not be functioning as specified in the contracts, which led to a fundamental breach to the Contracts. Weifang Binhai filed a legal claim in Weifang Intermediate People's Court (the "Weifang Court") against Party A to recover the Deposits and compensate the loss suffered by Weifang Binhai due to Party A's breach of the terms and conditions of the Contracts. The Deposits were recognised as prepayments and other receivables under current assets in the consolidated statement of financial position as at 31 December 2018 accordingly.

During the period, Weifang Binhai and Party A reached an amicable compromise and agreed to proceed the Acquisition as the Directors are confident that based on the latest assessment, the production facilities to be acquired could function as specified in the Contracts. Therefore, the Deposits are reclassified from current assets to non-current assets in the condensed consolidated statement of financial position as at 30 June 2019. Both parties are now under negotiation to amend the contractual terms and conditions for the Acquisition which are expected to be finalised in the coming twelve months.

- (b) Shanghai Dehong Chemical Co. Ltd. ("Shanghai Dehong"), an indirect wholly-owned subsidiary of the Company, and an independent third party (the "Ex-Equity Holder") entered into a sale and purchase agreement (the "SPA"), pursuant to which Shanghai Dehong agreed to acquire and the Ex-Equity Holder agreed to sell all equity interests in Jiangsu Chunxiao for a consideration of RMB39,229,000 in September 2016.

In May 2017, Jiangsu Chunxiao received an order from the Changzhou Xinbei District People's Court (the "Changzhou Xinbei Court") relating to the dispute on a guarantee given by Jiangsu Chunxiao to a company (the "Defendant A"), which is wholly-owned by the Ex-Equity Holder, for a loan agreement under which Defendant A was the borrower. Such guarantee had been made prior to the acquisition of Jiangsu Chunxiao by Shanghai Dehong in September 2016.

In October 2017, the Changzhou Xinbei Court ordered that Jiangsu Chunxiao, as a guarantor capacity of the debt, was jointly and severally liable to pay the outstanding principal of RMB5,000,000 plus accrued interest arising from the default of Defendant A (the "Order A").

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13. 預付款項及其他應收款項 (續)

附註：(續)

(b) (續)

於二零一八年八月低，本集團獲悉常州市金壇區人民法院（「常州金壇法院」）於二零一八年七月頒佈另一宗命令，涉及江蘇春曉就貸款協議向其前權益持有人提供兩項擔保之糾紛，而前權益持有人為貸款協議之借款人。該等擔保乃在上海德弘於二零一六年九月收購江蘇春曉前再次作出。

於二零一八年十月，常州金壇法院下令江蘇春曉（作為貸款擔保人）因前權益持有人違約而須共同及個別負責支付未償還本金人民幣8,000,000元及應計利息（「命令乙」）。

於二零一八年十二月三十一日，已於綜合財務報表就命令甲和命令乙的法定索賠作出總金額人民幣17,141,000元（相當於未償還本金人民幣13,000,000元及本集團法律顧問所估算截至二零一八年十二月三十一日的應計利息及其他法律費用）的撥備。

根據買賣協議的條款，上海德弘有權就上述訴訟案件造成的所有損失獲得前權益持有人的賠償保證。因此，於二零一八年十二月三十一日，應付前權益持有人人民幣8,504,000元的款項已全額抵銷法定索賠金額，而於二零一八年十二月三十一日的應收前權益持有人款項轉為人民幣8,637,000元。

應收前權益持有人款項人民幣8,637,000元由前權益持有人持有的若干住宅物業作抵押，該等物業於二零一八年十二月三十一日的總市值為人民幣11,000,000元。因此，董事認為於二零一八年十二月三十一日毋須作出任何虧損撥備。

於二零一九年六月二十八日，上海德弘已完成出售江蘇春曉之所有股權，代價為人民幣990,000元（附註19）。出售交易的進一步詳情已載於本公司於二零一九年六月二十七日的公告。此後，截至二零一九年六月二十八日止應收前權益持有人款項及法定索賠撥備已於本集團簡明綜合財務狀況表終止確認。

13. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) (Continued)

At the end of August 2018, the Group was acknowledged that another order issued by the Changzhou Jintan District People's Court (the "Changzhou Jintan Court") in July 2018 relating to disputes on two guarantees given by Jiangsu Chunxiao to its Ex-Equity Holder for loan agreements under which the Ex-Equity Holder was the borrower. Such guarantees were again made prior to the acquisition of Jiangsu Chunxiao by Shanghai Dehong in September 2016.

In October 2018, the Changzhou Jintan Court ordered that Jiangsu Chunxiao, as a guarantor of the loans, was jointly and severally liable to pay the outstanding principal of RMB8,000,000 plus accrued interest arising from the default of the Ex-Equity Holder (the "Order B").

As at 31 December 2018, provision for legal claims in relation to the Order A and Order B in the aggregated amount of RMB17,141,000, representing the total outstanding principals in sum of RMB13,000,000, accrued interest up to 31 December 2018 and other legal expenses estimated by the Group's legal counsel, had been made in the consolidated financial statements.

Under the terms of the SPA, Shanghai Dehong is entitled to be indemnified by the Ex-Equity Holder for all losses arising from these legal cases mentioned above. Accordingly, the full amount due to the Ex-Equity Holder of RMB8,504,000 as at 31 December 2018 was being off-set to the legal claims amount and amount due from the Ex-Equity Holder became RMB8,637,000 as at 31 December 2018.

Amounts due from the Ex-Equity Holder of RMB8,637,000 were secured by certain residential properties held by the Ex-Equity Holder with a total market value of RMB11,000,000 as at 31 December 2018. Hence, the Directors considered that no loss allowance was required as at 31 December 2018.

On 28 June 2019, Shanghai Dehong has completed the disposal of all equity interests in Jiangsu Chunxiao for a consideration of RMB990,000 (note 19). Further details of this disposal transaction were set out in the Company's announcement dated 27 June 2019. Thereafter, amount due from the Ex-Equity Holder and provision for legal claims up to 28 June 2019 were derecognised from the Group's condensed consolidation statement of financial position.

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14. 貿易應付賬及應付票據

14. TRADE AND BILLS PAYABLE

| | | 二零一九年 六月三十日 30 June 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000 (經審核) (Audited) |
|-------|----------------|--|---|
| 貿易應付賬 | Trade payables | 53,042 | 45,040 |
| 應付票據 | Bills payable | 12,447 | – |
| | | 65,489 | 45,040 |

本集團獲其供應商給予的信貸期介乎30至180日(二零一八年十二月三十一日:介乎30至180日)。應付票據為不計息之銀行承兌票據,並於發行後六個月內期滿。於報告日期,貿易應付賬及應付票據按發票日期所作之賬齡分析如下:

The Group was granted by its suppliers with credit periods ranging from 30 to 180 days (31 December 2018: ranging from 30 to 180 days). Bills payable are non-interest bearing bank acceptance bills and aged within 6 months upon issuance. Ageing analysis of trade and bills payable at the reporting date, based on the invoice date, is stated as follows:

| | | 二零一九年 六月三十日 30 June 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000 (經審核) (Audited) |
|----------|-----------------|--|---|
| 0至90日 | 0 to 90 days | 57,693 | 38,449 |
| 91至180日 | 91 to 180 days | 6,352 | 4,551 |
| 181至365日 | 181 to 365 days | 408 | 1,096 |
| 超過365日 | Over 365 days | 1,036 | 944 |
| | | 65,489 | 45,040 |

於二零一九年六月三十日,應收票據人民幣6,480,000元(二零一八年十二月三十一日:無)(附註12)及已抵押銀行存款人民幣6,767,000元(二零一八年十二月三十一日:無)已就應付票據人民幣12,447,000元(二零一八年十二月三十一日:無)作抵押。

As at 30 June 2019, bills receivable of RMB6,480,000 (31 December 2018: Nil) (note 12) and pledged bank deposits of RMB6,767,000 (31 December 2018: Nil) were pledged for bills payable of RMB12,447,000 (31 December 2018: Nil).

貿易應付賬及應付票據之賬面值均屬短期,故貿易應付賬及應付票據之賬面值與公允值相若,乃視作合理。

The carrying amounts of trade and bills payable are short-term and hence the carrying amounts of trade and bills payable are considered to be a reasonable approximation of fair values.

