



China Zenith Chemical Group Limited

中國天化工集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(於開曼群島註冊成立並於百慕達存續之有限公司)

(Stock Code 股份代號: 362)

INTERIM REPORT

2023

中期報告



FINANCIAL HIGHLIGHTS

財務摘要

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

		(Unaudited) (未經審核)		
		Six months ended 31 December 截至十二月三十一日止六個月		
		2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元	Change 變動
TURNOVER	營業額			
- Continuing operations	- 持續經營業務	24,733	92,217	-73%
- Discontinued operation	- 已終止經營業務	-	3,766	-100%
		24,733	95,983	-74%
(LOSS)/PROFIT FOR THE PERIOD	期間(虧損)/溢利	(85,592)	275,558 (Restated) (經重訂)	-131%
BASIC (LOSS)/EARNINGS PER SHARE	每股基本(虧損)/盈利	HK(15.85) cents 港仙	HK178.04 cents 港仙	-109%
INTERIM DIVIDEND PER SHARE	每股中期股息	-	-	-

The board (the “Board”) of directors (“Directors”) of China Zenith Chemical Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2023 (the “Period”). The Interim Financial Statements have not been audited but have been reviewed by the Company’s audit committee (the “Audit Committee”).

中國天化工集團有限公司(「本公司」)董事(「董事」)會(「董事會」)欣然公佈本公司及其附屬公司(統稱「本集團」)截至二零二三年十二月三十一日止六個月(「期間」)之未經審核簡明綜合中期財務報表(「中期財務報表」)。中期財務報表未經審核但已由本公司審核委員會(「審核委員會」)審閱。

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合收益表

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

		(Unaudited) (未經審核)	
		Six months ended 31 December 截至十二月三十一日 止六個月	
		2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元
	Notes 附註		
Continuing operations	持續經營業務		
Revenue	收益	24,733	92,217
Cost of sales	銷售成本	(17,376)	(94,484)
Gross profit/(loss)	毛利/(損)	7,357	(2,267)
Other income and other gains or losses	其他收入及其他收益或虧損	1,514	438
Provision of allowance for receivables, net	就應收款項計提撥備淨額		
– trade receivables	– 應收貿易賬項	(1,208)	(86)
– prepayments, deposits and other receivables	– 預付款項、訂金及其他應收款項	(1,206)	(1,845)
Selling and distribution expenses	銷售及分銷開支	–	(6,230)
Administrative expenses	行政開支	(32,173)	(52,036)
Other operating expenses	其他經營開支	(4,263)	(7,156)
Gain on deconsolidation of a subsidiary	終止綜合入賬附屬公司之收益	–	404,680
(Loss)/profit from operations	經營(虧損)/溢利	(29,979)	335,498
Finance costs	財務成本	(55,613)	(51,231)
(Loss)/profit before tax	除稅前(虧損)/溢利	(85,592)	284,267
Income tax expense	所得稅開支	–	–
(Loss)/profit for the period from continuing operations	來自持續經營業務的期間(虧損)/溢利	(85,592)	284,267

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

簡明綜合收益表 (續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

		(Unaudited) (未經審核)	
		Six months ended 31 December 截至十二月三十一日 止六個月	
		2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元
	Notes 附註		
Discontinued operation	已終止經營業務		
Loss for the period from discontinued operation	來自已終止經營業務的期間虧損	-	(8,709)
	16		
(Loss)/profit for the period	期間(虧損)/溢利	(85,592)	275,558
	8		
Attributable to:	應佔：		
Owners of the Company	本公司擁有人		
Continuing operations	持續經營業務	(84,614)	283,177
Discontinued operation	已終止經營業務	-	(8,709)
		(84,614)	274,468
Non-controlling interests	非控股權益		
Continuing operations	持續經營業務	(978)	1,090
		(85,592)	275,558
(Loss)/earnings per share	來自持續及已終止經營業務的每股(虧損)/盈利		(Restated) (經重訂)
From continuing and discontinued operations	(虧損)/盈利		
	9		
- Basic (HK cents)	- 基本(港仙)	(15.85)	178.04
- Diluted (HK cents)	- 攤薄(港仙)	(15.85)	178.04

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

簡明綜合收益表(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

		(Unaudited) (未經審核)	
		Six months ended 31 December 截至十二月三十一日 止六個月	
		2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元
	Notes 附註		
From continuing operations	來自持續經營業務		
– Basic (HK cents)	– 基本(港仙)	(15.85)	183.69
– Diluted (HK cents)	– 攤薄(港仙)	(15.85)	183.69
From discontinued operation	來自已終止經營業務		
– Basic (HK cents)	– 基本(港仙)	–	(5.65)
– Diluted (HK cents)	– 攤薄(港仙)	–	(5.65)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收入報表

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

		(Unaudited) (未經審核)	
		Six months ended 31 December 截至十二月三十一日 止六個月	
		2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元
(Loss)/profit for the period	期間(虧損)/溢利	(85,592)	275,558
Other comprehensive income/ (expense) after tax:	除稅後其他全面收入/(開支):		
Item that may be reclassified to profit or loss:	可能獲重新分類至損益之項目:		
Exchange differences on translating foreign operations	換算海外業務匯兌差額	20,445	(3,041)
Exchange differences reclassified to profit or loss on deconsolidation of a subsidiary	終止綜合入賬附屬公司而重新分類至損益之匯兌差額	-	(31,872)
Other comprehensive income/ (expense) for the period, net of tax	期間其他全面收入/(開支), 扣除稅項	20,445	(34,913)
Total comprehensive (expense)/ income for the period	期間全面(開支)/收入總額		
Continuing operations	持續經營業務	(65,147)	281,226
Discontinued operation	已終止經營業務	-	(40,581)
		(65,147)	240,645

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
 簡明綜合全面收入報表(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

		(Unaudited) (未經審核)	
		Six months ended 31 December 截至十二月三十一日 止六個月	
		2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元
Attributable to:	應佔：		
Owners of the Company	本公司擁有人		
Continuing operations	持續經營業務	(64,160)	282,428
Discontinued operation	已終止經營 業務	-	(40,581)
		(64,160)	241,847
Non-controlling interests	非控股權益		
Continuing operations	持續經營業務	(987)	(1,202)
		(65,147)	240,645

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況報表

As at 31 December 2023 於二零二三年十二月三十一日

		Notes 附註	(Unaudited) (未經審核) 31 December 2023 二零二三年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2023 二零二三年 六月三十日 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備		375,651	389,974
Right-of-use assets	使用權資產		229,195	228,886
Financial assets at fair value through profit or loss ("FVTPL")	按公平值計入損益 (「按公平值計入損益」) 之金融資產		2,076	2,075
			606,922	620,935
Current assets	流動資產			
Inventories	存貨		10,948	2,125
Trade receivables	應收貿易賬項	11	18,317	5,430
Prepayments, deposits and other receivables	預付款項、訂金及其他應收款項		30,935	26,360
Financial assets at FVTPL	按公平值計入損益之金融資產		84	116
Bank and cash balances	銀行及現金結存		1,142	2,898
			61,426	36,929
Asset classified as held for sale	分類為持作出售的資產		8,768	8,765
			70,194	45,694
Total assets	總資產		677,116	666,629
Capital and reserves	股本及儲備			
Share capital	股本	12	54,183	52,755
Reserves	儲備		(1,071,344)	(1,008,112)
Equity attributable to owners of the Company	本公司擁有人應佔權益		(1,017,161)	(955,357)
Non-controlling interests	非控股權益		6,651	7,638
Total deficit	虧絀總額		(1,010,510)	(947,719)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
簡明綜合財務狀況報表(續)

As at 31 December 2023 於二零二三年十二月三十一日

			(Unaudited) (未經審核) 31 December 2023 二零二三年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2023 二零二三年 六月三十日 HK\$'000 千港元
		Notes 附註		
Non-current liabilities	非流動負債			
Bank loans	銀行貸款	14	9,310	10,734
Bonds payable	應付債券	13	592,739	740,387
Lease liabilities	租賃負債		1,599	-
Convertible bonds	可換股債券		21,921	22,745
			625,569	773,866
Current liabilities	流動負債			
Trade payables	應付貿易賬項	15	52,534	39,955
Other payables and accruals	其他應付款項及應計款項		415,968	400,011
Other loans	其他貸款		48,248	48,247
Bank loans	銀行貸款	14	3,302	8,948
Bonds payable	應付債券	13	520,587	324,319
Lease liabilities	租賃負債		1,418	-
Convertible bonds	可換股債券		20,000	19,002
			1,062,057	840,482
Total liabilities	總負債		1,687,626	1,614,348
Total deficit and liabilities	總虧絀及負債		677,116	666,629
Net current liabilities	流動負債淨額		(991,863)	(794,788)
Total assets less current liabilities	總資產減流動負債		(384,941)	(173,853)
Net liabilities	負債淨額		(1,010,510)	(947,719)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動報表

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

		(Unaudited) (未經審核)								
		For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月							Attributable to owners of the Company 本公司擁有人應佔	
		Issued share capital	Share premium	Share option reserve	Convertible bonds reserve 可換股債券 儲備	Exchange reserve	Accumulated losses	Sub-total	Non- controlling interests 非控股 權益	Total
		已發行股本 HK\$'000 千港元	股份溢價 HK\$'000 千港元	購股權儲備 HK\$'000 千港元	儲備 HK\$'000 千港元	外匯儲備 HK\$'000 千港元	累計虧損 HK\$'000 千港元	小計 HK\$'000 千港元	權益 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 July 2023	於二零二三年 七月一日	52,755	496,071	15,588	12,931	85,067	(1,617,769)	(955,357)	7,638	(947,719)
Total comprehensive income/(expense) for the Period	期間全面收入/ (開支)總額	-	-	-	-	20,454	(84,614)	(64,160)	(987)	(65,147)
Issue of shares on conversion of convertible bonds	轉換可換股債券時 發行股份	1,428	1,571	-	(643)	-	-	2,356	-	2,356
Lapse of share option	購股權失效	-	-	(15,588)	-	-	15,588	-	-	-
Changes in equity for the Period	期間權益變動	1,428	1,571	(15,888)	(643)	20,454	(69,026)	(61,804)	(987)	(62,791)
At 31 December 2023	於二零二三年 十二月三十一日	54,183	497,642	-	12,288	105,521	(1,686,795)	(1,017,161)	6,651	(1,010,510)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

簡明綜合權益變動報表(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

(Unaudited)

(未經審核)

For the six months ended 31 December 2022

截至二零二二年十二月三十一日止六個月

Attributable to owners of the Company

本公司擁有人應佔

		Issued share capital	Share premium	Share option reserve	Convertible bonds reserve 可換股債券 儲備	Exchange reserve	Accumulated losses	Sub-total	Non- controlling interests 非控股 權益	Total
		已發行股本	股份溢價	購股權儲備	儲備	外匯儲備	累計虧損	小計	權益	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 July 2022	於二零二二年 七月一日	266,056	172,006	15,588	12,415	122,660	(1,461,893)	(873,168)	48,318	(824,850)
Total comprehensive (expense)/income for the Period	期間全面(開支)/ 收入總額	-	-	-	-	(32,621)	274,468	241,847	(1,202)	240,645
Issue of shares on conversion of convertible bonds	轉換可換股債券 時發行股份	35,400	-	-	(5,602)	-	-	29,798	-	29,798
Capital reorganisation	股本重組	(286,383)	286,383	-	-	-	-	-	-	-
Changes in equity for the Period	期間權益變動	(250,983)	286,383	-	(5,602)	(32,621)	274,468	271,645	(1,202)	270,443
At 31 December 2022	於二零二二年 十二月三十一日	15,073	458,389	15,588	6,813	90,039	(1,187,425)	(601,523)	47,116	(554,407)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量報表

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

		(Unaudited) (未經審核)	
		Six months ended 31 December 截至十二月三十一日 止六個月	
		2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元
NET CASH GENERATED FROM OPERATING ACTIVITIES	經營業務所得之現金淨額	5,730	7,532
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用之現金淨額	(1,840)	(3,272)
NET CASH USED IN FINANCING ACTIVITIES	融資活動所用之現金淨額	(5,928)	(13,864)
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目減少淨額	(2,038)	(9,604)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動之影響	282	(616)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	期初現金及現金等值項目	2,898	12,874
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期終現金及現金等值項目	1,142	2,654
ANALYSIS OF CASH AND CASH EQUIVALENTS	現金及現金等值項目分析		
Bank and cash balances	銀行及現金結存	1,142	2,654

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

These condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as appropriate.

