Manfield Chemical Holdings Limited
萬輝化工控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1561)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "Board") of Manfield Chemical Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2018 together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		Six months ended 30 June	
	Notes	**2018** *HK$'000* **(unaudited)**	2017 *HK$'000* (unaudited)
Revenue	*3*	**199,119**	169,673
Cost of sales and services		**(162,913)**	(140,552)
Gross profit		**36,206**	29,121
Other income		**10,086**	8,619
Other gains and losses		**586**	1,019
Distribution and selling expenses		**(19,463)**	(16,475)
Administrative expenses		**(27,021)**	(26,651)
Other expenses		**(990)**	(969)
Finance costs		**–**	(4)
Share of profit of associates		**8,667**	10,829
Profit before taxation	*4*	**8,071**	5,489
Taxation	*5*	**(645)**	(161)
Profit for the period		**7,426**	5,328
Earnings per share			
— Basic	*6*	**HK1.25 cents**	HK1.05 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**7,426**	5,328
Other comprehensive (expense) income which may be subsequently reclassified to profit or loss:		
Share of exchange differences of associates	**(2,232)**	2,525
Exchange differences arising on translation of foreign operations	**(2,441)**	4,624
Other comprehensive (expense) income for the period	**(4,673)**	7,149
Total comprehensive income for the period	**2,753**	12,477
Profit (loss) for the period attributable to:		
Owners of the Company	**7,494**	6,321
Non-controlling interests	**(68)**	(993)
	7,426	5,328
Total comprehensive income (expense) attributable to:		
Owners of the Company	**2,919**	13,226
Non-controlling interests	**(166)**	(749)
	2,753	12,477

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	**As at 30 June 2018** ***HK$'000*** **(unaudited)**	As at 31 December 2017 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**92,427**	95,104
Prepaid lease payments		**23,079**	23,631
Interests in associates	*8*	**197,248**	191,889
Deposits to purchase of property, plant and equipment and prepaid lease payments		**799**	806
		313,553	311,430
Current assets			
Prepaid lease payments		**700**	705
Inventories		**41,987**	41,568
Trade and other receivables	*9*	**123,725**	110,960
Derivative financial instruments		**556**	433
Tax recoverable		**769**	725
Bank balances and cash		**198,742**	204,613
		366,479	359,004
Assets classified as held for sale		**39,530**	40,177
		406,009	399,181
Current liabilities			
Trade and other payables	*10*	**51,228**	43,615
Contract liabilities		**130**	–
Tax payable		**689**	374
Dividend payable	*7*	**15,000**	–
		67,047	43,989
Liabilities associated with assets classified as held for sale		**10,476**	11,260
		77,523	55,249
Net current assets		**328,486**	343,932
Total assets less current liabilities		**642,039**	655,362
Capital and reserves			
Share capital		**6,000**	6,000
Reserves		**622,072**	635,229
Equity attributable to owners of the Company		**628,072**	641,229
Non-controlling interests		**13,967**	14,133
Total equity		**642,039**	655,362

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The 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 Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company is an investment holding company. The Group is principally engaged in manufacturing and trading of liquid coatings and powder coatings.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and 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 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from manufacturing and trading of liquid coatings and powder coating.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

A point in time revenue recognition measurement of complete satisfaction of a performance obligation

The revenue of the Group arising from manufacturing and trading of liquid coatings is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from these sales is recognised when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of the these products and obtain substantially all of the remaining benefits of these products.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables	43,615	(170)	43,445
Contract liabilities	–	170	170

Note: As at 1 January 2018, advance from customers of HK$170,000 in respect of sales contracts signed with customers previously included in other payables and accrued expenses were reclassified to contract liabilities.

