



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

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 976

齊心贏未來 合力闖天下

Concert Hearts Inaugurate Highminded Orientation

INTERIM REPORT
2020 中期報告

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Financial Highlights

財務摘要

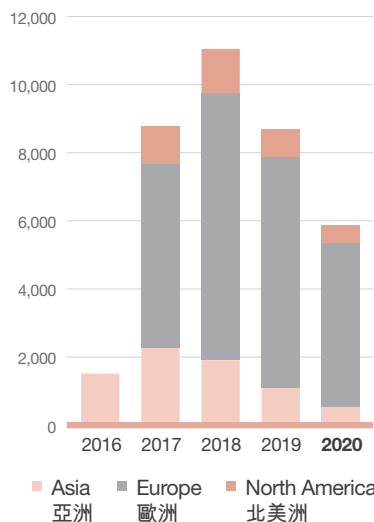
		Six months ended 30 June		
		截至六月三十日止六個月		
		2020	2019	Increase/ (Decrease)
		二零二零年	二零一九年	增加/ (減少)
		(Unaudited)	(Unaudited)	
		(未經審核)	(未經審核)	
Operating results (HK\$M)	經營業績 (百萬港元)			
Segment revenue	分部收益			
Asia	亞洲	534.3	1,094.2	(51.2%)
Europe	歐洲	4,818.7	6,911.7	(30.3%)
North America	北美洲	537.4	843.5	(36.3%)
Inter-segment sales	分部間銷售	(46.7)	(149.1)	(68.7%)
Revenue	收益	5,843.7	8,700.3	(32.8%)
Gross profit	毛利	314.4	515.6	(39.0%)
Segment (loss)/profit	分部 (虧損)/溢利			
Asia	亞洲	(114.1)	(71.5)	59.6%
Europe	歐洲	42.2	178.6	(76.4%)
North America	北美洲	(8.9)	12.0	(174.2%)
Unallocated	未分配	(95.0)	(24.6)	286.2%
(Loss)/Profit before interest and tax (EBIT)	除利息及稅項前 (虧損)/溢利	(175.8)	94.5	(286.0%)
Finance costs, net	財務成本淨額	(112.8)	(94.2)	19.7%
(Loss)/Profit before income tax	除所得稅前 (虧損)/溢利	(288.6)	0.3	(96,300.0%)
Income tax credit	所得稅抵免	0.7	0.8	(12.5%)
(Loss)/Profit for the period	期內 (虧損)/溢利	(287.9)	1.1	(26,272.7%)
(Loss)/Earnings per share attributable to shareholders of the Company (HK\$)	本公司股東應佔每股 (虧損)/盈利 (港元)	(0.17)	0.001	(14,272.1%)
Cash generated from operations	經營業務所得現金	307.3	399.5	(23.1%)
Key ratios (%)	主要財務比率 (%)			
Gross profit margin	毛利率	5.4	5.9	(0.5%)
Net (loss)/profit margin ¹	淨 (虧損)/溢利率 ¹	(4.8)	0.02	(4.8%)
EBIT/Revenue	除利息及稅項前溢利/收益	(3.0)	1.1	(4.1%)
Return on shareholders' funds ²	股東資金回報率 ²	(6.2)	0.04	(6.2%)

Financial Highlights 財務摘要

		At 30 June 2020 於二零二零年 六月三十日 (Unaudited) (未經審核)	At 31 December 2019 於二零一九年 十二月三十一日 (Audited) (經審核)	Increase/ (Decrease) 增加/ (減少)
Financial position (HK\$M)	財務狀況 (百萬港元)			
Total assets	總資產	9,474.2	10,190.0	(7.0%)
Cash and pledged bank deposits	現金及已抵押銀行存款	716.4	976.5	(26.6%)
Equity attributable to shareholders of the Company	本公司股東應佔權益	4,516.5	4,941.3	(8.6%)
Shareholders' funds per share (HK\$)	每股股東資金 (港元)	2.81	3.08	(8.8%)

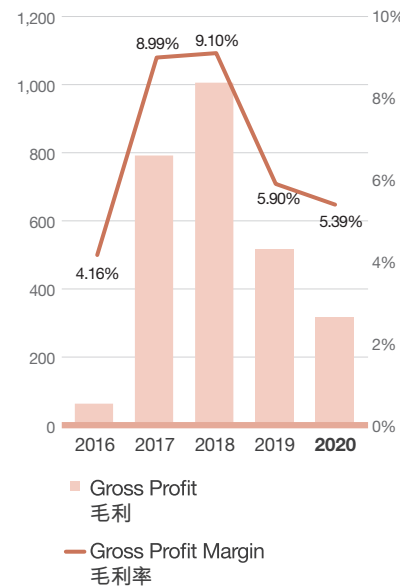
Revenue (First 6 months) 收益 (首6個月)

HK\$M
百萬港元



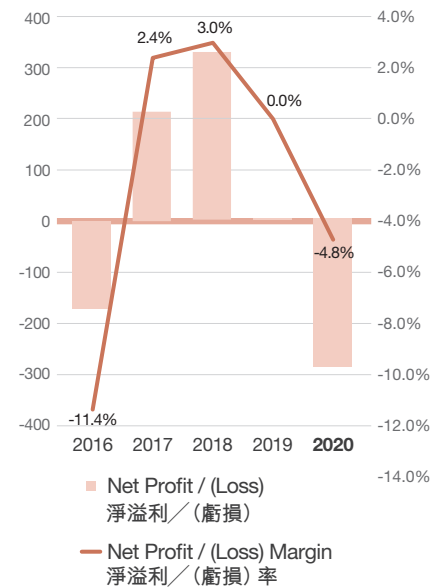
Gross Profit and Gross Profit Margin (First 6 months)³ 毛利及毛利率 (首6個月)³

HK\$M
百萬港元



Net Profit (Loss) and Net Profit (Loss) Margin (First 6 months)¹ 淨溢利 (虧損) 及淨溢利 (虧損) 率 (首6個月)¹

HK\$M
百萬港元



¹ Net (loss)/profit margin is calculated as (loss)/profit attributable to shareholders of the Company as a percentage of revenue.

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

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

¹ 淨 (虧損) / 溢利率是根據本公司股東應佔 (虧損) / 溢利佔收益的百分比計算。

² 股東資金回報率是根據本公司股東應佔溢利佔平均股東資金的百分比計算。

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

INTERIM RESULTS

The first two months of 2020 has seen renewed economic activities in Europe and US since US and China signed the Phase One trade agreement in January 2020. Our business in Europe and US was brisk and picking up from the tough 2019 which was filled with uncertainty brought by the trade disputes between the two major economic powers. However, lockdowns in part of China began in late January due to the novel coronavirus pandemic ("COVID-19") and gradually extended across the country. Our operations in China were closed for the Chinese New Year and continued to be shut until the lockdowns were gradually lifted in April. Meanwhile, the pandemic spread to other parts of the world forcing many governments to adopt various preventive lockdown measures. As recycling and waste management are considered essential industries, our operations in Europe and US were allowed to continue operations. However, many of our customers and suppliers were affected. Such measures, while essential, had adverse impact to our businesses. Accordingly, the Group reported a net loss attributable to shareholders of HK\$278.7 million for the six months ended 30 June 2020 (2019: net profit attributable to shareholders of HK\$2.0 million).

REVIEW OF OPERATIONS

Despite governments around the world imposed lockdown measures to combat the spread of COVID-19, our recycling operations are considered an essential industry and the Group was able to maintain operations in most countries where we operate. As the spread of COVID-19 in Europe and China came under control, lockdown measures were eased, and business activities resumed quicker than expected, but still have to return to the level before the pandemic. The Group's total tonnage sold and revenue decreased by 20.1% and 32.8%, respectively, during the first half of 2020 as compared to the corresponding period in 2019.

The scrap metal industry faced a turmoil period in the latter half of 2019 as industrial activities slowed down due to the prolonged US-China trade disputes, but had stabilised in the first two months of 2020, with good inflow of supplies and prices stabilised. As steel mills continued to operate during the pandemic but at reduced capacity, our operations in the Europe and North America regions were less interrupted, with tonnage sold and revenue dropped 20.7% and 30.3%, respectively, for Europe, and 21.4% and 36.3%, respectively, for the North America region as compared to corresponding period last year.

中期業績

自中美兩國於二零二零年一月簽訂首階段貿易協議以來，二零二零年首兩個月歐美經濟活動已見恢復。縱然在二零一九年的艱難時期，兩大經濟體之間的貿易糾紛帶來不確定因素，我們在歐美的業務依然暢旺。然而，由於新型冠狀病毒疫情（「COVID-19」）的影響，中國部分地區由一月下旬開始封城，並逐步擴展至全國。我們在中國的業務從春節起停止，並繼續關閉至四月封城逐步解除後恢復營運。同時，疫情蔓延至全球多國，迫使各國政府採取各種屬預防性質的封城措施。由於回收及廢物管理被視為重要行業，我們於歐美的業務獲准繼續營運。然而，我們眾多客戶及供應商均受到影響。該等措施雖然必不可少，但對我們的業務造成不利影響。因此，本集團截至二零二零年六月三十日止六個月呈報股東應佔虧損淨額為2億7,870萬港元（二零一九年：股東應佔溢利淨額為200萬港元）。

業務回顧

儘管全球各地政府實施封城措施以截斷COVID-19的傳播，本集團的回收業務被視為重要行業，本集團能夠於當地有業務的大部分國家維持營運。由於COVID-19在歐洲及中國的傳播受到控制，封城措施得以解除，而業務活動恢復速度較預期快，但距離疫前水平仍相距甚遠。與二零一九年同期相比，本集團於二零二零年上半年的總銷售量及收益分別減少20.1%及32.8%。

廢金屬行業於二零一九年下半年面對動盪時期，工業活動因中美貿易糾紛持續而放緩，但於二零二零年首兩個月已穩定下來，供應流入良好且價格穩定。由於鋼廠於疫情期間繼續營運但產能下降，我們於歐洲及北美洲地區的營運受到較少干預，歐洲的銷售量及收益分別較去年同期下跌20.7%及30.3%，而北美洲地區則分別下跌21.4%及36.3%。

REVIEW OF OPERATIONS (continued)

Our Asian operation was hit hardest from the pandemic, as our yards in South/Southeast Asia were completely shut down and could only resume business in stages, slowing our plans in ramping up the production. The lockdown in Malaysia was only lifted in June and production has since resumed. The lockdown in India begun in March 2020, and due to a lack of port staff and truck drivers, container cargoes were delayed. India lifted the lockdown in June 2020 and production has since resumed. The Thailand operation was originally scheduled to start in the first quarter of 2020, but was delayed due to travel restrictions and lockdown measures to July 2020. With the tough lockdown measures adopted in China, it was the first country to emerge from the lockdown and economic activities have been improving since then. The lost tonnage from the lockdown in other parts of Asia is partially compensated by a more matured domestic scrap steel business in China. Accordingly, the tonnage sold in Asia has dropped 6.2% during this reporting period, but revenue dropped 51.2% due to changes in sales mix, as the higher value non-ferrous metal recycling business is now handled by the South/Southeast Asia yards.

While the pandemic rages during the first half of 2020, we have cut management salaries, reduced the number of temporary staff, adopted short-time working and a series of other operative measures to help us become leaner and more efficient and to save cash.

PROSPECT

While humanity fights with the pandemic may be a prolonged battle, life goes on. We are seeing economic activities returning and the world adapting to a new normal. Masks and social distancing are now mostly accepted norms in many parts of the world. Plastic consumption increases as hygiene protection becomes a priority, plane travel is drastically reduced, some people prefer driving again over public transport to avoid the crowd, and laptops and computers enjoying good sales as more people work from home.

業務回顧 (續)

我們的亞洲業務受到疫情打擊最為嚴重，原因是我們於南亞及東南亞的工場已完全關閉，並僅可分階段恢復業務，因而拖慢我們提升生產的計劃。馬來西亞的封城措施直至二零二零年六月方獲解除，並自此恢復生產。印度的封城於二零二零年三月開始，由於港口員工及貨車司機不足，導致集裝箱貨物由港口轉移至營運場地受到延遲；印度於二零二零年六月解除封城，並自此恢復生產。泰國業務原定於二零二零年第一季度展開，但由於出行限制及封城措施，故已推遲至二零二零年七月。隨著中國採取嚴厲的封城措施，其亦為從封城措施中復甦的首個國家，經濟活動自此不斷改善。中國國內廢鋼業務於期內有所增長，故得以部分抵銷我們於亞洲其他地區因封城而損失的銷售量。因此，於本報告期間，亞洲銷售量下跌6.2%，但由於價值較高的有色金屬回收業務現時由南亞及東南亞工場處理，銷售組合變動導致收益下跌51.2%。

儘管二零二零年上半年疫情肆虐，我們已透過削減管理層薪酬、減少臨時員工、縮短工作時間及其他營運措施，以助我們更精簡、更高效及節省現金流出。

展望

人類與疫情抗擊或會是持久戰，但生活仍在繼續。我們看到經濟活動正步向復甦，世界正在適應新常態。目前，佩戴口罩、保持社交距離，是全球多個地區普遍接受的規範。由於衛生防護成為當務之急，令塑膠消耗量增加。飛機出行大幅減少，部分人士傾向於回歸自駕，免卻乘坐公共交通工具，以避開人群。因越來越多人在家工作，筆記本電腦及桌上型電腦均取得良好銷售表現。

Chairman's Statement 主席報告

PROSPECT (continued)

In the regions where we operate, China and Europe have passed their peaks with the pandemic. China's recent economic data has been encouraging, showing signs of recovery and industrial resilience. China's demand for copper and ferrous scrap are strong. Due to the import restriction by the Chinese government on imported scrap, high quality copper scraps are highly sought after and currently priced at a premium compared to other markets. Meanwhile, European Union ("EU") governments have banded together to roll out supporting and stimulus programs to stimulate the member states economies. EU also took the opportunity through the stimulus programs to encourage clean energy and electric mobility, supporting its Europe Green Deal roadmap. We see in the long run the steel making industry shifting more towards the electric arc furnace or other technologies, utilising scrap instead of ores and coke to reduce emissions.

As China gradually develops, the domestic supply of metal scraps has been growing. The car ownership in China has been increasing, and so is the number of End of Life Vehicle ("ELV"). According to Chinese Ministry of Public Security, as of the end of 2019, there are 348 million registered vehicles in China, of which 260 million are passenger cars. With the Central Government initiatives in recent years, including the recent enactment of updated ELV Administrative Policy 《報廢機動車回收管理辦法》, the Group sees it as an opportunity and at the right time to enter the massively growing Chinese ELV and metal recycling market (including the reuse and remanufacturing of auto parts and recycled materials). The Group has signed a Memorandum of Understanding with Shandong Weiqiao Pioneering Group Co., Ltd., one of the world's largest primary aluminum producers, in June 2020 to jointly develop a recycling industrial park in China Shandong Province, focusing on recycling of ELVs and mixed metal scrap. The recycling industrial park will be designed by our in-house European and Chinese engineering team with a targeted annual throughput of more than 200,000 tonnes of secondary aluminum scrap and an estimated 50,000 ELVs in the first phase. This project perfectly reflects the Group's strategy to contribute the development of a sustainable and circular economy by using recycled materials over primary ores and therefore reducing the carbon footprint.

