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XINYANG MAOJIAN GROUP LIMITED

信陽毛尖集團有限公司

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

(Stock Code: 362)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Xinyang Maojian Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries for the six months ended 31 December 2021. This announcement, containing the full text of the 2021 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to the information to accompany preliminary announcements of interim results. The printed version of the Company’s 2021 interim report will be delivered to the shareholders of the Company and available for viewing on the websites of Stock Exchange (www.hkexnews.hk) and of the Company (www.xinyangmaojian.com.hk) before the end of March 2022.

By order of the Board
Xinyang Maojian Group Limited
Chan Yuk Foebe
Chairman and Chief Executive Officer

Hong Kong, 21 February 2022

As at the date of this announcement, Ms. Chan Yuk Foebe, Mr. Gao Ran and Mr. Law Tze Ping Eric are the executive Directors and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit are the independent non-executive Directors.

FINANCIAL HIGHLIGHTS

財務摘要

For the six months ended 31 December 2021 截至二零二一年十二月三十一日止六個月

		2021 二零二一年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元 (Restated) (經重列)	Change 變動
TURNOVER	營業額	299,235	223,050	34%
PROFIT/(LOSS) FOR THE PERIOD	期間溢利／ (虧損)	7,733	(76,668)	110%
BASIC EARNINGS/(LOSS) PER SHARE	每股基本盈利／ (虧損)	HK0.37 cents 港仙	HK(5.29) cents 港仙	107%
INTERIM DIVIDEND PER SHARE	每股中期股息	-	-	0%

The board (the “**Board**”) of directors (“**Directors**”) of Xinyang Maojian 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 2021 (the “**Period**”). The Interim Financial Statements have not been audited but have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

信陽毛尖集團有限公司(「**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**」)截至二零二一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 2021 截至二零二一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	
	Note 附註	2021 二零二一年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元 (Restated) (經重列)
Revenue	收益	299,235	223,050
Cost of sales	銷售成本	(215,238)	(155,067)
Gross profit	毛利	83,997	67,983
Other income	其他收入	40,407	3,686
Gains on fair value of financial assets at fair value through profit or loss, net	按公平值計入損益之金融資產公平值收益淨值	-	1,528
Selling and distribution costs	銷售及分銷成本	(16,189)	(18,088)
Administrative expenses	行政開支	(29,203)	(44,970)
Other operating expenses	其他經營開支	(9,425)	(27,041)
Profit/(loss) from operations	經營溢利/(虧損)	69,587	(16,902)
Finance costs	財務成本	(61,721)	(61,004)
Share of results of joint ventures	應佔合營企業業績	(133)	1,238
Profit/(loss) before tax	除稅前溢利/(虧損)	7,733	(76,668)
Income tax	所得稅	-	-
Profit/(loss) for the period	期間溢利/(虧損)	7,733	(76,668)

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)
簡明綜合收益表(續)

For the six months ended 31 December 2021 截至二零二一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	
		2021 二零二一年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元 (Restated) (經重列)
		Note 附註	
Attributable to:	應佔：		
Owners of the Company	本公司擁有人	6,306	(72,805)
Non-controlling interests	非控股權益	1,427	(3,863)
Profit/(loss) for the period	期間溢利/(虧損)	7,733	(76,668)
Earnings/(loss) per share	每股盈利/(虧損)		
- Basic	- 基本	9	HK(5.29) cents 港仙
- Diluted	- 攤薄	9	HK(5.29) cents 港仙

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收入報表

For the six months ended 31 December 2021 截至二零二一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	
		2021 二零二一年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元
Profit/(loss) for the period	期間溢利／(虧損)	7,733	(76,668)
Other comprehensive income after tax:	除稅後其他全面收入：		
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	1,795	63,592
Other comprehensive income for the period, net of tax	期間其他全面收入，扣除稅項	1,795	63,592
Total comprehensive income/ (expense) for the period	期間全面收入／(開支)總額	9,528	(13,076)
Attributable to:	應佔：		
Owners of the Company	本公司擁有人	6,847	(7,587)
Non-controlling interests	非控股權益	2,681	(5,489)
		9,528	(13,076)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況報表

As at 31 December 2021 於二零二一年十二月三十一日

		(Unaudited) (未經審核) 31 December 2021 二零二一年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2021 二零二一年 六月三十日 HK\$'000 千港元
		Note 附註	
Non-current assets	非流動資產		
Fixed assets	固定資產	1,488,853	1,455,539
Right-of-use assets	使用權資產	282,985	280,173
Investment in a joint venture	於一間合營企業之投資	9,975	10,108
		1,781,813	1,745,820
Current assets	流動資產		
Inventories	存貨	31,133	5,735
Trade receivables	應收貿易賬項	31,480	23,020
Prepayments, deposits and other receivables	預付款項、訂金及其他應收款項	84,053	105,096
Amount due from the Deconsolidated Subsidiary	應收終止綜合入賬附屬公司款項	39,000	32,000
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	285	564
Bank and cash balances	銀行及現金結存	9,766	46,775
		195,717	213,190
Non-current asset held for sale	持作出售的非流動資產	114,687	112,343
		310,404	325,533
TOTAL ASSETS	總資產	2,092,217	2,071,353
Capital and reserves	股本及儲備		
Share capital	股本	177,371	160,371
Reserves	儲備	(100,009)	(130,807)
Equity attributable to owners of the Company	本公司擁有人應佔權益	77,362	29,564
Non-controlling interests	非控股權益	61,826	59,145
Total equity	總權益	139,188	88,709

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

As at 31 December 2021 於二零二一年十二月三十一日

			(Unaudited) (未經審核) 31 December 2021 二零二一年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2021 二零二一年 六月三十日 HK\$'000 千港元
Non-current liabilities	非流動負債			
Bank loans	銀行貸款	14	16,281	16,281
Bonds payable	應付債券	13	936,883	635,596
Lease liabilities	租賃負債		1,483	1,483
Convertible bonds	可換股債券		15,437	45,339
			970,084	698,699
Current liabilities	流動負債			
Trade payables	應付貿易賬項	15	89,171	52,077
Tax payable	應付稅項		896	878
Other payables and accruals	其他應付款項及應計款項		609,403	666,966
Other loans	其他貸款		72,205	68,676
Bank loans	銀行貸款	14	43,663	42,885
Bonds payable	應付債券	13	165,332	450,188
Lease liabilities	租賃負債		2,275	2,275
			982,945	1,283,945
Total liabilities	總負債		1,953,029	1,982,644
TOTAL EQUITY AND LIABILITIES	總權益及負債		2,092,217	2,071,353
Net current liabilities	流動負債淨額		(672,541)	(958,412)
Total assets less current liabilities	總資產減流動負債		1,109,272	787,408
Net assets	資產淨值		139,188	88,709

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動報表

For the six months ended 31 December 2021 截至二零二一年十二月三十一日止六個月

		(Unaudited) (未經審核)								
		For the six months ended 31 December 2021 截至二零二一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								
		Share capital	Share premium	Share option reserve	Convertible bonds reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
		股本	股份溢價	購股權儲備	可換股債券儲備	外匯儲備	累計虧損	小計	非控股權益	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 2021	於二零二一年七月一日	160,371	130,318	19,385	21,461	114,161	(416,132)	29,564	59,145	88,709
Total comprehensive income for the Period	期間全面收入總額	-	-	-	-	541	6,306	6,847	2,661	9,528
Repayment of convertible bonds	償還可換股債券	-	-	-	(14,648)	-	14,648	-	-	-
Share placing upon completion of placing	配售完成時配售股份	17,000	23,951	-	-	-	-	40,951	-	40,951
Lapse of share option	購股權失效	-	-	(3,797)	-	-	3,797	-	-	-
Changes in equity for the Period	期間權益變動	17,000	23,951	(3,797)	(14,648)	541	24,751	47,798	2,661	50,479
At 31 December 2021	於二零二一年十二月三十一日	177,371	154,269	15,588	6,813	114,702	(391,381)	77,362	61,826	139,188

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 2021 截至二零二一年十二月三十一日止六個月

(Unaudited)

(未經審核)

For the six months ended 31 December 2020

截至二零二零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

		Share capital	Share premium	Share option reserve	Convertible bonds reserve	Exchange reserve	Retained profits/ losses	Sub-total	Non-controlling interests	Total
		股本	股份溢價	購股權儲備	可換股債券儲備	外匯儲備	保留溢利/ (累計虧損)	小計	非控股權益	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 2020 (Restated)	於二零二零年 七月一日 (經重列)	133,993	60,808	11,752	-	68,828	27,181	302,562	60,984	363,546
Total comprehensive income for the Period	期間全面收入總額	-	-	-	-	65,218	(72,805)	(7,587)	(5,489)	(13,076)
Exercise of share options	行使購股權	5,828	23,180	(10,025)	-	-	-	18,983	-	18,983
Employee share options benefit	僱員購股權福利	-	-	19,555	-	-	-	19,555	-	19,555
Issue of convertible bonds	發行可換股債券	-	-	-	39,506	-	-	39,506	-	39,506
Conversion of convertible bonds	轉換可換股債券	5,000	15,000	-	(7,901)	-	-	12,099	-	12,099
Changes in equity for the Period	期間權益變動	10,828	38,180	9,530	31,605	65,218	(72,805)	82,556	(5,489)	77,067
At 31 December 2020 (Restated)	於二零二零年 十二月三十一日 (經重列)	144,821	98,988	21,282	31,605	134,046	(45,624)	385,118	55,495	440,613

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量報表

For the six months ended 31 December 2021 截至二零二一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	
		2021 二零二一年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元
NET CASH USED IN OPERATING ACTIVITIES	經營業務所用之現金淨額	(20,540)	(62,025)
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用之現金淨額	(1,925)	(16,322)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	融資活動(所用)/所得之現金淨額	(16,976)	104,274
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目(減少)/增加淨額	(39,441)	25,927
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動之影響	2,432	829
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	期初現金及現金等值項目	46,775	8,143
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期終現金及現金等值項目	9,766	34,899
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	9,766	34,899

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 31 December 2021 截至二零二一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 properties and financial instruments that are measured at revalued amounts or fair values, as appropriate.