As at 31 December 2023, the Group had net current liabilities of approximately HK\$991,863,000 and net liabilities of approximately HK\$1,010,510,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

1. 編製基準及會計政策

此等未經審核簡明綜合財務報表已根據由香港會計師公會(「**香港會計師公會**」)頒佈之香港會計準則第34號「中期財務報告」(「**香港會計準則第34號**」)以及香港聯合交易所有限公司(「**聯交所**」)證券上市規則(「**上市規則**」)附錄16之適用披露規定編製。

該等簡明綜合財務報表已按歷史成本基準編製，若干按公平值(如適用)計量的金融工具除外。

於二零二三年十二月三十一日，本集團的流動負債淨額約991,863,000港元及負債淨額約1,010,510,000港元。該等狀況表明存在重大不確定性，或對本集團持續經營能力嚴重成疑。因此，本集團可能無法在正常業務過程中變現其資產及承擔其負債。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the current and anticipated future liquidity of the Group and the ability of the Group to achieve profitable and positive cash flows from operations in immediate and long terms. In order to strengthen the Group's capital base and maintain sufficient financing necessary for future business development, the directors have taken the following plans and measures:

- Following the deconsolidation (as detailed in note 16), Mudanjiang Better Day Power Limited (“**Mudanjiang BD Power**”), the then wholly-owned subsidiary of the Company, is in the process of voluntary liquidation. The Company expects a written-off receivable due from Mudanjiang BD Power of approximately HK\$293 million will be settled out of the proceeds of its liquidation;
- The Company is in the process of negotiating for a settlement of a bond payable to several bondholders in the amount of approximately HK\$197 million. In the event that a proposed settlement is reached between the Company and bondholders, the Company expects the payment schedule of relevant bond payable in the amount of approximately HK\$148 million to be deferred or discounted;

1. 編製基準及會計政策 (續)

編製簡明綜合財務報表時，本公司董事已審慎考慮本集團目前及預測日後流動資金，以及本集團從即時及長期業務達致盈利及正面現金流量的能力。為加強本集團的資本基礎及維持未來業務發展所需的充足資金，董事已採取以下計劃及措施：

- 終止綜合入賬(詳情載於附註16)後，本公司當時之全資附屬公司牡丹江佳日熱電有限公司(「**牡丹江佳日熱電**」)正在進行自願清盤。本公司預期撇銷應收牡丹江佳日熱電款項約293百萬港元，該款項將自其清盤之所得款項中撥付；
- 本公司正就應付若干名債券持有人的約197百萬港元債券應付款項進行磋商。倘本公司與債券持有人達成擬議和解，本公司預期金額約為148百萬港元的相關債券應付款項的付款期限將予遞延或貼現；

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

- The Group had several idle right-of-use assets and buildings located in Mudanjiang City, Heilongjiang Province, the People's Republic of China (“PRC”) and Hong Kong with a total carrying amount of approximately HK\$95 million and approximately HK\$62 million respectively. These right-of-use assets and buildings are available to be disposed of, which have a total market value of approximately HK\$262 million with reference to the estimated market approach analysis of the right-of-use assets and buildings carried out by an independent third-party valuer, in the event the Group requires further financing;

1. 編製基準及會計政策 (續)

- 本集團在中華人民共和國(「中國」)黑龍江省牡丹江市及香港擁有數項閒置使用權資產及樓宇，賬面總值分別約為95百萬港元及約62百萬港元。該等使用權資產及樓宇可供出售，參考獨立第三方估值師對使用權資產及樓宇進行的估計市場法分析，總市值約262百萬港元，以備本集團需要進一步融資；

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

- On 28 December 2020, a subsidiary of the Group, Heihe Longjiang Chemical Limited (“**HLCL**”) entered into an agreement (the “**Disposal Agreement**”) with Heihe Longhe Investment Management Limited (“**HLIML**”), an independent third party, pursuant to which HLCL had agreed to transfer the land use rights of certain lands located in the PRC at an aggregate consideration of approximately Renminbi (“**RMB**”) 156,440,000, comprising approximately RMB139,440,000 with land compensation of RMB17,000,000 (the “**Land Disposal**”).

Although the Land Disposal was suspended by vendor, the management is of the view that the other payables of approximately RMB139,440,000 (equivalent to approximately HK\$152,826,000) due to HLIML will not be recalled in case HLCL is under normal operation;

- The Group will consider equity fund raising activities to meet the financial obligations; and
- The Group will apply cost cutting measures to reduce administrative expenses and cash outflows for the next twelve months for the reporting period.

1. 編製基準及會計政策 (續)

- 二零二零年十二月二十八日，本集團附屬公司黑河龍江化工有限公司(「**黑河龍江化工**」)與獨立第三方黑河龍合投資管理有限責任公司(「**黑河龍合投資管理有限責任公司**」)簽訂協議(「**出售協議**」)，據此，黑河龍江化工同意以總代價約人民幣(「**人民幣**」)156,440,000元轉讓其若干位於中國的土地的土地使用權，其中包括約人民幣139,440,000元及土地補償約人民幣17,000,000元(「**土地出售事項**」)。

雖然賣方已暫停土地出售事項，但管理層認為，倘黑河龍江化工正常營運，應付黑河龍合投資管理有限責任公司的其他應付款項約人民幣139,440,000元(相當於約152,826,000港元)將不會被收回；

- 本集團將考慮進行股權集資活動以滿足財務責任；及
- 本集團將採用成本削減措施以減少報告期未來十二個月的行政開支及現金流出。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Based on the above plans and measures, the directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue as a going concern, and adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2023 are the same as those presented in the Group's annual financial statements for the year ended 30 June 2023.

1. 編製基準及會計政策 (續)

基於上述計劃及措施，董事因此認為，按持續經營基準編製財務報表實屬恰當。如本集團未能達致上述計劃和措施，則可能無法繼續作為持續經營企業，而須對綜合財務報表作出調整，以調整本集團的資產價值至其可收回金額、為可能產生的任何其他負債計提撥備，並將非流動資產及負債分別重新分類為流動資產及負債。該等調整的影響並未在綜合財務報表內反映。

除應用經修訂香港財務報告準則（「香港財務報告準則」）導致之其他額外會計政策外，截至二零二三年十二月三十一日止六個月之簡明綜合財務報表所用會計政策及計算方法與本集團截至二零二三年六月三十日止年度之年度財務報表內所呈列者相同。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

2. APPLICATION OF AMENDMENTS TO HKFRSs

The Group has adopted and applied the new standards, amendments to standards and interpretations that has been issued and effective for the accounting periods beginning on 1 July 2023. The adoption of these new standards and amendments to standards has no material impact on the Group's results and financial position. The Group has not early adopted these new standards amendments to standards and interpretations which have been issued by HKICPA but are not yet effective.

3. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels of inputs for valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

2. 應用香港財務報告準則之修訂本

本集團已採納並應用已頒佈並於二零二三年七月一日開始的會計期間生效的新訂準則、準則修訂本及詮釋。採用該等新訂準則及準則修訂本對本集團的業績及財務狀況並無重大影響。本集團並無提前採用香港會計師公會已經頒佈但尚未生效的該等新訂準則、準則修訂本及詮釋。

3. 公平值計量

簡明綜合財務狀況報表所列示本集團金融資產及金融負債之賬面值與其各自之公平值相若。

公平值是市場參與者在計量日進行之有秩序交易中出售一項資產所收取或轉讓一項負債所支付之價格。以下披露之公平值計量使用公平值等級機制，有關機制將用以計量公平值之估值技術之輸入數據分為三級，詳情如下：

第1級輸入數據：本集團可在計量日取得之相同資產或負債在活躍市場之報價(未經調整)。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

3. FAIR VALUE MEASUREMENTS (Continued)

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The recurring fair value measurement of the financial assets at FVTPL was using Level 1 as at 31 December 2023 and 30 June 2023.

3. 公平值計量(續)

第2級輸入數據：除第1級報價以外，基於可直接或間接觀察取得之資產或負債輸入數據。

第3級輸入數據：資產或負債之無法觀察輸入數據。

本集團之政策是於轉撥事件或導致轉撥之情況出現變動之日，確認轉入及轉出三個級別任何之一。

於二零二三年十二月三十一日及二零二三年六月三十日，按公平值計入損益之金融資產之經常性公平值計量均使用第1級。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

4. REVENUE

Revenue represents the net invoiced value of goods sold and services provided, after allowances for returns and trade discounts, and after eliminations of all significant intra-group transactions during the Period.

4. 收益

收益指於期間內經扣除退貨撥備及商業折扣，並對銷集團內公司間之所有重大交易後所得之銷售貨品及提供服務發票淨值。

		(Unaudited) (未經審核)	
		Six months ended 31 December 截至十二月三十一日 止六個月	
		2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元
Continuing operations:	持續經營業務：		
Sales of calcium carbide	銷售碳化鈣	-	83,898
Sales of lime powder	銷售石灰粉	5,569	8,319
Sales of chemical products for agriculture	銷售農業化學品	19,164	-
		24,733	92,217
Discontinued operation:	已終止經營業務：		
Heat supplying services	熱能供應服務	-	3,766
		24,733	3,766

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

5. SEGMENT INFORMATION 5. 分部資料

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. The Group has three reportable segments as follows:

Calcium carbide – manufacture and sale of calcium carbide and lime powder;

Chemical products for agriculture – manufacture and sales of chemical products for agriculture; and

Heat and power – generation and supply of heat and power.

The Group's reporting segment of heat and power has been presented as discontinued operation following the takeover of Mudanjiang Better Day Power Limited, a wholly-owned subsidiary of the Company, engaging in the Group's heat and power segment had been taken over by Mudanjiang Authority of Housing and Urban-Rural Development on 26 August 2022.

本集團各可報告分部為提供不同產品之策略性業務單位，基於各項業務所需技術及市場推廣策略不同而獨立管理。本集團有以下三個可報告分部：

碳化鈣－製造及銷售碳化鈣及石灰粉；

農業化學品－製造及銷售農業化學品；及

熱能及電力－生產及供應熱能及電力。

於二零二二年八月二十六日，從事本集團熱能及電力分部的牡丹江佳日熱電有限公司(本公司全資附屬公司)已由牡丹江市住房和城鄉建設局接管，其後，本集團的熱能及電力報告分部已列為已終止經營業務。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

5. SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as those described in the Group's 2023 annual financial statements. Segment profits or losses do not include change in fair value of financial assets at FVTPL and corporate administrative expenses. Segment assets do not include bank and cash balances, financial assets at FVTPL, asset classified as held for sale and corporate assets. Segment liabilities do not include bank loans, bonds payable, convertible bonds, bond interest payable, other loans and other payables and accruals for general administrative use.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

5. 分部資料(續)

各經營分部之會計政策與本集團二零二三年年度財務報表所述者相同。分部溢利或虧損並無計入按公平值計入損益之金融資產公平值變動及公司行政開支。分部資產並無計入銀行及現金結存、按公平值計入損益之金融資產、分類為持作出售之資產以及公司資產。分部負債並無計入銀行貸款、債券應付款項、可換股債券、應付債券利息、其他貸款以及其他應付款項及一般行政用途之應計款項。

本集團按向第三方作出之銷售或轉讓(即現行市價)計算分部間銷售及轉讓。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

5. SEGMENT INFORMATION
 (Continued)

5. 分部資料(續)

Information about reportable segment profit or loss, assets and liabilities:

有關可報告分部之溢利或虧損、資產及負債之資料：

		(Unaudited) (未經審核)			
		Continuing operations 持續經營業務			
		Chemical products for agriculture			
		Calcium carbide 碳化鈣 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元	
Six months ended	截至二零二三年				
31 December 2023	十二月三十一日				
	止六個月				
Revenue from external customers	外界客戶收益	5,569	19,164	-	24,733
Segment (loss)/profit	分部(虧損)/溢利	(17,332)	1,131	(69,391)	(85,592)
As at 31 December 2023	於二零二三年				
	十二月三十一日				
Segment assets	分部資產	411,421	20,398	245,297	677,116
Segment liabilities	分部負債	308,656	18,989	1,359,981	1,687,626