展望(續)

在我們經營的地區，中國和歐洲已渡過疫情高峰。近期中國的經濟數據更令人鼓舞，反映復甦跡象及行業抗逆力。中國對於銅及黑色廢金屬的需求強勁。由於中國政府對進口廢料實施進口限制，高質量銅廢料備受追捧，導致目前定價較其他市場為高。同時，歐盟（「歐盟」）政府已共同推出支持及刺激經濟計劃，以刺激成員國的經濟。歐盟亦把握機遇，透過刺激經濟計劃鼓勵清潔能源及電動汽車產業，支持其歐洲綠色交易路線圖。長遠而言，我們看到煉鋼行業更加轉移至電爐或其他技術，利用經回收物料而非礦石及焦煤，從而減少廢氣排放。

隨著中國逐步發展，國內金屬廢料供應亦不斷增長。中國的汽車保有量一直增加，因此報廢機動車（「報廢機動車」）的數量亦同樣上升。根據中國公安部的資料，截至二零一九年底，中國共有3億4,800萬輛登記車輛，其中2億6,000萬輛為乘用車。隨著近年中央政府的舉措，包括最近頒佈的經更新《報廢機動車回收管理辦法》，本集團認為此刻乃進入中國日益增長的報廢機動車及金屬回收市場（包括再利用及再製造汽車零部件及再生資源）的良機。本集團已於二零二零年六月與全球最大原鋁生產商之一的山東魏橋創業集團有限公司簽訂諒解備忘錄，以於中國山東省共同發展循環產業園，專注於回收報廢機動車及混合金屬廢料。循環產業園將由我們內部的歐洲及中國工程團隊設計，第一階段目標年產量為超過200,000噸二次鋁廢料及估計50,000輛報廢機動車。該項目與本集團致力透過使用再生資源作為原料而非原生礦石，並由此減少碳足跡以發展可持續循環經濟的策略完全吻合。

PROSPECT (continued)

Our operations in Malaysia and India are gradually ramping up. We are providing masks and taking necessary preventive measures for our staff to reduce risk of health hazard. Logistics continues to be an issue but ports backlog and containers availability are improving compared to during the lockdown period. The local downstream industries are also opening up albeit slower than those in China. Due to this, we are diverting high value products from these yards to China where better prices are more likely to be achieved.

Last but not least, I would like to extend my heart-felt gratitude to the members of the Board and all our employees around the world for their loyalty, efforts, professionalism and valuable contributions, and also to our customers and partners for their priceless support and trust. Keep safe and stay healthy.

Qin Yongming

Chairman

Hong Kong, 27 August 2020

展望(續)

我們於馬來西亞及印度的業務正逐步提升。我們向員工提供口罩及採取必要預防措施，以降低健康危害風險。物流仍是一個難題，但港口積壓量及集裝箱供應均較封城期間有所改善。當地下游產業亦正在開放，儘管相比中國的下游行業，開放速度較為緩慢。因此，我們將該等工場的高價值產品轉移至中國，因為在中國更有可能實現較高的產品價格。

最後，本人謹向本公司董事會同仁及本集團全球所有員工之忠誠勤勉、專業精神與寶貴貢獻致以衷心的感謝；向客戶及其他合作夥伴對本集團的支持與信任致以衷心的感謝。保持安全、身體健康！

秦永明

主席

香港，二零二零年八月二十七日

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Revenue

The Group sold in total over 2.0 million tonnes of recycled products for the six months ended 30 June 2020, a 20.1% decrease when compared to 2.5 million tonnes sold in the first half of 2019. Revenue was HK\$5,843.7 million for this current period, representing a decrease of 32.8% compared to HK\$8,700.3 million for the same period in 2019.

The pandemic and subsequent lockdown measures in countries where we operate have resulted in a significant drop in scrap flow during the first half of 2020, with manufacturing shutdowns reducing the generation of scraps, and steel mills and foundries shutdowns lowering the consumption of scraps. Easing of lockdown measures began in late-March for China and late-April in Europe and business activities recovered gradually since then, but not yet returning to the normal level compared to the same period last year.

財務回顧

收益

本集團於二零二零年六月三十日止六個月共售出超過200萬噸再生產品，與二零一九年上半年售出的250萬噸相比，減少20.1%。於二零一九年上半年，宏觀經濟波動，對本集團造成不利影響。本期間的收益為58億4,370萬港元，較二零一九年同期的87億30萬港元減少32.8%。

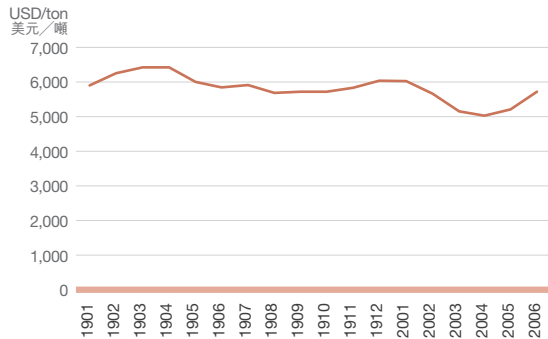
於二零二零年上半年，我們營運所在國家的疫情及其後的封城措施已導致可回收物料流量大幅減少，且停工令可回收物料生產減少，煉鋼廠及鑄造廠關閉令物料消耗下降。中國於三月底及歐洲於四月底開始逐步放寬封城措施，自此業務活動得以恢復，但與去年同期相比尚未回復正常水平。

		Six months ended 30 June 截至六月三十日止六個月				Increase/ (Decrease)
		2020 二零二零年		2019 二零一九年		增加/(減少)
		HK\$M	As a percentage of total segment revenue	HK\$M	As a percentage of total segment revenue	HK\$M
		百萬港元	佔分部收益 總額的百分比	百萬港元	佔分部收益 總額的百分比	百萬港元
Asia	亞洲	534.3	9.1%	1,094.2	12.4%	(559.9)
Europe	歐洲	4,818.7	81.8%	6,911.7	78.1%	(2,093.0)
North America	北美洲	537.4	9.1%	843.5	9.5%	(306.1)
Total segment revenue	分部收益總額	5,890.4	100%	8,849.4	100%	(2,959.0)
Inter-segment sales	分部間銷售	(46.7)		(149.1)		(102.4)
Revenue	收益	5,843.7		8,700.3		(2,856.6)

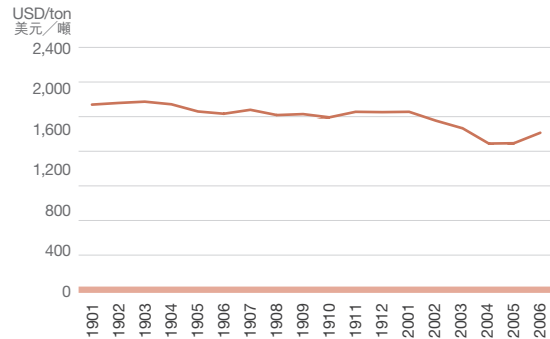
FINANCIAL REVIEW (continued)

財務回顧(續)

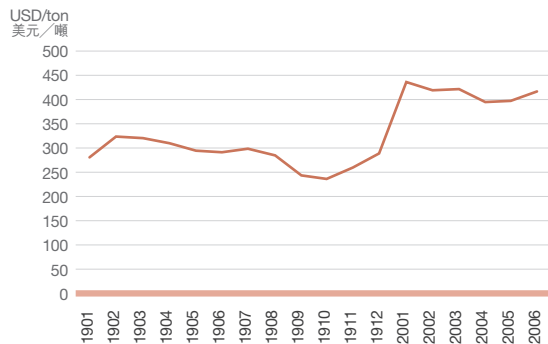
LME Copper
LME銅



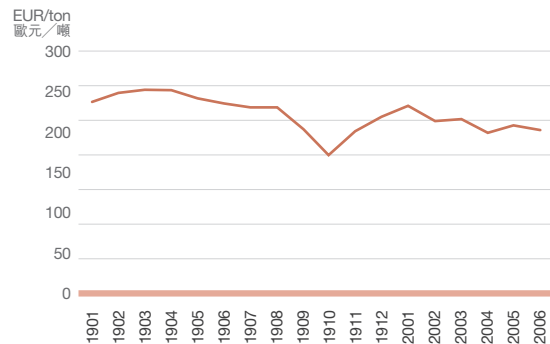
LME Aluminum
LME鋁



LME Steel Scrap
LME廢鋼



Germany BDSV (Steel Scrap)
德國BDSV (廢鋼)



Gross Profit/Margin

Gross profit for the first half of 2020 was HK\$314.4 million, a drop of 39.0% as compared to the same period last year and the gross profit margin was 5.4% (2019: 5.9%). The decrease in gross profit was partly attributable to the lower scrap prices in first half of 2020 compared to the corresponding period in 2019. Ferrous scrap prices in particular bottomed out in October 2019 and gradually recovered as the outlook of an agreement on the US-China trade disputes was on the horizon. While the lockdowns resulted in reduced inflows of scrap, it also provided support for relatively stable prices as steel mills and foundries still operating had demand for the available materials. During the lockdown in Europe and US, we temporarily restricted peddlers bringing scrap to our yards, hence affecting the higher margins old scrap inflow. This inflow has since been resumed.

毛利/毛利率

二零二零年上半年的毛利為3億1,440萬港元，較去年同期下降39.0%，及毛利率為5.4%（二零一九年：5.9%）。毛利下降，乃部分由於二零二零年上半年的廢金屬價格低於二零一九年同期。尤其是黑色廢金屬價格於二零一九年十月觸底反彈，並隨著中美貿易糾紛有望達成協議而逐步回升。儘管封城導致可回收金屬流動減少，惟其亦相對穩定的價格提供支持，原因為仍在營運的煉鋼廠及鑄造廠對可用物料有需求。於歐洲及美國封城期間，我們短暫限制商販將廢料帶入我們工場，因此影響毛利率較高的舊廢料流入。有關流入後來已恢復。

Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW (continued)

Operating expenses

Total operating expenses were HK\$542.4 million, a decrease of 2.1%, as management took rigorous cost reduction measures. As a percentage of revenue, operating expenses increased from 6.4% for the first half in 2019 to 9.3% for the same period in 2020, as fixed costs and staff salary continued to incur but business activities were reduced during the lockdown times. Short-time working was implemented where possible and assistance from governmental support programs were sought where available to help mitigating the impact from the pandemic. Our operations in most countries were allowed to continue despite the lockdown, albeit at reduced volume, as the recycling and waste management industries are considered essential industries.

財務回顧(續)

經營費用

經營費用總額為5億4,240萬港元，減少2.1%，此乃由於管理層採取嚴格的成本削減措施。經營費用佔收益的百分比由二零一九年上半年的6.4%增加至二零二零年同期的9.3%，此乃由於持續產生固定成本及員工薪金，但業務活動於封城期間減少所致。我們於可能情況下實施較短工作時間，並尋求政府支援計劃的協助(如有)，以幫助減輕疫情的影響。儘管實施封城，由於回收及廢物管理行業被視為重要行業，即使業務量有所減少，本集團於大部分國家之業務仍獲准繼續進行。

		Six months ended 30 June 截至六月三十日止六個月				Increase/ (Decrease)
		2020 二零二零年	As a percentage of revenue 佔收益的 百分比	2019 二零一九年	As a percentage of revenue 佔收益的 百分比	增加/(減少)
		HK\$M 百萬港元		HK\$M 百萬港元		HK\$M 百萬港元
Distribution and selling expenses	分銷及銷售開支	23.6	0.4%	25.1	0.3%	(1.5)
Administrative expenses	行政開支	518.8	8.9%	528.7	6.1%	(9.9)
Total	總計	542.4	9.3%	553.8	6.4%	(11.4)

FINANCIAL REVIEW (continued)

Loss/Profit Attributable to Shareholders and Loss/ Earnings Per Share

Loss attributable to shareholders of the Company for the first half of 2020 was HK\$278.7 million as compared to a profit of HK\$2.0 million for the same period last year.

Basic loss per share for the six months ended 30 June 2020 was HK\$0.17 as compared to a basic earnings per share of HK\$0.001 in the previous financial period.

Analysis of Cash Flow from Operations

The Group's cash generated from operations for the first half of 2020 was HK\$307.3 million, a decrease of 23.1% compared to first half of 2019 as operating profit decreased. The Group has been carefully managing the working capital in response to the uncertainties in the market conditions due to the pandemic.

Liquidity and Financial Resources

Shareholders' funds as at 30 June 2020 were HK\$4,516.5 million, a decline of 8.6% from 31 December 2019, and included foreign exchange losses from the depreciation of foreign currencies, namely Euros and Renminbi, against Hong Kong dollars over the current period. Shareholders' funds per share dropped slightly from HK\$3.08 as at 31 December 2019 to HK\$2.81 as at 30 June 2020.

財務回顧 (續)

股東應佔虧損／溢利及每股虧損／盈利

於二零二零年上半年，本公司股東應佔虧損為2億7,870萬港元，而去年同期為溢利200萬港元。

截至二零二零年六月三十日止六個月的每股基本虧損為0.17港元，而上一財政期間則為每股基本盈利0.001港元。

經營業務產生的現金流量分析

於二零二零年上半年本集團經營業務產生的現金為3億730萬港元，較二零一九年上半年下降23.1%，此乃由於經營溢利減少所致。本集團一直審慎管理營運資金，以應對疫情引致的市況不確定性。

流動資金與財務資源

於二零二零年六月三十日，股東資金為45億1,650萬港元，較二零一九年十二月三十一日下降8.6%，並包括本期間外幣（即歐元及人民幣）兌港元貶值產生的外匯虧損。每股股東資金由二零一九年十二月三十一日的3.08港元微跌至二零二零年六月三十日的2.81港元。

Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW (continued)

Liquidity and Financial Resources (continued)

The Group's financial resources remained stable. As at 30 June 2020, the Group had cash, various bank balances and pledged bank deposits amounting to HK\$716.4 million (31 December 2019: HK\$976.5 million). The net outflow was mainly for the repayment of external borrowings and working capital needs for the expansion of business operations.

The current ratio lowered from 1.01 as at 31 December 2019 to 0.94 as at 30 June 2020. Certain long-term borrowings were classified as current liabilities as they will be maturing within the next twelve months. Management is in active discussions with lenders and potential lenders to refinance the maturing borrowings.

Total external borrowings were approximately HK\$2,451.2 million (31 December 2019: approximately HK\$2,795.4 million). Such borrowings were mainly utilised for the purchase of mixed recycle products and working capital, and denominated in Euro, U.S. Dollar and Renminbi. Approximately HK\$1,889.0 million (31 December 2019: approximately HK\$2,102.8 million) of borrowings are at fixed interest rates.

The gearing ratio of the Group as at 30 June 2020 was 25.9% (31 December 2019: 27.4%), calculated based on the total borrowings divided by total assets.

財務回顧 (續)

流動資金與財務資源 (續)

本集團的財務資源保持穩健。於二零二零年六月三十日，本集團持有的現金、多項銀行結餘及已抵押銀行存款為7億1,640萬港元（二零一九年十二月三十一日：9億7,650萬港元）。流出淨額主要用於償還外部借款，以及業務營運擴張的營運資金需要。

流動比率由二零一九年十二月三十一日的1.01下降至二零二零年六月三十日的0.94。若干長期借款將於未來十二個月內到期，故分類為流動負債。管理層正積極與貸款人及潛在貸款人討論，為即將到期的借款再融資。

外部借款總額為約24億5,120萬港元（二零一九年十二月三十一日：約27億9,540萬港元）。該等借款主要用於購買混合再生產品及營運資金，並以歐元、美元及人民幣計值。借款約18億8,900萬港元（二零一九年十二月三十一日：約21億280萬港元）按固定利率計息。

本集團於二零二零年六月三十日的資產負債比率為25.9%（二零一九年十二月三十一日：27.4%）（根據借款總額除以資產總值計算）。

Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW (continued)

Working Capital Changes

Inventories as at 30 June 2020 were HK\$1,273.9 million (31 December 2019: HK\$1,495.9 million). The inventory turnover days for first half of the financial year was 46 days as compared to 41 days for the first half of 2019 as business activities were reduced during lockdowns.