The application of HKFRS 15 has had no material impact on the Group's retained profits as at 1 January 2018.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments''

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss The net gain or loss recognised in profit or loss is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. There is no change in classification and measurement on the Group's financial assets.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed below.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impairment under ECL model

In relation to the impairment of financial assets, HKFRS 9 requires an ECL model, as opposed to an incurred credit loss model under HKAS 39. The ECL model requires an entity to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In the current period, the Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowance for other financial assets at amortised cost mainly comprise of bank balances and other receivables are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, no additional credit loss allowance has been recognised against retained profits as the estimated allowance under ECL model were not significantly different to the losses previously recognised under the HKAS 39.

Interest in associates

The net effect arising from the initial application of HKFRS 9 resulted in a decrease in the carrying amounts of interests in associates of HK$1,076,000 with corresponding adjustments to retained profits.

3. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the amounts received and receivable for goods sold, net of discounts and sales related taxes, which is recognised in a point in time during the both periods.

The Group is principally engaged in manufacturing and trading of liquid coatings and powder coatings. The executive directors of the Company, being the Group's chief operating decision maker, make the decision on allocation of resources and assessment of performance based on geographical segments determined on the basis of location of customers. Information of the operating and reportable segments of the Group is as follow:

Six months ended 30 June 2018 (unaudited)

	Hong Kong and Others# *HK$'000*	The PRC *HK$'000*	Consolidated *HK$'000*
REVENUE			
External revenue	**16,617**	**182,502**	**199,119**
RESULTS			
Segment profit	**3,912**	**11,144**	**15,056**
Interest income			**702**
Unallocated corporate income			**4,790**
Unallocated corporate expenses			**(21,186)**
Unallocated corporate other gains and losses			**42**
Share of profit of associates			**8,667**
Profit before taxation			**8,071**

3. **REVENUE AND SEGMENTAL INFORMATION (Continued)**

Six months ended 30 June 2017 (unaudited)

	Hong Kong and Others# *HK$'000*	The PRC *HK$'000*	Consolidated *HK$'000*
REVENUE			
External revenue	28,042	141,631	169,673
RESULTS			
Segment profit	2,781	7,640	10,421
Interest income			696
Unallocated corporate income			5,259
Unallocated corporate expenses			(21,018)
Unallocated corporate other gains and losses			(694)
Finance costs			(4)
Share of profit of associates			10,829
Profit before taxation			5,489

Including Indonesia, Malaysia, Taiwan and other jurisdictions

Segment profits represent the results of each segment without allocation of corporate items, including interest income, management fee income and rental income from subsidiaries of an associate, loss on disposal of property, plant and equipment, central administration cost, depreciation of property, plant and equipment, release of prepaid lease payments, change in fair value of derivative financial instruments, finance costs and share of profit of associates. This is the measure reported to the management of the Group for the purpose of resources allocation and performance assessments.

Revenue from major products and services

The Group's revenue from its major products were as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sales		
Liquid coatings		
Sales to outsiders	**125,461**	106,268
Sales to subsidiaries of an associate	**56,954**	48,480
Sales to a subsidiary of a non-controlling shareholder	**6,924**	4,265
Powder coatings — sales to outsiders	**9,780**	10,660
	199,119	169,673

4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments	**362**	386
Depreciation of property, plant and equipment	**6,199**	6,284
Donation	**990**	969
Loss on disposal of property, plant and equipment	**81**	62
Minimum operating lease rentals in respect of rented premises	**404**	1,349
Interest income	**(702)**	(696)
Net exchange gain	**(184)**	(125)
Change in fair value of derivative financial instruments	**(123)**	632

5. TAXATION

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
Current period	**351**	198
PRC Enterprise Income Tax:		
Current period	**337**	–
Overprovision in prior years	**(43)**	(37)
	294	(37)
Tax charge for the period	**645**	161

6. EARNINGS PER SHARE

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	**7,494**	6,321
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**600,000**	600,000

No diluted earnings per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

7. DIVIDEND

During the six months ended 30 June 2018, a final dividend in respect of the year ended 31 December 2017 of HK$15,000,000 or HK$0.025 per share has been proposed by the directors of the Company and approved by the shareholders in the annual general meeting. An interim dividend in respect of the period ended 30 June 2018 of HK$12,000,000 or HK$0.02 per share which was proposed by the directors of the Company will be paid on 10 October 2018 to the shareholders of the Company whose names appear in the Company's register of member on 19 September 2018.