As at 31 December 2021, the Group had net current liabilities of approximately HK\$672,541,000. 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**」）附錄十六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，按重估金額或公平值（如適用）計量的若干物業及金融工具除外。

於二零二一年十二月三十一日，本集團的流動負債淨額約672,541,000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履行其負債。

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 2021 截至二零二一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:

- the Company has issued bonds in 2013, during the Period, the aggregate principal amount of the bonds outstanding was HK\$276 million with the maturity date on 11 September 2021. A settlement has been reached between the Company and bondholders to extend the maturity date of the bonds outstanding to 10 September 2025, and the bonds shall bear interest at the rate of 7.5% per annum from 11 September 2021 to 10 September 2025; and such interest shall accrue and be paid, together with the principal amount of the Bonds, on the new maturity date, being 10 September 2025;
- the Company is in the process of negotiating for a settlement of a bond payable to several bondholders in the amount of HK\$100 million. In the event that a settlement is reached between the Company and bondholders, the Company expects the relevant bond payable in the amount of HK\$100 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：

- 本公司於二零一三年已發行一批債券，於本期間，未償還債券的本金總額為276百萬港元並於二零二一年九月十一日到期。本公司與債券持有人已達成協議將未償還債券的到期日延長至二零二五年九月十日，而由二零二一年九月十一日至二零二五年九月十日，按年利率7.5%計息；該利息將累計並於新的到期日(即二零二五年九月十日)連同債券的本金支付；
- 本公司正就應付若干名債券持有人的100百萬港元債券進行磋商。倘本公司與債券持有人達成和解，本公司預期金額為100百萬港元的相關應付債券將予遞延或貼現；

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 2021 截至二零二一年十二月三十一日止六個月

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

- Heihe Longjiang Chemical Limited ("HLCCL"), a company indirectly owned as to 90% by the Company, will receive the gross consideration of approximately HK\$186 million in connection with the sale of land use rights of certain lands in the PRC held by HLCCL to Heihe Longhe Investment Management Limited* (黑河龍合投資管理有限責任公司), an independent third party. As at the date of this report, the said sale of land had not been completed;
- the Company is in the process of negotiating for a settlement with the counterparty in a litigation case and in the event that a settlement can be reached between the Company and the counterparty, there will be an excess in litigation provision of the Company in the amount of HK\$71 million;
- on 7 January 2022, the Company completed to allot and issue 886,853,659 new ordinary shares at a subscription price of HK\$0.12 per rights share by way of rights issue to the qualifying shareholders of the Company on the basis of one rights share for every two shares held on the record date. The unaudited net proceeds from the rights issue of approximately HK\$101.13 million; and

1. 編製基準及會計政策 (續)

- 本公司間接擁有90%的公司黑河龍江化工有限公司(「黑河龍江化工」)將收到與出售黑河龍江化工於中國所持有若干土地的土地使用權予黑河龍合投資管理有限責任公司(獨立第三方)有關的代價總額約186百萬港元。於本報告日期,上述土地出售尚未完成;
- 本公司正在與一名訴訟案件的對手方進行磋商,倘本公司與對手方能夠達成和解,本公司的訴訟撥備將剩餘71百萬港元;
- 於二零二二年一月七日,本公司完成以供股方式向本公司合資格股東按在記錄日期每持有2股股份獲發1股供股股份的基準,以認購價每股供股股份0.12港元配發及發行886,853,659股新普通股。未經審核供股所得款項淨額約為101.13百萬港元;及

* For identification purposes only

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 2021 截至二零二一年十二月三十一日止六個月

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

- the Group will apply cost cutting measures to reduce administrative expenses and cash outflows for the next twelve months.

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 2021 are the same as those presented in the Group's annual financial statements for the year ended 30 June 2021.

1. 編製基準及會計政策 (續)

- 本集團將採用成本削減措施以減少未來十二個月的行政開支及現金流出。

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，截至二零二一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二零二一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 2021 截至二零二一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 2021. 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.

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.

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發佈並於二零二一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發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)。

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。

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 2021 截至二零二一年十二月三十一日止六個月

3. FAIR VALUE MEASUREMENTS (Continued)

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 fair value through profit or loss was using Level 1 as at 30 June 2021 and 31 December 2021.

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.

3. 公平值計量(續)

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。

於二零二一年六月三十日及二零二一年十二月三十一日，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。

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。

	2021 二零二一年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元
Continuing operations:		
Heat supplying services	142,014	132,723
Electricity supplying services	11,250	7,167
Sales of calcium carbide	145,971	-
Sales of lime powder	-	14,189
Sales of wine	-	68,971
	299,235	223,050

持續經營業務：

熱能供應服務
電力供應服務
銷售碳化鈣
銷售石灰粉
銷售酒類

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 2021 截至二零二一年十二月三十一日止六個月

5. SEGMENT INFORMATION

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 six reportable segments as follows:

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

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

Construction services – construction and monitor of public facilities construction;

Polyvinyl-chloride – manufacture and sale of polyvinyl-chloride; and

Vinyl acetate – manufacture and sale of vinyl acetate.

The accounting policies of the operating segments are the same as those described in the Group's 2021 annual financial statements. Segment profits or losses do not include fair value gains/(losses) on financial assets at fair value through profit or loss, share of results of a joint venture and corporate administrative expenses. Segment assets do not include bank and cash balances, financial assets at fair value through profit or loss, investment in a joint venture 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

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。本集團有以下六個可報告分部：

熱能及電力－生產及供應熱能及電力；

碳化鈣－製造及銷售碳化鈣及石灰粉；

建造服務－建設及監察公用設施建設；

聚氯乙烯－製造及銷售聚氯乙烯；及

醋酸乙烯－製造及銷售醋酸乙烯。

各經營分部之會計政策與本集團二零二一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收益／(虧損)、應佔一間合營企業之業績及公司行政開支。分部資產、於一間合營企業之投資並無計入銀行及現金結存、按公平值計入損益之金融資產以及公司資產。分部負債並無計入銀行貸款、應付債券、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 2021 截至二零二一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：

		Heat and power 熱能及 電力 HK\$'000 千港元	Calcium carbide 碳化鈣 HK\$'000 千港元	(Unaudited) (未經審核) Construction services 建設服務 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 31 December 2021	截至二零二一年 十二月三十一日 止六個月					
Revenue from external customers	外界客戶收益	153,264	145,971	-	-	299,235
Segment profit/(loss)	分部溢利/(虧損)	32,479	16,192	(10)	(40,928)	7,733
As at 31 December 2021	於二零二一年 十二月三十一日					
Segment assets	分部資產	789,878	955,525	1	346,813	2,092,217
Segment liabilities	分部負債	321,225	305,573	40,699	1,285,532	1,953,029

		Heat and power 熱能及 電力 HK\$'000 千港元	Calcium carbide 碳化鈣 HK\$'000 千港元	(Unaudited) (未經審核) Construction services 建設服務 HK\$'000 千港元	Beverage 飲料 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 31 December 2020 (Restated)	截至二零二零年 十二月三十一日 止六個月(經重列)						
Revenue from external customers	外界客戶收益	139,890	14,189	-	68,971	-	223,050
Segment profit/(loss)	分部溢利/(虧損)	44,134	(40,236)	(72)	4,266	(84,780)	(76,668)
As at 30 June 2021	於二零二一年六月 三十日						
Segment assets	分部資產	742,302	932,436	2	-	396,613	2,071,353
Segment liabilities	分部負債	296,830	275,648	44,780	-	1,365,386	1,982,644

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 2021 截至二零二一年十二月三十一日止六個月

6. OTHER INCOME

6. 其他收入

		(Unaudited) (未經審核)	
		Six months ended 31 December 截至十二月三十一日 止六個月	
		2021 二零二一年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元
Bank interest income	銀行利息收入	8	1
Other interest income	其他利息收入	1	71
Construction income of installation of pipe	安裝管道之建設 收入	-	2,397
Property management service income	物業管理服務收入	149	144
Government grant	政府補助金	5,532	-
Forfeited of deposit of disposal on subsidiary	放棄出售一間 附屬公司的訂金	30,263	-
Consideration received of disposal on Deconsolidated Subsidiary	出售終止綜合入賬 附屬公司所收取 的代價	3,800	-
Sundry income	雜項收入	654	1,073
		40,407	3,686

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 2021 截至二零二一年十二月三十一日止六個月

7. INCOME TAX

7. 所得稅

(Unaudited)

(未經審核)

Six months ended

31 December

截至十二月三十一日

止六個月

	2021 二零二一年 HK\$'000 千港元	2020 二零二零年 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 (2020: 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 (2020: 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(二零二零年：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，根據該等國家現行法例、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(二零二零年：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 2021 截至二零二一年十二月三十一日止六個月

8. PROFIT/(LOSS) FOR THE PERIOD

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

8. 期間溢利／(虧損)

本集團於期間之溢利／(虧損)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	
		2021 二零二一年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元 (Restated) (經重列)
Depreciation of fixed assets	固定資產折舊	36,702	38,212
Depreciation of right-of-use assets	使用權資產折舊	4,228	4,203
Factory overhead incurred during suspension of production	停產期間產生之工廠日常開支	9,425	27,041
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	17,800	16,702
Employee share option benefits	員工購股權福利	-	19,555
Retirement benefits scheme contributions	退休福利計劃供款	3,900	3,821
Directors' emoluments	董事酬金	800	800

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 2021 截至二零二一年十二月三十一日止六個月

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Calculation of basic earnings/(loss) per share attributable to the owners of the Company is based on the profit/(loss) for the Period attributable to the owners of the Company of approximately HK\$6,306,000 (2020 (restated): HK\$72,805,000) and the weighted average number of ordinary shares of 1,714,253,767 (2020: 1,377,576,936) in issue during the Period.