Provisions for inventories as at 30 June 2020 were HK\$81.6 million, as compared to the provision of HK\$35.9 million as at 31 December 2019.

財務回顧(續)

營運資金變動

於二零二零年六月三十日的存貨為12億7,390萬港元(二零一九年十二月三十一日:14億9,590萬港元)。本財政年度上半年的存貨週轉日數為46天,而二零一九年上半年為41天,乃因於封城期間業務活動減少所致。

於二零二零年六月三十日的存貨撥備為8,160萬港元,而於二零一九年十二月三十一日的撥備則為3,590萬港元。

		At 30 June 2020 於二零二零年 六月三十日	At 31 December 2019 於二零一九年 十二月三十一日
Inventories (HK\$M)	存貨(百萬港元)	1,273.9	1,495.9
Average inventories as a percentage of revenue (annualised)	平均存貨佔收益百分比(年化)	11.8%	11.7%
		Six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年	2019 二零一九年
Turnover days	週轉日數	46	41

Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW (continued)

Working Capital Changes (continued)

Net trade and bills receivables as at 30 June 2020 were HK\$1,083.3 million (31 December 2019: HK\$957.3 million). Debtor turnover days for the first half of 2020 increased from 30 days to 32 days compared to the same period last year. The higher receivables balance as at 30 June 2020 was mainly due to timing of sales towards period end. The Group adopts a tight management on credit exposure.

財務回顧(續)

營運資金變動(續)

淨貿易及票據應收款項於二零二零年六月三十日為10億8,330萬港元(二零一九年十二月三十一日:9億5,730萬港元)。與去年同期相比,二零二零年上半年的應收賬款週轉日數從30天增加至32天。於二零二零年六月三十日的應收款項結餘增加,主要由於銷售時間接近期末。本集團對信貸風險實行嚴格管理。

		At 30 June 2020 於二零二零年 六月三十日	At 31 December 2019 於二零一九年 十二月三十一日
Trade and bills receivables, net (HK\$M)	淨貿易及票據應收款項(百萬港元)	1,083.3	957.3
Average receivables as a percentage of revenue (annualised)	平均應收款項佔收益百分比(年化)	8.7%	7.6%
		Six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年	2019 二零一九年
Turnover days	週轉日數	32	30

FINANCIAL REVIEW (continued)

Working Capital Changes (continued)

Trade and bills payable as at 30 June 2020 were HK\$770.0 million (31 December 2019: HK\$639.3 million). Creditor turnover days for the six months ended 30 June 2020 was 23 days (30 June 2019: 23 days).

財務回顧 (續)

營運資金變動 (續)

貿易及票據應付款項於二零二零年六月三十日為7億7,000萬港元(二零一九年十二月三十一日: 6億3,930萬港元)。截至二零二零年六月三十日止六個月的應付賬款週轉日數為23天(二零一九年六月三十日: 23天)。

		At 30 June 2020 於二零二零年 六月三十日	At 31 December 2019 於二零一九年 十二月三十一日
Trade and bills payables (HK\$M)	貿易及票據應付款項 (百萬港元)	770.0	639.3
		Six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年	2019 二零一九年
Turnover days	週轉日數	23	23

Treasury Policies

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

財政政策

本集團的財政政策旨在紓緩本集團環球營運所造成的商品價格及外幣匯率波動影響。於日常業務過程中，本集團主要以期貨合約對沖商品風險及以外匯遠期合約對沖外匯風險。本集團的政策是不參與投機性的衍生交易。

Capital Expenditure

For the six months ended 30 June 2020, the Group invested HK\$153.0 million in tangible assets including machinery and equipment, leasehold improvements, office equipment for improving production efficiency (30 June 2019: HK\$285.4 million). These capital expenditures were financed through internal resources and lease arrangements.

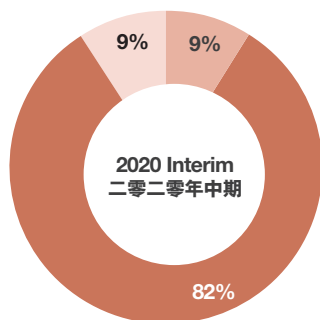
資本開支

截至二零二零年六月三十日止六個月，本集團於有形資產投資1億5,300萬港元，包括機器及設備、租賃物業裝修、辦公室設備以提高生產效率(二零一九年六月三十日: 2億8,540萬港元)。該等資本開支均以內部資源及租賃安排提供資金。

Management Discussion and Analysis 管理層討論及分析

BUSINESS REVIEW

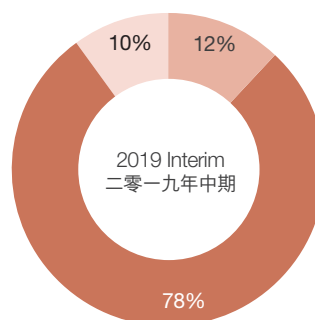
Revenue by Regions



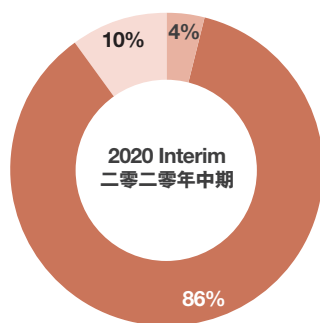
■ Asia 亞洲
■ Europe 歐洲
■ North America 北美洲

業務回顧

按地區劃分的收益

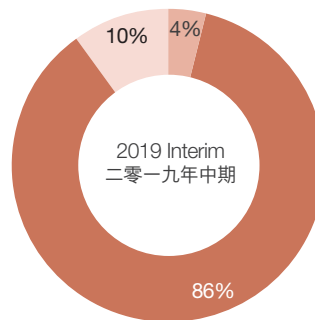


Sales Quantity by Regions



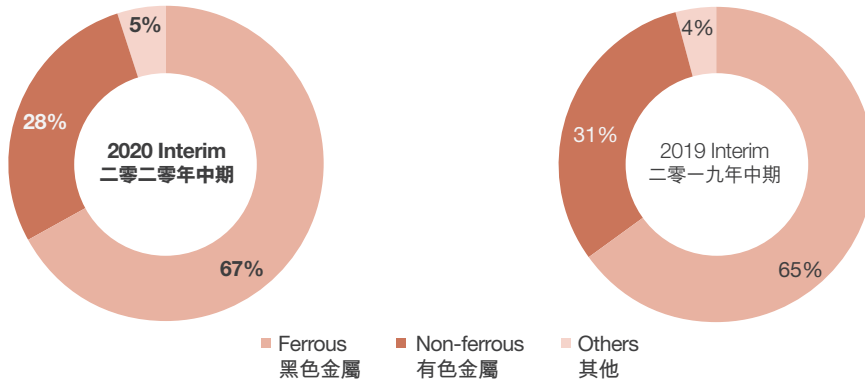
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■ Europe 歐洲
■ North America 北美洲

按地區劃分的銷售量



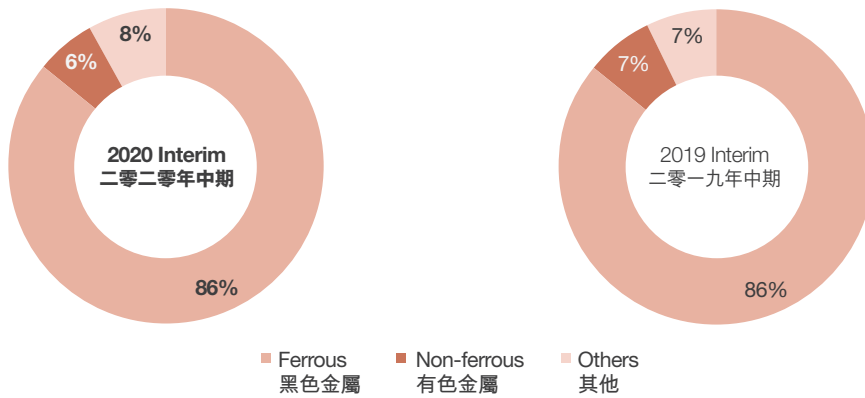
BUSINESS REVIEW (continued)
Revenue by Products

業務回顧(續)
按產品劃分的收益



Sales Quantity by Products

按產品劃分的銷售量



Management Discussion and Analysis 管理層討論及分析

BUSINESS REVIEW (continued)

Operational Performance

The Group continued to operate in our long established markets and expanded into new markets in South/Southeast Asia. Through the geographic diversification, we are in a good position to mitigate the risks of depending overly on a single market. We are among the processing and technology leaders in ferrous and non-ferrous metal recycling worldwide. We own many advanced processing technologies in scrap metal shredding and post-shredding processing.

Europe

Our Europe segment provides all steps in recycling mixed metal scraps and is equipped with one-stop shop services for collecting, gathering, sorting, processing and trading.

Our scrap metal shredding services is including cleaning, sorting, shearing, shredding, baling, crushing, blending and briquetting. In post shredding technologies, we are able to achieve a approximately 97% recovery rate for ELV, ranking as a world leader (95% recycling rate is the existing recovery target under the European Union directive).

The Europe segment sold 1.72 million tonnes of recycled products for the six months ended 30 June 2020, a drop of 20.7% compared to the corresponding period in 2019 of 2.17 million tonnes. Segment revenue was HK\$4,818.7 million, decreased by 30.3% against the first half of 2019. Steel producers in Europe have been hit by a general decline in steel consumption following the shutdowns and by disrupted supply chains. Crude steel produced in the first half of 2020 were down by 18.7% as compared to the same period in 2019. The European automotive manufacturing industry also slowed down, as the number of newly registered passenger cars for the first half of 2020 was 39% less than the corresponding period in 2019, affecting the volume of production scrap coming back into circulation.

業務回顧 (續)

營運表現

本集團繼續於其經營多年的市場營運，同時向南亞及東南亞等新市場拓展。透過地域多元化，在減輕過度依賴單一市場的風險方面，我們處於有利位置。我們是全球黑色及有色金屬回收處理及技術領導者之一，我們擁有多項先進的再生金屬破碎和破碎後處理技術。

歐洲

我們的歐洲分部提供回收混合再生金屬的所有工序，配備集收集、集中、分類、處理及買賣於一體的一站式服務。

我們的再生金屬破碎服務包括清潔、分類、剪切、破碎、打包、壓碎、混合及壓塊。在破碎後處理技術方面，我們能達到報廢機動車約97%的回收率，位居全球之冠（95%的回收率是歐盟指令的現有回收目標）。

截至二零二零年六月三十日止六個月，歐洲分部售出172萬噸再造產品，較二零一九年同期的217萬噸下跌20.7%。分部收入為48億1,870萬港元，較二零一九年上半年減少30.3%。歐洲的鋼鐵生產商受到停工後鋼鐵消耗量減少及供應鏈中斷的打擊。二零二零年上半年生產的粗鋼較二零一九年同期減少18.7%。由於二零二零年上半年新登記的乘用車數量較二零一九年同期下跌39%，歐洲汽車製造業亦有所放緩，影響生產廢料重新投入使用。

BUSINESS REVIEW (continued)

Europe (continued)

Scrap prices for the first half of 2020 remained at a low level since the reduction in the second half of 2019. While the volume in new industrial scrap declined due to the decreased industrial production, the old scrap inflow recovered better as peddlers and collectors resumed supplying to our yards following the lifting of the lockdowns. Gross profit for the period, therefore, only reached HK\$322.6 million, a decrease of 33.5% compared with the same period last year. Gross profit margin for the period dropped slightly from 7.0% in the first half of 2019 to 6.7% in the current period.

Segment profit for the period was HK\$42.2 million (2019: HK\$178.6 million). Intensive cost cutting measures, including temporary work reduction and people optimisation, were implemented also preserving liquidity during the turbulent times. Apart from margin control, several business improvement initiatives have been initiated to mitigate the market downturn in the first half of 2020, including yard network reorganisations and restructuring plans at certain locations, operation improvement workshops to increase our yards' efficiencies, and applying for pandemic-related governmental programs supporting private sectors and employment.

業務回顧 (續)

歐洲 (續)

廢料價格由二零一九年下半年開始低迷，至二零二零年上半年一直處於低位。儘管新工業廢料量因工業產量下降而減少，惟隨著封城措施解除，商販及回收商恢復對我們工場的供應，故舊廢料流入量更快回升。因此，期內毛利僅達到3億2,260萬港元，較去年同期減少33.5%。期內毛利率由二零一九年上半年的7.0%輕微下跌至本期間的6.7%。

期內分部溢利為4,220萬港元（二零一九年：1億7,860萬港元）。我們在現時動盪時期已實施強力的成本削減措施，包括暫時減少工作及優化人員，亦保留流動資金。除控制溢利率外，我們已採取多項業務改善措施，以緩解二零二零年上半年的市場衰退，包括於若干地區進行場地網絡重組及架構重整計劃、舉行營運改善研討會以提高我們堆場的效率，以及申請為支持私營企業及就業而推出與疫情相關的政府計劃。

Management Discussion and Analysis 管理層討論及分析

BUSINESS REVIEW (continued)

North America

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

For the six months ended 30 June 2020, the North America segment sold 0.19 million tonnes, as compared to 0.25 million tonnes for the first half of 2019. Segment revenue was HK\$537.4 million for the period, a decline of 36.3% against the same period last year. Similar to Europe, the steel and automotive productions were affected as the demand weakened with the ongoing pandemic. Crude steel production in the US reduced by 17.6% compared to first half of 2019, and sales of light vehicles fell by 23% compared to same period last year.

Segment gross profit and gross profit margin was HK\$49.1 million and 9.1%, respectively, for the period, as compared to HK\$60.9 million and 7.2%, respectively, for the first half of 2019.

While intensive cost cutting and people optimising measures were also implemented to our North America operation to mitigate the impact brought about by the pandemic, the low sales tonnage has inevitably turned the segment profit of HK\$12.0 million for first half of 2019 to a loss of HK\$8.9 million for this period in 2020.

業務回顧 (續)

北美洲

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

截至二零二零年六月三十日止六個月，北美洲分部售出19萬噸，而二零一九年上半年為25萬噸。期內分部收益為5億3,740萬港元，較去年同期下降36.3%。與歐洲情況相近，鋼鐵及汽車生產因疫情持續令需求減弱而受到影響。美國粗鋼產量較二零一九年上半年減少17.6%，輕型汽車銷售額較去年同期下跌23%。

期內，分部毛利及毛利率分別為4,910萬港元及9.1%，而二零一九年上半年則分別為6,090萬港元及7.2%。

儘管我們的北美業務亦實施強力的成本削減及人員優化措施，以減輕疫情帶來的影響，但由於銷售量低，導致二零一九年上半年的分部溢利1,200萬港元，無可避免地於二零二零年期內轉為虧損890萬港元。

BUSINESS REVIEW (continued)

Asia

Our Asia operation focuses on recycling of mixed metal, in particular e-motor dismantling, waste electrical and electronic equipment (WEEE) and waste oil. Our major production facilities in Asia include China (Hong Kong, Taizhou and Yantai), Malaysia, India, and expanded into Thailand in the current period.