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15. 應付未付賬款及其他應付款項

15. ACCRUALS AND OTHER PAYABLES

| | | 二零一九年 六月三十日 30 June 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000 (經審核) (Audited) |
|-----------------------|--|--|---|
| 有關收購物業、廠房及設備的 應付款項 | Payables for property, plant and equipment | 104,225 | 147,946 |
| 應付未付開支 | Accrued expenses | 9,565 | 12,259 |
| 應付工資及福利 | Wages and welfare payables | 7,189 | 6,347 |
| 其他應付款項 | Other payables | 40,458 | 37,069 |
| 遞延收入－流動部分 | Deferred income – current portion | 1,302 | 1,302 |
| | | 162,739 | 204,923 |

16. 股本

16. SHARE CAPITAL

| | 股份數目 Number of shares 千股 '000 shares | 金額 Amount 港幣千元 HK\$'000 | 人民幣千元 RMB'000 |
|--|--|----------------------------------|------------------|
| 法定： 每股面值港幣0.01元普通股 於二零一八年一月一日 (經審核)、二零一八年 十二月三十一日(經審核)、 二零一九年一月一日 (經審核)及二零一九年 六月三十日(未經審核) | Authorised: Ordinary shares of HK\$0.01 each As at 1 January 2018 (Audited), 31 December 2018 (Audited), 1 January 2019 (Audited) and 30 June 2019 (Unaudited) | 100,000,000 | 1,000,000 |
| 已發行及繳足： 每股面值港幣0.01元普通股 於二零一八年一月一日 (經審核)、二零一八年 十二月三十一日(經審核)、 二零一九年一月一日 (經審核)及二零一九年 六月三十日(未經審核) | Issued and fully paid: Ordinary shares of HK\$0.01 each As at 1 January 2018 (Audited), 31 December 2018 (Audited), 1 January 2019 (Audited) and 30 June 2019 (Unaudited) | 851,954 | 7,831 |

17. 承擔

17. COMMITMENTS

於報告日期，本集團之承擔如下：

The Group's commitments at the reporting date are as follows:

| | | 二零一九年 六月三十日 30 June 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000 (經審核) (Audited) |
|---------------------------|--|--|---|
| 有關收購物業、廠房及 設備及資產使用權的承擔 | Commitments for acquisition of property, plant and equipment and right-of-use assets | 319,615 | 76,181 |

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18. 以股份支付之款項

本公司於二零零六年十月四日採納一項購股權計劃（「二零零六年購股權計劃」），並於二零一六年五月二十日採納另一項購股權計劃（「二零一六年購股權計劃」），旨在獎勵及酬謝對本集團之卓越成就作出貢獻之各方，包括本集團任何成員公司或聯營公司之董事、合資格僱員、供應商、客戶、股東或彼等各自之聯繫人或本集團之顧問或諮詢人。二零零六年購股權計劃已於二零一六年五月二十日終止，惟已授出但尚未行使之購股權按照二零零六年購股權計劃之條款仍繼續有效及可予行使。於二零一九年六月三十日，根據二零零六年購股權計劃已授出但尚未行使之購股權所涉及股份數目為9,984,000股（二零一八年十二月三十一日：10,764,000股），相當於本公司已發行股本之1.2%（二零一八年十二月三十一日：1.3%）。二零一六年購股權計劃由二零一六年五月二十日起生效，有效期十年。根據二零一六年購股權計劃，可授出最多84,687,800份購股權，賦予其持有人權利認購最多84,687,800股股份。期內，並無根據二零一六年購股權計劃授出購股權（截至二零一八年六月三十日止六個月：無）。

特定類別之購股權詳情如下：

| 承授人類別 Category of grantee | 授出日期 Date of grant | 歸屬日期 Vesting date | 行使期間 Exercise period | 行使價 Exercise price | 尚未行使購股權數目 Number of share options outstanding | |
|---|---------------------------|---------------------------|---|-----------------------|---|--|
| | | | | | 二零一九年六月三十日 30 June 2019 (未經審核) (Unaudited) | 二零一八年十二月三十一日 31 December 2018 (經審核) (Audited) |
| 施惠芳女士 (附註(i)) Ms. Shi Huifang (note (i)) | 二零一五年七月十日 10 July 2015 | 二零一七年七月十日 10 July 2017 | 二零一七年七月十日至 二零二三年七月九日 10 July 2017 to 9 July 2023 | 港幣1.45元 HK\$1.45 | 140,000 | 140,000 |
| 僱員 Employees | 二零一五年七月十日 10 July 2015 | 二零一六年七月十日 10 July 2016 | 二零一六年七月十日至 二零二三年七月九日 10 July 2016 to 9 July 2023 | 港幣1.45元 HK\$1.45 | 3,728,000 | 3,768,000 |
| | 二零一五年七月十日 10 July 2015 | 二零一七年七月十日 10 July 2017 | 二零一七年七月十日至 二零二三年七月九日 10 July 2017 to 9 July 2023 | 港幣1.45元 HK\$1.45 | 6,116,000 | 6,856,000 |
| | | | | | 9,984,000 | 10,764,000 |

附註：

(i) 施惠芳女士為本公司其中一家附屬公司之僱員，並為董事王子江先生之配偶，因此為王子江先生之聯繫人。

18. SHARE-BASED PAYMENTS

The Company adopted share option schemes on 4 October 2006 (the "2006 Share Option Scheme") and 20 May 2016 (the "2016 Share Option Scheme") for the purpose of providing incentives and rewards to the Directors, eligible employees, suppliers, customers, any shareholder of each member of the Group or associated company or any of their respective associates, and advisers or consultants of the Group who contribute to the success of the Group. The 2006 Share Option Scheme was terminated on 20 May 2016. The granted outstanding options continue to be valid and exercisable in accordance with the terms of the 2006 Share Option Scheme. As at 30 June 2019, the number of shares in respect of which options had been granted and remained outstanding under the 2006 Share Option Scheme was 9,984,000 (31 December 2018: 10,764,000), representing 1.2% (31 December 2018: 1.3%) of the issued share capital of the Company. The 2016 Share Option Scheme has become effective for a period of 10 years commencing on 20 May 2016 and up to 84,687,800 options entitling the holders thereof to subscribe for up to 84,687,800 shares may be granted under the 2016 Share Option Scheme. During the period, there was no share option granted under the 2016 Share Option Scheme (six months ended 30 June 2018: Nil).

Details of the specific categories of share options are as follows:

Note:

(i) Ms. Shi Huifang is an employee of one of the Company's subsidiaries and is the spouse of Mr. Wang Zijiang who is a Director and therefore an associate of Mr. Wang Zijiang.

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18. 以股份支付之款項 (續)

本公司購股權的變動及加權平均行使價如下：

| | | 二零一九年六月三十日 30 June 2019 | | 二零一八年十二月三十一日 31 December 2018 | |
|------------|---|--|--|---|---|
| | | 加權平均 行使價 Weighted average exercise price (未經審核) (Unaudited) | 購股權數目 Number of share option (未經審核) (Unaudited) | 加權平均 行使價 Weighted average exercise price (經審核) (Audited) | 購股權數目 Number of share option (經審核) (Audited) |
| 於期初／年初尚未行使 | Outstanding at beginning of the period/year | 港幣1.45元 HK\$1.45 | 10,764,000 | 港幣1.45元 HK\$1.45 | 11,084,000 |
| 於期內／年內沒收 | Forfeited during the period/year | - | (780,000) | - | (320,000) |
| 於期末／年末尚未行使 | Outstanding at the end of the period/year | 港幣1.45元 HK\$1.45 | 9,984,000 | 港幣1.45元 HK\$1.45 | 10,764,000 |

期末尚未行使購股權之行使價為港幣1.45元(二零一八年十二月三十一日：港幣1.45元)，加權平均尚餘合約期為4年(二零一八年十二月三十一日：4.5年)。

期末尚未行使購股權總數中有9,984,000(二零一八年十二月三十一日：10,764,000)份購股權已歸屬及可予行使。

19. 出售附屬公司

(a) 於二零一九年六月二十七日，上海德弘與獨立第三方簽訂出售協議，據此，上海德弘同意以現金代價人民幣990,000元出售其於江蘇春曉全部股權(「出售」)；江蘇春曉之主要業務是製造及銷售化工產品。出售已於二零一九年六月二十八日完成。

18. SHARE-BASED PAYMENTS (Continued)

Movement and weighted average exercise prices of the Company's share options are as follows:

| | | 二零一九年六月三十日 30 June 2019 | | 二零一八年十二月三十一日 31 December 2018 | |
|------------|---|--|--|---|---|
| | | 加權平均 行使價 Weighted average exercise price (未經審核) (Unaudited) | 購股權數目 Number of share option (未經審核) (Unaudited) | 加權平均 行使價 Weighted average exercise price (經審核) (Audited) | 購股權數目 Number of share option (經審核) (Audited) |
| 於期初／年初尚未行使 | Outstanding at beginning of the period/year | 港幣1.45元 HK\$1.45 | 10,764,000 | 港幣1.45元 HK\$1.45 | 11,084,000 |
| 於期內／年內沒收 | Forfeited during the period/year | - | (780,000) | - | (320,000) |
| 於期末／年末尚未行使 | Outstanding at the end of the period/year | 港幣1.45元 HK\$1.45 | 9,984,000 | 港幣1.45元 HK\$1.45 | 10,764,000 |

The exercise price of share options outstanding at the end of the period was HK\$1.45 (31 December 2018: HK\$1.45) and their weighted average remaining contractual life was 4 years (31 December 2018: 4.5 years).

Out of the total number of options outstanding at the end of the period, 9,984,000 (31 December 2018: 10,764,000) share options had been vested and were exercisable.

