

LEE & MAN CHEMICAL COMPANY LIMITED

理文化工有限公司

Stock Code 股份代號 : 746



Together We Grow



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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive directors

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

Independent non-executive directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Cheung Kwok Keung

REGISTERED OFFICE

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

董事會

執行董事

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

獨立非執行董事

王啟東先生
尹志強先生BBS太平紳士
邢家維先生

審核委員會

邢家維先生(*主席*)
王啟東先生
尹志強先生BBS太平紳士

薪酬委員會

邢家維先生(*主席*)
王啟東先生
尹志強先生BBS太平紳士

提名委員會

衛少琦女士(*主席*)
邢家維先生
王啟東先生
尹志強先生BBS太平紳士

公司秘書

張國強先生

註冊辦事處

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

HONG KONG OFFICE

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

PRINCIPAL BANKERS

In Hong Kong:

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

In the PRC:

Bank of China Limited
China Construction Bank Corporation

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

<http://www.leemanchemical.com>

香港辦事處

香港
九龍
觀塘
敬業街61–63號
利維大廈8樓

主要往來銀行

香港：

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

中國：

中國銀行股份有限公司
中國建設銀行股份有限公司

核數師

德勤·關黃陳方會計師行
執業會計師

主要股份過戶登記處

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

香港股份過戶登記分處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心22樓

網址

<http://www.leemanchemical.com>

Interim Results

中期業績

The board of directors (the "Board") of Lee & Man Chemical Company Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 together with comparative figures for the last corresponding period as follows:

理文化工有限公司(「本公司」)董事會欣然公布，本公司及其附屬公司(「本集團」)截至2018年6月30日止6個月之未經審核中期業績，連同去年同期比較數字如下：

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

簡明綜合損益及其他全面收益表

截至2018年6月30日止6個月

		Six months ended 30 June	
		截至6月30日止6個月	
		2018	2017
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
	Notes 附註		
Revenue	3&4	1,953,247	1,252,591
Cost of sales		(1,000,828)	(719,509)
Gross profit		952,419	533,082
Other income	5	44,797	14,218
Other gains and losses	6	4,997	(514)
Selling and distribution costs		(108,787)	(74,471)
General and administrative expenses		(105,312)	(81,386)
Research and development cost		(77,064)	(45,334)
Finance costs		(45,279)	(37,004)
Net exchange gains		3,174	10,385
Share of loss of joint ventures		(33)	(470)
Share of loss of an associate		(16)	-
Profit before taxation		668,896	318,506
Income tax expense	7	(124,117)	(77,024)
Profit for the period	8	544,779	241,482
Other comprehensive income (expenses):	其他全面收益(支出)：		
Items that will not be reclassified to profit or loss:	其後不會重新分類至損益之項目：		
Exchange differences arising on translation		(10,131)	24,076
Share of other comprehensive (expenses) income of joint ventures and an associate		(425)	255
Other comprehensive (expenses) income for the period		(10,556)	24,331
Total comprehensive income for the period		534,223	265,813


CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2018

簡明綜合損益及其他全面收益表(續)

截至2018年6月30日止6個月

		Six months ended 30 June	
		截至6月30日止6個月	
		2018	2017
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Notes		HK\$'000	HK\$'000
附註		千港元	千港元
Profit (loss) for the period attributable to:			
	期內溢利(虧損)歸屬於：		
	Owners of the Company	545,354	241,482
	本公司擁有人		
	Non-controlling interests	(575)	-
	非控股權益		
		544,779	241,482
Total comprehensive income (expenses) for the period attributable to:			
	期內全面收益(支出)		
	總額歸屬於：		
	Owners of the Company	534,754	265,813
	本公司擁有人		
	Non-controlling interests	(531)	-
	非控股權益		
		534,223	265,813
Earnings per share:			
	每股盈利：		
	- Basic (HK cents)	66.1	29.3
	— 基本(港仙)		
	- Diluted (HK cents)	63.7	N/A 不適用
	— 攤薄(港仙)		

Interim Results

中期業績

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

At 30 June 2018

於2018年6月30日

			30.06.2018	31.12.2017
			(Unaudited)	(Audited)
			(未經審核)	(經審核)
	Notes		HK\$'000	HK'000
	附註		千港元	千港元
NON-CURRENT ASSETS				
非流動資產				
Property, plant and equipment		物業、廠房及設備	3,921,898	3,825,753
Prepaid lease payments		預付租賃款項	153,279	155,023
Intangible assets		無形資產	107,218	108,833
Deposits paid for the acquisition of property, plant and equipment		購置物業、廠房及設備之已付訂金	70,484	93,131
Interests in joint ventures		合營企業之權益	17,413	17,445
Interest in an associate		聯營企業之權益	11,733	1,162
Loan to a joint venture		合營企業之貸款	96,865	96,865
Deferred tax asset		遞延稅項資產	24,616	24,893
Goodwill		商譽	2,809	2,809
			4,406,315	4,325,914
CURRENT ASSETS				
流動資產				
Inventories		存貨	456,513	424,217
Properties under development for sale		待出售的發展中物業	118,614	89,298
Prepaid lease payments		預付租賃款項	4,462	4,462
Trade and other receivables		應收貿易及其他款項	808,568	512,133
Amounts due from a joint venture		應收合營企業款項	15,901	16,214
Amounts due from related companies		應收關連公司款項	18,994	15,731
Bank balances and cash		銀行結餘及現金	333,479	467,506
			1,756,531	1,529,561
CURRENT LIABILITIES				
流動負債				
Trade and other payables		應付貿易及其他款項	493,462	478,706
Amounts due to related companies		應付關連公司款項	5,433	-
Taxation payable		應付稅項	57,141	41,243
Deferred tax liabilities		遞延稅項負債	13,690	-
Bank borrowings – due within 1 year		銀行借款 – 1年內到期	761,454	601,182
			1,331,180	1,121,131
NET CURRENT ASSETS		流動資產淨額	425,351	408,430
TOTAL ASSETS LESS CURRENT LIABILITIES		總資產減流動負債	4,831,666	4,734,344


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2018

簡明綜合財務狀況表(續)