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

5. SEGMENT INFORMATION 5. 分部資料(續)
 (Continued)

		(Unaudited) (未經審核)			
		Continuing operation	Discontinued operation		
		持續經營業務	已終止經營業務		
		Calcium carbide	Unallocated	Heat and power	Total
		碳化鈣	未分配	熱能及電力	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Six months ended	截至二零二二年				
31 December 2022	十二月三十一日				
	止六個月				
Revenue from external customers	外界客戶收益	92,217	-	3,766	95,983
Segment (loss)/profit	分部(虧損)/溢利	(54,166)	338,433	(8,709)	275,558
As at 31 December 2022	於二零二二年				
	十二月三十一日				
Segment assets	分部資產	785,575	284,987	-	1,070,562
Segment liabilities	分部負債	292,288	1,332,681	-	1,624,969

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

6. OTHER INCOME AND OTHER GAINS OR LOSSES **6. 其他收入及其他收益或虧損**

		(Unaudited) (未經審核)	
		Six months ended 31 December 截至十二月三十一日 止六個月	
		2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元
Continuing operations:	持續經營業務：		
Bank interest income	銀行利息收入	1	3
Loss on fair value of financial assets at FVTPL, net	按公平值計入損益之金融資產公平值虧損淨額	(32)	(36)
Gain on conversion of convertible bonds	轉換可換股債券之收益	131	198
Government grant	政府補助金	-	64
Litigation claims	訴訟索賠	1,270	-
Sundry income	雜項收入	144	209
		1,514	438
Discontinued operation:	已終止經營業務：		
Sundry income	雜項收入	-	20
		-	20

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

7. INCOME TAX EXPENSE

7. 所得稅開支

(Unaudited)

(未經審核)

Six months ended

31 December

截至十二月三十一日

止六個月

	2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元
Current tax 即期稅項	-	-

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Period (2022: Nil).

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

No provision for PRC enterprise income tax has been made as the Group has sufficient tax loss brought forward to offset the profit generated during the Period (2022: Nil).

由於本集團於期間並無在香港產生任何應課稅溢利，因此並無就香港利得稅計提撥備(二零二二年：無)。

其他地區應課稅溢利之稅項支出乃按照本集團經營業務所在國家當前稅率，根據該等國家現有法例、詮釋及慣例計算。

由於本集團於期間內已結轉充足稅務虧損以抵銷所產生的溢利，故並無就中國企業所得稅計提撥備(二零二二年：無)。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

8. LOSS/PROFIT FOR THE PERIOD

The Group's loss/profit for the Period is stated after charging the following:

8. 期間虧損／溢利

本集團於期間之虧損／溢利已扣除下列各項列賬：

		(Unaudited) (未經審核)	
		Six months ended 31 December	
		截至十二月三十一日 止六個月	
		2023 二零二三年 HK\$'000 千港元	2022 二零二二年 HK\$'000 千港元
Depreciation of fixed assets	固定資產折舊	16,135	27,955
Depreciation of right-of-use assets	使用權資產折舊	2,741	3,911
Staff costs (excluding Directors' emoluments):	員工成本(不包括董事酬金)：		
Wages, salaries and benefits in kind	工資、薪金及實物利益	4,707	7,715
Retirement benefits scheme contributions	退休福利計劃供款	334	1,500
Directors' emoluments	董事酬金	480	480

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

9. LOSS/EARNINGS PER SHARE

(a) Basic loss/earnings per share

From continuing and discontinued operation

The calculation of basic earnings per share is based on the loss attributable to owners of the Company of approximately HK\$84,614,000 (2022: profit attributable to owners of the Company of approximately HK\$274,468,000) and on the weighted average number of approximately 533,868,823 ordinary shares in issue during the period (2022 (restated): 154,161,594 ordinary shares adjusted by rights issue which completed on 27 January 2023).

From continuing operations

The calculation of basic loss/earnings per share is based on the loss attributable to owners of the Company of approximately HK\$84,614,000 (2022: profit attributable to owners of the Company of approximately HK\$283,177,000) and on the weighted average number of approximately 533,868,823 ordinary shares in issue during the period (2022 (restated): 154,161,594 ordinary shares adjusted by rights issue which completed on 27 January 2023).

9. 每股虧損／盈利

(a) 每股基本虧損／盈利

來自持續經營及已終止經營業務

每股基本盈利乃根據本公司擁有人應佔虧損約84,614,000港元(二零二二年:本公司擁有人應佔溢利約274,468,000港元)及期間內已發行普通股之加權平均數約為533,868,823股(二零二二年(經重訂):154,161,594股於二零二三年一月二十七日完成供股調整的普通股)計算。

來自持續經營業務

每股基本虧損／盈利乃根據本公司擁有人應佔虧損約84,614,000港元(二零二二年:本公司擁有人應佔溢利約283,177,000港元)及期間內已發行普通股之加權平均數約為533,868,823股(二零二二年(經重訂):154,161,594股通過於二零二三年一月二十七日完成供股調整的普通股)計算。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

9. LOSS/EARNINGS PER SHARE (Continued)

(a) Basic loss/earnings per share (Continued)

From discontinued operation

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$Nil (2022: approximately HK\$8,709,000) and on the weighted average number of approximately 533,868,823 ordinary shares in issue during the period (2022 (restated): 154,161,594 ordinary shares adjusted by rights issue which completed on 27 January 2023).

(b) Diluted loss per share

The computation of diluted loss/earnings per share for the periods did not assume the exercise of outstanding share options and convertible bonds of the Company since these options have no dilutive effect and convertible bonds were anti-dilutive during the periods ended 31 December 2023 and 2022.

10. CAPITAL EXPENDITURE

During the Period, the additions to property, plant and equipment in the PRC were approximately HK\$1,840,000 (2022: HK\$1,498,000).

9. 每股虧損／盈利(續)

(a) 每股基本虧損／盈利(續)

來自已終止經營業務

每股基本虧損乃根據本公司擁有人應佔虧損約零港元(二零二二年:約8,709,000港元)及期間內已發行普通股之加權平均數約為533,868,823股(二零二二年(經重訂):154,161,594股於二零二三年一月二十七日完成供股調整的普通股)計算。

(b) 每股攤薄虧損

由於截至二零二三年及二零二二年十二月三十一日止期間,該等購股權不具攤薄作用,且可轉換債券具反攤薄作用,因此計算期間每股攤薄虧損／盈利並未假設行使本公司尚未行使的購股權和可換股債券。

10. 資本開支

於期間內,在中國添置物業、廠房及設備之金額約為1,840,000港元(二零二二年:1,498,000港元)。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

11. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 15 to 90 days (30 June 2023: 15 to 90 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

11. 應收貿易賬項

本集團主要按信貸期與客戶進行交易。信貸期一般介乎15至90日(二零二三年六月三十日: 15至90日)。本集團致力維持嚴格控制其未償還應收賬項。逾期賬項由管理層定期檢討。

以下為應收貿易賬項(經扣除撥備)按發票日期之賬齡分析:

		(Unaudited) (未經審核) 31 December 2023 二零二三年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2023 二零二三年 六月三十日 HK\$'000 千港元
Within 30 days	30日內	10,076	3,078
31 to 60 days	31至60日	2,788	282
61 to 90 days	61至90日	4,309	539
91 to 120 days	91至120日	-	325
121 to 150 days	121至150日	-	-
151 to 180 days	151至180日	-	383
181 to 365 days	181至365日	1,144	823
		18,317	5,430

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

12. SHARE CAPITAL

12. 股本

		(Unaudited) (未經審核) 31 December 2023 二零二三年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2023 二零二三年 六月三十日 HK\$'000 千港元
Authorised	法定		
5,000,000,000 ordinary shares of HK\$0.10 each	5,000,000,000股每股面值0.10港元之普通股	500,000	500,000
Issued and fully paid	已發行及繳足		
541,828,168 (30 June 2023: 527,548,168) ordinary shares of HK\$0.10 each	541,828,168股(二零二三年六月三十日: 527,548,168股)每股面值0.10港元之普通股	54,183	52,755

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

12. SHARE CAPITAL (Continued) 12. 股本(續)

A summary of the movements in the issued share capital of the Company during the Period is as follows:

本公司之已發行股本於期間之變動情況概述如下：

		Number of ordinary shares issued 已發行 普通股數目 '000 千股	Par value 面值 HK\$'000 千港元
At 1 July 2022 (Audited)	於二零二二年 七月一日 (經審核)	2,660,561	266,056
Issue of share on conversion of convertible bonds (note a)	轉換可換股債券時 發行股份(附註a)	354,000	35,400
Capital reorganisation (note b)	股本重組(附註b)	(2,863,833)	(286,383)
Rights issue (note c)	供股(附註c)	376,820	37,682
At 30 June 2023 and 1 July 2023 (Audited)	於二零二三年 六月三十日及 二零二三年 七月一日 (經審核)	527,548	52,755
Issue of share on conversion of convertible bonds (note d)	轉換可換股債券時 發行股份 (附註d)	14,280	1,428
At 31 December 2023 (Unaudited)	二零二三年 十二月三十一日 (未經審核)	541,828	54,183

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

12. SHARE CAPITAL (Continued) 12. 股本(續)

Notes:

(a) On 21 June 2022, the Company issued convertible bonds in an aggregate principal amount of HK\$35,400,000 with the rights to converted into 354,000,000 ordinary shares of the Company at conversion price of HK\$0.1 per share. The convertible bonds of approximately HK\$29,996,000 were converted into 354,000,000 ordinary shares on 4 July 2022.

(b) On 14 December 2022, the Company implemented a share consolidation of every twenty (20) existing shares of par value of HK\$0.1 each in the ordinary shares of the Company into one (1) consolidated share of par value of HK\$2.00 each with effect from 16 December 2022. Immediately following the share consolidation, issued share capital of the Company will be reduced by (a) rounding down the total number of consolidated shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a consolidated share in the issued share capital of the Company; and (b) cancelling the paid up capital of the Company to the extent of HK\$1.9 on each of the then issued consolidated shares such that the par value of each issued consolidated share will be reduced from HK\$2.0 to HK\$0.1. Besides, every authorised but unissued consolidated shares of HK\$2.0 each were sub-divided into 20 new ordinary shares of HK\$0.1 each. The capital reorganisation was completed on 16 December 2022. Details of which are set out in the Company's circular dated 21 November 2022 and announcement dated 14 December 2022 and 16 December 2022.

附註：

(a) 於二零二二年六月二十一日，本公司發行本金總額35,400,000港元的可換股債券，附帶權利可按轉換價每股0.1港元轉換為本公司354,000,000股普通股。於二零二二年七月四日，約29,996,000港元的可換股債券已轉換為354,000,000股普通股。

(b) 於二零二二年十二月十四日，本公司進行股份合併，本公司普通股中每二十(20)股每股面值0.1港元之現有股份合併為一(1)股每股面值2.00港元之合併股份，自二零二二年十二月十六日起生效。緊隨股份合併後，本公司已發行股本將透過以下方式削減：(a)註銷本公司已發行股本中合併股份的任何零碎股份，將本公司已發行股本中的合併股份總數向下約整至最接近之整數；及(b)在當時已發行合併股份中每股註銷1.9港元以將每股已發行合併股份之面值由2.0港元削減至0.1港元，藉此註銷本公司之繳足股本。此外，每股面值2.0港元之法定但未發行合併股份已拆細為20股每股面值0.1港元之新普通股。股本重組已於二零二二年十二月十六日完成。詳情載於本公司日期為二零二二年十一月二十一日之通函以及日期為二零二二年十二月十四日及二零二二年十二月十六日之公告。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

12. SHARE CAPITAL (Continued)

12. 股本(續)

Notes: (Continued)

附註：(續)

- (c) On 27 January 2023, a total of 376,820,120 rights shares with subscription price of HK\$0.2 per rights share were allotted and issued pursuant to the underwriting agreement entered on 18 October 2022. The net proceeds of approximately HK\$75,364,000 was used for repayment of the Group's indebtedness and general working capital.
- (d) On 5 June 2023, Company issued convertible bonds in an aggregate principal amount of HK\$28,560,000 with the rights to converted into 136,000,000 ordinary shares of the Company at conversion price of HK\$0.21 per share. The convertible bonds of HK\$2,999,000 were converted into 14,280,000 ordinary shares on 11 October 2023.

