

Lianhetech Europe Limited (formerly
Project Quartz Bidco Limited)
Annual report
For the period ended 31 December 2017



Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Annual report for the period ended 31 December 2017

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Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Strategic report for the period ended 31 December 2017

Introduction

The directors present their strategic report and audited financial statements of the company for the 11 month period ended 31 December 2017.

Incorporation

Project Quartz Bidco Limited was incorporated on 25 January 2017. On 12 April 2017, Project Quartz Bidco Limited acquired the entire share capital of Project Bond Holdco Limited and its subsidiaries. On 7 June 2017, Project Quartz Bidco Limited changed its name to Lianhetech Europe Limited.

Principal activities

The principal activity of the company during the year was acting as an investment holding company. During year end 31 December 2018 the activity of the company will include corporate services supplied to the ultimate parent undertaking. The activity of the company is not expected to change in the future.

Review of business

The results for the period ended 31 December 2017 show a profit after tax of £266,000 after a charge for impairment of investments totalling £6,140,000.

The financial position of the company as at the period end is net assets of £266,000.

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:

- Pricing - competition in the company's portfolio is based primarily on price, with additional weighting being placed on product quality, reliability of supply and customer service.
- Raw material and energy prices are a significant cost to the business. Mitigation of this exposure is actioned by wherever practicable procuring on a global basis.
- Utilisations of assets - the company's results are materially influenced by the degree to which assets are utilised in order to achieve maximum production volumes.

Key performance indicators (KPIs)

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 for the trading companies and also for the company as a whole, compared to budget.

On behalf of the Board



Dr N C Parkinson

Director

30 January 2019

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Directors' report for the period ended 31 December 2017

Introduction

The directors present their report and audited financial statements for the 11 month period ended 31 December 2017.

Results and dividends

The company's profit for the financial period before taxation is £1,017,000. The directors have decided not to pay a dividend for the year ended 31 December 2017.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

Mr L Kingsbury	Director	(appointed 12 April 2017)
Mr N Parkinson	Director	(appointed 29 March 2018)
Mr A Dietrich	Director	(appointed 25 January 2017, resigned 29 March 2018)
Mr X Minghui	Director	(appointed 25 January 2017)

Risk management

The key risk factor for the company is interest rate risk. The company has in place a risk management programme that seeks to limit the effects of adverse interest rate movements on the financial performance of the company.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial 11 month period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Directors' report for the period ended 31 December 2017

Statement of directors' responsibilities (continued)

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.

Disclosure of information to auditors

Each of the persons who are directors at the date of approval of this report confirm that:

- (a) so far as that the directors are aware, there is no relevant information of which the company's auditors are unaware, and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, were appointed as auditors of the company in accordance with Section 485 of the Companies Act 2006. A resolution for the reappointment of PricewaterhouseCoopers LLP will be proposed at the forthcoming annual general meeting.

On behalf of the board



Dr N C Parkinson
Director

30 January 2019

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Independent auditors' report to the members of Lianhetech Europe Limited

Report on the financial statements

Opinion

In our opinion, Lianhetech Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the 11 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income and the statement of changes in equity for the 11 month period then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Independent auditors' report to the members of Lianhetech Europe Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2 and 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is 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.

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Independent auditors' report to the members of Lianhetech Europe Limited (continued)

Responsibilities for the financial statements and the audit (continued)

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 an auditors' report 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Michael Jeffrey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
30 January 2019

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Statement of comprehensive income

	Note	11 Month period ended 31 December 2017 £'000
Administrative expenses		(52)
Other operating income	1	9,477
Impairment charge	2	(6,140)
Operating profit	2	3,285
Interest payable and similar expenses	4	(2,268)
Profit before taxation		1,017
Tax on profit	5	(751)
Profit for the financial period		266
Total comprehensive income for the period		266

All amounts relate to continuing operations.

