

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2019
for
Lianhetech Europe Limited

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for the Year Ended 31 December 2019

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DIRECTORS:

L P Kingsbury
M Xu
J T Lightwing

REGISTERED OFFICE:

Seal Sands
Middlesbrough
Cleveland
TS2 1UB

REGISTERED NUMBER:

10582859 (England and Wales)

AUDITORS:

Shinewing Wilson Accountancy Limited
Chartered Certified Accountants
and Statutory Auditors
9 St Clare Street
London
EC3N 1LQ

Strategic Report
for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF BUSINESS

During the year ended 31 December 2019 the business has suffered a loss of £1,216K (2018: profit of £5,143K) in terms of EBITDA, (earnings before interest, tax, depreciation and amortisation), the measure used by the Board of directors and investors to track financial performance. Despite these losses, the performance for the business has improved as it began its operations as a limited risk distributor on behalf of the ultimate parent undertaking, generating gross revenues of £11,788K (2018: £nil). The comparable losses are largely driven by disparities in exchange gains which were significant in the prior year. The Company continues to strengthen its relationships with the existing customer base and explore growth opportunities for its limited risk distribution operations.

The financial position of the Company as at the year end is net assets of £22,370K (2018: £86,908K).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The main risks and uncertainties are as follows:

- COVID-19: at the outbreak of the COVID-19 pandemic, the business received special dispensation to continue operations as a Site Critical for National Infrastructure and as such we have managed to ensure stable operations and minimise disruption by implementation of strict social distancing measures.
- Brexit: the business has acknowledged supply chain risks surrounding movement of materials in a 'no-deal' Brexit scenario. As such the business has worked with customers and key suppliers to ensure sufficient safety stocks of material are held for business continuity. The company maintains a 'Brexit committee' for on-going assessment of business risk.

KEY PERFORMANCE INDICATORS

The key performance indicators of the company were as follows:

	31 December 2019	31 December 2018
	£'000	£'000
Turnover	11,788	-
Gross profit	450	-
Operating profit / (loss)	(1,262)	5,143

In conjunction with the management of costs and working capital to improve profit, the company uses a number of KPIs to monitor performance. These KPIs are monitored both on a product-by-product basis and also for the Company as a whole, compared to budget.

ON BEHALF OF THE BOARD:

L P Kingsbury - Director

10 September 2020

Report of the Directors
for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of acting as an investment holding company and providing corporate services to the ultimate parent undertaking.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

RESEARCH AND DEVELOPMENT

The company's research and development activities are focused on the safe implementation of improving plant efficiency, optimisation of plant productivity, reducing waste and improving environmental performance, satisfying both our customers and all stakeholders.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

L P Kingsbury
M Xu

Other changes in directors holding office are as follows:

Dr N C Parkinson - resigned 31 December 2019

J T Lightwing was appointed as a director after 31 December 2019 but prior to the date of this report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Shinewing Wilson Accountancy Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

L P Kingsbury - Director

10 September 2020

Statement of Directors' Responsibilities
for the Year Ended 31 December 2019

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of Lianheteck Europe Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 2 in the financial statements, which indicates that the Company incurred a loss before tax of £64,504K including an impairment loss of £63,242K during the year, and had a net current liability of £7,130K at the year ended 31 December 2019. The Company fully depends on its ultimate parent's support. As stated in the note, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom withdraw from European Union and current Covid 19 situation, are not clear. It is difficult to evaluate all of the potential impacts on the Company's trade.

Other matters

The financial statements for the Company for the year ended 31 December 2018 were audited by another auditor, who expressed an unqualified opinion on those statements on 26 June 2019.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Julie Zhuge Wilson (Senior Statutory Auditor)
for and on behalf of Shinewing Wilson Accountancy Limited
Chartered Certified Accountants
and Statutory Auditors
9 St Clare Street
London
EC3N 1LQ

10 September 2020

Statement of Comprehensive Income
for the Year Ended 31 December 2019

	Notes	31.12.19 £'000	31.12.18 £'000
TURNOVER	4	11,788	-
Cost of sales		<u>11,338</u>	<u>-</u>
GROSS PROFIT		450	-
Administrative expenses		<u>1,875</u> (1,425)	<u>1,229</u> (1,229)
Other operating income		<u>163</u>	<u>6,372</u>
OPERATING (LOSS)/PROFIT		(1,262)	5,143
Waiver of intercompany	6	-	(21,110)
Cost of reorganisation	6	<u>-</u> (1,262)	<u>(237)</u> (16,204)
Amounts written off investments	7	<u>63,242</u> (64,504)	<u>-</u> (16,204)
Interest payable and similar expenses	8	<u>-</u>	<u>802</u>
LOSS BEFORE TAXATION	9	(64,504)	(17,006)
Tax on loss	10	<u>34</u>	<u>(52)</u>
LOSS FOR THE FINANCIAL YEAR		(64,538)	(16,954)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>(64,538)</u>	<u>(16,954)</u>
FOR THE YEAR			