於2018年6月30日

		30.06.2018	31.12.2017
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
	Notes	HK\$'000	HK'000
	附註	千港元	千港元
NON-CURRENT LIABILITIES	非流動負債		
Other payables	應付其他款項	14 45,615	28,494
Deferred tax liabilities	遞延稅項負債	11,699	41,815
Bank borrowings – due after 1 year	銀行借款 – 1年後到期	1,294,487	1,569,601
		1,351,801	1,639,910
NET ASSETS	資產淨值	3,479,865	3,094,434
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	15 82,500	82,500
Reserves	儲備	3,385,835	2,999,873
Equity attributable to owners of the Company	本公司擁有人應佔權益	3,468,335	3,082,373
Non-controlling interests	非控股權益	11,530	12,061
Total Equity	權益總額	3,479,865	3,094,434

Interim Results

中期業績

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

簡明綜合權益變動表

截至2018年6月30日止6個月

		Share capital	Share premium	Non-distributable reserve	Safety fund reserve	Translation reserve	Share option reserve	Special reserve	Accumulated profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	不可分派儲備	安全基金儲備	匯兌儲備	購股權儲備	特別儲備	累計溢利	合計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(note i) (附註i)	(note ii) (附註ii)			(note iii) (附註iii)				
At 1 January 2017 (audited)	於2017年1月1日 (經審核)	82,500	20,307	333,446	14,427	(105,453)	-	(97,362)	2,094,160	2,342,025	-	2,342,025
Profit for the period	期內溢利	-	-	-	-	-	-	-	241,482	241,482	-	241,482
Other comprehensive expense for the period	期內其他全面支出	-	-	-	-	24,331	-	-	-	24,331	-	24,331
Total comprehensive expense for the period	期內全面支出總額	-	-	-	-	24,331	-	-	241,482	265,813	-	265,813
Dividend recognised as distribution	已確認分派之股息	-	-	-	-	-	-	-	(33,000)	(33,000)	-	(33,000)
Transfer to non-distributable reserve	轉入不可分派儲備	-	-	26,524	-	-	-	-	(26,524)	-	-	-
At 30 June 2017 (unaudited)	於2017年6月30日 (未經審核)	82,500	20,307	359,970	14,427	(81,122)	-	(97,362)	2,276,118	2,574,838	-	2,574,838
At 1 January 2018 (audited)	於2018年1月1日 (經審核)	82,500	20,307	416,140	2,455	32,029	15,313	(97,362)	2,610,991	3,082,373	12,061	3,094,434
Profit for the period	期內溢利	-	-	-	-	-	-	-	545,354	545,354	(575)	544,779
Other comprehensive income (expense) for the period	期內其他全面收益 (支出)	-	-	-	-	(10,600)	-	-	-	(10,600)	44	(10,556)
Total comprehensive income (expense) for the period	期內全面收益 (支出)總額	-	-	-	-	(10,600)	-	-	545,354	534,754	(531)	534,223
Dividend recognised as distribution	已確認分派之股息	-	-	-	-	-	-	-	(165,000)	(165,000)	-	(165,000)
Recognition of equity settled share based payments	確認以股本結算為 基礎之支出	-	-	-	-	-	16,208	-	-	16,208	-	16,208
At 30 June 2018 (unaudited)	於2018年6月30日 (未經審核)	82,500	20,307	416,140	2,455	21,429	31,521	(97,362)	2,991,345	3,468,335	11,530	3,479,865

notes:

- According to the relevant laws in the People's Republic of China ("PRC"), wholly foreign-owned enterprises in the PRC are required to transfer at least 10% of their net profits after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The non-distributable reserve fund can be used to offset the previous years' losses, if any. The non-distributable reserve fund is non-distributable other than upon liquidation.
- Pursuant to the relevant regulation in the PRC, certain subsidiaries of the Company are required to provide for safety fund reserve based on sales revenue.
- The special reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired pursuant to a group reorganisation in December 2001.

附註:

- 根據中華人民共和國(「中國」)相關法律，在中國的外資企業須結轉最少10%除稅後溢利(根據中國會計規定釐定)至不可分派儲備，直至儲備結餘達到註冊資本50%。結轉該儲備必須在分派股息給股東前。不可分派儲備可用作抵銷過往年度虧損(如有)。除清盤外，不可分派儲備是不得分派。
- 根據中國相關法規，部份本公司之子公司是需根據銷售額計提安全基金儲備。
- 本集團之特別儲備乃本公司透過2001年12月之集團重組所收購之附屬公司之股本面值與本公司已發行股本面值之差額。

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS 簡明綜合現金流量表

		Six months ended 30 June	
		截至6月30日止6個月	
		2018	2017
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
NET CASH FROM OPERATING ACTIVITIES	經營業務所得現金淨額	467,306	132,277
INVESTING ACTIVITIES	投資活動		
Purchase of property, plant and equipment	購置物業、廠房及設備	(152,080)	(133,343)
Deposits paid for acquisition of property, plant and equipment	購置物業、廠房及設備之已付訂金	(109,915)	(121,085)
Increase in investment in an associate	聯營公司的投資款增加	(11,014)	-
Purchase of intangible assets	購置無形資產	(293)	-
Increase (decrease) in construction payable	應付建設款項增加(減少)	11,358	(2,566)
Interest received	已收利息	3,438	1,062
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	525	41
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額	(257,981)	(255,891)
FINANCING ACTIVITIES	融資活動		
Bank borrowings raised	新籌集銀行借款	29,762	632,797
Proceeds from settlement of derivative financial instruments	結算衍生金融工具所得款項	8,830	-
Dividends paid	已付股息	(165,000)	(33,000)
Repayment of bank borrowings	償還銀行借款	(145,695)	(370,670)
Interest paid	已付利息	(45,279)	(37,004)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資活動(所用)所得現金淨額	(317,382)	192,123
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)增加淨額	(108,057)	68,509
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	期初之現金及現金等價物	467,506	228,091
EFFECT OF CHANGES IN EXCHANGE RATE	匯率變動之影響	(25,970)	8,975
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	期末之現金及現金等價物	333,479	305,575

Interim Results

中期業績

Notes:

1. BASIS OF PREPARATION

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

The functional currency of the Company is Renminbi (“RMB”), while the condensed consolidated financial statements are presented in Hong Kong dollars (“HK dollars”) as the Company is listed in Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, certain new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Interpretations issued by the HKICPA that are mandatorily effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidated financial statement.