- (c) 於二零二三年一月二十七日，已根據於二零二二年十月十八日訂立之包銷協議配發及發行376,820,120股供股股份，認購價為每股供股股份0.2港元。所得款項淨額約75,364,000港元已用作償還本集團之債項及用作一般營運資金。
- (d) 於二零二三年六月五日，本公司發行本金總額28,560,000港元的可換股債券，附帶權利可按轉換價每股0.21港元轉換為本公司136,000,000股普通股。於二零二三年十月十一日，2,999,000港元的可換股債券已轉換為14,280,000股普通股。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

13. BONDS PAYABLE

The movement of the bonds payable is as follows:

13. 債券應付款項

債券應付款項之變動如下：

		(Unaudited) (未經審核) 31 December 2023 二零二三年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2023 二零二三年 六月三十日 HK\$'000 千港元
Carrying amount at the beginning of period/year	於期初／年初之賬面值	1,064,706	1,066,154
Interest charge for the period/year	期內／年內利息開支	48,700	103,134
Interest paid for the period/year	期內／年內之已付利息	-	(3,770)
Redemption of bonds	償還債券	(80)	(89,312)
Gain on early redemption of bonds	提早贖回債券之收益	-	(11,500)
Carrying amount at the end of period/year	於期終／年終之賬面值	1,113,326	1,064,706
Less: Amount due for settlement within 12 months shown under current liabilities	減：流動負債項下所示於12個月內到期結算的金額	(520,587)	(324,319)
Amount due for settlement after 12 months shown under non-current liabilities	非流動負債項下所示於12個月後到期結算的金額	592,739	740,387

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

13. BONDS PAYABLE (Continued) 13. 債券應付款項(續)

The Group's undiscounted cash flow of outstanding bonds were repayable as follows:

本集團尚未兌換債券之未貼現現金流量以下列方式償還：

		(Unaudited) (未經審核) 31 December 2023 二零二三年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2023 二零二三年 六月三十日 HK\$'000 千港元
Within one year	一年內	525,620	336,770
In the second to fifth years inclusive	第二年至第五年 (包括首尾兩年)	631,760	820,690
		1,157,380	1,157,460

The bonds payable are unsecured and interest bearing at coupon rates of 0% to 12% (30 June 2023: 0% to 12%).

債券應付款項為無抵押及按票息率0厘至12厘計息(二零二三年六月三十日：0厘至12厘)。

The bonds payable are measured at amortised cost, using the effective interest method, and the effective rates are ranging from 2.2% to 18.92% per annum (30 June 2023: 2.2% to 18.92% per annum) after taking into account the transaction costs directly attributable to the issuance of the bonds.

債券應付款項以實際利率法按攤銷成本計量，經計及發行債券直接應佔之交易費用後，實際年利率介乎2.2厘至18.92厘(二零二三年六月三十日：年利率介乎2.2厘至18.92厘)。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

14. BANK LOANS

14. 銀行貸款

The Group's bank loans are repayable as follows:

本集團之銀行貸款須於下列期間償還：

		(Unaudited) (未經審核) 31 December 2023 二零二三年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2023 二零二三年 六月三十日 HK\$'000 千港元
On demand	按要求	-	5,916
Within one year	一年內	3,302	3,032
In the second year	第二年	2,924	2,884
In the third to fifth years inclusive	第三至第五年 (包括首尾兩年)	6,386	7,850
		12,612	19,682
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：十二個月內到期償還之款項(列作流動負債)	(3,302)	(8,948)
		9,310	10,734

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

14. BANK LOANS (Continued)

The carrying amounts of the Group's bank loans are denominated in the following currencies:

14. 銀行貸款(續)

本集團銀行貸款之賬面值乃以下列貨幣計值：

		(Unaudited) (未經審核) 31 December 2023 二零二三年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2023 二零二三年 六月三十日 HK\$'000 千港元
Hong Kong dollars	港元	12,612	13,766
Renminbi	人民幣	-	5,916
		12,612	19,682

15. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 180 days (30 June 2023: 30 to 180 days) from its suppliers.

15. 應付貿易賬項

本集團一般獲其供應商給予30至180日(二零二三年六月三十日：30至180日)之信貸期。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

15. TRADE PAYABLES (Continued) 15. 應付貿易賬項(續)

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

以下為應付貿易賬項按接收貨品日期呈列之賬齡分析：

		(Unaudited) (未經審核) 31 December 2023 二零二三年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2023 二零二三年 六月三十日 HK\$'000 千港元
Within 30 days	30日內	4,551	61
31 to 60 days	31至60日	2,164	2,008
61 to 90 days	61至90日	6,471	144
91 to 120 days	91至120日	3,799	520
121 to 365 days	121至365日	5,882	14,430
Over 365 days	超過365日	29,667	22,792
		52,534	39,955

16. DECONSOLIDATION OF A SUBSIDIARY

On 24 August 2022, the Company has received a notice issued by Mudanjiang Authority of Housing and Urban-Rural Development (the "Authority") stating that in order to ensure the stability of the heat supply to the residents of Mudanjiang in the coming winter, the Authority has temporarily taken over the operations of Mudanjiang Better Day Power Limited ("Mudanjiang BD Power") on 26 August 2022. The Company ceased to have control over Mudanjiang BD Power as from the date of taking over of Mudanjiang BD Power by the Authority. Mudanjiang BD Power shall be deemed as deconsolidated from the consolidation financial statements of the Group and be classified as a discontinued operation as from 26 August 2022.

16. 終止綜合入賬附屬公司

二零二二年八月二十四日，本公司收到牡丹江市住房和城鄉建設局(「當局」)發出的通知，為確保即將到來的冬季牡丹江居民供熱穩定，當局已於二零二二年八月二十六日暫時接管牡丹江佳日熱電有限公司(「牡丹江佳日熱電」)的運營。自當局接管牡丹江佳日熱電之日起，本公司就不再對其進行控制。自二零二二年八月二十六日起，牡丹江佳日熱電將被視為從本集團綜合財務報表中分拆並分類為已終止經營業務。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

**16. DECONSOLIDATION OF A
SUBSIDIARY (Continued)**

The following is the unaudited financial information of Mudanjiang BD Power as at 26 August 2022:

**16. 終止綜合入賬附屬公
司(續)**

以下為牡丹江佳日熱電於二零二二年八月二十六日之未經審核財務資料：

		(Unaudited) (未經審核) HK\$'000 千港元
Inventories	存貨	3,599
Trade receivables	應收貿易賬項	22,012
Prepayment, deposits and other receivables	預付款項、訂金及其他 應收款項	12,526
Bank and cash balances	銀行及現金結存	1,774
Trade payables	應付貿易賬項	(9,177)
Other payables and accruals	其他應付款項及應計費用	(336,334)
Other loan	其他貸款	(67,208)
Net liabilities of Mudanjiang BD Power	牡丹江佳日熱電之負債淨額	(372,808)
Release of foreign currency translation reserve	解除外幣匯兌儲備	(31,872)
Gain on deconsolidation of a subsidiary	終止綜合入賬附屬公司之收益	(404,680)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

16. DECONSOLIDATION OF A
 SUBSIDIARY (Continued)

Mudanjiang BD Power was engaged in heat and power division, being a separate major line of the Group's businesses. Set out below the financial performance of Mudanjiang BD Power for the period ended 31 December 2022 under discontinued operation:

16. 終止綜合入賬附屬公
 司(續)

牡丹江佳日熱電從事熱能及電力業務，為本集團的獨立主營業務。截至二零二二年十二月三十一日止期間，已終止經營業務下牡丹江佳日熱電的財務業績載列如下：

		(Unaudited) (未經審核) Six months ended 31 December 2022 截至二零二二年 十二月三十一日 止六個月 HK\$'000 千港元
Revenue	收益	3,766
Cost of sales	銷售成本	(5,614)
Other income and other gains or losses	其他收入及其他收益或虧損	20
Reversal/(provision) of allowance for receivables	就應收款項計提撥回／(撥備)	
– Trade receivables	– 應收貿易賬項	655
– Prepayments, deposits and other receivables	– 預付款項、訂金及其他應收款項	(3,542)
Selling and distribution expenses	銷售及分銷開支	(593)
Administrative expenses	行政開支	(1,098)
Other operating expenses	其他經營開支	(794)
Finance costs	財務成本	(1,509)
Loss for the period from discontinued operation	來自已終止經營業務的期間虧損	(8,709)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 簡明綜合財務報表附註(續)

For the six months ended 31 December 2023 截至二零二三年十二月三十一日止六個月

17. EVENTS AFTER THE REPORTING PERIOD

(a) On 5 June 2023, the Company issued convertible bonds in an aggregate principal amount of HK\$28,560,000 with the rights to be converted into 136,000,000 ordinary shares of the Company at conversion price of HK\$0.21 per share. The convertible bonds with carrying amount of HK\$1,680,000 were converted into 8,000,000 ordinary shares on 12 January 2024 and HK\$4,998,000 were converted into 23,800,000 ordinary shares on 18 January 2024, respectively.

(b) On 2 February 2024, a total of 280,000,000 shares with subscription price of HK\$0.1 per share were issued under special mandate pursuant to the subscription agreement dated 15 December 2023. The Company intends to use the net proceeds approximately HK\$26.6 million from the Placing (i) as to HK\$22.4 million for repayment of the Group's indebtedness (including repayment of bonds payable, bank loans, other loan payables and other payables) and (ii) as to HK\$4.2 million as general working capital of the Group.

17. 報告期後事項

(a) 於二零二三年六月五日，本公司發行本金額為28,560,000港元的可換股債券，附帶權利可按換股價每股0.21港元兌換為本公司136,000,000股普通股。賬面值1,680,000港元之可換股債券已於二零二四年一月十二日兌換為8,000,000股普通股，另4,998,000港元之可換股債券已於二零二四年一月十八日兌換為23,800,000股普通股。

(b) 於二零二四年二月二日，遵照日期為二零二三年十二月十五日之認購協議，已根據特別授權按認購價每股0.1港元發行合共280,000,000股股份。本公司擬將配售事項之所得款項淨額約26.6百萬港元用作(i)償還本集團之債務22.4百萬港元(包括償還債券應付款項、銀行貸款、其他應付貸款及其他應付款項)及(ii)4.2百萬港元用作本集團一般營運資金。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

INTERIM DIVIDEND

The Directors have resolved that no interim dividend will be declared in respect of the Period (2022: Nil).

中期股息

董事已議決不會就期間宣派任何中期股息(二零二二年：無)。

BUSINESS REVIEW

During the Period, revenue of the Group amounted to approximately HK\$25 million (2022: approximately HK\$96 million), representing a decrease of approximately 74% compared with that of the last corresponding period. The decrease in the Group's revenue due to the production line of calcium carbide was temporarily suspended during the Period. Loss attributable to the owners of the Company amounted to approximately HK\$85 million (2022: profit attributable to the owners of the Company amounted to approximately HK\$274 million), representing a decrease of 131% compared with that of the last corresponding period. The decrease in the Group's profit due to one-off profit from gain on deconsolidation of Mudanjiang Better Day Power Limited (the “**Deconsolidation**”) during the last corresponding period did not recur in the Reporting Period. Details of the Deconsolidation was disclosed in the Note 16 of the Interim Report.

The Group's selling and distribution expenses for the Period dropped to HK\$Nil (2022: approximately HK\$7 million) was resulted to temporary suspension of sale of calcium carbide during the Period.

The Group's administrative expenses for the Period was approximately HK\$32 million (2022: approximately HK\$53 million), representing a decrease of approximately 40% compared with that of the last corresponding period. The decrease in administrative expenses was mainly due to the operation of calcium carbide was temporarily suspended during the Period.