The sales tonnage for the Asia segment decreased by approximately 6.2% from 0.094 million tonnes for the first half of 2019 to 0.088 million tonnes in the current period. Our Asian businesses were also affected by complete lockdowns firstly in China and then in South/Southeast Asia, but a growing domestic scrap steel business in China has compensated for the lost tonnage during lockdowns.

As more ferrous scraps were sold in the current period, while our high-value non-ferrous sales were interrupted by the lockdowns of our yards in the South/Southeast Asia, segment revenue has dropped 51.2% from HK\$1,094.2 million to HK\$534.3 million as compared to the first half of previous year.

The bearish scrap prices, delayed sales and reduced sales volume during the lockdown period have hampered our margin, resulted in a gross loss for the Asia segment. The gross loss for the period was HK\$47.1 million, representing a gross loss margin of 8.8%, as compared to a gross loss of HK\$21.4 million and a gross loss margin of 2.0% for the same period in 2019. Hence, the Asia segment reported a segment loss of HK\$114.1 million for the current period (2019: segment loss of HK\$71.5 million).

業務回顧 (續)

亞洲

我們於亞洲的業務著重回收混合金屬，特別是電動電機拆解、廢電器電子設備，以及廢油。我們位於亞洲的主要生產基地包括中國（香港、台州及煙台）、馬來西亞、印度，並於本期間擴展至泰國。

亞洲分部的銷售噸位由二零一九年上半年的9.4萬噸減少約6.2%至本期間的8.8萬噸。我們的亞洲業務亦受到首先於中國完全封城，繼而於南亞及東南亞封城帶來的影響，但中國日益增長的國內廢鋼業務已彌補封城期間損失的銷售噸數。

由於本期間銷售更多黑色廢金屬，而我們的高價值有色廢金屬銷售因我們於南亞及東南亞場地關閉而中斷，分部收益較去年上半年由10億9,420萬港元減少51.2%至5億3,430萬港元。

廢料價格下跌、銷售延遲，加上於封城期間銷量減少，影響期內毛利率並導致亞洲分部出現毛損。期內毛損為4,710萬港元，毛損率為8.8%，而二零一九年同期則為毛損2,140萬港元及毛損率2.0%。因此，亞洲分部於本期間錄得分部虧損1億1,410萬港元（二零一九年：分部虧損7,150萬港元）。

Management Discussion and Analysis 管理層討論及分析

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2020, the Group had pledged certain property, plants and equipment, right-of-use assets, investment properties, inventories, trade receivables and bank deposits with an aggregate carrying value of approximately HK\$4,111.6 million (31 December 2019: approximately HK\$3,807.4 million) to secure its certain borrowings and general banking facilities granted to the Group.

As at 30 June 2020, the Group had capital commitments for the acquisition of property, plant and equipment and additions in construction in progress which are contracted, but not provided for in the amount of HK\$19.7 million (31 December 2019: HK\$128.9 million).

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

The Group has provided a financial guarantee of HK\$1.1 million (31 December 2019: HK\$1.2 million) to a related party.

A writ of summons was issued by Delco Participation B.V. (“Delco”), as plaintiff, on 21 December 2015 in the High Court of Hong Kong (High Court Action No. 3040 of 2015, “HCA 3040/2015”), followed by an amended writ on 5 December 2016, against the Company and Mr. Fang Ankong (“Mr. Fang”) as defendants for a sum of HK\$57.8 million together with interest and costs. The claim relates to an alleged non-payment of a portion of the loans advanced by Delco Asia Company Limited (“Delco Asia”) to subsidiaries of the Company in accordance with the terms of a shareholders loan assignment dated 24 June 2010 between, amongst others, Delco Asia and the Company. The Company filed its defence on 23 September 2016. An amended writ of summons was filed by Delco on 5 December 2016, adding Fang Ankong (“Fang”) as a defendant to the proceedings. The Company filed its amended defence on 13 December 2016 and the Plaintiff filed its amended reply to the Company’s defence on 21 December 2016. The case is still in progress.

資本承擔及或然負債

於二零二零年六月三十日，本集團抵押賬面總值約41億1,160萬港元（二零一九年十二月三十一日：約38億740萬港元）的若干物業、廠房及設備、使用權資產、投資物業、存貨、貿易應收款項及銀行存款，為授予本集團之若干借款及一般銀行融資作擔保。

於二零二零年六月三十日，本集團有關收購物業、廠房及設備及添置在建工程的已訂約但未撥備的資本開支金額為1,970萬港元（二零一九年十二月三十一日：1億2,890萬港元）。

於本報告日期，除下文所披露者外，董事會概無知悉有任何重大或然負債。

本公司已向一名關聯方提供金融擔保110萬港元（二零一九年十二月三十一日：120萬港元）。

Delco Participation B.V.（「Delco」）作為原告於二零一五年十二月二十一日以本公司及方安空先生（「方先生」）作為被告索償利息及成本5,780萬港元向香港高等法院提交訴狀（高院案例二零一五年第3040號，「HCA 3040/2015」），並於二零一六年十二月五日提交修訂傳票。該索償聲稱未根據（其中包括）Delco Asia Company Limited（「Delco Asia」）與本公司於二零一零年六月二十四日訂立的股東貸款轉讓條款支付Delco Asia向本公司子公司墊付貸款的部分款項。本公司已於二零一六年九月二十三日提出抗辯。Delco於二零一六年十二月五日提交修訂訴狀，加入方安空先生（「方先生」）為法律程序之被告。本公司已於二零一六年十二月十三日提出經修訂抗辯，而原告於二零一六年十二月二十一日對本公司抗辯提交經修訂答辯。案件仍在進行中。

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Each of Mr. Fang, a former director of the Company, and HWH Holdings Limited (“HWH”), undertook to the Company to indemnify and hold harmless on demand (on an after-tax basis) the Company against all losses arising out of, inter alia, HCA 3040/2015 in accordance with the terms of a letter of indemnity signed by Mr. Fang and HWH in favour of the Company on 17 December 2015. Such indemnity was previously secured by a sum, including the amount of HK\$57.8 million in an escrow account set up by HWH, and is now subject to a Mareva injunction granted by the Court on 30 October 2019 until the determination of, inter alia, HCA3040/2015 or further order of the Court. As such, the Board does not consider HCA 3040/2015 to be a claim of material importance.

A writ of summons was issued by Delco as plaintiff on 10 November 2016 in the High Court of Hong Kong (High Court Action No. 2939 of 2016, “HCA 2939/2016”) against the Company as the 1st defendant, Chiho-Tiande (HK) Limited (“CTHK”), a wholly-owned subsidiary of the Company, as the 2nd defendant, HWH as the 3rd defendant, and Mr. Fang as the 4th defendant. So far as the Company and its subsidiaries are concerned, Delco claimed against the Company for damages for an alleged breach of a letter of undertaking dated 3 March 2015 in relation to a convertible bond issued by the Company and subscribed for by Delco on 1 March 2012. Delco further claimed against CTHK for a sum of US\$1.0 million, allegedly advanced by Delco Asia to CTHK on or around 16 April 2009. Delco further claims interests, costs and further or other relief. The Company and CTHK filed their defence on 24 March 2017 and the plaintiff filed its reply to the Company and CTHK’s defence on 20 June 2017. The case is still in progress.

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

資本承擔及或然負債(續)

方先生(本公司前任董事)及HWH Holdings Limited(「HWH」)各自向本公司承諾，根據方先生與HWH以本公司為受益人於二零一五年十二月十七日簽署的彌償函件的條款，彌償本公司因(其中包括)HCA 3040/2015產生的所有損失及使本公司免受損失(按除稅後基準)。有關彌償先前由一筆款項作抵押(包括由HWH開設之託管賬戶內5,780萬港元的金額)，而目前受法院於二零一九年十月三十日頒佈的資產凍結令所規限，直至(其中包括)HCA3040/2015的裁決或法院進一步頒令為止。因此，董事會認為HCA 3040/2015並非重大申索。

Delco作為原告於二零一六年十一月十日以本公司作為第一被告；本公司的全資子公司齊合天地(香港)有限公司(「齊合天地香港」)作為第二被告；HWH作為第三被告；及方先生作為第四被告向香港高等法院提交訴狀(高院案例二零一六年第2939號，「HCA 2939/2016」)。據本公司及其子公司所知，Delco就指稱違反日期為二零一五年三月三日的承諾函(內容關於二零一二年三月一日本公司發行及Delco認購可換股債券)的損害向本公司索償。Delco進一步向齊合天地香港索償100萬美元，其指稱由Delco Asia於二零零九年四月十六日或前後向齊合天地香港墊付該款項。Delco進一步索償利息、費用及更多或其他濟助。本公司及齊合天地香港於二零一七年三月二十四日提出抗辯，而原告於二零一七年六月二十日向本公司及齊合天地香港的抗辯提交答辯。案件仍在進行中。

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

Management Discussion and Analysis 管理層討論及分析

RISK MANAGEMENT

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

On 1 August 2020, the Group adopted a commodity price risk hedging policy which the Board believes is suitable for the current operating conditions. The commodity price risk hedging policy is posted on the Company's website, www.chihogroup.com.

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

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

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

風險管理

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

於二零一八年八月一日，本集團採納商品價格風險對沖政策，董事會認為其較適合現行營運狀況。有關商品價格風險對沖政策的詳情已發佈於本公司網站www.chihogroup.com。

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

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had a workforce of 2,885 employees. In addition, we engaged approximately 289 workers and office staff through local contractors. We have not experienced any strikes, work suspension or significant labor disputes which have affected our operations in the past. We have not experienced any significant difficulties in recruiting and retaining qualified staff. We continue to maintain good relationships with our employees.

The Group's total staff costs for the current interim period were approximately HK\$497.3 million. The remuneration packages of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of the employees of the Group is determined by reference to market standards, individual performance and their respective contribution to the Group.

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

僱員及薪酬政策

於二零二零年六月三十日，本集團共有2,885名僱員。此外，我們透過當地承包商僱用約289名工人以及辦公人員。我們過去並無經歷任何影響經營的罷工、停工或重大勞資糾紛。我們在招聘及挽留合資格僱員方面亦無遇到任何重大困難。我們與僱員一直維持良好的關係。

本集團的本中期期間員工成本總額為約4億9,730萬港元。員工薪酬組合包括基本薪金、強制性公積金、保險及其他合適福利。本集團僱員的薪酬乃參考市場標準、個人表現及其各自對本集團貢獻而定。

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

Management Discussion and Analysis 管理層討論及分析

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

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

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

投資者關係及與股東的溝通

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

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

Disclosure of Interests 權益披露

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

As at 30 June 2020, the interests or short positions of the Directors and Chief Executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

董事及主要行政人員於本公司及其相聯法團的股份、相關股份及債券的權益及淡倉

於二零二零年六月三十日，本公司董事及主要行政人員於本公司或其任何相聯法團（定義見《證券及期貨條例》（「證券及期貨條例」）第XV部）的股份（「股份」）、相關股份及債券中擁有本公司須根據證券及期貨條例第352條須予存置的登記冊中所記錄或根據上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及香港聯合交易所有限公司（「聯交所」）的權益或淡倉如下：

Name of Director 董事姓名	Capacity/Nature of Interest 身份／權益性質	Long position (L)/ Short position (S) 好倉(L)／淡倉(S)	Total number of Shares interested 持有權益的股份總數	Approximate percentage of shareholding in the Company (Note 1) 佔本公司股權 概約百分比 (附註1)
Mr. Tu Jianhua 涂建華先生	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Dr. Loke Yu 陸海林博士	Beneficial owner 實益擁有人	L	730,000	0.05%

Notes:

(1) As at 30 June 2020, the total number of issued Shares of the Company was 1,605,152,291 Shares.

附註：

(1) 於二零二零年六月三十日，本公司已發行股份的總數為1,605,152,291股股份。

Disclosure of Interests 權益披露

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

Notes: (continued)

- (2) The 1,008,885,181 Shares were held by the USUM Investment Group Hong Kong Limited ("USUMHK"), a company in which Mr. Tu Jianhua ("Mr. Tu") was indirectly interested. USUMHK is directly wholly owned by USUM Investment Group Limited ("USUM Group"), a limited liability company incorporated in the PRC. The single largest shareholder of USUM Group is Loncin Holdings Co., Ltd. ("Loncin Holdings"), with an equity interest in USUM Group of 53.29%. The remaining equity interests in USUM Group are held by 13 individuals and 27 companies, all of whom are independent third parties of Loncin Holdings and Mr. Tu, and they each hold between 0.29% to 10% equity interests in USUM Group. Loncin Holdings is 98% owned by Loncin Group Co., Ltd. ("Loncin Group") and 2% owned by Mr. Tu. Loncin Group is 98% owned by Mr. Tu; 1% owned by Ms. Tu Jianmin and 1% owned by Ms. Tu Jianrong, both being sisters of Mr. Tu. USUMHK held 1,008,885,181 Shares as at 30 June 2020. Therefore, Mr. Tu was deemed to be interested in the Shares held by USUMHK pursuant to the SFO.

Save as disclosed above, as at 30 June 2020, none of the Directors and Chief Executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

附註：(續)

- (2) 1,008,885,181股股份乃由渝商投資集團(香港)有限公司(「渝商香港」)持有，渝商香港為一間涂建華先生(「涂先生」)間接擁有權益的公司。渝商香港由渝商投資集團股份有限公司(「渝商集團」)直接全資擁有，渝商集團為一間於中國註冊成立之有限公司。渝商集團的最大單一股東為隆鑫控股有限公司(「隆鑫控股」)，其於渝商集團的股本權益為53.29%。渝商集團的餘下股本權益由13名個人及27間公司持有，該等個人及公司均為隆鑫控股及涂先生的獨立第三方，並分別持有渝商集團0.29%至10%之股權。隆鑫控股分別由隆鑫集團有限公司(「隆鑫集團」)擁有98%及涂先生擁有2%。隆鑫集團由涂先生擁有98%；由涂建敏女士及涂建容女士(均為涂先生的姊妹)分別擁有1%。於二零二零年六月三十日，渝商香港持有1,008,885,181股股份。因此，根據證券及期貨條例，涂先生被視為於渝商香港持有的股份中擁有權益。

除上文所披露外，於二零二零年六月三十日，本公司董事及主要行政人員概無於本公司或其任何相聯法團之股份、相關股份或債券中擁有須根據證券及期貨條例第XV部第7及8分部須予知會本公司及聯交所(包括根據證券及期貨條例有關條文規定，彼等被當作或視作擁有之權益或淡倉)；或本公司根據證券及期貨條例第352條須予存置之登記冊中所記錄；或根據標準守則須予知會本公司及聯交所之任何權益或淡倉。

Disclosure of Interests 權益披露

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

As at 30 June 2020, the interests and short positions of the persons, other than the Directors and Chief Executives of the Company, in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

主要股東於本公司的股份及相關股份的權益及淡倉

於二零二零年六月三十日，除本公司董事及主要行政人員外，以下人士於本公司股份及相關股份中擁有須根據證券及期貨條例第336條須予存置之登記冊中所記錄的權益及淡倉如下：