(b) Diluted loss per share

For the Period and the six months ended 31 December 2020, the diluted loss per share was the same as the basic loss per share as the computation of the diluted loss does not assume the exercise of the Company's share options because assumption of exercise of the share options would result in a decrease in loss per share.

10. CAPITAL EXPENDITURE

During the Period, the additions to fixed assets including the construction in progress in the PRC were approximately HK\$1,925,000 (2020: HK\$2,322,000).

9. 每股盈利／(虧損)

(a) 每股基本盈利／(虧損)

本公司擁有人應佔每股基本盈利／(虧損)乃根據本公司擁有人應佔期間溢利／(虧損)約6,306,000港元(二零二零年(經重列): 72,805,000港元)及期間已發行普通股加權平均數1,714,253,767股(二零二零年: 1,377,576,936股)計算。

(b) 每股攤薄虧損

由於計算攤薄虧損時並無假設行使本公司之購股權(原因是假設行使購股權會導致每股虧損減少),故期間及截至二零二零年十二月三十一日止六個月每股攤薄虧損與每股基本虧損相同。

10. 資本開支

於期間內,添置固定資產(包括中國在建工程)之金額約為1,925,000港元(二零二零年: 2,322,000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 2021 截至二零二一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 60 to 180 days (30 June 2021: 60 to 180 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60至180日(二零二一年六月三十日: 60至180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 2021 二零二一年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2021 二零二一年 六月三十日 HK\$'000 千港元
Within 30 days	30日內	7,890	1,252
31 to 60 days	31至60日	6,792	1,226
61 to 90 days	61至90日	5,875	2,944
91 to 120 days	91至120日	1,085	1,592
121 to 150 days	121至150日	279	1,623
151 to 180 days	151至180日	266	3,812
181 to 365 days	181至365日	9,293	10,571
		31,480	23,020

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 2021 截至二零二一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 2021 二零二一年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2021 二零二一年 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		
1,773,707,319 (30 June 2021: 1,603,707,319) ordinary shares of HK\$0.10 each	1,773,707,319股(二零二一年六月三十日: 1,603,707,319股)每股面值0.10港元之普通股	177,371	160,371

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 2021 截至二零二一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 2020	於二零二零年 七月一日	1,339,927	133,993
Issue of shares on exercise of share options (note a)	因行使購股權而 發行股份(附註a)	71,280	7,128
Issue of shares on conversion of convertible bonds (note b)	因轉換可換股債券 而發行股份 (附註b)	92,500	9,250
Placing of shares (note c)	配售股份(附註c)	100,000	10,000
At 30 June 2021 and 1 July 2021	於二零二一年 六月三十日及 二零二一年 七月一日	1,603,707	160,371
Placing of shares (note d)	配售股份(附註d)	170,000	17,000
At 31 December 2021	於二零二一年 十二月三十一日	1,773,707	177,371

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 2021 截至二零二一年十二月三十一日止六個月

12. SHARE CAPITAL (Continued)

12. 股本(續)

Note (a): On 26 April 2021, 6 July 2020, 5 August 2020, 26 August 2020, 7 September 2020, 8 October 2020, 8 October 2020 and 10 November 2020, the subscription rights attaching to 71,280,000 share options issued pursuant to the share option scheme of the Company were exercised at the subscription price of HK\$0.325, HK\$0.345 and HK\$0.38 per shares, resulting in the issue of 71,280,000 shares of HK\$0.1 each for the total cash consideration of approximately HK\$24.1 million, which was used for general working capital.

Note (b): On 23 December 2020 and 16 February 2021, a total of 92,500,000 shares were issued upon conversion of convertible bonds.

Note (c): On 10 June 2021, a total of 100,000,000 shares were issued under general mandate pursuant to the subscription agreement dated 1 June 2021. The net proceed of approximately HK\$29.2 million was used for working capital for resumption of production of the Company.

Note (d): On 3 September 2021, a total of 170,000,000 shares were issued under general mandate pursuant to the subscription agreement dated 24 August 2021. The net proceed of approximately HK\$41.0 million was used for working capital for resumption of production of the Company.

附註(a)：於二零二一年四月二十六日、二零二零年七月六日、二零二零年八月五日、二零二零年八月二十六日、二零二零年九月七日、二零二零年十月八日、二零二零年十月八日及二零二零年十一月十日，根據本公司購股權計劃發行之71,280,000份購股權附帶之認購權按每股股份0.325港元、0.345港元及0.38港元的認購價獲行使，導致發行71,280,000股每股0.1港元之股份，總現金代價約24.1百萬港元已用作一般營運資金。

附註(b)：於二零二零年十二月二十三日及二零二一年二月十六日，於轉換可換股債券時發行合共92,500,000股股份。

附註(c)：於二零二一年六月十日，按照日期為二零二一年六月一日的認購協議根據一般授權發行合共100,000,000股股份。所得款項淨額約29.2百萬港元已用作本公司復產的營運資金。

附註(d)：於二零二一年九月三日，按照日期為二零二一年八月二十四日的認購協議根據一般授權發行合共170,000,000股股份。所得款項淨額約41.0百萬港元已用作本公司復產的營運資金。

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 2021 截至二零二一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. 應付債券

應付債券之變動如下：

		(Unaudited) (未經審核) 31 December 2021 二零二一年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2021 二零二一年 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	1,085,784	988,268
Repayment of bonds	償還債券	(34,060)	(2,000)
Interest charge for the period/year	期內／年內利息開支	51,591	109,321
Interest paid for the period/year	期內／年內之已付利息	(1,100)	(9,805)
Carrying amount at the end of period/year	於期終／年終之賬面值	1,102,215	1,085,784

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 2021 截至二零二一年十二月三十一日止六個月

13. BONDS PAYABLE (Continued) 13. 應付債券(續)

The bonds were repayable as follows:

債券以下列方式償還：

		(Unaudited) (未經審核) 31 December 2021 二零二一年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2021 二零二一年 六月三十日 HK\$'000 千港元
Within one year	一年內	212,939	487,299
In the second to fifth years inclusive	第二年至第五年 (包括首尾兩年)	1,202,857	932,057
After five years	五年後	-	30,500
		1,415,796	1,449,856

The bonds payable are unsecured and interest bearing at coupon rates of 3% to 12% (30 June 2021: 3% to 12%).

應付債券為無抵押及按票息率3厘至12厘計息(二零二一年六月三十日：3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 2021: 2.2% to 18.92% per annum) after taking into account the transaction costs directly attributable to the issuance of the bonds.

應付債券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(二零二一年六月三十日：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 2021 截至二零二一年十二月三十一日止六個月

14. BANK LOANS

The Group's bank loans are repayable as follows:

14. 銀行貸款

本集團之銀行貸款須於下列期間償還：

		(Unaudited) (未經審核) 31 December 2021 二零二一年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2021 二零二一年 六月三十日 HK\$'000 千港元
Within one year	一年內	48,219	42,885
In the second year	第二年	6,630	2,778
In the third to fifth years inclusive	第三至第五年 (包括首尾兩年)	5,095	8,692
After five years	五年後	-	4,811
		59,944	59,166
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)	(43,663)	(42,885)
		16,281	16,281

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 2021 截至二零二一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 2021 二零二一年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2021 二零二一年 六月三十日 HK\$'000 千港元
Hong Kong dollars	港元	17,647	19,001
Renminbi	人民幣	42,297	40,165
		59,944	59,166

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 2021 截至二零二一年十二月三十一日止六個月

15. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 120 days (30 June 2020: 30 to 120 days) from its suppliers.

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

15. 應付貿易賬項

本集團一般獲其供應商給予30至120日(二零二零年六月三十日: 30至120日)之信貸期。

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 2021 二零二一年 十二月三十一日 HK\$'000 千港元	(Audited) (經審核) 30 June 2021 二零二一年 六月三十日 HK\$'000 千港元
Within 30 days	30日內	21,334	8,264
31 to 60 days	31至60日	15,974	279
61 to 90 days	61至90日	10,781	513
91 to 120 days	91至120日	1,565	3,910
121 to 365 days	121至365日	6,104	5,976
Over 365 days	超過365日	33,413	33,135
		89,171	52,077

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 2021 截至二零二一年十二月三十一日止六個月

16. CONTINGENT LIABILITIES 16. 或然負債

On 19 November 2012, China Electricity Construction Consultant Group Dongbei Electricity Design College* (the “**Plaintiff**”) filed a writ (the “**Writ**”) with the high court of Heilongjiang Province in the PRC (the “**Heilongjiang High Court**”) against Mudanjiang Better-Day Power Limited (“**Mudanjiang BD Power**”), an indirect wholly-owned subsidiary of the Company.