8. INTERESTS IN ASSOCIATES

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Unlisted investment, at cost	**513**	513
Share of post-acquisition translation reserve	**9,219**	11,451
Share of post-acquisition profits, net of dividends received	**187,516**	179,925
	197,248	191,889

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018 *HK$'000* **(unaudited)**	As at 31 December 2017 *HK$'000* (audited)
Trade receivables	**119,734**	107,143
Bills receivables	**2,502**	2,351
Less: Impairment losses on trade receivables	**(5,683)**	(4,042)
Total trade and bills receivables	**116,553**	105,452
Other receivables	**7,172**	5,508
Total trade and other receivables	**123,725**	110,960

The Group allows credit period of 30 days to 90 days to its trade customers. The following is an aging analysis of trade receivables net of impairment losses presented based on the invoice date at the end of the reporting period. For customers who used bank bills to settle their trade receivables upon the expiry of the initial credit period, the aged analysis of bills receivables at the end of the reporting period was presented based on the date of issuance of the bills. All bills receivables will be matured within a period of 30 days to 180 days.

	Trade receivables		**Bills receivables**	
	As at 30 June 2018 *HK$'000* **(unaudited)**	As at 31 December 2017 *HK$'000* (audited)	**As at 30 June 2018** *HK$'000* **(unaudited)**	As at 31 December 2017 *HK$'000* (audited)
0–30 days	**49,940**	43,295	**588**	771
31–60 days	**25,546**	25,073	**142**	72
61–90 days	**19,090**	13,687	**381**	201
Over 90 days	**19,475**	21,046	**1,391**	1,307
	114,051	103,101	**2,502**	2,351

As at 30 June 2018, included in trade receivables, there were trade receivables due from subsidiaries of an associate of HK$14,362,000 (unaudited) (31 December 2017: HK$16,154,000).

10. TRADE AND OTHER PAYABLES

	As at 30 June 2018 *HK$'000* **(unaudited)**	As at 31 December 2017 *HK$'000* (audited)
Trade payables	**37,700**	26,340
Accrued staff cost	**7,216**	10,601
Other payables and accruals	**6,312**	6,674
	51,228	43,615

The average credit period on purchases of goods is 90 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	Trade payables	
	As at 30 June 2018 *HK$'000* **(unaudited)**	As at 31 December 2017 *HK$'000* (audited)
0–30 days	**30,890**	20,662
31–60 days	**4,957**	4,022
61–90 days	**752**	381
Over 90 days	**1,101**	1,275
	37,700	26,340

As at 30 June 2018, included in trade payables, there were trade payables due to a subsidiary of an associate of HK$104,000 (unaudited) (31 December 2017: HK$816,000).

RESULTS AND FINANCIAL OVERVIEW

For the six months ended 30 June 2018, the Group recorded respective increases in revenue to HK$199,119,000 (2017: HK$169,673,000) and profit for the period attributable to shareholders of the Company to HK$7,494,000 (2017: HK$6,321,000) as compared with the same period last year, driven by the improved overall sales of the Group inclusive of sales of coatings to the subsidiaries of its associate, CMW Holdings Limited ("CMW").

Earnings per share for the six months ended 30 June 2018 was HK1.25 cents (2017: HK1.05 cents).

The Group's net asset value per share as at 30 June 2018 was HK$1.05 (2017: HK$1.03).

