



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



INTERIM REPORT
2022
中期報告



VISION

願景

Becoming a global circular economy solution partner.
成為全球循環經濟解決方案合作夥伴。



MISSION

使命

To be a global market leader in resources recycling and environmental protection, earning a quality return to shareholders through the provision of quality products and services, by a group of motivated and diversified staff force.
我們高效多樣的團隊通過提供優質產品及服務，致力成為全球再生資源及環保行業的市場領導者，並為股東獲取理想回報。



CULTURE

文化

We are committed to building a long-term and win-win partnership with our customers including suppliers.

我們重視與客戶包括供應商建立長期合作關係並共同成長。

We provide a safe workplace and career development opportunities for our employees.

我們重視為員工提供安全的工作環境並創造職業增長空間。

We are devoted to achieving a quality, stable and continuous return for our shareholders.

我們重視為股東取得合理、穩定和持久的回報。

We meet our corporate social responsibility by making continuous contributions to social well-being and environmental protection.

我們重視企業社會責任，為社區福祉及環境保護不斷作出貢獻。



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Our Worldwide Operations

我們的全球業務

Chiho Environmental Group Limited (the “Company”, and together with its subsidiaries, the “Group” or “Chiho”) is the only listed metal recycling corporation with major operating bases covering three continents including Asia, Europe and North America in the world.

齊合環保集團有限公司(「本公司」, 連同其子公司統稱「本集團」或「齊合」) 是全球唯一一家主要營運基地遍佈亞、歐及北美三大洲的再生金屬上市企業。

NORTH AMERICA AND MEXICO

8 yards situated in:

- **USA**, its business model includes brokerage business
- **In Mexico**, joint venture with strong presence in northern part of the country with strong industrial supplier base

北美及墨西哥

8個工場位於：

- **美國**，業務模式包括貿易業務
- **墨西哥**，透過合營企業運作，北部的市場佔有率強勁，並具有穩健的工業供應商基礎

CHINA

5 yards and 3 offices situated in:

- **Hong Kong**, the Group’s headquarters and one of the few operations in the area recycling materials within a closed-loop system
- **Beijing**, head office of the Greater China operations
- **Taizhou**, a major metal importer and domestic metal trader
- **Yantai**, engaging in metal recycling and waste-lubricant oil recycling operations
- **Binzhou**, joint venture engaging in end-of-life vehicles dismantling, mixed scrap metals recycling, secondary aluminum production and electric vehicle batteries recycling
- **Shanghai**, trading hub with focus on import of recycled metals

中國

5個工場及3個辦事處位於：

- **香港**，本集團的總部及該地區為數不多、能於一個閉環式供應鏈中回收並利用物料的營運商之一
- **北京**，大中華地區業務總辦事處
- **台州**，主要金屬進口商及國內金屬貿易商
- **煙台**，從事金屬回收及廢油回收業務
- **濱州**，透過合營企業運作，從事報廢汽車拆卸、混合廢金屬回收，再生鋁生產及電動汽車鋰電池回收
- **上海**，專注於再生金屬進口的交易中心



Our Worldwide Operations 我們的全球業務

SOUTHEAST ASIA

3 yards situated in:

- **Malaysia, India and Thailand**, joint ventures engaging in the dismantling of scrap motors and other mixed scrap metal

EUROPE

東南亞

3個工場位於：

- **馬來西亞、印度及泰國**，透過合營企業運作，從事廢舊電機及其他廢舊混合金屬拆解

Over 180 yards situated in:

- **Germany**, covering full scope of collection, sorting and processing with all types of equipment including the most advanced post-shredder material recovery technology
- **Poland**, covering full scope of collection, sorting and processing with all types of equipment
- **Austria**, joint venture being the market leader for ferrous scrap trading in the country and with strong track record in project business
- **Czech Republic**, with a very strong market share in ferrous market covering both old scrap and new scrap market
- **Slovenia**, well equipped with yard network, transportation assets and processing capabilities to cover all suppliers, with footprint in paper and plastic recycling
- **Romania**, joint ventures with strong supply from industry and has high non-metals share of sales, including significant portion of paper and plastics

歐洲

超過180個工場位於：

- **德國**，設備齊全（包括最先進的破碎後物料回收技術），涵蓋全面的收集、分類及處理服務
- **波蘭**，設備齊全，營運範圍涵蓋全面的收集、分類及處理服務
- **奧地利**，透過合營企業運作，乃當地再生黑色金屬買賣的市場領軍者，在項目業務表現出眾
- **捷克共和國**，於黑色金屬市場所佔市場份額獨佔鰲頭，涵蓋舊廢料及新廢料市場
- **斯洛文尼亞**，配備良好的工場網絡、運輸配套及加工設施以覆蓋全部供應商，涉足紙張及塑膠回收方面
- **羅馬尼亞**，透過合營企業運作，具有龐大的工業供應及非金屬（包括大量紙張及塑膠）的銷售額佔比高

Financial Highlights

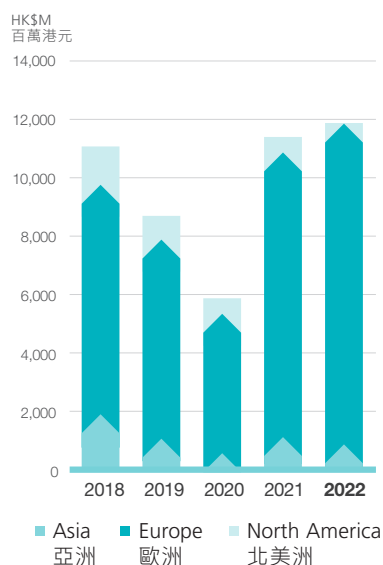
財務摘要

		Six months ended 30 June		
		截至六月三十日止六個月		
		2022	2021	Increase/ (Decrease)
		二零二二年	二零二一年	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	892.6	1,150.8	(22.4%)
Europe	歐洲	10,959.3	9,719.1	12.8%
North America	北美洲	26.9	527.6	(94.9%)
Inter-segment sales	分部間銷售	(52.8)	(235.3)	(77.6%)
Revenue	收益	11,826.0	11,162.2	5.9%
Gross profit	毛利	701.2	1,005.9	(30.3%)
Segment (loss)/profit	分部 (虧損) / 溢利			
Asia	亞洲	(64.0)	4.3	(1,588.4%)
Europe	歐洲	425.7	530.2	(19.7%)
North America	北美洲	26.9	72.1	(62.7%)
Unallocated	未分配	13.5	(106.5)	(112.7%)
Profit before interest and tax (EBIT)	除利息及稅項前溢利	402.1	500.1	(19.6%)
Finance costs, net	財務成本淨額	(101.0)	(173.4)	(41.8%)
Profit before income tax	除所得稅前溢利	301.1	326.7	(7.8%)
Income tax expense	所得稅開支	(115.7)	(100.8)	(14.8%)
Profit for the period	期內溢利	185.4	225.9	(17.9%)
Earnings per share attributable to shareholders of the Company (HK\$)	本公司股東應佔每股盈利 (港元)	0.12	0.14	(14.3%)
Cash generated from operations before changes in working capital	營運資金變動前經營業務所得現金	547.3	658.6	(16.9%)
Key ratios (%)	主要財務比率(%)			
Gross profit margin	毛利率	5.9	9.0	(3.1%)
Net profit margin ¹	淨溢利率 ¹	1.7	2.0	(0.3%)
EBIT/Revenue	除利息及稅項前溢利 / 收益	3.4	4.5	(1.1%)
Return on shareholders' funds ²	股東資金回報率 ²	4.3	4.9	(0.6%)

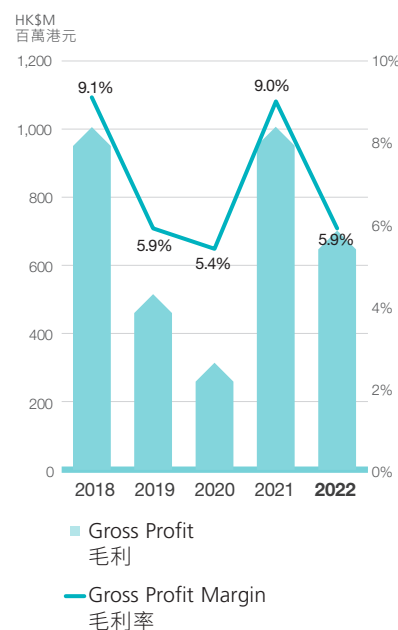
Financial Highlights 財務摘要

		At 30 June 2022 於二零二二年 六月三十日 (Unaudited) (未經審核)	At 31 December 2021 於二零二一年 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	資產總值	9,688.7	9,958.5	(2.7%)
Cash and pledged bank deposits	現金及已抵押銀行存款	437.6	924.7	(52.7%)
Equity attributable to shareholders of the Company	本公司股東應佔權益	4,688.1	4,873.9	(3.8%)
Shareholders' funds per share (HK\$)	每股股東資金 (港元)	2.92	3.04	(3.9%)

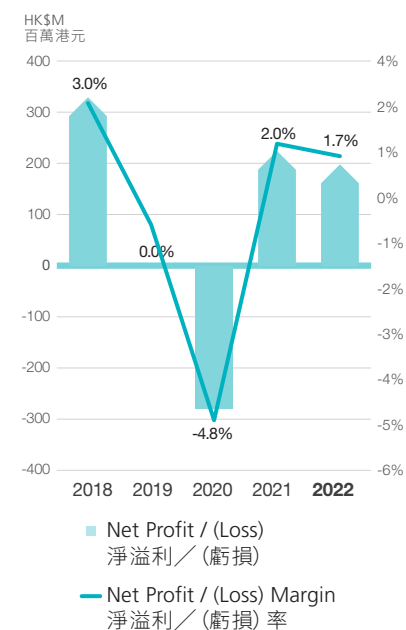
Revenue (First 6 months) 收益 (首6個月)



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



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



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

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

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

¹ 淨溢利率是根據本公司股東應佔溢利佔收益的百分比計算。

² 股東資金回報率是根據本公司股東應佔溢利佔股東資金的百分比計算。

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

Chairman's Statement 主席報告

In the first half of 2022, global energy and metal prices experienced extreme volatilities due to internal and external factors. Among which, the Russian-Ukrainian conflict and the global pandemic flare up further exacerbated inflation, systemic financial risks and fiscal policy tightening, presenting a great challenge to the global economic growth. Facing the ever-changing international and domestic environment, Chiho will adhere to sustainable development, focus on cost reduction and increase efficiency, reduce ineffective consumption, strengthen on budget and cost management, so as to improve economic benefits under the premise of continuing to actively prevent and control the pandemic to ensure the health and safety of employees. With the joint efforts of employees from all over the world and benefiting from the efforts of various measures, Chiho's various global projects and businesses were able to overcome obstacles and forge ahead, and yielded phased results in the first half of 2022. On behalf of the Board, I am pleased to present the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022. In the first six months of 2022, the Group achieved a revenue and a net profit of HK\$11,826.0 million and HK\$185.4 million, respectively, both remained at record high levels.

In the first half of 2022, by timely adjusting business structure, continuous enhancing technological innovation and implementing stable project investment management, the Group consolidated its market advantages and achieved further growth in revenue. In Europe, while stabilizing the existing recycling business, we actively expanded the development opportunities of high growth markets, completed the expansion of new recycling projects in Hungary and the Czech Republic, and promoted the business expansion layout of the Group in Central Europe. In North America, we constantly optimised the operation mode of renewable resources trade and recycling business to achieve higher returns. In Asia, Chiho continued to deepen its localized operation mode and innovate the research and development of recycling process. The Group's Chinese technical team has submitted 24 technical patent applications to the China National Intellectual Property Administration in the fields of end-of-life vehicle processing, electric vehicle battery recycling and secondary aluminum. As at 30 June 2022, a total of 11 licenses in respect of the aforesaid patent applications have been obtained. At the same time, Chiho's joint venture projects and self-expansion projects located in China have made good progress.

二零二二年上半年，全球能源和金屬價格受內外部因素衝擊極度動盪，其中俄烏衝突與全球疫情反覆進一步加劇了通貨膨脹、系統性金融風險和財政政策緊縮，為全球經濟增長帶來極大挑戰。面對多變的國際與國內環境，齊合繼續積極做好疫情防控，確保員工健康安全的基礎上，堅持可持續發展，更加注重降本增效，減少無效消耗，加強預算管理，強化成本管理，提升經濟效益。在與各地員工攜手並肩、多措並舉的努力下，齊合全球多個項目和業務均克服阻力向前推進，並於二零二二年上半年取得階段性成果。本人謹代表齊合董事會，提呈本集團截至二零二二年六月三十日止六個月的未經審核簡明綜合中期業績。本集團於二零二二年首六個月，收益及淨溢利分別實現了11,826.0百萬港元及185.4百萬港元，均保持歷史高位水平。

二零二二年上半年，本集團通過及時調整業務架構、持續加大技術創新及穩健項目投資管理等舉措，鞏固了市場優勢，收益實現了進一步增長。在歐洲，我們穩定現有業務的同時，積極拓展高成長性市場的發展機會，完成了位於匈牙利和捷克兩地區新增回收項目的拓展，推動了本集團在中歐區域的業務擴張佈局。在北美洲，我們不斷優化再生資源貿易和回收業務的運營模式，以實現更高的效益回報。在亞洲，齊合繼續加深本土化運營模式，創新回收工藝研發，本集團的中國技術團隊已向國家專利局提交24項關於報廢汽車拆解、動力鋰電池回收利用和再生鋁領域的技術專利申請，截至二零二二年六月三十日，就上述專利申請共獲得11項授權。同時，齊合位於中國的合資項目及拓展自建項目均取得良好進展。

REVIEW OF OPERATIONS

The Group's revenue in the first half of 2022 was HK\$11,826.0 million, an increase of 5.9% compared to the same period in 2021. The growth was mainly attributed to the steady business operations in the first half of 2022 as well as the Group's more prudent business strategy.

The European operations continued to be Chiho's core business, representing more than 90% of our global operation. Although the metal tonnage of European operations decreased by 6.6% compared to the same period in 2021, the revenue of which increased by 12.8% compared to the same period in 2021. Despite the complex and volatile external environment, the European operations still endeavoured to ensure the normal business of metal trading and recycling in this region. In the first half of 2022, the Group acquired a brown-field investment property in Hungary to develop a metal recycling center close to Budapest. This will enable further growth of our core business and expand material sourcing opportunities for our steel industry clients. The Group has launched a yard development project in Plzen, the Czech Republic. It will bring further growth and strengthen our business networks in the south-west Bohemia region in the Czech Republic. The project is anticipated to be completed by the third quarter of 2023 and will add 500,000 tonnes metal recycling to the Group per year.

In North America, the Group conducted a portfolio review and implemented a series of restructuring measures, including the sale of loss-making non-core assets, to effectively devote resources into other business. As a result, the tonnage and revenue in North America declined significantly compared to the same period in 2021.

In Asia, we have strengthened the production technology training in the yards of Southeast Asia, improved the workers' knowledge and skills in recycling, and achieved a significant increase in metal scrap production in this region. However, the Chinese market was once again affected by the pandemic in the first half of 2022, which lead to a decline in tonnage of that region. During the period, Asian operations' revenue was HK\$892.6 million, representing a decrease of 22.4% compared to the same period in 2021. Although the project construction further delayed under the impact of the pandemic, the Group's key projects in China have advanced by phases under pressure.