Mudanjiang BD Power had contracted the Plaintiff to construct certain coal-powered electricity generating facilities at the business address of Mudanjiang BD Power (the “**Contract**”). Owing to the alleged delay in the progress of construction, the Plaintiff claimed (i) the payment of the contract sum in the amount of approximately RMB42.7 million and the interest thereon; (ii) the grant of the first priority right to receive payment from Mudanjiang BD Power in respect of the subject construction project under the Contract; (iii) damages in the sum of approximately RMB13.3 million for alleged termination of the Contract; and (iv) the legal fees arising from the action. The Company has been seeking legal advice in respect of the Writ on the dispute in the payment for the Contract since December 2012. According to the management of Mudanjiang BD Power, the construction work had been slowed down because the financial resources available for the project development were tied up by unfavourable business operations since 2009.

於二零一二年十一月十九日，中國電力工程顧問集團東北電力設計院(「**原告**」)向中國黑龍江省高等法院(「**黑龍江高等法院**」)提出針對本公司間接全資附屬公司牡丹江佳日熱電有限公司(「**牡丹江佳日熱電**」)之令狀(「**令狀**」)。

牡丹江佳日熱電將位於牡丹江佳日熱電營業地點之若干煤炭發電設施建設工程外判予原告(「**合同**」)。由於指稱建設工程進度拖延，原告申索(i)支付合同金額為數約人民幣42.7百萬元及其利息；(ii)授出就合同項下主體建設項目自牡丹江佳日熱電收取款項之首先優先權；(iii)因聲稱終止合同賠償為數約人民幣13.3百萬元；及(iv)訴訟產生之法律費用。本公司自二零一二年十二月起一直就有關合同付款爭議之令狀尋求法律意見。根據牡丹江佳日熱電管理層告知，建設工程進度緩慢乃由於可供項目發展動用之財務資源自二零零九年起因不利營商環境而縮減。

* For identification purposes only

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 2021 截至二零二一年十二月三十一日止六個月

16. CONTINGENT LIABILITIES

(Continued)

On 25 October 2018, the Heilongjiang High Court had adjudged that Mudanjiang BD Power was liable to compensate the Plaintiff for approximately RMB36.7 million with interest. Upon the end of the Period, Mudanjiang BD Power was negotiating with the Plaintiff to continue the construction of the coal-powered electricity generating facilities. Once the performance of the Contract is resumed under the mutual agreement between Mudanjiang BD Power and the Plaintiff, part of the damages granted may be absorbed in the cost of construction.

The management has made sufficient provision for the legal action and believes that a favorable settlement could be reached with the Plaintiff.

17. EVENTS AFTER THE REPORTING PERIOD

On 7 January 2022, the Company completed to allot and issue 886,853,659 new ordinary shares at a subscription price of HK\$0.12 per rights share by way of rights issue to the qualifying shareholders of the Company on the basis of one rights share for every two shares held on the record date. The unaudited net proceeds from the rights issue of approximately HK\$101.13 million will be used for the repayment of the Group's indebtedness and interest expenses and general working capital of the Group.

16. 或然負債(續)

於二零一八年十月二十五日，黑龍江高等法院已判令牡丹江佳日熱電須向原告賠償約人民幣36.7百萬元連同利息。於期末後，牡丹江佳日熱電與原告進行磋商，以繼續建設煤炭發電設施。合同一經牡丹江佳日熱電與原告雙方同意下重新執行，部分經批准賠償可隨即吸納於建築成本中。

管理層已就法律訴訟計提充足撥備，並相信可與原告達成有利結付條款。

17. 報告期後事項

於二零二二年一月七日，本公司完成以供股方式向本公司合資格股東按在記錄日期每持有2股股份獲發1股供股股份的基準，以認購價每股供股股份0.12港元配發及發行886,853,659股新普通股。未經審核供股所得款項淨額約為101.13百萬港元，將用於償還本集團的債務及利息開支以及本集團的一般營運資金。

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 (2020: Nil).

中期股息

董事已議決不會就期間宣派任何中期股息(二零二零年：無)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Business Review

During the Period, revenue of the Group amounted to approximately HK\$299 million (2020: approximately HK\$223 million), representing an increase of approximately 34% compared with that of the last corresponding period. Profit attributable to the owners of the Company amounted to approximately HK\$6 million (2020 (restated): loss approximately HK\$73 million), representing an increase of 108% compared with that of the last corresponding period. The increase in the Group's revenue was mainly derived from the increase in revenue of the calcium carbide segment.

業務回顧

於本期間，本集團的收益約為299百萬港元(二零二零年：約223百萬港元)，較去年同期增加約34%。本公司擁有人應佔溢利約為6百萬港元(二零二零年(經重列)：虧損約73百萬港元)，較去年同期增加108%。本集團收益增加乃主要由於碳化鈣分部收益增加。

The Group's selling and distribution costs for the Period was approximately HK\$16 million (2020: approximately HK\$18 million), representing a decrease of approximately 11% compared with that of the last corresponding period. The decrease in selling and distribution costs was mainly due to the closure of fee collection stations of the heat and power division.

本集團於本期間之銷售及分銷成本約為16百萬港元(二零二零年：約18百萬港元)，較去年同期減少約11%。銷售及分銷成本減少乃主要由於熱能及電力部的收費站關閉所致。

The Group's administrative expenses for the Period was approximately HK\$29 million (2020 (restated): approximately HK\$45 million), representing a decrease of approximately 36% compared with that of the last corresponding period. The decrease in administrative expenses was mainly due to the result of cost cutting.

本集團於本期間之行政開支約為29百萬港元(二零二零年(經重列)：約45百萬港元)，較去年同期減少約36%。行政開支減少乃主要由於成本削減的結果。

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\$9 million (2020: approximately HK\$27 million), representing a decrease of approximately 67% compared with that of the last corresponding period. The decrease in other operating expenses was due to the resumption of operation of HLCCL during the Period.

Heat and power division

During the Period, the heat and power segment recorded a revenue of approximately HK\$153 million (2020: approximately HK\$140 million) from external customers, representing an increase of approximately 9% compared with that of the last corresponding period. Income from supply of heat for the Year was approximately HK\$142 million (2020: approximately HK\$133 million), representing an increase of approximately 7% when compared with that of the last corresponding period. The increase was mainly due to the increase in the exchange rate and a slight increase in heat supply area. Segment profit for the Period was approximately HK\$32 million (2020 (restated): approximately HK\$44 million), representing a decrease of approximately 27% compared with that of the last corresponding period. The decrease in segment profit was mainly due to the increase in coal price.

Apart from the expansion of the residential heat supplying area, the management of the Group had also closely monitored the operation to reduce coal and energy consumption and avoid wastage so as to increase the profit from our heat and power generating facilities.

Coal-related chemical production division

The coal-related chemical production division includes the calcium carbide segment (the "CC segment"), the polyvinyl-chloride segment and the vinyl acetate segment.

本集團於本年度之其他經營開支約為9百萬港元(二零二零年：約27百萬港元)，較去年同期減少約67%。其他經營開支減少乃由於本期間黑河龍江化工恢復經營所致。

熱能及電力部

於本期間內，熱能及電力分部錄得來自外部客戶的收益約153百萬港元(二零二零年：約140百萬港元)，較去年同期增加約9%。於本年度，來自熱能供應的收入約為142百萬港元(二零二零年：約133百萬港元)，較去年同期增加約7%。該增加乃主要由於匯率上升及熱能供應地區微增所致。本期間分部溢利約為32百萬港元(二零二零年(經重列)：約44百萬港元)，較去年同期減少約27%。分部溢利減少乃主要由於煤價格上升所致。

除擴大住宅熱能供應區域外，本集團管理層亦已密切監察業務，以降低煤炭及能源消耗及避免浪費資源，從而增加來自熱能及電力生產設施之溢利。

煤相關化工產品部

煤相關化工產品部包括碳化鈣分部(「碳化鈣分部」)、聚氯乙烯分部及醋酸乙炔分部。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

During the Period, the CC segment recorded a revenue of approximately HK\$146 million (2020: approximately HK\$14 million) from external customers, representing an increase of approximately 943% compared with that of the last financial year. This is because during the Period, the production line for the production of calcium carbide was resumed.

於本期間，碳化鈣分部錄得來自外界客戶收益約146百萬港元(二零二零年：約14百萬港元)，較上一財政年度增加約943%。該增加主要由於生產碳化鈣的生產線於本期間內恢復。

Construction services division

During the Period, the construction services division did not record any revenue (2020: Nil) and a segment loss of approximately HK\$0.1 million (2020: segment loss of approximately HK\$0.1 million), respectively. This business division did not recorded any revenue during the Period was due to (i) the outbreak of COVID-19; (ii) travelling restrictions were imposed in Mudanjiang City; and (iii) the Group's construction services had been suspended.

建造服務分部

於本期間內，建造服務分部並無錄得任何收益(二零二零年：零)並錄得分部虧損約0.1百萬港元(二零二零年：分部虧損約0.1百萬港元)。此業務分部於本期間並無錄得任何收益，原因為(i) COVID-19爆發；(ii)牡丹江市出台旅行限制；及(iii)本集團的建造服務已被暫停。

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。

Liquidity and financial ratio

As at 31 December 2021, the Group had total assets of approximately HK\$2,092 million (30 June 2021: HK\$2,071 million), which were financed by current liabilities of approximately HK\$983 million (30 June 2021: HK\$1,284 million), non-current liabilities of approximately HK\$970 million (30 June 2021: HK\$699 million), non-controlling interests of approximately HK\$62 million (30 June 2021: HK\$59 million) and owners' equity of approximately HK\$77 million (30 June 2021: HK\$30 million).