19. DISPOSAL OF A SUBSIDIARY

(a) On 27 June 2019, Shanghai Dehong entered into a disposal agreement with an independent third party pursuant to which Shanghai Dehong agreed to sell entire equity interests in Jiangsu Chunxiao, which is principally engaged in manufacturing and sale of fine chemical products, at a cash consideration of RMB990,000 (the "Disposal"). The Disposal was completed on 28 June 2019.

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19. 出售附屬公司 (續)

(a) (續)

於出售當日，江蘇春曉的淨負債總額如下：

| | | 人民幣千元 RMB'000 |
|----------------|-------------------------------------|------------------|
| 處置淨負債 | Net liabilities disposed of | |
| 物業、廠房及設備 | Property, plant and equipment | 14,448 |
| 資產使用權 | Right-of-use assets | 15,103 |
| 存貨 | Inventories | 15,875 |
| 已抵押銀行存款 | Pledged bank deposits | 657 |
| 銀行及現金結餘 | Cash and bank balances | 4 |
| 貿易應收賬及其他應收款項 | Trade and other receivables | 10,509 |
| 遞延稅項資產 | Deferred tax assets | 305 |
| 貿易應付賬及其他應付款項 | Trade and other payables | (19,878) |
| 應付本集團款項(附註(b)) | Amounts due to the Group (note (b)) | (61,273) |
| 法定索賠撥備 | Provision for legal claims | (16,325) |

(40,575)

| | | |
|----------|----------------------------------|--------|
| 出售附屬公司收益 | Gain on disposal of a subsidiary | 41,565 |
|----------|----------------------------------|--------|

| | | |
|-------|--------------------------|-----|
| 總現金代價 | Total cash consideration | 990 |
|-------|--------------------------|-----|

| | | |
|--------------------|--|--|
| 就出售而言現金及銀行結餘淨流入分析： | Analysis of the net inflow of cash and bank balances in respect of the Disposal: | |
|--------------------|--|--|

人民幣千元
RMB'000

| | | |
|-----------------|---|-----|
| 根據出售所出售的現金及銀行結餘 | Cash and bank balances disposed of under the Disposal | (4) |
| 收到現金代價 | Cash consideration received | 990 |

| | | |
|-----------|---------------------------------|-----|
| 出售的現金流入淨額 | Net cash inflow on the Disposal | 986 |
|-----------|---------------------------------|-----|

(b) 編製綜合財務報表時，江蘇春曉於二零一八年十二月三十一日應付本集團的款項已作對銷。根據出售，江蘇春曉於二零一九年六月三十日應付本集團的款項為人民幣61,273,000元。該結餘包括由若干資產使用權及存貨作抵押的未償還金額人民幣19,537,000元，而餘下人民幣41,736,000元為無抵押欠款。鑑於江蘇春曉目前的財務狀況和附註11所載述的暫停生產，除非獲得適當的融資來源，否則無抵押未償還餘額人民幣41,736,000元在可預見的將來極可能不可收回。於二零一九年六月三十日的簡明綜合財務報表已就該前附屬公司應付款項人民幣41,736,000元作出減值虧損。

(b) The amounts due to the Group by Jiangsu Chunxiao as at 31 December 2018 had been eliminated in preparing the consolidated financial statements. Pursuant to the Disposal, amounts due to the Group by Jiangsu Chunxiao as at 30 June 2019 was RMB61,273,000. This balance included an amount of outstanding balance of RMB19,537,000, which is secured by certain right-of-use assets and inventories whilst the remaining amount of RMB41,736,000 is unsecured. In light of the current financial situation and the suspended production of Jiangsu Chunxiao as set out in note 11, the unsecured outstanding balance of RMB41,736,000 is highly unlikely recoverable in the foreseeable future, unless appropriate amounts of financing sources are obtained. Impairment loss on amounts due from this former subsidiary amounting to RMB41,736,000 has been made accordingly in the condensed consolidated financial statements as at 30 June 2019.

20. 關聯方交易

於截至二零一九年六月三十日止期間，本集團與關聯方訂立以下交易：

(a) 與關聯方的重大交易

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|--|--|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 付予一家關聯公司 (一位執行董事擁有 實益權益並可行使重大 影響力)之租金開支 | Rental expenses to a related company in which one of the executive Directors have beneficial interests and can exercise significant influence | 257 | 257 |
| 來自最終控股公司的墊款 | Advances from ultimate holding company | 15,782 | - |

(b) 主要管理人員的報酬

本集團主要管理人員的薪酬，包括已向董事支付或應付之款項如下：

20. RELATED PARTY TRANSACTIONS

During the period ended 30 June 2019, the Group entered into the following transactions with the related parties:

(a) Significant transactions with related parties

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|--|--|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 付予一家關聯公司 (一位執行董事擁有 實益權益並可行使重大 影響力)之租金開支 | Rental expenses to a related company in which one of the executive Directors have beneficial interests and can exercise significant influence | 257 | 257 |
| 來自最終控股公司的墊款 | Advances from ultimate holding company | 15,782 | - |

(b) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid or payables to the Directors were as follows:

| | | 截至六月三十日止六個月 Six months ended 30 June | |
|------------------|---|--|--|
| | | 二零一九年 2019 人民幣千元 RMB'000 (未經審核) (Unaudited) | 二零一八年 2018 人民幣千元 RMB'000 (未經審核) (Unaudited) |
| 袍金 | Fees | 184 | 166 |
| 薪金、酌情花紅及 其他福利 | Salaries, discretionary bonus and other benefits | 1,098 | 2,026 |
| 退休福利計劃供款 | Retirement benefit scheme contributions | 45 | 69 |
| | | 1,327 | 2,261 |

Notes to the Condensed Consolidated Financial Statements

截至二零一九年六月三十日止六個月 For the six months ended 30 June 2019

21. 公允值計量

未經審核簡明財務資料包含多項資產和負債，須按公允值計量和／或披露。

本集團的金融和非金融資產和負債的公允值計量乃盡可能使用市場可觀察輸入值和數據。用於確定公允值計量的輸入值乃根據所用估值技術中使用的輸入值的可觀察程度而分為不同級別（「公允值級別」）：

- 第一級別：相同項目在活躍市場中的報價（未經調整）；
- 第二級別：可為直接或間接的可觀察輸入值，惟第一級別輸入值除外；
- 第三級別：不可觀察輸入值（即非來自市場數據）。

項目乃基於所使用的最低級別輸入值分類為上述級別，此對項目的公允值計量具有顯著影響。項目在級別之間的轉移在各自發生的期間內確認。

下表載列按公允值級別劃分之按公允值入賬之金融工具之分析：

21. FAIR VALUE MEASUREMENT

A number of assets and liabilities included in the Unaudited Condensed Financial Information require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "Fair Value Hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

| | | 第一級別 Level 1 人民幣千元 RMB'000 | 第二級別 Level 2 人民幣千元 RMB'000 | 第三級別 Level 3 人民幣千元 RMB'000 | 合計 Total 人民幣千元 RMB'000 |
|---|---|-------------------------------------|-------------------------------------|-------------------------------------|---------------------------------|
| 於二零一九年六月三十日 (未經審核) | As at 30 June 2019 (Unaudited) | | | | |
| 按公允值計入其他全面收益 (「按公允值計入其他 全面收益」)之金融資產 | Financial asset at fair value through other comprehensive income ("FVOCI") | | | | |
| – 應收票據 | – Bills receivable | – | 119,683 | – | 119,683 |
| 於二零一八年十二月三十一日 (經審核) | As at 31 December 2018 (Audited) | | | | |
| 按公允值計入其他全面收益之 金融資產 | Financial asset at FVOCI 金融資產 | | | | |
| – 應收票據 | – Bills receivable | – | 107,849 | – | 107,849 |

應收票據的公允值是通過使用當前具有類似條款之工具之可用利率貼現預期未來現金流量、信用風險和剩餘年期而計得。

截至二零一九年六月三十日止六個月，並無第一級別與第二級別公允值之間的轉移或轉入或轉出第三級的轉移（二零一八年十二月三十一日：無）。

The fair value of bills receivable has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

During the six months ended 30 June 2019, there was no (31 December 2018: Nil) transfer between level 1 and level 2 fair value hierarchy or transfer into or out of level 3.