Name of Substantial Shareholder 主要股東名稱／姓名	Capacity/Nature of Interest 身份／權益性質	Long position (L)/ Short position (S) 好倉(L)/淡倉(S)	Total number of Shares interested 持有權益的股份總數	Approximate percentage of Shareholding in the Company (Note 1) 佔本公司股權 概約百分比 (附註1)
USUM Investment Group Hong Kong Limited 渝商投資集團(香港)有限公司	Beneficial owner 實益擁有人	L	1,008,885,181 (Note 2) (附註2)	62.85%
USUM Investment Group Limited 渝商投資集團股份有限公司	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Loncin Holdings Co., Ltd. 隆鑫控股有限公司	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Loncin Group Co., Ltd. 隆鑫集團有限公司	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Mr. Tu Jianhua 涂建華先生	Interest in controlled corporations 於受控制法團之權益	L	1,008,885,181 (Note 2) (附註2)	62.85%
Tai Security Holding Limited	Beneficial owner 實益擁有人	L	98,773,990 (Note 3) (附註3)	6.15%
Good Union Hong Kong Investment Limited 星滙香港投資有限公司	Beneficial owner 實益擁有人	L	44,700,000 (Note 4) (附註4)	2.78%
Mr. Zhang Mingjie 張明杰先生	Interest in controlled corporations 於受控制法團之權益	L	143,473,990 (Notes 3 & 4) (附註3及4)	8.94%

Disclosure of Interests 權益披露

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

Notes:

- (1) As at 30 June 2020, the total number of issued Shares of the Company was 1,605,152,291 Shares.
- (2) The 1,008,885,181 Shares were held by the USUMHK, a company in which Mr. Tu was indirectly interested. USUMHK is directly wholly owned by USUM Group, a limited liability company incorporated in the PRC. The single largest shareholder of USUM Group is Loncin Holdings, with an equity interest in USUM Group of 53.29%. The remaining equity interests in USUM Group are held by 13 individuals and 27 companies, all of whom are independent third parties of Loncin Holdings and Mr. Tu, and they each hold between 0.29% to 10% equity interests in USUM Group. Loncin Holdings is 98% owned by Loncin Group and 2% owned by Mr. Tu. Loncin Group is 98% owned by Mr. Tu; 1% owned by Ms. Tu Jianmin and 1% owned by Ms. Tu Jianrong, both being sisters of Mr. Tu. USUMHK held 1,008,885,181 Shares as at 30 June 2020. Therefore, Mr. Tu was deemed to be interested in the Shares held by USUMHK pursuant to the SFO.
- (3) The 98,773,990 Shares were held by Tai Security Holding Limited ("Tai Security") as beneficial owner and Tai Security is directly wholly-owned by Mr. Zhang Mingjie as at 30 June 2020. Therefore, Mr. Zhang was deemed to be interested in the same number of Shares as held by Tai Security pursuant to the SFO.
- (4) The 44,700,000 Shares were held by Good Union Hong Kong Investment Limited ("Good Union") as beneficial owner and Good Union is directly wholly-owned by Mr. Zhang as at the 30 June 2020. Therefore, Mr. Zhang Mingjie was deemed to be interested in the same number of Shares as held by Good Union pursuant to the SFO.

主要股東於本公司的股份及相關股份的權益及淡倉 (續)

附註：

- (1) 於二零二零年六月三十日，本公司已發行股份的總數為1,605,152,291股股份。
- (2) 1,008,885,181股股份乃由渝商香港持有，渝商香港為一間由涂先生間接擁有權益的公司。渝商香港由渝商集團直接全資擁有，渝商集團為一間於中國註冊成立之有限公司。渝商集團的最大單一股東為隆鑫控股，其於渝商集團的股本權益為53.29%。渝商集團的餘下股本權益由13名個人及27間公司持有，該等個人及公司均為隆鑫控股及涂先生的獨立第三方），並分別持有渝商集團0.29%至10%之股權。隆鑫控股分別由隆鑫集團擁有98%及涂先生擁有2%。隆鑫集團由涂先生擁有98%；由涂建敏女士及涂建容女士（均為涂先生的姊妹）分別擁有1%。於二零二零年六月三十日，渝商香港持有1,008,885,181股股份。因此，根據證券及期貨條例，涂先生被視為於渝商香港持有的股份中擁有權益。
- (3) 於二零二零年六月三十日，Tai Security Holding Limited（「Tai Security」）作為實益擁有人持有98,773,990股股份，而Tai Security由張明杰先生直接全資擁有。因此，根據證券及期貨條例，張先生被視為於Tai Security持有的相同數目股份中擁有權益。
- (4) 於二零二零年六月三十日，星滙香港投資有限公司（「星滙」）作為實益擁有人持有44,700,000股股份，而星滙由張先生直接全資擁有。因此，根據證券及期貨條例，張明杰先生被視為於星滙持有的相同數目股份中擁有權益。

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

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any persons (other than the Directors and Chief Executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

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

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

There were no options outstanding as at 30 June 2020 and no share options were granted, exercised, cancelled or lapsed during the reporting period.

主要股東於本公司的股份及相關股份的權益及淡倉 (續)

除上文所披露外，於二零二零年六月三十日，本公司並不知悉任何人士（本公司董事及主要行政人員除外）於本公司股份或相關股份中擁有須根據證券及期貨條例第XV部第2及3分部條文規定須向本公司披露或本公司根據證券及期貨條例第336條須予存置的登記冊所記錄的權益或淡倉。

購股權計劃

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

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

於二零二零年六月三十日，概無尚未行使購股權，於報告期間內亦無授出、行使、註銷購股權或購股權失效。

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognises the importance of corporate transparency and accountability and is committed to achieving a high standard of corporate governance. Throughout the six months ended 30 June 2020, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) and Corporate Governance Report, contained in Appendix 14 to the Listing Rules, save and except as explained below:

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the period from 1 January 2020 to 29 February 2020, Mr. Qin Yongming (“Mr. Qin”) held the offices of chairman (“Chairman”) and chief executive officer (“CEO”) of the Company. The Board believed that vesting the roles of both Chairman and CEO in the same person provided the Company with strong and consistent leadership and allowed for effective and efficient planning and implementation of business decisions and strategies. Accordingly, the Directors considered that the deviation from provision A.2.1 of the Code was appropriate in such circumstance.

Mr. Qin had tendered his resignation as the CEO of the Company with effect from 1 March 2020 to focus on his other roles in the Group, but remains as an executive Director of the Company and chairman of the Board. Mr. Rafael Heinrich Suchan was appointed as CEO of the Company with effect from 1 March 2020. Going forward, the change of the CEO will allow the Company to better comply with the requirement under code provision A.2.1 of the CG Code.

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions by Directors. All Directors have confirmed the specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2020.

遵守企業管治守則

本公司深知企業透明度及問責制之重要性，並致力於實現高標準企業管治。截至二零二零年六月三十日止六個月，本公司已遵守上市規則附錄十四所載《企業管治守則》（「企業管治守則」）及《企業管治報告》的所有適用的守則條文，惟以下所述者除外：

根據企業管治守則的守則條文第A.2.1條，主席與行政總裁的角色應有區分，並不應由一人同時兼任。於二零二零年一月一日至二零二零年二月二十九日期間，秦永明先生（「秦先生」）曾擔任本公司主席（「主席」）及行政總裁（「行政總裁」）職務。董事會認為，由一人同時擔任主席及行政總裁，可為本公司提供強大而貫徹的領導，並有效地規劃及執行業務決定及策略。因此，董事認為在此情況下偏離守則第A.2.1條屬恰當。

秦先生已提呈辭任本公司行政總裁，由二零二零年三月一日起生效，以專注於其於本集團的其他職務，惟將繼續擔任本公司執行董事及董事會主席。Rafael Heinrich Suchan先生獲委任為本公司行政總裁，自二零二零年三月一日起生效。日後，行政總裁變更將令本公司可更佳遵守企業管治守則之守則條文第A.2.1條之規定。

本公司將不時審閱本集團企業管治架構之效率及考慮是否需要作出任何修改。

遵守上市發行人董事進行證券交易 之標準守則

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易之標準守則（「標準守則」）作為本公司董事進行證券交易之行為守則。經本公司作出特定查詢後，所有董事已確認，於截至二零二零年六月三十日止六個月內彼等均一直遵守標準守則之規定。

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2020.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020.

SIGNIFICANT EVENTS

The Company and any of its subsidiaries did not have any significant events after 30 June 2020.

REVIEW OF INTERIM REPORT

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the financial matters and internal control systems, including reviewed and approved of the Group's unaudited condensed consolidated results for the six months ended 30 June 2020 and this interim report.

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules after the publication of the Annual Report 2019 of the Company are set out below:

Experience including other directorships

- (a) **Dr. Loke Yu Alias Loke Hoi Lam (陸海林)**, an independent non-executive Director, has resigned as an independent non-executive director of Tianhe Chemicals Group Limited (Stock Code: 1619) with effect from 31 May 2020.

購買、出售或贖回本公司上市證券

於截至二零二零年六月三十日止六個月內本公司及其任何子公司均無購買、售出或贖回任何本公司的上市證券。

中期股息

董事不建議派付截至二零二零年六月三十日止六個月的中期股息。

重大事件

本公司及其任何子公司於二零二零年六月三十日後並無發生任何重大事件。

中期報告審閱

審核委員會已審閱本集團採納之會計原則及慣例，並討論財務申報事宜及內部監控系統，包括審閱及通過本集團截至二零二零年六月三十日止六個月之未經審核簡明綜合業績及本中期報告。

有關董事資料的變動

根據上市規則第13.51B(1)條，本公司二零一九年年報刊登後，董事根據上市規則第13.51(2)條第(a)至(e)段及第(g)段須予披露的資料變動載列如下：

經驗（包括其他董事職務）

- (a) **陸海林博士**，獨立非執行董事，已辭任天合化工集團有限公司（股份代號：1619）獨立非執行董事，自二零二零年五月三十一日起生效。

Condensed Consolidated Statement of Profit or Loss

簡明綜合損益表

		Six months ended 30 June 截至六月三十日止六個月		
		Notes 附註	2020 二零二零年 HK\$M 百萬港元 (Unaudited) (未經審核)	2019 二零一九年 HK\$M 百萬港元 (Unaudited) (未經審核)
Revenue	收益	6	5,843.7	8,700.3
Cost of sales	銷售成本		(5,529.3)	(8,184.7)
Gross profit	毛利		314.4	515.6
Other income	其他收入		76.9	75.0
Other losses, net	其他虧損淨額	7	(55.4)	(1.2)
Net reversal of impairment on financial assets	金融資產減值撥回淨額		0.2	20.9
Distribution and selling expenses	分銷及銷售開支		(23.6)	(25.1)
Administrative expenses	行政開支		(518.8)	(528.7)
			(206.3)	56.5
Finance income	財務收入	8	6.3	12.8
Finance costs	財務成本	8	(119.1)	(107.0)
Finance costs, net	財務成本淨額		(112.8)	(94.2)
Share of post-tax loss of an associate	應佔聯營公司除稅後虧損		-	-
Share of post-tax profits of joint ventures	應佔合營企業除稅後溢利		30.5	38.0
(Loss)/Profit before income tax	除所得稅前(虧損)/溢利		(288.6)	0.3
Income tax credit	所得稅抵免	10	0.7	0.8
(Loss)/Profit for the period	期內(虧損)/溢利	9	(287.9)	1.1
(Loss)/Profit attributable to:	以下各方應佔(虧損)/溢利:			
Shareholders of the Company	本公司股東		(278.7)	2.0
Non-controlling interests	非控股權益		(9.2)	(0.9)
			(287.9)	1.1
(Loss)/Earnings per share attributable to shareholders of the Company for the period (expressed in HK\$ per share)	本公司股東應佔期內每股(虧損)/盈利(以每股港元列示)			
Basic (loss)/earnings per share	每股基本(虧損)/盈利	12	(0.17)	0.001
Diluted (loss)/earnings per share	每股攤薄(虧損)/盈利	12	(0.17)	0.001

The notes on pages 42 to 64 form an integral part of this interim condensed consolidated financial information.

第42頁至64頁的附註為本中期簡明綜合財務資料的一部分。

Condensed Consolidated Statement of Comprehensive Income 簡明綜合全面收益表

		Six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$M 百萬港元 (Unaudited) (未經審核)	2019 二零一九年 HK\$M 百萬港元 (Unaudited) (未經審核)
(Loss)/Profit for the period	期內(虧損)/溢利	(287.9)	1.1
<hr style="border-top: 1px dashed #ccc;"/>			
Other comprehensive loss	其他全面虧損		
<i>Item that may be reclassified to profit or loss:</i>	<i>可能重新分類至損益之項目:</i>		
Currency translation differences	匯兌差額	(147.4)	(34.0)
<hr style="border-top: 1px dashed #ccc;"/>			
<i>Items that will not be reclassified to profit or loss:</i>	<i>將不會重新分類至損益之項目:</i>		
Remeasurements of post-employment benefit obligations	重新計量僱員結束服務後之福利責任	(0.2)	(0.9)
Share of other comprehensive loss of joint ventures	應佔合營企業之其他全面虧損	(0.5)	-
<hr style="border-top: 1px dashed #ccc;"/>			
Other comprehensive loss for the period	期內其他全面虧損	(148.1)	(34.9)
<hr style="border-top: 1px dashed #ccc;"/>			
Total comprehensive loss for the period	期內全面虧損總額	(436.0)	(33.8)
<hr style="border-top: 1px dashed #ccc;"/>			
Total comprehensive loss for the period attributable to:	以下各方應佔期內全面虧損總額:		
Shareholders of the Company	本公司股東	(424.8)	(32.5)
Non-controlling interests	非控股權益	(11.2)	(1.3)
<hr style="border-top: 1px dashed #ccc;"/>			
		(436.0)	(33.8)

The notes on pages 42 to 64 form an integral part of this interim condensed consolidated financial information.

第42頁至64頁的附註為本中期簡明綜合財務資料的一部分。

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

		At 30 June 2020 於二零二零年 六月三十日 HK\$M 百萬港元 (Unaudited) (未經審核)	At 31 December 2019 於二零一九年 十二月三十一日 HK\$M 百萬港元 (Audited) (經審核)
		Notes 附註	
ASSETS	資產		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	13	2,774.2
Right-of-use assets	使用權資產		2,982.9
Investment properties	投資物業		1,185.8
Intangible assets	無形資產		38.4
Investments accounted for using the equity method	使用權益法入賬之投資		9.1
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產		1,115.0
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產		634.6
Other deposits and receivables	其他按金及應收款項	14	1.9
Deferred income tax assets	遞延所得稅資產		96.9
			17.0
			94.4
			109.3
			5,861.0
			6,150.6
Current assets	流動資產		
Inventories	存貨		1,273.9
Trade, bills and other receivables	貿易、票據及其他應收款項	14	1,482.3
Fixed return investment	固定回報投資		-
Amounts due from related parties	應收關聯方款項	20	88.4
Derivative financial instruments	衍生金融工具		97.5
Tax recoverable	可退回稅項		27.1
Pledged bank deposits	已抵押銀行存款		16.0
Cash and cash equivalents	現金及現金等值項目		143.1
			573.3
			3,613.2
			4,039.4
Total assets	資產總值		9,474.2
			10,190.0

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

		Notes 附註	At 30 June 2020 於二零二零年 六月三十日 HK\$M 百萬港元 (Unaudited) (未經審核)	At 31 December 2019 於二零一九年 十二月三十一日 HK\$M 百萬港元 (Audited) (經審核)
EQUITY AND LIABILITIES	股本及負債			
Equity attributable to shareholders of the Company	本公司股東應佔權益			
Share capital	股本	15	16.1	16.1
Other reserves	其他儲備		6,468.8	6,614.9
Accumulated losses	累計虧損		(1,968.4)	(1,689.7)
			4,516.5	4,941.3
Non-controlling interests	非控股權益		(20.6)	(10.3)
Total equity	總權益		4,495.9	4,931.0
Non-current liabilities	非流動負債			
Borrowings	借款	16	193.1	226.4
Lease liabilities	租賃負債		500.7	569.4
Retirement benefit obligations	退休福利責任		25.6	27.3
Other payables	其他應付款項	17	93.6	96.6
Deferred income tax liabilities	遞延所得稅負債		321.1	342.8
			1,134.1	1,262.5
Current liabilities	流動負債			
Trade, bills and other payables	貿易、票據及其他應付款項	17	1,193.8	1,066.9
Current income tax liabilities	即期所得稅負債		61.4	101.2
Borrowings	借款	16	2,258.1	2,569.0
Lease liabilities	租賃負債		190.8	191.7
Amounts due to related parties	應付關聯方款項	20	63.8	37.5
Derivative financial instruments	衍生金融工具		76.3	30.2
			3,844.2	3,996.5
Total liabilities	負債總值		4,978.3	5,259.0
Total equity and liabilities	權益總額及負債		9,474.2	10,190.0

The notes on pages 42 to 64 form an integral part of this interim condensed consolidated financial information.