營運回顧

本集團於二零二二年上半年的收益為11,826.0百萬港元，較二零二一年同期增長5.9%。該增長主要歸因於二零二二年上半年業務的穩步運營以及本集團更加審慎穩健的經營策略。

歐洲業務繼續為齊合的核心業務，佔本集團全球業務90%以上。歐洲業務的金屬銷量較二零二一年同期減少6.6%，但收益較二零二一年同期提高了12.8%。儘管外部環境複雜多變，齊合歐洲業務依然努力確保了本區域內金屬貿易和回收利用的業務正常進行。二零二二年上半年，本集團在匈牙利成功收購了一處工業用地，以用於在布達佩斯附近建設金屬回收中心。這將進一步加速我們核心業務的增長，並為我們帶來更多鋼鐵行業客戶的原材料採購商機。本集團啟動了位於捷克比爾森鎮的料場開發項目，該項目將進一步擴展和加強捷克波希米亞地區西南南部的業務網絡，預計於二零二三年第三季度完成，將為本集團每年新增50萬噸的金屬回收量。

在北美洲，本集團進行了投資組合評估，並採取了一系列重組措施，包括出售了虧損的非核心資產，以有效地將資源投入到其他業務。因此，北美洲業務的銷量及收益較二零二一年同期大幅減少。

在亞洲，我們加強位於東南亞工場的生產技術培訓，提高該區域工人回收利用方面的知識和技能，實現該區域再生金屬產量的大幅提升。然而，中國市場在二零二二年上半年再次受到疫情影響，導致該區域業務量出現下滑。於期內，亞洲業務的收益為892.6百萬港元，較二零二一年同期減少22.4%。儘管疫情影響下，項目建設再次面臨阻力，本集團位於中國的重點項目均在壓力下取得階段性進展。

Chairman's Statement 主席報告

The Hongshun project jointly constructed by the German-based Scholz Group (a wholly-owned subsidiary of Chiho) and China Hongqiao Group follows the "3+N" model for construction since its commencement, which uses resources made from the recycling of end-of-life vehicle, aluminum recycling and electric vehicle batteries as well as supporting industry chain. As at 30 June 2022, the latest progress of Hongshun Project includes: a multi-purpose recovery furnace has been completed and put into production, the installation of the aluminum ash processing equipment has nearly completed, recycled aluminum workshop has reached an output target of 1,500 tonnes, the installation of the pretreatment equipment in the dismantling workshop has completed, which was under qualification approval stage and expected to obtain the qualification for ELV recycling and dismantling by the end of September. The end-of-life vehicle and electric vehicle battery facility recycling located in Taizhou, Zhejiang Province, China ("Qishun project") jointly constructed by Chiho and its subsidiary, Scholz Group progressed smoothly since its launch in 2021. As at 30 June 2022, Qishun project has the following updates: (i) the tender process for the reconstruction of the end-of-life vehicle plant has completed and the construction has officially commenced, (ii) the basic design of electric vehicle battery recycling has been completed, (iii) the relevant tender and evaluation process has been completed.

PROSPECT

Even though the COVID-19 pandemic, the Russian-Ukraine war and other uncertain factors of the international environment will continue to affect the overall economic and industrial development trend, we believe that sustainable development is still an important issue that countries around the world need to promote in the long term.

According to the Circularity Gap Report 2021, if the world is to be fully sustainable, the global recycling rate needs to increase from the current 8.6% to 17%. This means that our recycling business has huge development potential.

Therefore, we will continue to strengthen and consolidate our core business in Europe, in order to expand our market influence in Europe recycling industry. By continuously improving the recycling process and recycling technology, we provide a solid technical support for the development of the Group's regional businesses. Our North American operations will continue to focus on achieving higher efficiency returns and a more optimized operating model.

由德國順爾茨集團(齊合全資子公司)與中國宏橋集團合資共建的宏順項目自開始以來一直圍繞「3+N」模式進行建設,即報廢汽車資源化、鋁再生、動力鋰電池再生利用和配套產業鏈。截至二零二二年六月三十日,宏順項目取得的最新進展有:多效回收爐已建成及投產、鋁灰處理設備已接近完成安裝、再生鋁車間已衝刺到1,500噸的產量目標、拆解車間預處理設備安裝已完成並進入資質申請審批階段,預計9月底獲得報廢汽車回收拆解資質。由齊合與子公司順爾茨集團合資共建的位於中國浙江台州的報廢汽車和動力鋰電池綜合利用基地(「齊順項目」)自二零二一年啟動以來進展順利,截至二零二二年六月三十日,齊順項目取得的最新進展有:(i)報廢汽車廠房改建已完成招標並正式動工,(ii)動力鋰電池再生利用的基礎設計已完成,(iii)相關設備的招標和評比已完成。

展望

縱然新型冠狀病毒疫情、俄烏戰爭等國際環境的不確定因素,將繼續影響宏觀經濟及行業發展的走勢。但從長期來看,我們相信可持續發展依舊是全球各國需要面臨的重要課題。

根據《2021年循環性差距報告》(Circularity Gap Report 2021),如果世界要得以可持續發展,那麼全球循環利用率需要從現在的8.6%提升至17%。這意味著回收利用業務還有著巨大的發展空間。

因此,我們將繼續強化和鞏固位於歐洲的核心業務,以擴大在歐洲回收利用領域的市場影響力。通過不斷提高回收利用工藝和循環再生技術,為本集團各區域業務的發展提供堅實的技術後盾。我們的北美洲業務將持續注重較高效益回報和更優化運營模式。

Chairman's Statement 主席報告

Our Southeast Asia operations will continue to strengthen talents introduction and training, further improve the recycling capacity, while ensuring that it meets China and other countries' trade demand for recycled metal raw materials.

During the "Two Sessions" in China in 2022, "green", "low carbon" and "circular economy" have once again become hot topics. Following China's "carbon neutral first year" in 2021, the "low-carbon economy" continued to show strong momentum, and China's recycling industry continued to usher in many positive policies. According to the data of China Automobile Association, in 2021, the production and sales of new energy vehicles in China exceeded 3.5 million, reaching 3.545 million and 3.521 million respectively, with an increase of nearly 1.6 times over the same period. The cumulative ownership of new energy vehicles exceeded 7.84 million, and the supporting installed capacity exceeded 428GWh, ranking first in the world for seven consecutive years. Electric vehicle battery recycling of new energy vehicles has been evaluated by the industry as a huge potential market in the future.

In the face of the huge potential recycling market in China, we will seize the opportunity through our projects in China to vigorously promote the end-of-life vehicles processing, the utilization of electric vehicle battery and the development of metal recycling in the region, while introducing the Group's European recycling technology, in combination with the localized operation mode, so as to bring inexhaustible impetus to the expansion of the Group's business and technological innovation in China.

In the second half of 2022, the Group will continue to maintain a flexible operation strategy to cope with the volatile macroeconomic environment and industry instability. At the same time, we will vigorously expand the market, focus on cost optimization and risk control, also further increase investment on research and development, thereby consolidating market position and core technology advantages to meet market demand.

我們的東南亞回收工廠將繼續加強人才引入和培訓，進一步提升回收產能，並確保其滿足中國及多個國家對再生金屬原材料的貿易需求。

二零二二年中國兩會期間，「綠色」、「低碳」、「循環經濟」再次成為熱點議題。繼二零二一年中國「碳中和元年」後，「低碳經濟」持續展現出現強勁動力，中國的回收利用行業不斷迎來眾多政策發展利好。中汽協數據顯示，二零二一年，國內新能源汽車產銷雙雙超過350萬輛，分別達到354.5萬輛和352.1萬輛，同比均增長近1.6倍，新能源汽車累計保有量超過784萬輛，配套裝機量超428GWh，連續七年位居全球第一。新能源車電池回收已被業界判斷為未來一個巨大的潛力市場。

面對潛力巨大的中國循環再生市場，我們的中國項目將緊抓機遇，在引進本集團歐洲再生利用技術的同時，結合本土化的運營模式，大力推動該區域報廢汽車拆解、動力鋰電池綜合利用和金屬回收的發展，為本集團中國業務的拓展和技術創新帶來不竭動力。

二零二二年下半年，本集團將繼續保持靈活的經營策略，以應對多變的宏觀經濟環境及行業動盪。同時，我們將更加積極拓展市場，注重成本優化和風險控制，進一步加大研發投入，以鞏固市場地位及核心技術優勢，滿足市場需求。

Chairman's Statement 主席報告

Last but not least, I would like to extend my heartfelt gratitude to all of employees for the loyalty, efforts, professionalism and valuable contributions. I hope you all stay safe and healthy.

最後，本人謹向集團所有的員工和同事表示感謝，感謝你們的忠誠、努力、專業和貢獻。祝大家身心安康！

Li Linhui

李林輝

Chairman of the Board

董事會主席

Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW

The Group sold 2.0 million tonnes of recycled products for the six months ended 30 June 2022, a 12.1% decrease compared to 2.3 million tonnes sold in the same period in 2021. Revenue for the first half of 2022 was HK\$11,826.0 million, an increase of 5.9% as compared to HK\$11,162.2 million for the same period last year.

Demand for metals was strong as the pre-war panic between Russia and Ukraine caused manufacturing companies to stockpile metals to maintain stable production. Such strong demand drove the increase of scrap prices. As a result, global commodity prices remained high in the first half of 2022.

財務回顧

本集團於截至二零二二年六月三十日止六個月售出2.0百萬噸再生產品，較二零二一年同期的銷量2.3百萬噸減少12.1%。於二零二二年上半年，收益為11,826.0百萬港元，較去年同期的11,162.2百萬港元增加5.9%。

由於俄羅斯和烏克蘭之間的戰前恐慌導致製造企業囤積金屬以維持穩定生產，金屬需求強勁。該強勁需求推動再生金屬價格走高。因此，全球商品價格於二零二二年上半年維持高企。

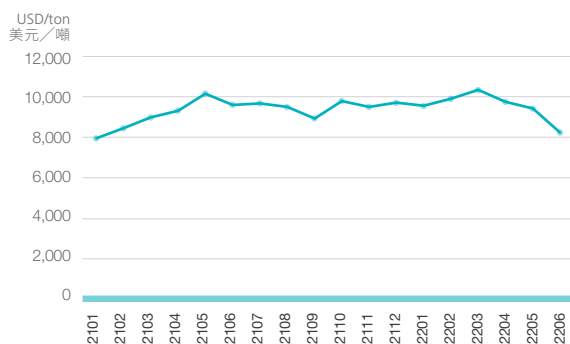
Six months ended 30 June 截至六月三十日止六個月

		2022 二零二二年		2021 二零二一年	
		HK\$M 百萬港元	As a percentage of total segment revenue 佔分部收益 總額的百分比	HK\$M 百萬港元	As a percentage of total segment revenue 佔分部收益 總額的百分比
Asia	亞洲	892.6	7.5%	1,150.8	10.1%
Europe	歐洲	10,959.3	92.3%	9,719.1	85.3%
North America	北美洲	26.9	0.2%	527.6	4.6%
Total segment revenue	分部收益總額	11,878.8	100%	11,397.5	100%
Inter-segment sales	分部間銷售	(52.8)		(235.3)	
Revenue	收益	11,826.0		11,162.2	

Management Discussion and Analysis 管理層討論及分析

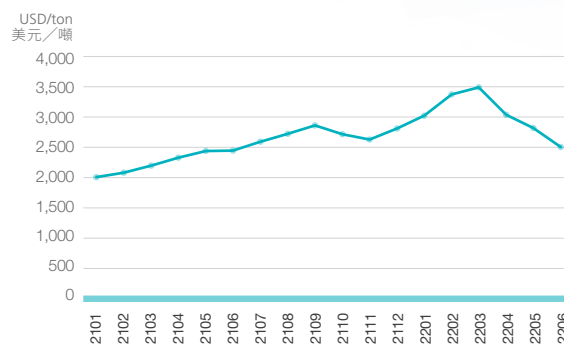
FINANCIAL REVIEW (continued)

LME Copper LME銅

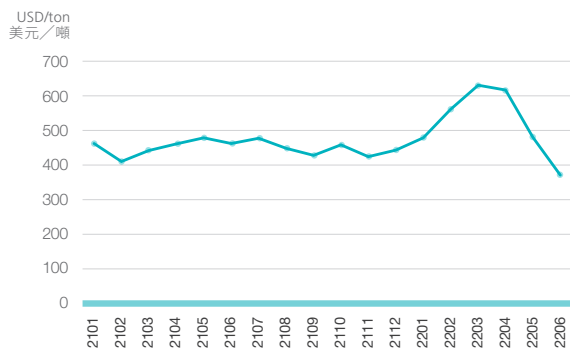


財務回顧 (續)

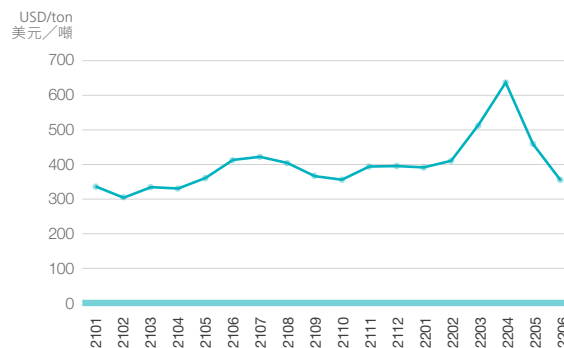
LME Aluminum LME鋁



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 2022 was HK\$701.2 million, a drop of 30.3% as compared to the same period last year and the gross profit margin was 5.9% (2021: 9.0%). The decrease in gross profit was mainly attributable to the logistic and energy costs remaining high, and recent price inflation.

毛利/毛利率

二零二二年上半年毛利為701.2百萬港元，較去年同期減少30.3%，毛利率為5.9%（二零二一年：9.0%）。毛利減少主要由於物流及能源成本高昂以及近期價格上漲所致。

FINANCIAL REVIEW (continued)

Operating Expenses

Total operating expenses for the first half of 2022 were HK\$525.2 million, a decrease of 19.8% over the same period last year, and as a percentage of revenue, it has decreased to 4.4% (2021: 5.9%). As a result of transformation initiatives and optimisation programs implemented in previous years, the Group became continuously lean and efficient. The decrease in administrative expenses was mainly attributable to cost reductions related to refinancing activities compared to the same period last year.

財務回顧 (續)

經營費用

於二零二二年上半年，經營費用總額為525.2百萬港元，較去年同期減少19.8%，且其佔收益的百分比下降至4.4%（二零二一年：5.9%）。由於過往年度實施的轉型計劃及優化方案，本集團持續保持精簡及注重效益。行政開支減少主要由於再融資活動相關費用較去年同期有所減少。

		Six months ended 30 June 截至六月三十日止六個月			
		2022 二零二二年		2021 二零二一年	
		HK\$M 百萬港元	As a percentage of revenue 佔收益的百分比	HK\$M 百萬港元	As a percentage of revenue 佔收益的百分比
Distribution and selling expenses	分銷及銷售開支	24.8	0.2%	28.4	0.3%
Administrative expenses	行政開支	500.4	4.2%	626.5	5.6%
Total	總計	525.2	4.4%	654.9	5.9%

Profit Attributable to Shareholders and Earnings Per Share

Profit attributable to shareholders of the Company for the six months ended 30 June 2022 was HK\$199.5 million, as compared to a profit of HK\$226.3 million for the same period last year.