22. 訴訟

(a) 有關追討訂金的索賠的法律程序

訴訟詳情已載於附註13(a)。

(b) 有關作為擔保人的糾紛的法律程序

訴訟詳情已載於附註13(b)，而該訴訟在期內已解決。

(c) 有關未償付貿易應付賬的爭議的法律程序

於二零一八年十月，本公司附屬公司濰坊柏立收到濰坊寒亭區人民法院（「濰坊寒亭法院」）發出之命令，涉及償付其中一名煤炭供應商的未付結餘約人民幣4,980,000元的糾紛。該金額已於二零一八年十二月三十一日的綜合財務狀況表中確認為貿易應付賬。

於二零一八年十一月，由於該供應商違反多項供應合同的條款，導致電熱供應失效及生產計劃延誤，濰坊柏立提出反訴索賠。因此，濰坊柏立要求根據供應合同條款，索取相當於合同總額5%的人民幣800,000元作為賠償金。

於二零一九年一月二十四日，濰坊寒亭法院命令濰坊柏立應向該供應商支付總額人民幣5,043,000元，其中包括截至償付日期的未償還應計利息，同時該供應商應根據反訴索賠向濰坊柏立支付人民幣278,000元的賠償金（「法院命令」）。該賠償金並未於二零一八年十二月三十一日的綜合財務報表確認。

於二零一九年六月五日，在與該供應商商討後，濰坊柏立已接受法院命令下的賠償金，並已在簡明綜合損益表中確認為其他收入，以及同意撤回反訴索賠。所有未付款項已於二零一九年六月三十日與該供應商結清。

22. LITIGATIONS

(a) Legal proceedings of claim of recovering the Deposits

Details of the litigations are set out in note 13(a).

(b) Legal proceedings of dispute as guarantor

Details of the litigations are set out in note 13(b) and have been resolved during the period.

(c) Legal proceeding of dispute of unsettlement of a trade payable

In October 2018, Weifang Parasia, a subsidiary of the Company, received an order from Weifang Hanting District People's Court (the "Weifang Hanting Court") to settle outstanding balances due to one of its coal suppliers with approximately RMB4,980,000. This amount was recognised as trade payable in the consolidated statement of financial position as at 31 December 2018.

In November 2018, Weifang Parasia counterclaimed this supplier for breaching the terms of various supply contracts, which led to the failure of electric heating supply and delayed its production schedules. Therefore, Weifang Parasia requested 5% of the aggregate contracted amounts of RMB800,000 as compensation according to the terms of supply contracts.

On 24 January 2019, the Weifang Hanting Court ordered that Weifang Parasia should pay a total sum of RMB5,043,000 which included the outstanding and accrued interest up to the date of settlement, whereas this supplier should pay the compensation of RMB278,000 to Weifang Parasia under counterclaim (the "Court Order"). The compensation amounts have not been recognised in the consolidated financial statements as at 31 December 2018.

On 5 June 2019, after the negotiation with this supplier, Weifang Parasia accepted the compensation under the Court Order and recognised as other income accordingly in the condensed consolidated income statement and agreed to withdraw the counterclaim. All outstanding amounts have been settled to this supplier as at 30 June 2019.

業務回顧

於回顧期內，經營環境仍充滿挑戰。由於中美貿易糾紛升級，中國經濟正失去動力。此外，中國政府嚴格的安全環保治理要求，令中國的化工企業倍添壓力。由於市場競爭激烈，以致本集團產品的平均售價進一步下跌。面對如此嚴峻的營商環境，本集團迅速採取行動，包括調整其業務策略、採取積極的行銷策略、採納市場導向方式調整本集團產品組合、專注進一步促進和發展具市場潛力的產品，以及不斷開拓新市場和擴大客戶群。因此，本集團成功啟動業務表現並重奪市場份額，產品銷量及營業額均較去年同期有所上升。此外，本集團採取有效的採購策略，採購具成本效益的原材料從而降低原材料成本，再加上整體原材料價格下跌，本集團的原材料成本較去年同期有所下降。再者，本集團已同時實施全面有效的成本控制，提高生產效益，故毛利及毛利率與去年同期比較均已顯著改善。然而，董事會於二零一九年四月決定終止江蘇春曉醫藥化工科技有限公司（「江蘇春曉」）（本公司前全資附屬公司）的生產活動，以節省和重新分配資源至本集團其他核心業務活動。期內因終止江蘇春曉生產活動而導致一次性物業、廠房及設備減值虧損，繼而影響本集團的財務業績。本集團最終於回顧期內錄得純虧。

本集團已於二零一九年六月二十八日完成出售江蘇春曉全部股權。此後，本集團重新配置資源及集中精力發展其核心業務活動。有關詳細資料，請參閱本公司於二零一九年六月二十七日之公告。

BUSINESS REVIEW

The business environment remained challenging during the period under review. Due to the escalating tension in the Sino-US trade dispute, the economy of the PRC was losing steam. Besides, the stringent regulatory requirements of the PRC government regarding safety and environmental protection exerted further pressure on chemical enterprises operating in the PRC. As a result of intensified market competition, a further decrease in the average selling prices of the Group's products was recorded. To cope with the challenging business environment, the Group acted swiftly to adjust its business strategies, adopted proactive sales and marketing strategies, employed a market-oriented approach to fine tune the composition of product portfolio of the Group, focused on the products with market potential for further promotion and development, and explored new markets and expand customer base constantly. As a result, the Group successfully jump-started the business performance and recaptured its market share. Both sales volume and revenue of the Group increased as compared with the corresponding period of last year. In addition, the Group is capable to source raw materials cost-effectively by adopting effective procurement strategies and thus the cost of raw materials was reduced. Coupling with the declined overall price of raw materials, the cost of raw materials of the Group decreased as compared with the corresponding period of last year. Furthermore, the Group concurrently implemented effective cost control comprehensively to enhance production efficiency. Both gross profit and gross profit margin of the Group improved significantly as compared with the corresponding period of last year. However, the Board decided to cease the production activities of Jiangsu Chunxiao Pharmaceutical & Chemical Co., Ltd. (江蘇春曉醫藥化工科技有限公司) ("Jiangsu Chunxiao"), a former wholly-owned subsidiary of the Company, in April 2019 to save and reallocate resources to other core business activities of the Group. Consequently, a one-off impairment loss on the property, plant and equipment due to cessation of production of Jiangsu Chunxiao affected the financial results of the Group. The Group eventually reported a net loss for the period under review.

The Group completed the disposal of the entire equity interest in Jiangsu Chunxiao on 28 June 2019. The Group re-allocated resources and concentrated to develop its core business activities thereafter. For further details, please refer to the announcement of the Company dated 27 June 2019.

管理層討論及分析

Management Discussion and Analysis

業務回顧 (續)

儘管於回顧期內的財務業績錄得淨虧損，但外在不明朗因素已逐漸消除，本集團的高級管理人員已掌握當前的業務局勢並採取多項有效對策，逐步改善本集團業務競爭優勢。同時，本集團已於二零一七年設立兩條新產品生產線，其中一項新產品已推出市場並為本集團期內的收益作出貢獻。截至本報告日期，本集團已獲當地有關監管機構批准銷售及製造另一項新產品，並已開始試產。本集團相信，隨著該項新產品作商業性生產，將進一步豐富本集團的產品組合，並將提升本集團垂直整合業務模式的優勢。此外，本集團已增加研發投入，以擴闊產品組合、優化產能配置和完善產品佈局策略，旨在維持其長遠業務增長。

於回顧期內，本集團已開始本公司全資附屬公司濰坊柏立化學有限公司（「濰坊柏立」）的生產設施搬遷工作。濰坊柏立的生產設施將分階段遷往本公司另一全資附屬公司濰坊濱海石油化工有限公司（「濰坊濱海」）的生產廠區內，濰坊柏立的搬遷工作可井然有序地進行，且不會對本集團整體生產和營運構成重大負面影響。本集團相信，在搬遷完成後，屆時將有效提升資源配置效益、進一步深化循環經濟生產體系，並可降低整體營運成本，以上所有成果均有利於本集團日後的業務發展。

氰基化合物及其下游產品

氰基化合物及其下游產品乃本集團的核心產品，佔本集團總營業額的92.3%。於回顧期內，儘管整體經營環境充滿挑戰以及市場競爭激烈，但有賴於積極的行銷策略推高銷量，該分部的營業額較去年同期有所上升。於回顧期內，原材料成本下降及實施有效的生產營運控制，促使該分部溢利顯著改善。本集團將繼續採取有效的行銷策略，並增加研發的投入，以帶動該分部未來增長。

BUSINESS REVIEW (Continued)

Despite the Group recorded a net loss in its financial results during the period under review, the external uncertain factors have been gradually tapered off. The Group's senior management has grasped the current business situation and implemented several effective countermeasures to improve the business competitive edges of the Group progressively. Meanwhile, the Group has constructed production lines for two new products in 2017. One of them has been launched to the market and made contribution to the Group's revenue during the period. As at the date of this report, the Group obtained approval from the relevant local authorities for sales and manufacturing of the other new product and the trial production has been commenced. The Group believes that following the commercial production of this new product, the product portfolio of the Group will be further enriched, and the advantages of a vertically integrated business model of the Group will be further enhanced. Besides, the Group has increased investment in the research and development to broaden its products portfolio, optimise its deployment of production capacity and improve the product layout strategy with an aim to sustain its long-term business growth.

During the period under review, the Group has kicked-off the relocation of the production facilities of Weifang Parasia Chem Co., Ltd. ("Weifang Parasia"), a wholly-owned subsidiary of the Company. The production facilities of Weifang Parasia will be relocated to the production site of Weifang Binhai Petro-Chem Co., Ltd. ("Weifang Binhai"), a wholly-owned subsidiary of the Company, by phases. The relocation would be carried out orderly without materially and negatively impact on the production and operation of the Group as a whole. The Group believes that upon the completion of the relocation, the resource allocation will be more effective, the circular economy production system will be further deepened, and the overall operating costs will be reduced, all of which will benefit to future business development of the Group.