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

附註：

1. 編製基準

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

本公司的功能貨幣為人民幣。由於本公司股份在聯交所上市，故此簡明綜合財務報表乃以港元呈列。

2. 主要會計政策

本簡明綜合財務報表按歷史成本法編製，惟若干按各報告期末之公平值計算之金融工具則除外。

除下文所述，編製截至2018年6月30日止6個月之簡明綜合財務報表所採用的會計政策及計算方法，與本集團截至2017年12月31日止年度財務報表所採用者一致。

於本中期期間，本集團已首次採納由香港會計師公會頒布且已於2018年1月1日或之後開始之年度期間強制生效的若干新訂及經修訂香港財務報告準則(「香港財務報告準則」)及詮釋，以編製本集團之簡明綜合財務報表。

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



2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

HKFRS 9 Financial Instruments/HKFRS 15 Revenue from Contracts with Customers

The Group has performed an assessment on the impact of the adoption of HKFRS 9 and HKFRS 15 respectively and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of equity at 1 January 2018 was recognised.

3. REVENUE

All the Group's revenue for the period is derived from manufacture and sales of chemical products.

4. SEGMENT INFORMATION

(a) Operating segments

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), being the Chairman of the Company, in order to allocate resources to segments and to assess their performance. The CODM reviews the Group's profit as a whole, which is generated solely from the manufacture and sale of chemical products and determined in accordance with the Group's accounting policies, for performance assessment. Therefore no separate segment information is prepared by the Group.

(b) Geographical information

The Group's operations are located in the PRC. Most of the Group's revenue from external customers is derived from the PRC and most of the Group's non-current assets are located in the PRC for both periods.

2. 主要會計政策(續)

香港財務報告準則第9號「金融工具」／香港財務報告準則第15號「來自客戶合約的收入」

本集團已對採納香港財務報告準則第9號及香港財務報告準則第15號的影響分別進行評估，並認為概無存在重大財務影響，故確認對2018年1月1日期初權益結餘無需作出調整。

3. 收入

本集團期內所有收入均源自制造及銷售化工產品。

4. 分部資料

(a) 經營分部

香港財務報告準則第8號規定經營分部應以內部報告有關本集團的構成要素作分類，而本集團主要營運決策人（「主要營運決策人」），即本公司主席定期檢閱內部報告，以作出資源分配及評核分部表現。主要營運決策人檢討本集團的整體溢利，而本集團溢利僅來自生產及銷售化工產品，並按照本集團的會計政策評估表現。因此，本集團並無編製任何單獨的分部資料。

(b) 地區資料

本集團的業務位於中國。在這兩個期間，絕大部份來自外部客戶之收入均源自中國及絕大部份之非流動資產均位於中國。

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4. SEGMENT INFORMATION (CONTINUED)

(c) Revenue from major products

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

		Six months ended 30 June 截至6月30日止6個月	
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Caustic soda	燒鹼	894,041	643,387
Chloromethane products	甲烷氯化物	419,446	292,635
Polymers	高分子材料	235,222	185,397
Hydrogen peroxide	過氧化氫	198,453	43,290
Fluorochemical products	氟化工產品	93,262	61,620
Styrene-acrylic latex surface sizing agent	苯丙施膠劑	35,136	3,568
Others	其他	77,687	22,694
		1,953,247	1,252,591

(d) Information about major customers

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

4. 分部資料(續)

(c) 主要產品收入

本集團主要產品收入分析如下：

(d) 主要客戶資料

在這兩個期間均無個別客戶之收入超出本集團總收入的10%。

5. OTHER INCOME

		Six months ended 30 June 截至6月30日止6個月	
		2018 HK\$'000 千港元	2017 HK\$'000 千港元
Government grants	政府補貼	21,895	4,764
Electricity and steam income	提供電力及蒸氣收入	12,380	4,744
Scrap sales	廢品收入	3,727	2,392
Bank interest income	銀行利息收入	3,438	1,062
Rental income	租金收入	1,317	966
Interest income from a joint venture	合營公司之利息收入	250	231
Others	其他	1,790	59
		44,797	14,218

5. 其他收入

6. OTHER GAINS AND LOSSES

		Six months ended 30 June	
		截至6月30日止6個月	
		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Net gain on settlement of derivative financial instruments	衍生金融工具結算之淨收益	8,830	–
Loss on disposal of property, plant and equipment	處置物業、廠房及設備損失	(3,833)	(502)
Net loss from changes in fair value of derivative financial instruments	衍生金融工具公平值變動之淨虧損	–	(12)
		4,997	(514)

6. 其他收益及虧損**7. INCOME TAX EXPENSE**

		Six months ended 30 June	
		截至6月30日止6個月	
		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
The charge comprises:	支出包括：		
Current tax:	本期稅項：		
PRC Enterprise Income Tax ("EIT")	中國企業所得稅	99,093	59,862
Withholding tax on dividend income	股息收入預扣稅	10,540	15,398
Deferred tax expenses – Current period	遞延稅項支出 – 本期間	14,484	1,764
		124,117	77,024

7. 所得稅支出

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

For the period ended 30 June 2017 and 30 June 2018, Jiangsu Lee & Man Chemical Limited ("Jiangsu L&M") was entitled to a reduced EIT rate of 15% as it has been qualified as a High and New Technology Enterprise. For the period ended 30 June 2018, Jiangxi Lee & Man Chemical Limited ("Jiangxi L&M") was entitled to a reduced EIT rate of 15% as it has been qualified as a High and New Technology Enterprise.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction.