INTERIM DIVIDEND

The Board has declared an interim dividend for the six months ended 30 June 2018 of HK$0.02 per share (2017: Nil) to shareholders of the Company whose names appear on the Register of Members of the Company on Wednesday, 19 September 2018. Dividend warrants will be despatched to shareholders on Wednesday, 10 October 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 17 September 2018 to Wednesday, 19 September 2018, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for this interim dividend, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Friday, 14 September 2018. The record date for such purpose is Wednesday, 19 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2018, despite operating in difficult and challenging market conditions clouded by uncertainties due to ongoing drama of trade wars and geopolitical tensions, the Group managed to increase the sales to HK$199,119,000 (2017: HK$169,673,000), in particular in the toy and automobile markets as well as in the sales of manufactured products to CMW. Such improvement was mainly attributable to the Group's endeavor in cost control and streamline the production process to enhance its competitive edge. For the six months ended 30 June 2018, if based on geographical locations, sales to the mainland market increased to HK$182,502,000 (2017: HK$141,631,000) but the sales to Hong Kong and other overseas market dropped to HK$16,617,000 (2017: HK$28,042,000) and if based on products and services, sales of liquid coatings and protective coatings recorded respective increases to HK$125,461,000 (2017: HK$106,268,000) and HK$6,924,000 (2017: HK$4,265,000) but powder coatings recorded decrease to HK$9,780,000 (2017: HK$10,660,000).

In order to cope with the ever-escalating tightening in safety and environmental standards imposed on the coating industry in the mainland and increasing in cost of raw materials, the Group has undertaken various restructuring and streamline programs as well as strategic cost reductions in the Group's Shenzhen plant. Various production processes and relevant manpower in Shenzhen plant have been shifting to the Group's coating plant in Guangzhou. As benefited from the implementation of such organization restructuring and the consequential lowered operational costs since the beginning of 2018, the gross profit and gross profit margin of the Group improved to HK$36,206,000 (2017: HK$29,121,000) and 18.2% (2017: 17.2%) respectively.

For the six months ended 30 June 2018, although the Group's share of profit of CMW decreased to HK$8,667,000 (2017: HK$10,829,000) as a result of continued increases in the unit price of raw materials and other production cost, CMW's sales of coatings for mobile phones improved as both sales to international and domestic consumer electronics markets were satisfactory with sales of railway coatings, nonstick and high temperature decorative coatings all recorded increases.

Last but not least, the Company, as an industrial coatings manufacturer, strives to continuously observe and improve its social and environmental responsibility through the implementation of control and monitoring measures in order to minimize its environmental impact and endeavors to promote and support the environmental protection. During the period, the Company participated in a sponsorship program organized by Alxa League Yuanhui Forest & Husbandry Limited (a limited liability company established in the People's Republic of China ("PRC") in July 2011 with its business scope includes de-desertification, replanting and tourism, including planting trees, planting grass, breeding, development of agriculture and animal husbandry technology, promotion, relevant services and etc. and a contractor of 30,000 mu desertified land in Malan Lake, Alxa Region, Inner Mongolia, China) to support its de-desertification and replanting projects in the Malan Lake.

USE OF NET PROCEEDS FROM LISTING

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 1 December 2015 (the "Listing") and received net proceeds of approximately HK$119.9 million from the placing and public offer of its shares in December 2015 after the deduction of underwriting commissions and all related expenses. The actual use of proceeds were as follows:

Intended use of proceeds	**Actual use of proceeds**
i. Approximately HK$81.7 million to partially fund phase two of construction of Springfield Chemical (Guangzhou) Company Limited's ("Springfield GZ") production facilities	i. Approximately HK$7.4 million was used as funds for phase two of construction of Springfield GZ's production facilities
ii. Approximately HK$12.0 million for the purchase of additional machinery and equipment	ii. Approximately HK$6.6 million for the purchase of additional machinery and equipment
iii. Approximately HK$3.3 million for partial settlement of the purchase price of the land for phase two of construction of Springfield GZ's production facilities	iii. Not yet used
iv. Approximately HK$20.0 million for repayment of a bank overdraft facility	iv. HK$20.0 million was used as repayment of a bank overdraft facility
v. Approximately HK$2.9 million for general working capital of the Group	v. Approximately HK$2.9 million was used as general working capital of the Group

The Directors consider that the unused proceeds of approximately HK$83.0 million are to be applied in accordance with the proposed applications as set out in the section headed "Use of proceeds" in the prospectus dated 17 November 2015 issued by the Company. The Directors are not aware of any material change to the planned use of the proceeds as at the date of this announcement.