Basic earnings per share for the first half of 2022 was HK\$0.12 as compared to earnings per share of HK\$0.14 in the previous financial period.

股東應佔溢利及每股盈利

截至二零二二年六月三十日止六個月，本公司股東應佔溢利為199.5百萬港元，而去年同期溢利為226.3百萬港元。

二零二二年上半年的每股基本盈利為0.12港元，而上一財政期間則為每股盈利0.14港元。

Analysis of Cash Flow from Operations

The Group's cash generated from operations before changes in working capital for the first half of 2022 was HK\$547.3 million, a decrease of 16.9% compared to the first half of 2021 as a result of a decrease in operating profit. The Group has been carefully managing the working capital in response to the uncertainties in the market conditions.

經營業務產生的現金流量分析

於二零二二年上半年，本集團營運資金變動前經營業務產生的現金為547.3百萬港元，較二零二一年上半年減少16.9%，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，以應對市況不確定性。

Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW (continued)

Liquidity and Financial Resources

Shareholders' funds as at 30 June 2022 were HK\$4,688.1 million, a decrease of 3.8% from 31 December 2021, and included foreign exchange losses from the depreciation of foreign currencies, namely Euro, against Hong Kong dollar over the current period. Shareholders' funds per share decreased from HK\$3.04 as at 31 December 2021 to HK\$2.92 as at 30 June 2022.

The Group's financial resources remain steady. As at 30 June 2022, the Group had cash, various bank balances and pledged bank deposits amounting to HK\$437.6 million (31 December 2021: HK\$924.7 million), used mainly for the repayment of external borrowings and working capital for the expansion of business operations.

The current ratio as at 30 June 2022 was 1.20 (31 December 2021: 1.13). 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 potential lenders to refinance the maturing borrowings.

Total external borrowings as at 30 June 2022 were HK\$1,418.1 million, a reduction of HK\$243.8 million as compared to 31 December 2021. Such borrowings were mainly utilised for the purchase of mixed recycle metal and working capital, and denominated in Euro, US Dollar and Renminbi. Approximately HK\$1,089.8 million (31 December 2021: HK\$1,354.7 million) of borrowings are at fixed interest rates.

The gearing ratio of the Group as at 30 June 2022 was 14.6% (31 December 2021: 16.7%) which is calculated based on the total borrowings divided by our total assets.

財務回顧 (續)

流動資金與財務資源

於二零二二年六月三十日，股東資金為4,688.1百萬港元，較二零二一年十二月三十一日下降3.8%，當中包括本期間外幣（主要為歐元）兌港元貶值產生的外匯虧損。每股股東資金由二零二一年十二月三十一日的3.04港元下降至二零二二年六月三十日的2.92港元。

本集團的財務資源保持穩健。於二零二二年六月三十日，本集團持有的現金、多項銀行結餘及已抵押銀行存款為437.6百萬港元（二零二一年十二月三十一日：924.7百萬港元），主要用於償還外部借款及業務營運擴張的營運資金需要。

於二零二二年六月三十日，流動比率為1.20（二零二一年十二月三十一日：1.13）。若干長期借款將於未來十二個月內到期，因而被分類為流動負債。管理層正積極與潛在貸款人商討，為即將到期的借款進行再融資。

於二零二二年六月三十日，外部借款總額為1,418.1百萬港元，較二零二一年十二月三十一日減少243.8百萬港元。該等借款主要用於購買混合再生金屬及營運資金，並以歐元、美元及人民幣計值。約1,089.8百萬港元（二零二一年十二月三十一日：1,354.7百萬港元）的借款乃按固定利率計息。

於二零二二年六月三十日，本集團的資產負債比率為14.6%（二零二一年十二月三十一日：16.7%），此乃根據借款總額除以資產總值計算。

FINANCIAL REVIEW (continued)

Working Capital Change

Overall, our net operating cycle has improved significantly in the current period, showing our commitment to improve operating efficiencies.

Inventories as at 30 June 2022 were HK\$1,436.1 million (31 December 2021: HK\$1,567.8 million). The inventory turnover days for the period was 25 days (2021: 24 days) as compared with the same period last year.

Provision for inventories as at 30 June 2022 were HK\$182.2 million (31 December 2021: HK\$43.0 million). The increase of provision was due to the price volatility toward the end of the first half of 2022.

財務回顧 (續)

營運資金變動

整體而言，我們的淨經營週期於本期內已經顯著改善，體現了我們提升經營效益的決心。

於二零二二年六月三十日，存貨為1,436.1百萬港元（二零二一年十二月三十一日：1,567.8百萬港元）。期內的存貨週轉日數較去年同期而言為25天（二零二一年：24天）。

於二零二二年六月三十日，存貨撥備為182.2百萬港元（二零二一年十二月三十一日：43.0百萬港元）。撥備增加乃由於二零二二年上半年末價格波動所致。

		At 30 June 2022 於二零二二年 六月三十日	At 31 December 2021 於二零二一年 十二月三十一日
Inventories (HK\$M)	存貨 (百萬港元)	1,436.1	1,567.8
Average inventories as a percentage of revenue (annualised)	平均存貨佔收益百分比 (年化)	6.4%	3.1%
		Six months ended 30 June 截至六月三十日止六個月	
		2022 二零二二年	2021 二零二一年
Turnover days	週轉日數	25	24

Management Discussion and Analysis 管理層討論及分析

FINANCIAL REVIEW (continued)

Working Capital Change (continued)

Net trade and bills receivables as at 30 June 2022 were HK\$2,431.1 million, increased from HK\$1,774.9 million as at 31 December 2021. Debtor turnover days for the first half of 2022 increased from 31 days to 32 days compared with the same period last year. The higher receivables balance as at 30 June 2022 mainly due to timing of sales toward 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由二零二一年十二月三十一日的1,774.9百萬港元增加至二零二二年六月三十日的2,431.1百萬港元。應收款項週轉日數從去年同期的31天增加至二零二二年上半年的32天。截至二零二二年六月三十日的應收款項結餘較高，主要由於銷售時間接近期末。本集團對信貸風險採取嚴格管理。

		At 30 June 2022 於二零二二年 六月三十日	At 31 December 2021 於二零二一年 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)	2,431.1	1,774.9
Average receivables as a percentage of revenue (annualised)	平均應收款項佔收益百分比 (年化)	8.9%	3.5%
		Six months ended 30 June 截至六月三十日止六個月	
		2022 二零二二年	2021 二零二一年
Turnover days	週轉日數	32	31

FINANCIAL REVIEW (continued)

Working Capital Change (continued)

Trade and bills payables as at 30 June 2022 were HK\$2,258.6 million (31 December 2021: HK\$1,801.3 million). Creditor turnover days for the first half of 2022 were remained flat at 33 days (2021: 33 days) as compared with the same period last year.

財務回顧 (續)

營運資金變動 (續)

貿易及票據應付款項於二零二二年六月三十日為2,258.6百萬港元(二零二一年十二月三十一日：1,801.3百萬港元)。於二零二年上半年，應付賬款週轉日數與去年同期相比持平為33天(二零二一年：33天)。

		At 30 June 2022 於二零二二年 六月三十日	At 31 December 2021 於二零二一年 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)	2,258.6	1,801.3
		Six months ended 30 June 截至六月三十日止六個月	
		2022 二零二二年	2021 二零二一年
Turnover days	週轉日數	33	33

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 2022, the Group invested HK\$117.8 million in tangible assets including machinery and equipment, leasehold improvements, office equipment for improving production efficiency (2021: HK\$108.4 million). These capital expenditures were financed through internal resources and lease arrangements.

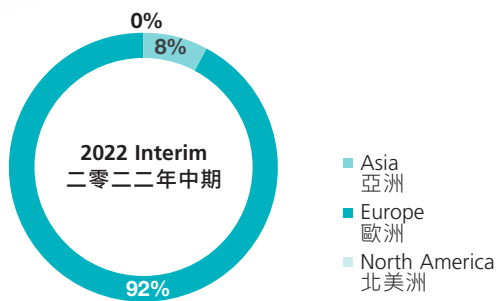
資本開支

截至二零二二年六月三十日止六個月，本集團投資117.8百萬港元於有形資產，包括機器及設備、租賃物業裝修、辦公室設備以提高生產效率(二零二一年：108.4百萬港元)。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

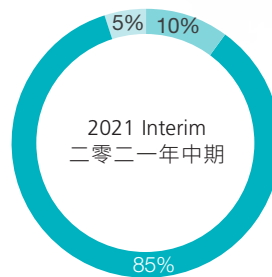
BUSINESS REVIEW

Revenue by Regions

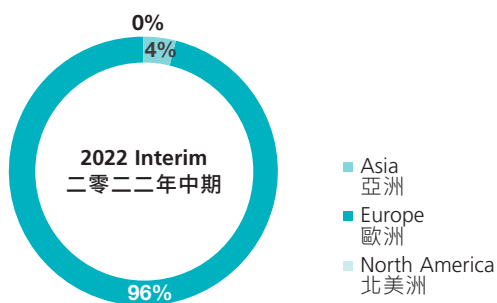


業務回顧

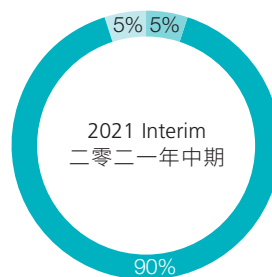
按地區劃分的收益



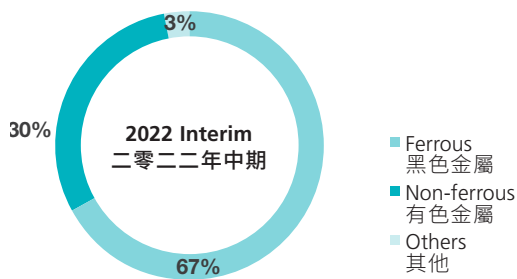
Sales Quantity by Regions



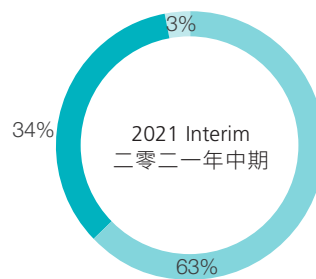
按地區劃分的銷售量



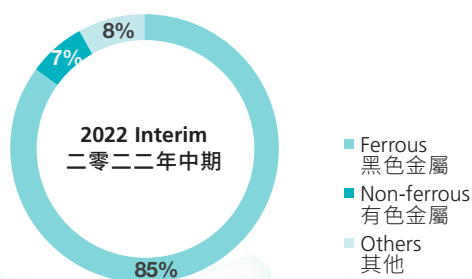
Revenue by Products



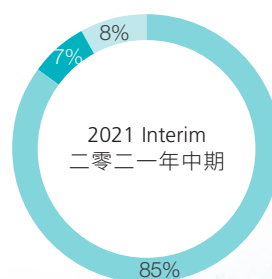
按產品劃分的收益



Sales Quantity by Products



按產品劃分的銷售量



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, and own many advanced processing technologies in scrap metal shredding and post-shredding processing.

Europe

The European segment sold 1.97 million tonnes of recycled products for the six months ended 30 June 2022, a decrease of 6.6% compared to the same period last year of 2.11 million tonnes. Segment revenue increased by 12.8% to HK\$10,959.3 million as compared to the same period in 2021. Demand for metals was strong as the pre-war panic between Russia and Ukraine caused manufacturing companies to stockpile metals to maintain stable production. Such strong demand drove the scrap prices increased. As a result, global commodity prices remained high in the first half of 2022.

The COVID-19 pandemic continues and the global supply chain is still recovering. Hence logistic costs remain at a high level, along with recent price inflation in Europe, they put pressure on margins. European segment's gross profit for the first half of 2022 was HK\$715.4 million, a decrease of 18.9% as compared to the same period last year, and the gross profit margin for the period decreased from 9.1% in 2021 to 6.5% in the current period.

Segment profit for the first half of 2022 was HK\$425.7 million (2021: HK\$530.2 million). The company benefited from its position on the market as a key competitor within the region as well as the high scrap prices during the period, which contributed to the profitability of the European segment.

業務回顧 (續)

營運表現

本集團繼續於紮基多年的市場營運，同時在南亞／東南亞拓展新市場。地域多元化有利於本集團減輕過度依賴單一市場的風險。我們是全球黑色及有色金屬回收處理及技術領導者之一，擁有多項先進的再生金屬破碎和破碎後處理技術。

歐洲

截至二零二二年六月三十日止六個月，歐洲分部售出1.97百萬噸再生產品，較去年同期的2.11百萬噸下降6.6%。分部收益較二零二一年同期增加12.8%至10,959.3百萬港元。由於俄羅斯與烏克蘭之間的戰前恐慌導致製造業企業囤積金屬以維持穩定生產，從而使得金屬需求強勁。該強勁需求推動再生金屬價格走高。因此，全球商品價格水平於二零二二年上半年處於高位。

由於新型冠狀病毒疫情持續及全球供應鏈仍在恢復中，因此物流成本維持高位，加上歐洲近期的價格通脹，共同對利潤率造成壓力。歐洲分部於二零二二年上半年的毛利為715.4百萬港元，較去年同期減少18.9%，及期內毛利率亦由二零二一年的9.1%減少至本期間的6.5%。

於二零二二年上半年，分部溢利為425.7百萬港元（二零二一年：530.2百萬港元）。本公司受益於作為區內主要競爭對手的市場地位及期內再生金屬價格高企，均為歐洲分部的利潤作出了貢獻。

Management Discussion and Analysis 管理層討論及分析

BUSINESS REVIEW (continued)

North America

The North American segment has undergone a business transformation process beginning from last year to better allocate resources to other businesses. The North American segment, therefore, reported 1,000 tonnes of recycled products sold for the six months ended 30 June 2022 (2021: 0.11 million tonnes), and segment revenue of HK\$26.9 million (2021: HK\$527.6 million).

Segment gross loss for the first half of 2022 was HK\$1.5 million (2021: Segment gross profit of HK\$100.0 million) and gross loss margin was at 5.6% (2021: gross profit margin of 19.0%). With the positive contribution from joint venture, segment profit for the first half of 2022 was HK\$26.9 million (2021: HK\$72.1 million).

Asia

The sales tonnage for the Asian segment decreased 31% from 0.11 million tonnes in the first half of 2021 to 0.08 million tonnes in the first half of 2022. Segment revenue for the first half of 2022 was HK\$892.6 million, representing a 22.4% decrease as compared to the first half of 2021. As China was the hardest hit by the pandemic, this adversely affected China's businesses, and additionally, global logistics backlogs are expected to persist through 2022, which adversely impacts raw materials flow into Malaysia and Thailand.

Due to the above issues, segment gross loss and gross loss margin for the first half of 2022 were HK\$7.2 million and 0.8% respectively, a turnaround from a gross profit of HK\$24.6 million and gross profit margin of 2.1% in the first half of 2021. The Asian segment reported a segment loss of HK\$64.0 million for the first half of 2022 (2021: segment profit of HK\$4.3 million).