The notes form part of these financial statements

Balance Sheet
31 December 2019

	Notes	31.12.19 £'000	£'000	31.12.18 £'000	£'000
FIXED ASSETS					
Investments	11		29,500		76,377
CURRENT ASSETS					
Debtors	12	13,838		11,328	
Cash at bank		<u>1,383</u>		<u>72</u>	
		15,221		11,400	
CREDITORS					
Amounts falling due within one year	13	<u>22,351</u>		<u>869</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(7,130)</u>		<u>10,531</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,370</u>		<u>86,908</u>
CAPITAL AND RESERVES					
Called up share capital	14		-		-
Share premium			103,596		103,596
Retained earnings			<u>(81,226)</u>		<u>(16,688)</u>
SHAREHOLDERS' FUNDS			<u>22,370</u>		<u>86,908</u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 September 2020 and were signed on its behalf by:

L P Kingsbury - Director

Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2018	-	266	103,596	103,862
Changes in equity				
Total comprehensive income	-	(16,954)	-	(16,954)
Balance at 31 December 2018	-	(16,688)	103,596	86,908
Changes in equity				
Total comprehensive income	-	(64,538)	-	(64,538)
Balance at 31 December 2019	-	(81,226)	103,596	22,370

Notes to the Financial Statements
for the Year Ended 31 December 2019

1. **STATUTORY INFORMATION**

Lianheteck Europe Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales, registration number 10582859, the registered address is Scal Sands, Middlesbrough, Cleveland TS2 1UB. The Company acts as an investment holding company.

The presentation currency of the financial statements is the Sterling. All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pound, unless otherwise stated.

2. **ACCOUNTING POLICIES**

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Consolidation

The Company is a part of a larger group and included in the consolidated financial statements of a parent of which the accounts were prepared in an equivalent GAAP. The ultimate parent undertaking Lianhe Chemical Technology Co.Limited, is the smallest and largest group to consolidate these financial statements. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. Group consolidation under Chinese GAAP are available from the website: <http://www.cninfo.com.cn/new/fulltextSearch?notautosubmit=&keyWord=300662>.

The English version of the consolidated financial statements are available upon request at the address of the ultimate parent's registered office: 8 Yongjiao Road, Huangyan Economic Development Zone, Taizhou, Zhejiang Province, P.R.China 318020.

Going concern

The Company incurred a loss before tax of £64,504K including an impairment loss of £63,242K during the year, and had a net current liability of £7,130K at the year ended 31 December 2019. The whole UK group relies on its ultimate parent's financial support. The directors have considered available funding facilities, and concluded that the UK group has sufficient resource for next 12 months from the date of signing these financial statements. The financial statements are therefore prepared on a going concern basis, without reflecting the material uncertainty existence that may cast significant doubt on the company's ability to continue as a going concern.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation.

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for work provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been substantially enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. Annual impairment review is performed by the directors when there has been an indication of potential impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost. A provision for impairment of trade receivables is established where there is evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade and other creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are classified as creditors: amounts falling due within one year unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

Interest income/(expense)

Interest income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The directors perform impairment reviews on the carrying value of investments, this involves judgement and involves the use of estimates and assumptions, particularly in relation to future forecasts and events.

4. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market for the year ended 31 December 2019 is given below:

	£'000
Europe	11,788
	<u>11,788</u>

This analysis is not considered to be applicable to the year ended 31 December 2018.

5. EMPLOYEES AND DIRECTORS

	31.12.19	31.12.18
	£'000	£'000
Wages and salaries	1,673	926
Social security costs	148	148
Other pension costs	148	98
	<u>1,969</u>	<u>1,172</u>

The average number of employees during the year was as follows:

	31.12.19	31.12.18
General administration	5	5
Research and development	27	14
	<u>32</u>	<u>19</u>

	31.12.19	31.12.18
	£	£
Directors' remuneration	175,000	436,000
Directors' pension contributions to money purchase schemes	<u>35,000</u>	<u>17,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

6. **EXCEPTIONAL ITEMS**

	31.12.19	31.12.18
	£'000	£'000
Waiver of intercompany	-	(21,110)
Cost of reorganisation	-	(237)
	<u>-</u>	<u>(21,347)</u>

7. **AMOUNTS WRITTEN OFF INVESTMENTS**

	31.12.19	31.12.18
	£'000	£'000
Impairment losses	<u>63,242</u>	<u>-</u>

8. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.19	31.12.18
	£'000	£'000
Bank loan interest	<u>-</u>	<u>802</u>

9. **LOSS BEFORE TAXATION**

The loss before taxation is stated after charging/(crediting):

	31.12.19	31.12.18
	£'000	£'000
Cost of inventories recognised as expense	11,338	-
Foreign exchange differences	<u>46</u>	<u>(4,235)</u>

The auditors' fees are borne by a subsidiary undertaking, Fine Organics Limited, and amounted to £8,000 in the year (2018: £1,850).