第42頁至64頁的附註為本中期簡明綜合財務資料的一部分。

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

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

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

Unaudited
未經審核

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

		Share capital	Share premium	Capital redemption reserve	Capital reserve	Statutory general reserve	Enterprise expansion fund	Re-measurement of pension plans	Re-measurement on financial assets	Foreign currency translation reserve	Accumulated losses	Sub-total	Non-controlling interest	Total equity
		股本	股份溢價	股本贖回儲備	股本儲備	法定一般儲備	企業擴充基金	重新計量退休金計劃	重新計量金融資產	外幣匯兌儲備	累計虧損	小計	非控股權益	總權益
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
		百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元	百萬港元
At 1 January 2020	於二零二零年一月一日	16.1	5,911.9	0.3	210.9	107.1	107.1	(6.1)	(6.1)	289.8	(1,689.7)	4,941.3	(10.3)	4,931.0
Comprehensive loss for the period	全面虧損 期內虧損	-	-	-	-	-	-	-	-	-	(278.7)	(278.7)	(9.2)	(287.9)
Total other comprehensive loss for the period, net of tax	期內其他全面虧損 總額，扣除稅項	-	-	-	-	-	-	-	-	(145.4)	-	(145.4)	(2.0)	(147.4)
Currency translation differences	匯兌差額	-	-	-	-	-	-	-	-	(145.4)	-	(145.4)	(2.0)	(147.4)
Remeasurements of post-employment benefit obligations	重新計量僱員結業服務後之福利責任	-	-	-	-	-	-	(0.2)	-	-	-	(0.2)	-	(0.2)
Share of other comprehensive loss of joint ventures	應佔合營企業之其他全面虧損	-	-	-	-	-	-	(0.5)	-	-	-	(0.5)	-	(0.5)
		-	-	-	-	-	-	(0.7)	-	(145.4)	-	(146.1)	(2.0)	(148.1)
Total comprehensive loss for the period, net of tax	期內全面虧損 總額，扣除稅項	-	-	-	-	-	-	(0.7)	-	(145.4)	(278.7)	(424.8)	(11.2)	(436.0)
Transaction with shareholders in their capacity as shareholders	與股東(以股東身份)進行之交易	-	-	-	-	-	-	-	-	-	-	-	0.9	0.9
Contribution from non-controlling interests	非控股權益之注資	-	-	-	-	-	-	-	-	-	-	-	0.9	0.9
Total transaction with shareholders in their capacity as shareholders	與股東(以股東身份)進行之交易總額	-	-	-	-	-	-	-	-	-	-	-	0.9	0.9
At 30 June 2020 (unaudited)	於二零二零年六月三十日 (未經審核)	16.1	5,911.9	0.3	210.9	107.1	107.1	(6.8)	(6.1)	144.4	(1,968.4)	4,516.5	(20.6)	4,495.9

Notes:

附註:

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

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

The notes on pages 42 to 64 form an integral part of this interim condensed consolidated financial information.

第42頁至64頁的附註為本中期簡明綜合財務資料的一部分。

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

Six months ended 30 June
截至六月三十日止六個月

		2020 二零二零年 HK\$M 百萬港元 (Unaudited) (未經審核)	2019 二零一九年 HK\$M 百萬港元 (Unaudited) (未經審核)
Cash flows from operating activities	經營活動所得現金流		
Cash generated from operations before changes in working capital	經營所得現金 (營運資金變動前)	133.4	181.9
Changes in working capital	營運資金變動	173.9	217.6
Cash generated from operations	經營所得現金	307.3	399.5
Interest paid	已付利息	(117.0)	(116.7)
Tax paid, net	已支付稅項淨額	(24.3)	(43.3)
Net cash generated from operating activities	經營活動所得現金淨額	166.0	239.5
Cash flows from investing activities	投資活動所得現金流		
Purchases of property, plant and equipment and intangible assets	購置物業、廠房及設備以及無形資產	(104.3)	(126.0)
Proceeds from disposal of property, plant and equipment and intangible assets	出售物業、廠房及設備以及無形資產之所得款項	23.6	135.5
Placement of pledged bank deposits	存入已抵押銀行存款	(23.9)	(132.8)
Withdrawal of pledged bank deposits	提取已抵押銀行存款	69.2	154.4
Redemption of fixed return investment	贖回固定回報投資	90.6	-
Investment in a joint venture	投資一間合營企業	(7.9)	(4.1)
Dividend received from joint ventures	已收合營企業股息	1.9	20.5
Other dividends received	已收其他股息	-	4.0
Settlement of remaining consideration payable for previous acquisition of business	就先前業務收購償付餘下應付代價	(3.0)	-
Interest received	已收利息	2.7	3.4
Net cash generated from investing activities	投資活動所得現金淨額	48.9	54.9

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

		Six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$M 百萬港元 (Unaudited) (未經審核)	2019 二零一九年 HK\$M 百萬港元 (Unaudited) (未經審核)
Cash flows from financing activities	融資活動所得現金流		
Proceeds from bank borrowings	銀行借款之所得款項	135.1	432.8
Repayments of bank borrowings	償還銀行借款	(411.8)	(868.1)
Change in short-term other borrowings, net	短期其他借款變動淨額	(8.7)	39.1
Repayments of other borrowings	償還其他借款	(38.8)	–
Repayment of lease liabilities	償還租賃負債	(90.5)	(70.3)
Contributions from non-controlling interests	非控股權益注資	0.9	8.8
Net cash used in financing activities	融資活動所用現金淨額	(413.8)	(457.7)
Cash and cash equivalents at beginning of the period	期初之現金及現金等值項目	784.8	697.1
Net decrease in cash and cash equivalents	現金及現金等值項目減少淨額	(198.9)	(163.3)
Exchange differences on cash and cash equivalents	現金及現金等值項目之匯兌差額	(12.6)	2.9
Cash and cash equivalents at end of the period	期末之現金及現金等值項目	573.3	536.7

The notes on pages 42 to 64 form an integral part of this interim condensed consolidated financial information.

第42頁至64頁的附註為本中期簡明綜合財務資料的一部分。

Notes to the Condensed Consolidated Financial Information

簡明綜合財務資料附註

1 GENERAL INFORMATION

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

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

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

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

Significant events and transactions incurred in the current interim period has been disclosed in the Management Discussion and Analysis section in the Interim Report 2020.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

1 一般資料

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

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

本公司以香港聯合交易所有限公司為第一上市地。

除另有所指外,本簡明綜合中期財務資料以港元(「港元」)呈列。

本中期間發生的重大事項及交易已於二零二零年中期報告的管理層討論及分析一節披露。

2 編製基準

截至二零二零年六月三十日止六個月的本簡明綜合中期財務資料乃按照香港會計師公會(「香港會計師公會」)頒佈之香港會計準則第34號(「香港會計準則第34號」)「中期財務報告」而編製。簡明綜合中期財務資料應與根據香港財務報告準則(「香港財務報告準則」)編製的截至二零一九年十二月三十一日止年度的年度綜合財務報表一併閱讀。

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

2 BASIS OF PREPARATION (continued)

2.1.1 Going concern basis

The Group reported a gross profit of HK\$314.4 million and a net loss of HK\$287.9 million, which included an impairment charge of HK\$62.7 million for property, plant and equipment, for the six months ended 30 June 2020. As at 30 June 2020, the Group's current liabilities exceeded its current assets by HK\$231.0 million. It had borrowings of HK\$2,451.2 million, of which HK\$2,258.1 million are current borrowings due within twelve months from 30 June 2020. Operating cash flow continues to be positive despite the pandemic. As at the same date, it had cash and cash equivalents amounting to HK\$573.3 million.

Included in current borrowings as at 30 June 2020 was a syndicated term loan (the "Syndicated Term Loan") with an outstanding principal amount of US\$215.0 million, which is fully repayable in March 2021.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group, taking into account the impact arising from the COVID-19 outbreak if any, and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- The Group has successfully extended the maturity date of the Syndicated Term Loan to March 2021;
- The Group continues its efforts to ramp up the production capability of the new recycling facilities in Asia, implement measures in Europe and North America to enhance cash flows from operations, and further control capital and operating expenditures to strengthen its working capital. The Directors expect there will be an increase in cash flows for the second half of 2020 as industrial growth recovers after the impact from the pandemic eases and the operations in Asia ramp up. The Group is also taking advantage of the rapid rise in copper prices due to tightness in physical supplies as well as strong demands in China to sell down its copper inventory; and

2 編製基準 (續)

2.1.1 持續經營基準

截至二零二零年六月三十日止六個月，本集團錄得毛利3億1,440萬港元及虧損淨額2億8,790萬港元，當中包括物業、廠房及設備減值6,270萬港元。於二零二零年六月三十日，本集團之流動負債超出其流動資產2億3,100萬港元。其借款為24億5,120萬港元，其中22億5,810萬港元為自二零二零年六月三十日起計十二個月內到期之流動借款。儘管出現疫情，惟經營所得現金流量仍然維持正數。於相同日期，其現金及現金等值項目為5億7,330萬港元。

於二零二零年六月三十日之流動借款包括尚未償還之銀團定期貸款（「銀團定期貸款」）本金2億1,500萬美元，須於二零二一年三月悉數償還。

鑑於有關情況，於評估本集團有否足夠財務資源持續經營時，董事已計及COVID-19爆發所產生之影響（如有），審慎考慮本集團未來流動資金及表現，以及其可獲得之融資來源。本集團已採取若干計劃及措施以舒緩流動資金壓力並改善其財務狀況，其包括但不限於以下各項：

- 本集團已成功將銀團定期貸款的到期日延長至二零二一年三月；
- 本集團繼續致力提高亞洲新回收設施之生產力，於歐洲及北美洲實行措施以提升經營現金流量，並進一步控制資金及經營開支以加強其營運資金。董事預期，二零二零年下半年的現金流量將有所增加，以乃由於疫情影響緩和及亞洲營運增強後恢復行業增長。本集團亦正在利用銅價因實質供應緊張及中國需求強勁而急速上升，以售出其銅存貨；及

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

2 BASIS OF PREPARATION (continued)

2.1.1 Going concern basis (continued)

- The Group is actively looking for other sources of financing including other debt or equity financing to enhance the capital structure and reduce the overall financing expenses.

The Directors have assessed the Group's cash flow projection covering a period of twelve months from 30 June 2020. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the condensed consolidated balance sheet. Accordingly, the Directors are satisfied that it is appropriate to prepare the Group's condensed consolidated financial statements on a going concern basis.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2019, as described in those annual consolidated financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2020.

Amendments to HKFRSs effective for the financial year ending 31 December 2020 do not have a material impact on the Group.

4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2019.

2 編製基準 (續)

2.1.1 持續經營基準 (續)

- 本集團積極尋找其他融資來源，包括其他債務或股權融資，以加強資本結構及減少整體融資開支。

董事已評估本集團涵蓋自二零二零年六月三十日起計十二個月期間之現金流量預測。彼等認為，自簡明綜合資產負債表日期起計未來十二個月內，本集團將有足夠營運資金以為其營運提供資金及履行其到期財務責任。因此，董事信納按持續經營基準編製本集團之簡明綜合財務報表乃屬恰當。

3 會計政策

採用的會計政策與截至二零一九年十二月三十一日止年度的年度綜合財務報表（如該等年度綜合財務報表所述）的會計政策一致，惟使用適用於預期年度總盈利的稅率估算所得稅以及採納截至二零二零年十二月三十一日止財政年度生效的香港財務報告準則的修訂除外。

於截至二零二零年十二月三十一日止財政年度生效之香港財務報告準則之修訂並無對本集團造成重大影響。

4 估計

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

管理層於編製此簡明綜合中期財務資料時就應用本集團之會計政策所作出重大判斷以及估計不明朗因素之主要來源，與截至二零一九年十二月三十一日止年度之年度綜合財務報表所應用者相同。

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

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019.

There have been no changes in the risk management policies since year ended 31 December 2019.

5.2 Liquidity risk

Compared to year ended 31 December 2019, there was no material change in the contractual undiscounted cash out flows for financial liabilities except for the extension of repayment for the Syndicated Term Loan.

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2020 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

5 金融風險管理及金融工具

5.1 金融風險因素

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

中期簡明綜合財務資料並不包括年度綜合財務報表規定的所有金融風險管理資料及披露，並應與本集團於二零一九年十二月三十一日的年度綜合財務報表一併閱讀。

風險管理政策自截至二零一九年十二月三十一日止年度起並無變動。

5.2 流動資金風險

與截至二零一九年十二月三十一日止年度相比，金融負債之合約未貼現現金流出並無重大變動，惟延長銀團定期貸款還款除外。

5.3 公平值估計

下表分析本集團於二零二零年六月三十日按公平值列賬之金融工具，透過計量公平值所用之估計方法之輸入數據層級劃分。有關輸入數據在公平值層級內分為以下三級別：

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

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

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Fair value estimation (continued)

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

Financial assets/(financial liabilities) 金融資產/(金融負債)	Fair value as at 於以下日期的公平值		Fair value hierarchy 公平值層級	Valuation technique(s) and key input(s) 估值技術及主要輸入數據
	30 June 2019 二零一九年 六月三十日 HK\$M 百萬港元	31 December 2019 二零一九年 十二月三十一日 HK\$M 百萬港元		
1) Metal commodities future contracts classified as derivative financial instruments in the condensed consolidated balance sheet 於簡明綜合資產負債表中分類為衍生金融工具之金屬商品期貨合約	(37.2)	(12.9)	Level 1 第一級	Quoted bid commodities futures prices on the London Metal Exchange 倫敦金屬交易所所報之商品期貨買入價
2) Metal commodities future contracts classified as derivative financial instruments in the condensed consolidated balance sheet 於簡明綜合資產負債表中分類為衍生金融工具之金屬商品期貨合約	23.6 (38.9)	24.3 (17.2)	Level 2 第二級	Par method, taking actively traded future prices into account 面值法，參考交投活躍的期貨價格
3) Foreign currency forward contracts classified as derivative financial instruments in the condensed consolidated balance sheet 於簡明綜合資產負債表中分類為衍生金融工具之外幣遠期合約	3.5 (0.2)	0.7 (0.1)	Level 2 第二級	Present value of the future cash flows based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates. 基於遠期匯率（於報告期末可觀察的遠期匯率）及已訂約的遠期比率的未來現金流的現值。
4) Financial assets at fair value through profit or loss 按公平值計入損益之金融資產	1.9	1.9	Level 3 第三級	Primarily based on the present value of the estimated future cash flows of the investee entities. 主要基於被投資實體估計未來現金流的現值。
5) Financial assets at fair value through other comprehensive income 按公平值計入其他全面收益之金融資產	96.9	98.7	Level 3 第三級	Primarily based on the present value of the estimated future cash flows of the investee entities. 主要基於被投資實體估計未來現金流的現值。

5 金融風險管理及金融工具 (續)

5.3 公平值估計 (續)

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

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

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Fair value estimation (continued)

Fair value measurements recognised in the condensed consolidated balance sheet:

		Level 1 第一級 HK\$M 百萬港元	Level 2 第二級 HK\$M 百萬港元	Level 3 第三級 HK\$M 百萬港元	Total 總計 HK\$M 百萬港元
As at 30 June 2020					
Assets					
Financial assets at fair value through profit or loss	於二零二零年六月三十日 資產 按公平值計入損益之 金融資產	-	-	1.9	1.9
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之 金融資產	-	-	96.9	96.9
Derivative financial instruments	衍生金融工具	-	27.1	-	27.1
Liabilities					
Derivative financial instruments	負債 衍生金融工具	(37.2)	(39.1)	-	(76.3)
As at 31 December 2019					
Assets					
Financial assets at fair value through profit or loss	於二零一九年十二月三十一日 資產 按公平值計入損益之金融資產	-	-	1.9	1.9
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之 金融資產	-	-	98.7	98.7
Derivative financial instruments	衍生金融工具	-	25.0	-	25.0
Liabilities					
Derivative financial instruments	負債 衍生金融工具	(12.9)	(17.3)	-	(30.2)

There were no transfers between the three levels during either of the period ended 30 June 2020 or year ended 31 December 2019. The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial information approximate their fair value.