業務回顧 (續)

北美洲

本集團自去年開始對北美洲分部進行業務轉型，以更好地集中資源於其他業務。因此，北美洲分部於截至二零二二年六月三十日止六個月錄得再生產品銷量1,000噸（二零二一年：0.11百萬噸），而分部收益為26.9百萬港元（二零二一年：527.6百萬港元）。

於二零二二年上半年錄得分部毛損1.5百萬港元（二零二一年：分部毛利100.0百萬港元），及毛損率5.6%（二零二一年：毛利率19.0%）。由於錄得來自合營企業的正面貢獻，於二零二二年上半年錄得分部溢利26.9百萬港元（二零二一年：72.1百萬港元）。

亞洲

亞洲分部的銷量由二零二一年上半年的0.11百萬噸減少31%至二零二二年上半年的0.08百萬噸。二零二二年上半年的分部收益為892.6百萬港元，較二零二一年上半年減少22.4%。中國受疫情影響最為嚴重，對中國業務造成了不利影響。此外，全球物流擠壓預期將貫穿二零二二年全年，這對馬來西亞及泰國的原材料流入造成了不利影響。

由於上述事項，二零二二年上半年的分部毛損及毛損率分別為7.2百萬港元及0.8%，而二零二一年上半年的毛利及毛利率分別為24.6百萬港元及2.1%。於二零二二年上半年，亞洲分部錄得分部虧損64.0百萬港元（二零二一年：分部溢利4.3百萬港元）。

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2022, the Group had pledged certain property, plants and equipment, right-of-use assets, investment properties, inventories, trade receivables, assets held for sale and bank deposits with an aggregate carrying value of approximately HK\$4,837.9 million (31 December 2021: approximately HK\$4,330.7 million) to secure certain borrowings and general banking facilities granted to the Group.

As at 30 June 2022, the Group had capital commitments in respect of acquisition of property, plant and equipment and additions in construction in progress which are contracted, but not provided for in the amount of HK\$125.3 million (31 December 2021: HK\$103.0 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 financial guarantees to certain related parties and joint ventures of HK\$18.5 million and HK\$50.2 million (31 December 2021: HK\$19.5 million and HK\$53.7 million), respectively. As the risk of default is very remote and there is no history of default, no financial guarantee liability was recognised.

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 (the "Court") (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 nonpayment 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 Mr. Fang as a defendant to the proceedings. The parties subsequently filed amended pleadings. On Delco's application, the Court granted leave to Delco to discontinue its claim against the Company for the HK\$57.8 million, with certain issues still to be decided by the Court.

資本承擔及或然負債

於二零二二年六月三十日，本集團抵押賬面總值約4,837.9百萬港元（二零二一年十二月三十一日：約4,330.7百萬港元）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、持作出售資產及銀行存款，為授予本集團之若干借款及一般銀行融資作擔保。

於二零二二年六月三十日，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資本承擔金額為125.3百萬港元（二零二一年十二月三十一日：103.0百萬港元）。

於本報告日期，除下文所披露者外，董事會概無知悉有任何重大或然負債。

本集團已分別向若干關聯方及合營企業提供金融擔保18.5百萬港元及50.2百萬港元（二零二一年十二月三十一日：19.5百萬港元及53.7百萬港元）。由於違約風險極小且無違約歷史，因此並無確認任何金融擔保負債。

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57.8百萬港元連同利息及成本向香港高等法院（「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，加入方先生為法律程序之被告。當事各方隨後提交經修訂訴狀。根據Delco的申請，法院准許Delco終止向本公司索償57.8百萬港元，若干事宜仍有待法院作定奪。

Management Discussion and Analysis 管理層討論及分析

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. The exact scope of the indemnity is yet to be determined.

A writ of summons was issued by Delco as plaintiff on 10 November 2016 in the Court (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. 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 parties subsequently filed amended pleadings and gave evidence at the trial in July 2021. The case is still in progress, with the parties having made closing submissions, and the parties are awaiting judgment from the Court.

Whilst the Board does not consider HCA 3040/2015 and HCA 2939/2016 to be claims of material importance for the reason set out above, details of HCA 3040/2015 and 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)。彌償的具體範圍尚未確定。

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法院提交訴狀 (高院案例二零一六年第2939號，「HCA 2939/2016」)。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1.0百萬美元，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、訟費及進一步或其他寬免。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就本公司及齊合天地香港的抗辯提交答辯。當事各方隨後提交經修訂訴狀並於二零二一年七月之庭審上作證。案件仍在進行中，當事方已作出結案陳詞，惟須等候法庭作出判決。

董事會因上文所載理由認為HCA 3040/2015及HCA 2939/2016並非重大申索，於本報告中披露HCA 3040/2015及HCA 2939/2016的詳情僅為保持完整性。

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this interim report, the Group did not have any significant investments held, material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2022.

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 30 December 2021, 7 February 2022, 21 March 2022, 22 April 2022 and 22 July 2022 in relation to the potential Restructuring (as defined below) of the Controlling Shareholders (as defined below) (collectively, the “Announcements”).

As disclosed in the Announcements, Loncin Group Co., Limited, Loncin Holdings Co., Limited and USUM Investment Group Limited (the “Controlling Shareholders”), which are intermediate controlling shareholders of the Company, and ten other companies related to the Controlling Shareholders (collectively, the “Loncin Restructuring Companies”) are undergoing a restructuring (the “Restructuring”) under the supervision of the Fifth Intermediate People’s Court of Chongqing City (重慶市第五中級人民法院) (the “Chongqing Intermediate Court”). On 30 December 2021, the Company was informed that, with the authorisation from the Loncin Restructuring Companies, the Administrators have signed a restructuring investment agreement with an investors consortium (the “Consortium”) which is led by Shandong Jiuyang Group Limited* (山東九羊集團有限公司) (“Shandong Jiuyang”). On 7 February 2022, the Company received a notice from USUM Investment Group Limited that it had received a ruling from Chongqing Intermediate Court on 30 January 2022 approving the acceptance of the restructuring application of USUM Investment Group Limited. On 22 July 2022, the Company was informed by the Administrators that Shandong Jiuyang has withdrawn from the Restructuring and will no longer engage as the leader of the Consortium in the Restructuring.

重大投資、重大收購及出售

除本中期報告所披露者外，本集團於截至二零二二年六月三十日止六個月內概無持有其他重大投資，亦無重大收購或出售子公司、聯營公司或合營企業。

報告期內及期後重大事項

茲提述本公司日期為二零二一年十二月三十日、二零二二年二月七日、二零二二年三月二十一日、二零二二年四月二十二日及二零二二年七月二十二日的該等公告，內容涉及控股股東(定義見下文)的潛在重整(定義見下文)(「該等公告」)。

誠如該等公告所披露，本公司之間接控股股東隆鑫集團有限公司、隆鑫控股有限公司及渝商投資集團股份有限公司(「控股股東」)以及與控股股東有關連之十間其他公司(統稱為「隆鑫重整公司」)正在重慶市第五中級人民法院(「重慶中級法院」)的監督下進行重整(「重整」)。於二零二一年十二月三十日，本公司接獲通知，經隆鑫重整公司授權，管理人員已與由山東九羊集團有限公司(「山東九羊」)作為牽頭方組成的投資者聯盟(「聯盟」)簽訂重整投資協議。於二零二二年二月七日，本公司接獲渝商投資集團股份有限公司通知，其於二零二二年一月三十日收到重慶中級法院送達的裁定書，批准受理渝商投資集團股份有限公司的重整申請。本公司於二零二二年七月二十二日獲管理人告知，山東九羊已退出重整，不再作為聯盟之牽頭方參與重整。

Management Discussion and Analysis 管理層討論及分析

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (continued)

As at the latest practicable date prior to the issue of this interim report, several potential investors had expressed their intent in relation to Restructuring and are in the course of discussing the details of the Restructuring plan with the Administrators. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no legally binding agreement has been entered into between the potential investors and the Administrators in relation to the Restructuring. Once and when the potential investors in relation to the Restructuring are confirmed and finalised, the Administrators will then submit the draft of the Restructuring plan to the Chongqing Intermediate Court and the creditors of the Loncin Restructuring Companies at the creditors' meetings within the statutory deadline.

As a matter of procedure, implementation of the Restructuring is conditional upon and remains subject to approval by the creditors of the Loncin Restructuring Companies at a creditors' meeting and sanction by the Chongqing Intermediate Court. As at the latest practicable date prior to the issue of this interim report, neither the creditors' approval nor the court's sanction has been obtained. There is no assurance that the Restructuring would be approved by the creditors of the Loncin Restructuring Companies and the Chongqing Intermediate Court.

Given that the Company is not one of the Loncin Restructuring Companies and is independent from the Controlling Shareholders in respect of business, personnel, assets and finance, the Board is of the view that the Restructuring mentioned above currently has no material adverse impact on the operation and the financial status of the Company.

The Company will closely monitor the subsequent development and effect of the Restructuring. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Securities and Futures Ordinance (the "SFO") and/or the Takeovers Code (as the case may be).

報告期內及期後重大事項 (續)

截至本中期報告刊發前的最後實際可行日期，多家潛在投資者已就參與重整表達彼等的意願，並正與管理人討論重整方案的細節。就董事作出一切合理查詢後所深知、得悉及確信，潛在投資者及管理人並無就重整訂立任何法律約束協議。一旦有關重整的潛在投資者獲確認及落實，管理人將在法定限定期內向重慶中級法院及於債權人會議上向隆鑫重整公司債權人提交重整計劃草案。

就程序而言，實施重整須待隆鑫重整公司債權人於債權人會議上批准並獲得重慶中級法院許可後，方可作實。於本中期報告刊發前的最後實際可行日期，均未獲得債權人批准及法院許可。概不保證重整將獲得隆鑫重整公司債權人及重慶中級法院之批准。

鑒於本公司並非隆鑫重整公司之一，且於業務、人員、資產及財務方面獨立於控股股東，董事會認為，上述重整目前對本公司的營運及財務狀況並無重大不利影響。

本公司會密切關注重整的後續發展及影響。本公司將根據香港聯合交易所有限公司證券上市規則（「上市規則」）、《證券及期貨條例》（「證券及期貨條例」）及／或收購守則（視情況而定）的規定，在適當或需要時另行發表公告。

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 is to mitigate the adverse effects of these risks on its financial performance.

In 2010, the Group adopted a commodity price risk hedging policy which has been subsequently updated to cater for the changing operating conditions of the Group. The latest commodity price risk hedging policy is available 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 US 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。

於二零一零年，本集團採納商品價格風險對沖政策，該政策其後已進行更新以迎合本集團不斷變化的營運狀況。最新的商品價格風險對沖政策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。

Management Discussion and Analysis 管理層討論及分析

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had a workforce of 2,705 (31 December 2021: 2,866) employees. In addition, we engaged approximately 296 (31 December 2021: 306) 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\$493.8 million (2021: HK\$545.1 million). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of the employees of the Group is determined by reference to market standards, individual performance and their respective contribution to the Group.

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

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

For the Group, maintaining trusting relationships with investors has always been paramount. The Board accordingly continues to engage with them regularly and to keep them apprised of its latest corporate and business developments in a timely manner.

Looking to the future, the Group will be taking steps to increase transparency with both investors and shareholders to strengthen its corporate governance in line with their best interests. As part of this initiative, additional visibility will be provided around strategic plans and approaches, with the aim of eliciting feedback and reaffirming the collective understanding of the Group's business, market activities and growth opportunities.

僱員及薪酬政策

於二零二二年六月三十日，本集團有2,705名（二零二一年十二月三十一日：2,866名）僱員。此外，我們透過當地承包商僱用約296名（二零二一年十二月三十一日：306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。

本集團的本中期間員工成本總額為約493.8百萬港元（二零二一年：545.1百萬港元）。員工薪酬組合包括基本薪金、強制性公積金、保險及其他適當福利。本集團僱員的薪酬乃參考市場標準、個人表現及彼等各自對本集團的貢獻而定。

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

投資者關係及與股東的溝通

對本集團而言，與投資者保持信任關係一直至關重要。因此，董事會將繼續定期與投資者接觸，並及時向彼等通報最新的公司及業務發展情況。

展望未來，本集團將採取措施增加本公司與投資者及股東之間的透明度，加強企業管治，以符合彼等的最大利益。作為該計劃的一部分，我們將圍繞策略計劃和方針提供更多可視性資料，以期獲得反饋並加強對本集團業務、市場活動及增長機會的共同了解。

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 2022, the interests or short positions of the Directors and chief executives of the Company ("Chief Executives") 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 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 (the "Model Code") as set out in Appendix 10 to the Listing Rules, 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

於二零二二年六月三十日，董事及本公司主要行政人員（「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第XV部）的股份（「股份」）、相關股份及債券中擁有本公司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」）須另行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	978,383,181 (Note 2) (附註2)	60.95%

Notes:

- (1) As at 30 June 2022, the total number of issued Shares of the Company was 1,605,152,291 Shares.
- (2) The 978,383,181 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 was directly wholly owned by USUM Investment Group Limited ("USUM Group"), a limited liability company incorporated in the People's Republic of China ("PRC"). The single largest shareholder of USUM Group was Loncin Holdings Co., Ltd. ("Loncin Holdings"), with an equity interest in USUM Group of 53.29%. The remaining equity interests in USUM Group were held by 13 individuals and 27 companies, all of whom were independent third parties of Loncin Holdings and Mr. Tu, and they each held between 0.29% to 10% equity interests in USUM Group. Loncin Holdings was 98% owned by Loncin Group Co., Ltd. ("Loncin Group") and 2% owned by Mr. Tu. Loncin Group was 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 978,383,181 Shares as at 30 June 2022. Therefore, Mr. Tu was deemed to be interested in the Shares held by USUMHK pursuant to the SFO.

附註：

- (1) 於二零二二年六月三十日，本公司已發行股份總數為1,605,152,291股股份。
- (2) 978,383,181股股份乃由渝商投資集團（香港）有限公司（「渝商香港」）持有，渝商香港為一間由涂建華先生（「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華人民共和國（「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」），其於渝商集團的股權為53.29%。渝商集團的餘下股權由13名個人及27間公司（均為獨立於隆鑫控股及涂先生的第三方）持有。該等個人及公司分別持有渝商集團0.29%至10%之股權。隆鑫控股分別由隆鑫集團有限公司（「隆鑫集團」）擁有98%及涂先生擁有2%。隆鑫集團由涂先生擁有98%，由涂建敏女士及涂建容女士（均為涂先生的姊妹）分別擁有1%。於二零二二年六月三十日，渝商香港持有978,383,181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。

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)

Save as disclosed above, as at 30 June 2022, none of the Directors and Chief Executives 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.