10. **TAXATION**

Analysis of tax expense/(income)

	31.12.19	31.12.18
	£'000	£'000
Current tax:		
Tax	31	(52)
Deferred tax	<u>3</u>	<u>-</u>
Total tax expense/(income) in statement of comprehensive income	<u>34</u>	<u>(52)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

10. **TAXATION - continued**

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.19 £'000	31.12.18 £'000
Loss before income tax	<u>(64,504)</u>	<u>(17,006)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(12,256)	(3,231)
Effects of:		
Expenses not deductible for tax purposes	12,016	4,019
Adjustment in respect of previous periods	-	(49)
Group relief not paid for	-	(791)
Deferred tax assets not recognised	243	-
Tax on R+D expenditure credit	<u>31</u>	<u>-</u>
Tax expense/(income)	<u>34</u>	<u>(52)</u>

The Company has an unrecognised deferred tax asset as at 31 December 2019 of £242K (2018: £nil). This has not been recognised in the financial statements due to uncertainty over the future income streams required from the potential asset to be recovered.

The rate of corporation tax throughout the year was 19%. A reduction to 18%, due to come into effect from 1 April 2020, was substantively enacted on 6 September 2016. However, the current government announced that this reduction would be put on hold and this was confirmed in the recent Budget on 11 March 2020 and the rate will remain at 19% past 1 April 2020. Therefore, deferred taxes at the balance sheet date have been measured using the most recent enacted tax rate at 19% and reflected in these financial statements.

11. **INVESTMENTS**

	Shares in group undertakings £'000
COST	
At 1 January 2019	76,377
Additions	16,365
Impairments	<u>(63,242)</u>
At 31 December 2019	<u>29,500</u>
NET BOOK VALUE	
At 31 December 2019	<u>29,500</u>
At 31 December 2018	<u>76,377</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Fine Organics Ltd

Registered office: England and Wales

Nature of business: Trading

	% holding
Class of shares:	
Ordinary - direct holding	100.00

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

11. **INVESTMENTS - continued**

Fine Environmental Services Ltd

Registered office: England and Wales

Nature of business: Trading

Class of shares:	% holding
Ordinary - direct holding	100.00

Fine Industries Ltd

Registered office: England and Wales

Nature of business: Intermediate investment

Class of shares:	% holding
Ordinary - direct holding	100.00

Project Bond Bidco Ltd

Registered office: England and Wales

Nature of business: Dormant

Class of shares:	% holding
Ordinary - direct holding	100.00

Project Bond Holdeo Ltd

Registered office: England and Wales

Nature of business: Dormant

Class of shares:	% holding
Ordinary - direct holding	100.00

Fine Facilities Management Ltd

Registered office: England and Wales

Nature of business: Dormant

Class of shares:	% holding
Ordinary - indirect holding	100.00

Fine Contract Research Ltd

Registered office: England and Wales

Nature of business: Dormant

Class of shares:	% holding
Ordinary - indirect holding	100.00

12. **DEBTORS**

	31.12.19 £'000	31.12.18 £'000
Amounts falling due within one year:		
Trade debtors	5,895	-
Amounts owed by group undertakings	7,810	11,177
Other debtors	1	148
Tax - RDEC	132	-
	<u>13,838</u>	<u>11,325</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

12. **DEBTORS - continued**

	31.12.19 £'000	31.12.18 £'000
Amounts falling due after more than one year:		
Deferred tax asset		
Other timing differences	<u>-</u>	<u>3</u>
	<u>-</u>	<u>3</u>
Aggregate amounts	<u>13,838</u>	<u>11,328</u>

Included in the debtors is an amount of £7,810K (2018: £nil) due from its subsidiaries Fine Organics Ltd, which is payable on demand and interest free. In 2018, the amounts owed by group undertakings were unsecured, interest free and have no fixed repayment date, see note 13.

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.19 £'000	31.12.18 £'000
Trade creditors	-	2
Amounts owed to group undertakings	22,262	-
Social security and other taxes	70	62
Accruals and deferred income	<u>19</u>	<u>805</u>
	<u>22,351</u>	<u>869</u>

Included in the creditors is an amount of £22,262K due to group undertakings, which is payable on demand and interest free. At the year end, £14,628K (2018: due from £9,106K) and £7,634K (2018: due from £2,071K) were outstanding due to its immediate parent Lianhetech Holdco Ltd and its ultimate parent Lianhe Chemical Technology Co. Ltd, respectively.

14. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			31.12.19	31.12.18
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

15. **PENSION COMMITMENTS**

The Company operates a defined contribution pension scheme. The pension cost charged for the year represents contributions payable by the Company to the scheme and amounted to £148K (2018: £98K). There was £19K (2018: £18K) outstanding at the end of the financial year.

16. **RELATED PARTY DISCLOSURES**

See note 5 for disclosure of the directors' remuneration, note 12 for disclosure of a balance due from its subsidiary, and note 13 for disclosures to its immediate and ultimate parents.

17. **ULTIMATE CONTROLLING PARTY**

The immediate parent undertaking of the Company is Lianhetech Holdco Ltd.

The ultimate controlling party is Lianhe Chemical Technology Co. Ltd, a company incorporated in P.R. China.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.