截至二零二零年六月三十日止期間或截至二零一九年十二月三十一日止年度，三個層級之間並無轉移。管理層認為，於簡明綜合財務資料內按攤銷成本計量的金融資產及金融負債的賬面值與其公平值相若。

5 金融風險管理及金融工具 (續)

5.3 公平值估計 (續)

簡明綜合資產負債表確認的公平值計量：

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

6 SEGMENT INFORMATION

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

In the current interim period, the Group's Chief Operating Decision Maker ("CODM"), which has been identified as the Executive Committee that makes strategic decisions, assesses the performance of the operating segments based on the measure of segment profit. This measurement basis excludes the effects of non-operating gains/losses, such as gain/loss on disposals of subsidiaries, gain/loss on fair value change of financial assets at fair value through profit or loss and provision for impairment on property, plant and equipment. The measure also excludes centralised costs such as the Group's key managements' remunerations and other central administrative expenses. Finance income, finance costs, income tax credit/expenses and those unallocated income and expenses are not included in the result for each operating segment that is reviewed by the Group's CODM. Inter-segment sales are charged at prevailing market price.

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

6 分部資料

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

於本中期間，本集團的首席營運決策者（「首席營運決策者」，其已識別為作出戰略性決定之執行委員會）根據分部溢利的計量評估經營分部的表現。此計量基礎不包括非經營收益／虧損的影響，例如出售子公司之收益／虧損、按公平值計入損益之金融資產的公平值變動收益／虧損以及物業、廠房及設備之減值撥備。計量亦不包括中央成本，例如本集團主要管理層的薪酬及其他中央行政開支。財務收入、財務成本、所得稅抵免／開支及該等未分配收入及開支並不包括在本集團的首席營運決策者所審閱的各個經營分部的業績中。分部間銷售按當前市價收費。

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

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

6 SEGMENT INFORMATION (continued)

The following table presents revenue and segment profit information regarding the Group's reportable segments for the six months ended 30 June 2020 and 2019 respectively:

6 分部資料(續)

下表分別呈列有關本集團截至二零二零年及二零一九年六月三十日止六個月可呈報分部的收益及分部溢利的資料：

		For the six months ended 截至六個月止									
		30 June 2020 二零二零年六月三十日					30 June 2019 二零一九年六月三十日				
		Asia 亞洲 HK\$M 百萬港元	Europe 歐洲 HK\$M 百萬港元	North America 北美洲 HK\$M 百萬港元	Unallocated 未分配 HK\$M 百萬港元	Total 總計 HK\$M 百萬港元	Asia 亞洲 HK\$M 百萬港元	Europe 歐洲 HK\$M 百萬港元	North America 北美洲 HK\$M 百萬港元	Unallocated 未分配 HK\$M 百萬港元	Total 總計 HK\$M 百萬港元
Revenue	收益										
Total segment revenue	分部收益總額	534.3	4,818.7	537.4	-	5,890.4	1,094.2	6,911.7	843.5	-	8,849.4
Inter-segment sales	分部間銷售	-	(41.0)	(5.7)	-	(46.7)	-	(116.4)	(32.7)	-	(149.1)
External sales	外部銷售	534.3	4,777.7	531.7	-	5,843.7	1,094.2	6,795.3	810.8	-	8,700.3
Segment (loss)/profit	分部(虧損)/溢利	(114.1)	42.2	(8.9)	(95.0)	(175.8)	(71.5)	178.6	12.0	(24.6)	94.5
Finance income	財務收入					6.3					12.8
Finance costs	財務成本					(119.1)					(107.0)
(Loss)/Profit before income tax	除所得稅前(虧損)/溢利					(288.6)					0.3
Income tax credit	所得稅抵免					0.7					0.8
(Loss)/Profit for the period	期內(虧損)/溢利					(287.9)					1.1
Depreciation and amortisation expenses	折舊及攤銷開支	(41.8)	(157.4)	(22.9)	(9.7)	(231.8)	(32.3)	(153.2)	(20.3)	(10.6)	(216.4)
Fair value gain/(loss) on derivative financial instruments	衍生金融工具之公平值 收益/(虧損)	-	-	-	1.6	1.6	-	-	-	(0.4)	(0.4)
Fair value loss on financial assets through profit or loss	計入損益之金融資產 之公平值虧損	-	-	-	(2.5)	(2.5)	-	-	-	(1.6)	(1.6)
Gain on disposal of property, plant and equipment and intangible assets	出售物業、廠房及設備及 無形資產之收益	-	-	-	3.1	3.1	-	-	-	0.2	0.2
Provision for impairment of property, plant and equipment	物業、廠房及設備之 減值撥備	-	-	-	(62.7)	(62.7)	-	-	-	(0.6)	(0.6)

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

6 SEGMENT INFORMATION (continued)

Segment assets

Reconciliation of segment assets to total assets as at 30 June 2020 and 31 December 2019 are provided as follows:

		30 June 2020 二零二零年六月三十日				31 December 2019 二零一九年十二月三十一日			
		Asia 亞洲 HK\$M 百萬港元	Europe 歐洲 HK\$M 百萬港元	North America 北美洲 HK\$M 百萬港元	Total 總計 HK\$M 百萬港元	Asia 亞洲 HK\$M 百萬港元	Europe 歐洲 HK\$M 百萬港元	North America 北美洲 HK\$M 百萬港元	Total 總計 HK\$M 百萬港元
Segment assets	分部資產	1,750.4	6,174.7	838.3	8,763.4	2,037.9	6,206.0	908.7	9,152.6
Deferred income tax assets	遞延所得稅資產				94.4				109.3
Fixed return investment	固定回報投資				-				88.4
Tax recoverable	可退回稅項				16.0				29.9
Derivative financial instruments	衍生金融工具				27.1				25.0
Cash and cash equivalents	現金及現金等值項目				573.3				784.8
Total assets	資產總值				9,474.2				10,190.0

6 分部資料 (續)

分部資產

於二零二零年六月三十日及二零一九年十二月三十一日分部資產與資產總值的對賬如下：

7 OTHER LOSSES, NET

7 其他虧損淨額

		Six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$M 百萬港元	2019 二零一九年 HK\$M 百萬港元
Gain/(Loss) on fair value change of:	公平值變動收益／(虧損)：		
– derivative financial instruments	– 衍生金融工具	1.6	(0.4)
– financial assets at fair value through profit or loss	– 按公平值計入損益之金融資產	(2.5)	(1.6)
Foreign exchange gain, net	匯兌收益淨額	3.0	0.7
Gain on disposal of property, plant and equipment and intangible assets	出售物業、廠房及設備及無形資產之收益	3.1	0.2
Provision for impairment of property, plant and equipment (Note 13)	物業、廠房及設備之減值撥備(附註13)	(62.7)	(0.6)
Others	其他	2.1	0.5
		(55.4)	(1.2)

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

8 FINANCE COSTS, NET

8 財務成本淨額

		Six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$M 百萬港元	2019 二零一九年 HK\$M 百萬港元
Interest income from bank deposits	銀行存款之利息收入	3.5	5.2
Interest income from joint ventures (Note 20(a))	來自合營企業之利息收入 (附註20(a))	0.4	0.5
Interest income from related parties (Note 20(a))	來自關聯方之利息收入 (附註20(a))	0.2	0.5
Interest income from fixed return investment	固定回報投資之利息收入	2.2	6.6
Finance income	財務收入	6.3	12.8
Interest expense on bank loans, overdrafts, bills payable and note payable	銀行貸款、透支、 票據應付款項及 應付票據之利息開支	(26.3)	(40.3)
Effective interest expense on other borrowings	其他借款之實際利息開支	(79.5)	(57.4)
Interest expense on lease liabilities	租賃負債之利息開支	(13.0)	(9.0)
Interest expense on loan from related parties (Note 20(a))	來自關聯方的貸款之 利息開支(附註20(a))	(0.3)	(0.3)
Finance costs	財務成本	(119.1)	(107.0)
Finance costs, net	財務成本淨額	(112.8)	(94.2)

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

9 (LOSS)/PROFIT FOR THE PERIOD

(Loss)/Profit for the period has been arrived after charging/(crediting):

Changes in inventories of work-in-progress and finished goods	在製品及製成品存貨之變動
Raw materials and consumables used	所用原料及消耗品
Provision for/(Reversal of provision for) inventories, net	存貨撥備／(撥備撥回)淨額
Employee benefit expenses	僱員福利開支
Depreciation and amortisation expenses	折舊及攤銷開支
Legal and professional expenses	法律及專業開支

9 期內(虧損)／溢利

扣除／(計入)下列各項後達致之期內(虧損)／溢利：

Six months ended 30 June 截至六月三十日止六個月

	2020 二零二零年 HK\$M 百萬港元	2019 二零一九年 HK\$M 百萬港元
Changes in inventories of work-in-progress and finished goods	175.0	219.0
Raw materials and consumables used	4,206.7	6,680.0
Provision for/(Reversal of provision for) inventories, net	50.5	(11.1)
Employee benefit expenses	497.3	586.0
Depreciation and amortisation expenses	231.8	216.4
Legal and professional expenses	15.9	19.9

10 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the period.

Under the law of the PRC on Enterprise Income Tax (the "EIT") and the relevant EIT Implementation Regulations, the tax rate of PRC EIT has been provided at the rate of 25% (2019: 25%) on the estimated assessable profit for the period.

Germany and USA income taxes have been provided at the rate of 30% (2019: 30%) and 26% (2019: 26%), respectively, on the estimated assessable profit for the period.

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

10 所得稅抵免

香港利得稅乃根據期內估計應課稅溢利按稅率16.5% (二零一九年：16.5%)計提撥備。

根據中國企業所得稅(「企業所得稅」)法及相關企業所得稅實施條例，中國企業所得稅乃根據期內估計應課稅溢利按稅率25% (二零一九年：25%)計提撥備。

德國及美國所得稅乃根據期內估計應課稅溢利分別按稅率30% (二零一九年：30%)及26% (二零一九年：26%)計提撥備。

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

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簡明綜合財務資料附註

10 INCOME TAX CREDIT (continued)

10 所得稅抵免(續)

		Six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$M 百萬港元	2019 二零一九年 HK\$M 百萬港元
Current income tax expense/(credit):	即期所得稅開支/(抵免):		
Germany	德國	2.4	24.3
PRC EIT	中國企業所得稅	0.9	0.2
Other jurisdictions	其他司法權區	(0.5)	5.3
		2.8	29.8
Deferred income tax credit	遞延所得稅抵免	(3.5)	(30.6)
Income tax credit	所得稅抵免	(0.7)	(0.8)

11 DIVIDEND

No dividend was paid or proposed during current and previous interim periods, nor has any dividend been proposed by the Company since the end of the reporting period in respect of the period ended 30 June 2020 and 2019.

11 股息

本公司於本中期期間及過往中期期間均無派付或建議派付任何股息，自截至二零二零年及二零一九年六月三十日止期間的報告期末起亦無建議派付任何股息。

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

12 (LOSS)/EARNINGS PER SHARE

(a) Basic

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

(Loss)/Profit	(虧損)／溢利
(Loss)/Profit for the period attributable to shareholders of the Company	本公司股東應佔期內 (虧損)／溢利

Number of shares	股份數目
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數目 (千股)

Basic (loss)/earnings per share (expressed in HK\$)	每股基本 (虧損)／盈利 (以港元列示)
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(b) Diluted

The Group has no potentially dilutive shares outstanding during the interim periods ended 30 June 2020 and 2019.

12 每股 (虧損)／盈利

(a) 基本

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

Six months ended 30 June
截至六月三十日止六個月

	2020 二零二零年 HK\$M 百萬港元	2019 二零一九年 HK\$M 百萬港元
(Loss)/Profit for the period attributable to shareholders of the Company	(278.7)	2.0
Weighted average number of ordinary shares in issue (thousands)	1,605,153	1,605,153
Basic (loss)/earnings per share (expressed in HK\$)	(0.17)	0.001

(b) 攤薄

截至二零二零年及二零一九年六月三十日止中期期間本集團並無已發行潛在攤薄股份。

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

13 PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of HK\$102.4 million (2019: HK\$124.8 million). Property, plant and equipment with a net book value of HK\$23.5 million (2019: HK\$135.3 million) were disposed of by the Group during the current interim period.

For the six months ended 30 June 2020, property, plant and equipment with net book values of HK\$30.9 million (2019: HK\$8.4 million) were transferred to investment properties.

For the six months ended 30 June 2020, the Group recognised a provision of impairment on property, plant and equipment of HK\$62.7 million (Note 7), of which HK\$58.3 million were related to certain machineries and equipment in the Greater China region that are unlikely to provide a meaningful profit contribution in the future as the Group has relocated the scrap motor dismantling operations to South/Southeast Asia.