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

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

於2017年6月30日及2018年6月30日止期內，因江蘇理文化工有限公司（「江蘇理文」）取得高新科技企業資格，所以享有較低之15%企業所得稅率。於2018年6月30日止期內，因江西理文化工有限公司（「江西理文」）取得高新科技企業資格，所以享有較低之15%企業所得稅率。

其他司法權區之稅項乃按有關司法權區之課稅率而計算。

由於該兩個期間並無應評稅利潤，故無提撥香港利得稅。

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8. PROFIT FOR THE PERIOD

8. 期內溢利

		Six months ended 30 June	
		截至6月30日止6個月	
		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Profit for the period has been arrived at after charging:	期內溢利已扣除：		
Directors' emoluments	董事薪酬	27,378	7,675
Other staff costs:	其他職員成本：		
Salaries and other benefits (excluding directors)	薪金及其他福利 (董事除外)	110,769	88,196
Retirement benefit schemes contributions (excluding directors)	退休福利計劃供款 (董事除外)	7,333	5,663
Total staff costs	員工成本總額	145,480	101,534
Finance costs:	融資成本：		
Interest on bank borrowings wholly repayable within five years	利息支出—須於五年內全部償還之銀行借款	45,488	37,977
Less: amounts capitalised to property, plant and equipment (note)	減：於物業、廠房及設備資本化之金額(附註)	(209)	(973)
		45,279	37,004
Cost of inventories recognised as expenses	已確認為支出的存貨成本	1,000,828	719,509
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	182,805	141,433
Amortisation of prepaid lease payments	預付租賃款項攤銷	1,801	1,283
Amortisation of intangible assets	無形資產攤銷	1,986	561
Total depreciation and amortisation	折舊及攤銷合計	186,592	143,277
Capitalised in inventories	已計入存貨之金額	(162,564)	(124,887)
		24,028	18,390

note: During the period ended 30 June 2018, certain borrowing costs capitalised arose from the specific borrowings and were calculated by applying a capitalisation rate of 4.75% (2017: 4.75%) per annum to expenditures on qualifying assets.

附註：截至2018年6月30日，部分資本化的借貸成本由指定借款產生及採用符合資本化條件的資產支出按每年資本化率4.75% (2017：4.75%)計算。



9. DIVIDENDS

9. 股息

		Six months ended 30 June	
		截至6月30日止6個月	
		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Final dividend paid during the period:	期內已派付之末期股息：		
2017 final dividend HK20.0 cents per share (2016: HK4.0 cents)	2017年末期股息每股20.0港仙 (2016：4.0港仙)	165,000	33,000
Interim dividend declared subsequent to period end:	期後已宣派之中期股息		
2018 interim dividend HK23.0 cents per share (2017: HK10.0 cents)	2018年中期股息每股23.0港仙 (2017：10.0港仙)	189,750	82,500

The Board has declared that an interim dividend of HK23.0 cents (2017: HK10.0 cents) per share for the six months ended 30 June 2018 to shareholders whose names appear in the Register of Members on 20 August 2018.

董事會議決宣派2018年6月30日止6個月之中期股息每股23.0港仙(2017：10.0港仙)予於2018年8月20日名列於股東名冊內之股東。

10. EARNINGS PER SHARE

10. 每股盈利

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

就應佔股東溢利所計算的每股基本盈利乃按下列數據釐定：

		Six months ended 30 June	
		截至6月30日止6個月	
		2018	2017
		HK\$'000	HK\$'000
		千港元	千港元
Earnings for the purpose of basic earnings per share	用以計算每股基本盈利之 盈利	545,354	241,482
		Number of Shares	Number of Shares
		股份數量	股份數量
Number of ordinary shares for the purpose of basic earnings per share	用以計算每股基本盈利的 普通股數	825,000,000	825,000,000
Effect of dilutive potential ordinary shares: Share options (note)	普通股潛在攤薄影響： 購股權(附註)	31,832,251	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	用以計算每股攤薄盈利的 普通股加權平均數	856,832,251	825,000,000

note: No diluted earnings per share for the period ended 30 June 2017 were presented as there were no potential ordinary share in issue during the period.

附註：由於截至2017年6月30日止期內沒有發行潛在普通股，因此該期間並無每股攤薄盈利。

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11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, there were additions of approximately HK\$287 million (2017: HK\$274 million) on property, plant and equipment to expand the operation.

12. INVENTORIES

Raw materials and consumables 原材料及耗用品
Work in progress 在製品
Finished goods 製成品

11. 添置物業、廠房及設備

期內，本集團就物業、廠房及設備添置約2.87億港元(2017：2.74億港元)，以擴展集團業務。

12. 存貨

	At 於 30.06.2018 HK\$'000 千港元	At 於 31.12.2017 HK\$'000 千港元
Raw materials and consumables	254,776	272,957
Work in progress	37,425	28,299
Finished goods	164,312	122,961
	456,513	424,217

13. TRADE AND OTHER RECEIVABLES

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

Included in the balance are trade and bills receivables of approximately HK\$601,508,000 (31.12.2017: HK\$380,486,000). The aged analysis of trade and bills receivables based on the invoice date at the end of the reporting period is as follows:

13. 應收貿易及其他款項

本集團一般給予貿易客戶之賒賬期平均為7至60天。

應收貿易及其他款項包括應收賬款及票據約601,508,000港元(31.12.2017：380,486,000港元)，應收賬款及票據於結算日按發票日期之賬齡分析如下：

		At 於 30.06.2018 HK\$'000 千港元	At 於 31.12.2017 HK\$'000 千港元
Not exceeding 30 days	不超過30天	245,904	252,281
31 to 60 days	31至60天	116,979	46,563
61 to 90 days	61至90天	99,339	26,895
91 to 120 days	91至120天	93,336	31,165
Over 120 days	超過120天	45,950	23,582
Trade and bills receivables	應收賬款及票據	601,508	380,486
Prepayments and deposit to suppliers	預付款及付供應商訂金	160,871	85,771
Value-added tax receivables	應收增值稅項	12,314	35,291
Other receivables	其他應收款	33,875	10,585
Total trade and other receivables	應收貿易及其他款項合計	808,568	512,133

14. TRADE AND OTHER PAYABLES

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

Included in trade and other payables are trade and bills payables of approximately HK\$182,935,000 (31.12.2017: HK\$124,909,000). The aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

		At 於 30.06.2018 HK\$'000 千港元	At 於 31.12.2017 HK\$'000 千港元
Not exceeding 30 days	不超過30天	110,225	79,610
31 to 60 days	31至60天	14,018	18,230
61 to 90 days	61至90天	18,251	4,447
Over 90 days	90天以上	40,441	22,622
Trade and bills payables	應付賬款及票據	182,935	124,909
Construction costs payable and accruals	應付工程款及預提費用	194,189	140,761
Receipt in advance	預收款	60,046	88,124
Other payables	其他應付款	50,584	96,897
Other accruals	其他預提費用	36,524	30,915
Value-added tax accruals	應付增值稅項	14,799	25,594
Total trade and other payables	應付貿易及其他款項合計	539,077	507,200
Analysed for reporting purposes as:	作報告分析用途：		
Non-current liabilities	非流動負債	45,615	28,494
Current liabilities	流動負債	493,462	478,706
		539,077	507,200

As at 30 June 2018, the balance of other payables comprised a non-current deferred income, amounting to HK\$45,615,000 (31.12.2017: HK\$28,494,000) received from the PRC government for an innovative technology project.