Cyanide and its derivative products

Cyanide and its derivatives are the core products which accounted for 92.3% of the total revenue of the Group. During the period under review, in spite of challenging business environment and intensifying market competition, the revenue of this segment increased as compared with the corresponding period of last year on the back of higher sales volume attributable to proactive sales and marketing strategies. The combined effect of the decrease in the cost of raw materials and implementation of effective production and operation controls during the period under review resulted in significant improvement in the profit of this segment. The Group will continue to adopt effective marketing strategies and increase the investment in the research and development to drive the growth of this segment going forward.

管理層討論及分析

Management Discussion and Analysis

業務回顧 (續)

醇類產品、氯乙酸及其下游產品

本集團其餘兩類產品分部為醇類產品和氯乙酸及其下游產品，該兩類產品均通過內部自用方式對氰基化合物及其下游產品的生產發揮支撐作用。於回顧期內，醇類產品外部營業額有所下降，而氯乙酸及其下游產品分部之外部營業額則有所增加，該兩類產品分部累計佔本集團總營業額的4.7%。本集團將確保穩定充足的內部供應，並不斷提高該等分部的生產及營運效益，以加強氰基化合物及其下游產品的成本競爭力。

展望

至於二零一九年剩餘財政年度的前景，中國經濟顯示進一步放緩跡象。化工行業整合及市場競爭激烈持續對產品價格構成壓力。此外，國家對安全環境治理的要求將推高化工企業的製造成本。面對充滿挑戰的營商環境，本集團將採取審慎態度，包括專注其銷售和行銷的應變力、降低成本、改善生產力及不斷精簡營運效率等，以持續提升利潤率。與此同時，本集團將加強新產品的開發策略，通過積極開發新產品以發揮市場潛力及提升產能優化以擴大規模經濟。本集團相信，該等措施可促進本集團業務及改善業績，從而配合本集團的可持續業務發展方針。

董事會對本集團的基礎業務、發展方針和長遠前景審慎樂觀，並相信本集團日後能保持穩健和強勁的業務發展。董事會貫徹始終，一直堅持不懈地致力提高本公司股東回報。

股息

董事不建議就截至二零一九年六月三十日止六個月派付中期股息（截至二零一八年六月三十日止六個月：無）。

BUSINESS REVIEW (Continued)

Alcohol products and chloroacetic acid and its derivative products

The other two segments of products of the Group comprised alcohol products and chloroacetic acid and its derivative products, both of which are playing a supporting role in the production of cyanide and its derivative products by way of internal consumption. During the period under review, the external revenue from alcohol products decreased while the external revenue from chloroacetic acid and its derivative products increased. The aggregate revenue of these two product segments accounted for 4.7% of the total revenue of the Group. The Group will ensure sufficient internal supply stably, and continuously enhance production and operation efficiency of these segments with an aim to strengthening the cost competitiveness of cyanide and its derivative products.

Outlook

As regards to the outlook for remaining financial year of 2019, the PRC economy shows signs of further slowing. The consolidation towards the chemical industry and fierce market competition exerted pressure on product prices persistently. Besides, the requirements on safety and environmental protection governance by the state will drive up the manufacturing costs of the chemical enterprises. Against the backdrop of the challenging business environment, the Group will take prudent approach, including focusing its efforts on the sales and marketing resilience, cost reductions, productivity improvement, continuous streamlining of operational efficiency etc. in order to uplift the profit margin on an ongoing basis. In the meantime, the Group will enhance new product development strategies by proactively developing new products to tap potential markets as well as increasing the optimisation of production capacity to enhance economies of scale. The Group believes that these measures can promote business and improve the results of the Group so as to align with the Group's sustainable business development.

The Board is cautiously optimistic in the underlying business, development strategies and long-term prospects of the Group. It is believed that the Group will sustain steady and robust development in the future. It has always been part of unswerving commitment of the Board to enhance return to the shareholders of the Company.

DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

財務回顧

營業額及毛利

憑藉本集團採取有效的銷售和營銷策略，得以提高銷量並重奪市場份額，儘管市場競爭激烈導致平均銷售價格進一步下跌，本集團截至二零一九年六月三十日止六個月的營業額約為人民幣688,100,000元，較去年同期約人民幣562,000,000元增加約人民幣126,100,000元，或上升22.4%。本集團的毛利亦大幅上升至約人民幣108,400,000元，較去年同期約人民幣34,900,000元上升約人民幣73,500,000元，或上升211.0%。毛利上升的主因包括：(i)採取有效的採購策略以採購更具成本效益的原材料；(ii)整體原材料價格下降；及(iii)有效控制生產開支。截至二零一九年六月三十日止六個月的毛利率上升9.6個百分點至15.8%（截至二零一八年六月三十日止六個月：6.2%）。

出售附屬公司收益及應收一家前附屬公司款項的減值虧損

於二零一九年六月二十八日，本集團已完成出售江蘇春曉的全部註冊及實繳資本，總代價為人民幣990,000元（「出售」）。出售所得款項淨額已用作本集團的一般營運資金。有關詳情，請參閱本公司於二零一九年六月二十七日刊發的公告。於出售後，本集團就江蘇春曉欠負的過期債務進行減值測試評估，江蘇春曉於二零一九年六月三十日應付本集團的總金額約為人民幣61,273,000元，其中約人民幣41,736,000元為無抵押欠款，且在可預見的將來不大可能收回。因此，於期內確認應收該前附屬公司款項的減值虧損。

營運開支

銷售開支由去年同期約人民幣25,300,000元增加約人民幣4,400,000元至約人民幣29,700,000元，主因是運輸成本及銷售佣金開支上升。銷售開支佔本集團營業額4.3%（截至二零一八年六月三十日止六個月：4.5%）。

行政及其他營運開支達約人民幣73,300,000元，與去年同期約人民幣54,600,000元相比，上升約人民幣18,700,000元，主要原因是於回顧期內：(i)撇銷江蘇春曉的物業、廠房及設備金額約人民幣34,900,000元（截至二零一八年六月三十日止六個月：人民幣18,300,000元）；及(ii)研發費用上升。行政及其他營運開支佔本集團營業額的10.6%（截至二零一八年六月三十日止六個月：9.7%）。

FINANCIAL REVIEW

Revenue and gross profit

By virtue of the effective sales and marketing strategies adopted by the Group to boost the sales volume and recapture market shares, the revenue of the Group for the six months ended 30 June 2019 reached approximately RMB688.1 million, representing an increase of approximately RMB126.1 million or 22.4% as compared with approximately RMB562.0 million recorded in the corresponding period last year despite the average selling price decreased further caused by the keen market competition. The gross profit of the Group also increased substantially to approximately RMB108.4 million, representing an increase of approximately RMB73.5 million or 211.0% as compared with approximately RMB34.9 million recorded in the corresponding period last year. The increase in gross profit was mainly due to (i) adopting effective procurement strategies to source raw materials more cost effectively; (ii) declining in the overall price of raw materials; and (iii) controlling the production overheads effectively. The gross profit margin for the six months ended 30 June 2019 increased by 9.6 percentage points to 15.8% (six months ended 30 June 2018: 6.2%).

Gain on disposal of a subsidiary and impairment loss on amounts due from a former subsidiary

On 28 June 2019, the Group has completed the disposal of the entire registered and paid up capital of Jiangsu Chunxiao at a total consideration of RMB990,000 (the "Disposal"). The net proceeds of the Disposal has been used as general working capital of the Group. For details, please refer to the announcement of the Company dated 27 June 2019. After the Disposal, the Group has carried out an impairment test assessment for the long overdue debt owing by Jiangsu Chunxiao. The total amount due from Jiangsu Chunxiao to the Group as at 30 June 2019 was approximately RMB61,273,000, out of which an amount approximately of RMB41,736,000 is unsecured and highly unlikely recoverable in the foreseeable future. Hence, impairment loss on amounts due from this former subsidiary was recognised during the period.

Operating expenses

Selling expenses increased by approximately RMB4.4 million from approximately RMB25.3 million in the corresponding period last year to approximately RMB29.7 million. Such increase was mainly due to the increase in transportation costs and sales commission expenses. The selling expenses accounted for 4.3% of the Group's revenue (six months ended 30 June 2018: 4.5%).

Administrative and other operating expenses amounted to approximately RMB73.3 million, which increased by approximately RMB18.7 million from approximately RMB54.6 million in the corresponding period in last year. The increase was principally due to (i) the written off of property, plant and equipment of Jiangsu Chunxiao of an amount of approximately RMB34.9 million (six months ended 30 June 2018: RMB18.3 million) and (ii) an increase in research and development expenses during the period under review. The administrative and other operating expenses accounted for 10.6% of the Group's revenue (six months ended 30 June 2018: 9.7%).