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

As at 30 June 2022, the interests and short positions of the persons, other than the Directors and Chief Executives, 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:

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)

除上文所披露者外，於二零二二年六月三十日，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；或根據標準守則須知會本公司及聯交所之任何權益或淡倉。

主要股東於本公司的股份及相關股份的權益及淡倉

於二零二二年六月三十日，除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	978,383,181 (Note 2) (附註2)	60.95%
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	978,383,181 (Note 2) (附註2)	60.95%
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	978,383,181 (Note 2) (附註2)	60.95%
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	978,383,181 (Note 2) (附註2)	60.95%
Mr. Tu Jianhua 涂建華先生	Interest in controlled corporations 於受控制法團之權益	L	978,383,181 (Note 2) (附註2)	60.95%

Disclosure of Interests 權益披露

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

主要股東於本公司的股份及相關股份的權益及淡倉 (續)

Name of Substantial Shareholder 主要股東名稱/姓名	Capacity/Nature of Interest 身份/權益性質	Long position (L)/ Short position (S) 好倉(L)/淡倉(S)	Total number of Shares interested 持有權益的股份總數	Approximate percentage of Shareholding in the Company (Note 1) 佔本公司股權 概約百分比 (附註1)
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)	2.79%
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%

Notes:

- As at 30 June 2022, the total number of issued Shares of the Company was 1,605,152,291 Shares.
- The 978,383,181 Shares were held by the USUMHK, a company in which Mr. Tu was indirectly interested. USUMHK was directly wholly owned by USUM Group, a limited liability company incorporated in the PRC. The single largest shareholder of USUM Group was Loncin Holdings, with an equity interest in USUM Group of 53.29%. The remaining equity interests in USUM Group were held by 13 individuals and 27 companies, all of whom were independent third parties of Loncin Holdings and Mr. Tu, and they each held between 0.29% to 10% equity interests in USUM Group. Loncin Holdings was 98% owned by Loncin Group and 2% owned by Mr. Tu. Loncin Group was 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 978,383,181 Shares as at 30 June 2022. Therefore, Mr. Tu was deemed to be interested in the Shares held by USUMHK pursuant to the SFO.
- The 98,773,990 Shares were held by Tai Security Holding Limited ("Tai Security") as beneficial owner and Tai Security was directly wholly-owned by Mr. Zhang Mingjie ("Mr. Zhang") as at 30 June 2022. Therefore, Mr. Zhang was deemed to be interested in the same number of Shares as held by Tai Security pursuant to the SFO.
- The 44,700,000 Shares were held by Good Union Hong Kong Investment Limited ("Good Union") as beneficial owner and Good Union was directly wholly-owned by Mr. Zhang as at the 30 June 2022. Therefore, Mr. Zhang was deemed to be interested in the same number of Shares as held by Good Union pursuant to the SFO.

附註：

- 於二零二二年六月三十日，本公司已發行股份總數為1,605,152,291股股份。
- 978,383,181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，其於渝商集團的股權為53.29%。渝商集團的餘下股權由13名個人及27間公司（均為獨立於隆鑫控股及涂先生的第三方）持有。該等個人及公司分別持有渝商集團0.29%至10%之股權。隆鑫控股分別由隆鑫集團擁有98%及涂先生擁有2%。隆鑫集團由涂先生擁有98%，由涂建敏女士及涂建容女士（均為涂先生的姊妹）分別擁有1%。於二零二二年六月三十日，渝商香港持有978,383,181股股份。因此，根據證券及期貨條例，涂先生被視為於渝商香港持有的股份中擁有權益。
- 於二零二二年六月三十日，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（「張先生」）直接全資擁有。因此，根據證券及期貨條例，張先生被視為於Tai Security持有的相同股份數目中擁有權益。
- 於二零二二年六月三十日，星滙香港投資有限公司（「星滙」）作為實益擁有人持有44,700,000股股份，而星滙由張先生直接全資擁有。因此，根據證券及期貨條例，張先生被視為於星滙持有的相同股份數目中擁有權益。

Save as disclosed above, as at 30 June 2022, the Company had not been notified by any persons (other than the Directors and Chief Executives) 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.

除上文所披露者外，於二零二二年六月三十日，本公司並不知悉任何人士（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的權益或淡倉，或本公司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或淡倉。

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 2022, the Company has complied with all the applicable code provisions in Part 2 of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules, save and except as explained below:

C.2.1

Pursuant to code provision C.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.

Mr. Li Linhui (“Mr. Li”) was appointed as the chairman of the Board (the “Chairman”) and took up the responsibilities of the chief executive officer of the Company (“CEO”) on 13 December 2021.

Vesting the roles of both acting Chairman and CEO in the same person is a temporary measure due to the vacancies of the position of Chairman or CEO. The Company is looking for a suitable candidate for the position of the CEO. Also, the Directors considered that the present arrangement would not impair the balance of power and authority considering the background and experience of the Directors and the number of independent non-executive Directors on the Board. Accordingly, the Directors considered that the temporary deviation from provision C.2.1 of the CG Code was appropriate in such circumstance.

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

遵守企業管治守則

本公司深知企業透明度及問責制之重要性，並致力於實現高標準企業管治。截至二零二二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」）第2部分的所有適用的守則條文，惟以下所述例外情況除外：

C.2.1

根據企業管治守則之守則條文第C.2.1條，主席與行政總裁的角色應有所區分，並不應由一人同時兼任。

李林輝先生（「李先生」）於二零二一年十二月十三日獲委任為董事會主席（「主席」），並承擔本公司行政總裁（「行政總裁」）的職責。

由於主席及行政總裁職位空缺，由同一人同時擔任主席及行政總裁乃屬暫時舉措。本公司正為行政總裁一職物色合適候選人。此外，考慮到董事的背景和經驗及董事會中獨立非執行董事的人數，董事認為目前的安排不會損害權力和權限的平衡。因此，董事認為在此情況下暫時偏離企業管治守則條文第C.2.1條屬恰當。

本公司將不時審閱本集團企業管治架構之效能及考慮是否需要作出任何修改。

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions by Directors. All Directors have confirmed, following 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 2022.

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 2022.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

SIGNIFICANT EVENTS

Save as disclosed in this interim report, the Company and any of its subsidiaries did not have any significant events after 30 June 2022.

REVIEW OF INTERIM REPORT

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the financial matters, including reviewed and approved of the Group’s unaudited condensed consolidated results for the six months ended 30 June 2022 and this interim report. The Audit Committee has also reviewed the effectiveness of risk management and internal control system of the Group, and considered the risk management and internal control system to be effective and adequate.

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」）作為董事進行董事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，於截至二零二二年六月三十日止六個月內彼等均一直遵守標準守則所載之規定準則。

購買、出售或贖回本公司上市證券

截至二零二二年六月三十日止六個月，本公司或其任何子公司均無購買、出售或贖回本公司的任何上市證券。

中期股息

董事會不建議派付截至二零二二年六月三十日止六個月的中期股息。

重大事件

除本中期報告所披露者外，本公司及其任何子公司於二零二二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，並討論財務事宜，包括審閱及批准本集團截至二零二二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。審核委員會亦已審閱本集團風險管理及內部監控系統之有效性，並認為該風險管理及內部監控系統有效且充足。

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	
		2022 二零二二年 HK\$M 百萬港元 (Unaudited) (未經審核)	2021 二零二一年 HK\$M 百萬港元 (Unaudited) (未經審核)
	Notes 附註		
Revenue	6	11,826.0	11,162.2
Cost of sales		(11,124.8)	(10,156.3)
Gross profit		701.2	1,005.9
Other income		49.9	42.9
Other gains/(losses), net	7	111.4	(4.5)
Impairments on non-financial assets	7	(51.4)	(10.7)
Impairments on financial assets		(8.4)	(32.2)
Distribution and selling expenses		(24.8)	(28.4)
Administrative expenses		(500.4)	(626.5)
		277.5	346.5
Finance income	8	2.5	3.7
Finance costs	8	(103.5)	(177.1)
Finance costs, net		(101.0)	(173.4)
Share of post-tax (loss)/profit of an associate		(0.8)	0.5
Share of post-tax profit of joint ventures		125.4	153.1
Profit before income tax		301.1	326.7
Income tax expense	10	(115.7)	(100.8)
Profit for the period	9	185.4	225.9
Profit/(Loss) attributable to:			
Shareholders of the Company		199.5	226.3
Non-controlling interests		(14.1)	(0.4)
		185.4	225.9
Earnings per share attributable to shareholders of the Company for the period (expressed in HK\$ per share)			
Basic earnings per share	12	0.12	0.14
Diluted earnings per share	12	0.12	0.14

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

上述簡明綜合損益表應與隨附的附註一併閱讀。

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	
		2022 二零二二年 HK\$M 百萬港元 (Unaudited) (未經審核)	2021 二零二一年 HK\$M 百萬港元 (Unaudited) (未經審核)
Profit for the period	期內溢利	185.4	225.9
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	(390.1)	(122.4)
<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>		
Share of other comprehensive loss of joint ventures	應佔合營企業之其他全面虧損	(0.3)	(0.1)
Other comprehensive loss for the period	期內其他全面虧損	(390.4)	(122.5)
Total comprehensive (loss)/profit for the period	期內全面(虧損)/溢利總額	(205.0)	103.4
Total comprehensive (loss)/profit for the period attributable to:	以下各方應佔期內全面(虧損)/溢利總額：		
Shareholders of the Company	本公司股東	(185.8)	102.6
Non-controlling interests	非控股權益	(19.2)	0.8
		(205.0)	103.4

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

上述簡明綜合全面收益表應與隨附的附註一併閱讀。

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

			At 30 June 2022 於二零二二年 六月三十日	At 31 December 2021 於二零二一年 十二月三十一日
	Notes 附註	HK\$M 百萬港元 (Unaudited) (未經審核)	HK\$M 百萬港元 (Audited) (經審核)	
ASSETS				
Non-current assets				
Property, plant and equipment	13	2,093.0	2,256.6	
Right-of-use assets		620.5	701.5	
Investment properties		51.8	56.3	
Intangible assets		780.1	848.9	
Investments accounted for using the equity method		737.9	907.8	
Financial assets at fair value through profit or loss		0.8	0.8	
Financial assets at fair value through other comprehensive income		84.8	91.3	
Other non-current assets	14	11.4	14.8	
Deferred income tax assets		71.8	78.9	
		4,452.1	4,956.9	
Current assets				
Inventories		1,436.1	1,567.8	
Trade, bills and other receivables	14	2,941.3	2,226.9	
Amounts due from related parties	20	84.4	66.8	
Derivative financial instruments		100.2	31.1	
Tax recoverable		8.7	17.3	
Pledged bank deposits and restricted bank deposits		122.3	142.4	
Cash and cash equivalents		315.3	782.3	
		5,008.3	4,834.6	
Assets held for sale	21	228.3	167.0	
		5,236.6	5,001.6	
Total assets		9,688.7	9,958.5	

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

		At 30 June 2022 於二零二二年 六月三十日	At 31 December 2021 於二零二一年 十二月三十一日	
		Notes 附註	HK\$M 百萬港元 (Unaudited) (未經審核)	HK\$M 百萬港元 (Audited) (經審核)
EQUITY AND LIABILITIES	權益及負債			
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		6,318.8	6,704.1
Accumulated losses	累計虧損		(1,646.8)	(1,846.3)
			4,688.1	4,873.9
Non-controlling interests	非控股權益		(27.9)	(14.4)
Total equity	總權益		4,660.2	4,859.5
Non-current liabilities	非流動負債			
Borrowings	借款	16	101.7	50.8
Lease liabilities	租賃負債		165.5	190.1
Retirement benefit obligations	退休福利責任		17.8	18.9
Other payables	其他應付款項	17	98.6	106.8
Deferred income tax liabilities	遞延所得稅負債		284.3	305.8
			667.9	672.4
Current liabilities	流動負債			
Trade, bills and other payables	貿易、票據及其他應付款項	17	2,646.3	2,240.1
Current income tax liabilities	即期所得稅負債		92.4	254.0
Borrowings	借款	16	1,316.4	1,611.1
Lease liabilities	租賃負債		135.9	177.1
Amounts due to related parties	應付關聯方款項	20	109.9	104.9
Derivative financial instruments	衍生金融工具		59.7	39.4
			4,360.6	4,426.6
Total liabilities	負債總額		5,028.5	5,099.0
Total equity and liabilities	權益及負債總額		9,688.7	9,958.5

The above condensed consolidated statement of balance sheet should be read in conjunction with the accompanying notes.

上述簡明綜合資產負債表應與隨附的附註一併閱讀。

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	企業發展基金	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 2021	於二零二一年一月一日	16.1	5,911.9	0.3	221.4	107.1	107.1	(7.0)	(8.2)	677.2	(2,548.3)	4,477.6	(13.4)	4,464.2
Comprehensive income/(loss) Profit/(Loss) for the period	全面收益/(虧損) 期內溢利/(虧損)	-	-	-	-	-	-	-	-	-	226.3	226.3	(0.4)	225.9
Total other comprehensive (loss)/ income for the period, net of tax	期內其他全面(虧損)/ 收益總額，扣除稅項	-	-	-	-	-	-	-	-	(123.6)	-	(123.6)	1.2	(122.4)
Currency translation differences	匯兌差額	-	-	-	-	-	-	-	-	(123.6)	-	(123.6)	1.2	(122.4)
Share of other comprehensive loss of joint ventures	應佔合營企業之其他全面虧損	-	-	-	-	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)
		-	-	-	-	-	-	-	(0.1)	(123.6)	-	(123.7)	1.2	(122.5)
Total comprehensive (loss)/income for the period, net of tax	期內全面(虧損)/ 收益總額，扣除稅項	-	-	-	-	-	-	-	(0.1)	(123.6)	226.3	102.6	0.8	103.4
Transactions with shareholders in their capacity as shareholders	與股東(以股東身份) 進行之交易	-	-	-	-	-	-	-	-	-	-	-	4.1	4.1
Contributions from non-controlling interests	非控股權益之注資	-	-	-	-	-	-	-	-	-	-	-	4.1	4.1
At 30 June 2021 (unaudited)	於二零二一年六月三十日 (未經審核)	16.1	5,911.9	0.3	221.4	107.1	107.1	(7.0)	(8.3)	553.6	(2,322.0)	4,580.2	(8.5)	4,571.7

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 financial assets	Re-measurement of pension plans	Foreign currency translation reserve	Accumulated losses	Sub-total	Non-controlling interest	Total equity
		股本	股份溢價	股本贖回儲備	股本儲備	法定一般儲備	企業發展基金	重新計量金融資產	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	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
					(Note i) (附註i)	(Note ii) (附註ii)	(Note ii) (附註ii)							
At 1 January 2022	於二零二二年一月一日	16.1	5,911.9	0.3	221.4	107.1	107.1	(3.9)	(1.3)	361.5	(1,846.3)	4,873.9	(14.4)	4,859.5
Comprehensive income/(loss) for the period	全面收益/(虧損)期內溢利/(虧損)	-	-	-	-	-	-	-	-	-	199.5	199.5	(14.1)	185.4
Total other comprehensive loss for the period, net of tax	期內其他全面虧損總額，扣除稅項	-	-	-	-	-	-	-	-	(385.0)	-	(385.0)	(5.1)	(390.1)
Currency translation differences	匯兌差額	-	-	-	-	-	-	-	-	(385.0)	-	(385.0)	(5.1)	(390.1)
Share of other comprehensive loss of joint ventures	應佔合營企業之其他全面虧損	-	-	-	-	-	-	-	(0.3)	-	-	(0.3)	-	(0.3)
		-	-	-	-	-	-	-	(0.3)	(385.0)	-	(385.3)	(5.1)	(390.4)
Total comprehensive (loss)/income for the period, net of tax	期內全面(虧損)/收益總額，扣除稅項	-	-	-	-	-	-	-	(0.3)	(385.0)	199.5	(185.8)	(19.2)	(205.0)
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	非控股權益之注資	-	-	-	-	-	-	-	-	-	-	-	5.7	5.7
At 30 June 2022 (unaudited)	於二零二二年六月三十日(未經審核)	16.1	5,911.9	0.3	221.4	107.1	107.1	(3.9)	(1.6)	(23.5)	(1,646.8)	4,688.1	(27.9)	4,660.2