14. 應付貿易及其他款項

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

應付貿易及其他款項包括應付賬款及票據約 182,935,000 港元 (31.12.2017 : 124,909,000 港元)，應付賬款於結算日按發票日期之賬齡分析如下：

截至2018年6月30日，收取了中國政府給予之創新科技項目金額為45,615,000 港元(31.12.2017 : 28,494,000 港元)之非流動遞延收入已包含在其他應付款中。

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15. SHARE CAPITAL

15. 股本

		Number of ordinary shares 普通股份數目	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.1 each:	每股面值0.1港元之普通股：		
Authorised:	法定：		
At 1 January 2017, 30 June 2017, 1 January 2018 and 30 June 2018	於2017年1月1日、2017年 6月30日、2018年1月1日及 2018年6月30日	5,000,000,000	500,000
Issued and fully paid:	發行及繳足：		
At 1 January 2017, 30 June 2017, 1 January 2018 and 30 June 2018	於2017年1月1日、2017年 6月30日、2018年1月1日及 2018年6月30日	825,000,000	82,500

16. CAPITAL COMMITMENTS

16. 資本承擔

		At 於 30.06.2018 HK\$'000 千港元	At 於 31.12.2017 HK\$'000 千港元
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	已訂約但未於簡明綜合財務報表中 撥備之資本性支出用作購置 物業、廠房及設備	298,117	274,847

17. CONNECTED AND RELATED PARTY TRANSACTIONS

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

Connected parties 關連方	Nature of transactions 交易性質	Six months ended 30 June 截至6月30日止6個月	
		2018 千港元	2017 千港元
Lee & Man Paper Manufacturing Limited (note) 理文造紙有限公司(附註)	Electricity & steam fee paid 已付發電及蒸氣費	34,039	33,617
	Rental expense paid 已付租金費用	998	860
	Sales of chemical products 銷售化工產品	54,700	12,750
	Electricity & steam fee received 已收發電及蒸氣費	34,536	18,635
	Rental income received 已收租金收入	1,319	951

note: Dr. Lee Man Chun Raymond, the ultimate controlling shareholder of Lee & Man Paper Manufacturing Limited, is an associate of Mr. Lee Man Yan, the Director of the Company.

17. 關連交易

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

附註：理文造紙有限公司的最終控股股東李文俊博士與本公司董事李文恩先生為聯繫人仕。

18. REVIEW OF INTERIM ACCOUNTS

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

19. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 14 July 2017 for the purpose of providing incentives to directors and eligible persons (the "Participants"). The Scheme had a term of 10 years from the date which the Board of Directors resolved to offer the options to the Participants, i.e. 13 June 2017, and therefore it expired on 12 June 2026. On 14 July 2017, share options with a market value of HK\$154,200,000 were granted and the provision of the Scheme shall remain in full force and the holder of all options granted under the Scheme prior to such termination shall be entitled to exercise the outstanding options pursuant to the terms of the Scheme until expiry of the said options.

18. 審閱中期帳目

本簡明綜合中期財務報表乃未經審核，但已由審核委員會審閱。

19. 購股權計劃

本公司之購股權計劃(「計劃」)乃根據於2017年7月14日通過之決議案採納，旨在為董事及合資格人士(「參與者」)提供獎勵。該計劃自董事會決議向參與者提供期權(即2017年6月13日)起計10年，因此於2026年6月12日屆滿。於2017年7月14日，購股權以市值154,200,000港元已獲授出，而該計劃的條款將繼續全面生效，而於終止前根據該計劃授出的所有購股權持有人有權根據計劃條款行使尚未行使購股權，直至該等計劃屆滿為止選項。

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19. SHARE OPTION SCHEME (CONTINUED)

The purpose of the Scheme is to reward the Participants who has contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Scheme expressly provides that the Board of Directors may, with respect to each grant of options, determine the subscription price, the minimum period (if any) for which an option must be held before it can be exercised, performance targets (if any) and other conditions that apply to the options.

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

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

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

19. 購股權計劃(續)

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

於2017年7月14日授出的購股權將於2022年4月1日歸屬。倘本集團達成以下表現目標，該等購股權將可由李文恩（「李先生」）於2022年4月1日至2027年3月31日期間內予以行使：

- (i) 倘本集團截至2021年12月31日止財政年度之淨利潤等於或超過本集團截至2016年12月31日止財政年度淨利潤216,195,000港元之150%，則82,500,000份購股權將可由2022年4月1日至2027年3月31日（首尾兩天包括在內）獲悉數行使；或
- (ii) 倘本集團截至2021年12月31日止財政年度之淨利潤無法按上文(i)所述達致，則若本集團截至2022年12月31日止財政年度之淨利潤等於或超過本集團截至2016年12月31日止財政年度淨利潤216,195,000港元之160%，則82,500,000份購股權將可由2023年4月1日至2027年3月31日（首尾兩天包括在內）獲行使。

有條件授予李先生之購股權之行使價為3.72港元，已於2017年6月13日的董事會會議上參考下列三者之價格（以最高者為準）釐定：(i) 0.1港元，即股份面值，(ii) 於批准行使價及有關授出之上述董事會會議當日在聯交所發出之每日報價表所列之股份收市價3.72港元，及(iii) 於緊接就批准行使價及有關授出而召開上述董事會會議當日前五個交易日在聯交所發出之每日報價表所列之股份平均收市價。

19. SHARE OPTION SCHEME (CONTINUED)

The following table discloses movements of the Company's share options during the periods ended 30 June 2018:

Director	Date of grant	Exercise price	Exercisable period	Outstanding at 1.1.2018 於2018年 1月1日 尚未行使	Number of share options 購股權數目			Outstanding at 30.06.2018 於2018年 6月30日 尚未行使
					Granted during the period	Exercised during the period	Lapsed/cancelled during the period	
董事	授出日期	行使價 HK\$ 港元	行使期		期內授出	期內行使	期內到期/ 取消	
Lee Man Yan 李文恩	14.7.2017	3.72	1.4.2022– 31.3.2027	82,500,000	-	-	-	82,500,000
Exercisable at the end of the period 於期終可行使								-

The estimated fair value of the share options granted under the Scheme on 14 July 2017 was approximately HK\$154,200,000, calculated using the Binomial Model (the "Model"). The inputs into the Model were as follows:

Share options with an exercisable period from 1.4.2022 to 31.3.2027 購股權之行使期 由1.4.2022至31.3.2027		
Share price at date of grant	於授出日期股價	HK\$4.44
Exercise price	行使價	HK\$3.72
Expected volatility (per annum)	預期波幅(每年)	44.29%
Expected life of share options	購股權預期年期	9.7 years
Expected dividend yield	預期股息率	3.24%
Risk-free rate	無風險利率	1.52%
Fair value of share option	購股權之公平值	HK\$1.87

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

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

19. 購股權計劃(續)

於2018年6月30日期間內，本公司購股權變動呈列如下：

於2017年7月14日所授出購股權之估算公平價值為154,200,000港元，乃採用二項式模型(「模型」)釐定。模型的輸入數據如下：

購股權之公平價值乃參考由專業獨立估值師之評估。

預期波幅按過去五年公司股價之歷史波幅釐定。模式所採用預期年期已就不可轉讓、行使限制及行為考慮之影響按管理層最佳估計調整。

Interim Results

中期業績

19. SHARE OPTION SCHEME (CONTINUED)

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

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognises the total expense of HK\$16,208,000 for the period ended 30 June 2018 (2017: Nil) in relation to share options granted by the Company.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK23 cents per share for the six months ended 30 June 2018 to shareholders whose names appear on the Register of Members on 20 August 2018. It is expected that the interim dividend will be paid around 30 August 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 16 August 2018 to 20 August 2018, both days inclusive, during which period no transfer of shares in the Company can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 pm on 15 August 2018.

19. 購股權計劃(續)

無風險利率按香港金融管理局之五年期外匯基金債券率於授出日期估計。

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

就本公司授出之購股權，於2018年6月30日止期間本集團已確認16,208,000港元之費用(2017：零)。

中期股息

董事會議決宣派截至2018年6月30日止6個月之中期股息每股23港仙予於2018年8月20日名列股東名冊內之股東。預期中期股息將於2018年8月30日派發。

暫停辦理股份過戶登記

本公司將於2018年8月16日至2018年8月20日(首尾兩天包括在內)暫停辦理股份過戶登記手續。為符合獲派中期股息之資格，所有過戶文件連同有關股票最遲須於2018年8月15日下午4：30前送達本公司位於香港皇后大道東183號合和中心22樓之股份過戶登記分處卓佳秘書商務有限公司，以辦理登記手續。

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

For the six months ended 30 June 2018, the Group recorded a revenue of approximately HK\$1,953 million, increased by 55.9% as compared to last corresponding period; and a net profit for the period of approximately HK\$545 million, representing an increase of 125.6% year on year.

The Group's gross profit margin was 48.8%, increased by 6.2 percentage points as compared to last corresponding period and net profit margin of 27.9% which was increased by 8.6 percentage points for the period.

In the first half of 2018, due to national environmental protection policy and supply-side structural reform in the chemical industry, there was high demand for the Group's products from the downstream clients. At the same time, sales volume and price increased when compared with the last corresponding period, which led to the increase of the Group's overall profit margin.

PROSPECTS

In the second half of this year, the Group will increase the caustic soda production at the Jiangxi plant. After the expansion, the Group can produce 520,000 dry tons of caustic soda per year. Also, the new plant in Zhuhai which located at Gaolan Port is currently under construction. The plant will produce Lithium battery electrolyte additives and is expected to start production in the third quarter of 2019.

In response to stricter policies of production safety and environmental protection in the PRC, the management will strengthen production management and equipment maintenance of the plants, and support online inspections executed by the local environmental departments. At the same time, the Group embraces the concept of "green manufacturing" and uphold its social responsibilities by practising clean, efficient and low carbon emission production.

To meet the market demand and support the development of fine chemicals, the Group continues to strengthen its R&D and new product development capabilities through investment in equipment and hiring experienced chemistry experts.

In addition, the Group will gradually implement business automation management. Most of the operation procedures are executed by digital terminals. The ERP system of the Group can then generate accurate information to various departments and management to increase their efficiency, contribute to effective monitoring and cost control.

As always, our management team will leverage on our internal technical innovation and scientific research as well as develop in a pragmatic and aggressive approach and continue its persistent efforts to bring desirable return to the shareholders.

業務回顧

截至2018年6月30日止6個月，本集團錄得總營業額19.53億港元，較去年同期上升55.9%，而期內溢利為5.45億，較去年同期增加125.6%。

本集團毛利率為48.8%，較去年同期增加6.2個百分點；而淨利潤率為27.9%，較去年同期增加8.6個百分點。

2018年上半年，受到國家環保政策和化工產業結構供給側重點調整的影響，下游市場對本集團生產的化工產品需求殷切，因此銷售量和價格均比去年同期上升，增加了本集團在上半年度的邊際利潤。

展望

本集團在下半年，將會增加江西工廠燒鹼的生產線，增產完成後，本集團折百燒鹼產能將達到每年52萬噸。另外，在廣東省珠海市高欄港興建中的新廠房，將會生產鋰電池電解液添加劑，預期將在2019年第三季度投產。

面對目前國家安全及環保要求日益嚴格的趨勢下，管理層加強廠區生產及設備管理，配合當地環保局進行在線檢測工作。公司同時致力推行綠色製造理念，踐行清潔、高效、低碳的發展管理，落實節能減排的社會責任。

為了配合市場需要，和未來精細化工的發展，本集團會增購科研設備和聘任富有化工經驗的科研專家，以擴大及提升內部研發團隊，繼續致力於新產品研發。

此外，本集團逐步推行智能化管理，公司大部分的營運已使用數據化終端平台執行，通過ERP系統計算，能產生準確的資料給各部門及管理層，提高工作效率，做到有效監察和成本控制。

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

Management Discussion and Analysis

管理層討論及分析

RESULTS OF OPERATION

For the six months ended 30 June 2018, the Group's revenue and net profit were approximately HK\$1,953 million and HK\$545 million respectively, representing an increase of 55.9% and an increase of 125.6% respectively, as compared to approximately HK\$1,253 million and HK\$241 million respectively for the corresponding period in the last year. The basic earnings per share was HK66.1 cents for the six months ended 30 June 2018 and HK29.3 cents for the last corresponding period in the last year.