流動資金及財務比率

於二零二一年十二月三十一日，本集團之總資產約為2,092百萬港元(二零二一年六月三十日：2,071百萬港元)，由流動負債約983百萬港元(二零二一年六月三十日：1,284百萬港元)、非流動負債約970百萬港元(二零二一年六月三十日：699百萬港元)、非控股權益約62百萬港元(二零二一年六月三十日：59百萬港元)及擁有人權益約77百萬港元(二零二一年六月三十日：30百萬港元)撥付。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

As at 31 December 2021, the current assets of the Group amounted to approximately HK\$310 million (30 June 2021: HK\$326 million), mainly comprising inventories of approximately HK\$31 million (30 June 2021: HK\$6 million), trade receivables of approximately HK\$31 million (30 June 2021: HK\$23 million), prepayments, deposits and other receivables of approximately HK\$91 million (30 June 2021: HK\$105 million), financial assets at fair value through profit or loss of approximately HK\$0.3 million (30 June 2021: HK\$1 million) and cash and cash equivalents of approximately HK\$10 million (30 June 2021: HK\$47 million).

As at 31 December 2021, 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 0.3 (30 June 2021: 0.3), 0.3 (30 June 2021: 0.2), 93% (30 June 2021: 96%) and 1,403% (30 June 2021: 2,235%), respectively. The lower gearing ratio was mainly attributable to the increase in trade receivables, whilst the total debts of the Group remained stable.

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.

於二零二一年十二月三十一日，本集團之流動資產約為310百萬港元(二零二一年六月三十日：326百萬港元)，主要包括存貨約31百萬港元(二零二一年六月三十日：6百萬港元)、應收貿易賬項約31百萬港元(二零二一年六月三十日：23百萬港元)、預付款項、訂金及其他應收款項約91百萬港元(二零二一年六月三十日：105百萬港元)、按公平值計入損益之金融資產約0.3百萬港元(二零二一年六月三十日：1百萬港元)以及現金及現金等值項目約10百萬港元(二零二一年六月三十日：47百萬港元)。

於二零二一年十二月三十一日，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0.3(二零二一年六月三十日：0.3)、0.3(二零二一年六月三十日：0.2)、93%(二零二一年六月三十日：96%)及1,403%(二零二一年六月三十日：2,235%)。資產負債比率下降乃主要由於應收貿易賬項增加所致，而本集團的債務總額仍然穩定。

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。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Non-equity funding

Bank loans

As at 31 December 2021, the bank loans of the Group amounted to approximately HK\$60 million (30 June 2021: HK\$59 million), of which approximately HK\$18 million was denominated in Hong Kong dollars and approximately HK\$42 million was denominated in Renminbi (30 June 2021: HK\$19 million was denominated in Hong Kong dollars and HK\$40 million was denominated in Renminbi). Based on the agreed scheduled repayments set out in the loan agreements, bank loans of approximately HK\$44 million (30 June 2021: HK\$43 million) were repayable within 12 months.

Bonds and other non-equity financing

As at 31 December 2021, the aggregate bonds payable were approximately HK\$1,102 million (30 June 2021: HK\$1,086 million) which were issued for improving the working capital of the Group during the Period.

非股本集資

銀行貸款

於二零二一年十二月三十一日，本集團之銀行貸款約為60百萬港元(二零二一年六月三十日：59百萬港元)，當中約18百萬港元以港元計值及約42百萬港元以人民幣計值(二零二一年六月三十日：19百萬港元以港元計值及40百萬港元以人民幣計值)。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44百萬港元(二零二一年六月三十日：43百萬港元)。

債券及其他非股本集資

於二零二一年十二月三十一日，應付債券合共金額約為1,102百萬港元(二零二一年六月三十日：1,086百萬港元)，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

Issue of convertible bonds

On 13 November 2020, the Company completed the issue of the zero-coupon convertible bond due 2023 in the principal amount of HK\$100 million (the “**Convertible Bonds**”) to six individual and corporate subscribers. The conversion price of the Convertible Bonds is HK\$0.4 per conversion share. The closing price of the shares of the Company (the “**Shares**”) on 13 November 2020 was HK\$0.36. The Company received total net proceeds from the issue of the Convertible Bonds of approximately HK\$97.36 million and intends to use the same as (i) development of new businesses; (ii) repayment of other payables; and (iii) general working capital to strengthen the financial position of the Group.

The identities of the subscribers and their ultimate beneficial owner(s) (where applicable) are as follows:

1. China Good Fortune Limited (“**CGF**”), a company incorporated and registered under the laws of Hong Kong Special Administrative Region, is an investment holding company and is beneficially owned by Mr. Ding Fangya. Upon exercise of all the conversion rights attaching to the Convertible Bonds by CGF in full and on the assumption that there is no further allotment of Shares from the date of this report other than the Conversion Shares, CGF will be interested in 5% or more of the issued shares of the Company as enlarged by the allotment and issue of the Conversion Shares;

股本籌資活動

發行可換股債券

於二零二零年十一月十三日，本公司完成發行本金額為100百萬港元並於二零二三年到期的零票息可換股債券(「**可換股債券**」)予六名個人及企業認購人。可換股債券的換股價為每股換股股份0.4港元，本公司股份(「**股份**」)於二零二零年十一月十三日的收市價為0.36港元。本公司自發行可換股債券獲得的所得款項淨額合共為約97.36百萬港元，擬將其用作(i)發展新業務；(ii)償還其他應付款項；及(iii)撥充一般營運資金以鞏固本集團的財務狀況。

認購人及其最終實益擁有人(如適用)的身份如下：

1. China Good Fortune Limited (「**CGF**」)，為一間根據香港特別行政區法律註冊成立的公司，其為一間投資控股公司及由丁方雅先生實益擁有。在CGF悉數行使可換股債券附帶的全部換股權後，並假設自本報告日期起，除換股股份外並無進一步配發股份，CGF將擁有本公司已發行股份(經配發及發行換股股份擴大)5%或以上的權益；

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

- | | | | |
|----|--|----|---------------------------------|
| 2. | Right Time Global Investment SPC, a segregated portfolio company incorporated in the Cayman Islands; | 2. | 時和全球投資基金SPC，於開曼群島註冊成立之獨立投資組合公司； |
| 3. | Mr. Chiau Che Kong, a consultant of the Company and has more than 20 years of experience in equity investment; | 3. | 周志剛先生，為本公司顧問，於股權投資方面擁有逾20年經驗； |
| 4. | Ms. Tang Wing Sum, a senior management of an import and export trading company; | 4. | 鄧穎沁女士，為一間進出口貿易公司的高級管理人員； |
| 5. | Mr. Wong Chun Kit, a senior management of an import and export trading company; and | 5. | 黃俊傑先生，為一間進出口貿易公司的高級管理人員；及 |
| 6. | Ms. Wong Chui Bing, a merchant principally engaged in local consumption retail business. | 6. | 黃翠冰女士，為主要從事本地消費品零售業務的商人。 |

As at the date of this report, the proceeds have been utilised as intended.

於本報告日期，所得款項已按擬定用途動用。

Details of the issue of the Convertible Bonds were disclosed in the announcements of the Company dated 28 October 2020, 4 November 2020 and 13 November 2020.

發行可換股債券的詳情於本公司日期為二零二零年十月二十八日、二零二零年十一月四日及二零二零年十一月十三日的公告內披露。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Placing of shares

On 1 June 2021, Mr. Chan Yuen Tung (“Mr. Chan”) engaged a placing agent to place 100,000,000 existing Shares at the placing price of HK\$0.3 per placing Share to not less than six placees (the “Placing”). On the same date, Mr. Chan agreed to, conditional upon completion of the Placing, subscribe for 100,000,000 new Shares at the subscription price of HK\$0.3 per subscription Share (the “Top-up Subscription”). The closing price of the Shares on 1 June 2021 was HK\$0.32. The aggregate nominal value of the new Shares allotted and issued under the Top-up Subscription was HK\$10 million. The Placing and the Top-up Subscription took place on 3 June 2021 and 10 June 2021, respectively, and the Company received total net proceeds from the Top-up Subscription of approximately HK\$29.2 million and thus, the net price of the subscription Share was approximately HK\$0.292. The Company intends to use the same for working capital for resumption of production of the Company.

A total of 100,000,000 Placing Shares have been successfully placed at the placing price of HK\$0.3 per Share to not less than six placees, all of whom/which are professional, institutional and/or other investors and are third parties independent from the Company and its connected persons. None of the placees and their ultimate beneficial owners has become a substantial shareholder (as defined under the Listing Rules) of the Company upon taking up the Shares.

As at the date of this report, the proceeds have been utilised as intended.

Details of the Placing and Top-up Subscription were disclosed in the announcements of the Company dated 1 June 2021 and 11 June 2021.