財務回顧 (續)

財務成本意指銀行借款利息及來自最終控股公司的墊款的利息，財務成本較去年同期減少約人民幣1,600,000元至約人民幣1,300,000元（截至二零一八年六月三十日止六個月：人民幣2,900,000元）。由於本集團自二零一八年下半年起從最終控股公司獲得新融資，且最終控股公司的墊款利率低於銀行借款利率，促使於回顧期內的融資成本下降。

期內虧損

如前文所述，出售的收益大致上已被因出售而致的應收江蘇春曉賬款減值虧損所抵銷。然而，江蘇春曉停止生產導致須撇銷物業、廠房和設備，帶來本公司擁有人應佔本期虧損淨額約人民幣11,500,000元（截至二零一八年六月三十日止六個月：人民幣36,000,000元）。如撇除該等一次性項目的影響，本公司擁有人應佔期內溢利應達約人民幣23,500,000元。

貿易應收賬及應收票據

於二零一九年六月三十日，貿易應收賬（扣除虧損撥備）上升至約人民幣232,200,000元，與於二零一八年十二月三十一日約人民幣198,700,000元比較，上升約人民幣33,500,000元或16.9%。貿易應收賬中約74.7%乃於年內第二季產生且並未到期，而17.4%乃於年內第一季產生及7.9%的貿易應收賬過期180日。截至本報告日期，超過51.0%的貿易應收賬已在期後結清。經評估該等客戶的信用狀況後，董事認為，毋須就於二零一九年六月三十日之貿易應收賬結餘再作壞賬撥備。

於二零一九年六月三十日，應收票據款額約為人民幣119,700,000元，與於二零一八年十二月三十一日約人民幣107,800,000元比較，上升約人民幣11,900,000元或11.0%。由於所有應收票據均為銀行承兌票據，且屬免息及大部分到期期限最長為六個月，有關的付款乃由信譽良好的中國持牌銀行作出擔保。因此，董事認為，由於相關的違約風險較低，毋須計提呆賬撥備。

FINANCIAL REVIEW (Continued)

Finance costs represented interests on bank borrowing and advances from the ultimate holding company which decreased by approximately RMB1.6 million to approximately RMB1.3 million (six months ended 30 June 2018: RMB2.9 million) as compared with the corresponding period last year. As the Group obtained new finance from the ultimate holding company since the second half of 2018, the interest rate for the advances from ultimate holding company is lower than that of bank borrowing, this accounted for the decrease of finance cost during the period under review.

Loss for the period

As mentioned previously, the gain on the Disposal was almost off-set by the impairment loss on amounts due from Jiangsu Chunxiao due to the Disposal. While the cessation of production of Jiangsu Chunxiao led to the written-off of property, plant and equipment causing a net loss for the period attributable to owners of the Company amounting to approximately RMB11.5 million (six months ended 30 June 2018: RMB36.0 million). Excluding the impacts of such one-off items, the profit for the period attributable to owners of the Company should reach approximately RMB23.5 million.

Trade and bills receivable

As at 30 June 2019, trade receivables (net of loss allowance) increased to approximately RMB232.2 million, representing an increase of approximately RMB33.5 million or 16.9% as compared with approximately RMB198.7 million recorded as at 31 December 2018. About 74.7% of trade receivables were incurred in the second quarter of this year which are not yet due, 17.4% of trade receivables were incurred in the first quarter of this year and 7.9% of trade receivables are overdue over 180 days. Up to the date of this report, over 51.0% of trade receivables have been subsequently settled. After assessing the creditworthiness of these customers, the Directors considered that no further bad debt allowance was required on the balance of trade receivables as at 30 June 2019.

As at 30 June 2019, bills receivable amounted to approximately RMB119.7 million and increased by approximately RMB11.9 million or 11.0% as compared with the balance of approximately RMB107.8 million recorded as at 31 December 2018. Since all bills receivable are bank acceptance bills, which are non-interest bearing and most of them have a maximum maturity period of six months, the payments of which were guaranteed by the reputable licensed banks in the PRC. Accordingly, the Directors considered that no allowance for doubtful debt was required because of the associated low default risk.

財務回顧 (續)

短期銀行借款及來自最終控股公司的墊款

短期銀行借款乃在中國借取，按浮動利率計息及以人民幣計值。於二零一九年六月三十日，短期銀行借款為人民幣20,000,000元，與於二零一八年十二月三十一日的結欠相比沒有變化。來自最終控股公司的墊款約人民幣83,600,000元，與於二零一八年十二月三十一日的結欠約人民幣67,800,000元相比，增加約人民幣16,100,000元或23.9%。來自最終控股公司的墊款增加的主因是應付本集團的一般營運資金及應計利息。

流動資金及財務資源

截至二零一九年六月三十日止六個月，本集團之主要資金來源包括經營活動產生之淨現金流入約人民幣55,700,000元（截至二零一八年六月三十日止六個月：人民幣35,600,000元）、新增銀行借款約人民幣20,000,000元（截至二零一八年六月三十日止六個月：人民幣20,000,000元）、新增來自最終控股公司的墊款約人民幣15,000,000元（截至二零一八年六月三十日止六個月：無）、出售附屬公司所得款項淨額約人民幣1,000,000元（截至二零一八年六月三十日止六個月：無）及已收利息約人民幣200,000元（截至二零一八年六月三十日止六個月：人民幣1,100,000元）。憑藉本集團營運所得的財務資源，本集團斥資約人民幣80,500,000元（截至二零一八年六月三十日止六個月：人民幣68,000,000元）購入物業、廠房及設備、償還銀行借款人民幣20,000,000元（截至二零一八年六月三十日止六個月：人民幣54,700,000元）、支付利息約人民幣500,000元（截至二零一八年六月三十日止六個月：人民幣2,800,000元）及並無派付股息（截至二零一八年六月三十日止六個月：人民幣7,200,000元）。

於二零一九年六月三十日，本集團已抵押銀行存款及銀行與現金結餘約人民幣42,200,000元（二零一八年十二月三十一日：人民幣51,800,000元）。未償還借款總額約人民幣108,000,000元（二零一八年十二月三十一日：人民幣92,900,000元）。本集團資產負債比率（即淨借貸（扣除銀行與現金結餘及已抵押銀行存款之借款總額）與股東資金總額之比率）為5.2%（二零一八年十二月三十一日：3.2%）。由於本集團於回顧期內的經營活動有所改善，淨流動資產上升至約人民幣245,800,000元（二零一八年十二月三十一日：人民幣211,600,000元）。

FINANCIAL REVIEW (Continued)

Short-term bank borrowing and advances from the ultimate holding company

Short-term bank borrowing was raised in the PRC at floating interest rates and is denominated in Renminbi. As at 30 June 2019, short-term bank borrowing was RMB20.0 million, which was no change as compared with the balance as at 31 December 2018. The advances from the ultimate holding company amounted to approximately RMB83.6 million, representing an increase of approximately RMB16.1 million or 23.9% as compared with the balance of approximately RMB67.8 million as at 31 December 2018. The increase in advances from the ultimate holding company was mainly to finance the general working capital of the Group and accrued interest.

Liquidity and financial resources

For the six months ended 30 June 2019, the Group's primary sources of funding included the net cash inflow generated from operating activities of approximately RMB55.7 million (six months ended 30 June 2018: RMB35.6 million), newly raised bank borrowing of RMB20.0 million (six months ended 30 June 2018: RMB20.0 million), newly raised advances from the ultimate holdings company of approximately RMB15.0 million (six months ended 30 June 2018: Nil), net proceeds from the disposal of a subsidiary of approximately RMB1.0 million (six months ended 30 June 2018: Nil) and interest received of approximately RMB0.2 million (six months ended 30 June 2018: RMB1.1 million). With the financial resources generated by the Group's operations, the Group had spent approximately RMB80.5 million (six months ended 30 June 2018: RMB68.0 million) in the acquisition of the property, plant and equipment, bank borrowing repayment of RMB20.0 million (six months ended 30 June 2018: RMB54.7 million), interest paid of approximately RMB0.5 million (six months ended 30 June 2018: RMB2.8 million) and there was no dividend payment made (six months ended 30 June 2018: RMB7.2 million).

As at 30 June 2019, the Group had pledged bank deposits and bank and cash balances of approximately RMB42.2 million (31 December 2018: RMB51.8 million). The total amount of outstanding borrowings was approximately RMB108.0 million (31 December 2018: RMB92.9 million). The gearing ratio of the Group (which is represented by the ratio of net debts (total borrowings net of bank and cash balances and pledged bank deposits) to total shareholders' equity) was 5.2% (31 December 2018: 3.2%). The net current assets increased to approximately RMB245.8 million (31 December 2018: RMB211.6 million) as a result of the improved operating activities of the Group during the period under review.