Notes:

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

附註：

- (i) 股本儲備指(a)本公司於二零零八年集團重組時所收購子公司股本及股份溢價總額之面值與本公司交換股權所發行股份之面值的差額及(b)二零一零年資本化股東貸款之總和。
- (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發展基金。倘法定一般儲備及企業發展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發展基金可用於彌補過往年度虧損或增加股本。

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

上述簡明綜合權益變動表應與隨附的附註一併閱讀。

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

2022	2021
二零二二年	二零二一年
HK\$M	HK\$M
百萬港元	百萬港元
(Unaudited)	(Unaudited)
(未經審核)	(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)	547.3	658.6
Changes in working capital	營運資金變動	(534.5)	(703.0)
Cash generated from/(used in) operations	經營所得 / (所用) 現金	12.8	(44.4)
Interest paid	已付利息	(120.3)	(140.9)
Tax paid, net	已支付稅項淨額	(197.1)	(18.3)
Net cash used in operating activities	經營活動所用現金淨額	(304.6)	(203.6)
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	(118.7)	(87.1)
Investment in financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產之投資	-	(1.0)
Proceeds from disposals of property, plant and equipment, right-of-use assets and intangible assets	出售物業、廠房及設備、使用權資產以及無形資產之所得款項	26.5	49.6
Placement of pledged bank deposits	存入已抵押銀行存款	(22.7)	(22.6)
Withdrawal of pledged bank deposits	提取已抵押銀行存款	36.2	20.1
Investment in a joint venture	投資於一間合營企業	-	(14.9)
Proceed from disposal of a joint venture	出售一間合營企業之所得款項	-	7.0
Dividend received from joint ventures	已收合營企業股息	38.7	39.2
Other dividends received	已收其他股息	5.7	-
Proceeds from disposals of assets held for sale	出售持作出售資產之所得款項	179.7	71.0
Receipt in advance for disposals of assets held for sale	出售持作出售資產之預收款項	-	116.4
Interest received	已收利息	2.3	2.1
Net cash generated from investing activities	投資活動所得現金淨額	147.7	179.8

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

2022 二零二二年 HK\$M 百萬港元 (Unaudited) (未經審核)	2021 二零二一年 HK\$M 百萬港元 (Unaudited) (未經審核)
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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	205.5	246.7
Proceeds from other borrowings	其他借款之所得款項	57.9	–
Repayments of bank borrowings	償還銀行借款	(143.7)	(408.8)
Change in short-term other borrowings, net	短期其他借款變動淨額	–	(0.8)
Repayments of other borrowings	償還其他借款	(310.3)	(271.6)
Repayment of lease liabilities	償還租賃負債	(95.8)	(106.5)
Contributions from non-controlling interests	非控股權益注資	5.7	4.1
Net cash used in financing activities	融資活動所用現金淨額	(280.7)	(536.9)
Cash and cash equivalents at beginning of the period	期初之現金及現金等值項目	782.3	913.8
Net decrease in cash and cash equivalents	現金及現金等值項目減少淨額	(437.6)	(560.7)
Exchange differences on cash and cash equivalents	現金及現金等值項目之匯兌差額	(29.4)	3.8
Cash and cash equivalents at end of the period	期末之現金及現金等值項目	315.3	356.9

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 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 2022.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2022 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 2021, 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、廢電器電子產品、廢油及破碎鋁料(Zorba)。

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。

本中期期間發生的重大事項及交易已於二零二二中期報告的管理層討論及分析一節披露。

2 編製基準

截至二零二二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»)編製的截至二零二一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

As at 30 June 2022, the Group had borrowings of HK\$1,418.1 million, of which HK\$1,316.4 million are current borrowings due within twelve months from 30 June 2022, while its cash and cash equivalents amounted to HK\$315.3 million.

Included in current borrowings as at 30 June 2022 was a syndicated term loan (the "Syndicated Term Loan") with an outstanding loan balance of HK\$824.4 million scheduled to be fully repayable in March 2023.

The above conditions indicated the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

2 編製基準 (續)

2.1.1 持續經營基準

於二零二二年六月三十日，本集團的借款為1,418.1百萬港元，其中1,316.4百萬港元為自二零二二年六月三十日起計十二個月內到期之流動借款，而其現金及現金等值項目為315.3百萬港元。

於二零二二年六月三十日之流動借款包括尚未償還之貸款結餘為824.4百萬港元之銀團定期貸款（「銀團定期貸款」），計劃於二零二三年三月悉數償還。

上述情況顯示存在重大不確定性，可能對本集團持續經營的能力構成重大疑問。

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)

In view of such circumstance, the Directors have given careful consideration to the future liquidity and performance of the Group, taking into account the potential impact arising from the surge of metal commodity price and new waves of COVID-19 pandemic, 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:

- (i) In June 2022, the Group has successfully agreed with the lenders of the Syndicated Term Loan to extend the maturity date of the remaining Syndicated Term Loan to March 2023 with four partial repayment instalments of HK\$23.4 million, HK\$39.0 million, HK\$78.0 million and HK\$93.6 million on or before end of June, July and October 2022 and January 2023, respectively. The interest rate, certain guarantors and collaterals of the Group associated with the Syndicated Term Loan were also revised. The Group plans to finance such partial repayment instalments through internal resources as well as financial and operational measures as mentioned in (ii) to (vi) below. The Group will continue to monitor its compliance with the undertaking requirements and the Directors expect the Group would be in compliance throughout the remaining term of the Syndicated Term Loan.
- (ii) The Group is pursuing plans for potential disposal of certain assets in specific regions to raise additional cash to finance the repayment of borrowings.

2 編製基準 (續)

2.1.1 持續經營基準 (續)

鑒於該等情況，在評估本集團是否將擁有足夠的財務資源進行持續經營時，董事已審慎考慮本集團的未來流動資金及表現，並計及金屬商品價格飆升及新的數輪新型冠狀病毒疫情產生的潛在影響(如有)以及其可動用的融資來源。有關為減輕流動資金壓力及改善其財務狀況而採納的若干計劃及措施包括(但不限於)以下各項：

- (i) 於二零二二年六月，本集團與銀團定期貸款的貸款人成功達成協議，將餘下銀團定期貸款的到期日延長至二零二三年三月，其中四部分分期還款23.4百萬港元、39.0百萬港元、78.0百萬港元及93.6百萬港元分別須於二零二二年六月底、七月底及十月底以及二零二三年一月底或之前償還。本集團有關銀團定期貸款的利率、若干擔保人及抵押品亦已經修訂。本集團計劃透過內部資源以及下文(ii)至(vi)項所述的財務及經營措施為有關部分分期還款撥付資金。本集團將繼續監察其對承擔要求的遵守情況，董事預計，本集團將在銀團定期貸款的剩餘期限內保持遵守狀態。
- (ii) 本集團或可能計劃出售特定地區的若干資產，以籌集更多現金用於償還借款。

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)

- (iii) The Group maintains continuous communication with other banks and management believes that the existing other borrowings available to the Group will be successfully renewed when their current terms expire given the long standing relationship the Group has with the relevant counter parties and the fact that majority of these facilities are secured by the Group's properties and other assets.
- (iv) The Group obtained short term borrowings of HK\$57.9 million from lenders in the PRC, and repaid an amount of HK\$36.2 million during the current interim period. The management expects that such borrowings will be successfully renewed when their current terms expire in September 2022.
- (v) 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 generate cash flow from operations including further control capital and operating expenditures to strengthen its working capital.
- (vi) 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 not less than twelve months from 30 June 2022. 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 interim financial information on a going concern basis.

2 編製基準 (續)

2.1.1 持續經營基準 (續)

- (iii) 本集團與其他銀行持續保持溝通，管理層認為鑒於本集團與相關交易方的長期合作關係以及事實上該等融資中大多數乃由本集團的物業及其他資產作抵押，本集團相信現有其他借款將在其現有期限到期時予以成功續期。
- (iv) 本集團於本中期期間自中國貸款人取得短期借款57.9百萬港元，並償還36.2百萬港元。管理層預計有關借款將在其現有期限於二零二二年九月屆滿時予以成功續期。
- (v) 本集團繼續提高位於亞洲的新回收設施的生產能力，並在歐洲和北美洲實施措施以從營運中產生現金流，相關措施包括進一步控制資本和營運開支以加強其營運資金。
- (vi) 本集團正在積極尋求其他融資來源，包括其他債務或股權融資，以改善資本結構並減少整體融資費用。

董事已評估本集團自二零二二年六月三十日起不少於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起未來十二個月內，本集團將有足夠的營運資金來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中期財務資料乃屬適當。

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

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2021, 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 2022.

Amendments to HKFRSs effective for the financial year ending 31 December 2022 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 2021.

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 2021.

There have been no changes in the risk management policies since year ended 31 December 2021.

3 會計政策

採用的會計政策與截至二零二一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二零二二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。

於截至二零二二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,與截至二零二一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。

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,並應與本集團於二零二一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二零二一年十二月三十一日止年度起並無變動。

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)

5.2 Liquidity risk

Compared to year ended 31 December 2021, there was no material change in the contractual undiscounted cash outflows for financial liabilities except for the partial repayment of HK\$274.1 million of 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 2022 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5 金融風險管理及金融工具 (續)

5.2 流動資金風險

與截至二零二一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，惟部分償還銀團定期貸款274.1百萬港元。

5.3 公平值估計

下表分析本集團於二零二二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值技術之輸入值層級劃分。有關輸入值在公平值層級內分為以下三個級別：

- 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)。
- 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)

5 金融風險管理及金融工具 (續)

5.3 公平值估計 (續)

Financial assets/(liabilities) 金融資產／(負債)	Fair value as at 於以下日期的公平值		Fair value hierarchy 公平值層級
	30 June 2022 二零二二年 六月三十日 HK\$M 百萬港元	31 December 2021 二零二一年 十二月三十一日 HK\$M 百萬港元	
1) Publicly traded 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公開交易金屬商品期貨合約	5.5	(1.0)	Level 1 第一級
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	93.3 (53.8)	29.2 (33.1)	Level 2 第二級
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	1.4 (5.9)	1.9 (5.3)	Level 2 第二級
4) Financial assets at fair value through profit or loss 按公平值計入損益之金融資產	0.8	0.8	Level 3 第三級
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	84.8	91.3	Level 3 第三級

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Fair value estimation (continued)

Financial instruments in level 1

The fair value of derivative financial instruments publicly traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the quoted bid commodity future price. These instruments are included in level 1 and comprise primarily metal commodities future contracts publicly traded in the London Metal Exchange.

Financial instruments in level 2

The Group's metal commodities future contracts represented the Group's derivative financial instruments which are included in level 2. The basis of fair value measurement and valuation technique of such derivative financial instruments are par method and taking actively traded future prices into account.

The Group's foreign currency forward contracts represented the Group's derivative financial instruments which are included in level 2. The basis of fair value measurement and valuation technique of such derivative financial instruments are discount cash flow method and present value of the future cash flows estimated based on forward exchange rates. The unobservable input is expected future cash flow, therefore lower cash flow results in lower present value.

Financial instruments in level 3

The Group's equity interests in unlisted entities represented the Group's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are included in level 3. The basis of fair value measurement and valuation technique of such financial assets are discount cash flow method and present value of the estimated future cash flows of the investee entities. The unobservable input is expected future cash flow, therefore lower cash flow results in lower present value.

5 金融風險管理及金融工具 (續)

5.3 公平值估計 (續)

第一級金融工具

於活躍市場公開交易的衍生金融工具的公平值以資產負債表日的市場報價為基礎。若可以從交易所、交易商、經紀人、行業團體、定價服務或監管機構隨時獲得定期報價，則該市場被認為是活躍市場，且有關價格代表了公平交易的實際和定期發生的市場交易。本集團持有的金融資產所使用的市場報價為投標商品期貨的報價。該等工具屬於第一級，主要包括在倫敦金屬交易所公開交易的金屬商品期貨合約。

第二級金融工具

本集團的金屬商品期貨合約代表本集團的衍生金融工具，屬於第二級。此類衍生金融工具的公平值計量和估值技術的基準為面值法，並考慮活躍交易的未來價格。

本集團的外幣遠期合約代表本集團的衍生金融工具，屬於第二級。此類衍生金融工具的公平值計量和估值技術的基準為折現現金流量法及根據遠期匯率估計的未來現金流的現值。不可觀察輸入值為預期未來現金流，因此現金流量減少會導致現值降低。

第三級金融工具

本集團於非上市實體中的股權代表本集團按公平值計入其他全面收益之金融資產及按公平值計入損益之金融資產，屬於第三級。此類金融資產的公平值計量和估值技術的基準為折現現金流量法及被投資實體估計未來現金流的現值。不可觀察輸入值為預期未來現金流，因此現金流量減少會導致現值降低。

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 2022	於二零二二年六月三十日				
Assets	資產				
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	-	-	0.8	0.8
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	-	-	84.8	84.8
Hedging derivatives	對沖衍生工具				
- metal commodities futures	- 金屬商品期貨	5.5	93.3	-	98.8
Trading derivatives	交易衍生工具				
- foreign currency	- 外幣	-	1.4	-	1.4
Liabilities	負債				
Hedging derivatives	對沖衍生工具				
- metal commodities futures	- 金屬商品期貨	-	(53.8)	-	(53.8)
Trading derivatives	交易衍生工具				
- foreign currency	- 外幣	-	(5.9)	-	(5.9)
As at 31 December 2021	於二零二一年十二月三十一日				
Assets	資產				
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	-	-	0.8	0.8
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	-	-	91.3	91.3
Hedging derivatives	對沖衍生工具				
- metal commodities futures	- 金屬商品期貨	-	29.2	-	29.2
Trading derivatives	交易衍生工具				
- foreign currency forwards	- 外幣遠期	-	1.9	-	1.9
Liabilities	負債				
Hedging derivatives	對沖衍生工具				
- metal commodities futures	- 金屬商品期貨	(1.0)	(33.1)	-	(34.1)
Trading derivatives	交易衍生工具				
- foreign currency forwards	- 外幣遠期	-	(5.3)	-	(5.3)

5 金融風險管理及金融工具 (續)

5.3 公平值估計 (續)

於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

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Fair value estimation (continued)

The following table presents the changes in level 3 instruments for the period ended 30 June 2022:

		Financial assets at fair value through profit or loss 按公平值計入損益之金融資產 HK\$M 百萬港元	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 HK\$M 百萬港元	Total 總計 HK\$M 百萬港元
As at 1 January 2022	於二零二二年一月一日	0.8	91.3	92.1
Currency translation differences	匯兌差額	-	(6.5)	(6.5)
As at 30 June 2022	於二零二二年六月三十日	0.8	84.8	85.6

There were no transfers between the three levels during the period ended 30 June 2022. There were also no changes made to any of the valuation techniques applied as at 31 December 2021.