配售股份

於二零二一年六月一日，陳遠東先生（「陳先生」）委任配售代理按每股配售股份0.3港元之配售價向不少於六名承配人配售100,000,000股現有股份（「配售事項」）。同日，陳先生同意待配售事項完成後，按每股認購股份0.3港元之認購價認購100,000,000股新股份（「補足認購事項」）。股份於二零二一年六月一日的收市價為0.32港元。根據補足認購事項配發及發行的新股份總面值為10百萬港元。配售事項及補足認購事項分別於二零二一年六月三日及二零二一年六月十日進行，本公司自補足認購事項獲得的所得款項淨額合共為約29.2百萬港元，故此，認購股份的淨價格為約0.292港元。本公司擬將該筆款項撥充營運資金以使本公司恢復生產。

合共100,000,000股配售股份已按配售價每股股份0.3港元成功配售予不少於六名承配人，該等承配人均為專業、機構及／或其他投資者，並為獨立於本公司及其關連人士之第三方。概無承配人及其最終實益擁有人於承購股份後成為本公司的主要股東（定義見上市規則）。

於本報告日期，所得款項已按擬定用途動用。

配售事項及補足認購事項的詳情於本公司日期為二零二一年六月一日及二零二一年六月十一日的公告內披露。

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

During the Period, save as disclosed in the section headed “Disposal of 40% equity interests in a subsidiary” in this report, the Group had no significant acquisitions or disposals of subsidiaries. In early 2021, the Group intended to dispose of (i) several idle right-of-use assets located in the PRC with a total market value of approximately HK\$188 million; and (ii) a building located in Hong Kong with a market value of approximately HK\$93 million.

As at 31 December 2021, the Company did not have any significant investments except for the financial assets at fair value through profit or loss of approximately HK\$1 million (30 June 2021: HK\$1 million).

Charges on the Group's assets

As at 31 December 2021, bank loans and other loans of approximately HK\$60 million (30 June 2021: HK\$59 million) and HK\$72 million (30 June 2021: HK\$69 million), respectively, were secured by charges over the Group's certain fixed assets and prepaid land lease payments.

Contingencies

The Board has reviewed and considered the contingent liabilities of the Company and disclosed information concerning such contingent liabilities in note 16 to the Interim Financial Statements.

Contingent liabilities

As at 31 December 2021, save for as disclosed in note 16 to the Interim Financial Statements, the Group did not have any significant contingent liabilities.

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

於期間內，除本報告「出售一間附屬公司40%股權」一節披露者外，本集團並無重大附屬公司收購或出售。本集團擬於二零二一年初出售(i)於中國之數項閒置使用權資產，總市值約188百萬港元；及(ii)於香港的一座樓宇，市值為約93百萬港元。

於二零二一年十二月三十一日，除按公平值計入損益之金融資產約1百萬港元(二零二一年六月三十日：1百萬港元)外，本公司並無任何重大投資。

本集團資產之抵押

於二零二一年十二月三十一日，本集團已抵押其若干固定資產及預付土地租金，以獲得分別約60百萬港元(二零二一年六月三十日：59百萬港元)及72百萬港元(二零二一年六月三十日：69百萬港元)之銀行貸款及其他貸款。

或然事項

董事會已審閱並考慮本公司之或然負債以及於中期財務報表附註16披露有關或然負債之資料。

或然負債

於二零二一年十二月三十一日，除中期財務報表附註16披露者外，本集團並無任何重大或然負債。

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 2021.

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.

Number and remuneration of employees

As at 31 December 2021, the Group had 621 full time employees in the PRC and Hong Kong (30 June 2021: 632). 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.

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，而本集團於二零二一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價物水平，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。

僱員數目及薪酬

於二零二一年十二月三十一日，本集團於中國及香港之全職僱員人數為621人（二零二一年六月三十日：632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鉤佣金。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

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	Options held at 30 June 2021	Options granted during the Period	Options exercised during the Period	Options cancelled during the Period	Options lapsed during the Period	Options held at 31 December 2021	Date of grant of Options	Date of expiry of Options	Exercise price of Options per Share
	於二零二一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	期間內註銷之購股權	期間內失效之購股權	於二零二一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	購股權每股股份行使價
Directors 董事									
Chan Yuk Foebe 陳昱	13,000,000	-	-	-	-	13,000,000	03/11/2020	02/11/2023	HK\$0.38/港元
	13,000,000	-	-	-	-	13,000,000			
Law Tze Ping Eric 羅子平	13,000,000	-	-	-	-	13,000,000	03/11/2020	02/11/2023	HK\$0.38/港元
	13,000,000	-	-	-	-	13,000,000			
Yu Defa (note) 于德發	13,000,000	-	-	(13,000,000)	-	-	03/11/2020	02/11/2023	HK\$0.38/港元
	13,000,000	-	-	(13,000,000)	-	-			
(附註)									
Ma Wing Yun Bryan 馬榮欣	8,500,000	-	-	-	-	8,500,000	03/11/2020	02/11/2023	HK\$0.38/港元
	8,500,000	-	-	-	-	8,500,000			
Tam Ching Ho 譚政豪	8,500,000	-	-	-	-	8,500,000	03/11/2020	02/11/2023	HK\$0.38/港元
	8,500,000	-	-	-	-	8,500,000			
Hau Chi Kit 侯志傑	8,500,000	-	-	-	-	8,500,000	03/11/2020	02/11/2023	HK\$0.38/港元
	8,500,000	-	-	-	-	8,500,000			
Other Employees 其他僱員	55,000,000	-	-	-	(55,000,000)	-	24/12/2018	23/12/2021	HK\$0.325/港元
	52,000,000	-	-	-	-	52,000,000	03/11/2020	02/11/2023	HK\$0.38/港元
	107,000,000	-	-	-	(55,000,000)	52,000,000			
Total 總計	171,500,000	-	-	(13,000,000)	(55,000,000)	103,500,000			

Note: Mr. Yu Defa had retired as an executive Director on 9 December 2021. 附註：于德發先生於二零二一年十二月九日
退任執行董事。

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 and market price of coal is at its peak, the Board overcome several barriers to resume the production of calcium carbide in Heihe Longjiang Chemical Co., Ltd. (“**Longjiang Chemical**”), a subsidiary of the Company. The Board believes that Longjiang Chemical would be the growth driver of the Group in the forthcoming years.

Coal-related Chemical Production Division

During the Period, Longjiang Chemical has officially commenced the production of calcium carbide in late June 2021. Longjiang Chemical has two calcium carbide production line with a designed annual production capacity of 100,000 tonnes and could achieve 130,000 tonnes under smooth operation. Research, development, renovation and investment in Longjiang Chemical over the past few years have made its current production more efficient with lower energy consumption, which together with the relatively cheap, yet stable and environmentally-friendly hydropower imported from Russia that accords with the carbon neutrality related policies the state vigorously promotes, will give the Company a competitive advantage. Despite the increase in market selling price of raw coal and other material cost, the increase in market selling price of calcium carbide has been outweighed by the increase in its production cost. Thus, the management expects the profit margin will reach a record high figure. The management will closely monitor the situation and will consider to resume the lower stream operation as well as the polyvinyl-chloride and vinyl acetate production lines.

前景

儘管COVID-19疫情(「**疫情**」)對中國經濟仍有所影響，煤炭市價亦處於峰值，但董事會克服重重障礙，恢復了本公司附屬公司黑河龍江化工有限公司(「**龍江化工**」)的碳化鈣生產。董事會相信，龍江化工將成為本集團未來幾年的增長動力。

煤相關化工產品部

於本期間，龍江化工已於二零二一年六月底正式投產碳化鈣。龍江化工擁有兩條碳化鈣生產線，設計年產能為100,000噸，在平穩運行的情況下可達到130,000噸。龍江化工在過去幾年的研發、改造及投資使其目前的生產效率更高，能耗更低，再加上從俄羅斯進口相對便宜、穩定及環保的水電，完全符合國家大力推行的碳中和相關政策，將使本公司更具競爭優勢。儘管原煤市場售價及其他材料成本有所上升，碳化鈣的市場售價的增長超過了生產成本的增長。因此，管理層預計利潤率將創歷史新高。管理層將密切關注這一情況，並將考慮恢復下游業務以及聚氯乙烯及醋酸乙烯的生產線。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Heat and Power Division

During the Year, the Group's residential heat supplying area was maintained at around 4,000,000 square meters. Due to the increasing trend of the raw coal price recently, the profitability of the heat and power division has been seriously affected. The management will closely monitor the situation.

Construction Services Division

Due to the impact of the outbreak of the Pandemic, Mudanjiang Jinyang Municipal Engineering Company Limited ("**Jinyang Engineering**") had suspended all its construction services since last year. As agreed between Jinyang Engineering and its subcontractors, the construction period for the heat exchange stations and facilities and pipelines networks would be extended, and without additional costs incurred by the Group. The management will closely monitor the situation and will not rule out the possibility to dispose of the construction services division.

熱能及電力部

於本年度，本集團的居民供熱面積保持在4,000,000平方米左右。由於近期原煤價格的上漲趨勢，熱能及電力部的盈利能力受到了嚴重影響。管理層將密切關注有關情況。

建造服務分部

受疫情的影響，牡丹江金陽市政工程有限公司(「**金陽市政**」)已自去年起暫停其全部建造服務。根據金陽市政及其分包商所協定，熱交換站及設施以及管道網絡的建造期限將延長，而本集團不會產生額外成本。管理層將密切監察局勢並將不排除出售建築服務分部的可能性。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Disposal of Shares by the Single Largest Shareholder in August 2021

The Company was informed by Mr. Chan, the single largest shareholder of the Company, and Beijing Gaoya Investment Management Limited* (北京高雅投資管理有限公司) (“**Gaoya Investment**”) that on 31 August 2021, Mr. Chan as the vendor and Gaoya Investment as the purchaser entered into a memorandum of understanding (the “**MOU**”), pursuant to which Mr. Chan intended to sell and Gaoya Investment intended to purchase 382,000,000 Shares, representing approximately 23.82% and 21.54% of the total issued share capital of the Company as at the date of the MOU and this report, respectively, at a preliminary selling price of HK\$0.81 per share (the “**Disposal**”). Both parties agreed to sign a definitive subscription agreement within 60 days of the execution of the MOU and the terms and conditions of the subscription Shares shall be subject to the terms of the definitive subscription agreement.