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Statement of financial position

	Note	Period ended 31 December 2017 £'000
Fixed assets		
Investments	6	76,377
Current assets		
Debtors	7	71,260
Cash at bank and in hand		1,812
		73,072
Creditors - amounts falling due within one year	8	(43,002)
Net current assets		30,070
Total assets less current liabilities		106,447
Creditors - amounts falling due after more than one year	9	(106,181)
Net assets		266
Capital and reserves		
Called up share capital	12	-
Profit and loss account		266
Total shareholders' funds		266

The financial statements on pages 7 to 19 were approved by the board of directors on 30 January 2019 and were signed on its behalf by:



Dr N C Parkinson
Director

Company registration number 10582859

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Statement of changes in equity

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At Incorporation	-	-	-
Shares issued in the period (note 12)	-	-	-
Comprehensive income for the period			
Profit for the financial period	-	266	266
Total comprehensive income for the period	-	266	266
At 31 December 2017	-	266	266

Lianheteck Europe Limited (formerly Project Quartz Bidco Limited)

Statement of accounting policies

Company information

Lianheteck Europe Limited ('the Company') acts as an investment holding company.

The company is a private company limited by shares and is incorporated, domiciled and registered in England, UK. The address of its registered office is Seal Sands, Middlesbrough.

Statement of compliance

The financial statements of Lianheteck Europe Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101") and the Companies Act 2006, as applicable to companies using FRS 101. This is the first year of financial statements being prepared under FRS 101.

Basis of preparation

The financial statements are prepared on the going concern basis, under the historic cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company is a wholly owned subsidiary of Lianheteck Holdco Limited and is included in the consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies' Act 2006.

The company has taken advantage of the exemption, under IAS 7 'Statement of cashflows', from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate UK parent company Project Bond Holdco Limited includes the company's cash flow in its own consolidated financial statements.

The company has taken advantage of the exemption, under IAS 24 'Related Party Disclosures', from disclosing transactions with other group companies on the grounds that it is a wholly owned subsidiary of a group headed by Project Bond Holdco Limited whose financial statements are publicly available.

- the requirement of IFRS 7 Financial instruments: Disclosures
- the requirement of paragraphs 91-99 of IFRS 13 Fair value measurement - paragraph 79(a)(iv) of IAS1 and paragraph 73€ of IAS16 Property, plant and equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS1 Presentation of Financial statements
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in Accounting estimates and errors
- the requirements of paragraphs 134(d)-134(f) and 135(c) -135(e) of IAS36 Impairment of Assets

The company is a qualifying entity for the purpose of FRS101 and note 8 gives details of the company's ultimate parent and from where its consolidated financial statements may be obtained.

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Statement of accounting policies (continued)

Basis of preparation (continued)

FRS101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which permits a qualifying entity to apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU, but makes amendments where necessary in order to comply with the Companies Act 2006.

Deferred tax

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.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Loans

Loans are held at amortised cost net of capitalised issue costs which comprise associated costs of arranging finance.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Critical accounting judgements and key source 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 period in which the estimates are revised and in any future periods affected.

Carrying value of investments

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

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Notes to the financial statements for the period ended 31 December 2017

1 Other operating income

	Period ended 31 December 2017 £'000
Gain on foreign exchange movements	9,107
Dividend received from subsidiary undertaking	370
Total other operating income for the period	9,477

2 Operating profit

	Period ended 31 December 2017 £'000
Impairment charge	6,140

The impairment charge relates to the impairment of the investment purchased during the year. The directors have calculated this charge based on the underlying cash flows of the group.

The auditors' fees are borne by a fellow subsidiary undertaking, Fine Organics Limited, and amounted to £1,930 in the period.

3 Directors and employees

(a) Remuneration of directors

	Period ended 31 Decemeber 2017 £'000
Aggregate emoluments	61
Total	61

There are no retirement benefits being accrued for any directors of the company.

(b) Employee cost

The company had no employees during the year (2016: none).

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Notes to the financial statements for the period ended 31 December 2017 (continued)

4 Interest payable and similar expenses

	Period ended 31 December 2017 £'000
Operating interest payable on loan facilities	2,268
Total interest payable and similar expenses	2,268

5 Tax on profit

(a) Analysis of charge in the period

The tax charge is made up as follows:

	Period ended 31 December 2017 £'000
Current tax	
United Kingdom corporation tax on profit for the period	(751)
Total current tax	(751)

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Notes to the financial statements for the period ended 31 December 2017 (continued)

5 Tax on profit (continued)

(b) Factors affecting the tax charge for the period

The tax for the period is lower than the standard rate of corporation tax in the United Kingdom of 19.4%, as explained below:

	Period ended 31 December 2017 £'000
Profit before taxation	1,017
Profit before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 19.4%	197
Effects of:	
Expenses not deductible for tax purposes	1,197
Non-taxable income	(72)
Group relief not paid for	(571)
Tax charge for current period	751

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 26 October 2016) and Finance Bill 2017 (on 7 September 2017). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Notes to the financial statements for the period ended 31 December 2017 (continued)

6 Investments

	£'000
At incorporation	-
Acquisition of Project Bond Holdco Limited and all subsidiary undertakings	41,677
Transfer of investment from subsidiary undertaking via dividend in specie	40,840
At 31 December 2017	82,517
Impairment	
Impairment charge	(6,140)
At 31 December 2017	(6,140)
Carrying amount	
At incorporation	-
At 31 December 2017	76,377

The above investment reflects holdings in Project Bond Holdco Limited and its subsidiaries. The directors believe that the carrying value of the investment is supported by their future cashflows.

The trade investment comprises the following subsidiary undertakings:

Company Name	% ownership	Country of incorporation
Project Bond Bidco Limited	100%	England and Wales
Fine Industries Limited	100%	England and Wales
Fine Organics Limited	100%	England and Wales
Fine Environmental Services Limited	100%	England and Wales
Fine Contract Research Limited	100%	England and Wales
Fine Facilities Management Limited	100%	England and Wales
Fine Software Solutions Limited	100%	England and Wales

The registered addresses are the same as the parent.

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Notes to the financial statements for the period ended 31 December 2017 (continued)

7 Debtors

	31 December 2017 £'000
Amounts owed by group undertakings	71,213
Other debtors	47
Total	71,260

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

8 Creditors: amounts falling due within one year

	31 December 2017 £'000
Amounts owed to group undertakings	41,173
Bank loans and overdrafts	1,072
Taxation and social security	52
Accruals and deferred income	705
Total	43,002

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Notes to the financial statements for the period ended 31 December 2017 (continued)

9 Creditors: amounts falling due after more than one year

	31 December 2017 £'000
Bank loans and overdrafts	106,181
Total	106,181
Repayments fall due as follows:	
Between one and two years	1,072
Between two and five years	4,288
After five years	100,821
Total	106,181

10 Bank and other borrowings

	31 December 2017 £'000
Due within one year or on demand:	
Bank loans and overdrafts	
Secured	1,072
Due after one year:	
Bank loans and overdrafts	
Secured	106,181
Total borrowings	107,253

- (a) The secured bank loans are secured by a fixed charge over the Project Bond Holdco Limited's freehold property at Seal Sands and over all plant and machinery and assets of Project Bond Holdco Limited.
- (b) The secured loans are denominated in USD and attract interest at 1.53% plus LIBOR. The average rate for the period was 2.8%.

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Notes to the financial statements for the period ended 31 December 2017 (continued)

11 Related Parties

The group is controlled by Liane Chemical Technology Co. Ltd (incorporated in the China), which owns 100% of the company's shares.

The following transactions were carried out with related parties:

Recharge of goods and services

	Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
Recharge of services:		
Immediate parent	55	-
	55	-

Salaries and other associated payroll costs of one director are recharged to the group controlling entity. These are shown as a reduction in administrative expenses.

There was £55,440 owed from related parties as at 31 December 2017.

12 Called up share capital

	31 December 2017 £'000
Authorised	
1 ordinary share of £1 each	-
Allotted and fully paid	
1 ordinary share of £1 each	-

On the 25 January 2017, 1 ordinary share was issued for £1.

Lianhetech Europe Limited (formerly Project Quartz Bidco Limited)

Notes to the financial statements for the period ended 31 December 2017 (continued)

13 Ultimate parent undertaking

The immediate parent undertaking of the company is Lianhetech Holdco Limited.

The ultimate parent and controlling party is Lianhe Chemical Technology Co., a company incorporated in China.

Lianhe Chemical Technology Co. is the parent company of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Lianhe Chemical Technology Co. are available from the registered office, 8 Yongjiao Road, Huangyan Economic Development Zone, Taizhou, Zhejiang Province, China, 318020.

Lianhetech Holdco Limited is the parent undertaking of the smallest group of companies to consolidate these financial statements. The consolidated financial statements of Lianhetech Holdco Limited can be obtained from the company's registered office, c/o Fine Organics Limited, Seal Sands, Middlesbrough, TS2 1UB.