業務回顧

於本期間，本集團的收益約為25百萬港元(二零二二年：約96百萬港元)，較去年同期減少約74%。本集團收益減少乃由於期間內碳化鈣生產線暫停運作所致。本公司擁有人應佔虧損約為85百萬港元(二零二二年：本公司擁有人應佔溢利約274百萬港元)，較去年同期減少131%。本集團利潤減少乃主要由於去年同期終止綜合入賬牡丹江佳日熱電有限公司(「終止綜合入賬」)收益的一次性利潤並無於報告期間發生。終止綜合入賬詳情於中期報告附註16披露。

本集團於本期間之銷售及分銷開支下降為零港元(二零二二年：約7百萬港元)，此乃由於本期間內暫停銷售碳化鈣所致。

本集團於本期間之行政開支約為32百萬港元(二零二二年：約53百萬港元)，較去年同期減少40%。行政開支減少乃主要由於本期間內暫停經營碳化鈣業務。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

The Group's other operating expenses for the Period was approximately HK\$4 million (2022: approximately HK\$8 million), representing a decrease of approximately 43% compared with that of the last corresponding period. The decrease in other operating expenses was due to the decrease in provision of litigation claims during the Period.

本集團於本期間之其他經營開支約為4百萬港元(二零二二年：約8百萬港元)，較去年同期減少約43%。其他經營開支減少乃歸因於本期間內之訴訟索賠撥備減少。

Coal-related chemical production division

煤相關化工產品部

The coal-related chemical production division includes the manufacturing and sale of calcium carbide and lime powder (the "CC segment").

煤相關化工產品部包括製造及銷售碳化鈣和石灰粉(「**碳化鈣分部**」)。

During the Period, the CC segment recorded a revenue of approximately HK\$6 million (2022: approximately HK\$92 million) from external customers, representing a decrease of approximately 93% compared with that of the last financial period. The CC segment recorded a gross profit of approximately HK\$3 million (2022: gross loss of approximately HK\$2 million), representing a decrease of approximately 250% compared with that of the last financial period. The increase in gross profit of CC segment was mainly due to decrease the cost of lime powder and temporarily suspended of sales of calcium carbide during the Period. Up to the date of this report, the CC segment is still under suspension. However, the management plans to resume the production of calcium carbide and lime powder soon. In order to resume the production, the management is now focusing on the preparation works such as compliance check for the plants and machineries and development on the business strategies.

於本期間，碳化鈣分部錄得來自外部客戶收益約6百萬港元(二零二二年：約92百萬港元)，較上一財政期間減少約93%，碳化鈣分部錄得毛利約3百萬港元(二零二二年：毛損約2百萬港元)，較上一財政期間減少約250%。碳化鈣分部毛利增加乃主要由於本期間，石灰粉成本減少及暫停銷售碳化鈣。截至本報告日期，碳化鈣分部仍然暫停營運。然而，管理層計劃盡快恢復生產碳化鈣及石灰粉。為了恢復生產，管理層現時集中於籌備工作，例如就廠房及機械進行遵例檢查以及制定業務策略。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Chemical products for agriculture division 農業化學品部

On 15 June 2023, the Company acquired Mudanjiang Haidi to manufacture and sales of chemical products for agriculture and recorded a new segment. During the Period, the chemical products for agriculture segment record a revenue of approximately HK\$19 million (2022: HK\$Nil) from external customers. The chemical products for agriculture segment record a gross profit of approximately HK\$4 million (2022: HK\$Nil).

於二零二三年六月十五日，本公司收購牡丹江海迪，以製造及銷售農業化學品，並錄得新分部。於本期間內，農業化學品分部錄得來自外部客戶之收益約19百萬港元(二零二二年：零港元)。農業化學品分部錄得毛利約4百萬港元(二零二二年：零港元)。

Heat and power division

During the Period, the heat and power segment recorded a revenue from discontinued operation of approximately HK\$Nil (2022: approximately HK\$4 million) from external customers, representing a decrease of approximately 100% compared with that of the last corresponding period. The decrease in revenue was due to the Deconsolidation as stated in Note 16 to the Interim Report.

熱能及電力部

於期間內，熱能及電力分部錄得來自外部客戶的已終止經營業務收益約零港元(二零二二年：約4百萬港元)，較去年同期減少約100%。收益減少乃由於中期報告附註16所述的終止綜合入賬所致。

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

資本結構、流動資金及財務資源

Capital structure

During the Period, the Group financed its operations with internally generated resources and proceeds from equity funding and non-equity funding, respectively.

資本結構

於期間內，本集團分別透過內部產生資源以及股本集資及非股本集資之所得款項撥付營運所需資金。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

Liquidity and financial ratio

As at 31 December 2023, the Group had total assets of approximately HK\$677 million (30 June 2023: HK\$667 million), which were financed by current liabilities of approximately HK\$1,062 million (30 June 2023: HK\$840 million), non-current liabilities of approximately HK\$626 million (30 June 2023: HK\$774 million), non-controlling interests of approximately HK\$7 million (30 June 2023: HK\$8 million) and shareholders' equity of deficit by approximately HK\$1,017 million (30 June 2023: HK\$955 million).

As at 31 December 2023, the current assets of the Group amounted to approximately HK\$70 million (30 June 2023: HK\$46 million), mainly comprising inventories of approximately HK\$11 million (30 June 2023: HK\$2 million), trade receivables of approximately HK\$18 million (30 June 2023: HK\$5 million), prepayments, deposits and other receivables of approximately HK\$31 million (30 June 2023: HK\$26 million), financial assets at FVTPL of approximately HK\$0.1 million (30 June 2023: HK\$1 million), cash and cash equivalents of approximately HK\$1 million (30 June 2023: HK\$3 million) and asset classified as held for sale of approximately HK\$9 million (30 June 2023: HK\$9 million).

流動資金及財務比率

於二零二三年十二月三十一日，本集團之總資產約為677百萬港元(二零二三年六月三十日：667百萬港元)，由流動負債約1,062百萬港元(二零二三年六月三十日：840百萬港元)、非流動負債約626百萬港元(二零二三年六月三十日：774百萬港元)、非控股權益約7百萬港元(二零二三年六月三十日：8百萬港元)及擁有人權益約1,017百萬港元(二零二三年六月三十日：955百萬港元)撥付。

於二零二三年十二月三十一日，本集團之流動資產約為70百萬港元(二零二三年六月三十日：46百萬港元)，主要包括存貨約11百萬港元(二零二三年六月三十日：2百萬港元)、應收貿易賬項約18百萬港元(二零二三年六月三十日：5百萬港元)、預付款項、訂金及其他應收款項約31百萬港元(二零二三年六月三十日：26百萬港元)、按公平值計入損益之金融資產約0.1百萬港元(二零二三年六月三十日：1百萬港元)、現金及現金等值項目約1百萬港元(二零二三年六月三十日：3百萬港元)以及分類為持作待售之資產約9百萬港元(二零二三年六月三十日：9百萬港元)。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

As at 31 December 2023, the Group's current ratio (current assets/current liabilities), quick ratio ((current assets – inventories)/current liabilities), gearing ratio (total debts/total assets) and debts to equity ratio (total debts/owners' equity) were approximately 0.1 (30 June 2023: 0.1), 0.1 (30 June 2023: 0.1), 249% (30 June 2023: 242%) and deficit by approximately 167% (30 June 2023: 170%), respectively. The Group maintained a stable financial position throughout the Period. The management has closely monitored the Group's liquidity and has taken appropriate measures to ensure it has sufficient financial resources to meet its financial obligations.

於二零二三年十二月三十一日，本集團之流動比率(流動資產/流動負債)、速動比率((流動資產-存貨)/流動負債)、資產負債比率(總債務/總資產)及債務與權益比率(總債務/擁有人權益)分別約為0.1(二零二三年六月三十日:0.1)、0.1(二零二三年六月三十日:0.1)、249%(二零二三年六月三十日:242%)及虧絀約167%(二零二三年六月三十日:170%)。本集團於整個期間內一直維持相對穩定之財務狀況。管理層已密切監察本集團之流動資金狀況，並採取合適措施以確保本集團擁有足夠財務資源履行其財務責任。

Non-equity funding

Bank loans

As at 31 December 2023, the bank loans of the Group amounted to approximately HK\$13 million (30 June 2023: HK\$20 million), of which approximately HK\$13 million was denominated in Hong Kong dollars (30 June 2023: HK\$14 million was denominated in Hong Kong dollars and HK\$6 million was denominated in Renminbi). Based on the agreed scheduled repayments set out in the loan agreements, bank loans of approximately HK\$3 million (30 June 2023: HK\$9 million) were repayable within 12 months.

Bonds and other non-equity financing

As at 31 December 2023, the aggregate bonds payable were approximately HK\$1,113 million (30 June 2023: HK\$1,065 million) which were issued for improving the working capital of the Group during the Period.

非股本集資

銀行貸款

於二零二三年十二月三十一日，本集團之銀行貸款約為13百萬港元(二零二三年六月三十日:20百萬港元)，當中約13百萬港元以港元計值(二零二三年六月三十日:14百萬港元以港元計值及6百萬港元以人民幣計值)。按照載於貸款協議之協定預定還款，須於12個月內償還之銀行貸款約為3百萬港元(二零二三年六月三十日:9百萬港元)。

債券及其他非股本集資

於二零二三年十二月三十一日，應付債券合共金額約為1,113百萬港元(二零二三年六月三十日:1,065百萬港元)，乃為改善本集團於期間內之營運資金發行。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

Equity fund-raising activities

Rights issue

On 26 January 2023, the Company completed a rights issue. The net proceeds raised from the rights issue by issuing 376,820,120 shares at HK\$0.2 on the basis of five right shares for every two existing shares held were approximately HK\$73 million. As at the date of this report, the proceeds have been utilised as intended.

Details of the Rights Issue were disclosed in the announcements of the Company dated 18 October 2022, 10 November 2022, 21 November 2022, 30 December 2022 and 26 January 2023.

Convertible bonds

On 5 June 2023, the Company completed the issue of the 3% coupon convertible bonds due on the second anniversary of the issue date in the principal amount of HK\$28,560,000 (the “**CB 2023**”) to eleven individual subscribers. The conversion price of CB 2023 is HK\$0.21 per conversion share. The closing price of the Company on 5 June 2023 was HK\$0.325. The net proceeds from CB 2023 were approximately HK\$28 million. As at the date of this report, the proceeds have been utilised as intended.

Details of the CB 2023 were disclosed in the announcements of the Company dated 3 April 2023, 28 April 2023, 16 May 2023, 31 May 2023 and 5 June 2023.

股本籌資活動

供股

二零二三年一月二十六日，本公司完成供股。按每持有兩股現有股份可獲五股供股的基準，以0.2港元的價格發行376,820,120股供股所得款項淨額約為73百萬港元。於本報告日期，所得款項已按擬定用途動用。

供股之詳情於本公司日期為二零二二年十月十八日、二零二二年十一月十日、二零二二年十一月二十一日、二零二二年十二月三十日及二零二三年一月二十六日之公告中披露。

可換股債券

於二零二三年六月五日，本公司完成發行本金額為28,560,000港元並於發行日期第二個週年到期的3%票息可換股債券（「**二零二三年可換股債券**」）予十一名個人認購人。二零二三年可換股債券的換股價為每股換股股份0.21港元，本公司股份於二零二三年六月五日的收市價為0.325港元。二零二三年可換股債券之所得款項淨額為約28百萬港元。於本報告日期，所得款項已按擬定用途動用。

有關發行二零二三年可換股債券之詳情於本公司日期為二零二三年四月三日、二零二三年四月二十八日、二零二三年五月十六日、二零二三年五月三十一日及二零二三年六月五日之公告內披露。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Significant acquisitions and disposals of subsidiaries and future plans for significant investments on capital asset acquisitions

On 24 August 2022, the Company has received a notice issued by Mudanjiang Authority of Housing and Urban-Rural Development (the “**Authority**”) stating that in order to ensure the stability of the heat supply to the residents of Mudanjiang in the coming winter, the Authority has taken over the operations of Mudanjiang BD Power on 26 August 2022. The Company ceased to have control over Mudanjiang BD Power as from the date of taking over of Mudanjiang BD Power by the Authority. Mudanjiang BD Power shall be deemed as deconsolidated from the condensed consolidated financial statements of the Group and be classified as a discontinued operation as from 26 August 2022.