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

As at 30 June 2018, the Group's non-current assets of HK$313,553,000 (31 December 2017: HK$311,430,000) consisted of property, plant and equipment of HK$92,427,000 (31 December 2017: HK$95,104,000), prepaid lease payments of HK$23,079,000 (31 December 2017: HK$23,631,000), interest in an associate of HK$197,248,000 (31 December 2017: HK$191,889,000) and deposits to purchase of property, plant and equipment and prepaid lease payments of HK$799,000 (31 December 2017: HK$806,000). These non-current assets are principally financed by the Group's shareholders' funds. As at 30 June 2018, the Group's net current assets amounted to HK$328,486,000 (31 December 2017: HK$343,932,000).

As at 30 June 2018, the Group has no bank borrowing (31 December 2017: Nil). As at 30 June 2018, the Group's leasehold land and buildings situated in Hong Kong amounting to HK$1,546,000 (31 December 2017: HK$1,585,000), were pledged to a bank for general banking facilities granted to the Group.

The Group's operations are mainly located in the PRC and its transactions, related working capital and borrowing are primarily denominated in Renminbi and Hong Kong Dollars. The Group will closely monitor its foreign exchange exposure and will consider hedging significant currency exposure should the need arises.

As at 30 June 2018, the Group had capital commitment contracted for but not provided — acquisition of property, plant and equipment of HK$2,337,000 (31 December 2017: HK$2,357,000) and other commitment contracted for but not provided — proposed purchase of land of HK$8,673,000 (31 December 2017: HK$8,747,000).

As at 30 June 2018, the Group did not have any material contingent liabilities.

EMPLOYEES

The Group had 636 employees as at 30 June 2018 (2017: 700). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

PROSPECTS AND STRATEGIES

The Group expects that raw material cost, salary and wages, and other production costs will remain high in the second half of the year. With strict implementation of national measures imposed on the coating industry and its upstream suppliers and the resulting high compliance costs, the managing of the overall operating costs of the Group will continue to be challenging. As such, the Group, as in the past few years, remains conservative and prudent on its view of the market outlook.

In response to the uncertain market situation, the Company will focus on strict control of operating costs and maintain normal production and operation. At the same time, given that quite a number of toy industry customers have relocated their production base from the Pearl River Delta to other overseas regions, the Group will consider such option if business opportunity arise.

The Group will strengthen its business portfolio by leveraging on its stable and experienced management team, developing diversified products mix and integrating with quality control and international certification; monitor the external environment carefully; and continue to seek and identify suitable business and investment opportunities in order to improve its financial performance and enhance value for its shareholders.

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 Company's listed securities during the six months ended 30 June 2018.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with corporate governance code

The Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2018.

Compliance with model code for securities transactions by directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding directors' securities transactions. Having made specific enquiries with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30 June 2018.

Audit committee review

The Audit Committee, comprising all the Independent Non-executive Directors of the Company, has reviewed with the Company's external auditor, Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the Directors, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2018.

By Order of the Board
Manfield Chemical Holdings Limited
Yuen Shu Wah
Chairman

Hong Kong, 29 August 2018

As at the date of this announcement, the Board comprises Mr. Yuen Shu Wah (Chairman), Mr. Ko Jack Lum and Mr. Ng Kai On as Executive Directors; Dato' Wong Peng Chong and Mr. Kong Muk Yin as Non-Executive Directors; and Dr. Chui Hong Sheung, JP, Mr. Cheung Chi Wai Vidy and Mr. Yue Kwai Wa Ken as Independent Non-Executive Directors.