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 values.

5 金融風險管理及金融工具 (續)

5.3 公平值估計 (續)

下表載列截至二零二二年六月三十日止期間第三級工具的變動：

截至二零二二年六月三十日止期間，三個層級之間並無轉移。於二零二一年十二月三十一日所應用的估值技術亦無任何變動。

管理層認為，於簡明綜合財務資料內按攤銷成本計量的金融資產及金融負債的賬面值與其公平值相若。

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

6 SEGMENT INFORMATION

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

The Group's Chief Operating Decision Maker ("CODM"), which has been identified as the Executive Committee that makes strategic decisions, assesses the Group's performance from geographic perspective and has identified three reportable segments of its business: Asia, Europe and North America. The operating segments are assessed based on the measure of segment profit. This measurement basis excludes the effects of non-operating gains/losses, such as impairments on non-financial assets, fair value gain/loss on trading derivative financial instruments, and gain/loss on disposals of assets held for sale, joint ventures, property, plant and equipment and right-of-use assets. The measure also excludes centralised costs such as the Group's key managements' remunerations and other central administrative expenses. Finance income, finance costs, income tax expenses and those unallocated income and expenses are not included in the result for each operating segment that is reviewed by the Group's CODM. Inter-segment sales are charged at prevailing market price.

Total segment assets exclude deferred income tax assets, 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

本集團收益主要指期內銷售再生金屬之已收或應收款項，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。

本集團的主要營運決策者（「主要營運決策者」）（其已識別為作出戰略性決定之執行委員會）根據地理角度評估本集團的表現，並已確定三個可呈報分部業務：亞洲、歐洲及北美洲。經營分部根據分部溢利的計量方法作評估。此計量基礎不包括非經營收益／虧損的影響，例如非金融資產減值、交易性衍生金融工具之公平值收益／虧損及出售持作出售資產、合營企業、物業、廠房及設備以及使用權資產的收益／虧損。計量亦不包括中央成本，例如本集團主要管理層的薪酬及其他中央行政開支。財務收入、財務成本、所得稅開支及該等未分配收入及開支並不包括在本集團的主要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。

總分部資產不包括集中管理的遞延所得稅資產、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主要營運決策者報告。

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 2022 and 2021, respectively:

6 分部資料 (續)

下表分別載列有關本集團截至二零二二年及二零二一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 截至以下日期止六個月									
		30 June 2022 二零二二年六月三十日					30 June 2021 二零二一年六月三十日				
		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	892.6	10,959.3	26.9	-	11,878.8	1,150.8	9,719.1	527.6	-	11,397.5
Inter-segment sales	分部間銷售	(3.8)	(49.0)	-	-	(52.8)	-	(235.3)	-	-	(235.3)
External sales	外部銷售	888.8	10,910.3	26.9	-	11,826.0	1,150.8	9,483.8	527.6	-	11,162.2
Segment (loss)/profit	分部(虧損)/溢利	(64.0)	425.7	26.9	13.5	402.1	4.3	530.2	72.1	(106.5)	500.1
Finance income	財務收入					2.5					3.7
Finance costs	財務成本					(103.5)					(177.1)
Profit before income tax	除所得稅前溢利					301.1					326.7
Income tax expense	所得稅開支					(115.7)					(100.8)
Profit for the period	期內溢利					185.4					225.9
Depreciation and amortisation expenses	折舊及攤銷開支	(36.0)	(141.2)	(0.3)	(8.2)	(185.7)	(34.8)	(148.3)	(8.7)	(9.3)	(201.1)
Fair value loss on derivative financial instruments (Note)	衍生金融工具之公平值虧損(附註)	-	-	-	(1.4)	(1.4)	-	-	-	(49.5)	(49.5)
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	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Loss on disposals of property, plant and equipment and right-of-use assets	出售物業、廠房及設備以及使用權資產之虧損	-	-	-	(8.0)	(8.0)	-	-	-	(7.0)	(7.0)
Gain on disposal of a joint venture	出售一間合營企業之收益	-	-	-	-	-	-	-	-	7.0	7.0
Gain on disposals of assets held for sale	出售持作出售資產之收益	-	-	-	115.7	115.7	-	-	-	33.7	33.7
Provision for impairments on property, plant and equipment (Note 7)	物業、廠房及設備之減值撥備(附註7)	-	-	-	(0.6)	(0.6)	-	-	-	(0.7)	(0.7)
Provision for impairment on investment in a joint venture (Note 7)	投資於一間合營企業之減值撥備(附註7)	-	-	-	(50.8)	(50.8)	-	-	-	-	-
Impairment on intangible assets (Note 7)	無形資產減值(附註7)	-	-	-	-	-	-	-	-	(10.0)	(10.0)

Note: The fair value loss on derivative financial instruments for the period ended 30 June 2022 represented the fair value loss related to those trading derivative financial instruments that were not subject to hedge accounting.

附註：截至二零二二年六月三十日止期間的衍生金融工具之公平值虧損指毋須進行對沖會計處理的該等交易性衍生金融工具有關的公平值虧損。

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 2022 and 31 December 2021 are provided as follows:

	30 June 2022 二零二二年六月三十日				31 December 2021 二零二一年十二月三十一日			
	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	1,490.0	7,504.6	198.1	9,192.7	1,739.0	7,069.9	240.0	9,048.9
Deferred income tax assets				71.8				78.9
Tax recoverable				8.7				17.3
Derivative financial instruments				100.2				31.1
Cash and cash equivalents				315.3				782.3
Total assets				9,688.7				9,958.5

7 OTHER GAINS/(LOSSES), NET

6 分部資料 (續)

分部資產

於二零二二年六月三十日及二零二一年十二月三十一日分部資產與資產總值的對賬如下：

7 其他收益／(虧損) 淨額

	Six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 HK\$M 百萬港元	2021 二零二一年 HK\$M 百萬港元
Loss on fair value change of:		
– derivative financial instruments	(1.4)	(49.5)
– financial assets at fair value through profit or loss	–	(0.4)
Foreign exchange gain, net	2.3	10.3
Loss on disposals of property, plant and equipment, and right-of-use assets	(8.0)	(7.0)
Gain on disposal of a joint venture	–	7.0
Gain on disposals of assets held for sale	115.7	33.7
Others	2.8	1.4
Impairments on non-financial assets		
– provision for impairments on property, plant and equipment	(0.6)	(0.7)
– provision for impairment on investment in a joint venture (Note (i))	(50.8)	–
– impairment on intangible assets (Note (ii))	–	(10.0)
	60.0	(15.2)

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

7 OTHER GAINS/(LOSSES), NET (continued)

Notes

- (i) During the six months ended 30 June 2022, the North America region is in the process of divesting an investment in a joint venture located in Mexico, which was classified as assets held for sale. The Group recognised a provision for impairment on investment in a joint venture of HK\$50.8 million between the expected sales proceeds and its net book balance.
- (ii) During the six months ended 30 June 2021, the North America region has undergone business transformation and to divest certain non-performing operations in the United States ("US"), resulting in an impairment on brand name which was related to the US operations and classified as intangible assets with indefinite useful lives of HK\$10.0 million.

8 FINANCE COSTS, NET

7 其他收益／(虧損) 淨額 (續)

附註

- (i) 於截至二零二二年六月三十日止六個月，北美地區正在出售位於墨西哥的一項對一間合營企業的投資，並已分類為持作出售資產。本集團就投資於一間合營企業的預期銷售所得款項與其賬面淨值之間的差額確認減值撥備為50.8百萬港元。
- (ii) 於截至二零二一年六月三十日止六個月，北美地區進行業務轉型，以出售美國的若干不良業務，導致與美國業務相關的品牌名稱(分類為具無限可使用年期之無形資產)減值10.0百萬港元。

8 財務成本淨額

		Six months ended 30 June 截至六月三十日止六個月	
		2022 二零二二年 HK\$M 百萬港元	2021 二零二一年 HK\$M 百萬港元
Interest income from bank deposits	銀行存款之利息收入	1.9	2.8
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	0.4
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
Finance income	財務收入	2.5	3.7
Interest expense on bank loans, overdrafts, bills payable and factoring arrangement	銀行貸款、透支、 應付票據及保理安排 之利息開支	(32.0)	(54.2)
Interest expense on other borrowings	其他借款之利息開支	(65.3)	(112.9)
Interest expense on lease liabilities	租賃負債之利息開支	(5.9)	(9.7)
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	(103.5)	(177.1)
Finance costs, net	財務成本淨額	(101.0)	(173.4)

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

9 PROFIT FOR THE PERIOD

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	所用原材料及消耗品	98.6	(73.3)
Provision for inventories, net	存貨撥備淨額	9,733.1	8,851.0
Employee benefit expenses	僱員福利開支	147.5	58.2
Depreciation and amortisation expenses	折舊及攤銷開支	493.8	545.1
Legal and professional expenses	法律及專業開支	185.7	201.1
		25.6	75.0

10 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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% (2021: 25%) on the estimated assessable profit for the period.

Germany and US income taxes have been provided at the rate of approximately 30% (2021: 30%) and 26% (2021: 26%), respectively, on the estimated assessable profit for the period.

Taxation on profits from other jurisdictions 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.

9 期內溢利

扣除／(計入) 下列各項後達致之期內溢利：

Six months ended 30 June

截至六月三十日止六個月

2022	2021
二零二二年	二零二一年
HK\$M	HK\$M
百萬港元	百萬港元

10 所得稅開支

香港利得稅乃根據期內估計應課稅溢利按稅率16.5% (二零二一年：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% (二零二一年：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約30% (二零二一年：30%) 及26% (二零二一年：26%) 計提撥備。

來自其他司法權區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稅率的估計確認。

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

10 INCOME TAX EXPENSE (continued)

10 所得稅開支 (續)

		Six months ended 30 June 截至六月三十日止六個月	
		2022 二零二二年 HK\$M 百萬港元	2021 二零二一年 HK\$M 百萬港元
Current income tax expense:	即期所得稅開支：		
Germany	德國	73.0	69.3
US	美國	-	2.4
PRC EIT	中國企業所得稅	15.7	0.5
Hong Kong profits tax	香港利得稅	4.0	2.2
Other jurisdictions	其他司法權區	21.7	20.3
		114.4	94.7
Deferred income tax expense	遞延所得稅開支	1.3	6.1
Income tax expense	所得稅開支	115.7	100.8

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 2022 and 2021.

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，自截至二零二二年及二零二一年六月三十日止期間的報告期末起亦無建議派付任何股息。

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

12 EARNINGS PER SHARE

(a) Basic

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

		Six months ended 30 June 截至六月三十日止六個月	
		2022 二零二二年 HK\$M 百萬港元	2021 二零二一年 HK\$M 百萬港元
Profit	溢利		
Profit for the period attributable to shareholders of the Company	本公司股東應佔期內溢利	199.5	226.3
Number of shares	股份數目		
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數目 (千股)	1,605,153	1,605,153
Basic earnings per share (expressed in HK\$)	每股基本盈利 (以港元列示)	0.12	0.14

(b) Diluted

The Group has no potentially dilutive shares outstanding during the interim periods ended 30 June 2022 and 2021.

12 每股盈利

(a) 基本

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

(b) 攤薄

於截至二零二二年及二零二一年六月三十日止中期期間，本集團並無發行在外潛在攤薄股份。

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

13 PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2022, the Group acquired property, plant and equipment of HK\$122.3 million (2021: HK\$83.1 million) and disposed of property, plant and equipment with a net book value of HK\$34.5 million (2021: HK\$25.1 million).

For the six months ended 30 June 2022, the Group recognised a provision for impairments on property, plant and equipment of HK\$0.6 million (2021: HK\$0.7 million) which was related to idle assets in Europe (2021: Europe).

For the six months ended 30 June 2022, no property, plant and equipment with net book values were transferred to assets held sales (2021: HK\$75.5 million).

14 TRADE, BILLS AND OTHER RECEIVABLES

13 物業、廠房及設備

截至二零二二年六月三十日止六個月，本集團購入物業、廠房及設備122.3百萬港元(二零二一年：83.1百萬港元)及出售賬面淨值為34.5百萬港元(二零二一年：25.1百萬港元)的物業、廠房及設備。

截至二零二二年六月三十日止六個月，本集團就物業、廠房及設備確認減值撥備0.6百萬港元(二零二一年：0.7百萬港元)，與歐洲(二零二一年：歐洲)的閑置資產有關。

截至二零二二年六月三十日止六個月，概無附帶賬面淨值(二零二一年：75.5百萬港元)的物業、廠房及設備已轉撥至持作出售資產。

14 貿易、票據及其他應收款項

		At 30 June 2022 於二零二二年 六月三十日 HK\$M 百萬港元	At 31 December 2021 於二零二一年 十二月三十一日 HK\$M 百萬港元
Trade receivables	貿易應收款項	2,457.4	1,827.1
Less: loss allowance	減：虧損撥備	(52.9)	(55.4)
Trade receivables, net	貿易應收款項淨額	2,404.5	1,771.7
Bills receivables	應收票據	26.6	3.2
Deposits and prepayments	按金及預付款項	210.1	191.2
Deposits paid for purchase of raw materials	購買原材料之已付按金	81.5	49.4
VAT recoverable	可退回增值稅	106.5	128.2
Other receivables (Note)	其他應收款項(附註)	123.5	98.0
		2,952.7	2,241.7
Less: non-current portion	減：非流動部分		
Other deposits	其他按金	(11.4)	(14.8)
		2,941.3	2,226.9

Note: As at 30 June 2022, the balance included a receivable of HK\$44.4 million (31 December 2021: HK\$46.7 million) from the Taizhou Bay Committee, a government authority in the PRC.

附註：於二零二二年六月三十日，結餘包括來自中國政府當局台州灣管委會之應收款項44.4百萬港元(二零二一年十二月三十一日：46.7百萬港元)。

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 2022 and 31 December 2021, the aging analysis of the trade receivables based on invoice date was as follows:

		At 30 June 2022	At 31 December 2021
		於二零二二年 六月三十日	於二零二一年 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	2,268.8	1,729.3
91 – 180 days	91至180日	81.9	28.0
Over 180 days	超過180日	106.7	69.8
		2,457.4	1,827.1

14 貿易、票據及其他應收款項 (續)

於二零二二年六月三十日及二零二一年十二月三十一日，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 2021, 31 December 2021, 1 January 2022 and 30 June 2022	於二零二一年一月一日、 二零二一年十二月三十一日、 二零二二年一月一日及 二零二二年六月三十日 每股面值0.01港元之普通股	5,000,000	50.0
Issued and fully paid	已發行及繳足		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	於二零二一年一月一日、 二零二一年十二月三十一日、 二零二二年一月一日及 二零二二年六月三十日	1,605,152	16.1

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 2022 於二零二二年 六月三十日 HK\$M 百萬港元	At 31 December 2021 於二零二一年 十二月三十一日 HK\$M 百萬港元
Non-current	非流動		
Bank borrowings	銀行借款	101.7	50.8
Current	流動		
Bank borrowings	銀行借款	465.9	493.9
Other borrowings (Note)	其他借款 (附註)	850.5	1,117.2
		1,316.4	1,611.1
Total borrowings	借款總額	1,418.1	1,661.9

Note: As at 30 June 2022, the balance included the Syndicated Term Loan of US\$105.0 million (31 December 2021: US\$140.0 million) maturing in March 2023.