Mudanjiang BD Power is applying for the voluntary winding-up. Upon the completion of the winding-up procedure of Mudanjiang BD Power, there may be a recoverable amount from Mudanjiang BD Power of which would be recorded as a revenue of the Company.

Significant investment held by the Company

As at 31 December 2023, the Company did not have any significant investments except for the financial assets at FVTPL of approximately HK\$2 million (30 June 2023: HK\$2 million).

重大附屬公司收購及出售及重大資本資產收購投資的未來計劃

二零二二年八月二十四日，本集團收到牡丹江市住房和城鄉建設局(「當局」)發出的通知，為確保即將到來的冬季牡丹江居民供熱穩定，當局已於二零二二年八月二十六日暫時接管牡丹江佳日熱電的運營。自有關當局接管牡丹江佳日熱電當日起，本公司已不再對牡丹江佳日熱電擁有任何控制權。自二零二二年八月二十六日起，牡丹江佳日熱電將被視為從本集團簡明綜合財務報表中分拆並分類為已終止經營業務。

牡丹江佳日熱電正在申請自願清盤。於牡丹江佳日熱電清盤程序完成後，牡丹江佳日熱電可能有可收回金額將入賬為本公司的收益。

本公司持有之重大投資

於二零二三年十二月三十一日，除按公平值計入損益之金融資產約2百萬港元(二零二三年六月三十日：2百萬港元)外，本公司並無任何重大投資。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

Charges on the Group's assets

As at 31 December 2023, bank loans and other loans of approximately HK\$13 million (30 June 2023: HK\$20 million) and HK\$48 million (30 June 2023: HK\$48 million), respectively, were secured by charges over the Group's certain property, plant and equipment and right-of-use assets (30 June 2023: property, plant and equipment and right-of-use assets).

Contingent liabilities

On 26 June 2023, Mudanjiang BD Power, a deconsolidated subsidiary (details are set out in note 16 to the condensed consolidated financial statements), had submitted to the Intermediate People's Court of Mudanjiang City, Heilongjiang Province for its voluntary liquidation (the "**Voluntary Liquidation**") under the action number (2023) Black 10 Liquidation No. 1 (the "**Application**") was duly accepted. Subsequent to the Application, the liquidation team of the Authority has been appointed as its administrator (the "**Administrator**") on 10 July 2023.

本集團資產之抵押

於二零二三年十二月三十一日，本集團已抵押其若干物業、廠房及設備以及使用權資產(二零二三年六月三十日：物業、廠房及設備以及使用權資產)，以獲得分別約13百萬港元(二零二三年六月三十日：20百萬港元)及48百萬港元(二零二三年六月三十日：48百萬港元)之銀行貸款及其他貸款。

或然負債

於二零二三年六月二十六日，一間終止綜合入賬附屬公司牡丹江佳日熱電(詳情載於簡明綜合財務報表附註16)根據其行動編碼(2023)黑10清算第1號(action number (2023) Black 10 Liquidation No. 1)向黑龍江省牡丹江市中級人民法院提交其自願清盤(「自願清盤」)申請(「申請」)，並已獲正式接納。接納該申請後，當局的清盤團隊已於二零二三年七月十日獲委任為其管理人(「管理人」)。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

Mudanjiang Longtuo New Energy Co., Ltd. (“**Mudanjiang Longtuo**”), a wholly-owned subsidiary of the Group, being the sole equity holder of Mudanjiang BD Power immediately prior to its deconsolidation and taken over by the Authority on 24 August 2022 would be liable in the sum of RMB150 million, representing a subscription amount of RMB150 million in the registered capital of Mudanjiang BD Power (“**Mudanjiang BD Power Subscription**”) made by Mudanjiang Longtuo on 18 May 2020 by way of capitalisation of a shareholder’s loan due by Mudanjiang BD Power to Mudanjiang Longtuo which amounted to RMB150 million (“**Capitalisation**”). In the event the Capitalisation was not certified and accepted by the Administrator, the Mudanjiang BD Power Subscription would be deemed unsuccessful and void whereby the Mudanjiang BD Power Subscription become due and payable immediately upon the Voluntary Liquidation.

As of the approval date on these condensed consolidated financial statements, the Voluntary Liquidation is still under processing and not yet completed. Hence the outcome of the Voluntary Liquidation including the receivable of approximately HK\$293 million from the proceeds of its liquidation and the shareholder’s loan payable of RMB150 million are uncertain and cannot be estimated reliably. The directors of the Company are having carefully considered any possible outcomes of the Voluntary Liquidation and of the view that the same amount of shareholder’s loan (RMB150 million) is available to offset against Mudanjiang BD Power Subscription in case the Capitalisation was being voided and therefore no provision was made in preparing these condensed consolidated financial statements.

本集團全資附屬公司牡丹江龍拓新能源有限公司(「**牡丹江龍拓**」)身為牡丹江佳日熱電緊接其終止綜合入賬及於二零二二年八月二十四日由當局接管前之唯一權益持有人，須負責支付人民幣150百萬元，即牡丹江龍拓於二零二二年五月十八日透過將牡丹江佳日熱電結欠牡丹江龍拓之股東貸款人民幣150百萬元資本化(「**資本化**」)之方式認購牡丹江佳日熱電註冊資本中之人民幣150百萬元(「**牡丹江佳日熱電認購事項**」)之認購金額。倘管理人不認可及接受資本化，牡丹江佳日熱電認購事項將被視為不成功及失效，據此，牡丹江佳日熱電認購事項之金額將於緊隨自願清盤後成為即時到期應付。

於此等簡明綜合財務報表批准日期，自願清盤仍在進行中，尚未完成。因此，自願清盤(包括來自清盤所得款項之應收款項293百萬港元及應付股東貸款人民幣150百萬元)之結果不確定且不能可靠估計。本公司董事正在審慎考慮自願清盤之任何可能結果，並認為倘資本化失效，其可動用股東貸款之相同金額(人民幣150百萬元)以抵銷牡丹江佳日熱電認購事項之金額，因此並無於此等簡明綜合財務報表內計提撥備。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

FOREIGN EXCHANGE EXPOSURE

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, which are the functional currencies of the principal operating entities of the Group. The Directors also consider that there will be sufficient cash resources denominated in Hong Kong dollars for the repayment of borrowings. During the Period, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 31 December 2023.

In face of currency market instability, the Group will make use of hedging instruments to mitigate the exchange rate risk, as and when appropriate.

TREASURY POLICY

The Group adopts a treasury policy that aims to better control its treasury operations and lower its borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board also considers various funding sources depending on the Group's needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations.

外匯風險

由於本集團大部分業務交易、資產及負債主要以本集團主要業務實體之功能貨幣港元及人民幣列值，故承擔之外匯風險甚微。董事亦認為本集團具備充足港元現金資源以償還借款。於期間內，本集團並無動用任何金融工具作對沖用途，而本集團於二零二三年十二月三十一日亦無任何未平倉之對沖工具。

由於貨幣市場不穩定，本集團將適時利用對沖工具以盡量減低匯率變動風險。

庫務政策

本集團所採納的庫務政策旨在加強管理庫務運作並降低借貸成本。因此，本集團致力維持充足現金及現金等值項目水平，以應付短期資金需要。董事會亦會視乎本集團之需要考慮各種資金來源，確保以最具成本效益及效率的方式運用財政資源，以應付本集團的財務責任。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

NUMBER AND REMUNERATION OF EMPLOYEES 僱員數目及薪酬

As at 31 December 2023, the Group had 107 full time employees in the PRC and Hong Kong (30 June 2023: 111). The Group recognises the importance of human resources to its success. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industry practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes and performance-related commissions.

於二零二三年十二月三十一日，本集團於中國及香港之全職僱員人數為107人（二零二三年六月三十日：111人）。本集團認為人力資源為其成功之關鍵。薪酬維持在具競爭力水平，酌情花紅按功績基準支付，與行內慣例一致。本集團亦提供其他員工福利，包括強制性公積金、保險計劃及與表現掛鈎佣金。

Details of the movement in the share options (the “Options”) granted under the share option scheme of the Company during the Period are set out below:

本公司於期間內根據購股權計劃授出之購股權（「購股權」）之變動詳情載列如下：

Number of category of participants	參與者類別數目	Options held at 30 June 2023	Options granted during the Period	Options exercised during the Period	Options lapsed during the Period	Options held at 31 December 2023	Date of grant of Options	Date of expiry of Options	Exercise price of Options per Share
		於二零二三年六月三十日持有之購股權	期間內授出之購股權	期間內行使之購股權	期間內失效之購股權	於二零二三年十二月三十一日持有之購股權	購股權授出日期	購股權到期日期	每股股份購股權行使價
Directors	董事								
Chan Yuk Foebe	陳昱	622,590	-	-	(622,590)	-	03/11/2020	02/11/2023	HK\$7.94港元
		622,590	-	-	(622,590)	-			
Law Tze Ping Eric	羅子平	622,590	-	-	(622,590)	-	03/11/2020	02/11/2023	HK\$7.94港元
		622,590	-	-	(622,590)	-			
Ma Wing Yun Bryan	馬榮欣	407,078	-	-	(407,078)	-	03/11/2020	02/11/2023	HK\$7.94港元
		407,078	-	-	(407,078)	-			
Tam Ching Ho	譚政豪	407,078	-	-	(407,078)	-	03/11/2020	02/11/2023	HK\$7.94港元
		407,078	-	-	(407,078)	-			
Hau Chi Kit	侯志傑	407,078	-	-	(407,078)	-	03/11/2020	02/11/2023	HK\$7.94港元
		407,078	-	-	(407,078)	-			
Other Employees	其他僱員	2,490,363	-	-	(2,490,363)	-	03/11/2020	02/11/2023	HK\$7.94港元
		2,490,363	-	-	(2,490,363)	-			
Total	總計	4,956,777	-	-	(4,956,777)	-			

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

PROSPECT

Although the COVID-19 pandemic (the “Pandemic”) still has an impact on the PRC economies, the Board overcome several barriers to be developed new production of chemical products for agriculture and its operation is going smoothly and gross profit is expected to continue. Although the production of calcium carbide has temporarily suspended, the Board believes that the production of calcium carbide will resume at the Mid-2024 and these two operations will continue to be the growth driver of the Group in the forthcoming years.

Coal-related Chemical Production Division

During the Period, HLCL has temporarily suspended the production of calcium carbide due to the decrease in market selling price of calcium carbide as compared with last period. During the temporarily suspension period, the management monitors the situation closely and considers to resume the production of calcium carbide at the Mid-2024.

Chemical Products for Agriculture Division

During the Period, Mudanjiang Haidi has commenced production and sales of chemical products for agriculture. Mudanjiang Haidi recorded a gross profit of approximately HK\$4 million during the Period. In view of the considerable profit margin, the Board believes that Mudanjiang Haidi will continue to be the growth driver of the Group in the forthcoming years.

Heat and Power Division

The Group had deconsolidated the heat and power division during the period ended 30 June 2022 due to the Authority has temporarily taken over the operations.

前景

儘管COVID-19疫情(「疫情」)對中國經濟仍有所影響，但董事會克服重重障礙，開發新的農業化學品生產業務，而此業務現時營運暢順，預期將繼續錄得毛利。儘管碳化鈣暫停生產，董事會相信，碳化鈣將於二零二四年中期恢復生產，而此兩項業務將於未來數年繼續為本集團之增長動力。

煤相關化工產品部

於本期間，由於碳化鈣市場售價較上一期間有所下降，黑河龍江化工暫停生產碳化鈣。於暫停營運期間，管理層密切監察情況，並考慮於二零二四年中期恢復碳化鈣生產。

農業化學品部

於本期間，牡丹江海迪已投入生產及銷售農業化學品。牡丹江海迪於本期間內錄得毛利約4百萬港元。鑒於利潤可觀，董事會相信，牡丹江海迪將繼續為本集團於未來數年之增長動力。

熱能及電力部

由於當局已暫時接管業務，熱能及電力分部於截至二零二二年六月三十日止期間內已終止綜合入賬本集團業務。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

PROPOSED CHANGE OF COMPANY NAME

On 22 December 2023, the Board proposed to change the English name of the Company to “Northeast New Materials Energy Storage Group Limited” from “China Zenith Chemical Group Limited” and the Chinese secondary name of the Company to “東北新材料儲能集團有限公司” from “中國天化工集團有限公司” (the “**Proposed Name Change**”). Up to the date of this report, the application for change of the Company name is still in progress. Details of the Proposed Name Change were disclosed in the announcement(s) of the Company dated 22 December 2023 and 18 January 2024.