Details of the Disposal were disclosed in the announcements of the Company dated 31 August 2021.

Proposed Change of Company Name

On 5 July 2021, the Board proposed to change the English name of the Company to “China Zenith Chemical Group Limited” from “Xinyang Maojian Group Limited” and the Chinese secondary name of the Company to “中國天化工集團有限公司” from “信陽毛尖集團有限公司” (the “**Proposed Name Change**”). Details of the Proposed Name Change were disclosed in the announcement of the Company dated 5 July 2021.

於二零二一年八月單一最大股東出售股份

本公司獲本公司單一最大股東陳先生及北京高雅投資管理有限公司(「**高雅投資**」)告知，於二零二一年八月三十一日，陳先生(作為賣方)與高雅投資(作為買方)訂立諒解備忘錄(「**諒解備忘錄**」)，據此，陳先生擬出售而高雅投資擬購入382,000,000股股份，分別相當於本公司於諒解備忘錄及本報告日期已發行股本總額約23.82%及21.54%，初步售價為每股0.81港元(「**出售事項**」)。雙方同意在簽立諒解備忘錄後60日內簽署最終認購協議，而認購股份的條款和條件應以最終認購協議的條款為準。

有關出售事項的詳情於本公司日期為二零二一年八月三十一日之公告披露。

建議更改公司名稱

於二零二一年七月五日，董事會建議本公司的英文名稱由「Xinyang Maojian Group Limited」更改為「China Zenith Chemical Group Limited」，本公司的中文第二名稱由「信陽毛尖集團有限公司」更改為「中國天化工集團有限公司」(「**建議名稱更改**」)。有關建議名稱更改的詳情於本公司日期為二零二一年七月五日的公告披露。

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

Disposal of 40% Equity Interests in A Subsidiary 出售一間附屬公司40%股權

On 4 September 2020, Mudanjiang Longtuo New Energy Co., Ltd. (“**Mudanjiang New Energy**”, an indirect wholly-owned subsidiary of the Company) entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with Mr. Lv Wangsheng (“**Mr. Lv**”), an independent third party, to dispose of 40% of the equity interest (the “**Disposal**”) in Mudanjiang Better-Day Power Limited (“**Mudanjiang BD Power**”). Subject to the terms and conditions of the Equity Transfer Agreement, the consideration of the Disposal was RMB70 million, which shall be settled as follows: (i) RMB7 million shall be paid on the date of signing of the Equity Transfer Agreement (the “**First Payment**”); (ii) RMB18 million shall be paid on or prior to 14 September 2020; (iii) RMB20 million shall be paid on or prior to 31 December 2020; and (iv) the remaining RMB25 million shall be paid on or prior to 4 March 2022 (being eighteen months after the date of signing of the Equity Transfer Agreement) (the “**Final Payment**”).

On 20 December 2021, the Disposal has not been completed and Mudanjiang New Energy had only received an aggregate of RMB25 million from Mr. Lv. Given that Mr. Lv has failed to commit further payment in settling the whole consideration of RMB70 million in accordance with the manner stipulated in the Equity Transfer Agreement, Mudanjiang New Energy has exercised its right to terminate the Equity Transfer Agreement and forfeited the aggregate of RMB25 million received from Mr. Lv upon termination.

於二零二零年九月四日，牡丹江龍拓新能源有限公司(「**牡丹江新能源**」，本公司間接全資附屬公司)與獨立第三方呂旺盛先生(「**呂先生**」)訂立股權轉讓協議(「**股權轉讓協議**」)，以出售牡丹江佳日熱電有限公司(「**牡丹江佳日熱電**」)40%股權(「**出售事項**」)。根據股權轉讓協議的條款及條件，出售事項的代價為人民幣70百萬元，按以下方式結付：(i)人民幣7百萬元將於簽訂股權轉讓協議日期支付(「**首筆付款**」)；(ii)人民幣18百萬元將於二零二零年九月十四日或之前支付；(iii)人民幣20百萬元將於二零二零年十二月三十一日或之前支付；及(iv)餘下人民幣25百萬元將於二零二二年三月四日(即簽訂股權轉讓協議日期後十八個月)或之前支付(「**最終付款**」)。

於二零二一年十二月二十日，出售事項尚未完成及牡丹江新能源僅從呂先生處收到合共人民幣25百萬元。鑒於呂先生未能按照股權轉讓協議規定的方式承諾進一步支付全額代價人民幣70百萬元，牡丹江新能源已行使其權利終止股權轉讓協議，並於終止後沒收獲取自呂先生的合共人民幣25百萬元。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

The Board had considered, among others, the following factors in relation to the consideration of the Disposal: (1) the profitability of Mudanjiang New Energy was on a downward trend, given the continuous high market prices of the raw coal during the past few years; (2) the Disposal would allow the Group to generate additional cash inflow and improve its liquidity, which will enhance the Group's ability to invest in other future potential investment opportunities; (3) given that the P/E ratio of the Disposal (calculated by dividing the consideration of the Disposal by the average profit after tax of Mudanjiang New Energy for the three years ended 30 June 2020) was approximately 9.25, which was relatively high when compared to other listed companies in similar industries, the Disposal was made at a premium already; and (4) given that for the year ended 30 June 2020 ("FY2020"), Mudanjiang New Energy had purchased approximately 100,000 tonnes of raw coal, the total cost savings made as a result of the Change in Business Strategy (as defined below) are estimated to be approximately RMB6.6 million per year going forward.

Despite that the estimated total cost savings based on figures from FY2020 would not outweigh the net loss on the Disposal (being approximately HK\$38 million), in view of the fact that, (i) the total cost savings would increase the profitability of the heat and electricity supply business in the long run; (ii) Mr. Lv would contribute to the operations of Mudanjiang New Energy; and (iii) it had been very difficult raising additional funds under the current economic situation. Hence, the Directors considered the basis of consideration and the consideration of RMB70 million in relation to the Disposal are fair and reasonable.

董事會已就出售事項的代價考慮(其中包括)以下因素:(1)鑑於過去數年原煤市場價格持續高企,牡丹江新能源的盈利能力呈下降趨勢;(2)出售事項可讓本集團獲得額外現金流入及改善流動資金,從而提升本集團投資於其他未來潛在投資機會的能力;(3)鑑於出售事項的市盈率(以出售事項的代價除以牡丹江新能源截至二零二零年六月三十日止三個年度的平均除稅後溢利計算)約為9.25,與其他同類行業的上市公司相比相對較高,出售事項已屬溢價;及(4)鑑於截至二零二零年六月三十日止年度(「二零二零財政年度」),牡丹江新能源已購買約100,000噸原煤,日後因業務策略變更(定義見下文)而節省的總成本估計為每年約人民幣6.6百萬元。

儘管按二零二零財政年度的數字計算,估計可節省的總成本不會超過出售事項的淨虧損(約38百萬港元),但鑑於(i)長遠而言,可節省的總成本將增加供熱及供電業務的盈利能力;(ii)呂先生將為牡丹江新能源的營運作出貢獻;及(iii)在目前的經濟環境下,籌集額外資金非常困難,因此,董事認為有關出售事項的代價基準及人民幣70百萬元的代價屬公平合理。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Pursuant to the Equity Transfer Agreement, the parties had agreed that during the period between the First Payment and the Final Payment, Mr. Lv may divide the transfer of the 40% of the equity interest in Mudanjiang Power into a maximum of three transactions (each a “**Transaction**”, and collectively, the “**Transactions**”), with the percentage of equity interest to be transferred for each Transaction to be further agreed between the parties. The completion date of each Transaction shall take place on which the relevant business registration filing requirements are completed, and the Disposal shall take place when the Transactions have been completed. Upon completion of the Disposal, the Group would hold, indirectly through Mudanjiang New Energy, 60% of the equity interest in Mudanjiang BD Power and Mudanjiang BD Power would remain as a subsidiary of the Company. As at the date of this report, the Disposal had not been completed yet and the Group had received RMB25 million from the Purchaser.

The heat and power business, in which Mudanjiang BD Power is the operating subsidiary, is one of the core businesses of the Group. As at the date of this report, it was the Board’s intention that the heat and power business would continue to remain as one of the core businesses of the Group and the Board had no intention to further dispose of the Group’s remaining interest in Mudanjiang BD Power.