Revenue

For the six months ended 30 June 2018, the Group recorded a revenue of approximately HK\$1,953 million, representing an increase of HK\$700 million or 55.9% as compared to last corresponding period. The increase in sales was mainly attributable to the rise of both production capacity and unit selling price. As compared to last corresponding period, the average selling price per ton of the Group's products methylene chloride and chloroform was about RMB3,200 and RMB2,600, increased by approximately 30% and 25% respectively. The average selling price per ton of caustic soda was about RMB1,170, increased by approximately 13%. The average selling price per ton of polytetrafluoroethylene was about RMB76,000, increased by approximately 41%, while the average selling price per ton of hydrogen peroxide was about RMB1,600, increased by approximately 97%.

The actual production output of the main products for the period was approximately 150,000 tons for CMS products, approximately 230,000 tons for 100% dry basis caustic soda, approximately 3,800 tonnes for polytetrafluoroethylene, while for 27.5% hydrogen peroxide was approximately 110,000 tons.

Selling and distribution expenses

Selling and distribution expenses incurred for the six months ended 30 June 2018 was approximately HK\$109 million, representing an increase of approximately HK\$34 million as compared to HK\$75 million for last corresponding period. The increase was mainly due to the proportional increment in transportation and packaging costs arising from increase in sales volume. The selling and distribution expenses represented about 5.6% of the total revenue for the period, representing a fall as compared to 5.9% of last corresponding period.

General and administrative expenses

General and administrative expenses incurred for the six months ended 30 June 2018 was approximately HK\$105 million, which increased by approximately HK\$24 million as compared to HK\$81 million for the same period last year. The rise was mainly due to increase in staff welfare, increase in depreciation expenses of newly built offices and new equipment, and increase in taxes and share option expenses. General and administrative expenses represented approximately 5.4% of the total revenue for the period, representing a fall from 6.5% in corresponding period last year and were kept at a reasonable level.

經營業績

截至2018年6月30日止6個月，本集團收入及期內溢利分別約19.53億港元及5.45億港元，較去年同期的12.53億港元及2.41億港元，分別上升55.9%及上升125.6%。截至2018年6月30日止6個月，每股基本盈利為66.1港仙而去年同期為29.3港仙。

收入

截至2018年6月30日止6個月，本集團錄得總營業額約19.53億港元，較去年同期增加7.00億港元，上升55.9%。銷售增加主要來自自主產品生產量和價格皆有提升。與去年同期比較，集團產品二氯甲烷和三氯甲烷每噸的平均銷售價分別為約3,200人民幣及2,600人民幣，增加了約30%及25%；燒鹼每噸的平均銷售價約1,170人民幣，增加了約13%；聚四氟乙烯每噸平均銷售價76,000人民幣，增加了約41%；過氧化氫每噸平均銷售價1,600人民幣，增加了約97%。

期內主要產品的實際生產量為甲烷氧化物約15萬噸，折百燒鹼約23萬噸，聚四氟乙烯約3.8千噸，而27.5%過氧化氫約11萬噸。

銷售及分銷費用

銷售及分銷費用截至2018年6月30日止6個月約1.09億港元，較去年同期的7,500萬港元，上升約3,400萬港元。上升主要原因是跟隨銷售量的增加，帶動運輸及相關產品包裝成本同比增加，銷售及分銷費用佔期內銷售收入約5.6%，與去年同期的5.9%比較有下降。

行政費用

行政費用截至2018年6月30日止6個月約1.05億港元，與去年同期的8,100萬港元比較，增加約2,400萬港元。上升主要原因包括提升員工待遇福利、新建辦公樓的折舊、稅金及股權攤銷增加所致。行政費用佔期內總收入約5.4%，與去年同期的6.5%比較有下降，均保持在合理水準。

Research and development cost

Research and development costs for the year ended 30 June 2018 were HK\$77 million, which increased by approximately HK\$32 million as compared to HK\$45 million for the same period last year. The cost rise was mainly due to the company stepped up its resources in research and development of new products and optimized process technology, increased the recruitment of senior scientists and chemical engineers, purchased equipment and test materials, and maintained the continuous development of the Group.

Finance costs

The net interest expenses incurred for the six months ended 30 June 2018 was approximately HK\$45 million, which increased by HK\$8 million as compared to HK\$37 million for last corresponding period. It was mainly because Renminbi lending rates rose slightly.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2018, the total shareholders' equity of the Group was approximately HK\$3,480 million (31.12.2017: HK\$3,094 million), current assets were approximately HK\$1,756 million (31.12.2017: HK\$1,530 million) and current liabilities were approximately HK\$1,331 million (31.12.2017: HK\$1,121 million). The current ratio was 1.32 as at 30 June 2018 (31.12.2017: 1.36).

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 30 June 2018, the Group had outstanding bank borrowings of approximately HK\$2,056 million (31.12.2017: HK\$2,171 million). These bank loans were secured by corporate guarantees provided by the Company and its certain subsidiaries. As at 30 June 2018, the Group maintained bank balances and cash of approximately HK\$333 million (31.12.2017: HK\$468 million). The Group's net debt-to-equity ratio (total bank borrowings net of cash and cash equivalents over shareholders' equity) was 49.5% as at 30 June 2018 (31.12.2017: 55.0%).