財務回顧 (續)

流動資金及財務資源 (續)

憑藉本集團的財政狀況，加上來自經營活動的現金流入及由銀行和最終控股公司提供的可用信貸額度，本集團有能力應付可預見將來的資本承擔及所需的營運資金。然而，本集團將持續緊密及謹慎地管理營運資金，並會致力維持穩健之流動資金狀況，以支持未來業務擴展。

本集團在回顧期內並無運用任何金融工具作對沖用途。

資產抵押

於二零一九年六月三十日，已抵押一筆約人民幣6,800,000元（二零一八年十二月三十一日：無）之銀行存款及應收票據約人民幣6,500,000元（二零一八年十二月三十一日：無）以獲得銀行承兌票據額度；而並無其他已抵押銀行存款（二零一八年十二月三十一日：人民幣2,000,000元之銀行存款乃有關地方當局為確保遵守當地環境和安全生產守則而要求之保證金；而存有約人民幣700,000元存款的銀行賬戶已根據中國法院命令被凍結，以就訴訟案件作出保證）。

或然負債

於二零一九年六月三十日，本集團並無任何重大或然負債（二零一八年十二月三十一日：無）。

匯率波動風險

本集團之營運主要位於中國，且其資產、負債、營業額及交易均主要以人民幣、港幣及美元計值。

於回顧期內，本集團所承擔之最主要外匯波動風險，乃源自人民幣匯率變動的影響。除本集團出口銷售主要以美元計值外，本集團大部分收入及開支均以人民幣計值。然而，本集團於回顧期內並無因外幣匯率波動而在營運或資金流動狀況方面遇上任何重大困難，亦未因此而受任何重大影響。此外，於適當之時，本集團日後將就以外幣進行之交易考慮採用具成本效益之對沖方法。

FINANCIAL REVIEW (Continued)

Liquidity and financial resources (Continued)

By virtue of the Group's financial position with cash inflow generated from the operating activities and available credit facilities obtained from the banks and the ultimate holding company, the Group is capable of meeting its foreseeable capital commitments and working capital requirements. Nevertheless, the Group will continue to manage its working capital closely and cautiously and dedicate itself to keeping a sound liquidity position to support future business expansion.

During the period under review, the Group did not use any financial instruments for hedging purposes.

Pledge of assets

As at 30 June 2019, a bank deposit of approximately RMB6.8 million (31 December 2018: Nil) and bills receivable of approximately RMB6.5 million (31 December 2018: Nil) were pledged for bank acceptance bills facilities and no other pledged bank deposit (31 December 2018: RMB2.0 million bank deposit was a security deposit requested by the relevant local authority to assure compliance of local environmental and safety production practices and bank accounts with deposits of approximately RMB0.7 million were frozen to secure litigation cases under the PRC court orders).

Contingent liabilities

As at 30 June 2019, the Group had no material contingent liabilities (31 December 2018: Nil).

Exposure to fluctuations in exchange rates

The Group's operations are mainly in the PRC and its assets, liabilities, revenues and transactions are mainly denominated in RMB, Hong Kong dollars and United States dollars.

The Group's foremost exposure to the foreign exchange fluctuations was caused by the impact of RMB exchange rate movements during the period under review. Most of the Group's income and expenses are denominated in RMB except for the Group's export sales which are, in majority, denominated in United States dollars. However, the Group has not experienced any material difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the period under review. Besides, the Group will consider adoption of cost efficient hedging methods in the future foreign currency transactions as and when appropriate.

其他資料 Other Information

人力資源

於二零一九年六月三十日，本集團共有1,370名全職僱員（二零一八年十二月三十一日：1,428名全職僱員）。僱員人數減少的主因是本集團於回顧期內努力精簡業務營運減少人力需求及進行出售。

本集團已制定本身的人力資源政策及體制，務求於薪酬制度中加入獎勵及獎金，以及為僱員提供多元化之培訓及個人發展計劃。向僱員發放之酬金待遇乃按彼等的職務及當時的市場標準釐定。本集團亦同時向僱員提供員工福利，包括醫療保障及公積金。

本集團根據僱員在年度工作表現評核的評分，向僱員發放酌情花紅及獎金。本集團亦會給予僱員獎金或其他獎勵，以推動僱員個人成長及事業發展，例如向僱員提供持續培訓，以提升彼等之技術、產品知識以及對行業品質標準之認識。所有新加入本集團之僱員均須參加入職課程，另有各類可供本集團所有僱員參加之培訓課程。

本集團亦已採納購股權計劃，以獎勵及獎賞對本集團在業務方面的成就曾作出貢獻之合資格參與人士。於回顧期內，本公司並無授出購股權。

董事及最高行政人員之證券權益

於二零一九年六月三十日，本公司董事、最高行政人員（「最高行政人員」）及彼等之聯繫人於本公司股份（「股份」）及本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之相關股份及債券中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及聯交所之權益及淡倉（包括根據證券及期貨條例之有關條文任何該等董事或主要行政人員被視作或當作擁有之權益及淡倉），以及已於本公司根據證券及期貨條例第352條規定存置之登記冊中記錄，或已根據聯交所證券上市規則（「上市規則」）附錄十所載上市公司董事進行證券交易的標準守則（「標準守則」）知會本公司及聯交所之權益及淡倉如下：

HUMAN RESOURCES

As at 30 June 2019, the Group has 1,370 full-time employees (31 December 2018: 1,428 full time employees). The decrease in the number of employees was mainly due to the effort to streamline business operations of the Group resulting in manpower reduction and the Disposal during the period under review.

The Group has established its human resources policies and scheme with a view to deploying the incentives and rewards of the remuneration system which includes a wide range of training and personal development programs to the employees. The remuneration package offered to the employees was in line with his or her duties and the prevailing market terms. Staff benefits, including medical coverage and provident funds, have also been provided to the employees of the Group.

The employees would receive discretionary bonuses and monetary rewards based on their ratings in annual performance appraisals of the Group. The Group also offered rewards or other incentives to the employees in order to motivate their personal growth and career development, such as ongoing opportunities for training to enhance their technical and product knowledge as well as their knowledge of industry quality standards. All new employees of the Group are required to attend an induction course and there are also various types of training courses available to all of the Group's employees.

The Group has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. No share option of the Company has been granted during the period under review.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2019, the interests and short positions of the Directors, chief executive of the Company (the "Chief Executive") and their associates in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) and were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

董事及最高行政人員之證券權益 (續)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES (Continued)

於股份之好倉

Long position in the Shares

| 董事姓名 | 公司/相聯法團名稱 | 所持股份數目/ 股份權益 | 根據本公司 於二零零六年 十月四日採納之 購股權計劃 持有之購股權數目 Number of share options held according to share option scheme adopted by the Company on 4 October 2006 | 身份 | 佔已發行股份總額 概約百分比(%) |
|---|---|--|---|--|---|
| Name of Director | Name of company/ associated corporation | Number of Shares held/ interest in the Shares | | Capacity | Approximate % in the total issued Share |
| 劉洪亮先生 Mr. Liu Hongliang | 志峰(附註1) Cheerhill (Note 1) | 151,840,000 (附註2) (Note 2) | - | 受控法團之權益 Interest of controlled corporation | 68.55% |
| 施惠芳女士(附註3) Ms. Shi Huifang (Note 3) | - | 140,000 | 140,000 | - | 0.03% |
| 陳孝華先生(附註4) Mr. Chen Xiaohua (Note 4) | - | 72,000 | 460,000 | - | 0.06% |

附註:

Notes:

- 584,000,000股股份乃由志峰持有，其全部已發行股本由劉洪亮先生、王子江先生、郭希田先生、鄭虹女士、郭玉成先生及傅安旭先生分別最終實益擁有38%、26%、11.5%、11.5%、6.5%及6.5%。於二零一九年六月三十日，王子江先生乃執行董事，而劉洪亮先生及郭玉成先生為非執行董事。
- 由於劉洪亮先生於志峰擁有38%權益，故被視為上文附註1所述之584,000,000股股份擁有權益。
- 施惠芳女士為濰坊柏立僱員，並為執行董事王子江先生之配偶，因此為王子江先生之聯繫人。
- 陳孝華先生於二零一八年八月一日獲委任為本公司總經理。

- The 584,000,000 Shares were held by Cheerhill, the entire issued share capital of which is ultimately beneficially owned as to 38% by Mr. Liu Hongliang, 26% by Mr. Wang Zijiang, 11.5% by Mr. Guo Xitian, 11.5% by Ms. Zheng Hong, 6.5% by Mr. Guo Yucheng and 6.5% by Mr. Fu Anxu, respectively. As at 30 June 2019, Mr. Wang Zijiang is executive Director; while Mr. Liu Hongliang and Mr. Guo Yucheng are non-executive Directors.
- Mr. Liu Hongliang is deemed to be interested in 584,000,000 Shares referred to in Note 1 above by virtue of his 38% interests in Cheerhill.
- Ms. Shi Huifang is an employee of Weifang Parasia and the spouse of Mr. Wang Zijiang who is executive Director, and therefore an associate of Mr. Wang Zijiang.
- Mr. Chen Xiaohua was appointed as a general manager of the Company on 1 August 2018.