建議更改公司名稱

於二零二三年十二月二十二日，董事會建議將本公司英文名稱由「China Zenith Chemical Group Limited」更改為「Northeast New Materials Energy Storage Group Limited」，並將本公司的中文第二名稱由「中國天化工集團有限公司」更改為「東北新材料儲能集團有限公司」(「**建議更改公司名稱**」)。直至本報告日期，更改公司名稱之申請仍在辦理中。建議更改公司名稱之詳情於本公司日期為二零二三年十二月二十二日及二零二四年一月十八日之公告內披露。

TERMINATION OF DISCLOSABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 10% EQUITY INTERESTS IN A TARGET COMPANY

On 20 September 2023, the Company entered into the Subscription Agreement with the Target Company, pursuant to which the Company conditionally agrees to subscribe for 10% of issued share capital of the Target Company for not more than US\$2,500,000 and the Target Company conditionally agrees to allot and issue the Subscription Shares subject to and upon the terms and conditions set out in the Subscription Agreement. On 10 November 2023, the Company issued a letter to notify the Target Company that the Company will not proceed further and the Subscription Agreement shall cease and determine.

終止收購目標公司10%股權之須予披露交易

於二零二三年九月二十日，本公司與目標公司訂立認購協議，據此，本公司有條件同意以不超過2,500,000美元認購目標公司10%已發行股本，而目標公司有條件同意受限於並根據認購協議所載條款及條件配發及發行認購股份。於二零二三年十一月十日，本公司發出函件，通知目標公司，表示本公司不會再進行此項交易，而認購協議將告終及終止。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

Detail of the Acquisition and its termination were disclosed in the announcement of the Company dated 20 September 2023 and 1 December 2023, respectively.

有關收購事項及其終止之詳情分別於本公司日期為二零二三年九月二十日及二零二三年十二月一日之公告內披露。

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF LANDS

有關出售地塊之主要交易

On 28 December 2020, HLCL entered into an agreement (the “**Disposal Agreement**”) with Heihe Longhe Investment Management Limited*, an independent third party, pursuant to which HLCL had agreed to transfer the land use rights of certain lands (the “**Lands**”) located in the PRC at an aggregate consideration of RMB156.44 million (equivalent to approximately HK\$185.5 million), comprising RMB139.44 million with land compensation of RMB17 million (the “**Land Disposal**”).

於二零二零年十二月二十八日，黑河龍江化工與獨立第三方黑河龍合投資管理有限責任公司訂立協議(「**出售協議**」)。據此，黑河龍江化工同意轉讓位於中國的若干地塊(「**該等地塊**」)的土地使用權，總代價為人民幣156.44百萬元(相當於約185.5百萬港元)，包括人民幣139.44百萬元以及人民幣17百萬元的土地賠償(「**土地出售事項**」)。

As the Lands had been left idle by the Group for a long time and in view of the consideration to be received from the Land Disposal by the Group, the Directors considered that the Land Disposal was a good opportunity for the Group to generate cash inflow, improve its liquidity and reduce the carrying cost of the idle lands.

由於該等地塊已被本集團閒置頗長一段時間，且鑒於本集團將從土地出售事項收取的代價，董事認為土地出售事項實屬良機，可讓本集團產生現金流、改善流動資金並降低閒置地塊的賬面成本。

The gross proceeds generated from the Land Disposal would be RMB156.44 million (equivalent to approximately HK\$185.5 million) and the Company intended to use the proceeds for, among others, (i) repayment of debts; (ii) tax payment in relation to the Land Disposal; and (iii) general working capital of the Group. As at 31 December 2023, the carrying amount of certain building and land was recorded approximately RMB60 million (equivalent to approximately HK\$66 million) and approximately RMB22 million (equivalent to approximately HK\$24 million) in property, plant and equipment and right-of-use assets, respectively.

土地出售事項產生的所得款項總額將為人民幣156.44百萬元(相當於約185.5百萬港元)，而本公司擬將所得款項用於(其中包括)(i)償還債務；(ii)支付土地出售事項相關稅款；及(iii)本集團一般營運資金。於二零二三年十二月三十一日，物業、廠房及設備以及使用權資產項下錄得若干樓宇及土地之賬面值分別約人民幣60百萬元(相當於66百萬港元)及約人民幣22百萬元(相當於24百萬港元)。

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

Due to the outbreak of COVID-19, the Land Disposal was prolonged. Up to the date of this report, the Company is still in progress for changing legal title with the vendor and it is expected the Land Disposal will be completed at the Mid-2024. After the completion of the Land Disposal, the Company can be recognised the gain on disposal of Lands of approximately RMB74 million.

Details of the Land Disposal were disclosed in the announcements of the Company dated 28 December 2020, 19 January 2021, 9 February 2021 and 22 March 2021 and the circular of the Company dated 25 February 2021.

DISPOSAL OF SHARES BY THE SINGLE LARGEST SHAREHOLDER

The Company was informed by Mr. Chan Yuen Tung (“**Mr. Chan**”), the single largest shareholder of the Company that on 11 August 2023, Mr. Chan as the vendor and Mr. Tang Yi Duan (“**Mr. Tang**”) as the purchaser, pursuant to which Mr. Chan sold 142,850,000 shares in the Company (“**Shares**”) to Mr. Tang, representing approximately 27.08% of the total issued share capital of the Company as at the date of this report, at a selling price of HK\$0.966 per share (the “**Disposal**”). Immediately after the Disposal, Mr. Chan does not hold any Shares and is no longer the single largest shareholder of the Company, and Mr. Tang holds 142,850,000 Shares, representing approximately 27.08% of the total issued share capital of the Company on that date and becomes the single largest shareholder of the Company. Details of the Disposal were disclosed in the announcement of the Company dated 11 August 2023.

由於COVID-19爆發，土地出售事項被延長。直至本報告日期，本公司仍正在與賣方辦理更改法定業權。預期土地出售事項將於二零二四年中完成。土地出售事項完成後，本公司可確認出售土地之收益約人民幣74百萬元。

有關土地出售事項的詳情於本公司日期為二零二零年十二月二十八日、二零二一年一月十九日、二零二一年二月九日及二零二一年三月二十二日之公告及本公司日期為二零二一年二月二十五日之通函內披露。

單一最大股東出售股份

本公司獲本公司單一最大股東陳遠東先生(「**陳先生**」)知會，於二零二三年八月十一日，陳先生(作為賣方)與唐一端先生(「**唐先生**」)(作為買方)，據此，陳先生已以每股0.966港元的價格向唐先生出售(「**出售事項**」)合共142,850,000股本公司股份(「**股份**」)(相當於本報告日期本公司已發行股本總額約27.08%)。緊隨出售事項後，陳先生不會持有任何股份，且不再為本公司單一最大股東，而唐先生持有142,850,000股股份，相當於本公司已發行股本總額約27.08%，並成為本公司單一最大股東。出售事項詳情載於本公司日期為二零二三年八月十一日之公告。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

GROUP STRATEGY

The acting chief executive officer and other directors are responsible for day-to-day management and formulating the future plan and strategies of the Group. All of directors closely monitor the operating and financial results of the Group.

集團策略

署理行政總裁及其他董事負責本集團之日常管理以及未來計劃及策略之制定。全體董事密切監察本集團之營運及財務業績。

Coal-related chemical production division

煤相關化工產品部

(i) Business model

The division operates by utilizing coal as a raw material and transforming it into chemical products for various industries. The division generates revenue by selling the calcium carbide. The expected annual output after resumption of production is approximately 60,000 tons, which is projected to generate revenue of approximately RMB168 in the first year. Our management expected the marketing selling price can be reached RMB3,500 per ton by the summer of 2024 based on past history. The management emphasizes cost control measures to ensure profitability in the coal-related chemical production division. By efficiently managing production costs and optimizing operational processes, they aim to generate profits from the sale of chemical products.

(i) 業務模式

此部門的營運是利用煤炭作為原材料，將其轉化成供不同行業使用的化工產品。此部分通過出售碳化鈣產生收益。恢復生產後的預計年產量為約60,000噸，預期首年將產生收益約人民幣168百萬元。管理層預期，基於過往歷史，於二零二四年夏季前，營銷售價將達每噸人民幣3,500元。管理層著重實施成本控制措施，以確保煤相關化工產品部的盈利能力。透過有效管理生產成本及優化營運流程，本集團旨在從化工產品銷售中獲利。

(ii) Management expertise and manpower

The management closely monitors market conditions and undertakes the necessary preparations and the management will hire employees and workers as required for the production operations. The management plans to hire 100 employees and workers with an average monthly salary of RMB4,500 per head.

(ii) 管理專業知識及人力

管理層密切監察市況，並承諾作出必要準備工作，且管理層將招聘生產營運所需的僱員及工人。管理層計劃聘請100名僱員及工人，平均月薪為每人人民幣4,500元。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

(iii) Customer base and supply

The Group has a well-developed customer base that generated revenue of approximately RMB75 million in the past financial year on coal-related chemical production division. The main suppliers are primarily for electricity and raw materials. Electricity is a fixed expense. For raw materials, the management is looking for new suppliers if it could enhance cost control measures.

(iv) Required capital and funding

The Group will consider internal fund and equity fund raising activities to finance in coal-related chemical production division. The initial cost is estimated to be RMB5 million (primarily include hiring employees and workers and maintenance costs).

(iii) 客戶基礎及供應

本集團擁有發展成熟的客戶基礎，於過去財政年度煤相關化工產品產生收益約人民幣75百萬元。主要供應商主要為電力及原材料供應商。電力為固定開支。至於原材料，管理層正在尋求可改進成本控制措施的新供應商。

(iv) 所需資本及資金

本集團將考慮利用內部資金及股本集資活動，以撥付煤相關化工產品部所需資金。初步成本估計為人民幣5百萬元(主要包括聘請僱員及工人以及維護成本)。

Chemical products for agriculture division 農業化學品部

(i) Business model

Mudanjiang Haidi primarily focuses on the production of chemical products for agriculture. It possesses expertise in fine chemical products technology and is also involved in research and trial production of other chemical products related to agriculture. The division generates revenue by selling chemical products for agriculture. Mudanjiang Haidi recorded positive gross profit for both the year ended 30 June 2023 and the period ended 31 December 2023.

(ii) Management expertise and manpower

Mudanjiang Haidi has expertise in fine chemical products technology, which enables them to develop and produce specialized chemical products for agricultural purposes.

(i) 業務模式

牡丹江海迪主要集中生產農業化學品。其具備精細化學品技術，亦涉足於其他農業相關化學品的研究及試生產工作。此部分通過銷售農業化學品產生收益。截至二零二三年六月三十一日止年度及截至二零二三年十二月三十一日止期間，牡丹江海迪均錄得毛利。

(ii) 管理專業知識及人力

牡丹江海迪於精細化學品技術上具有專業知識，令其得以開發及生產特別為農業而製的化學品。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

(iii) Customer base and supply

By utilizing existing suppliers and exploring new customer opportunities, the company can generate greater value in the market for chemical products in agriculture.

(iv) Required capital and funding

Mudanjiang Haidi can generate internal funds from its operation.

There are several factors that acquisition of Mudanjiang Haidi is in line with the Company's business strategy.

(i) *Diversification*

The acquisition of Mudanjiang Haidi allows the Company to diversify its product portfolio and expand into the agricultural chemicals sector.

(ii) *Synergies*

Despite being in different product categories, there is synergies between the Company's existing business and Mudanjiang Haidi's production of chemical products for agriculture. Both the entities are involved in chemical technology related and can utilise several idle plant and machinery. By leveraging these synergies, the Company can enhance operational efficiency and achieve cost savings in its overall manufacturing processes.

(iii) *Market demand*

Makert demand more relied on counterparty which they have a well development customers base.