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

HUMAN RESOURCES

As at 30 June 2018, the Group had a workforce of around 1,900 people. Salaries of employees are maintained at competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Group. The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

研發成本

研發成本截至2018年6月30日止6個月約7,700萬港元，與去年同期的4,500萬港元比較，增加約3,200萬港元。支出增加主要原因是由於期內公司加強投放資源在新產品研發和優化工藝技術，增加招聘高級及化工專業人員，購置設備和測試物料，保持著集團的持續性發展。

融資成本

淨利息支出截至2018年6月30日止6個月約4,500萬港元，與去年同期的3,700萬港元比較，增加800萬港元。支出增加原因是由於國內人民幣借貸利率輕微上升。

流動資金、財務資源及資本結構

於2018年6月30日，本集團的股東權益總額約34.80億港元(31.12.2017: 30.94億港元)、流動資產約17.56億港元(31.12.2017: 15.30億港元)及流動負債約13.31億港元(31.12.2017: 11.21億港元)。流動比率於2018年6月30日約為1.32(31.12.2017: 1.36)。

本集團一般以內部產生的現金流，以及中港兩地主要往來銀行提供的信貸備用額作為業務的營運資金。於2018年6月30日，本集團的未償還銀行借貸約為20.56億港元(31.12.2017: 21.71億港元)。該等銀行貸款由本公司及其若干附屬公司提供的公司擔保作為抵押。於2018年6月30日，本集團之銀行結餘及現金約為3.33億港元(31.12.2017: 4.68億港元)。本集團的淨負債對權益比率(銀行借款總額減現金及現金等價物除以股東權益)於2018年6月30日為49.5%(31.12.2017: 55.0%)。

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

人力資源

於2018年6月30日，本集團有約1,900名員工。僱員薪酬維持於具競爭力水平，並會每年檢討，且密切留意有關勞工市場及經濟市況趨勢。本集團亦為僱員提供內部培訓，並按員工表現及本集團盈利發放花紅。本集團並無遭遇任何重大僱員問題，亦未曾因勞資糾紛令營運中斷，在招聘及挽留經驗豐富的員工方面亦不曾出現困難。本集團與僱員的關係良好。

Other Information

其他資料

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interests and short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules, were as follows:

Long positions in shares of the Company

Ordinary shares of HK\$0.1 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
董事姓名	身份	所持已發行普通股份數目	佔本公司已發行股本百分比
Mr. Lee Man Yan 李文恩先生	Beneficial owner 實益擁有人	495,000,000	60%

Other than disclosed above, as at 30 June 2018, none of the directors or the chief executives, or any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

購買股份或債券之安排

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

董事於股份、相關股份及債權證中之權益

於2018年6月30日，本公司董事及最高行政人員及彼等之聯繫人於本公司或其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債權證中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及聯交所、或已記錄於根據證券及期貨條例第352條須存置之登記冊、或已根據上市規則之上市規則之上市公司董事進行證券交易之標準守則（「標準守則」）知會本公司及聯交所之權益及淡倉如下：

於本公司股份之好倉

本公司每股0.1港元之普通股

除上文所披露，於2018年6月30日，本公司董事或最高行政人員於本公司或其任何相聯法團之股份、相關股份及債權證中，概無擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所、或根據證券及期貨條例第352條須記錄於該條例所指之登記冊、或根據標準守則須知會本公司及聯交所之任何權益或淡倉。

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, shareholders (other than directors and chief executives of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions

Ordinary shares of HK\$0.1 each of the Company

Name of shareholder 董事姓名	Capacity 身份	Number of issued ordinary shares held 所持已發行 普通股份數目	Percentage of the issued share capital of the Company 佔本公司 已發行股本百分比
Mr. Lee Wan Keung 李運強先生	Beneficial owner 實益擁有人	123,750,000	15.00%
Value Partners Group Limited (note)	Held by controlled corporation 由受控法團持有(附註)	44,958,000	5.45%
Value Partners High-Dividend Stocks Fund (note)	Beneficial owner 實益擁有人(附註)	41,792,000	5.07%

note: Out of 44,958,000 shares held by Value Partners Group Limited in the Company, 41,792,000 shares were held by Value Partners High-Dividend Stocks Fund.

主要股東

於2018年6月30日，股東(本公司董事或最高行政人員除外)於本公司之股份及相關股份中，擁有已根據證券及期貨條例第XV部第2及3分部向本公司披露、或已記錄於根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉如下：

好倉

本公司每股0.1港元之普通股

Other than disclosed above, as at 30 June 2018, the Company has not been notified by any person (other than directors or chief executives of the Company) who had an interests or short positions in the shares or underlying shares of the Company which would fall to the disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

附註：在Value Partners Group Limited持有的44,958,000股股份中，Value Partners High-Dividend Stocks Fund 持有41,792,000股股份。

除上文所披露，於2018年6月30日，概無任何人士(本公司董事或最高行政人員除外)通知本公司，指其在本公司之股份或相關股份中，擁有任何根據證券及期貨條例第XV部第2及3分部須向本公司披露、或已記錄於根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉。336條須由本公司存置之登記冊之權益及淡倉。

購買、出售或贖回本公司之上市證券

截至2018年6月30日止6個月內，本公司或其任何附屬公司概無購買、出售或贖回本公司之上市證券。

Other Information

其他資料

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as a code of conduct regarding directors' securities transactions. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2018.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2018.

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 June 2018.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

On behalf of the Board

Wai Siu Kee
Chairman

Hong Kong, 31 July 2018

證券交易之標準守則

本公司已採納標準守則作為董事進行證券交易之行為守則。本公司經向所有董事作出具體查詢後，全體董事皆確認截至2018年6月30日止6個月內均遵守標準守則所載之規定標準。

企業管治

董事認為，本公司於截至2018年6月30日止6個月內一直遵守上市規則附錄14所列表載之企業管治常規守則(「守則」)。

審核委員會

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

審核委員會已與本集團之管理層檢討本集團所採納之會計原則及慣例，並已就內部監控及財務申報等事宜進行討論，其中包括審閱本集團截至2018年6月30日止6個月的未經審核中期業績。

薪酬委員會

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

提名委員會

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

代表董事會
主席
衛少琦

香港，2018年7月31日

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