除上文所披露者外，於二零一九年六月三十日，按本公司根據證券及期貨條例第352條存置之登記冊所記錄，或根據上市規則所載標準守則已知會本公司和聯交所之資料，各董事及最高行政人員及彼等之聯繫人概無擁有或被視作擁有本公司及其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券之權益或淡倉。

Save as disclosed above, as at 30 June 2019, none of the Directors and Chief Executive, nor their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in the Listing Rules.

本公司或其任何控股公司、附屬公司或同系附屬公司於回顧期內任何時間概無訂立任何安排，令董事及最高行政人員或彼等之配偶及未滿十八歲之子女可購入本公司或其相聯法團任何股份、相關股份或債券。

At no time during the period under review, was the Company or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement that enables the Directors and the Chief Executive or their spouse and children under 18 years of age to purchase any shares or underlying shares in, or debentures of, the Company or its associated corporation.

其他資料 Other Information

主要股東

於二零一九年六月三十日，除董事外，持有本公司已發行股本5%或以上權益之下列人士，已記錄於本公司根據證券及期貨條例第336條存置之股東名冊內：

於股份之好倉

| 股東名稱 Name of shareholder | 所持股份數目／ 股份權益及權益總額 Number of Shares held/ interest in the Shares and aggregated interest | 身份 Capacity | 佔已發行股份總額 概約百分比(%) Approximate % in the total issued Share |
|-----------------------------|---|----------------|--|
|-----------------------------|---|----------------|--|

| | | | |
|----------------------------|-------------|----------------------------|--------|
| 志峰（附註） Cheerhill (Note) | 584,000,000 | 實益擁有人 Beneficiary owner | 68.55% |
|----------------------------|-------------|----------------------------|--------|

附註：

584,000,000股股份乃由志峰持有，其全部已發行股本由劉洪亮先生、王子江先生、郭希田先生、鄭虹女士、郭玉成先生及傅安旭先生分別最終實益擁有38%、26%、11.5%、11.5%、6.5%及6.5%。

除上文所披露者外，於二零一九年六月三十日，本公司並無獲任何人士知會於股份或相關股份中擁有任何根據證券及期貨條例須知會本公司之權益或淡倉，或擁有本公司根據證券及期貨條例第336條存置之登記冊中記錄之權益或淡倉。

購股權

根據二零零六年購股權計劃及二零一六年購股權計劃，購股權據此授予若干董事、本公司僱員及其他合資格參與者，使彼等有權認購本公司股本中每股面值港幣0.01元的股份。二零零六年購股權計劃已於二零一六年五月二十日到期及終止。期內根據二零零六年購股權計劃已授出但未行使的購股權變動詳情如下：

| 承授人類別 Category of grantee | 於年初尚未行使 Outstanding at beginning of year | 於期內行使 Exercised during the period | 於期內失效 Lapsed during the period | 於期末尚未行使 Outstanding at end of period |
|---|---|--|---|---|
| 施惠芳女士（附註1） Ms. Shi Huifang (Note 1) | 140,000 | — | — | 140,000 |
| 陳孝華先生（附註2） Mr. Chen Xiaohua (Note 2) | 460,000 | — | — | 460,000 |
| 僱員 Employees | 10,164,000 | — | 780,000 | 9,384,000 |
| | 10,764,000 | — | 780,000 | 9,984,000 |

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, the following person who held interests of 5% or more of the issued share capital of the Company, other than the Directors, was recorded in the register of members required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the Shares

Note:

The 584,000,000 Shares were held by Cheerhill, the entire issued share capital of which is ultimately beneficially owned as to 38% by Mr. Liu Hongliang, 26% by Mr. Wang Zijiang, 11.5% by Mr. Guo Xitian, 11.5% by Ms. Zheng Hong, 6.5% by Mr. Guo Yucheng and 6.5% by Mr. Fu Anxu, respectively.

Save as disclosed above, as at 30 June 2019, the Company has not been notified by any persons who had any interest or short position in the Shares or underlying Shares which are required to be notified to the Company under the SFO or which are recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTIONS

Under the 2006 Share Option Scheme and 2016 Share Option Scheme, share options would granted to certain Directors, employees and other eligible participants of the Company entitling them to subscribe for shares of HK\$0.01 each in the capital of the Company. The 2006 Share Option Scheme was expired and terminated on 20 May 2016. Details of the movement in outstanding share options, which have been granted under the 2006 Share Option Scheme during the period were as follows:

購股權 (續)

附註1： 施惠芳女士為執行董事王子江先生之配偶，因此為王子江先生之聯繫人。

附註2： 陳孝華先生於二零一八年八月一日獲委任為本公司總經理。

於回顧期內，並無根據二零一六年購股權計劃授出購股權。

上市公司董事進行證券交易的標準守則

本公司已採納一套操守準則，其標準不會較上市規則附錄十所載的標準守則的規定寬鬆。經本公司作出查詢後，每名董事均已確認，彼等於截至二零一九年六月三十日止六個月一直遵守標準守則及本公司有關董事進行證券交易之操守準則所載之規定標準。

由於高級管理層會因本身在本公司擔任之職務而可能擁有未公佈之股價敏感資料，故已應要求遵守標準守則及本公司有關董事進行證券交易之操守準則之規定。

購買、出售或贖回本公司之上市股份

截至二零一九年六月三十日止六個月，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市股份。

企業管治常規

據董事所知，並無任何資料可合理顯示本公司於截至二零一九年六月三十日止六個月內未有遵守或曾經不遵守載於上市規則附錄十四之企業管治守則。

提名委員會

本公司提名委員會（「提名委員會」）的主席由執行董事劉楊先生出任，其他兩名成員為獨立非執行董事梁錦雲先生及劉晨光先生。於回顧期內，並無召開提名委員會會議。

SHARE OPTIONS (Continued)

Note 1: Ms. Shi Huifang is the spouse of Mr. Wang Zijiang who is executive Director and therefore an associate of Mr. Wang Zijiang.

Note 2: Mr. Chen Xiaohua was appointed as a general manager of the Company on 1 August 2018.

During the period under review, no share option has been granted under the 2016 Share Option Scheme.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES

The Company has adopted a code of conduct with standards no less exact than those prescribed under the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by Directors. Upon enquiry by the Company, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code and the Company's code of conduct regarding securities transactions by Directors throughout the six months ended 30 June 2019.

The senior management, who, because of their offices in the Company, are likely to be in possession of unpublished price sensitive information, have been requested to comply with the provisions of the Model Code and the Company's code of conduct regarding securities transactions by Directors.

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE PRACTICES

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not during the six months ended 30 June 2019, in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") is chaired by Mr. Liu Yang, an executive Director, with Mr. Leung Kam Wan and Mr. Liu Chenguang, who are the independent non-executive Directors, as the two other members. During the period under review, no meeting has been held for the Nomination Committee.

其他資料 Other Information

薪酬委員會

本公司薪酬委員會（「薪酬委員會」）的主席由獨立非執行董事劉晨光先生出任，其他三名成員為獨立非執行董事高寶玉先生、獨立非執行董事梁錦雲先生及執行董事劉楊先生。於回顧期內，並無召開薪酬委員會會議。

審核委員會

本公司審核委員會（「審核委員會」）由三名獨立非執行董事梁錦雲先生（審核委員會主席）、高寶玉先生及劉晨光先生組成。於回顧期內，審核委員會已：(i)審閱本公司採納之會計原則及常規、上市規則、內部監控、法規遵守及財務報告事宜；(ii)審閱本公司獨立核數師的獨立性及客觀性；(iii)與本公司獨立核數師檢討核數工作的性質及範疇及有關申報責任；及(iv)審閱獨立核數師致管理層的《審核情況說明函件》，並建議董事會作出改善（如有）。審核委員會已審閱未經審核簡明財務資料。審核委員會概無就本公司於回顧期內採納之會計處理方式提出任何異議。

代表董事會
主席
劉楊

香港，二零一九年八月二十六日

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) is chaired by Mr. Liu Chenguang, an independent non-executive Director, with Mr. Gao Baoyu, an independent non-executive Director, Mr. Leung Kam Wan, an independent non-executive Director, and Mr. Liu Yang, an executive Director, as the three other members. During the period under review, no meeting has been held for the Remuneration Committee.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises the three independent non-executive Directors, namely, Mr. Leung Kam Wan (chairman of the Audit Committee), Mr. Gao Baoyu and Mr. Liu Chenguang. During the period under review, the Audit Committee had (i) reviewed the accounting principles and practices, the Listing Rules, internal controls and statutory compliance, and financial reporting matters adopted by the Company; (ii) reviewed the independence and objectivity of the independent auditor of the Company; (iii) reviewed with the independent auditor of the Company on the nature and scope of the audit and reporting obligations; and (iv) reviewed the independent auditor’s management letter and made recommendations to the Board for improvement (if any). The Audit Committee has reviewed the Unaudited Condensed Financial Information. There is no disagreement raised by the Audit Committee on the accounting treatment adopted by the Company during the period under review.

On behalf of the Board
Liu Yang
Chairman

Hong Kong, 26 August 2019



天德化工控股有限公司
TIANDE CHEMICAL HOLDINGS LIMITED

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