(iii) 客戶基礎及供應

透過善用現有供應商及發掘新客戶機會，本公司將能於農業化學品市場賺取更大價值。

(iv) 所需資本及資金

牡丹江海迪可自營運產生內部資金。

有多項因素顯示，收購牡丹江海迪符合本公司的業務策略：

(i) *多元化*

收購牡丹江海迪讓本公司可將產品組合多元化及擴展至農業化學品領域。

(ii) *協同效益*

儘管屬於不同產品類別，本公司現有業務與牡丹江海迪農業化學品生產之間具有協同效益。兩間實體均涉足化學技術相關業務，可善用多項閒置廠房及機械。透過利用此等協同效益，本公司可提高營運效率，並於其整體生產流程上達致成本減省。

(iii) *市場需求*

市場需求更加取決於具有發展成熟客戶基礎的對手方。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

(iv) *Strategic positioning*

The acquisition of Mudanjiang Haidi positions the Company as a more comprehensive provider of chemical solutions, serving both industrial and agricultural sectors. This broader positioning may enhance the Company's competitiveness and market presence.

(v) *Long-term growth*

The move to expand into the agricultural chemicals sector through the acquisition of Mudanjiang Haidi could be part of the Company's long-term growth strategy. By diversifying its business and entering new markets, the Company aims to achieve sustainable growth and create value for shareholders.

In addition, the Group will consider equity fund raising activities to finance the Company's business plan and actively restructure the assets so as to create value to the shareholders of the Company. It will not rule out the possibility of further acquisition and disposal of non-core assets.

(iv) *策略定位*

收購牡丹江海迪令本公司定位為更加全面且服務工業及農業領域的化學品解決方案供應商。此更廣泛定位可提高本公司的競爭力及市場地位。

(v) *長遠增長*

透過收購牡丹江海迪擴展至農業化學領域之舉，為本公司長遠增長策略其中一環。藉著多元化發展業務及進軍新市場，本公司旨在達致可持續增長及為股東締造價值。

此外，本集團將考慮進行股本集資活動以撥付本公司業務計劃所需資金，並積極進行資產重組，以為本公司股東創造價值。其不會排除可能進一步進行收購及出售非核心資產。

DISCLOSURE OF ADDITIONAL INFORMATION

其他資料披露

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

董事於股份及相關股份之權益或淡倉

As at 31 December 2023, the interests of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Listing Rules were as follows:

於二零二三年十二月三十一日，董事及本公司最高行政人員於本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益(包括根據證券及期貨條例該等條文彼等被當作或視作擁有之權益及淡倉)；或根據證券及期貨條例第352條須記錄在該條例所述登記冊之權益；或另行根據上市規則上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益如下：

Name of Director	Type of interest	Number of Shares held (long position)	% of issued capital of the Company	Options held	% of issued capital of the Company
董事姓名	權益類別	所持股份數目 (好倉)	佔本公司已發行股本百分比	所持購股權	佔本公司已發行股本百分比
Mr. Law Tze Ping Eric 羅子平先生	Beneficial Interest 實益權益	-	-	-	-
Mr. Tang Yiduan 唐一端先生	Beneficial Interest 實益權益	142,850,000	26.36%	-	-
Mr. Shing Pan Yu James 盛品儒先生	Beneficial Interest 實益權益	-	-	-	-
Ms. Chan Yuk Foebe 陳昱女士	Beneficial Interest 實益權益	143,000	0.03%	-	-
Mr. Ma Wing Yun Bryan 馬榮欣先生	Beneficial Interest 實益權益	-	-	-	-
Mr. Tam Ching Ho 譚政豪先生	Beneficial Interest 實益權益	-	-	-	-
Mr. Hau Chi Kit 侯志傑先生	Beneficial Interest 實益權益	-	-	-	-

DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED) 其他資料披露(續)

INTERESTS IN THE SHARES AND 於股份及相關股份之權益 UNDERLYING SHARES

Save as disclosed above, so far as the Directors are aware, as at 31 December 2023, none of the Directors and chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which was required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文披露者外，就董事所知悉，於二零二三年十二月三十一日，董事及本公司最高行政人員概無於本公司及其相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中，擁有或被視作擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之任何權益或淡倉(包括根據證券及期貨條例該等條文彼等被當作或視作擁有之權益及淡倉)；或本公司須記入根據證券及期貨條例第352條存置之登記冊之任何權益或淡倉；或另行根據標準守則須知會本公司及聯交所之任何權益或淡倉。

DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED) 其他資料披露(續)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE COMPANY

As far as the Directors are not aware that there is any party who (other than a Director or chief executive of the Company), as at 31 December 2023, had interests or short positions in the shares and 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 be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

主要股東於本公司之權益及淡倉

於二零二三年十二月三十一日，董事並不知悉任何人士(本公司董事或行政人員除外)於本公司股份及相關股份中擁有須根據證券及期貨條例第XV部第2及3分部條文向本公司披露之權益或淡倉，亦無任何人士直接或間接擁有附有權利在任何情況下均可於本公司或主要股東之股東大會上投票之任何股本類別面值5%或以上之權益(按本公司根據證券及期貨條例第336條存置之登記冊所記錄者)。

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of more than 25% of the Company's shares in the market as required under the Listing Rules.

足夠公眾持股量

按本公司取得之公開資料及據董事所知，於本報告日期，本公司股份在市場上具有超過上市規則所規定25%之足夠公眾持股量。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

購買、出售或贖回本集團上市證券

本公司或其任何附屬公司於期間內概無購買、出售或贖回本公司任何上市證券。

DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED) 其他資料披露(續)

CORPORATE GOVERNANCE

The Directors are of the view that the Company has complied with the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Listing Rules during the Period, except for the following deviation as summarised below:

Code Provision C.2.1 of the Code

Ms. Chan Yuk Foebe was suspended duties on 12 October 2023. As a result, Mr. Law Tze Ping Eric has been appointed as the Acting Chief Executive Officer in her absence. The role of Chairman and Acting Chief Executive Director have been temporarily separated during this period. The Board meets regularly to consider issues related to corporate matters affecting operations of the Group. The Board considers the structure will not impair the balance of power and authority of the Board and the Company’s management and thus, the Board believes this structure will enable effective planning and implementation of corporate strategies and decisions.

企業管治

董事認為，本公司於期間內一直遵守上市規則附錄14所載之企業管治守則(「守則」)，除以下偏離情況外，概括如下：

守則之守則條文C.2.1條

陳昱女士於二零二三年十月十二日暫停職務。因此，在彼缺席的情況下，羅子平先生已獲委任為署理行政總裁。本期間主席及署理行政總裁角色已暫時分開。董事會定期開會以審議有關影響本集團營運之公司事務議題。董事會認為該架構無損董事會及本公司管理層權力及授權之平衡，因此董事會相信該架構將可令公司之策略及決定得以有效規劃及執行。

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all the Directors, all the Directors confirmed that they have complied with the code provisions in the Model Code during the Period. No incident of non-compliance was noted by the Company during the Period.

進行證券交易之標準守則

本公司已採納上市規則附錄10所載標準守則作為董事進行證券交易之內部操守準則。經向全體董事作出具體查詢後，全體董事確認彼等於期間內一直遵守標準守則之守則條文。於期間內，本公司概不知悉任何違規事件。

DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED) 其他資料披露(續)

CHANGES OF INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF LISTING RULES

根據上市規則第13.51B(1) 條之董事資料變動

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information of Directors are set out below:

根據上市規則第13.51B(1)條，董事資料變動如下：

Name	Details of change	姓名	變動詳情
Mr. Tang Yiduan	Appointed as an executive director on 25 August 2023	唐一端先生	於二零二三年八月二十五日獲委任為執行董事
Mr. Shing Pan Yu James	Appointed as an executive director on 25 August 2023	盛品儒先生	於二零二三年八月二十五日獲委任為執行董事
Ms. Chan Yuk Foebe	Suspended duties on 12 October 2023	陳昱女士	於二零二三年十月十二日暫停職務
Mr. Gao Ran	Resigned as an executive director and vice chairman on 25 August 2023	高冉先生	於二零二三年八月二十五日辭任執行董事及副主席
Mr. Liu Yangyang	Resigned as a non-executive director on 25 August 2023	劉洋洋先生	於二零二三年八月二十五日辭任非執行董事

AUDIT COMMITTEE

審核委員會

The Company set up the Audit Committee on 8 April 2001 pursuant to Rules 3.21 and 3.22 of the Listing Rules, with written terms of reference, for the purposes of reviewing and providing supervision on the Group's financial reporting process and internal control systems. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Ma Wing Yun Bryan (Chairman), Mr. Tam Ching Ho and Mr. Hau Chi Kit. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and the auditing, internal control and financial reporting aspects of the Company including the review of the Interim Financial Statements and there was no disagreement from the Audit Committee with the accounting treatment adopted by the Company.

根據上市規則第3.21及3.22條，本公司於二零零一年四月八日成立審核委員會，並制定書面職權範圍，旨在審閱及監管本集團之財務申報程序及內部監控制度。審核委員會由三名獨立非執行董事馬榮欣先生(主席)、譚政豪先生及侯志傑先生組成。審核委員會已與管理層檢討本集團採納之會計原則及慣例，以及本公司之審核、內部監控及財務申報事宜，包括審閱中期財務報表，而審核委員會對本公司所採用會計處理方法並無異議。

DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED) 其他資料披露(續)

REMUNERATION COMMITTEE

A remuneration committee was established by the Company (the “**Remuneration Committee**”) on 1 July 2005, with specific written terms of reference which set out clearly its authority and duties pursuant to Rules 3.25 and 3.26 of the Listing Rules. The Remuneration Committee currently comprises three independent non-executive Directors, namely, Mr. Ma Wing Yun Bryan (Chairman), Mr. Tam Ching Ho and Mr. Hau Chi Kit, who are responsible for advising the Board on the remuneration policy and framework for all the remuneration of the Directors and senior management of the Company, as well as reviewing and determining the remuneration packages of Directors and senior management with reference to the Company’s objectives from time to time.

薪酬委員會

本公司於二零零五年七月一日成立薪酬委員會(「**薪酬委員會**」)，並根據上市規則第3.25及3.26條制定特定書面職權範圍，清晰劃分其職權及職責。薪酬委員會現時由三名獨立非執行董事馬榮欣先生(主席)、譚政豪先生及侯志傑先生組成，負責就董事與本公司高級管理人員所有薪酬之薪酬政策及架構向董事會提供意見，並參考本公司不時之目標檢討及釐定董事與高級管理人員之薪酬待遇。

NOMINATION COMMITTEE

The nomination committee was established by the Company (the “**Nomination Committee**”) on 2 November 2007, with specific written terms of reference pursuant to provisions B.3.1 and B.3.2 of the Code. The Nomination Committee currently comprises one acting executive Director, namely Mr. Law Tze Ping Eric, and three independent non-executive Directors, namely Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit. The Board as a whole, with the Nomination Committee, is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession plan of Directors and assessing the independence of independent non-executive Directors.

提名委員會

本公司於二零零七年十一月二日成立提名委員會(「**提名委員會**」)，並根據守則第B.3.1及B.3.2條制訂特定書面職權範圍。提名委員會現時由一名署理執行董事羅子平先生及三名獨立非執行董事馬榮欣先生、譚政豪先生及侯志傑先生組成。董事會整體連同提名委員會負責檢討董事會之組成、發展及制定提名及委任董事之有關程序、監察委任董事及董事繼任之計劃以及評估獨立非執行董事之獨立身份。

DISCLOSURE OF ADDITIONAL INFORMATION (CONTINUED) 其他資料披露(續)

INTERIM REPORT

The 2023 interim report containing all the financial and other related information of the Company required by the Listing Rules will be available on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.chinazenith.com.hk, and dispatched to the shareholders of the Company before the end of March 2024.

By order of the Board
Law Tze Ping Eric
Acting Chief Executive Officer

Hong Kong, 15 February 2024

中期報告

載有本公司根據上市規則所規定須詳列之所有財務及其他有關資料之二零二三年中期報告，將於二零二四年三月底前刊登於香港交易及結算有限公司網站(www.hkexnews.hk)及本公司網站(www.chinazenith.com.hk)，並寄發予本公司股東。

承董事會命
署理行政總裁
羅子平

香港，二零二四年二月十五日



China Zenith Chemical Group Limited
中國天化工集團有限公司