

Report of the Directors and
Financial Statements for the Year Ended 31 December 2019
for
Fine Industries Limited

Contents of the Financial Statements
for the Year Ended 31 December 2019

	Page
Company Information	1
Report of the Directors	2
Statement of Directors' Responsibilities	3
Report of the Independent Auditors	4
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10

DIRECTORS:

L P Kingsbury
M Xu
J T Lightwing

REGISTERED OFFICE:

Seal Sands
Middlesbrough
Cleveland
TS2 1UB

REGISTERED NUMBER:

06666915 (England and Wales)

AUDITORS:

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

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 an intermediate investment company.

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.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

L P Kingsbury - Director

15 July 2020

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

The directors are responsible for preparing 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 Fine Industries Limited (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, 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 profit 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.

Conclusions relating to going concern

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

- 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 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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

30 July 2020

Statement of Comprehensive Income
for the Year Ended 31 December 2019

	Notes	31.12.19 £'000	31.12.18 £'000
TURNOVER		-	-
Administrative expenses		<u>-</u> -	<u>(13)</u> 13
Other operating income		<u>184</u>	<u>184</u>
OPERATING PROFIT		184	197
Waiver of intercompany	5	<u>-</u>	<u>1,598</u>
PROFIT/(LOSS) BEFORE TAXATION	6	184	(1,401)
Tax on profit/(loss)	7	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		184	(1,401)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>184</u>	<u>(1,401)</u>

Balance Sheet
31 December 2019

	Notes	£'000	31.12.19 £'000	£'000	31.12.18 £'000
CREDITORS					
Amounts falling due within one year	9		<u>184</u>		<u>184</u>
NET CURRENT LIABILITIES			<u>(184)</u>		<u>(184)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(184)		(184)
CREDITORS					
Amounts falling due after more than one year	10		<u>322</u>		<u>506</u>
NET LIABILITIES			<u>(506)</u>		<u>(690)</u>
CAPITAL AND RESERVES					
Called up share capital	11		-		-
Share premium			560		560
Retained earnings			<u>(1,066)</u>		<u>(1,250)</u>
SHAREHOLDERS' FUNDS			<u>(506)</u>		<u>(690)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 15 July 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	-	151	560	711
Changes in equity				
Total comprehensive income	-	(1,401)	-	(1,401)
Balance at 31 December 2018	-	(1,250)	560	(690)
Changes in equity				
Total comprehensive income	-	184	-	184
Balance at 31 December 2019	-	(1,066)	560	(506)

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

1. **STATUTORY INFORMATION**

Fine Industries Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales, registration number 06666915, the registered address is Seal Sands, Middlesbrough, Cleveland TS2 1UB. The Company became dormant during the year.

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 IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- 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 that parent of which the accounts were prepared in an equivalent GAAP. The ultimate parent Lianhe Chemical Technology Co.Limited, undertaking of 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 is 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 received government grant only during the year ended 31 December 2019 and the whole UK group rely on its ultimate parent company'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.

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

2. ACCOUNTING POLICIES - continued

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.

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 creditors

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

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

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. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2019 nor for the year ended 31 December 2018.

	31.12.19	31.12.18
	£	£
Directors' remuneration	=====	=====

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

5. **EXCEPTIONAL ITEMS**

	31.12.19	31.12.18
	£'000	£'000
Waiver of intercompany	<u>-</u>	<u>(1,598)</u>

6. **PROFIT/(LOSS) BEFORE TAXATION**

The auditors' fees are borne by a fellow subsidiary undertaking, Fine Organics Limited, and amounted to £800 in the year (2018: £800).

7. **TAXATION**

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Factors affecting the tax expense

The tax assessed for the year is lower (2018 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.19	31.12.18
	£'000	£'000
Profit/(loss) before income tax	<u>184</u>	<u>(1,401)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	35	(266)
Effects of:		
Non-taxable income	(35)	(37)
Expenses not deductible for tax purposes	<u>-</u>	<u>303</u>
Tax expense	<u>-</u>	<u>-</u>

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.

8. **INVESTMENTS**

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

Fine Facilities Management Ltd

Registered office: England and Wales

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary - direct holding	100.00

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

8. **INVESTMENTS - continued**

Fine Contract Research Ltd

Registered office: England and Wales

Nature of business: Dormant

Class of shares:	%
Ordinary - direct holding	holding 100.00

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

	31.12.19	31.12.18
	£'000	£'000
Accruals and deferred income	<u>184</u>	<u>184</u>

Included in the deferred income is the government grant due to receive within one year.

10. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.19	31.12.18
	£'000	£'000
Accruals and deferred income	<u>322</u>	<u>506</u>

Included in the deferred income is the government grant due to receive after more than one year.

11. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19	31.12.18
			£	£
1,112,000	Ordinary	£0.0001	<u>111</u>	<u>111</u>

12. **ULTIMATE CONTROLLING PARTY**

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

The intermediate 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.