根據股權轉讓協議，訂約方已同意，於首筆付款至最終付款期間，呂先生可將轉讓牡丹江熱電40%股權分為最多三項交易(各為一項「**交易**」，統稱「**該等交易**」)，各項交易將予轉讓的股權百分比有待訂約方進一步協定。各項交易將於相關商業登記要求達成當日完成，而出售事項則於該等交易完成時發生。出售事項完成後，本集團將透過牡丹江新能源間接持有牡丹江佳日熱電60%股權及牡丹江佳日熱電將繼續為本公司之附屬公司。於本報告日期，出售事項尚未完成，而本集團已從買方收到人民幣25百萬元。

熱能及電力業務(其營運附屬公司為牡丹江佳日熱電)為本集團的核心業務之一。截至本報告日期，董事會擬繼續將熱能及電力業務維持為本集團的核心業務之一，且董事會無意進一步出售本集團於牡丹江佳日熱電的餘下權益。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析 (續)

The Group plans to increase the profitability of the heat and power business by purchasing raw coal during the summer season, which would be at a lower cost, instead of during the peak season of the heat supplying period (i.e. from October to February), which had been the Group's usual practice (the “**Change in Business Strategy**”). Nonetheless, in order to do so, the Group had to increase its current general working capital, which would be provided through the Disposal. In light of this, the Disposal would allow the Group to realise part of its investment in Mudanjiang BD Power and the increase in profitability of Mudanjiang BD Power as a result of the decrease in coal costs and the increase in the Group's general working capital would thereby enhance the Group's ability to invest in other future potential investment opportunities.

The Company was of the view that the arrangement pursuant to the Equity Transfer Agreement was fair and reasonable and in the interests of the Company and its shareholders as a whole because, among others, (i) the injection of liquidity into the general working capital of Mudanjiang BD Power indirectly allowed the Group to purchase raw coal during the low season instead of the peak season; (ii) the injection of liquidity into Mudanjiang BD Power through equity transfer via a shareholder's loan extended to Mudanjiang BD Power, to which Mudanjiang BD Power is obligated to repay the loan (being the amount of general working capital extended to Mudanjiang BD Power) to the Group irrespective of the future profitability of Mudanjiang BD Power, as opposed to the subscription for new equity by Mr. Lv, to which the subscription proceeds would remain with Mudanjiang BD Power, protects the interests of the Company and its shareholders; and (iii) the appointment of Mr. Lv as a director of Mudanjiang BD Power is beneficial to the operations of Mudanjiang BD Power because Mr. Lv is well-connected in Mudanjiang and would therefore assist in the expansion and profitability of the operations of Mudanjiang BD Power in Mudanjiang.

本集團計劃在夏季以較低的成本採購原煤，而非在供熱旺季（即十月至二月）採購原煤，從而提高熱能及電力業務的盈利能力，此乃本集團的慣常做法（「**業務策略變更**」）。然而，本集團須為此增加其現有一般營運資金，該等資金將透過出售事項提供。有見及此，出售事項將令本集團能變現對牡丹江佳日熱電的部分投資，及由於煤炭成本下降及本集團的一般營運資金增加，牡丹江佳日熱電的盈利能力將因此提高，從而加強本集團投資於其他未來潛在投資機會的能力。

本公司認為，根據股權轉讓協議作出的安排屬公平合理，符合本公司及其股東的整體利益，因為（其中包括）(i)向牡丹江佳日熱電的一般營運資金注入流動資金，間接使本集團可於淡季而非旺季採購原煤；(ii)透過向牡丹江佳日熱電提供股東貸款進行股權轉讓向牡丹江佳日熱電注入流動資金，可保障本公司及其股東的利益，因為不論牡丹江佳日熱電未來的盈利能力如何，牡丹江佳日熱電均有責任向本集團償還貸款（即向牡丹江佳日熱電提供的一般營運資金金額），相反，倘由呂先生認購新股本，認購所得款項將仍屬牡丹江佳日熱電；及(iii)委任呂先生為牡丹江佳日熱電董事對牡丹江佳日熱電的營運有利，因為呂先生在牡丹江擁有良好的人脈，故將為牡丹江佳日熱電在牡丹江的業務擴展及盈利能力提供助力。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Details of the Disposal and its termination were disclosed in the announcements of the Company dated 4 September 2020, 19 October 2020 and 28 December 2021, respectively.

有關出售事項及終止出售事項的詳情於本公司日期為二零二零年九月四日、二零二零年十月十九日及二零二一年十二月二十八日的公告內披露。

Major transaction in relation to disposal of lands

有關出售地塊之主要交易

On 28 December 2020, HLCCL entered into an agreement (the “**Disposal Agreement**”) with Heihe Longhe Investment Management Limited*, an independent third party, pursuant to which HLCCL 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，且鑑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。

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

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 the date of this report, the Land Disposal had not been completed.

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

Discloseable Transaction in relation to the Acquisition of a Target Company

On 2 February 2021, Mudanjiang Longjin Wine Co., Ltd. (an indirect wholly-owned subsidiary of the Company) (“**Mudanjiang Wine**”) and three individuals who are independent third parties (the “**Vendors**”) entered into an agreement (the “**Acquisition Agreement**”). Pursuant to the Acquisition Agreement, Mudanjiang Wine agreed to purchase 100% interests in Beijing Wine for a consideration of HK\$80 million. Upon completion, the consideration shall be settled as to (i) HK\$5 million payable in cash; and (ii) the remaining balance of HK\$75 million by the issue of a promissory note in the principal amount of HK\$75 million by the Company to the Vendors.

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。

於本報告日期，土地出售事項並未完成。

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。

有關收購目標公司之須予披露交易

於二零二一年二月二日，牡丹江龍晉酒業有限公司(本公司間接全資附屬公司)(「**牡丹江酒業**」)與三名屬獨立第三方的個人(「**賣方**」)訂立協議(「**收購協議**」)。根據收購協議，牡丹江酒業同意收購北京酒業100%之權益，代價為80百萬元。於完成後，代價的(i) 5百萬元將以現金支付；及(ii)餘額75百萬元將由本公司向賣方以發行本金額為75百萬港元的承兌票據支付。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

On 18 May 2021, as a result of the anticipated difficulty in fulfilling all of the conditions precedent to the Acquisition Agreement, the Acquisition Agreement was terminated according to its terms and none of the parties to the Acquisition Agreement shall have any claims against the others for costs, damages, compensation or otherwise.

Details of the proposed acquisition of Beijing Wine and the subsequent termination of the Acquisition Agreement were disclosed in the announcements of the Company dated 2 February 2021 and 18 May 2021.

GROUP STRATEGY

The Group will 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.

於二零二一年五月十八日，由於預計達成收購協議所有先決條件甚為困難，故收購協議已按其條款終止，收購協議各方不得向其他方提出任何費用、損害、賠償或其他索償。

建議收購北京酒業及其後終止收購協議的詳情於本公司日期為二零二一年二月二日及二零二一年五月十八日之公告內披露。

集團策略

本集團將積極進行資產重組，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。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

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 2021, 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:

於二零二一年十二月三十一日，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之標準守則(「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
Ms. Chan Yuk Foebe 陳昱女士	Beneficial Interest 實益權益	2,860,000	0.16%	13,000,000	0.73%
Mr. Law Tze Ping Eric 羅子平先生	Beneficial Interest 實益權益	1,400,000	0.08%	13,000,000	0.73%
Mr. Ma Wing Yun Bryan 馬榮欣先生	Beneficial Interest 實益權益	-	-	8,500,000	0.48%
Mr. Tam Ching Ho 譚政豪先生	Beneficial Interest 實益權益	-	-	8,500,000	0.48%
Mr. Hau Chi Kit 侯志傑先生	Beneficial Interest 實益權益	-	-	8,500,000	0.48%

DISCLOSURE OF ADDITIONAL INFORMATION 其他資料披露

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 2021, 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，於二零二一年十二月三十一日，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

主要股東於本公司之權益及淡倉

As far as the Directors are aware, as at 31 December 2021, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares and underlying shares in 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 as recorded in the register required to be kept under section 336 of the SFO:

據董事所知悉，於二零二一年十二月三十一日，除董事或本公司最高行政人員外，以下人士於本公司股份及相關股份中擁有已記入根據證券及期貨條例第336條所規定存置之登記冊且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：

Name of shareholders	Nature of interests	Number of Shares held (long position) 所持股份數目 (好倉)	Approximate percentage of interest in the Company 佔本公司權益 概約百分比
股東姓名	權益性質		
Mr. Chan Yuen Tung 陳遠東先生	Beneficial owner 實益擁有人	535,500,000	30.19%

Save as disclosed above, as far as the Directors are aware, as at 31 December 2021, no other persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

除上文披露者外，就董事所知悉，除董事及本公司最高行政人員外，於二零二一年十二月三十一日，概無其他人士於本公司股份及相關股份中擁有已記入根據證券及期貨條例第336條所規定存置之登記冊之權益或淡倉。

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

SUFFICIENCY OF PUBLIC FLOAT 足夠公眾持股量

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.

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。

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:

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：

Code Provision C.2.1 of the Code

The roles of Chairman and Chief Executive Officer of the Company are performed by the same individual, Ms. Chan Yuk Foebe, and are not separated. 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.

守則之守則條文C.2.1條

本公司主席及行政總裁角色由同一人陳昱女士擔任，並無分由二人出任。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。

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

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。

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

No information was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Period.

根據上市規則第13.51B(1)條之董事資料變動

於期間內，概無根據上市規則第13.51B(1)條須予披露之資料。

AUDIT COMMITTEE

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.

審核委員會

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 executive Director, namely Ms. Chan Yuk Foebe (Chairman), 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執行董事陳昱女士(主席)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 2021 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.xinyangmaojian.com.hk, and dispatched to the shareholders of the Company before the end of March 2022.

By order of the Board

Chan Yuk Foebe

Chairman and Chief Executive Officer

Hong Kong, 21 February 2022

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二零二一年中期報告，將於二零二二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.xinyangmaojian.com.hk)，並寄發予本公司股東。

承董事會命

陳昱

主席兼行政總裁

香港，二零二二年二月二十一日