附註：於二零二二年六月三十日，該結餘包括銀團定期貸款105.0百萬美元（二零二一年十二月三十一日：140.0百萬美元），其於二零二三年三月到期。

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 2022	At 31 December 2021
		於二零二二年 六月三十日	於二零二一年 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	2,258.6	1,801.3
Contract liabilities	合約負債	63.8	40.0
Other tax payable	其他應付稅項	46.5	53.8
Accrued salaries and employee benefits	應計薪金及僱員福利	130.4	164.6
Provision for claims and contingencies	索償及或然事項撥備	3.5	3.4
Accrued professional expenses	應計專業開支	36.7	31.2
Asset retirement obligations	資產報廢責任	63.9	69.5
Other payables and accruals (Note)	其他應付款項及應計費用 (附註)	141.5	183.1
		2,744.9	2,346.9
Less: non-current portion	減：非流動部分		
Asset retirement obligations	資產報廢責任	(63.9)	(69.5)
Other payables	其他應付款項	(34.7)	(37.3)
		2,646.3	2,240.1

Note: As at 30 June 2022, there was no receipt in advance for sales of assets held for sale (31 December 2021: HK\$44.3 million).

附註：於二零二二年六月三十日，概無出售持有待售資產之預收款項（二零二一年十二月三十一日：44.3百萬港元）。

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 2022	At 31 December 2021
		於二零二二年 六月三十日	於二零二一年 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	2,129.0	1,747.6
91 – 180 days	91至180日	77.0	11.9
Over 180 days	超過180日	52.6	41.8
		2,258.6	1,801.3

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 2022 and 31 December 2021, 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

於二零二二年六月三十日及二零二一年十二月三十一日，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融資：

		At 30 June 2022 於二零二二年 六月三十日 HK\$M 百萬港元	At 31 December 2021 於二零二一年 十二月三十一日 HK\$M 百萬港元
Property, plant and equipment	物業、廠房及設備	1,429.2	1,519.8
Right-of-use assets	使用權資產	150.8	145.3
Investment properties	投資物業	24.1	26.2
Inventories	存貨	1,035.9	1,065.3
Trade receivables	貿易應收款項	2,079.1	1,448.7
Pledged bank deposits	已抵押銀行存款	118.8	125.4
		4,837.9	4,330.7

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

19 CAPITAL COMMITMENTS

As at 30 June 2022 and 31 December 2021, significant capital expenditure contracted for but not yet incurred is as follows:

	At 30 June 2022	At 31 December 2021
	於二零二二年 六月三十日	於二零二一年 十二月三十一日
	HK\$M	HK\$M
	百萬港元	百萬港元
Capital expenditure contracted for but not provided in the condensed consolidated financial information in respect of:		
– acquisition of property, plant and equipment	117.2	88.6
– additions in construction in progress	8.1	14.4
	125.3	103.0

Capital expenditure contracted for but not provided in the condensed consolidated financial information in respect of:

- acquisition of property, plant and equipment
- additions in construction in progress

已訂約但未於簡明綜合財務資料中撥備的資本開支：

- 收購物業、廠房及設備
- 添置在建工程

19 資本承擔

於二零二二年六月三十日及二零二一年十二月三十一日，已訂約但未產生之重大資本開支如下：

At 30 June 2022	At 31 December 2021
於二零二二年 六月三十日	於二零二一年 十二月三十一日
HK\$M	HK\$M
百萬港元	百萬港元

20 RELATED PARTIES TRANSACTIONS

The Group is controlled by USUMHK which owns 60.95% of the Company's shares. The remaining 39.05% 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 Jianhua.

(a) Transactions

In addition to those disclosed elsewhere in the condensed consolidated financial information, the Group had the following transactions with its related parties for the six months ended 30 June 2022 and 2021.

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60.95%股份。其餘39.05%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建華先生。

(a) 交易

除已在簡明綜合財務資料其他部分披露者外，本集團於截至二零二二年及二零二一年六月三十日止六個月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，概述如下：

		Six months ended 30 June 截至六月三十日止六個月	
		2022 二零二二年 HK\$M 百萬港元	2021 二零二一年 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	221.3	222.5
– Related parties	– 關聯方	15.0	62.2
Purchases of goods from	從以下各方採購商品		
– Joint ventures	– 合營企業	(319.0)	(274.5)
– Related parties	– 關聯方	(90.0)	(94.1)
Interest income from	來自以下各方之利息收入		
– Joint ventures	– 合營企業	0.4	0.4
– 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	1.0	1.1
– Related parties	– 關聯方	1.8	2.0
Administrative expenses to (Note (ii))	支付予以下各方之行政開支 (附註(ii))		
– Related parties	– 關聯方	(2.7)	(1.2)

Notes:

- (i) Other income mainly comprised management fee income, rental income, service 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、服務收入及佣金收入。
- (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 operating officer and chief investment officer. The compensation paid or payable to key management for employee services are 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

		2022	2021
		二零二二年	二零二一年
		HK\$M	HK\$M
		百萬港元	百萬港元
Wages and salaries, including restructuring costs and other termination benefits	工資及薪金，包括重組成本及其他終止僱傭福利	8.3	20.5
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	–	–
Total	總計	8.3	20.5

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

20 RELATED PARTIES TRANSACTIONS (continued) (c) Period-end balances

20 關聯方交易 (續) (c) 期末結餘

		At 30 June 2022 於二零二二年 六月三十日 HK\$M 百萬港元	At 31 December 2021 於二零二一年 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))	75.9	56.7
– Related parties (Note (i))	– 關聯方 (附註(i))	8.5	10.1
		84.4	66.8
Payables to:	應付以下各方款項：		
– Joint ventures (Note (ii))	– 合營企業 (附註(ii))	(75.1)	(53.8)
– Related parties (Note (ii))	– 關聯方 (附註(ii))	(34.8)	(51.1)
		(109.9)	(104.9)

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 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 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，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 ASSETS HELD FOR SALE

21 持作出售資產

		At 30 June 2022 於二零二二年 六月三十日 HK\$M 百萬港元	At 31 December 2021 於二零二一年 十二月三十一日 HK\$M 百萬港元
Property, plant and equipment (Note (i))	物業、廠房及設備 (附註(i))	68.2	90.5
Right-of-use assets	使用權資產	2.4	59.2
Investment properties	投資物業	–	17.3
Investment in a joint venture (Note (ii))	投資於一間合營企業 (附註(ii))	157.7	–
		228.3	167.0
Representing:	指：		
Assets held for sale	持作出售資產	228.3	167.0
		228.3	167.0

Notes:

- (i) During the six months ended 30 June 2022, the Group disposed of certain land, building, plant and equipment located in Asia and Europe with a net book value of HK\$88.9 million and HK\$2.1 million respectively and a gain on disposal of HK\$115.7 million was included in other gains/(losses), net.
- (ii) The balance represented an investment in a joint venture located in Mexico with its investment cost of HK\$157.7 million. During the six months ended 30 June 2022, the Group reclassified an investment in a joint venture as assets held for sale. An impairment provision of HK\$50.8 million was included in other gains/(losses), net.

附註：

- (i) 截至二零二二年六月三十日止六個月，本集團已出售位於亞洲及歐洲的若干土地、樓宇、廠房及設備，賬面淨值分別為88.9百萬港元及2.1百萬港元，及出售收益115.7百萬港元已計入其他收益／（虧損）淨額。
- (ii) 結餘指位於墨西哥的投資於一間合營企業，投資成本為157.7百萬港元。於截至二零二二年六月三十日止六個月，本集團將投資於一間合營企業重新分類為持作出售資產。減值撥備50.8百萬港元計入其他收益／（虧損）淨額。

22 CONTINGENCIES

- (a) The Company is one of the defendants to a legal claim by Delco Participation B.V. (“Delco”) regarding an alleged non-payment of a portion of the loans advanced by Delco Asia Company Limited (“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 Ankong (“Mr. Fang”), a former director of the Company, and HWH Holdings Limited (“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 exact scope of the indemnity is yet to be determined.

The court case is still in progress, with the parties filing amended pleadings and evidence. On Delco’s application, the Court granted leave to Delco to discontinue its claim against the Company for the HK\$57.8 million, with certain issues still to be decided by the High Court of Hong Kong. The directors of the Company, after taking legal advice from its legal advisers and in review of the Indemnity, are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle this claim. Accordingly, no provision for this claim has been made.

22 或然事項

- (a) 本公司為Delco Participation B.V. (「Delco」) 就聲稱未償還Delco Asia Company Limited (「Delco Asia」) 墊付予本公司子公司的部份貸款金額約57.8百萬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。本公司前董事方安空先生(「方先生」)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)此索賠產生的所有損失及使本公司不受到損失(「彌償」)。彌償的具體範圍尚未確定。

訴訟現正在進行中，當事各方已提交經修訂訴狀和證據。根據Delco的申請，法院准許Delco終止向本公司索償57.8百萬港元，若干事宜仍有待香港高等法院作定奪。經考慮本公司法律顧問的法律意見及審閱彌償後，本公司董事認為清償此索賠不可能導致經濟利益的流出。因此，並無就此索賠作出撥備。

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

22 CONTINGENCIES (continued)

- (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 parties subsequently filed amended pleadings and gave evidence at the trial in July 2022. The case is still in progress, with the parties having made close submissions, and the parties are awaiting judgement from the Court. 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 for this claim has been made.

- (c) As at 30 June 2022, the Group has provided financial guarantees to certain related parties and joint ventures of HK\$18.5 million and HK\$50.2 million (31 December 2021: HK\$19.5 million and HK\$53.7 million), respectively. As the risk of default is very remote and there is no history of default, no financial guarantee liability was recognised.

22 或然事項 (續)

- (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其中兩名被告人。Delco進一步向齊合香港申索金額1.0百萬美元，該款項聲稱是由Delco Asia墊付予齊合香港。Delco再申索利息、訟費及進一步或其他寬免，涉及金額約6.3百萬港元。

當事各方隨後提交經修訂訴狀及於二零二二年七月之庭審上作證。案件仍在進行中，當事各方已作出結案陳詞，惟當事各方正待法院作出判決。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。

- (c) 截至二零二二年六月三十日，本集團已分別向若干關聯方及合營企業提供金融擔保18.5百萬港元及50.2百萬港元(二零二一年十二月三十一日：19.5百萬港元及53.7百萬港元)。由於違約風險極小且無違約歷史，因此並無確認任何金融擔保負債。

BOARD OF DIRECTORS

Executive Directors

Mr. Tu Jianhua
Mr. Li Linhui (Chairman)
Mr. Miao Yu
Mr. Yao Jietian
Mr. Wang Li
(appointed on 9 June 2022)
Mr. Rafael Heinrich Suchan
(removed on 7 January 2022)

Independent Non-Executive Directors

Prof. Li Zhiguo
Prof. Yan Guowan
(appointed on 4 March 2022)
Mr. Szeto Yuk Ting
(appointed on 4 March 2022)

EXECUTIVE COMMITTEE

Mr. Tu Jianhua
Mr. Li Linhui (Chairman)
Mr. Miao Yu
Mr. Yao Jietian
Mr. Rafael Heinrich Suchan
(removed on 7 January 2022)

AUDIT COMMITTEE

Prof. Yan Guowan (Chairlady)
(appointed on 4 March 2022)
Prof. Li Zhiguo
Mr. Szeto Yuk Ting
(appointed on 4 March 2022)

NOMINATION COMMITTEE

Mr. Li Linhui (Chairman)
Mr. Miao Yu
Prof. Li Zhiguo
Prof. Yan Guowan
(appointed on 4 March 2022)
Mr. Szeto Yuk Ting
(appointed on 4 March 2022)

REMUNERATION COMMITTEE

Mr. Szeto Yuk Ting (Chairman)
(appointed on 4 March 2022)
Mr. Miao Yu
Prof. Li Zhiguo
Prof. Yan Guowan
(appointed on 4 March 2022)

董事會

執行董事

涂建華先生
李林輝先生 (主席)
苗雨先生
姚杰天先生
王歷先生
(於二零二二年六月九日獲委任)
Rafael Heinrich Suchan先生
(於二零二二年一月七日被罷免)

獨立非執行董事

李志国教授
晏国苑教授
(於二零二二年三月四日獲委任)
司徒毓廷先生
(於二零二二年三月四日獲委任)

執行委員會

涂建華先生
李林輝先生 (主席)
苗雨先生
姚杰天先生
Rafael Heinrich Suchan先生
(於二零二二年一月七日被罷免)

審核委員會

晏国苑教授 (主席)
(於二零二二年三月四日獲委任)
李志国教授
司徒毓廷先生
(於二零二二年三月四日獲委任)

提名委員會

李林輝先生 (主席)
苗雨先生
李志国教授
晏国苑教授
(於二零二二年三月四日獲委任)
司徒毓廷先生
(於二零二二年三月四日獲委任)

薪酬委員會

司徒毓廷先生 (主席)
(於二零二二年三月四日獲委任)
苗雨先生
李志国教授
晏国苑教授
(於二零二二年三月四日獲委任)

Corporate Information 公司資料

STRATEGY AND INVESTMENT COMMITTEE

Mr. Tu Jianhua
Mr. Li Linhui (*Chairman*)
Mr. Miao Yu
Mr. Yao Jietian
Mr. Rafael Heinrich Suchan
(removed on 7 January 2022)

PRICING COMMITTEE

Mr. Li Linhui (*Chairman*)
Mr. Miao Yu
Mr. Yao Jietian
Mr. Udo Langhans
Mr. Rafael Heinrich Suchan
(removed on 7 January 2022)

AUTHORISED REPRESENTATIVES

Mr. Tu Jianhua
Ms. So Shuk Yi Betty

COMPANY SECRETARY

Ms. So Shuk Yi Betty

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

Conyers Dill & Pearman (Cayman Islands)
Bird & Bird (Hong Kong)
DLA Piper (Hong Kong)
Deacons (Hong Kong)
LC Lawyers LLP (Hong Kong)
Aber-Law (Thailand)
Latham & Watkins LLP (Germany)
CMS Hasche Sigle (Germany)
Menold Bezler (Germany)
Acuminis (US)
Withers Worldwide

戰略與投資委員會

涂建華先生
李林輝先生 (*主席*)
苗雨先生
姚杰天先生
Rafael Heinrich Suchan先生
(於二零二二年一月七日被罷免)

定價委員會

李林輝先生 (*主席*)
苗雨先生
姚杰天先生
Udo Langhans先生
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授權代表

涂建華先生
蘇淑儀女士

公司秘書

蘇淑儀女士

核數師

羅兵咸永道會計師事務所
執業會計師
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法律顧問

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CMS Hasche Sigle (德國)
Menold Bezler (德國)
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Withers Worldwide

PRINCIPAL BANKERS

Agricultural Bank of China
Landesbank Baden-Württemberg (LBBW)
Standard Chartered Bank (Hong Kong) Limited

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* For business addresses of other principal operational bases of the Group, please refer to the Company's website.

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Corporate Information 公司資料

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STOCK CODE

Hong Kong Stock Exchange 976

香港股份登記及過戶分處

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