14 TRADE, BILLS AND OTHER RECEIVABLES

13 物業、廠房及設備

於本中期期間，本集團購入物業、廠房及設備1億240萬港元（二零一九年：1億2,480萬港元）。本集團於本中期期間出售賬面淨值為2,350萬港元的物業、廠房及設備（二零一九年：1億3,530萬港元）。

截至二零二零年六月三十日止六個月，賬面淨值為3,090萬港元（二零一九年：840萬港元）的物業、廠房及設備已轉撥至投資物業。

截至二零二零年六月三十日止六個月，本集團確認物業、廠房及設備減值撥備6,270萬港元（附註7），其中5,830萬港元與大中華區之若干機器及設備有關，由於本集團已將廢舊電機拆解業務搬遷至南亞及東南亞，該等機器及設備於未來不大可能提供具意義之溢利貢獻。

14 貿易、票據及其他應收款項

		At 30 June 2020 於二零二零年 六月三十日 HK\$M 百萬港元	At 31 December 2019 於二零一九年 十二月三十一日 HK\$M 百萬港元
Trade receivables	貿易應收款項	1,113.5	983.1
Less: loss allowance	減：虧損撥備	(39.3)	(39.9)
Trade receivables, net	貿易應收款項淨額	1,074.2	943.2
Bills receivables	票據應收款項	9.1	14.1
Deposits and prepayments	按金及預付款項	151.6	139.1
Deposits paid for purchase of raw materials	購買原料之已付按金	41.2	39.3
VAT recoverable	可退回增值稅	99.5	116.4
Other receivables (Note)	其他應收款項（附註）	123.3	140.7
		1,498.9	1,392.8
Less: non-current portion	減：非流動部分		
Other deposits and receivables	其他按金及應收款項	(16.6)	(17.0)
		1,482.3	1,375.8

Note: As at 30 June 2020, the balance includes a receivable of HK\$62.8 million (2019: HK\$65.2 million) from a government authority in the PRC.

附註：於二零二零年六月三十日，結餘包括來自中國政府當局之應收款項6,280萬港元（二零一九年：6,520萬港元）。

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

14 TRADE, BILLS AND OTHER RECEIVABLES (continued)

At 30 June 2020 and 31 December 2019, the aging analysis of the trade receivables based on invoice date was as follows:

		At 30 June 2020 於二零二零年 六月三十日 HK\$M 百萬港元	At 31 December 2019 於二零一九年 十二月三十一日 HK\$M 百萬港元
0 – 90 days	0至90日	1,042.1	885.8
91 – 180 days	91至180日	22.9	48.1
Over 180 days	超過180日	48.5	49.2
		1,113.5	983.1

14 貿易、票據及其他應收款項 (續)

於二零二零年六月三十日及二零一九年十二月三十一日，貿易應收款項按發票日期的賬齡分析如下：

15 SHARE CAPITAL Authorised share capital

		Numbers of shares 股份數目 (Thousands) (千股)	Share capital 股本 HK\$M 百萬港元
Ordinary shares of HK\$0.01 each at 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	於二零一九年一月一日、 二零一九年六月三十日、 二零二零年一月一日及 二零二零年六月三十日 每股面值0.01港元之普通股	5,000,000	50
Issued and fully paid At 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	已發行及繳足 於二零一九年一月一日、 二零一九年六月三十日、 二零二零年一月一日及 二零二零年六月三十日	1,605,153	16.1

15 股本 法定股本

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

16 BORROWINGS

16 借款

		At 30 June 2020 於二零二零年 六月三十日 HK\$M 百萬港元	At 31 December 2019 於二零一九年 十二月三十一日 HK\$M 百萬港元
Non-current	非流動		
Bank borrowings	銀行借款	193.1	226.4
Current	流動		
Bank borrowings	銀行借款	291.0	547.3
Other borrowings (Note)	其他借款 (附註)	1,967.1	2,021.7
		2,258.1	2,569.0
Total borrowings	總借款	2,451.2	2,795.4

Note: As at 30 June 2020, the balance included the Syndicated Term Loan of US\$215.0 million maturing on March 2021.

附註：於二零二零年六月三十日，該結餘包括銀團定期貸款2億1,500萬美元，其於二零二一年三月到期。

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

17 TRADE, BILLS AND OTHER PAYABLES

17 貿易、票據及其他應付款項

		At 30 June 2020	At 31 December 2019
		於二零二零年 六月三十日	於二零一九年 十二月三十一日
		HK\$M	HK\$M
		百萬港元	百萬港元
Trade payables	貿易應付款項	770.0	639.3
Contract liabilities	合約負債	26.3	40.0
Other tax payable	其他應付稅項	73.8	67.5
Accrued salaries and employee benefits	應計薪金及僱員福利	123.9	143.5
Provision for claims and contingencies	索償及或然事項撥備	17.0	17.7
Accrued professional expenses	應計專業開支	16.5	22.6
Asset retirement obligations	資產報廢責任	71.6	72.8
Other payables and accruals	其他應付款項及應計費用	188.3	160.1
		1,287.4	1,163.5
Less: non-current portion	減：非流動部分		
Asset retirement obligations	資產報廢責任	(71.6)	(72.8)
Other payables	其他應付款項	(22.0)	(23.8)
		1,193.8	1,066.9

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

貿易應付款項根據發票日期之賬齡分析如下：

		At 30 June 2020	At 31 December 2019
		於二零二零年 六月三十日	於二零一九年 十二月三十一日
		HK\$M	HK\$M
		百萬港元	百萬港元
0 – 90 days	0至90日	739.7	601.3
91 – 180 days	91至180日	11.1	12.5
Over 180 days	超過180日	19.2	25.5
		770.0	639.3

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

18 PLEDGE OF ASSETS

As at 30 June 2020 and 31 December 2019, the Group has pledged the following assets to banks to secure certain borrowings and general banking facilities granted to the Group:

18 資產抵押

於二零二零年六月三十日及二零一九年十二月三十一日，本集團已向銀行抵押以下資產，以擔保授予本集團之若干借款及一般銀行信貸：

		At 30 June 2020 於二零二零年 六月三十日 HK\$M 百萬港元	At 31 December 2019 於二零一九年 十二月三十一日 HK\$M 百萬港元
Property, plant and equipment	物業、廠房及設備	1,951.7	1,905.0
Right-of-use assets	使用權資產	230.1	288.2
Investment properties	投資物業	33.5	9.1
Inventories	存貨	1,050.8	711.7
Trade receivables	貿易應收款項	702.4	701.7
Pledged bank deposits	已抵押銀行存款	143.1	191.7
		4,111.6	3,807.4

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

19 CAPITAL COMMITMENTS

As at 30 June 2020 and 31 December 2019, capital expenditure contracted for but not yet incurred is as follows:

		At 30 June 2020 於二零二零年 六月三十日 HK\$M 百萬港元	At 31 December 2019 於二零一九年 十二月三十一日 HK\$M 百萬港元
Capital expenditure contracted for but not provided in the condensed consolidated financial information in respect of:	已訂約但未於簡明綜合財務資料中撥備的資本開支：		
– acquisition of property, plant and equipment	– 收購物業、廠房及設備	18.9	118.8
– additions in construction in progress	– 添置在建工程	0.8	2.2
– investment in a joint venture	– 投資一間合營企業	–	7.9
		19.7	128.9

20 RELATED PARTIES TRANSACTIONS

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

(a) Transactions

In addition to those disclosed elsewhere in the condensed consolidated financial information, the Group had the following transactions with its related parties during the interim period ended 30 June 2020 and 2019.

19 資本承擔

於二零二零年六月三十日及二零一九年十二月三十一日，已訂約但未產生之資本開支如下：

20 關聯方交易

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

(a) 交易

除已在簡明綜合財務資料其他部分披露者外，本集團於截至二零二零年及二零一九年六月三十日止中期期間曾與其關聯方進行以下交易。

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

20 RELATED PARTIES TRANSACTIONS (continued)

(a) Transactions (continued)

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

20 關聯方交易(續)

(a) 交易(續)

所有交易均於本集團日常業務過程中按交易雙方所協定的條款進行，詳情概述如下：

		Six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$M 百萬港元	2019 二零一九年 HK\$M 百萬港元
Sales of goods to	向以下各方銷售商品		
– Joint ventures	– 合營企業	142.9	58.2
– Related parties	– 關聯方	156.8	120.6
Purchases of goods from	從以下各方採購商品		
– An associate	– 聯營公司	(9.9)	(1.5)
– Joint ventures	– 合營企業	(90.0)	(144.4)
– Related parties	– 關聯方	(38.1)	(61.1)
Interest income from	來自以下各方之利息收入		
– Joint ventures	– 合營企業	0.4	0.5
– Related parties	– 關聯方	0.2	0.5
Interest expense to	支付予以下各方之利息開支		
– Related parties	– 關聯方	(0.3)	(0.3)
Other income from (Note (i))	來自以下各方之其他收入 (附註(i))		
– Joint ventures	– 合營企業	2.0	0.8
– Related parties	– 關聯方	1.8	2.7
Administrative expenses to (Note (ii))	支付予以下各方之行政開支 (附註(ii))		
– Joint ventures	– 合營企業	–	(0.1)
– Related parties	– 關聯方	(1.1)	(0.4)
Financial guarantee to	向以下各方提供之金融擔保		
– Related parties	– 關聯方	1.1	1.2

Notes:

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

附註：

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

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

20 RELATED PARTIES TRANSACTIONS (continued)

(b) Key management compensation

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

20 關聯方交易(續)

(b) 主要管理層薪酬

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

Six months ended 30 June

截至六月三十日止六個月

		2020 二零二零年 HK\$M 百萬港元	2019 二零一九年 HK\$M 百萬港元
Wages and salaries, including restructuring costs and other termination benefits	工資及薪金，包括重組成本及其他終止僱傭福利	9.4	8.1
Pension costs – defined contribution plans	退休金成本—界定供款計劃	–	–
Other employee benefits	其他僱員福利	–	0.7
Total	總計	9.4	8.8

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

20 RELATED PARTIES TRANSACTIONS (continued)

20 關聯方交易(續)

(c) Period-end balances

(c) 期末結餘

		At 30 June 2020 於二零二零年 六月三十日 HK\$M 百萬港元	At 31 December 2019 於二零一九年 十二月三十一日 HK\$M 百萬港元
Receivables from:	應收以下各方款項：		
– Joint ventures (Note (i))	– 合營企業(附註(i))	71.3	33.9
– Related parties (Note (i))	– 關聯方(附註(i))	26.2	14.0
		97.5	47.9
Payables to:	應付以下各方款項：		
– Joint ventures (Note (ii))	– 合營企業(附註(ii))	(33.5)	(15.5)
– Related parties (Note (ii))	– 關聯方(附註(ii))	(30.3)	(22.0)
		(63.8)	(37.5)

Notes:

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

附註：

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

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

21 CONTINGENCIES

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

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

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

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

21 或然事項

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

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

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

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

BOARD OF DIRECTORS

Executive Directors

- Mr. Qin Yongming (*Chairman*)
Mr. Tu Jianhua
Mr. Rafael Heinrich Suchan (*Chief Executive Officer*)
(appointed with effect from 1 March 2020)
Mr. Martin Simon (*Chief Financial Officer*)
(appointed with effect from 23 June 2020)

Independent Non-Executive Directors

- Dr. Loke Yu
Ms. Qian Liping
Mr. Ko Frankie Andrew
(appointed with effect from 19 February 2020)
Mr. Zhu Hongchao
(resigned with effect from 19 February 2020)

EXECUTIVE COMMITTEE

- Mr. Qin Yongming (*Chairman*)
Mr. Tu Jianhua
Mr. Rafael Heinrich Suchan
(appointed with effect from 1 March 2020)
Mr. Martin Simon
(appointed with effect from 23 June 2020)

AUDIT COMMITTEE

- Dr. Loke Yu (*Chairman*)
Ms. Qian Liping
Mr. Ko Frankie Andrew
(appointed with effect from 19 February 2020)
Mr. Zhu Hongchao
(resigned with effect from 19 February 2020)

NOMINATION COMMITTEE

- Mr. Qin Yongming (*Chairman*)
Dr. Loke Yu
Ms. Qian Liping
Mr. Ko Frankie Andrew
(appointed with effect from 19 February 2020)
Mr. Zhu Hongchao
(resigned with effect from 19 February 2020)

董事會

執行董事

- 秦永明先生 (*主席*)
涂建華先生
Rafael Heinrich Suchan先生 (*行政總裁*)
(由二零二零年三月一日起獲委任)
Martin Simon先生 (*首席財務官*)
(由二零二零年六月二十三日起獲委任)

獨立非執行董事

- 陸海林博士
錢麗萍女士
高瑞強先生
(由二零二零年二月十九日起獲委任)
朱洪超先生
(由二零二零年二月十九日起辭任)

執行委員會

- 秦永明先生 (*主席*)
涂建華先生
Rafael Heinrich Suchan先生
(由二零二零年三月一日起獲委任)
Martin Simon先生
(由二零二零年六月二十三日起獲委任)

審核委員會

- 陸海林博士 (*主席*)
錢麗萍女士
高瑞強先生
(由二零二零年二月十九日起獲委任)
朱洪超先生
(由二零二零年二月十九日起辭任)

提名委員會

- 秦永明先生 (*主席*)
陸海林博士
錢麗萍女士
高瑞強先生
(由二零二零年二月十九日起獲委任)
朱洪超先生
(由二零二零年二月十九日起辭任)

REMUNERATION COMMITTEE

Mr. Ko Frankie Andrew (*Chairman*)
(appointed with effect from 19 February 2020)
Dr. Loke Yu
Ms. Qian Liping
Mr. Zhu Hongchao
(resigned with effect from 19 February 2020)

STRATEGY AND INVESTMENT COMMITTEE

Mr. Qin Yongming (*Chairman*)
Mr. Tu Jianhua
Mr. Rafael Heinrich Suchan
(appointed with effect from 1 March 2020)
Mr. Martin Simon
(appointed with effect from 23 June 2020)
Mr. Goh Kian Guan

PRICING COMMITTEE

Mr. Qin Yongming (*Chairman*)
Mr. Rafael Heinrich Suchan
(appointed with effect from 1 March 2020)
Mr. Martin Simon
(appointed with effect from 23 June 2020)
Mr. Udo Langhans

AUTHORISED REPRESENTATIVES

Mr. Tu Jianhua
Ms. So Shuk Yi Betty
(appointed with effect from 24 July 2020)
Ms. Yiu Yi Ting
(resigned with effect from 24 July 2020)

CHIEF FINANCIAL OFFICER

Mr. Martin Simon
(appointed with effect from 23 June 2020)

COMPANY SECRETARY

Ms. So Shuk Yi Betty
(appointed with effect from 24 July 2020)
Ms. Yiu Yi Ting
(resigned with effect from 24 July 2020)

薪酬委員會

高瑞強先生 (*主席*)
(由二零二零年二月十九日起獲委任)
陸海林博士
錢麗萍女士
朱洪超先生
(由二零二零年二月十九日起辭任)

戰略與投資委員會

秦永明先生 (*主席*)
涂建華先生
Rafael Heinrich Suchan先生
(由二零二零年三月一日起獲委任)
Martin Simon先生
(由二零二零年六月二十三日起獲委任)
吳健源先生

定價委員會

秦永明先生 (*主席*)
Rafael Heinrich Suchan先生
(由二零二零年三月一日起獲委任)
Martin Simon先生
(由二零二零年六月二十三日起獲委任)
Udo Langhans先生

授權代表

涂建華先生
蘇淑儀女士
(由二零二零年七月二十四日起獲委任)
姚懿庭女士
(由二零二零年七月二十四日起辭任)

首席財務官

Martin Simon先生
(由二零二零年六月二十三日起獲委任)

公司秘書

蘇淑儀女士
(由二零二零年七月二十四日起獲委任)
姚懿庭女士
(由二零二零年七月二十四日起辭任)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

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Deacons (Hong Kong)
Dechert (Hong Kong)
LC Lawyers LLP (Hong Kong)
Ashurst (Hong Kong)
Aber-Law (Thailand)
Latham & Watkins LLP (Germany)
CMS Hasche Sigle (Germany)
Menold Bezler (Germany)
Acuminis (US)
Withers Worldwide

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
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Agricultural Bank of China
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Targo Bank
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